

MINISTRY OF LABOUR



**PARLIAMENT
OF KENYA
LIBRARY**

REPUBLIC OF KENYA

BRIEF

BY THE MINISTER

TO

**THE PARLIAMENTARY DEPARTMENTAL COMMITTEE ON
LABOUR AND SOCIAL WELFARE**

MAY, 2012

1.0 INTRODUCTION

1.1 Strategic Goals and Objectives

The overall goal of the Ministry of Labour is to promote industrial peace and harmony, manpower development, employment creation and enterprise competitiveness;

The strategic objectives identified to stimulate growth in the Labour Sub-Sector are:

- (i) To establish a comprehensive National Human Resource Database, and formulate and implement an integrated human resource development policy and strategy;
- (ii) To strengthen enforcement of labour rights through arbitration of trade disputes and registration of Collective Bargaining Agreements (CBAs) and supervision and inspection of Trade Unions
- (iii) To establish and strengthen institutions for social dialogue, minimize industrial disputes, and build adequate capacity to provide quality, efficient and effective services as well as administration and enforcement of the labour laws;
- (iv) To ensure adequate supply of skilled manpower at all levels in the industry
- (v) To develop Micro and Small Enterprises;
- (vi) To enhance public employment services and streamline labour export
- (vii) To create awareness, enhance research and capacity building for occupational safety and health;
- (viii) To develop and implement a National Strategy on productivity improvement and management;
- (ix) To promote policies for the elimination of Child Labour;

1.2 Mandate of the Ministry

The mandate of the ministry is:

1. National manpower policy and development,
2. Factory inspection and workers health,
3. Industrial relation, arbitration and settlement of labour disputes,
4. Development of micro and small enterprise,
5. Directorate of Industrial Training,
6. National Social Security Fund (NSSF) and
7. National Productivity Improvement.

8. Registration supervision and inspection of Trade Unions
9. Coordinating the implementation of various Labour Laws.

Vision

The sub-sector Vision is that of “a globally competitive workforce in a decent environment”.

Mission

The Mission of the ministry is “to develop and implement policies and programmes for a highly productive workforce through creation of a safe working environment, promotion of industrial peace, effective human resource planning and development, social security, productivity promotion and sustainable job creation”.

2.0 Comparison of 2011/12 and 2012/13 Budget Estimates

2.1 Recurrent Estimates

	Revised Estimates 2011/12	Estimates 2012/13
Administration Segment		
Headquarters Administrative Services	312,869,752	374,798,520
Economic Planning Division	27,529,616	38,788,017
Financial Management Services	12,203,866	17,581,902
Diplomatic Mission Labour Attache' Geneva	32,447,786	35,950,486
Office of the Labour Commissioner	448,382,221	322,403,096
provincial Labour Offices	49,101,500	-
District Labour Offices	93,576,009	153,709,640
Industrial Court	94,507,502	96,133,848
Productivity Center of Kenya	18,363,517	56,812,019
Director Occupational Health and Safety Services-Head office	78,591,582	101,430,308

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Directorate Field Services	67,017,931	78,141,234
National Employment Bureau	23,044,082	32,065,719
Manpower Planning Department	21,775,643	92,178,680
District Employment Offices	38,320,461	44,028,284
Manpower Development Department	113,869,305	34,875,999
Jua Kali Development Division	81,993,076	64,268,213
Provincial Enterprise Development Offices	4,214,049	-
District Enterprise Development Offices	16,951,783	62,774,510
Kariobangi Development Center	4,280,094	7,374,827
Vocational Training Center – Athi River	49,558,028	51,131,337
Development and Technical Support Services	8,612,264	9,399,394
Directorate of Industrial Training – Nairobi	54,297,758	48,516,679
National Industrial Training Centre – Nairobi	26,233,838	29,896,083
Trade Testing	(23,220,980)	(9,516,645)
National Industrial Training Centre – Kisumu	19,985,893	25,239,469
National Industrial Training Centre – Mombasa	27,649,463	31,253,812
Kenya Textile Training Institute	26,087,396	31,253,812
National Industrial Training Authority	-	10,000,000
Total Recurrent	1,728,243,435	1,840,489,243

These funds will mainly be utilized in the following areas:

- **Compensation of Employees- Kshs. 683 million**

The Ministry is currently operating with a staffing level of 35.9% which is below the minimum acceptable level of 55%. To partly address this, the Ministry's salary ceiling has been raised to cater for among others filling of vacant posts through promotions in the technical Departments.

