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DISTRICT DEVELOPMENT PROFILE STUDIES -
ASSISTANCE TO THE MINISTRY OF INDUSTRY

DP/KEN/86/013

KENYA

Terminal report *

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

Based on the work of D. Bassi-Zambelli
UNIDO consultant

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United Nations Industrial Development Organization
Vienna

* This document has not been edited.

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EXPLANATORY NOTES

1 US Dollar (\$) (August 1989) - Kshs 20.90

The following abbreviations of organizations are used in the report:

DFCK	Development Finance Company of Kenya Limited
DIO	District Industrial Office (or officer)
DJLB	District Joint Loan Board.
DTO	District Trade Office (or officer)
ICDC	Industrial and Commercial Development Corporation
IDB	Industrial Development Bank
ILO	International Labour Organization
KCB	Kenya Commercial Bank Limited
KETA	Kenya External Trade Authority
KIBT	Kenya Institute of Business Training
KIE	Kenya Industrial Estates Limited
MI	Ministry of Industry
NGO	Non-Governmental Organizations
RIDC	Rural Industrial Development Centre
SEFCO	Small Enterprise Finance Company of Kenya
SSID	Small Scale Industries Division
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

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SUMMARY

The study and review of 37 *) District Development Profile Study Projects, prepared by a team of consultants subcontracted by the Ministry of Industry and sponsored by UNDP, has permitted the following findings:

- 1) The identification of 61 industrial opportunities with 289 possibilities distributed all over the country. The principal opportunities refer to the establishment of tanneries, animal feeds plants, weaving apparel, metal products, wooden furniture, stone crushing, honey processing plants, fruit and vegetable canning, leather products, and grain milling. The districts with an important number of new industrial possibilities are Bungoma, Busia, Embu, Garissa, Kakamega, Kiambu, Kwale, Muranga, Narok, Nyandarua, Taita Tavetta and Trans Nzoia.
- 2) The preparation of a General Plan of Action to be used as a base for discussions at district level in order to establish practical District Action Plans for development of the local small-scale industry sector.
- 3) The preparation of a programme for entrepreneurial promotion and assistance to small industrialists which involves the provision of technical assistance, training assistance, financial assistance and industrial infrastructure assistance. The plan covers over 22,500 actions in a 4-year-programme with a total cost of Kshs 852.- million (approximately US\$ 41 million). The actions, in this period, correspond to over 3,600 individual technical assistance inputs, 1,400 pre-feasibility studies, the training of over 7,300 entrepreneurs, the financing for extension and modernization for more than 3,600 small-scale units, the financing of over 5,600 new establishments, and the construction of factory sheds for more than 700 small-scale units. The Small-Scale Industries Division of the Ministry of Industry is envisaged to be the coordinating element of the mentioned programme.

*) three District Development Profile Studies were not available at the time of the preparation of this report.

I. ORIGIN AND OBJECTIVES OF THE PROJECT

1. In 1986 the Government of Kenya published Sessional Paper No. 1 on Economic Management for Renewed Growth which lays out a development strategy derived from past development experience with regard to a variety of issues. Among the imperatives stated in this document, two are particularly relevant to this project:
 - a) economic growth has to become the primary concern of economic policy and has to be accelerated to average 5.6% per year until the end of the century. To this end, industry and trade will have to create jobs at the rate of 1.8 per year;
 - b) the greater majority of new jobs to be created are to be in farms and in small-scale industries and services both rural and urban.
2. To transform this re-orientation into economic policy and to provide a framework for appropriate action, the Government has established District Focus as a development unit, thus formally decentralizing industrial policy to the 41 districts, including the metropolitan area of Nairobi.
3. From the institutional point of view the then Ministry of Commerce and Industry has established a Task Force to review all policies to promote the informal sector along the lines indicated in the Sessional Paper. District industrial development studies thus constitute indispensable tools for the task-force work.
4. The immediate objective of the present project is to assist the Ministry of Industry/Department of Industry in preparing up-to-date industrial sector profiles of rural centres which will assist policy-makers to make better decisions regarding:
 - a) resource allocation at the district level;
 - b) appropriate public policies to support private incentives; and
 - c) public investments in infrastructure and facilities which will help to attract private investments and development of private enterprises.

5. The project was approved in June 1987 for a duration of 4 months, with the UNDP input of US\$ 230,146 to provide (1) an International Expert for 3 man-months to assist the National Project Director (Co-ordinator) in the finalization of the studies, and (2) subcontracts, to carry out district development profile studies and, thereafter, to prepare district action plans for fostering small-scale industries in the project area, for 40.5 man-months of personnel services (which included a National Project Director (Co-ordinator), a National Expert (Team Leader), 2 National Experts (Project Advisers) and 13 Consultants.

6. The Government, Ministry of Industry, provided: (1) support facilities, including the identification, evaluation and recruitment of the staff to work in the project, (2) 12 industrial officers to pair up with each of the field teams and pay per diem for this field work, and (3) vehicles and drivers for field work.

7. The duties of the international expert, Consultant in Small-Scale Industry Development involved the following:
 - a) study and review the detailed district reports and profiles on present industrial activities in each of the 40 districts (Nairobi is excluded) and review the district action plans prepared by the Ministry and make recommendations on any suggested amendments/improvement;
 - b) prepare, based on the data of district studies and district action plans already completed by the Ministry, consolidated recommendations for small industry development action plans at the district level;
 - c) based on the above information/reports, prepare a programme for entrepreneurial promotion and development;
 - d) prepare a detailed scheme for the implementation of an entrepreneurial support programme

8. The consultant was fielded on 23 May and stayed in Kenya until 8 August 1989.

9. At the time of the arrival of the consultant the preparation of the district reports had been delayed (more than 1 year) due to different problems related with organization, co-ordination and monitoring of the

programme. 34 reports had been accepted by the Ministry in December 1988. Further 3 were accepted in May 1989 and 3 were rejected on that occasion. The missing ones correspond to Elgeyo Marakwet, Nandi and Uasin Gishu (Rift Valley Province). 37 district reports were thus reviewed by the UNIDO consultant. In accordance with the terms of reference, the 13 teams have prepared detailed District Reports on the basis of the District Studies, containing an assessment of the presently existing industrial activities and the relevant infrastructure in each district. However, it has not been possible for the District Study Teams to prepare detailed Action Plans and the outlines of opportunities for further small-scale industrial development to potential promoters in the framework of District Seminars and hold thorough discussions with the relevant Government authorities in each district on their plans and priorities. Given that the District Study Teams have concluded their contracts with the Ministry, the officers of the Small-Scale Industries Division and the respective DIO must collaborate and follow-up on the work in order to achieve this objective.

10. The study and review of the 37 District Development Profiles Study Projects has revealed some deficiencies. This problem has been discussed thoroughly with the Head of the Division who decided to make a complete review of these studies by distributing them between 6 officers of the Division. This work is underway and their comments are to be presented in due time. The officers will contact the DIO as required in order to complete and correct the statistical and other missing information and revise the corresponding plan of actions and lists of industrial opportunities.

11. Within the framework of this project the small-scale industry sector, includes the so called modern subsector and the informal subsector, defined currently as follows:
 - a) The small-scale industry subsector includes the manufacturing, repair services and laundry establishments employing less than 50 persons. The investment in plant and machinery (excluding investment in land and buildings) does not exceed Kshs 10 million (approximately US\$ 478,000).

b) The informal industrial subsector comprises the manufacturing, repair services and laundry units that are not officially registered, and which are generally characterized by:

- carrying out their activities in the open or in temporary structures,
- having an investment in machinery and tools which does not exceed Kshs 60,000 (approximately US\$ 2,870) and employing up to 5 persons.

12. These subsectors, according to the 37 studies analyzed, would include the universe indicated below:

1985 (1)	No. of establishments	No. of persons engaged	Average No. of persons unit	
All establishments	16,860	114,260	7	(6.78)
Large-scale sector (employing 50 or more persons)	386	70,227	182	(181.93)
Modern small-scale subsector	1,607	14,744	9	(9.17)
Informal subsector	14,867	29,289	2	(1.97)
SSI + Informal	16,474	44,033	3	(2.67)

(total universe excluding Elgeyo Marakwet, Nandi and Uasin Gishu)

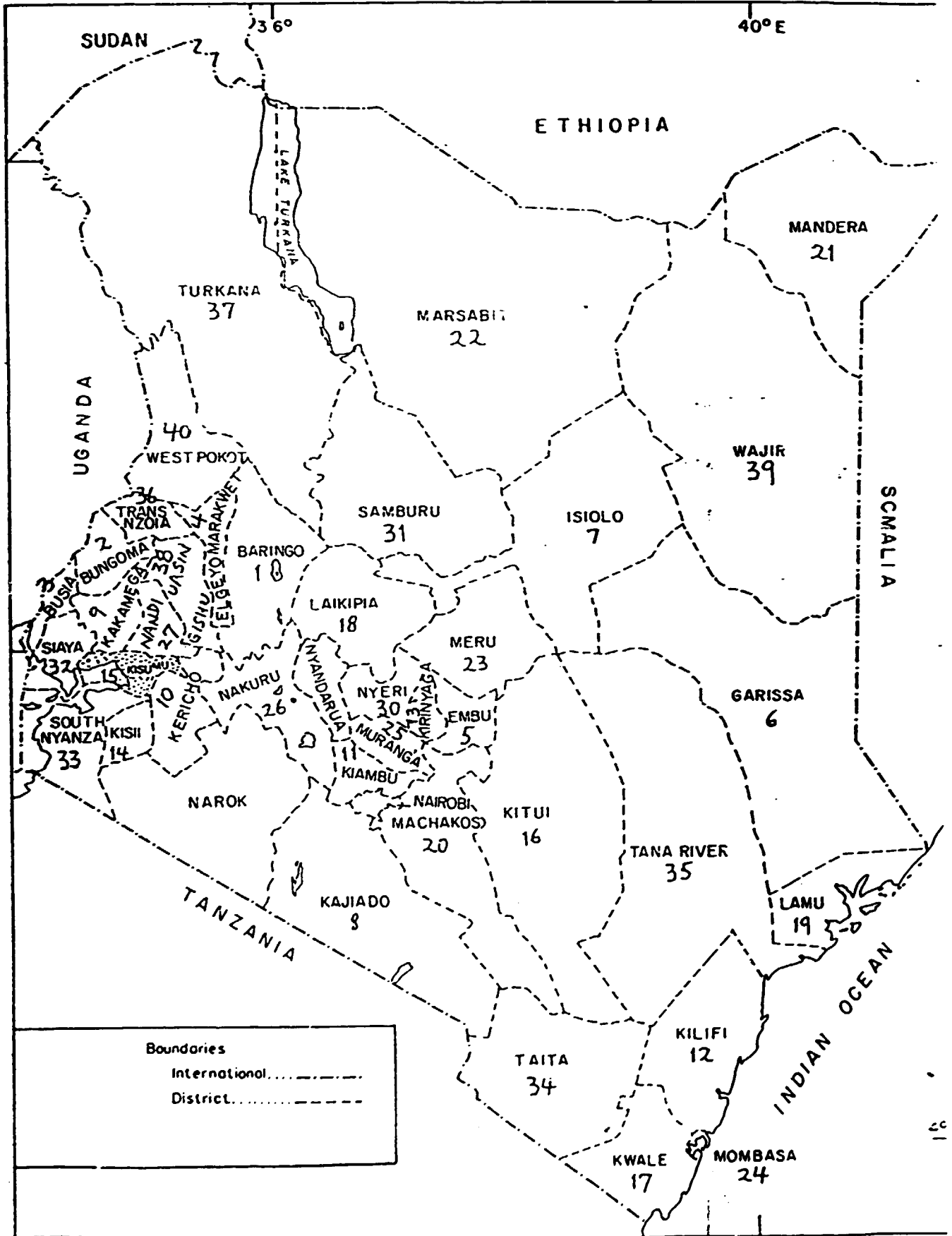
Note (1): as indicated before (paragraph 10) some data is missing. The UNIDO consultant made the necessary adjustments utilizing the Census CBS 1980 (Central Bureau of Statistics).

The universe of units to be assisted by district is presented in the following table:

Number of district	District	No. of establishments	No. of persons engaged
1	Baringo	194	480
2	Bungoma	702	1,323
3	Busia	281	582
4	Elgeyo Marakwet	NOT AVAILABLE	NOT AVAILABLE
5	Embu	338	913
6	Garissa	?	59
7	Isiolo	44	149
8	Kajiado	150	643
9	Kakamega	403	1,094
10	Kericho	669	1,472
11	Kiambu	1,068	3,408
12	Kilifi	383	989
13	Kirinyaga	548	1,198
14	Kisii	364	854
15	Kisumu	1,768	4,915
16	Kitui	322	865
17	Kwale	154	391
18	Laikipia	392	690
19	Lamu	66	166
20	Machakos	1,011	2,823
21	Mandera	1	26
22	Marsabit	1	22
23	Meru	883	2,254
24	Mombasa	1,161	4,895
25	Muranga	533	1,168
26	Nakuru	1,738	5,211
27	Nandi	NOT AVAILABLE	NOT AVAILABLE
28	Narok	148	265
29	Nyandarua	374	761
30	Nyeri	1,261	2,901

Number of district	District	No. of establishments	No. of persons engaged
31	Samburu	1	7
32	Siaya	326	775
33	South Nyanza	499	1,084
34	Taita Tavetta	146	369
35	Tana River	55	100
36	Trans Nzoia	396	933
37	Turkana	-	-
38	Uasin Gishu	NOT AVAILABLE	NOT AVAILABLE
39	Wajir	2	72
40	West Pokot	90	176

The corresponding activities are presented in each of the studies in Tables 7B and 7C, for total manufacturing and services and for informal units, respectively.



The boundaries shown on this map do not imply official endorsement or acceptance by the United Nations Industrial Development Organization.

13. The current problems affecting the small-scale industrial development in all districts apparently are the same recognized and mentioned formerly in other documents and publications. The principal constraints are related with general infrastructure, financial assistance, management and technical assistance, factory accommodation, trained manpower, and legal framework.
14. The lack of adequate provision for infrastructural facilities such as roads, electricity and water in all the rural areas has been emphasized. The Government is aware of this constraint that affects all economical activities, not only the small-scale industrial development, and has developed a series of programmes to solve this situation in the near future.
15. The problem of financial assistance is chronic affecting especially the very small units. The difficulty in obtaining credit is one of the most serious handicaps of a small entrepreneur. On the other hand the high cost of administering small loans and the poor rate of repayment have made these loans unattractive to lending institutions. In general, financial institutions are not willing to advance funds to small-scale industries without collateral. But, again, most loan schemes exhibit very heavy repayment arrears and a high default rate. The studies show a delinquency rate that goes from a minimum of 30% to a maximum of 90% with an average of 60% (see table 25 of the profiles, 22 of which present this information). In general, the small scale sector has limited access to finance to facilitate purchase of raw materials and tools at reasonable rates of interest. Also, the informal units are unable to conform to most of the procedures and terms of the financial and banking institutions for obtaining loans.
16. Concerning management assistance, the lack of technological and managerial knowledge is characteristic of most small-scale enterprises surveyed during the preparation of the studies. There is, also, a shortage of technical and managerial advisory services and lack of guidance for selection of raw materials and other supplies suitable for industrial production. Moreover, there are limited facilities and knowledge to improve existing products and develop new ones.

The small industrialist is generally not informed about the right choice of industry or product lines, the amount of capital needed, the selection of the best equipment and tools, the selection of processes, and how to improve the quality and design of the products being manufactured.

17. Acquiring suitable factory premises is another problem frequently mentioned, or the acquisition of plots with utilities such as water, power, and sewage system. There is a shortage of industrial sites in almost all districts and, also, a shortage of inexpensive factory accommodation.
18. In general, there is a shortage of entrepreneurship. Potential entrepreneurs lack not only production skills but also experience in cost control, accounting, credit applications and marketing. Besides, there is a shortage of skilled labour and limited access to training.
19. There are many regulations at the district level which are strictly enforced. The conditions as set out in the Trade Licensing Act are so prohibitive that they pose a great hurdle to small-scale units to operate legally. The licensing is cumbersome and expensive and appear to be too rigid. In general, many small-scale industrialists (artisans) complain about the way the district municipal councils issue the licenses. In fact, many businesses are not registered because they are not able to meet the minimum legal obligations concerning wages, markets and license fees.
20. Based on the analysis of the 37 District Development Profiles and taking into consideration the purpose of the project, three technical areas elaborated are the following:
 - a) new opportunities for industrial development;
 - b) general plan of action; and
 - c) programme for promotion of entrepreneurship and assistance to small industrialists.

