



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



MARCH 2018



# PERFORMANCE AUDIT REPORT ON OPERATIONALIZATION OF CONSTITUENCY INDUSTRIAL DEVELOPMENT CENTRES

MINISTRY OF INDUSTRIALISATION AND  
ENTERPRISE DEVELOPMENT

### **Vision**

Effective accountability in the management of public resources and service delivery

### **Mission**

Audit and report to stakeholders on the fairness, effectiveness and lawfulness in the management of public resources for the benefit of the Kenyan People.

### **Core Values**

Independence, Integrity, Professionalism, Innovation and Team Spirit.

### **Motto**

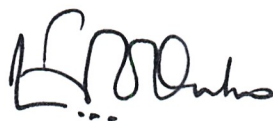
Enhancing Accountability

## - **Foreword by the Auditor – General**

I have the honour to present this performance audit report that examines the operationalization of Constituency Industrial Development Centres (CIDs) by the ministry of Industrialisation and Enterprise Development. My Office carried out the audit under the Public Audit Act, 2015. Section 36(1) of the Act mandates me to examine the economy, efficiency and effectiveness with which public money has been expended pursuant to Article 229 of the Constitution.

Performance Audits together with Financial and Continuous Audits form the three-pillar audit assurance framework that I have established to give focus to the varied and wide scope of audit work done by my Office. The framework is intended to give assurance to stakeholders that public resources are not only correctly disbursed, recorded and accounted for but that they also have a positive impact on the lives of all Kenyans. The overriding goal of our performance audits is to promote delivery of public services of outstanding quality to Kenyans.

I have submitted the original copy of the report to the Clerk of the National Assembly, for tabling in Parliament in accordance with Article 229 (7) of the Constitution. In addition, I have remitted copies of the report to the Cabinet Secretary for Ministry of Industrialisation and Enterprise Development. I wish to express my appreciation for the co - operation and assistance afforded to the audit team by the officers from the state department of industry.



**FCPA EDWARD R.O. OUKO, CBS**

**AUDITOR-GENERAL**

**6 MARCH 2018**

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## LIST OF ABBREVIATIONS

CIDCs	-	Constituency Industrial Development Centres
CPTC	-	Constituency Project Tender Committee
DIDO	-	District Industrial Development Officer
ESP	-	Economic Stimulus Project
GoK	-	Government of Kenya
ID	-	Industrialisation Directorate
INTOSAI	-	International Organisation of Supreme Audit Institutions.
K.I.E	-	Kenya Industrial Estates
KIRDI	-	Kenya Industrial Research and Development Institute
KPLC	-	Kenya Power and Lightning Company
MoIED	-	Ministry of Industrialisation and Enterprise Development
MoL	-	Ministry of Labour
MSEA	-	Micro and Small Enterprise Authority
MSMI	-	Micro, Small and Medium Industries
NMC	-	Numerical Machining Complex
NS	-	National Secretariat
OAG(K)	-	Office of the Auditor General (Kenya)
SPMC	-	Stimulus Project Management Committee

## **GLOSSARY OF TERMS**

- Beneficiaries/Users** – Individuals or enterprises that will use the CIDCs
- CIDCs** – A set of Workshops built for use by micro and small enterprises
- Common manufacturing facilities** – Shared work space and other facilities like tools and equipment
- Constituency** – An area represented by a member of parliament in Kenya. When the project was initiated in 2009/10 there were 210 constituencies but were later increased to 290 in 2013
- Incubation** – Is providing start-ups/young businesses with work space, necessary tools and equipment and technical expertise for 5 years
- 'Jua Kali'** – Small scale craft or artisanal activities working in the open environment/area also known as micro and small enterprises
- Occupation of CIDCs** – Having a 'Jua kali' association put into use the CIDCs
- Operationalization** – Equipping, having in place a framework for managing the CIDC, identifying beneficiaries and putting it into use
- Start-up enterprises** – A business or undertaking that is beginning operation