- **Rent and Rates-Kshs. 180 million**

The Ministry has allocated of Kshs. 180 million out of which Kshs. 140 million is to cater for annual rent and Kshs.40 million for long outstanding arrears owed to the National Social Security Fund (NSSF).

- **Workmen Compensation-Kshs.152 million**

There is an allocation of KShs.152 million for pending Workmen Compensation cases for Civil Servants injured in the course of duty.

- **Child Labour Survey Research-Kshs. 10 million** ✓

The Kenya Government is committed to eliminating child labour as stated in various Government policy documents, national legislations, international conventions protecting children, and the UN charter on the rights of children which was adopted by the UN Assembly in 1989 and to which Kenya is a signatory. Despite these commitments, child labour still persists and is prevalent in the country.

To this end, the Ministry intends to conduct a survey on the prevalence of various forms of child labour practices and how the same can be addressed since child labour has negative consequences on social economic development and the quality of future labour force in the country.

- **Purchase of vehicles-Kshs. 31 million**

The Ministry has a fleet of old and unserviceable vehicles that need replacement. A total of 84 old unserviceable vehicles were identified for disposal in 2011/12 Financial Year. In addition, most field officers cover up to 3 counties with no vehicles to carry out the field activities.

- **Development of the National Human Resource Database- Kshs. 75 million**

One of the key Flagship Programmes under the Vision 2030 and the First Medium Term Plan 2008-2012 is the establishment of national human resource database. The Database will be developed from the National Manpower Survey. The second phase of the exercise will entail production of analytical reports providing details of the types of skills found in the labour Market, quantity of skills in terms of numbers and where they are found within the economy.

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- **Operationalisation of National Industrial Training Authority (NITA) Kshs. 10 million**

The Ministry requires Kshs. 2 billion to fully operationalize National Industrial Training Authority (NITA). This budget is far above the Ministry's Budget. The Ministry was only able to allocate Kshs. 10 million under NITA and another Kshs. 397 million allocated to the 5 industrial training Centres under their individual heads for both recurrent and development.

- **Strengthening of Productivity Centre of Kenya- Kshs. 87 Million**

The Centre is responsible for developing productivity improvement programmes which involve diagnosing productivity issues/problems at enterprise/organizations level, designing and implementing productivity improvement initiatives and tools and developing productivity indices based on sectoral level productivity data. The Productivity Centre of Kenya has continued to operate with a skeleton staff of only 5 technical staff deployed from other Departments since inception. In order to enable it to fully discharge its mandate, especially as it relates to the Kenya Vision 2030, the Public Service Commission of Kenya approved an establishment of 56 technical staff. Consequently, the Ministry has provided for KShs. 31 million for recruitment of the first batch of 25 technical staff. Additional funds are required to strengthen capacity of Centre.

2.2 Development Estimates

The ministry allocation for development expenditure is Kshs 691 million spread as shown below:

Administration Segment	Net approved Expenditure 2011/12	Estimates 2012/13
Headquarters Administrative Services	11,000,000	18,000,000
Office of the Labour Commissioner	27,000,000	57,000,000
District Labour Offices	4,000,000	20,000,000
Industrial Court	23,000,000	21,000,000
Productivity Center of Kenya	10,000,000	10,000,000
Occupational Health and Safety Services	60,800,000	149,000,000

District Employment Offices	8,500,000	30,000,000
Jua Kali Development Division	85,400,000	118,000,000
Kariobangi Development Center	31,900,000	85,000,000
Vocational Training Center – Athi River	70,400,000	78,000,000
National Industrial Training Centre – Nairobi	17,000,000	46,000,000
National Industrial Training Centre – Kisumu	12,000,000	26,000,000
National Industrial Training Centre – Mombasa	19,000,000	21,000,000
Kenta Textile Training Institute	9,000,000	12,000,000
Total Development	395,000,000	691,000,000

The funds will be utilized as follows:

- **Occupational Safety and Health Institute- Kshs. 80 Million**

In 2012/13 Financial year, the Ministry requires Kshs. 80 million to continue with the Phase II of the construction work of the Five (5) storey building.