II. NEW OPPORTUNITIES FOR INDUSTRIAL DEVELOPMENT

21. From the analysis of district potential, especially related to agriculture, livestock, forestry, quarrying, fishing, manufacturing, repair services and craftsmanship, several consultants identified and recommended the establishment of different industries which, in principle, are feasible and desirable, considering the demand (expansion of market, import substitution, export possibility, modernization of informal units, lack of specific industrial activity), available resources and the infrastructure development of the district. The study and review of the 37 District Profiles has permitted to enlarge the list of opportunities identified. The general list of new opportunities for each district is presented below:

GENERAL LIST OF INDUSTRIAL OPPORTUNITIES

- | | |
|-------|------------------------------|
| 31-01 | Animal feeds |
| 02 | Bakery products |
| 03 | Banana wine factory |
| 04 | Cane sugar factory |
| 05 | Cashewnuts factory |
| 06 | Coconut processing factory |
| 07 | Coffee processing plant |
| 08 | Dairy products |
| 09 | Fish processing plant |
| 10 | Fruit processing plant |
| 11 | Fruit and vegetable canning |
| 12 | Grain milling |
| 13 | Honey processing plant |
| 14 | Horticultural crop packaging |
| 15 | Meat processing plant |
| 16 | Milk processing plant |
| 17 | Oil processing plant |
| 18 | Potato crisps |
| 19 | Salt processing |
| 20 | Soft drink plant |
| 21 | Tea processing plant |

- 32-01 Basket weaving
- 02 Cotton processing plant
- 03 Fish net factory
- 04 Hand woven products
- 05 Knitting products
- 06 Leather products
- 07 Shoe manufacturing
- 08 Sisal bags
- 09 Sisal spinning mill
- 10 Surgical cotton
- 11 Tannery
- 12 Tie-and dye goods
- 13 Wearing apparel (garments)
- 14 Wool processing plant (spinning and weaving of garments)

- 33-01 Carpentry
- 02 Charcoal briquettes
- 03 Furniture
- 04 Saw mills
- 05 Wood carvings
- 06 Wooden tiles manufacturing

- 34-01 Paper and paper-board articles
- 02 Printing
- 03 Pulp industry

- 35-01 Chalk whitening
- 02 Fertilizer
- 03 Fuel
- 04 Glue manufacturing
- 05 Paint manufacturing
- 06 Soap manufacturing

- 36-01 Charcoal cooking stoves (clay)
- 02 Marble works
- 03 Pottery manufacturing
- 04 Stone crushing
- 05 Structural clay products

38-01 Agricultural implements
 02 Metal products
 03 Structural metal products

39-01 Gemstone cutting and polishing

95-01 Laundry and dry cleaning
 02 Repair of motor vehicles

Total of opportunities - 61

DISTRICTS

ACTIVITIES	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	TOTAL						
31-01					o	x	x	o	x		x	o	x	x			x			x	x		x													x			x		17						
02							o						o			x		x		x																	x					7					
03																																											1				
04			o															x																									3				
05																		x																	o								1				
06																		x							x																			2			
07																																												1			
08								o				x																x																3			
09			o								o							x								x	o																	5			
10						x		o				o				x	x																											5			
11		x	x						x	x	x		x	x							x					x														x	x			11			
12		x	x		o		o		x		o								o		x					o																			10		
13							o		x	o						x	x	o							o	o																	o		12		
14																				o																									2		
15																			o																										3		
16							x				o																																		7		
17		x	x						x												o																								6		
18		x	x						x																																					3	
19																					o																								1		
20			o			o															o																								3		
21										o																																			3		
32-01											o																																		2		
02						x																																							2		
03																																														1	
04											o																																			2	
05																																														1	
06	x		x		o	x										x		o																								o		o		11	
07		o	x						o		x																																			7	
08																																														1	
09																																														1	
10			o																																											1	
11	x	x	x		o	x	x	x	x		x					x												x																		22	
12												x																																		2	
13	o							o		x																																				14	
14											x																																				3

DISTRICTS

ACTIVITIES	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	TOTAL				
33-01				x											x																											3			
02				x									o																														3		
03		o		x		o					o				x		o	o	o										x	o					o	o	x						13		
04		x		x							x						x									x																		6	
05																																												1	
06																																												1	
34-01		x								x																																		2	
02		o	x							x				o			o				x															o								7	
03																x													x						x									3	
35-01																x																									x			2	
02						x																																						3	
03										x	x																x	o																	4
04					x																																							x	4
05											x																																		1
06			x	x		o																																							4
36-01		o															o																												2
02								o																																					1
03																																													1
04			x	x		x		x	x		x				x	x	x																												12
05							x		x																																				6
38-01											x						o																												6
02		o	o	o		o	o	x			x					x	o	o																											14
03				o																																									2
39-01																																													1
95-01			o										o			x																													5
02		o					x				o																																		6
TOTAL	61	7	14	15	NA	11	10	9	8	12	6	20	2	7	4	6	9	16	9	2	19	7	3	4	3	16	2	NA	12	11	5	4	2	3	11	1	10	-	NA	6	3	289			

Note: NA = not-available when preparing this report
 x = activity emphasized by the consultant
 o = activity mentioned by the consultant
 Name of the district is indicated in paragraph 12.

22. As can be observed from the above table there are 61 industrial opportunities identified with a total of 289 possibilities for 36 districts (No. 37 - Turkana with none; No. 4 - Elgeyo Marakwet, No. 27 - Nandi and No. 38 - Uasin Gishu, reports in preparation). The principal activities selected (10 and over) are tannery, animal feeds, wearing apparel (especially uniforms), metal products, wooden furniture, stone crushing, honey processing, fruit and vegetable canning, leather products, and grain milling.
- As to the districts, the number of opportunities is high (10 and over) in Bungoma, Busia, Embu, Garissa, Kakamega, Kiambu, Kwale, Muranga, Narok, Nyandarua, Taita Taveta and Trans Nzoia. Several of these opportunities have been defined in a first approximation from different sources of information. These data are presented in annex II, and they are to be used only to estimate the possible amount of the investment needed.
23. The final selection of the opportunities should be the task of the corresponding DIO and their counterparts in the Ministry (Small-Scale Industries Division) assisted by a national and/or international consultant. Subsequently, once the opportunities are selected and an order of priority established, the preparation of pre-feasibility studies (or model schemes) should be undertaken.
24. A more detailed list of industrial opportunities by district is presented in annex III. It includes the number of existing units (modern sector and/or informal sector) in the activity selected; the number of total manufacturing, repair services and laundry units (modern sector and informal sector) and persons engaged, in the district; the estimated labour force (1985) in the district; and the number of small-scale units (total of modern SSI and informal units) and persons engaged, in the district. The index of employment could be very helpful to determine the quantity of employment necessary to bring a district to an equilibrium level, taking into consideration only the employment provided by the manufacturing, repair services and laundries activities.

III. GENERAL PLAN OF ACTION

25. One of the aims of this project was to prepare District Action Plans for fostering small-scale industries at the district level. The terms of reference define this exercise as follows:
- a) The District Study Teams will prepare outlines of opportunities for further small-scale industrial development in each district and present them to potential promoters in the framework of District Seminars.
 - b) Based on the data of the District Profiles and the data obtained by the District Study Teams, the National Project Coordinator will prepare the District Reports for the Task Force of Small-Scale and Informal Sector Development which will be discussed at the seminars at the district level; and
 - c) The District Study Teams will prepare detailed Action Plans following the results of the district seminars and after holding thorough discussions with the relevant Government authorities in each district on their plans and priorities. These Action Plans will contain the strategy for the implementation of government development objectives at the district level, referring to concrete projects and promoters identified during the District Seminars;
26. This methodology was not followed and the District Study Teams prepared Action Plans without discussions at district level. Consequently, the local authorities and the existing and potential entrepreneurs have not contributed with their respective experience (although they may have given some information and advice when the studies were in preparation) and several of these Action Plans reflect the absence of their participation.

Taking into consideration the above points and the rather limited time to check up the Plans and other information in the field (estimate time: 3 man-days per district), a partial solution has been aimed at, namely, the careful study of these Plans and the preparation of a consolidated Plan of Action applicable to every district of the country. This Plan, after a thorough review by the Small Scale Industries Division, could be used as a basis for further discussion at district level, together with the corresponding local Plan of Action.

27. Draft General Plan of Action

It is recommended that each district should consider the following lines of action in order to promote the small-scale industries development:

- (1) The accessibility to both working and fixed investment capital should be improved, principally by:
 - a. Expanding the operational network of commercial and development banks (ICDC, IDB, KIE, DFK, KCB, Co-operative saving credit societies) in financing the small-scale enterprises' activities. This involves the loosening of conditions and terms of borrowing, including the issue of collateral which has hindered many would-be-borrowers for fear of losing property.
 - b. Creating specialized lending agencies for small-scale enterprises that can go into higher risk areas such as financing informal units.
 - c. Creating specialized financial schemes within the existing financial institutions to address small-scale enterprises financial problems and to offer term-lendings.
 - d. Encouraging the commercial banks and financial institutions to consider economic potentials of new projects and not to rely largely on creditworthiness of their clients and formal securities.
 - e. Training bank staff to be able to assess financial viability and growth potential of small-scale enterprise projects
 - f. Considering raising the ceiling (20.000 Ksh) for loans that the DJLB are presently granting to small-scale enterprises. It is estimated that a ceiling of 100.000 Ksh would permit the use of the loan for fixed investment capital as opposed to current possibility of only working

capital financing. This involves strengthening the loan capacity of the DJLB, expanding its present fund by means of soliciting additional sources from the Central Government, local authorities and other bodies, for term project financing as well as working capital.

- g. Introducing flexibility in the DJLB loan regulations, against the practice of disqualifying informal operators because they operate under a licence in some one else's name (because they are not the landlords).
- h. Encouraging the DJLB to put more emphasis on financing industrial units rather than retail trades.

(2). The infrastructural facilities should be improved mainly by:

- a. Ensuring that the local authorities conform to the plans formulated by the Physical Department of the Central Government with respect to development of the urban areas and trading centers, and also with respect to allocation of plots and premises in these areas. Regarding this aspect, local authorities should consider the provision of the necessary serviced plots including the construction of sheds in the major centres.
- b. Assisting interested parties to procure the appropriate infrastructural facilities such as water, electricity and access roads in the industrial plots.
- c. Expanding the electric power services by increasing transformer capacities in those areas which are currently served with power as well as by extending the services to those areas which are not supplied with power services.
- d. Acquiring more lands by the KIE to establish industrial estates in major towns and rural industrial development centres as well as industrial promotion areas in major trading centres. KIE should give more support to the small-scale industry, providing plots, sheds and facilities for industrial activity.

- (3) The market opportunity should be improved by:
 - a. Initiating self-help advertising schemes.
 - b. Revising the 'build Kenya buy Kenyan' campaign.
 - c. Improving linkages between small-scale industry manufacturing sector with agriculture, commercial and service sectors.
 - d. Improving the small-scale enterprises' ability to identify target consumers.
 - e. Giving preference to the district's industrial units in contracting jobs for the county council and tendering system. It is recommended that quick payments should follow once the goods are delivered.
 - f. Using trade fairs and exhibitions by the small-scale enterprises.
- (4) The opportunities for equity participation should be improved.
- (5) The national policies and practices related to subsidies to large scale competitors in the district should be reviewed and evaluated to determine its effects on the establishment of new small-scale enterprises, since this may undermine the incentives for investment in the small industry sector.
- (6) The raw material procurement procedures should be streamlined so as to increase small-scale enterprises' ability to procure sufficient raw material at a fair cost. Thus discrimination by raw material suppliers should be discouraged; provision of foreign exchange for the small-scale enterprises should be given priority, and effective delivery and supervision mechanisms should be established.

- (7) Associations for purchase of raw material should be initiated in those districts where the survey has indicated a strong support by industrialists of a specific activity. Such associations should be organized on a center-by-center basis.
- (8) An information centre should be established in all districts. Its principal function would be the following:
 - dissemination of information on both raw materials and product prices,
 - dissemination of information on capital availability, market opportunities and technological possibilities for small-scale industries.
 - necessary information on industrial opportunities in the district,
 - necessary information on technical and business education as well as training and extension services possibilities.
- (9) The training programmes based in each district should be conducted regularly both for the actual entrepreneurs and potential entrepreneurs. This would require coordination between the district local authorities as well as Central Government and non-governmental organizations to avoid duplication of efforts. Such programmes should be short, comprehensive and inexpensive and involve minimum diversion of the entrepreneurs' efforts and resources from their business activities.
- (10) The technical and business education provided by the polytechnics and other educational institutions in each district should be strengthened and oriented towards the existing industrial possibilities of the district.
- (11) The districts' technical offices, concerned with development of trade and industry, should be reinforced with technical as well as supporting personnel to accomplish a realistic promotion of district development. The district industrial office should undertake a continuous survey and study of small-scale industries, keeping up-to-date statistical data, in order to facilitate appropriate long-term planning for the small-scale industry sector.

- (12) The districts' industrial office should identify entrepreneurs who intend to set up small-scale industries and with the help of the information centre provide them with the necessary information concerning the viable industries in the district. Also, this office should help in obtaining the adequate financing for the future project.
- (13) Each district should be provided with the respective studies on the existing industrial opportunities already identified. The preparation of these studies (and the prefeasibility or feasibility studies) should be the responsibility of the Ministry of Industry, who will request the existing technical organizations to accomplish this task, such as the KIE, or will call on private consultants or international /bilateral aid.
- (14) The KIE should intensify its programme of extension services, especially related to the industrial advisory services. For this purpose, KIE ought to expand its current operations to reach all districts of the country and should open offices wherever necessary. Moreover, KIE could advise the Central Government on industrial policies related to individual districts on the basis of their experience in that district.
- (15) The district and county council authorities of every district should press for a review of the current licencing and tax system so that it will fit the district's planning and legislative requirements. This will facilitate many informal activities to be within the district's county council's system through which they can have access to benefits accruing from credit facilities and legal tendership.
- (16) The district authorities should provide incentives for the establishment and/or expansion of small-scale industries, such as subsidies in kind (plots), loan guarantees (government or local authorities could act as guarantor when securities are required by financiers), or a reserved market for their products.

28. The District Plan of Actions proposed by the team of consultants are presented in annex IV. Other data related with credit, training and industrial infrastructure facilities existing in each district is also included based on the information gathered by the consultants in the field.

IV. PROGRAMME FOR PROMOTION OF ENTREPRENEURSHIP AND ASSISTANCE TO SMALL INDUSTRIALISTS

29. In paragraphs 13 to 19 the problems and constraints impeding the development of the small-scale industry sector have been indicated, especially those related to management assistance, managerial training, financial assistance and industrial infrastructure. At present, these problems are being solved partially by existing institutions such as KIE (management assistance); DTO, ILO, KIBT, KIE and NGO's (managerial training); DFCK, KJLB, ICDC, IDB, KCB and SEFCO (financial assistance); KIE and RIDC (industrial infrastructure). However, according to the District Studies the necessary resources are inadequate and there is a lack of coordination in assistance to small-scale units resulting in duplication of efforts and waste of resources.
30. The formulation of an integrated programme is necessary for strengthening existing institutions to implement policies and programmes for small-scale industry development and for providing experienced consultants to improve the technological and managerial level of the small-scale industries. Isolated measures of assistance may remain ineffective unless they are supported by complementary action in other areas, such as aid in financing the required equipment proposed by the consultant after the diagnosis of an enterprise, or training of the manager of this enterprise, or facilitating premises to permit the modernization of traditional crafts or the expansion of existing units. The approach should be to provide a package of all the essential services and facilities.
31. The elements of a development programme for small-scale industries are well known and they have been proposed in different documents in the past years. Nevertheless, with the intention of clarifying concepts a brief description of these services will be presented here. A solid and comprehensive programme of assistance for the regional development of small-scale industries generally comprise the following elements.

a) Industrial advisory services

They are aimed at providing guidance and assistance in all aspects of planning, construction, operation and management of a small industrial enterprise. The need to improve the conditions of management and operation of these units in order to raise their technical and economic efficiency requires the provision of advice in business management and production matters. The need to improve processes and quality of products demands technological assistance. The final objective of these actions is to increase the productivity of the sector, that is, to produce more goods at a lower cost per unit of output while maintaining quality. The increase of production with better utilization of the installed capacity, the development of new products, the improvement of quality of goods manufactured or services given, and the decrease of operating costs are indispensable conditions for the success in the market, particularly to face the changing needs of consumers. Services rendered in the establishment of new enterprises, also comprise the preparation of a feasibility study and the assistance at various stages of implementation.

b) Industrial training services

The training includes general seminars, special seminars and discussion groups, and general and specialized courses. The services are addressed to managers, technicians, supervisory staff (foremen), and skilled workers. The subjects may comprise management accounting and office management, operational management, personnel management, and technological subjects.

c) Financial Assistance

The provision of credit facilities to small-scale industries on favourable terms is an essential condition for the improvement of the sector. The close coordination of the industrial advisory service with financial institutions assisting the sector is highly recommended. This is particularly related with the pre-loan analysis of the firm's needs to avoid future problems of repayment or the creation of non-viable firms.

A recommended scheme is the supervised credit, under which credit should be integrated with technical assistance and advisory

service including the preparation of credit applications. The supervised credit may take the form of supply of machinery and equipment on a hire-purchase basis, a procedure for purchasing goods under which the purchaser pays a deposit on receipt of the goods followed by a number of instalments until the debt is cleared. In the event of the default of the purchaser in respect of the instalments, the bank can resume possession of the goods in question.

d) Industrial Estates

The primary objective in establishing industrial estates is to stimulate entrepreneurship and promote industrial development. An industrial estate is a planned clustering of industrial enterprises offering standard factory buildings and a variety of common services and common production facilities to the occupants. As a rule, the estate would serve principally to promote small-scale industries. The availability of standard factories on a rent or hire-purchase basis is an inducement to firms of limited financial means. Other important inducements are the provision of industrial advisory services and the use of common production facilities and services. Industrial estates play a useful role in regional development programmes and in the planned dispersal of industries, but they can accommodate only a small proportion of all the small enterprises in a country.