## EXECUTIVE SUMMARY

### Background to the Audit

1. The Economic Stimulus Programme (ESP) was a programme initiated by the government of Kenya through the Ministry of Finance in 2009/10 to boost economic growth and lead the Kenyan economy out of a recession situation brought about by economic slowdown which saw the growth rate decline from 7 % in 2007 to 2.6 % in 2009.
2. Constituency Industrial Development Centre (CIDC) was among the projects initiated under the ESP programme. The project entailed construction and equipping of workshops commonly known as 'Jua Kali' centres in each of the 210 constituencies in Kenya. The first phase of the project which was to start in June 2009 and expected to be completed by June 2010 entailed construction and equipping of a four roomed workshop in each of the constituencies. The then Ministry of Industrialisation and Enterprise Development (MoIED) was tasked with implementing the project.
3. The CIDCs were meant to provide facilities to support individuals and start up enterprises in the "Jua Kali" (micro and small enterprises) sector. The facilities were meant to help them overcome bottlenecks such as work space and provide common manufacturing equipment e.g. lathe and welding machines. This was expected to help 'Jua Kali' artisans to move to mechanized production so that they can produce standard goods of quality in order to make them more competitive in the market thus improving the standards of living for local communities through job creation and improved income.
4. The CIDCs were to be constructed, equipped and operationalized within 12 months

but 6 years later none of them have been operationalized as per the objective of the project despite the government having allocated Kshs. 735 million to the project. It is for these reasons that the Auditor General considered it important to conduct a performance audit on the operationalization of the CIDCs.

### The objective of the audit

5. The objective of the audit was to establish the factors that were hindering the operationalization of the CIDCs and the extent to which the ministry has put in place measures to ensure that they are operational and meet user needs.

### The Scope of the Audit

6. The audit focused on examining the activities of the Ministry and MSEA with regard to operationalizing of all completed CIDCs in the country for the period between 2009/10 to 2015/16. These activities included development of a management framework, identification of beneficiaries and equipping of the CIDCs. The ministry had 22 offices across the country where the field officers were stationed. The team therefore sampled nine out of the 22 zones. These zones were; Meru, Kitui, Nyeri, Nakuru, Eldoret, Kakamega, Kisumu, Kisii and Mombasa and they were selected by cluster sampling i.e. dividing the population into former provincial boundaries (geographically). The team then purposefully sampled 37 CIDCs in these 9 zones.

### Summary of the Findings

7. The CIDC project was to be operationalized after the workshops are built to completion and equipped. However the Ministry has not operationalized any of them despite completion of 85% according to a status report dated 31 March 2014. The report

documentary review revealed that inadequate planning and inefficiencies in implementation has affected operationalization and hence the achievement of the project objectives as discussed below

### **Inadequate planning at the Initial Stages of the Project**

8. Good project management practices identify planning as the most essential phase for any project. Planning is the foundation of the other phases of the project and therefore it should be done well. However, the CIDC project was not adequately planned as the necessary guidelines were not developed, feasibility study and awareness was never carried out and the implementation phases were not well defined as explained below;

#### **I. Implementation Framework Lacked the Necessary Guidelines for the Project**

9. The ESP framework lacked guidelines on use and sustainability of the project. This was partly because the objective of the programme was to jump start the economy. Therefore, the emphasis was on construction phase of the project that was expected to have a multiplier effect in the economy within a short time. Feasibility study for the CIDC project was also not carried out. As a result there were no plans for use and sustainability of the CIDCs and therefore the ministry was faced with difficulties on how to operationalize them.

#### **II Awareness was not Carried out Among Beneficiaries**

10. According to the ESP guidelines, the beneficiaries of the CIDCs were to be sensitized on the use and sustainability of the centres. However, the beneficiaries were not sensitized on the use and sustainability of the centres.

not aware of their role in use and management of the centres. Out of the 37 CIDCs visited, beneficiaries in 14 CIDCs only knew about the project because they had been involved in the process of land identification but were not aware of their role in the implementation of the project. This has posed a challenge in bringing them on board to occupy the CIDCs.

#### **III. Project Implementation Phases not Clearly Defined and Planned**

11. The master plan of the project was to be implemented in phases, but only phase one of the project was defined and funded. The other phases of the project were not defined at the initial stage of the project and there were no plans available on how they were to be implemented. The ministry at one point asked for funding for phase two structures but this was not availed. Phase I is only a small part of the project master plan and without implementation of the whole plan, the long term objective of the project may not be achieved.

#### **Inefficiencies in the Implementation of the project**

12. Phase I of the project was to be operationalized after the workshops are built to completion and equipped. Documentary review shows that as far back as June 2011, 55 or 26% of CIDCs had been completed therefore the ministry should have foreseen the problem and planned for operationalization. By March 2014, 85% of the CIDCs had been completed but still nothing had been done to operationalize them. Inefficiencies in implementation have contributed to failure to operationalize the CIDCs but this is a gap for public funds to be used for operationalization.