- **Procurement of specialized occupational safety and health laboratory Equipment- Kshs. 100 million**

During the 2011/12 financial year, the Ministry was allocated KShs.50 million for revamping the occupational safety and health laboratories and to procure additional laboratory equipment. The Ministry has opened 15 new County offices which will require basic work environment monitoring equipment and for a clinic at the headquarters and plans to decentralize these services hence need to purchase three mobile clinics to serve in the various counties. In 2012/2013, the Ministry will require KShs.100 million to procure equipment.

- **Establishment of MSEs Centres of Excellence- Kshs 85 Million**

The Ministry started the construction of the pilot Centre of Excellence for Micro and Small Enterprises in 2011/12 financial year which is a flagship project of the Kenya Vision 2030. The Centre is expected to facilitate technological transfer, capacity building, product design and development and marketing of MSE products.. An additional Kshs. 65 Million will be required in the 2012/13 Financial Year to complete the construction and an additional Kshs. 20 million to procure part of the required equipment.

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- **Construction of field Labour and Employment office-Kshs. 48 million**

The Ministry requires Kshs. 48 million to construct field Labour and Employment Offices in Kitui, Voi, Kitale, Garissa, Muranga, Kirinyaga, Busia, Migori and Isiolo Counties to effectively deliver on its mandate.

- **Development of MSE infrastructure – Kshs.100 million**

The Ministry recognizes the important role played by Micro and Small Enterprises (MSEs) in employment creation in the country and has continuously developed and rehabilitated infrastructure for MSE operators. The actual works include provision of basic infrastructure required by Micro and Small Enterprises (MSEs) such as securing of work sites, provision of electricity, water, sanitation, access roads and construction of work sites. These activities will be carried out in all the 47 Counties. A total of KShs. 100 million has been allocated in the 2012/13 Financial Year to develop 47 worksites one per the County.

- **Upgrading of the Technology Development Centre – Athi River – Kshs. 73 Million**

The Technology Development Centre has received funding from the government of Korea for the phase II extension project. The works under this project which are expected to be completed within eighteen (18) months are on-going. As counter-part funding, the GOK is expected to contribute 20% of the total project amount (US\$ 10.742 million). As part of the government contribution the Ministry intends to equip the cold room, repair training equipment, equip the laundry whose equipment are currently unserviceable, construct extra tuition block of 10 rooms to adequately accommodate the students whose numbers have risen due to high demand for the industrial skills, construction of staff quarters, rehabilitation of civil works, purchase of kitchen boilers, energy saver jikos, refrigerators and air conditioners. The Ministry has allocated Kshs. 73 million in 2012/13 financial year to carry out the remaining works.

- ✓ • **Expansion and Refurbishment of Industrial Training Centres – Kshs. 107 million**

The Directorate of Industrial Training (DIT) coordinates five (5) Industrial Training Centres in the country. However, four of these Centres have dilapidated buildings and obsolete equipment which hinder their capacity to provide relevant training for the needs of industry in the country. Further, the Institute of Electrical Engineers (IEE) regulations require that fresh rewiring be carried out where electrical works were carried out over thirty years ago. Therefore, the Electrical works in the four Centres require rewiring. In 2012/13 financial year, the Ministry has allocated Kshs. 107 million for this activity.

3.0 PROJECTS AND ACTIVITIES NOT FULLY FUNDED

1. Compensation of Employees- Kshs. 71 million

The Ministry Personnel Emolument ceiling does not provide for recruitment of technical staff at entry levels so as to address the problem of succession management. To address this, the Ministry will require an additional KShs. 71 million for recruitment of personnel.

2. Finalization of Specialized Data Analysis For National Human Resource Database – Kshs. 60 million

The development of a National Human Resource Database is one of the key Flagship Programmes under the Vision 2030 and the First Medium Term Plan 2008-2012. The Database will be developed from the National Manpower Survey. The Ministry will also initiate post-survey activities that will include the Development and Management of the Labour Market Information System (LMIS) and capacity building of the staff. These activities will require an additional funding to the tune of KShs. 60 million.