32. The co-ordinating unit for programming, monitoring and evaluating such a programme of assistance should be the Small-Scale Industries Division of the Ministry. The first and strategic action to realize is the preparation of small-scale industry development plans, defining the targets including the necessary elements to attain them. These are medium-term plans covering a period of four to five years. The second action will be the monitoring and evaluation of the different regional development plans once in operation (6 months to 1 year) in order to adapt the medium-term plans to actual prevailing conditions. The tactical actions correspond to the direct assistance in the field which should be accomplished by the existing institutions mentioned before, and, in certain cases, reinforced by the utilization of private consultants and bilateral/international assistance.

33. In order to prepare a regional programme for entrepreneurial promotion and development, grouping within the country by district sectors was considered useful, some of them, because of their importance as independent ones (great number of modern small-scale industries, great number of informal units, high index of manufacturing employment, many industrial opportunities), the rest as associated with others.

The grouping is the following⁽¹⁾
(number of modern SSI|number of informal units)

DISTRICT (2)

PROVINCE

I.	Baringo (30/164)	Laikipia (27/365)	Samburu (1/-)	Trans Nzoia (38/358)	Turkana (-/-)	West Pokot (8/82)	Part of Rift Valley (104/969)
II.	Bungoma (45/657)	Busia (20/261)	Kakamega (55/348)				Western (120/1,266)
III.	Elgeyo Marakwet Nandi (data not available while preparing this report)			Uasin Gishu			Part of Rift Valley
IV.	Embu (34/304)	Kitui (16/306)	Meru (69/814)				Part of Eastern (19/1,424)
V.	Garissa (NE) (2/-)	Isiolo (9/35)	Mandera (NE) (1/-)	Marsabit (1/-)	Wajir (NE) (2/-)		North Eastern and and Part of Eastern (15/35)
VI.	Kajiado (22/128)	Kericho (56/613)	Narok (16/132)				Part of Rift Valley (94/873)
VII.	Kiambu (117/951)						Part of Central (117/951)
VIII.	Kilifi (40/343)	Kwale (22/132)	Lamu (14/52)	Taita Tavetta (36/110)	Tana River (8/47)		Part of Coast (120/684)

Note (1): This matter was discussed and approved by the Head of the Small-Scale Industries Division.

(2): Districts by alphabetical order

DISTRICTPROVINCE

IX.	Kirinyaga (33/515)	Muranga (42/491)					Part of Central (75/1,006)
X.	Kisii (49/315)	Siaya (37/289)	South Nyanza (32/467)				Part of Nyanza (118/1,071)
XI.	Kisumu (94/1,674)						Part of Nyanza (94/1,674)
XII.	Nakuru (165/1,573)						Part of Rift Valley (165/1,573)
XIII	Machakos 79/932)						Part of Eastern (79/932)
XIV	Mombasa (293/868)						Part of Coast (293/868)
XV.	Nyandarua (27/347)	Nyeri (67/1,194)					Part of Central (94/1,541)
	<u>Universe</u> (excluding III)				modern SSI	1,607	
					informal units	14,867	

34. The volume of actions to be performed and the cost of this programme has been prepared using the following basic data (details are presented in annex V):

<u>ACTION</u>	<u>VOLUME</u>	<u>UNIT COST</u> (KShs)
(1) <u>Industrial advisory services</u>		
a) Technical assistance		
small-scale industries (SSI)	5% of universe per year	15,000
informal units (IU)	5% "	2,500
growth rate SSI	4% per year	-
growth rate IU	8% per year	-
b) Pre-feasibility studies		
SSI	1% of universe per year	10,000
IU	2% "	2,500
(25% of new opportunities)		
(2) <u>Industrial training services</u>		
management courses to existing and potential entrepreneurs (SSI + IU)	10% of universe per year (number of establishments)	1,800
(3) <u>Financial assistance</u>		
a) Existing units		
SSI	5% of universe per year	150,000
		equipment
		work.cap.
IU	5% of universe per year	37,500
		equipment
		work.cap.
		50,000
		12,500
b) New units		
SSI	4% of universe per year	910,000
IU	8% "	40,000
(4) <u>Industrial Estates and/or RIDC</u>		
SSI	1% of universe per year	415,000
IU	1% "	89,000

35. The financing of the total or part of these regional programmes by donor agencies should be encouraged by the Government to remedy the shortage of national resources for small industries development. Consideration has to be given also for channelling resources from international and regional development banks to national financing institutions.

Following tables present the VOLUME of ASSISTANCE (in units such as number of industries to be assisted, number of pre-feasibility studies to be undertaken, number of entrepreneurs to be trained, number of existing industries to be financed either for extension or modernization, number of new units to be financed, number of units to be housed) and, the corresponding COST, for the whole country (37 districts in this case) and for the 15 groups of districts.

COUNTRY (excluding III) VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	YEAR				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	80	83	86	90	339
IU	743	802	867	936	3,348
b) pre-feasibility studies SSI	15	17	17	18	68
IU	297	321	346	374	1,338
2) Industrial training services					
management courses } SSI	160	166	173	180	679
to entrepreneurs } IU	1,487	1,606	1,734	1,873	6,700
3) Financial assistance					
a) existing units SSI	80	83	86	90	339
IU	743	802	867	936	3,348
b) new units SSI	64	66	69	72	271
IU	1,189	1,284	1,387	1,498	5,358
4) Industrial estates and/or RIDC					
SSI	16	17	17	18	68
IU	149	161	174	188	672
Number of actions	5,024	5,408	5,823	6,273	22,528

Note: SSI = small-scale industries (or services)

IU = informal units

RIDC = rural industrial development centre

COUNTRY (excluding III) COST OF ASSISTANCE (Kshs 000)

COMPONENT	YEAR				Total
	1	2	3	4	
1) <u>Advisory services</u>					
Donor agencies	3,960	4,162	4,492	4,805	17,419
GOK in kind (KTE, private consultants)	—	—	—	—	—
2) <u>Training service</u>					
Donor agencies	2,965	3,190	3,433	3,695	13,283
GOK in kind (private consultants DIO, DIO, ILO, KIBT, NGO)	—	—	—	—	—
3) <u>Financing</u>					
Donor agencies	167,237	177,107	188,582	200,815	733,741
GOK in kind (DFPK, DJLB, ICDC, IDB, KCB, KIE, SEPOO)	—	—	—	—	—
4) <u>Infrastructure</u>					
Donor agencies	19,901	21,384	22,541	24,202	88,028
GOK in kind (KIE, RIDC)	land	land	land	land	land
Total	194,063	205,843	219,048	233,517	852,471

36. From the above tables it can be noted that the total number of actions would reach 22,528 for the four years of the programme representing a total cost of about Kshs 852 millions (approximately US\$ 41 million). Considering the aid in financing and using average investment per person in equipment, the output of this operation would be the creation of about 4,880 new jobs for the first year of the plan (707 in SSI and 4,173 in informal units), 5,234 for the second (729 and 4,505. respectively), 5,629 for the third year (761 and 4,868 respectively) and 6,052 for the fourth year (795 and 5,257 respectively). These figures represent a growth rate of about 11% per year, because the action has been concentrated in improving the informal subsector in which the investment per person is rather low (Kshs 20,300). The other actions would induce improvements in quality and productivity as it has been mentioned before.

37.

GROUP I: Baringo, Laikipia, Samburu, Trans Nzoia, Turkana, West Pokot

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	YEAR				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	5	5	5	6	21
IU	48	52	56	60	216
b) pre-feasibility studies SSI	1	1	1	1	4
IU	19	20	22	24	85
2) Industrial training services					
management courses to SSI	10	10	11	11	42
entrepreneurs IU	97	105	113	122	437
3) Financial assistance					
a) existing units SSI	5	5	5	6	21
IU	48	52	56	60	216
b) new units SSI	4	4	4	4	16
IU	77	83	90	97	347
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	10	11	12	13	46
Number of actions	325	349	376	405	1,455

Due to rounding off figures the country tables compared with the sum of the group tables show slight differences (i.e. the volume of assistance + 0.15%, and the cost of assistance + 0.04%)

GROUP 1

COST OF ASSISTANCE (Kshs 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	252	265	280	310	1,107
GOK in kind (KIF, private consultants)	—	—	—	—	—
2) Training services					
Donor agencies	193	207	223	239	862
GOK in kind (DIO, DTO, ILO, KIBT, NGO private consultants)	—	—	—	—	—
3) Financing					
Donor agencies	10,657	11,147	11,677	12,395	45,876
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)	—	—	—	—	—
4) Infrastructure					
Donor agencies	1,305	1,394	1,483	1,572	5,754
GOK in kind (KIE, RIDC)	land	land	land	land	land
Total	12,407	13,013	13,663	14,516	53,599

GROUP II: Bungoma, Busia, Kakamega

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	YEAR				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	6	6	6	7	25
IU	63	68	73	79	283
b) pre-feasibility studies SSI	1	1	1	1	4
IU	25	27	29	31	112
2) Industrial training services					
management courses to SSI	12	12	13	13	50
entrepreneurs IU	127	137	148	160	572
3) Financial assistance					
a) existing units SSI	6	6	6	7	25
IU	63	68	73	79	283
b) new units SSI	5	5	5	6	21
IU	101	109	118	127	455
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	13	14	15	16	58
Number of actions	423	454	488	527	1,892

GROUP II: COST OF ASSISTANCE (Kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	320	337	355	390	1,402
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	250	268	290	311	1,119
(DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	13,652	14,285	14,957	16,790	59,684
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,572	1,661	1,750	1,839	6,822
GOK in kind land (KIE, RIDC)	land	land	land	land	land
T O T A L	15,794	16,551	17,352	19,330	69,027

GROUP IV: Embu, Kitui, Meru

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) Technical assistance SSI	6	6	6	7	25
IU	71	77	83	89	320
b) pre-feasibility studies SSI	1	1	1	1	4
IU	28	31	34	36	129
2) Industrial training services					
management courses to SSI	12	12	13	13	50
entrepreneurs IU	142	153	166	179	640
3) Financial assistance					
a) existing units SSI	6	6	6	7	25
IU	71	77	83	89	320
b) new units SSI	5	5	5	6	21
IU	114	123	133	144	514
4) industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	14	15	16	18	63
Number of actions	471	507	547	590	2,115

GROUP IV:

COST OF ASSISTANCE (Kshs 000)

C O M P O N E N T	Y E A R				TOTAL
	1	2	3	4	
1) Advisory services					
Donor agencies	347	370	392	427	1,536
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	277	297	322	346	1,242
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	14,672	15,407	16,182	18,095	64,356
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,661	1,750	1,839	2,017	7,267
GOK in kind (KIE, RIDC)	land	land	land	land	land
TOTAL	16,957	17,824	18,735	20,885	74,401

GROUP V: Garissa, Isiolo, Mandera, Marsabit, Wajir
VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				TOTAL
	1	2	3	4	
1) Industrial advisory services					
a) Technical assistance SSI	1	1	1	1	4
IU	2	2	2	2	8
b) pre-feasibility studies SSI	-	-	-	-	-
IU	1	1	1	1	4
2) Industrial training services					
management courses to SSI	1	1	1	1	4
entrepreneurs IU	4	4	5	5	18
3) Financial assistance					
a) existing units SSI	1	1	1	1	4
IU	2	2	2	2	8
b) new units SSI	-	-	-	1	1
IU	3	3	3	4	13
4) Industrial estates and/or RIDC					
SSI	-	-	-	-	-
IU	-	-	-	-	-
Number of actions	15	15	16	18	64

GROUP V:

COST OF ASSISTANCE (Kshs 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services Donor agencies GOK in kind (KIE, private consultants)	22	22	22	22	88
2) Training services Donor agencies GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)	9	9	11	11	40
3) Financing Donor agencies GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)	432	432	432	1,382	3,678
4) Infrastructure Donor agencies GOK in kind (KIE, RIDC)	- land	- land	- land	- land	- land
T O T A L	463	463	465	1,415	2,806

GROUP VI: Kajiado, Kericho, Narok

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	5	5	5	6	21
IU	44	47	51	55	197
b) pre-feasibility studies SSI	1	1	1	1	4
IU	17	18	19	21	75
2) Industrial training services					
management courses to SSI	9	9	10	10	38
entrepreneurs IU	87	94	101	110	392
3) Financial assistance					
a) existing units SSI	5	5	5	6	21
IU	44	47	51	55	197
b) new units SSI	4	4	4	4	16
IU	70	76	82	88	316
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	9	10	10	11	40
Number of actions	296	317	340	368	1,321

GROUP VI:

COST OF ASSISTANCE (kshs 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	237	247	260	290	1,034
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	173	185	200	216	774
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	10,127	10,555	11,045	11,722	43,449
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,216	1,305	1,305	1,394	5,220
GOK in kind (KIE, RIDC)	land	land	land	land	land
T O T A L	11,753	12,292	12,810	13,622	50,477

GROUP VII:

Kiambu

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	6	6	6	7	25
IU	48	52	56	60	216
b) pre-feasibility studies SSI	1	1	1	1	4
IU	19	20	22	24	85
2) Industrial training services					
management courses to SSI	12	12	13	13	50
entrepreneurs IU	95	103	111	120	429
3) Financial assistance					
a) existing units SSI	6	6	6	7	25
IU	48	52	56	60	216
b) new units SSI	4	5	5	6	20
IU	76	82	89	96	343
4) Industrial estates and/or RDC					
SSI	1	1	1	1	4
IU	9	10	10	11	40
Number of actions	325	350	376	406	1,457

GROUP VII: COST OF ASSISTANCE (kaha 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	267	280	295	325	1,167
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	193	207	223	239	862
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	10,805	12,205	12,735	14,362	50,107
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,216	1,305	1,305	1,394	5,220
GOK in kind land (KIE, RIDC)	land	land	land	land	land
TOTAL	12,481	13,997	14,558	16,320	57,356

GROUP VIII: Kilifi, Kwale, Lamu, Taita Tavetta, Tana River

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	YEAR				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	6	6	6	7	25
IU	34	37	40	43	154
b) pre-feasibility studies SSI	1	1	1	1	4
IU	14	15	16	18	63
2) Industrial training services					
management courses to SSI	12	12	13	13	50
entrepreneurs IU	68	73	79	86	306
3) Financial assistance					
a) existing units SSI	6	6	6	7	25
IU	34	37	40	43	154
b) new units SSI	5	5	5	6	21
IU	55	59	64	69	247
4) Industrial estates and/or RIEC					
SSI	1	1	1	1	4
IU	7	8	8	9	32
Number of actions	243	260	279	303	1,085

GROUP VIII:

COST OF ASSISTANCE (Kshs 000)

COMPONENT	YEAR				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	220	230	240	267	957
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	144	153	166	178	641
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	10,000	10,347	10,735	12,220	43,302
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,038	1,127	1,127	1,216	4,508
GOK in kind land (KIE, RIDC)	land	land	land	land	land
TOTAL	11,402	11,857	12,268	13,881	49,408

GROUP IX: Kirinyaga, Muranga

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	4	4	4	4	16
IU	50	54	58	63	225
b) pre feasibility studies SSI	1	1	1	1	4
IU	20	22	23	25	90
2) Industrial training services					
management courses to SSI	7	7	8	8	30
entrepreneurs IU	101	109	118	127	455
3) Financial assistance					
a) existing units SSI	4	4	4	4	16
IU	50	54	58	63	225
b) new units SSI	3	3	3	3	12
IU	80	86	93	101	360
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	10	11	12	13	46
Number of actions	331	356	383	413	1,483

GROUP IX:

COST OF ASSISTANCE (kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services Donor agencies GOK in kind (KIE, private consultants)	245	260	272	290	1,067
2) Training services Donor agencies GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)	194	209	227	243	873
3) Financing Donor agencies GOK in kind (DFCK, DJLB, ICDC, IDB KCB, KIE, SEFCO)	9,905	10,295	10,825	11,457	42,382
4) Infrastructure Donor agencies GOK in kind (KIE, RIDC)	1,305 land	1,394 land	1,483 land	1,572 land	5,754 land
T O T A L	11,549	12,158	12,807	13,562	50,076

GROUP X: Kisii, Siaya, South Nyanza

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	YEAR				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	6	6	6	7	25
IU	54	58	63	68	243
b) pre-feasibility studies SSI	1	1	1	1	4
IU	21	23	25	26	95
2) Industrial training services					
management courses to					
entrepreneurs SSI	12	12	13	13	50
IU	107	116	125	135	483
3) Financial assistance					
a) existing units SSI	6	6	6	7	25
IU	54	58	63	68	243
b) new units SSI	5	5	5	6	21
IU	86	93	100	108	387
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	11	12	13	14	50
Number of actions	364	391	421	454	1,630

GROUP X:

COST OF ASSISTANCE (kshs 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	287	302	320	350	1,259
GOK inkind (KIE, private consultants)					
2) Training services					
Donor agencies	214	230	248	266	958
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	12,490	13,020	13,612	15,342	54,464
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,394	1,483	1,572	1,661	6,110
GOK in kind (KIE, RIDC)	land	land	land	land	land
T O T A L	14,385	15,035	15,752	17,619	62,791