## I. **Delay in developing a framework for management of the CIDCs**

13. One of the specific objective of phase one of the project was to put in place a management framework for the CIDCs. The framework was meant to help in control and management of tools and equipment bought, in order to ensure sustainability of the project. However, the ministry is yet to put it in place this framework 6 years since the project was meant to be operational. This is mainly because the framework was never defined at the initiation of the project and also the national secretariat that was responsible for developing this management framework ceased to be functional after the end of ESP programme in the financial year 2011/12. The ministry did not constitute a management team to spearhead the implementation of the project thereafter which has affected the direction of the project. Delay in development of a framework has in turn led to the delay in delivering of tools and equipment to the centres and identification of beneficiaries as discussed.

### a) **Delay in delivery of Tools and Equipment**

14. Once the construction phase was completed and tools and equipment bought, it was expected that they would be delivered to the CIDCs for use by the beneficiaries as early as June 2010. Physical verification by the audit team confirmed that the tools and equipment worth approximately Kshs. 357 million had been bought by the end of financial year 2011/12 but had not been delivered to the CIDCs except in only 9 CIDCs. The equipment's are instead being held in three different warehouses in Nairobi: at Kenya Industrial and Research Development Institute, Numerical Machining Complex and Micro and Small Enterprises Worksite in Kasarani. This

the CIDCs continue being idle and open to vandalism

15. Further, it has been established that tools and equipment worth approximately Ksh.63 million have since been stolen from the warehouse at KIRDI while Ksh 32 million or 15% of the funds initially allocated for purchase of tools and equipment was used to purchase non-essential items notwithstanding that the budgeted allocation was very limited. Thus the tools and equipment available may not be adequate for operationalization of all the CIDCs.

### b) **Delay in identification of intended Beneficiaries**

16. The beneficiaries of the project were to be individuals and entrepreneurs with technical skills, viable project ideas and should not have been in business for more than 3 years. Because the management framework had not been put in place the ministry delayed the identification of the beneficiaries leaving the CIDCs unutilised for long and thus they became prone to vandalism. As a result they had to hire security services at an additional expense. Review of documents revealed that the ministry had incurred a total of Ksh.120 million for hire of security services by the time the CIDCs were handed over to MSEA in January 2015, an expenditure which could have been avoided had the CIDCs been put into operations.

## II. **Lack of guidelines and follow-up during piloting of two(2) CIDCs**

17. The essence of piloting in any project is to experiment in small scale in order to learn how the project will work in practice once it's rolled out. The ministry engaged KIE for the piloting of Kiamba and Sironi CIDCs at a cost of Kshs.2,000,000 in 2012. However, no guidelines were

issued on how the two centres were to be operationalised and no follow-up was done to ensure the two centres were operational. As at the time of the audit in February 2016, none of the CIDC was working. Thus the ministry did not benefit from what was intended in piloting the two centres despite incurring the cost of kshs.2 000,000 on the exercise. In addition tools and equipment estimated at Ksh 295,120 were stolen from Kitui CIDC.

### **Measures undertaken by the Ministry to ensure the CIDCs are Operational and meet user needs**

18. The Ministry has since involved the Micro and Small Enterprises Authority (MSEA) in putting the CIDCs into use. The authority's responsibility is promoting micro and small enterprises and one of its core activities is developing worksites for "Jua Kali" artisans. The Ministry signed an agreement with the Authority in January 2015 handing over to them 162 CIDCs as well as the tools and equipment purchased. According to the agreement, MSEA is in charge of operationalization and management of the CIDCs while the ministry continues to offer policy direction.
19. MSEA is also in the process of developing a Micro and Small Enterprises (worksite) regulation which is expected to guide the running of the CIDCs and other worksites under them. The regulations at the time of the audit in February 2016 had reached the Attorney General for his comment and would later have to be discussed by parliament.
20. MSEA's effort to ensure the CIDCs are put into use is however hindered by the association's reluctance to occupy the CIDCs because of the high cost of electricity and the high cost of transport to the sites.

### **I Most of the CIDCs are not connected to Electricity**

21. For the CIDCs to be operational there has to be power to enable the use of equipment. However, a status report dated March 2014 shows that 60% of the completed CIDCs were not connected to electricity. This was attributed to the uniform initial allocation of Ksh 200, 000 to each CIDC regardless of its location to the national electricity grid resulting into inadequate funds in cases where quotations from KPLC were higher than the available funds for installation. Other reasons for non-connection include incomplete wiring and where KPLC has already been paid but connection not yet done.

### **II. CIDCs sites located in unsuitable areas**

22. The ESP guidelines provided for set criteria in identifying suitable sites for the CIDCs. However, Physical verification of 37 CIDCs revealed that 32% of the CIDCs were constructed on sites that are not ideal for Jua Kali activities since they are far from the market centres. As a result most 'Jua kali' groups and individuals are not willing to occupy such centres since they prefer to make and display their products closer to the buyers.