3. Development of an Integrated Human Resource Development Strategy (IHRDS) – Kshs. 20 Million

The Ministry in collaboration with stakeholders will develop an Integrated Human Resource Development Strategy to address the perennial problem of skills mismatch. The proposed Strategy will seek to align the development of human resources in the country to labour market needs. It will also provide the guiding framework for review of curricular for various programmes at all levels of skill development and career guidance and counseling for trainees. A total of KShs. 20 Million will be required in the 2012/13 Financial Year to commence formulation of the Strategy.

4. Expansion and Refurbishment of Industrial Training Centres – KShs. 296 Million

The Kenya Vision 2030 and First Medium Term Plan 2008-2012 recognize effective skills development as a key ingredient to national development. The Directorate of Industrial Training (DIT) coordinates five (5) Industrial Training Centres in the country. However, four of these Centres were constructed over thirty (30) years ago with very low levels of maintenance which has contributed to deterioration of the infrastructure. The National Environmental Management Authority (NEMA) considers asbestos to be carcinogenic. All the four (4) centres still have asbestos roofing. It is therefore necessary to remove the existing roofs and use galvanized corrugated iron sheets. To address the above issues, the Ministry requires an additional KShs. 150 million in 2012/13 financial year.

The Centres also require KShs. 126 Million yearly for the next three (3) years totaling to KShs. 378 million to enhance their capacity to provide trained manpower for industry. The funds will

go towards completion of outstanding refurbishment works, expansion and upgrading of infrastructure, and purchase of modern tools and equipment.

5. Upgrading of Technology in Industrial Training Centres – Kshs. 200 Million

Most of the equipments in the four DIT Centres were installed over thirty years ago. They have therefore not kept the pace with technological advancements made over the years. In order to address this it is necessary that training tools and equipment in the centres be upgraded to match current standards of industry and ensure that skills and knowledge gained by graduates from these centres are relevant to the needs of industry. An initial cost of KShs. 200 million is required for the procurement of e-learning services, diagnostic equipment, and programmable logistical control for KTTI, NIVTC and MITC.

6. Transformation of the Directorate of Industrial Training (DIT) into a Semi-Autonomous Government Agency – Kshs. 1.2 Million (billion?)

To promote industrial training in the country and enhance the flexibility and effectiveness of the Directorate of Industrial Training (DIT) in discharging its mandate, the Directorate has been transformed into a Semi-Autonomous Government Agency (SAGA) – National Industrial Training Authority (NITA) through the enactment of the Industrial Training Amendment Act 2009. The Ministry requires Kshs. 2 billion to fully operationalize the National Industrial Training Authority (NITA). In 2012/13 the Ministry requires an additional Kshs.1.2 billion to effectively execute its mandate.

7. Establishment of MSEs Centres of Excellence – Kshs. 185 Million

Centres of Excellence for Micro and Small Enterprises will be established to promote technological transfer, capacity building, product design and development and marketing of MSE products. The Ministry will develop 8 MSE Centres of Excellence across the country with due consideration to specialization in given sub-sectors of the MSEs and the resource endowment of each region. This is a flagship project in the First Medium Term Plan (MTP) 2008-2012 of the Kenya Vision 2030. In the 2011/12 Financial Year, the Ministry was allocated KShs. 50 million for the establishment of a model MSE Centre of Excellence at Kariobangi Demonstration Centre. This will be replicated in other parts of the Country. The estimated cost for the construction of the Centre as per Ministry of Public Works estimates was KShs. 135 million for construction workshops, conference room, demonstration rooms, hostels, administration block, clinic and show room. An additional KShs. 20 Million will be required in the 2012/13 Financial Year to complete the construction and KShs. 165 million for equipping the centre.

8. Establishment of Regional Industrial Court-Kshs. 35

The Ministry is decentralizing the services of the Industrial Court through establishment of regional Industrial Courts. This is expected to enhance access to legal justice in the judicial

determination of industrial disputes. In the 2010/11 financial year, premises were acquired in Mombasa County for establishment of an Industrial Court for the regional. Renovation of the premises was carried out and office equipment purchased in readiness for the full establishment of the regional Court. The Ministry is awaiting the recruitment of a Judge and other personnel for the Court to operationalize its operations. In 2011/12 financial year, the Ministry was allocated KShs. 32 million for the establishment of a regional court in Kisumu. The works include refurbishment and equipping of the court. In 2012/13 financial year, the Ministry aims at establishing another 2 regional court in Nyeri and Nakuru County in order to improve access to justice in trade disputes. In this regard, the Ministry requires an additional KShs. 35 million.