GROUP XI: Kisumu

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	5	5	5	6	21
IU	84	91	98	106	379
b) pre-feasibility studies SSI	1	1	1	1	4
IU	33	36	38	42	149
2) Industrial training services					
management courses to SSI	9	9	10	10	38
entrepreneurs IU	167	180	195	210	752
3) Financial assistance					
a) existing units SSI	5	5	5	6	21
IU	84	91	98	106	379
b) new units SSI	4	4	4	4	16
IU	134	145	156	169	604
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	17	18	20	21	76
Number of actions	544	586	631	682	2,443

GROUP XI

COST OF ASISTANCE (kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services Donor agencies GOK in kind (KIE, private consultants)	377	402	425	470	1,674
2) Training services Donor agencies GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)	317	340	369	396	1,422
3) Financing Donor agencies GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)	15,187	16,055	16,942	18,150	66,334
4) Infrastructure Donor agencies GOK in kind (KIE, RIDC)	1,928 land	2,017 land	2,195 land	2,284 land	8,424 land
T O T A L	17,809	18,814	19,931	21,300	77,854

GROUP XII: Nakuru

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				TOTAL
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	8	8	9	9	34
IU	79	85	92	99	335
b) pre-feasibility studies SSI	2	2	2	2	8
IU	31	33	36	39	139
2) Industrial training services					
management courses to SSI	16	17	17	18	68
entrepreneurs IU	157	170	183	198	708
3) Financial assistance					
a) existing units SSI	8	8	9	9	34
IU	79	85	92	99	355
b) new units SSI	6	7	8	8	29
IU	126	136	147	159	568
4) Industrial estates and/or RIDC					
SSI	2	2	2	2	8
IU	16	17	19	20	72
Number of action	530	576	616	662	2,378

GROUP XII:

COST OF ASSISTANCE (Kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	415	435	475	500	1,825
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	311	337	360	389	1,397
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	16,937	18,622	20,597	21,515	77,671
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	2,254	2,343	2,521	2,610	9,728
GOK in kind (KIE, RIDC)	land	land	land	land	land
T O T A L	19,917	21,737	23,953	25,014	90,621

GROUP XIII: Machakos

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				TOTAL
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	4	4	4	4	16
IU	47	51	55	59	212
b) pre-feasibility studies SSI	1	1	1	1	4
IU	19	20	22	24	85
2) Industrial training services					
management courses to SSI	8	8	9	9	34
entrepreneurs IU	93	100	108	117	418
3) Financial assistance					
a) existing units SSI	4	4	4	4	16
IU	47	51	55	59	212
b) new units SSI	3	3	3	3	12
IU	75	81	87	94	337
4) Industrial estates and/or RIDC					
SSI	1	1	1	1	4
IU	9	10	10	11	40
Number of actions	311	334	359	386	1,390

GROUP XIII

COST OF ASSISTANCE (Kshs 000)

COMPONENT	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	235	247	262	277	1,021
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	182	194	211	227	814
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	9,417	9,907	10,397	10,927	40,648
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,216	1,305	1,305	1,394	5,220
GOK in kind (KIE, RIDC)	land	land	land	land	land
T O T A L	11,050	11,653	12,175	12,825	47,703

GROUP XIV: Mombasa

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	15	16	16	17	64
IU	43	46	50	54	193
b) pre-feasibility studies SSI	3	3	3	3	12
IU	17	18	20	21	76
2) Industrial training services					
management courses to SSI	29	30	31	33	123
entrepreneurs IU	87	94	101	110	392
3) Financial assistance					
a) existing units SSI	15	16	16	17	64
IU	43	46	50	54	193
b) new units SSI	12	12	13	13	50
IU	69	74	80	87	310
4) Industrial estates and/or RDC SSI	3	3	3	3	12
IU	9	10	10	11	40
Number of actions	345	368	393	423	1,529

GROUP XIV:

COST OF ASSISTANCE (Kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services Donor agencies GOK in kind (KIE, private consultants)	405	430	445	472	1,752
2) Training services Donor agencies GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)	209	223	238	257	927
3) Financing Donor agencies GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)	19,180	19,755	21,155	21,872	81,962
4) Infrastructure Donor agencies GOK in kind (KIE, RIDC)	2,046 land	2,135 land	2,135 land	2,224 land	8,540 land
T O T A L	21,840	22,543	23,973	24,825	93,181

GROUP XV: Nyandarua, Nyeri

VOLUME OF ASSISTANCE (units)

TYPE OF ASSISTANCE	Y E A R				Total
	1	2	3	4	
1) Industrial advisory services					
a) technical assistance SSI	5	5	5	6	21
IU	77	83	90	97	347
b) pre-feasibility studies SSI	1	1	1	1	4
IU	31	33	36	39	139
2) Industrial training services					
management courses to SSI	9	9	10	10	38
entrepreneurs IU	154	166	180	194	694
3) Financial assistance					
a) existing units SSI	5	5	5	6	21
IU	77	83	90	97	347
b) new units SSI	4	4	4	4	16
IU	123	133	143	155	554
4) Industrial estates an or RIDC					
SSI	1	1	1	1	4
IU	15	16	17	19	67
Number of actions	502	539	582	629	2,252

GROUP XV:

COST OF ASSISTANCE (kshs 000)

C O M P O N E N T	Y E A R				Total
	1	2	3	4	
1) Advisory services					
Donor agencies	355	375	400	440	1,570
GOK in kind (KIE, private consultants)					
2) Training services					
Donor agencies	293	315	342	367	1,317
GOK in kind (DIO, DTO, ILO, KIBT, NGO, private consultants)					
3) Financing					
Donor agencies	14,310	15,085	15,922	17,027	62,344
GOK in kind (DFCK, DJLB, ICDC, IDB, KCB, KIE, SEFCO)					
4) Infrastructure					
Donor agencies	1,750	1,839	1,928	2,106	7,623
GOK in kind (KIE, RIDC)	land	land	land	land	land
T O T A L	16,708	17,614	18,592	19,940	72,854

Because of the use of round figures the country tables compared with the sum the group tables sho slight differences (in fact, the volume of assistance + 0.15%, and the cost of assistance + 0.04%).

ANNEX I

STANDARD FORMAT FOR DISTRICT DEVELOPMENT PROFILE STUDIES

SECTION I: INTRODUCTION

Introduce the report: name of district, and some key parameters: location, land area, population, etc. Then summarize the presentation contained in the report.

SECTION II: CURRENT SITUATION

- (i) Existing support to economic/business activity:
 - (a) Institutional support to industrial/business development.
 - (b) Regulatory mechanisms at the district level.
 - (c) Special characteristics and peculiarities of the district.
 - (d) Opportunities for small-scale business/industrial development
 - (e) Infrastructure: strengths and weaknesses.

- ii) current economic/business activity:
 - (a) Products or services from the district.
 - (b) Markets for these products.
 - (c) Magnitude of the business.
 - total output/turnovers,
 - aggregate prices,
 - employment,
 - trading/production patterns, etc.

SECTION III: INDUSTRIAL POTENTIAL

- Assess (judgement supported by numbers) the industrial potential of the district based on existing support (SECTION II) and existing resources and practices:

- (a) Raw materials available:
 - agricultural
 - mineral
- (b) Currently practised or locally familiar technologies.
- (c) Current market trends: demand and supply patterns.
- (d) Capital resources available:
 - term project finance
 - working capital
- (e) Infrastructure:
 - communications
 - serviced industrial plots/buildings
- (f) Skilled labour:
 - quantity
 - level and type of skills contained in the labour force
- (g) Current trade and industrial practices, legal control, etc.

SECTION IV: PLAN OF ACTION

(i) Opportunities for industrial/business development (those which can provide subject matter for prefeasibility studies). For each opportunity briefly explore the following:

The project:

- The business/market opportunity and strategy for exploiting this opportunity.
- The infrastructural development necessary.
- The technological requirements: process and skills.
- Raw material supply and prevailing prices of these materials.

The market:

- Key players, major producers of competing products. Market structure and channel. Price formulation. Other special features.
- Demand: users, historical and forecast demand.
- Supply: competing producers, comparative advantage. at district level.
- Prevailing product prices.

Cost and Financing:

- Estimate (where possible) of the investment cost of the business opportunity.
- Sources of financing at district level.

- (ii) Recommendations for Action leading to improved support to industrial/business development at the district level.

ANNEXES

ANNEX II

<u>Number of project</u>	<u>Approximate cost of industrial opportunities (investment in machinery and equipment)</u>	<u>(000 Kshs)</u>
31-01	Animal feeds	350 ⁽¹⁾
-02	Bakery products	1 010 ⁽²⁾
-03	Banana wine factory	
-04	Cane sugar factory	
-05	Cashewnuts factory	
-06	Coconut processing factory	
-07	Coffee processing plant	
-08	Dairy products	2 650
-09	Fish processing plant	3 150 (250 tons) ⁽³⁾
-10	Fruit processing plant	2 000 ⁽¹⁾ 566 ⁽²⁾ 2 415 (160 tons) ⁽³⁾
-11	Fruit and vegetable canning	2 000 ⁽¹⁾ 2 140 (110 tons) ⁽³⁾
-12	Grain milling	maize: 5 000 ⁽¹⁾ (posho: 148) ⁽²⁾
		sorghum: 5 000 ⁽¹⁾ (posho: 384) ⁽²⁾
-13	Honey processing plant	
-14	Horticultural crop packaging	
-15	Meat processing plant	3 380 (250tons) ⁽³⁾
-16	Milk processing plant	
-17	Oil processing plant	2 000 ⁽¹⁾ 536 ⁽²⁾ 1 180(75 tons) ⁽³⁾
-18	Potato crisps	1 000 ⁽¹⁾
-19	Salt processing	525 (270 tons) ⁽³⁾
-20	Soft drink plant	4 140 (3 million bottles of 0.4 litres) ⁽³⁾
-21	Tea processing plant	

32-01	Basket weaving	
-02	Cotton processing plant	10 570 (100 tons) ⁽³⁾
-03	Fish net factory	
-04	Hand woven products	
-05	Knitting products	
-06	Leather products	60 ⁽²⁾ 173 (10.000 units) ⁽³⁾
-07	Shoe manufacturing	2 900 (13.000 pairs) ⁽³⁾
-08	Sisal bags	
-09	Sisal spinning mill	3 640 (190 tons) ⁽³⁾
-10	Surgical cotton	2 850 (12 tons) ⁽³⁾
-11	Tannery	2 000 ⁽¹⁾ 1 000 ⁽¹⁾ 4 500 (1 million feet) ⁽³⁾
-12	Tie-and-dye goods	
-13	Wearing apparel (garments)	350 ⁽²⁾ 1 220 (20.000 units) ⁽³⁾
-14	Wool processing plant (spinning and weaving of garments)	
33-01	Carpentry	133 ⁽²⁾
-02	Charcoal briquettes	
-03	Furniture	255 ⁽²⁾
-04	Saw mills	1 000 ⁽¹⁾
-05	Wood carvings	
-06	Wooden tiles manufacturing	
34-01	Paper and paper-board articles	5 000 ⁽¹⁾ 3 200 (250 tons) ⁽³⁾
-02	Printing	1 000 ⁽¹⁾ 925 ⁽²⁾
-03	Pulp industry	
35-01	Chalk whiting	
-02	Fertilizer	860 (500 tons) ⁽³⁾

-03	Fuel	
-04	Glue manufacturing	630 (50 tons) ⁽³⁾
-05	Paint manufacturing	274 ⁽²⁾ 520 (95.000 litres) ⁽³⁾
-06	Soap manufacturing	2 000 ⁽¹⁾ 2 650 (100 tons) ⁽³⁾
36-01	Charcoal cooking stoves (clay)	
-02	Marble works	
-03	Pottery manufacturing	170 (16,000 pieces - 2 tons) ⁽³⁾
-04	Stone crushing	1 500 ⁽¹⁾
-05	Structural clay products	1 170 (1,000 tons) ⁽³⁾
38-01	Agricultural implements	6 130 (50,000 units - 65 tons) ⁽³⁾
-02	Metal products	168 ⁽²⁾ 3 100 (54 tons) ⁽³⁾
-03	Structural metal products	1 380 (60 tons) ⁽³⁾
39-01	Gemstone cutting and polishing	155 ⁽²⁾
95-01	Laundry and dry cleaning	574 ⁽²⁾ 1 860 (23.000 articles) ⁽³⁾
95-02	Repair of motor vehicles	277 ⁽²⁾

Total of opportunities: 61

- Sources:
- (1) Consultant who prepared studies of Bungoma, Busia and Kakamega.
 - (2) KIE data from several district development profiles
 - (3) UNIDO consultant (annual capacity is indicated in brackets) (investment can be reduced in many cases utilizing semi-automatic machinery supplemented by manual work).

LIST OF INDUSTRIAL OPPORTUNITIES BY DISTRICT

General indications

Number and Name of District

Industrial Classification of

Existing units

Economic Activities

Modern sector
Establishments/persons

Informal Sector
Establishments/persons

- 31 - Manufacturing of Food, Beverages and Tobacco
- 32 - Textile, Wearing Apparel and Leather Industries.
- 33 - Manufacture of Wood and Wood Products, including Furniture.
- 34 - Manufacture of Paper and Paper Products, Printing and Publishing.
- 35 - Manufacture of chemicals, and of chemical, petroleum, Rubber and Plastic Products.
- 36 - Manufacture of Non-Metallic Mineral Products.
- 37 - Basic Metal Industries
- 38 - Manufacture of Fabricated Metal Products, Machinery and Equipment.
- 39 - Other Manufacturing Industries.
- 95 - Personal and Household Services

Total manufacturing,
repair services and
laundries in the district

e/p

e/p

Estimated 1985 labour force
in the district

Index employment of district: $\frac{\text{persons engaged}}{\text{labour force}} \times 1,000$

Approximate number of Small-
scale industries (SSI)
(1 to 49 persons of modern sector
plus informal sector) e/p

Note on information included in the following pages: (*) - Opportunities emphasized by consultants.

1. BARINGO

Existing Units

32	- * Tannery	-	-
	Wearing apparel (Uniforms)	3/13	-
	*Leather products (shoes, others)	1/5	
34	- Printing	-	-
36	- Charcoal cooking stoves (clay)	-	-
38	- Manufacture of fabricated metal products (dust bins) (household implements, stoves, doors, windows)	3/13	4/8
95	- Repair of motor vehicles	4/8	8/16

T O T A L	33/501	164/328
Labour force	77,771	
Ie	10.66	
SSI	194/480	

2. B U N G O M A

		<u>Existing units</u>	
31	- *Fruit and vegetable canning	-	-
	*Maize milling and packaging	5/5	51/97
	*Oil processing (cotton seed and others)	-	-
	*Potato crisps	-	-
32	- *Tannery	-	-
	Shoe mft (artisans)	3/8	79/169
33	- *Sawmill	-	-
	Furniture	2/12	67/147
34	- *Paper and paper-boat articles		
	(from bagasses and others)	1/1,474	-
	*Printing	1/3	-
35	- *Soap manufacturing (cotton seed oil)	1/185	-
36	- *Stone crushing (ballast and other building materials)	-	-
38	- Metal works (construction and furniture	3/8	72/158
95	- Laundry and dry cleaning	4/4	13/24
<hr/>			
	T O T A L	49/2,181	657/1,207
	Labour force	192,436	
	Ie	17.61	
	SSI	702/1,323	

3. B U S I A

Existing Units

31	- *Oil processing (cotton and sunflower seeds)	-	-
	Cane sugar factories (Small scale)	-	-
	*Potatoes/cassava crisps	-	-
	*Fruit and vegetable canning	-	-
	*Sorghum and millet milling (bread, alcohol, tanning)	-	13/21
	Soft drink plant (already proposed)	-	-
	Fish processing plant (already proposed)	-	-
32	- *Tannery	-	-
	*Shoe craft and leather products	1/4	11/30
	Cotton gauze factory	-	-
35	- *Soap manufacturing (extension of oil (cotton seed oil) processing)	-	-
36	- *Stone crushing (ballast and other building materials)	-	-
38	- Metal works (construction and furniture)	2/9	31/52

T O T A L	22/258	261/476
Labour force	125,181	
Ie	5.86	
SSI	281/582	

4. ELGEYO MARAKWET *)

Existing Units

T O T A L
Labour force
Ie
SSI

*) Information not available; see p. 4

5. EMBU

Existing Units

31	- *Vegetable oil (cotton and sunflower seeds)	-	-
	Animal foods (waste of seeds)	-	-
	Maize milling	2/4	3/4
32	- *Cotton processing	-	-
	Tannery	-	-
	Leather articles	-	16/31
33	- *Sawmill	1/7	-
	*Carpentry	3/3	33/109
	*Furniture		
	*Charcoal briquettes	-	-
	(saw dust and wood chips)		
36	- *Stone crushing (ballast, concrete bricks)	-	-

T O T A L	36/421	304/621
Labour force (1)	105,765	
Ie	9.85	
SSI	338/913	

Note (1) - not-available from the district profile, it has been estimated using the average of the country (31.89%).

6. G A R I S S A

Existing Units

31	-	*Camel milk plant	-	-
		*Animal feeds (from blood)	-	-
		*Citrus fruit processing	-	-
		Soft drink plant	-	-
32	-	*Tannery	-	-
		*Leather products	-	-
35	-	*Fertilizer/glue (from bones, hooves, horns)		
		Soap factory (from animal fats)	-	-
38	-	Metal works (nails, building materials)	-	-

T O T A L	2/59	no unit registered
Labour force (1)	62,229	
Ie	0.95	
SSI	2/59	

Note: (1) - as indicated in 5.