9. Completion of Occupational Safety and Health Institute-KShs. 20 Million

The Ministry has commenced construction of the Occupational Safety and Health (OSH) Institute to provide research and training in occupational safety and health. The total estimated cost of establishing the Institute is KShs. 480 Million. A total of KShs. 71 Million was allocated in the 2009/10 Financial Year and additional allocation of KShs. 51 Million allocated in 2010/11 Financial Year to continue with the construction of the Institute. The ground floor and slab for the first floor of the institute has been constructed. An additional, KShs. 35 million was allocated in 2011/12 Financial Year for building reinforced concrete structure up to second floor. To complete the construction works for the five storey building, an additional KShs.242 million will be required for the Institute for the construction of the 3rd, 4th and 5th floors. In the 2012/13 financial year the Ministry will require additional KShs. 20 million to continue with the construction works.

10. Procurement of specialized occupational safety and health laboratory equipment – KShs. 145 Million

During the 2010/11 financial year, the Ministry was allocated KShs. 53.5 million to revamp the occupational safety and health laboratories while as in the 2011/12 financial year, KShs. 25 million was allocated to procure additional laboratory equipment. In the 2012/13 financial year, the Ministry will open 16 new county offices which will require basic work environment monitoring equipment at an estimated cost of KShs. 25 million per office. The Ministry therefore requires an initial amount of KShs. 120 million to procure equipment for 8 county offices in 2012/13 Financial year.

In addition, the Ministry undertakes medical surveillance of working population through medical examination of workers in hazardous occupations. Currently, the Ministry runs an occupational and health clinic at the headquarters of the Directorate of Occupational Safety and Health Institute. With the opening of county offices, the Ministry will set up 3 regional clinics where doctors and nurses will be operating from. Thus the Ministry will require KShs. 25 million to procure 3 mobile clinical buses to ensure compliance with OSHA and WIBA.

11. Full operationalisation of Occupational Safety and Health (OSH) Fund - Ksh. 12.5 Million

The Government through the Ministry of Labour has established the Occupational Safety and Health Fund, as provided for in the Occupational Safety and Health Act 2007. The mandate of the Fund is to ensure the development and coordination of a sound and effective occupational safety and health system in the country. It is expected to support several key activities which include research, development and dissemination of OSH information materials, and holding of annual awards events for outstanding performance in safety and health at enterprise level. The Occupational Safety and Health (OSH) Funds rules were gazetted in the Legal Notice No. 14 of 11th February 2011. The Ministry was allocated Kshs. 7.5 million for the fund in 2011/12 Financial Year. In order to effectively operationalize the fund the Ministry requires KShs. 12.5 million in the 2012/13 financial year.

12. Hazardous Occupation Baseline Survey – Kshs. 40 Million

The Ministry is required to undertake medical surveillance which includes medical examination of workers exposed to occupational hazards specified in the second schedule of Occupational Safety and Health Act (2007). The medical examinations involve audiometric tests to establish whether workers' health is affected and improve safety and health in the industry. As a result there is need to carry out a baseline survey to determine the various sectors with hazardous occupations, the numbers of workers exposed to hazards and any control measures that may be in place. To carry out the survey the Ministry will require an additional KShs. 40 million for this exercise in 2012/13 financial year.

13. Development of Wages and Income Policy – Kshs. 20 Million

The Ministry will develop Wages and Incomes Policy in line with Salaries and Remuneration Commission for the public sector which has been provided for under Section 230 of the Constitution. The Incomes and Wages Policy is also anchored under section 41 of the constitution (Bills of Rights) as well as Labour Institutions Act, 2007 which require that every employee has a right to fair remuneration and reasonable working conditions. This policy is one of the projects provided for in the First Medium Term Plan and is expected to provide a framework and necessary guidance on wages levels, wage formation and adjustment mechanism and wage administration issues to be applicable in the country. The Ministry will require a total of KShs. 20 million for this activity.

14. Full Operationalization of the 2007 Revised Labour Laws – Kshs. 10 Million

The Ministry is mandated to enforce the Labour Institutions Act (2007), the Employment Act (2007) and the Labour Relations Act (2007). In discharging of its mandate, the Ministry is expected to study and review the situation of the employed, unemployed and underemployed persons, taking into account national laws and regulations concerning conditions of work, working life and terms of employment, and draw attention to defects and abuses of such

conditions and terms. To effectively undertake the above, the Ministry is required to undertake the following studies;

- (i) Carry out a viability study to facilitate establishment of floriculture wages council and Domestic Wages Council
- (ii) Establish the cost of doing business and competitiveness within the new Constitution dispensation and implication of implementing the revised Labour Laws
- (iii) Implementation of Alternative Dispute Resolution Mechanisms (ADRM) as provided for under the revised Labour Laws and the new Constitution
- (iv) On implementation of UN Convention on the right of the child in line with ILO Convention 138 on minimum wages and 182 on worst forms of child labour which is also a statutory obligation under the provision of the Employment Act 2007

To carry out the above research/studies the Ministry will require KShs. 10 million in the 2012/13 financial year.

15. Micro and Small Enterprise (MSE) Baseline survey – Kshs. 20 Million

The growth and development within the MSE sector depends on the extent to which good and properly targeted policies and interventions can be implemented in the sector. However, this cannot be achieved without an accurate profile of the sector in terms of all its facets. Therefore, there is need to carry out a Micro and Small Enterprise Baseline Survey to update information about the MSE's operations in the country. The last MSE baseline survey was carried out in 1999. The Ministry has not been able to carry out subsequent surveys which are supposed to be undertaken every 10 years due to inadequate funding. The Ministry requires an initial KShs. 20 million to enable it carry out this survey.

16. Capacity Building for Productivity Centre of Kenya-Kshs. 35 Million

The Ministry has completed study on conversion of Productivity Centre of Kenya into a Productivity and Competitiveness Commission. This will entail the establishment and maintenance of a more effective and broad-based institution for the implementation, monitoring and overall coordination of all productivity improvement efforts in the country. The Ministry will require an additional funding of KShs. 35 Million in the 2012/13 Financial Year to strengthen the capacity of the institution.

4.0 PERFORMANCE AND IMPLEMENTATION OF PROJECTS IN 2011/12 FY

The following are the key achievements for the Ministry in 2011/12 Financial Year;

Promotion of Harmonious Industrial Relations

- The Ministry has resolved 9,242 reported industrial disputes and reduced the time taken to resolve reported industrial disputes. This has been reduced from 12 months at the beginning of the 2010/11 Financial Year to an average of 3 months, down from 4 months in the same period within the previous Financial Year.

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- A total of 9,872 workmen's compensation cases have been processed out of which 198 claims have been settled amounting to KShs. 130 million.
- The Ministry has carried out 8,580 workplace inspections aimed at increasing compliance with labour laws.
- Ministry has established Labour Market Institutions such as National Labour Board, General Wages Councils, Agricultural Wage Council, Building and Construction Wages Council, Rules Board for the Industrial Court of Kenya, National Council for Occupational Safety and Health and Occupational Safety and Health Fund.

Arbitration of Industrial Disputes

- The Employment and Labour Relations Court Bill, 2011 was enacted by Parliament in August, 2011. The Court is one of the institutions provided for by the Constitution of Kenya, 2010. The Bill upgrades the status of the Industrial Court to that of the High Court.
- The Industrial Court has arbitrated and awarded 611 trade disputes within the current year.
- The Ministry has secured premises for the establishment of a regional Industrial Court in Kisumu. Refurbishment works in the Mombasa regional Court are on-going.

Provision of Occupational Safety and Health services

- A total of 7,869 members of Occupational Safety and Health committees and other workers were trained on occupational safety and health matters.
- 4,919 hazardous industrial equipments were examined to enhance safety at workplaces.
- Construction of the Occupational Safety and Health Institute is at 41% completion level.
- 32,744 workers in hazardous occupations were examined and action taken on the affected cases.

Human Resource Planning and Development

- Data collection exercise for the National Manpower Survey was completed in August, 2011, data entry and cleaning exercise is on-going to pave way for the data analysis.