7. ISILO

Existing Units

31	-	Wheat milling	-	-
		Bakery products	1/3	1/4
		*Animal feeds (from bones	-	-
32	-	*Tannery	-	-
33	-	Furniture	1/3	1/4
36	-	*Stone crushing	-	-
		*Manufacture of structural clay products (bricks, tiles)	-	-
38	-	Metal works	-	-
95	-	*Repair of motor vehicles	2/22	2/24

T O T A L	9/44	35/105
Labour force	21,172	
Ie	7.04	
SSI	44/149	

8. K A J I A D O

Existing Units

31	-	Animal feeds (bones)	-	-
		Fruit canning	-	-
		Dairy products	-	-
		Honey processing	-	-
32	-	*Tannery	-	-
36	-	*Stone crushing	-	-
		(ballast and other building materials)		
		Marble works	-	-
38	-	*Water tanks)	2/6	25/63
		Metal products)		

T O T A L	23/1,033	128/344
Labour force	70,521	
Ie	19.53	
SSI	150/643	

9. KAKAMEGA

Existing Units

31	- *Maize milling and packaging (proposal exists)	9/12	15/47
	*Oil processing (cotton seed and others)	-	-
	*Fruit and vegetable canning	-	-
	*Animal feeds (1 exists in KIE)	-	-
	*Potato crisps	-	-
32	- *Tannery	-	-
	Leather shoe (expansion)	2/5	8/17
	Tailoring (expansion)	11/16	147/345
34	- *Printing	3/12	-
	*Paper and Paper-board articles (from bagasses, others)	-	-
35	- *Soap manufacturing (cotton seed oil)	-	-
36	- *Structural clay products (bricks, tiles)	-	-

T O T A L	69/2,453	348/802
Labour force	354,655	
Ie	9.18	
SSI	403/1,094	

10. K E R I C H O

Existing Units

31	- *Fruit and vegetable canning	-	-
	*Honey processing	-	-
	Tea processing plant	14/5,094	-
	Milk processing plant	2/89	-
35	- *Fuel (from saw dust, cow dung)	-	-
36	- *Stone crushing (building materials)	-	-

T O T A L	73/6,504	613/1,126
Labour force	242,586	
Ie	31.45	
SSI	669/1,472	

11. K I A M B U

Existing Units

31	- *Dairy products (cheese, butter)	1/30	-
	*Vegetable canning (tomatoes, cabbages)	2/1,983	-
	*Fruit canning		
	*Animal feeds (from bones, cobs, etc)	-	-
	Honey processing	-	-
	Posho mills (grain mill prod.)	7/44	7/15
	Canning and processing of fish	-	-
32	- *Tie-and dye (craft)		
	Basket weaving (craft)	-	?
	*Spinning, weaving, knitting (wool)	11/4,768	95/140
	*Tannery	2/470	-
	*Wearing apparel (tailoring)	21/952	396/750
	Rugs (craft, flaying of sheepskins)	-	?
	*Shoe factory (footwear)	2/2,278	72/156
33	- *Sawmill (to feed furniture industry)	10/770	-
	Furniture	9/33	126/357
35	- *Fuel (from coffee husks and saw dust)	-	-
	*Paint manufacturing	*	*
38	- *Farm land tools)	11/685	107/319
	*Metal products (furniture))		
95	- Repair of motor vehicles	21/118	62/231

TOTAL	174/15,602	951/2,128
Labour force		281,133
Ie		63.07
SSI		1,068/3,408

12. K I L I F I

Existing Units

31	- Fruit processing factory		
	(Mangoes, pineapples)	-	-
	Animal feeds (mango skins)	-	-

T O T A L	45/2,686	343/595
Labour force	198,141	
Ie	16.56	
SSI	383/969	

13. K I R I N Y A G A

		<u>Existing Units</u>	
31	- *Vegetable canning (tomatoes, onions)	-	-
	*Vegetable oil processing (cotton and sunflower)	-	-
	*Animal feeds (from blood, horns, hooves)	-	-
	Bakery products	1/29	-
33	- Charcoal briquettes (from saw-dust, rice husks)	-	-
34	- Printing	-	-
95	- Laundry and dry cleaning		2/3
8/17			

T O T A L	39/1,586	515/881
Labour force (1)		110,907
Ie		22.24
SSI	548/1,198	

Note: (1) - as indicated in 5.

19 L A M U

		<u>Existing Units</u>	
32	- Garment manufacturing	2/4	16/36
33	- Furniture	3/6	16/40

T O T A L	14/49	52/117
Labour force		23,037
Ie		7.21
SSI	66/1.66	

14 K I S I I

Existing Units

31	-	*Fruit and vegetable canning	-
-		*Animal feeds	-
35	-	*Chalk processing from soapstone)	-
-			
36	-	*Stone crushing (ballast, tiles)	-
-			

T O T A L	57/1,352	315/582
Labour force		291,466
Ie		6.64
SSI		364/854

15 K I S U M U

Existing Units

32	-	*Tannery	-	-
		*Leather products	-	86/206
		*Manufacture of wearing apparel		8/140
705/1,222				
33	-	*Furniture	11/195	272/649
34	-	*Pulp industry (baggasses from sugar cane	-	-
36	.	*Stone crushing (building materials)	-	-

	T O T A L	122/11,123	1,674/3,469
Labour force	194,703		
	Ie		74.94
	SSI	1,768/4,915	

16 K I T U I

Existing Units

31	-	*Bakery	1/3	1/7
		*Fruit canning	-	-
		*Honey processing	-	-
32	-	*Manufacture of wearing apparel		-
182/333		*Sisal bags	-	-
33	-	*Carpentry	2/6	25/119
36	-	*Stone crushing (ballast and stone chips)	-	-
38	-	*Metal works	2/6	37/104
95	-	*Laundry and dry cleaning		1/3
2/6				

T O T A L	18/239	306/760
Labour force	169,495	
Ie	5.89	
SSI	322/865	

17 K W A L E

Existing Units

31	-	*Cashewnuts factory	-	-
		*Coconut processing factory (2nd)		1/7
		(coconut oil)		
		*Cane sugar factory (2nd)		1/642
		*Animal feeds (cassava products)		-
		(Cassava processing plant)		
		*Marine fish canning plant		-
		*Fruit canning (citrus)	-	-
		*Honey processing	-	?
32	-	Leather products (bags, shoes, belts)	-	-
		Handwoven products	-	?
		(mats, baskets, curios)		
		Wearing apparel (uniforms)		5/12
106/133				
33	-	*Saw mills (in the vicinity of forest areas)		-
		Furniture (desks, chairs, tables)		2/6
13/30				
34	-	Printing (stationery and other materials for schools, cash books, etc)		-
36	-	Charcoal cooking stoves (clay)		-
?				
38	-	Farm hand tools)	1/3	2/5
		Metal products (water sprinklers))		

T O T A L	24/905	132/188
Labour force	131.689	
Ie	8.30	
SSI	154/391	

18 L A I K I P I A

		<u>Existing Units</u>	
31	- *Bakery	1/18	2/4
	Honey processing	-	-
	Grain milling (maize)	1/2	70/70
	Meat processing	-	-
32	- *Tannery	2/4	-
	*Wearing apparel (uniforms)		4/12
	Leather shoes	-	48/84
33	- Furniture	1/2	189/189
38	- Metal works	2/12	28/28
<hr/>			
	T O T A L	31/877	365/414
	Labour force	68,245	
	Ie	18.92	
	SSI	392/690	

19 LAMU

Existing Units

32	-	Garment manufacturing	2/4	16/36
33	-	Furniture	3/6	16/40

TOTAL	14/49	52/117
Labour force	23,037	
Ie	7.21	
SSI	66/166	

20 M A C H A K O S

Existing Units

31	-	*Bakeries (baking products	4/63	6/23
		Vegetable oil (seed crushing)	-	-
		*Posho mills (maize and other cereals)		
		(grain mill production)	6/7	29/60
		*Fruit canning		
		*Vegetable canning	1/173	-
		Horticultural crop packaging	-	-
		Carbonated beverages	-	-
		*Animal feeds	-	-
		Salt processing (magadi lake)	-	-
32	-	Knitting products	-	73/119
		*Tannery	3/92	-
		*Leather products	-	52/83
33	-	Saw mills	1/57	-
		Carpentry units (all over the district)	5/30	135/351
34	-	*Printing (exercice books and related items)	3/45	-
36	-	*Manufacture of structural clay products (tiles and bricks)	-	-
38		*Manufacture of fabricated metal products (nails, barbed wires)	5/115	69/182
		*Manufacture of structural metal products (doors, window frames)	-	-

95	-	Laundry and dry cleaning	7/14	22/43
		Repair of motor vehicles (and bicycles)	8/48	28/97

T O T A L	93/2,594	932/1,789
Labour force	367,651	
Ie	11.92	
SSI	1.011/2,823	

21 M A N D E R A

Existing Units

31	-	*Milk processing plant (camel milk)	-	-
		*Animal feeds (from blood)	-	-
32	-	*Tannery	-	-
		*Leather products	-	-
		(shoes, belts, bags)	-	-
35	-	*Fertilizers/glue	-	-
		(from bones, hooves, horns)	-	-
36	-	*Stone crushing (building materials)	-	-

T O T A L	1/26	-
Labour force	41,871	
Ie	0.62	
SSI	1/26	

22 M A R S A B I T

Existing Units

32	-	*Tannery	-	-
36	-	*Stone crushing (building materials)	-	-
38	-	Metal works (water tanks)	-	-

T O T A L	1/22	-
Labour force (1)	44,595	
Ie	0.49	
SSI	1/22	

Note: (1) - as indicated in 5.

23 M E R U

Existing Units

31	-	*Animal feeds	1/?	-
36	-	Manufacture of structural clay products (bricks, tiles)	-	-
		Manufacture of pottery (clay)	-	-
38	-	*Farm hand tools	-	55/231 fabricated metal products

T O T A L	72/972	814/1,864
Labour force (1)		322,806
Ie		8.79
SSI		883/2,254

Note (1) - as indicated in 5.

24 M O M B A S A

Existing Units

31	-	*Coconut processing factory (coconut oil)	-	-
		Fish canning plant	1/3	-
32	-	*Fishnet factory	-	-

T O T A L	395/16,382	868/1,440
Labour force	200,672	
Ie	88.81	
SSI	1,161/4,895	

25. MURANGA

Existing Units

31	-	Posho mills	5/10	16/31
		*Fruit and vegetable processing	2/?	-
		*Animal feeds (residues of crops)	-	-
		*Dairy products (butter and cheese)	-	-
		Honey processing	-	-
		Fish canning	-	-
32	-	*Spinning and weaving of woolen garments (craft)	2/4	74/83
		Dressmaking	6/21	265/502
		*Tannery	-	-
		Tie and dye (craft)	-	-
		Shoe manufacturing	2/4	22/55
33	-	*Saw mills	-	-
35	-	*Fuel (from coffee husks)	-	-
36	-	*Stone crushing (building materials)	-	-
		Structural clay products	-	-
38	-	Metal works (farm implements)	2/4	39/105

T O T A L	46/659	491/962
Labour force	228.077	
Ie	7.11	
SSI	533/1,168	

26. NAKURU

Existing Units

31	-	Honey processing	-	-
35	-	Fuel (from saw dust, cowdung)	-	-

T O T A L	231/10,684	1,573/3,150
Labour force	253,367	
Ie	54.60	
SSI	1,738/5,211	

27 N A N D I *)

Existing Units

T O T A L
Labour force
Ie
SSI

*) Information not available; see p. 4

28. N A R O K

		<u>Existing Units</u>	
31	- *Honey processing plant (2nd)	?	?
	*Meat processing plant	-	-
	*Wheat flour mill	-	-
	*Compound animal feeds (residues of crops)	-	-
	Bakery	-	-
32	- *Tannery	-	-
	Tailoring (uniforms)	2/4	45/52
	Baskets (craft)	-	-
	Leather products (bags, shoes, belts)	-	10/25
33	- *Woodworks factory (furniture)	2/4	15/36
	Wood carvings (craft)	-	-
34	- *Pulp factory (straw from wheat, offcuts of sawdust, trimmings)	-	-
<hr/>			
	T O T A L	17/98	132/225
	Labour force	96,599	
	Ie	3.34	
	SSI	148/265	

29 NYANDARUA

Existing Units

31	-	*Vegetable processing		
		Slaughtering, preparing and		
		preserving of pig meat	-	-
		*Milk processing plant (goat milk)	1/238	-
		Honey processing plant	-	-
32	-	*Tannery	1/74	-
		Wool processing plant	-	-
33	-	*Manufacture of wooden tiles	-	-
		Charcoal briquettes (from saw dust)	-	-
		Furniture (high class)	2/6	3/10
35	-	Manufacture of fertilizers (from bood)	-	-
		Manufacture of glue (from hoofs)	-	-

T O T A L	33/888	347/630
Labour force	93,138	
Ie	16.30	
SSI	374/761	

30 NYERI

Existing Units

31	-	*Fruit and vegetable canning	-	-
		*Tea processing plant	4/?	-
		*Milk processing plant	1/103	-
		*Coffee processing plant	1/?	-
32	-	*Tannery	1/6	-

T O T A L	83/1,904	1,194/2,459
Labour force	164,278	
Ie	26.56	
SSI	1,261/2,501	

31. S A M B U R U

Existing Units

32	-	*Tannery	-	-
		Leather shoes	-	-
33	-	Furniture	-	-
36	-	*Structural clay products (bricks, tiles)	-	-
38	-	Metal works	-	-

T O T A L	1/7	-
Labour force	28,114	
Ie	0.25	
SSI	1/7	

32 S I A Y A

Existing Units

31	-	Sugar processing plant	-	-
32	-	*Garment manufacturing (modern)	3/6	146/217

T O T A L	40/401	289/626
Labour force		174,361
Ie		5,89
SSI		326/775

33 SOUTH NYANZA

Existing Units

32	-	*Garment manufacturing (modern)	4/8	180/293
		*Tannery	-	-
34	-	*Pulp industry	-	-
		(Baggases from sugar cane)		

T O T A L	40/1,101	467/942
Labour force	310,756	
Ie	6.57	
SSI	499/1,084	

34 TAITA TAVETTA

Existing Units

31	-	*Honey refining plant	-	-
		*Banana wine factory	-	-
		*Milk processing plant	-	-
32	-	*Sisal spinning mill	-	-
		(twine and rope for carpets)		
		Wearing apparel (uniforms)	5/9	55/69
		*Cotton thread/yarn factory	-	-
		*Tannery	-	-
33	-	Furniture (household and office)	5/10	10/29
34	-	Printing (stationery, receipts, books, etc.)	-	-
38	-	Farm implements (hoes, axes, picks)	-	4/12 (metal works)
39	-	*Gemstone cutting and polishing	-	-

T O T A L	39/553	110/194
Labour force	57,006	
Ie	13.10	
SSI	146/369	

35 TANA RIVER

Existing Units

33 - Furniture

2/4

6/15

T O T A L

8/15

47/85

Labour force

46,790

Ie

2.14

SSI

55/100

36 TRANS NZOIA

Existing Units

31	-	*Tea processing plant (small)	-	-
		*Animal feeds (from crop residues)	-	-
		*Bakery	1/23	5/9
		*Horticultural packaging (avocadoes)	-	-
32	-	*Garment manufacturing	4/8	188/261
		Leather products	-	-
33	-	*Furniture and fixtures (household and government offices)	3/4	22/67
38	-	*Manufacture and repair of agricultural implements (maize shillers, ploughs, hand pumps)	3/3	22/44
95	-	Repair of motor vehicles	0/93	27/77
		Laundry and dry cleaning	2/9	6/12

T O T A L	42/650	358/623
Labour force	132,279	
Ie	9.62	
SSI	396/933	

37 TURKANA

Existing Units

None mentioned

- -

TOTAL	1/51	-
Labour force		59,158
Ie		0.86
SSI		-

38 UASIN GISHU *)

Existing Units

T O T A L
Labour force
le
SSI

*) Information not available; see p.4

39 W A J I R

Existing Units

31	-	*Milk processing plant (camel and goat milk)	-	-
		*Animal feeds (from blood)	-	-
32	-	*Tannery	-	-
		Leather articles (shoes, bags, belts)	-	-
35	-	*Glue manufacturing (from bones, hooves, horns)	-	-
		*Manufacturing of white wash (from chalkstone)	-	-

T O T A L	2/72	-
Labour force (1)	59,233	
Ie	1,22	
SSI	2/72	

Note: (1) - as indicated in 5.

40 WEST POKOT

Existing Units

31	-	Honey processing	-	-
38	-	*Metal engineering works	1/2	4/9
95	-	*Repair of motor vehicles	2/7	1/2

T O T A L	8/19	82/157
Labour force	83.879	
Ie	2.10	
SSI	90/176	

ANNEX IV

SUMMARY OF CREDIT, TRAINING, INFRASTRUCTURE AND PLAN OF ACTION
OF EACH DISTRICT

General Indications

CREDIT

1. Number of units assisted and total loans given in period 1981-1985, name of financial and other institutions and/or organizations in the corresponding district:

Com. banks	Commercial banks
Coop	Credit co-operatives
Coop. bank	Co-operative Bank of Kenya
DFCK	Development Finance Company of Kenya Limited
DJLB	District Joint Loan Board
ICDC	Industrial and Commercial Development Corporation
IDB	Industrial Development Bank
KCB	Kenya Commercial Bank Limited
KIE	Kenya Industrial Estates Limited
SEFCO	Small Enterprise Finance Company of Kenya

2. Loans in thousands (000)
3. (dtm) - data in table missing (or table missing)

TRAINING

Courses given and recipients, name of training institutions and others related organizations in the corresponding district:

DIO	District Industrial Office
DTO	District Trade Office

ILO	International Labour Organization
KETA	Kenya External Trade Authority
KIBT	Kenya Institute of Business Training
NGO	Non-Governmental Organizations
SS	small-scale

INFRASTRUCTURE

It refers to physical infrastructural facilities developed for industrial use in the corresponding district:

Name of industrial facility; total plots/number occupied; total premises/number occupied; percentage of total premises with electricity, percentage of total premises with water.