Employment Promotion

- A total of 4,558 jobseekers were placed in employment through the Public Employment Services.
- A Draft National Employment Policy has been developed and validated by the stakeholder awaiting submission to Cabinet
- Draft Diaspora Policy has prepared awaiting stakeholders validation

Provision of Industrial Skills in the Country

- The Industrial Training Amendment Bill, 2009 was enacted by Parliament. The Act, effectively transformed the Directorate of Industrial Training (DIT) into a semi-autonomous organization, the National Industrial Training Authority (NITA).
- All the 78,282 candidates who registered for Trade Testing were examined and certified.
- The Ministry trained 3,555 students in the relevant industrial skills and attached 8,110 students in industry to expose them to the world of work.
- Expansion and upgrading of the Technology Development Centre (TDC) is on going and 46 members of staff were trained in Korea on new technologies
- Expansion and refurbishment works were carried out in four industrial training centres; the Kenya Textile Training Institute (KTTI), National Industrial Vocational and Industrial Training Centre (NIVTC), Mombasa Industrial Training Centre (MITC) and Kisumu Industrial Training Centre (KITC).

Productivity Improvement, Awareness, Measurement and Promotion

- National Productivity Policy and Bill has been developed
- Productivity improvement programmes have been implemented in 11 enterprises from public and private sector
- Trained 150 Productivity Technical Service Providers (TPSs) from public and private sector

Micro and Small Enterprise (MSE) Development

- The Micro and Small Enterprise (MSE) Bill was finalized and submitted to Cabinet. The Bill has been tabled in Parliament and has undergone the second reading
- 893 Micro and Small Enterprise (MSE) operators were facilitated to attend local, regional and international exhibitions and trade fairs.
- 314 Micro and Small Enterprise (MSE) operators were trained on entrepreneurship.
- Carried out rehabilitation works in of various MSE worksites across the country.

5.0 CRITICAL POLICY AND LEGAL REFORMS FOR 2012/13 FY

The Ministry Strategic Plan 2008-2012 incorporates a number of policies, legal and institutional framework which are also outlined in the Kenya Vision 2030. The frameworks are expected to enhance the Ministry's capacity to enhance its mandate. The Ministry is at advanced stages in the formulation of the following policies and legal framework:

5.1 Policy and Legal Reforms

- (i) National Occupational Safety and Health at Workplace Policy:** To provide a framework within which occupational safety and health issues will be integrated into management systems in both private and public sectors of the country.
- (ii) Productivity Policy:** To provide strategic direction on productivity management in the country and its supporting systems.
- (iii) Policy on Child Labour:** To guide the intervention measures aimed at eradicating Child Labour through harmonization and coordination of the various actors.
- (iv) Industrial Training and Attachment Policy:** To improve quality and efficiency of industrial training, and promote and enhance industrial attachment and apprenticeship systems in the country.
- (v) Employment Policy:** To facilitate mainstreaming of employment creation and putting in place strategies programme to promote employment creation in the country.
- (vi) Labour Export Policy:** To ease unemployment through promotion of foreign employment while at the same time safeguarding the interest of the workers.
- (vii) Diaspora Policy:** To provide the required legal and institutional frame work for Kenyans in the Diaspora to participate in the development of the Country.
- (viii) Wages and income policy:** To provide the framework and necessary guidance on wage levels, wage formation and adjustment mechanisms, and other wage administration issues to be applicable in the country.
- (ix) Micro and Small Enterprise (MSE) Act:** An MSE Act will be formulated and enacted to ensure legislative recognition of the sector and provide an appropriate legal framework supportive to its growth. The Act will also provide for a National Council for Small Enterprises (NCSE).
- (x) Productivity Bill:** To provide the legal and institutional framework for productivity management in the country.

5.2 Institutional Reforms

(i) Strengthening of Labour and Social Dialogue Institutions

Strong institutions of social dialogue are critical for achievement of industrial democracy, productivity and labour market efficiency. The Ministry established the following labour market institutions; National Labour Board, the Rules Board for the Industrial Court of Kenya, the Wages Councils, the National Council for Occupational Safety and Health (NACOSH), Occupational Safety and Health Fund and Occupational Safety and Health

Institute. The main priority is capacity building for the institutions to enable them effectively deliver on their mandates.

(ii) Strengthening the Productivity Centre of Kenya

The institutional capacity of the Productivity Centre of Kenya, which is mandated to spearhead productivity management in the country, is being strengthened and its legal status reviewed.