KIE	Kenya Industrial Estates Limited
RIDC	Rural Industrial Development Centre
IPC	Industrial Promotion Zone

PLAN OF ACTION

In general, they have been taken as presented with minor modifications to eliminate repeated comments. Some of these plans are missing and there are some which refer only to infrastructure problems. The general plan and the district plans should be analyzed, discussed and modified for final approval at seminars to be held at the district level.

1. BARINGO

CREDIT: DJLB (-/692 - ss traders)
6 coop. (9,420)
KIE (dtm)

TRAINING: DTO/KIBT seminars for ss traders

INFRASTRUCTURE

	Electricity	Water
KIE none	-	-
RIDC 45/19	-	90%
Premises/occupied		
IPZ -		

PLAN OF ACTION

- 1) DDC should establish a bias for industrial activity in project approval.
- 2) DJLB should consider raising the ceiling for loans from 20,000 to 100,000 KSh/per unit, or more, to enhance capacity for capital investment as opposed to working capital financing.
- 3) District authorities should encourage opening of bank branches in other towns besides Kabarnet.
- 4) DJLB should introduce flexibility in loan regulations, against the practice of disqualifying business operators on the technicality that they operate under a licence in someone else's name (because they are not the landlords).
- 5) District authorities should encourage KIE to assist to spread industrial activity in the district establishing RIDC in other parts of the district and not only at Kabarnet.

2. BUNGOMA

CREDIT: DJLB (162/1,270 - traders)
KIE (dtm)
3 com. banks (KCB, Barclays, Standard) (dtm)

TRAINING (dtm)
Partnership for productivity
DANIDA
Peace corps
2 com. colleges - accounting, business adm.

INFRASTRUCTURE

KIE -
RIDC -
IPZ (5 sheds)

PLAN OF ACTION

- 1) The industrial structure should be rationalized in order to fully utilize the existing capacity. Example: efforts should be made to make Nzoia Sugar Co. fully operational/ the already approved projects should be implemented urgently.
- 2) Entrepreneurs interested in setting up SSI should be identified and provided with the necessary information on the viable industries in the district and the problems and managerial commitment involved. The Ministry of Industry should devise an appropriate method of making information available to banks and other financial institutions from which the prospective entrepreneurs can consult.
- 3) The KIE should be re-organized so that it advises the government on industrial policies in the district to avoid later collapses because of unfavourable industrial policies formulated by the central government. Also, KIE should provide extension services to projects financed by

itself particularly in providing the needed raw materials and organizing for them the access to certain markets.

- 4) Either the KIE or the MI should undertake the preparation of feasibility studies for the industrial opportunities of the district and sell the idea to prospective entrepreneurs as well as organizing for the financing.
- 5) The District Tender Board should increase the awarding to local small-scale manufacturing. Currently less than 10% of the tenders are awarded to SSE.
- 6) The government should accelerate the rural electrification programme to cover areas like Malakisi/Cheptaie/Kapsokwany and Chwele in order to boost economic activities in these areas.
- 7) The government should consider starting purchasing's associations in the district in the field of metal fabrication, tailoring and leather workds. The association should be organized on a centre-by-centre basis. However, the starting of the purchasers association should be fully coordinated with the 'jua kali' cooperatives which are in the process of being formed.
- 8) The DJLB should be reorganized and be administered by a parastatal institution in order to produce an impact on the small scale business development.

3. B U S I A

CREDIT DJLB (81/560 - retail shops)
Com. banks (KCB/Barclays/Standard) (dtm)
7 cooperatives (7,273)
KIE (9/-)

TRAINING (dtm)
Action Aid (extension services from Kakamega)
Partnership for productivity (from Kakamega)

INFRASTRUCTURE

KIE
RIDC 7/6
Premises/occupied
IFZ

PLAN OF ACTION

- 1) Rural centres like Nambale, Bumala, Funyula and Port Victoria are the best for industrial development. Therefore, infrastructural facilities should be developed in these areas, especially the rural electrification programme.
- 2) Entrepreneurs interested in setting up SSI should be identified and provided with the necessary information on the viable industries in the district and the problems and managerial commitment involved. The Ministry of Industry should device an appropriate method of making information available to banks and other financial institutions from which the prospective entrepreneurs can consult.
- 3) The KIE should be re-organized so that it advises the government on industrial policies in the district to avoid later collapses because of unfavourable industrial policies formulated by the central government. Also, KIE should provide extension services to projects

financed by itself particularly in providing the needed raw materials and organizing for them the access to certain markets. KIE should stop constructing and subletting sheds at subsidized rates. Instead the KIE should construct industrial sheds and sell them to prospective industrialists on mortgage basis at appropriate interest rates.

- 4) Either the KIE or the Ministry of Industry should undertake the preparation of feasibility studies for the industrial opportunities of the district and sell the idea to prospective entrepreneurs as well as organizing for the financing.
- 5) The District Tender Board should increase the awarding to local small scale manufacturing. Currently less than 10% of the tenders are awarded to SSE.
- 6) The Government should consider starting purchasing's associations in the district in the field of metal fabrication, and leather works.
- 7) The DJLB should be re-organized and be administered by a parastatal institution in order to produce an impact on the small scale business development.

4. ELGEYO MARAKWET

CREDIT

TRAINING

INFRASTRUCTURE

KIE

RIDC

IPZ

PLAN OF ACTION

5. EMBU

CREDIT

KIE (dtm)
DJLB (dtm)
IGDC (dtm)
Commercial banks (dtm)
Financial institutions (dtm)
6 coope. (16,227)

TRAINING

KIBT traders courses
Improve your business
KNCCI traders courses
DTO traders courses

INFRASTRUCTURE

KIE none
RIDC none
IPZ -

PLAN OF ACTION

- 1) Need to strengthen the DJLB so as to enable it to be able to cover more people.
- 2) Need to increase the industrial business training and extension services.
- 3) The central government should consider incentives which can attract investors to the district mainly by providing subsidized plots, reviewing the price system and tax exemptions.
- 4) The local authorities should identify centres suitable for the construction of sheds for SSI.

6. GARISSA

CREDIT ICDB (dtm)
 IDB (dtm)
 DFCK (dtm)
 SEFCO (dtm)
 Coop., (dtm)
 KIE (9/-)

TRAINING (dtm)

 DTO - book-keeping, marketing, manufacturing

INFRASTRUCTURE

 KIE
 RIDC
 IPZ

PLAN OF ACTION

- 1) The country council should allocate premises for industrial activities.

- 2) The SSI should be encouraged as they are the most viable to utilise locally available raw materials.

7. ISILO

CREDIT KIE (from Meru) (3/1,635)
 ICDC (dtm)
 Barclays (dtm)
 4 coop. (2,879)
 DJLB (-/1,170 - SSE)

TRAINING 1 Secretarial School
 DTO - traders courses for SSE

INFRASTRUCTURE

 KIE none
 RIDC 19 - 800/750
 IPZ -

PLAN OF ACTION

- 1) All weather roads need to be constructed.

- 2) Water resources need to be carefully planned and expanded.

8. K A J I A D O

CREDIT 5 branches of commercial banks (dtm)
 DJLB (681/2,140 - ss traders)
 9 coop (10, 024)
 ICDC (7/350 - traders)
 KIE (9/-)

TRAINING NGO programmes - action aid/partnership for progress
 DIO)
) regular traders courses
 KIBT/DTO)
 4 Maasai rural polytechnics

INFRASTRUCTURE (dtm)

KIE
RIDC
IPZ

PLAN OF ACTION

- 1) The government and lending institutions should devise a method of accepting livestock as collateral for borrowing.
- 2) The country and urban councils should establish licensing systems that ensure a continual flow of revenue in order to expand and improve the infrastructure needed for industrial development.
- 3) KIE should give more infrastructural support to the SSI providing plots, sheds and facilities for industrial activity. Also it should exert some institutional control over the industrialists in order to facilitate the lending by financial institutions.

9 KAKAMEGA

CREDIT KJLB (104/1,098 - ss businesses)
KIE (42/8,761 - SSI)
Commercial banks (KCB/Barclays/standard) (dtm)
ICDC (17/705 - Commerce)

TRAINING 22 youth polytechnics - training and business extension services.
DIO)
) traders courses
KIBT)
Partnership
Action Aid
G.T.I. Maseno

<u>INFRASTRUCTURE</u>		<u>Electricity</u>	<u>Water</u>
KIE	26/26	100%	100%
	Premises/occupied		
RIDC			
IPZ			

PLAN OF ACTION

- 1) The industrial structure should be rationalized in order to fully utilize the existing capacity. Example: making the animal feed plant operational and others as well. New investments should be viewed in the light of this impact on existing SSI.
- 2) Entrepreneurs interested in setting up SSI should be identified and provided with the necessary information on the viable industries in the district and the problems and managerial commitment involved. The Ministry of Industry should devise an appropriate method of making information available to banks and other financial institutions from which the prospective entrepreneurs can consult.

- 3) The KIE should be re-organized so that it advises the government on industrial policies in the district to avoid later collapses because of unfavourable industrial policies formulated by the central government. Also, KIE should provide extension services to projects financed by itself particularly in providing the needed raw materials and organizing for them the access to certain markets. KIE should stop constructing and subletting sheds at subsidized rates. Instead the KIE should construct industrial sheds and sell them to prospective industrialists on mortgage basis at appropriate interest rates.
- 4) Either the KIE or the MI should undertake the preparation of feasibility studies for the industrial opportunities of the district and sell the idea to prospective entrepreneurs as well as organizing for the financing.
- 5) The District Tender Board should increase the awarding to local small scale manufacturing. Currently less than 20% of the tenders are awarded to SSE.
- 6) The government should accelerate the rural electrification programme to cover areas like Malava in order to boost economic activities in these areas. This should also include the construction of sheds in these areas.
- 7) The government should consider starting purchasing's associations in the district in the field of metal fabrication, tailoring and leather works.
- 8) The DJLB should be re-organized and be administered by a parastatal institution in order to produce an impact on the small scale business development.

10. K E R I C H O

CREDIT 3 commercial banks (dtm)
 ICDC (dtm)
 KIE (16/3,362)
 DJLB (dtm)
 12 coop. (33,731)

TRAINING (dtm)
 DIO/non-government - accounting and mgt
 - seminars for traders (1-2 days/1 week)

INFRASTRUCTURE (dtm)

 KIE
 RIDC
 IPZ

PLAN OF ACTION

- 1) The SS entrepreneurs should be encouraged to form saving cooperatives to harness funds.
- 2) The village polytechnics should be reorganized to improve their training capacity so that they can impart the required skills to SSE.
- 3) The government should encourage the lending institutions to lend to the SSE and/or it should help the establishment of specialized lending agencies that can go into such risky areas.
- 4) All local authorities should work with the Ministry of Industry to allocate specific sites to SSE's

11. K I A M B U

CREDIT ICDC --
DFCK --
KIE (from Nairobi)
KJLB (1,319/8,000 - traders)
Commercial banks (dtm)
27 coop (12,000)

TRAINING DTO - courses for traders (accounting, mgt, export, salesmanship)
1 institute of technology
4 govt. technical institutes.

INFRASTRUCTURE

KIE -
RIDC 5 acres if plot proposed
IPZ 10/2
plots/occupied

PLAN OF ACTION

- 1) Financial:
 - a) Programme to inform potential entrepreneurs of the various sources of funds and the various conditions of procuring them, and related business matters.
 - b) Conditions and terms of borrowing should be relaxed so that borrowers may have more confidence in lending institutions.
 - c) Ceilings for borrowing from the JDLB should be increased so that investors can do meaningful investment, and maintain a high level of work capital.

- 2) Business information centre:

- a) The district lacks a coordinated information system for the various industrial opportunities. This centre can be modelled on already existing information centres like adult literacy classes, KIBT and district trade office seminars and workshops.
- b) Feasibility studies should be conducted on a routine basis so as to give the SS businessmen the possibility to invest in viable projects. It has to include information on markets, services of finances and technology requirements.

3). Training:

- a) A more production oriented training scheme is required; in general, management training for already practicing entrepreneurs, and skill training to the high percentage of school leavers.
- b) Management training is vital. It can be given either on an extension basis or workshops or short-term seminars with a follow-up services.

4) Physical plans for industrial zones:

The country and municipal councils have to treat with urgency the planning of industrial zones in all towns and trading centres. Industrial premises should be established, equipped with facilities.

5) KIE:

The KIE needs to open up offices and other links in the district. KIE sheds would alleviate the present shortage of premises and plots for industrial activity. In addition, an information programme of its functions is necessary.

12. K I L I F I

CREDIT Commercial banks (Habib/barclays/Standard) (dtm)

KIE (dtm)

ICDC (dtm)

KNTC (dtm)

KNCC (dtm)

Coop. (dtm)

KCM (dtm)

TRAINING (dtm)

15 Government politechnics - mgt courses.

INFRASTRUCTURE (dtm)

KIE

RIDC

IPZ

PLAN OF ACTION

(missing)

13. K I R I N Y A G A

CREDIT Commercial banks (Barclays) (dtm)
 DJLB (190/1,684)
 ICDC (15/15,000)
 KIE (8/10,000)
 KCB (300/15,000)
 10 Coop (291,352)

Training 7 Village polytechnics
 1 typing and book-keeping
 1 technical institute - book-keeping and mgt

INFRASTRUCTURE (dtm)

KIE
RIDC
IPZ

PLAN OF ACTION

- 1) It is recommended that the cooperative societies (the majority of people belong to one of them) diversify their activities and establish industrial activities which would enhance their total earnings.
- 2) In order to encourage industrial development, the necessary infrastructure should be developed. This calls for active participation on the part of local government. It is recommended to the country council:
 - a) to allocate industrial plots;
 - b) to assist interested parties to procure the appropriate infrastructural facilities like water, electricity and roads.
 - c) to establish a small fund to lend to small entrepreneurs who cannot raise money from the formal institutions.

- d) to take action to attract investors.

- e) to give preference to the district's industrial units in contracting jobs for the country council and tendering system.

14. K I S I I

CREDIT 5 Commercial banks (dtm)
 ICDC
 KIE
 DJLB (154/220)
 8 coops (dtm)
 Coop bank (15/2,306)

TRAINING DTO/ILO/KIBT/Ch. of commerce - seminars/courses
 4 com. colleges - business
 1 inst. prof. train - business
 KETA - seminars

<u>INFRASTRUCTURE</u>			Electricity	Water
KIE	2/2	18/18	100%	100%
	Plots/occupied	Premises/occupied		
RIDC	-			
IPZ	-			

PLAN OF ACTION

- 1) To provide serviced plots for industrial use at specific and convenient industrial sites to avoid the installation of SSI in marginal areas in all the commercial centres.
- 2) The sources of finances will need to be increased and diversified:
 - KIE should be more aggressive in managing existing projects and in identifying viable investments.
 - ICDC should finance smaller projects.

- DJLB should put emphasis on financing industrial units rather than retail trade.
 - Commercial banks should be encouraged to make less severe their lending policies in order to cover riskier areas.
- 3) To increase supply of skilled manpower it is necessary to improve training capacity of village polytechnics and other training institutions.
 - 4) Soapstone miners and carvers need to be organized into cooperatives to avoid exploitation by middlemen.
 - 5) Roads need to be improved to ease accessibility to service centres in the interior of the district.

15. KISUMU

CREDIT 4 com banks (Standard, Barclays, Baroda, Kenya National)
DJLB (215/2'360 Ksh)
ICDC (4/29'720 (2 for SSI - 320))
DFCK (4/29'500)
KCB (-/20'512)
Coop bank (12/5'860)
13 coop (dtm)

TRAINING 1 polytech
RIAT
DTO
KIBT

<u>INFRASTRUCTURE</u>		elect.	water
KIE	22/22	100%	100%
	premises/occupied		
RIDC			
IPZ			

PLAN OF ACTION

- 1) The accessibility to both working and investment capital should be improved mainly by:
 - a) Encouraging continuous involvements of commercial banks (ICDC, IDB, Co-operative saving credit societies) in financing the SSE activities.
 - b) Creating specialized financial institutions for SSE's.
 - c) Creating specialized financial schemes within the existing financial institutions to address SSE financial problems and to offer term-lendings.
 - d) Encouraging the commercial banks and financial institutions to consider economic potentials of projects and not to rely largely on creditworthiness of their clients and formal securities.
 - e) Training bank staff to be able to assess financial viability and growth potential of SSE project.
 - f) Improving agricultural productivity and facilitate the issuing of the title deeds in order to provide a base for working capital, to improve creditworthiness and to provide securities.