(iii) Transformation of the Directorate of Industrial Training (DIT) into a Semi-Autonomous Government Agency

To promote industrial training in the country and enhance the flexibility and effectiveness of the Directorate of Industrial Training (DIT) in discharging its mandate, the Directorate is being transformed into a Semi-Autonomous Government Agency (SAGA) – National Industrial Training Authority (NITA).

6.0 AUTONOMOUS AND SEMI-AUTONOMOUS GOVERNMENT AGENCIES

- **National Social Security Fund (NSSF)**

The Ministry will facilitate the review of the National Social Security Fund Act to provide for conversion of NSSF from a provident fund to a pension scheme with a view to enhancing social protection for a greater population of workers, including those in the informal sectors. NSSF is financially independent and does not get exchequer support.

7.0 RECOMMENDATIONS

For the Ministry to achieve its goals and objectives the following should be carried out:

- The Ministry requires funding to enable it to recruit the necessary staff in order to enhance service delivery. The gross under allocation of resources combined with the inadequate and untrained staff especially in the field offices has severely affected delivery of services. The problem is likely to be aggravated by the establishment of county governments which will require staff from the Ministry. The current number of officers is hardly sufficient for full staffing of the proposed counties. At present, the Ministry is operating with only 35.9 percent of the required staff and requires additional funding to recruit additional staff both in technical and support departments.
- In order to improve service delivery, there is need to build capacity of the existing staff through continuous training in critical skills for improvement of individual competencies. Provision of working tools and improvement in working conditions should also be prioritized if competencies, staff morale and commitment are to be improved. The Ministry has already posted 124 officers in the Counties and most of them do not have offices and the required tools and furniture.
- There is need for increased funding to enable the Ministry operationalize various activities arising from the enactment of the revised Labour laws. A number of Labour Market Institutions were to be established and operationalized to implement the new labour laws effectively. In addition, the capacity of the staff in the Ministry and the established institutions should be strengthened to implement these laws effectively. All these calls for deliberate efforts towards increased funding for these activities. In addition, several provisions in the new Labour Laws have tremendously increased the workload of the Ministry hence the need to urgently open up new offices and recruit more technical staff.
- The Ministry requires urgent funding for full implementation of Kenya Vision 2030 flagship projects and programmes which include;
 - Development of a National Human Resource Database
 - Development of an Integrated Human Resource Development (IHRD) Strategy
 - Strengthening of linkages between industry and training institutions
 - Productivity improvement, measurement and promotion
 - Development of Micro and Small Enterprise (MSEs) Centres of Excellence
 - Development and implementation of key policies outlined in the First Medium Term Plan of the Kenya Vision 2030 to enable the Ministry discharge its mandate effectively (Employment, Occupational Safety and Health, Productivity, Industrial

Training and Attachment, Labour export, Child labour, Wages and Income, Diaspora and Social Security Policies).

- There is need to increase funding for the rehabilitation and upgrading of the following Industrial Training Centres: Kenya Textile Training Institute (KTTI), National Industrial Vocational and Industrial Training Centre (NIVTC), Mombasa Industrial Training Centre (MITC) and Kisumu Industrial Training Centre (KITC). Rehabilitation and upgrading of the centres will enable the country undertake the industrial training capable of meeting the aspirations of the Kenya Vision 2030.
- There is need to substantially increase funding for Micro and Small Enterprises (MSEs). This will enable the Ministry to complete stalled and on-going works in MSE worksites across the country. Some of these sites are in dilapidated conditions and continue to deteriorate due to lack of funding for their completion.
- Allocate funds to enable the realignment of the Ministry programmes and activity to the provisions of the new Constitution.
- The Medium Term Plan 2008-2012 and the Ministry Strategic Plan 2008-2012 identified policy and legal reforms as critical in the achievement of the Ministry's mandate. Towards this, the Ministry has formulated several policies and bills. These are: the draft National Employment Policy and strategies for Kenya; National Occupational Safety and Health Policy; National Industrial Training and Attachment Policy; National Productivity Policy; Child Labour Policy; Diaspora Policy; Social Protection Policy; Micro and Small Enterprise (MSE) Bill; and the National Productivity Bill. However, there is inadequate funding to facilitate the finalization of some of the above policies. The Ministry will therefore, require the support of the National Assembly in mobilizing resources and facilitating the approval and enactment of the policies and bills respectively.