2. Improve infrastructural facilities mainly by:
 - a) Expanding the electric power services by increasing transformed capacities in those areas which are currently served with the power as well as by extending the services to those areas which are not supplied with power services.
 - b) Ensuring that the local authorities conform to the plans formulated by the Physical Department of the Central Government with respect to development of the urban areas and trading centres and also with respect to allocation of plots and premises in these areas.
 - c) Prompting the allocation of stalls of SSE in townships and major trading centres.

d) Acquiring more lands by the KIE to establish industrial estates in major towns and industrial development centres as well as promotion zones in major trading centres.

3. Improve market opportunities by:

- a) Initiating self-help advertising schemes.
- b) Revising the 'build Kenya by Kenyan' campaign.
- c) Improving linkages between SSE manufacturing sector with agriculture, commercial and service sectors.
- d) Improving the SSE ability to identify target consumers.
- e) Encouraging the tenders within the district to be offered to the SSE.
- f) Encouraging the tenders to be offered to the SSE.
- g) Using trade fairs and exhibitions by the SSE.
- h) Initiating consumer information channel through media and education.

4. Opportunities for equity participation should be improved.

5. Investigate and evaluate the national policies and practices related to both overt and hidden subsidies to large scale competitors which may undermine the SSE profitabilities.

6. Raw materials procurement procedures should be streamlined as to increase the SSE ability to procure sufficient raw materials at a fair cost. Thus discrimination by raw materials suppliers should be discouraged, provision of foreign exchange for the SSE's should be given priority and delivery and supervision mechanism should be formulated.

7. Raw materials bargain association should be started in the district.

8. a) Processes for dissemination of both raw materials product prices information should be established.
- b) Centres and process for dissemination of information on capital availability, market opportunities and technological possibilities for SSE should be established in the district.
9. Training and education programmes based in the district should be frequently conducted both for the actual entrepreneurs and potential entrepreneurs such programmes should be short, comprehensive and inexpensive enough to minimize diversion of entrepreneurs' efforts and resources from their business activities.
10. Technical and business education to be increasing re-emphasised at all levels of education and training.
1. Expertise of the officers in the office of the RDE should be improved and supporting personnel be increased.
12. More intensive survey and study of SSE should be done. Rata problem should be overcome in order to facilitate proper long-term planning for the SSE sector.

16. K I T U I

CREDIT

KIE (3/1'044)

DJLB -

ICDC -

2 com banks (standard, Kenya com) (dtm)

2 coop (6'045)

TRAINING (dtm)

KIBT

INFRASTRUCTURE

			electricity	water
KIE	1/1	7/7	100%	100%
	plots	premises		
RIDC	1/-	1/-		
IPZ	4/3	12/12	95%	100%

PLAN OF ACTION

- 60) There is need to restructure the DJLB, both quantitatively and qualitatively. There is need to expand the fund, soliciting additional sources from the Central Government, local authorities or others, for term project financing as well as working capital.
- 2) There is need to increase the number of financiers in the district. This could be done by encouraging the established firms to offer the provision of materials as well as information services to the developing industrial sectors of the district.
- 3) Government should hasten land adjudication, as well as act as the guarantor when securities are required by financiers.
- 4) There is need to request the local authorities to resume their contributions to the DJLB so as to raise funds available for distribution. Also, there is need to ask external donors to see whether they can inject more funds in the district, especially through the DJLB.

- 5) There is a need to expand the training and extension service opportunities for industrial development. This calls for a more coordinated approach to the provision of business and management education as well as a more realistic extensions service network.
- 6) There is need to plan for more market and other centres of the district to have as many IPZ as possible.
- 7) At the national level, there is need to revise the local allocations so as to reflect the requirements of each district.
- 8) The government should provide more incentives for investors in this district, especially given the harsh conditions prevailing there at present.
- 9) There is need to restructure industries to produce to export and avoid further import substitution, recocentration of the bureaucratic procedures with respect to the Central Bank, and import-export offices should be re-evaluated and spread out to other urban areas (Mombasa, Kisumu, etc.) KETA should adopt more aggressive policies towards exporting by encouraging entrepreneurs to take to non-traditional areas.
10. There is need to hasten the provision of infrastructural support in all the areas where the potential for industrial expansion exists.
11. Local authorities should consider providing more services plots and construct sheds at the major centres.

17 K W A L E

CREDIT DJLB (134/1,384 - ss traders)
ICDC (dtm)
SEFCO (dtm)
IDB (dtm)
DFCK(dtm)
KIE (dtm)
Commercial banks (Kenya, Barclays, Standard) (dtm)

TRAINING 1 government training institute Matiga
Village polytechnics (dtm)

INFRASTRUCTURE

KIE none
RIDC none
IPZ none

PLAN OF ACTION

- 1) The district and county council authorities should press for a review of the current licensing and tax system so that it can fit the district's planning and legislature requirements. This will facilitate many informal activities to be within the district's county council's system through which they can have accessibility to benefits from credit facilities and legal tendership.
- 2) The county council authorities should desist from any harassing of small traders and artisans and instead help them by placing orders with them.
- 3) The district supply office should give tenders to local SSI and quick payment s should follow once the goods are delivered.

- 4) District authorities should give support to the training of entrepreneurs in the district. Most of the SSE are faced with a lack of knowledge in running their businesses specially in better production and designing processes. The existing village polytechnics and Matuga district development centre should offer extension services to the entrepreneurs.
- 5) Physical planners in conjunction with district and county council authorities should pay attention in allocating specific zones for industrial activities.
- 6) The district authorities should provide incentives to the SS industries, such as subsidies in kind (plots), loan guarantees or a reserved market for their products.
- 7) An agency/office should be established to deal with industrial promotion. This office should address itself to the existing problems and come up with innovative recommendations of developing the industries in the district. This office should see to it that there is an improvement of marketing systems particularly as regards the government and other formal trade linkages. Any financial assistance to industrial development from the government and other donor organizations should be handled by this office.

18. L A I K I P I A

CREDIT DJLB (181/1,923 - retail shops)
3 Commercial banks (dtm)
KIE (9/-)
ICDC (2/100 - provision stores)

TRAINING 5 polytechnics
Nanyuki municipal council
Secretarial college
CPK/COTU
Ministry of Commerce - Courses for ss traders

INFRASTRUCTURE

KIE 26 acre-plot allocated in the 1970's not yet
developed (lack of sewage facilities)

PLAN OF ACTION

- 1) DJLB scheme should consider raising its ceiling.
- 2) At least two full-time branches of banks should be opened in West Laikipia.
- 3) KIE should be encouraged to construct sheds for the planned IPZ at Rumuruti.
- 4) Licensing conditions should be made more flexible.

19. L A M U

CREDIT Commercial bank (Standard) (dtm)
 DJLB (dtm)
 Coop (dtm)

TRAINING (dtm)

 KIBT
 Youth Village polytechnik

INFRASTRUCTURE (dtm)

 KIE
 RIDC
 IPZ

PLAN OF ACTION

- 1) There is need to procure raw materials at lower prices for both garment and wooden furniture units.
- 2) There is need to be given serious attention to infrastructural development, especially to road transport.
- 3) Government should not unduly restrict tree felling and Kenya Ports Authority should revise the high jetty charges levied on raw materials coming to the island (Lamu).

20. MACHAKOS

CREDIT

ICDC -
DFCK -
DJLB (513/2'994 - traders)
Com. banks (Barclays, KCB, Standard, Coop of Kenya, Coop union)
(dtm)
KIE -
14 coop. (32'889)

TRAINING

DTO/KIBT - book-keeping, marketing
UKAI (institute of technology)
44 youth polytechnics.

INFRASTRUCTURE

electricity. water

KIE	none			
RIDC	30/2	NA/NA	100%	100%
plots	premises			
	in Machakos 26/21 occupied town			

IPZ none

PLAN OF ACTION

- 1) The district should ensure that in the operations of development financing institutions the investors, existing as well as new are so guided as to encourage or establish units, existing and new, utilizing district resources export oriented. This could be achieved through the restructuring and strengthening of the DJLB.
- 2) The Government can hasten the land adjudication and registration exercise so as to ensure that potential entrepreneurs have securities in the form of title deed to offer.
- 3) The Government or local authorities could act as guarantor when securities are required by financiers.

- 4) There is need to increase the number of contributors to the DJLB, such as asking all the development financing institutions to be remitting a certain amount to the board finance.
- 5) The granting of unsecured loans should also be considered.
- 6) There is need to expand the industrial training as well as the extension services in the district. This would require coordination between the district local authorities as well as Central Government and non-governmental organizations to avoid duplication of efforts.
- 7) There is need to improve the basic infrastructural network in the district. The maintenance and rehabilitation of roads, the expansion of postal and telecommunication services, the provision of electricity and water and other related infrastructural facilities should be given priority if industrial development is to proceed at a significant pace.
- 8) There is need for the Central Government to provide incentives which ensure that investors are attracted to such districts as Machakos, among others, such as tax exemptions and other investment incentives, and the pricing systems.
- 9) The local authorities should identify suitable centres for the establishment of sheds for SSI.

21. M A N D E R A

CREDIT Com. banks (Barklays) (dtm)
 KIE (9/-)
 DJLB (170/1'500 - retail shops, hotels)

TRAINING (dtm)
 2 villages polytechnics
 courses for traders

INFRASTRUCTURE

KIE none
RIDC none
IPZ none

PLAN OF ACTION

- 1) "There is need to improve the infrastructure system within the district, including roads, communication and social services, in order to strengthen the support to industrial development".
- 2) "The institutional support should expand their services either financially or through extension services".
- 3) "The strategy leading to improve support to industrial development should focus on improvement of rural industries by means of improving vocational technical training facilities and opening of new polytechnics where the market centres are far from existing ones."

22. M A R S A B I T

CREDIT KIE (branch in Meru) (2/567)
 KCB (-/2'360 farmers)
 9 coop (8'781)
 DJLB (223/3'402 - retail business)
 ICDC (14/500 - retail business)

TRAINING

Catholic Technical School
KIE - mgt training
DTO - improved your business workshops/field ext services
DTO/KIBT - courses for traders.

INFRASTRUCTURE

KIE none
RIDC none
IPZ The industrial physical planner together with the country
 council are preparing plans to earmark 50 acres in Marsabit
 town and Moyale.

PLAN OF ACTION

- 1) "The road development within the district is absolutely necessary".
- 2) "The industrial activities within the district need more support. For example, production of water tanks should be encouraged and increased; activities related to animal by-products should be introduced and encouraged."
- 3) "Feasibility studies should be prepared on the potential industrial opportunities."

23. M E R U

CREDIT Com banks (Barclays, Standard) (dtm)
 Coop bank (dtm)
 KIE (20/5'202)
 ICDC -
 IDB -
 KCB -
 DJLB (231/2'161 - SSI)
 8 coop (84'723)

TRAINING

Village polytechnics
DTO/KIE - courses from time to time
1 technical college
1 accounting institute

INFRASTRUCTURE

KIE none
RIDC none
IPC none

PLAN OF ACTION

- 1) "It would be necessary to strengthen the existing 'animal feed' manufacturer."

24. M O M B A S A

CREDIT DJLB (192/1,948 - SS traders)
KIE (13/11,833)
ICDC (6/1,235 - clothing and small projects)
Coop bank (1/5,328 - coffee improvement)
Coop -
Com. banks (Baroda, ABN, Middle East, Coop, Africa, India, Credit and commerce)

TRAINING Mombasa polytechnic
Govt training institute
Youth training centres
Village polytechnics
KIBT
DTO

INFRASTRUCTURE

KIE	1/1	19/19
	plot/occupied	premises/occupied
RIDC	none	
IPZ	none	

PLAN OF ACTION

- 1) The district and county council authorities should press for a review fo the current licensing and tax system so that it can fit the district's planning and legislative requirements. This will facilitate many informal activities to be within the district's county council's system through which they can have accesibility to benefit from credit facilities and legal tendership.
- 2) The county council authorities should desist from any harassing of small traders and artisans who might be caught operating contrary to the laid down municipal regulations.

- 3) The district supply office should give tenders to local SSI where the volume of purchase is not too large. Such public contracts are especially significant in the areas of wooden furniture and uniforms.
- 4) District authorities should give support to the training of entrepreneurs in the district. Most of the SSE are faced with a lack of knowledge in running their businesses especially in better production and designing processes. The existing village polytechnics and youth training centres should offer extension services to the entrepreneurs. In addition, the local authorities should facilitate the work of the village polytechnics by removing the constraints they have been facing, such as lack of well trained teachers, inadequacy of teaching aids and equipment, lack of transport as well as unsuitability of available text books.
- 5) Physical planners in conjunction with district and county council authorities should pay attention in allocating specific zones for industrial activities. The clustering of all establishments in a given activity into a single location will give rise to a number of important benefits, such as raw materials bulk purchasing, marketing arrangements, recruitment of skilled labour and specialization tendencies.
- 6) The local authorities should encourage small scale industrialists to organize themselves so that they can air their grievances to the authorities with one voice.

25. MURANGA

CREDIT DJLB (467/5890)
KIE -
ICDC -
KCB -
15 coop (dtm)

TRAINING 15 village polytechnics
KIBT - accounting, marketing
Muranga institute of technology.

INFRASTRUCTURE

KIE none
RIDC none
IPZ none

PLAN OF ACTION

1 Financial:

- (a) Programme to inform potential entrepreneurs of the various sources of funds and the various conditions of procuring them, and related business matters.
- (b) Conditions and terms of borrowing should be relaxed so that borrowers may have more confidence in lending institutions. The issue of collateral has hindered many would-be-borrowers for fear of losing possession.
- (c) Ceiling for borrowing from the DJLB should be increased so that investors can do meaningful investment, and maintain a high level of work capital.
- (d) The amounts of cooperative savings that can be borrowed should be increased to facilitate higher levels of investment.

2) **Business information centre:**

- (a) The district lacks a coordinated information system for the various industrial opportunities. This centre can be modelled on already existing information centres like adult literacy classes, KIBT and district trade office seminars and workshops.
- (b) Feasibility studies should be conducted on a routine basis so as to give the SS businessmen the possibility to invest in viable projects. It has to include information on markets, sources of finances and technology requirements.

3) **Training:**

- (a) A more production oriented training scheme is required; in general, management training for already practicing entrepreneurs, and skill training to the high percentage of school leavers.
- (b) Management training is vital. It can be given either on an extension basis or workshops or short-term seminars with a follow-up services.

4) **Physical plans for industrial zones:**

- it is recommended that the county and municipal councils plan for and set aside industrial zones and plots in all towns to facilitate accommodation of small industries.

5) **Rural access roads - Abardares Forest.**

- it is recommended that to be able to tap the full potential of the forest in the furniture and related industries, all weather access roads be extended into the planted forest.

26. N A K U R U

CREDIT

6 Com banks (dtm)
DJLB (117/800,000 - small traders)
KIE (25/21'000)
NGO's (dtm)
ICDC (3/-)
13 coop (68'858)

TRAINING (dtm)

DTO/KIBT/Chamber of Commerce - seminars for traders
D Labour O /ILO - seminars for traders
15 commercial colleges - accounting, business, secretarial courses
5 polytechnics
Rift Valley Institute of Technology - business and engineering
courses

INFRASTRUCTURE

		elect	water
KIE	23/23	78%	82%
	premises/occupied		
RIDC	none		
IPC	none		

PLAN OF ACTION

- 1) To allocate permanent and suitable sites for the operation of SSI. The present practice of moving them all over or to peripheral areas should be discouraged.
- 2) To plan and implement an industrial zone in every town and market centre.
- 3) To set up a special lending institution to assist the SSE.

- 4) To encourage the KIE to expand its lending capacity to cover also the very small industries.
- 5) To provide extension services to SSI to equip them with management, marketing and technical skills.

27. N A N D I

CREDIT

TRAINING

INFRASTRUCTURE

KIE

RIDC

IPZ

PLAN OF ACTION

28. N A R O K

CREDIT

DJLB (75/1,145 - small traders)
Com banks (Kenya, Barclays, Standard) (dtm)
IGDC (5/369)
KIE (7/173)

TRAINING

4 village polytechnics
DTO - a trader's course is held twice a year (marketing,
sales mgt, small business mgt, accounting)

INFRASTRUCTURE

KIE none
RIDC none
IPZ none

PLAN OF ACTION

- 1) The district and county council authorities should press for a review of the current licensing and tax system so that it can fit the district's planning and legislative requirements. This will facilitate many informal activities, to be within the district's county council's system through which they can have accessibility to benefits from credit facilities and legal tendership.
- 2) the town/county council should build sheds in the industrial plots for rental to the entrepreneurs in Narok town itself and other rural/market centres in the district.
- 3) The district supply office should give tenders to local SSI and quick payments should follow once the goods are delivered.

- 4) The entrepreneurs in the district come mainly from outside, leaving the Maasai as mere spectators in the industrial development. The present 4 youth polytechnics should offer extension services to entrepreneurs who do not satisfy the primary school leaving certificate's requirement.

- 5) The posting of an industrial promotion officer in Narok should be done as soon as possible. This office should address itself to the existing problems and come up with innovative recommendations. Any industrial promotion work should be properly coordinated with other district based development institutions by having a seat at the district development committee.

29. NYANDARUA

<u>CREDIT</u>	DJLB	- (dtm)
	Com banks	(dtm)
	ICD	none
	IDB	- (dtm)
	KIE	- (dtm)
	Coop	(dtm)

TRAINING (dtm)

INFRASTRUCTURE (dtm)

KIE
RIDC
IPZ

PLAN OF ACTION

It only mentions opportunities for industrial development.

30. NYERI

CREDIT

ICDC -
KIE (34/24'511)
DJLB (289/4'458)
Coop (dtm)
Com banks (dtm)

TRAINING (dtm)

15 village polytechnics
Kimathi institute of technology
Mathenge institute of technology

INFRASTRUCTURE

			elect.	water
KIE	2 plots	24/15	100%	100%
		premises/occupied		
RIDC	4 plots			
IPZ	22/22		100%	100%
		plots/occupied		

PLAN OF ACTION

It only mentions opportunities for industrial development.

31. S A M B U R U

CREDIT Com banks (only Barclays while banking service) (dtm)
DJLB (dtm)

TRAINING (dtm)

3 village polytechnics

INFRASTRUCTURE (dtm)

KIE none

RIDC none

IPZ 19 plots for light industries

PLAN OF ACTION

- 1) "Roads should be improved and developed; electrical energy has to be extended throughout the district; fuel/petroleum supply facility should be reviewed at Baragoi and established at Wamba and it should be expedited the construction of a service/fuel station at Maralal".
- 2) "Lift or relax ban/restrictions on commercial exploitation of forests and enforce/promote afforestation".
- 3) "Ensure the provision of regular banking services to Baragoi and Wamba".
- 4) Provide special incentives to encourage industry oriented undertaking and apply a discriminatory licensing system to discourage suppliers and/or purely distribute activities.
- 5) Invite KIE to open a RIDC at Marabal and examine the possibility of opening smaller ones at Baragoi and Wamba.

- 6) The County Council should honour its obligation to contribute to the DJLB scheme in order to boost public loan assistance to businesses and small-scale industries.

- 7) The DDC should identify viable industrial or high priority activity areas and actively promote these opportunities among potential entrepreneurs.

32. S I A Y A

CREDIT DJLB (107/704 - 13 mft and repair services and trades)
 KIE (67/3,789)
 3 coop. (dtm)
 5 NGO (dtm)
 Com banks (only KGB) (-/6,255 - posho mills)
 SEFCO (3/375 - agriculture)
 ICDC (1/100)
 Coop bank of Kenya (10/8,147 - agriculture)

TRAINING (dtm)

5 NGO - Technological improvement
KIBT

INFRASTRUCTURE

electricity water

KIE	none		
RIDC	10/10	100%	100%
	premises/occupied		

PLAN OF ACTION

- 1) The accessibility to both working and investment capital should be improved mainly by:
 - a) Expanding the operational network of commercial banks (ICDC, IDB, Co-operative saving credit societies) in financing the SSE activities.
 - b) Creating specialized financial institutions for SSE's.
 - c) Creating specialized financial schemes within the existing financial institutions to address SSE financial problems and to offer term lendings.
 - d) Encouraging the commercial banks and financial institutions to consider economic potentials of projects and not to rely largely on creditworthiness of their clients and formal securities.
 - e) Training bank staff to be able to assess financial viability and growth potential of SSE project.

- f) Improving agricultural productivity and facilitate the issuing of the title deeds in order to provide a base for working capital, to improve creditworthiness and to provide securities.

2. Improve infrastructural facilities mainly by:

- a) Expanding the electric power services by increasing transformer capacities in those areas which are currently served with the power as well as by extending the services to those areas which are not supplied with power services.
- b) Ensuring that the local authorities conform to the plans formulated by the Physical Department of the Central Government with respect to development of the urban areas and trading centres and also with respect to allocation of plots and premises in these areas.
- c) Prompting the allocation of stalls of SSE in townships and major trading centres.
- d) Acquiring more lands by the KIE to establish industrial estates in major towns and industrial development centres as well as promotion zones in major trading centres.

3. Improve market opportunities by:

- a) Initiating self-help advertising schemes.
- b) Revising the 'build Kenya by kenyan' campaign.
- c) Improving linkages between SSE manufacturing sector with agriculture, commercial and service sectors.
- d) Improving the SSE ability to identify target consumers.
- e) Encouraging the tenders within the district to be offered to the SSE.
- f) Using trade fairs and exhibitions by the SSE.
- g) Initiating consumer information channel through media and education.

4. Opportunities for equity participation should be improved.

5. Investigate and evaluate the national policies and practices related to both overt and hidden subsidies to large scale competitors which may undermine the SSE profitabilities.
6. Raw materials procurement procedures should be streamlined so as to increase the SSE ability to procure sufficient raw materials at a fair cost. Thus discrimination by raw materials suppliers should be discouraged, provision of foreign exchange for the SSE's should be given priority and delivery and supervision mechanism should be formulated.
7. Raw materials bargain association should be started in the district.
8.
 - a) Processes for dissemination of both raw materials and product prices information should be established.
 - b) Centres and process for dissemination of information on capital availability, market opportunities and technological possibilities for SSE should be established in the district.
9. Training and education programmes based in the district should be frequently conducted both for the actual entrepreneurs and potential entrepreneurs such programmes should be short, comprehensive and inexpensive enough to minimize diversion of the entrepreneurs' efforts and resources from their business activities.
10. Technical and business education to be increasing re-emphasised at all levels of education and training.
11. Expertise of the officers in the office of the DDE should be improved and supporting personnel be increase.
12. More intensive survey and study of SSE should be done. Data problem should be overcome in order to facilitate proper long-term planning for the SSE sector.

33. SOUTH NYANZA

CREDIT

KIE (61/4'500 - mft)
Com banks (only National bank of Kenya) (dtm)
DJLB (126/673 - SS traders)
IDB (4/- - textile, maize milling)
SEFCO (5/2'531 - mft)
Coop bank (13/13'910 - agriculture)
KCB -
9 coop (dtm),

TRAINING (dtm)

ILO (improve your business)
DTO/KIBT

INFRASTRUCTURE

		elect.	water
KIE			
RIDC			
IPZ	10/10 plots/occupied	100%	100%

PLAN OF ACTION

Similar to Siaya

34. TAITA TAVETTA

CREDIT DJLB (1261,370 - retail shops)
 KIE (15/3,500)
 Com banks (Kcb - 1,955)

TRAINING

20 youth polytechnics
Coast institute of technology (voi)
DTO/KIBT - small businessmen

INFRASTRUCTURE

			electricity	water
KIE	-			
RIDC	1 plot (voi)	13/13	100%	100%
		premises/occupied		
IPZ				

PLAN OF ACTION

- 1) The district and county council authorities as well as Voi town council should press for a review of the current licensing and tax system so that it can fit the district's planning and legislature requirements. This will facilitate many informal activities to be within the district's county council's system through which they can have accessibility to benefits from credit facilities and legal tendership.
- 2) The county council authorities, as well as Voi town council, should desist from any harassing of small traders and artisans and instead help them by placing orders with them.
- 3) The district supply office should give tenders to local SSI and quick payments should follow once the goods are delivered.
- 4) District authorities should give support to the training of entrepreneurs in the district. Most of the SSE are faced with a lack of knowledge in running their businesses especially in better production and designing processes. The existing village polytechnics

and Coast Institute of Technology at Voi should offer extension services to the entrepreneurs.

- 5) Physical planners in conjunction with district and county council authorities should pay attention in allocating specific zones for industrial activities.
- 6) The district authorities should provide incentives to the SS industries, such as subsidies in kind (plots), loan guarantees or a reserved market for their products.
- 7) An agency/office should be established to deal with industrial promotion. This office should address itself to the existing problems and come up with innovative recommendations of developing the industries in the district. This office should see to it that there is an improvement of marketing systems particularly as regards the government and other formal trade linkages.

35. TANA RIVER

CREDIT (dtm)

KCB

DJLB

Coop societies

TRAINING (dtm)

INFRASTRUCTURE (dtm)

KIE

RIE

IPZ

PLAN OF ACTION

(missing)

"A programme of genuine development in the district must consider improvement of roads, modernization of agriculture along the basin, sedentarization of the Ormah's and the Wardei's by providing water centres, increasing irrigation schemes to expand output and harnessing the solar energy which is abundant".

36. TRANS NZOIA

CREDIT

Com banks (Barclays, Kenya com bank, Standard) (dtm)
32 Coop (33'370)
DJLB (92/750,000 - traders)
KIE (lack of regional office) (dtm)
ICDC (lack of regional office) (dtm)

TRAINING

DTO/KIBT - mgt seminars
Nat chamber of commerce - seminars
6 youth polytechnics
1 NGO
Kitale Technical Institute

INFRASTRUCTURE

			elect.	water
KIE	1 plot	19/19	100%	100%
		premises/occupied		
RIDC	-			
IPZ	-			

PLAN OF ACTION

- 1) A small enterprise finance institution ought to be established but designed so as to cater for informal operations of SSE.
- 2) The KIE and ICDC should establish regional offices in the district.
- 3) An urban cooperative society involving the small-scale artisans should be established to generate incomes through cooperative effort.
- 4) There is need to provide extension services to the small-scale entrepreneur, in basic book-keeping and management practice.

- 5) The support staff at the relevant ministries should be very effective in promoting project innovation and implementation. They should act as a district information centre for the SSE, providing information on sources of finance, types of financial and investment capital available, and technical assistance.
- 6) There is need to the expansion of electricity and telecommunication services to other commercial centres to decentralize the concentration of industrial activities in Kitale town. Roads should also be maintained and improved.
- 7) Municipality and county councils should provide with serviced plots or industrial and business premises. KIE should be urged to establish industrial sheds to encourage the development of SSE.
- 8) There is need to pursue policies that promote commercial farming, adoption of new and modern farming techniques and the expansion and improvement of the access roads, since the agricultural sector is the major consumer of SSE products.
- 9) The current practice by departments of the local and central government with regard to tenders should be encouraged. Where a local SSE is an efficient producer in comparison with its competitors who are not from the district, he should be allowed a cost bonus.

37 TURKANA

CREDIT (dtm)

DJLB

ICDC

KIE

KCB

2 coop

TRAINING (dtm)

lower polytechnica

INFRASTRUCTURE (dtm)

KIE

RIDC

IPZ

PLAN OF ACTION

(missing)

38. UASIN GISHU

CREDIT

TRAINING

INFRASTRUCTURE

KIE

RIDC

IPZ

PLAN OF ACTION

39. W A J I R

CREDIT (dtm)

DJLB (dtm)

DFCK (dtm)

KCB (dtm)

KIE (dtm)

TRAINING (dtm)

INFRASTRUCTURE (dtm)

KIE

RIDC

IPZ

PLAN OF ACTION

- 1) "More water projects are needed in the rural areas".
- 2) "It should be given special attention to district infrastructure, such as improving of roads, extension of communciations and improving of healt and social services".
- 3) "The institutional support should be encouraged and reinforced so as to explore more ways of helping financially or through extension services.

40. WEST POKOT

CREDIT 2 com banks (Barclays, Kenya com.) (dtm)
 ICDC (not office in) -
 KIE (not office in) -
 DJLB (-/842,000 - businesses
 18 coop (1'965 - small farms

TRAINING

5 youth polytechnics
NGO/ilo

INFRASTRUCTURE

KIE		elect.	water
RIDC	8/8	-	100%
IPZ			

PLAN OF ACTION

- 1) "There is need to maintain roads and expand them."
- 2) "There is need to establish a financial institution that would explicitly cater for the needs of the small-scale industrial and business enterprises."
- 3) "There is need to provide industrial sheds to encourage the initiation of small industrial ventures."
- 4) "The curriculum of the youth polytechnics should incorporate metal fabrication and machining to encourage the development of metal engineering workshops."

A N N E X V

Basic data and additional information for the programme of assistance

1) Technical assistance. The advice to be given refers to subjects related to:

- production techniques, such as plant lay out, production planning and control, inspection, quality control, plant maintenance, materials handling, and work conditions.
- administrative techniques, such as plant organization, job evaluation, selection and recruitment, wages and incentives and materials control.
- financial techniques, including cost accounting, budgetary control, financial analysis, credit guidance and control, and break-even point.
- marketing techniques, which involve sales promotion, advertising, market studies, and distribution.

This service should be provided principally by KIE, and the reinforcement of private consultants.

The techniques of management are generally independent of any particular technology and apply to all types of industrial activities. Nevertheless, experience has shown that these techniques are more effective in the upper range of the small industry sector, that is to say, units with 15 to 20 persons as a minimum. For the smaller units, the application of simple managerial tools such as use of budgets, and book-keeping would be useful. Selection of new machinery and equipment and setting up of uncomplicated costing system, as well as the preparation of credit applications are other possible services.

- a. The technical assistance (diagnostic study plus recommendations) has been estimated at 2 man-weeks per unit for the smaller size group (mainly informal sector) and at 6 man-weeks for the larger size group (10 to 49 persons) as averages. Concerning the preparation of pre-feasibility studies an average of 4 man-weeks has been retained for the larger size group, and 2 man-weeks for the smaller.

- b. The cost of technicians (salary plus overhead) has been estimated at Kshs 10,000 per month.
 - c. The units to assist have been estimated at 5% of the universe per year. The growth rate of SSI and informal units have been estimated at 4 and 8% per year, respectively. The historic rates were 2 and 12%, respectively, between 1979 and 1984 (1), but the policy is to modernize the informal sector. The policy makers could estimate different growth rates for each district according to the targets.
2. Training assistance. The training to be given is principally for entrepreneurs and managers and may include operational management (comprising production, material, plant, and marketing management) and management accounting (including financial management, costing, and budgetary control).
- This service should be provided mainly by KIE assisted by other existing institutions already mentioned such as KIBT and some NGO's.
- a. The assistance will consist (courses given at present) in non-residential seminars of 5 days duration, for 20 participants, in several market centres, over a period of 4 years.
 - b. The cost of each participant has been estimated at Kshs 1,800, according to the source of information (1).
 - c. The number of participants has been estimated at 10% of the small-scale units universe per year, and will include existing and potential entrepreneurs and/or managers.

NOTE (1): Small-Scale Industrial Development Programme, Project No. KE/16/88 (Eastern Africa Finance Consultants Ltd.), June 1989.

3. Financial assistance. The scheme should be a supervised credit under which credit is integrated with assistance given by the industrial advisory services. The financing will be for fixed capital, particularly machinery and equipment, and working capital.
- a. The average size of loan for existing SSI has been estimated at KShs 150,000 according to national experience and external sources of information. The working capital corresponds to 1/4 of this amount. For informal units the size of the loan has been assumed at 1/3 of the above, taking into consideration the possibility of modernization of these units with entrepreneurs' practical experience in industrial activities.
- b. The average size of loan for new SSI has been estimated in KShs 910,000, according to the investment per capita for the sector (KShs 99,400, see annex VI) and the number of persons per unit (9.17). KShs 40,000 has been estimated for informal units, considering an investment per capita of approximately KShs 20,000 and the average number of persons per unit (1.97). In this case, it has been assumed that the new units will belong to the very simple activities, because of lack of experience of entrepreneurs.

4. Industrial Estates and/or RIDC

The availability of standard factories on a rent or hire-purchase basis is an inducement to firms of limited financial means. They are well suited to the operation of supervised credit schemes.

The responsibility of this action will continue to be in the hands of KIE.

- a) The cost per unit has been estimated according to the following assumptions:
- . 15 sq mt by person (standard for light industry)
 - . KShs 3,000 per sq mt (market price) (see note 1)
 - . SSI - 9.17 persons per unit
 - . IU - 1.97 persons per unit
- then cost SSI - KShs 415,000
cost IU - KShs 89,000
- b) The units to be constructed have been estimated at the rate of 1% of the universe per year.

ANNEX VI

INVESTMENT PER PERSON

1. Investment per person by activity

(Source - KIE, annual report 1979/1980, adjusted to dollar value
(21/10.50 = 2))

Food	62,800
Animal feeds	14,400
Textiles	80,400
Wearing apparel	19,600
Leather products	53,600
Footwear	102,000
Wood products	23,600
Furniture	19,200
Paper products	190,200
Printing	37,000
Chemical products	43,400
Non metallic products	41,200
Metal products	79,400
Repair of motor vehicles	11,200
Laundries	31,000
<hr/>	
Average (249 projects)	53,800
<hr/>	

2. Investment per person by activity

(Source - UNIDO Consultant from different studies)

		<u>Manpower</u>
Fish processing plant	105,000	30
Fruit processing plant	93,000	26
Fruit and vegetable canning	82,000	26
Meat processing plant	169,000	20
Oil processing plant	131,000	9
Salt processing	87,000	6
Soft drink plant	296,000	14
Cotton processing plant	377,000	23
Leather products	35,000	5
Shoe manufacturing	120,000	23
Sisal spinning mill	73,000	50
Surgical cotton	356,000	8
Tannery	155,000	29
Wearing apparel	42,000	29

		<u>Manpower</u>
Paper and paper-board articles	86,000	37
Fertilizer	172,000	5
Glue manufacturing	126,000	5
Paint manufacturing	87,000	6
Soap manufacturing	102,000	26
Pottery manufacturing	42,000	4
Structural clay products	117,000	10
Agricultural implements	340,000	18
Metal products	344,000	9
Structural metal products	172,000	8
Laundry and dry cleaning	232,000	8
<hr/>		
Average (439 persons) (round figures)	145,000	18
<hr/>		
3. Investment per person (average)	<u>99,400</u>	