### **Conclusions**

23. The Ministry has not achieved its intended objective of providing 'Jua Kali' artisans with workshops fitted with tools and equipment in order to support them in being more competitive in the market by manufacturing standardized goods of high quality.

The audit also identified the following factors

1. The Ministry did not have a clear strategy for the implementation of the CIDCs.
2. The Ministry did not have a clear budget for the implementation of the CIDCs.
3. The Ministry did not have a clear timeline for the implementation of the CIDCs.

project. Delay by the ministry to come up with management framework has in turn delayed the distribution of tools and equipment and identification of beneficiaries. Delay in developing of the framework is attributed to inadequate planning at the initial stages of the project and lack of prioritization of the CIDC project by the ministry. Failure to prioritize the project has led to the project being left idle for a long period without being operationalized. This does not only affect the achievement of the intended purpose of the project but also put at risk the public funds amounting to Kshs.1.468 billion so far invested in the project.

24. The Ministry doesn't have plans for implementation of the other phases of the project. Phase I of the project was a small part of the project master plan and its completion will not guarantee the achievement of the long term objective of the project of improving welfare of the local community by creating jobs and improving incomes and stimulating regional development
25. The Ministry being the implementing agency of the project had the duty to safeguard public resources and ensure value for money utilised in the project. However some of the decisions and actions taken by the ministry has led to loss/wastage of public resources. This demonstrates lack of accountability in the implementation of the project as result of absence of a project steering team and non-prioritisation of the project.
26. The Ministry through MSEA has been trying to put into use the CIDCs by allocating them to 'Jua Kali' Associations and facilitating artisans whom have not joined associations to join. However allocating to 'Jua Kali' associations is not in line with the initial objective of the project of providing vocational and common user facilities that have an employment value

only been delivered to 9 CIDCs. In addition it might be difficult in future to terminate the stay of this association in CIDCs once formal management structures are put in place.

27. MSEA is also coming up with a worksite regulation which will be key in management and control of the CIDCs. It is however, encountering challenges in identifying potential beneficiaries in order to put the CIDCs into use due to the lack of power connection and unsuitable sites.

### **Recommendations**

28. In order to speed up the operationalization of the CIDCs, it is important that the ministry establish and implement a management framework. Fast tracking the gazettelement of MSEA worksite management regulations will ensure that there is a tool to guide and direct the operations of the centres in order to ensure sustainability.
29. The Ministry and MSEA should prioritize the operationalization of the CIDC project to ensure that funds are allocated for connection to electricity. Setting of targets in terms of timeframe and expected outputs will also ensure that the centres are put into intended use in order to avoid further wastage of public resources.
30. The Ministry and MSEA should reassess user needs to identify the CIDCs which require and will use the available tools and equipment optimally. Subsequently, they should pilot a few CIDCs before operationalizing nationwide to help them do the required adjustments before rolling out the project to all the regions.
31. The Ministry should reassess available resources against the assessed needs and formulate new plans with the aim of achieving the objective of the project.

## CHAPTER 1

### BACKGROUND TO THE AUDIT

#### Introduction

1.1 The Constituency Industrial Development Centre (CIDC) Project was among 5 other projects initiated by the government of Kenya under the Economic Stimulus Programme (ESP) in the financial year 2009/10. According to the ESP guidelines, the programme was initiated by the Ministry of Finance to boost economic growth and lead the Kenyan economy out of a recession situation brought about by economic slowdown. The growth rate had declined from 7 % in 2007 to 2.6% in 2009 (Kenya Economic Survey 2008 & 2010).

1.2 The project entailed construction and equipping of workshops commonly known as 'Jua Kali' centres in each of the 210 constituencies in Kenya. The CIDCs were meant to provide facilities to support individuals and start up enterprises in the "Jua Kali" (micro and small enterprises) sector. The facilities were meant to help them overcome bottlenecks such as work space and provide common manufacturing equipment e.g. lathe and welding machines. This was expected to help 'Jua Kali' artisans to move to mechanized production so that they can produce standard goods of quality in order to make them more competitive in the market. Individuals and enterprises housed at the CIDCs were expected to be able to grow into self-sustaining businesses after incubation. This was aimed at improving the standards of living for local communities through job creation and improved income.

1.3 The Ministry of Industrialisation and Enterprise Development (MIED) was tasked with implementing the project. The minister, Mr

one of its key mandates as promotion of the development of micro, small and medium industries. The CIDC project is categorized under micro and small industries.

1.4 The project was initially expected to run from July to December 2009. This deadline was later extended to June 2010. However, by the end of June 2010 construction and purchase of tools and equipment had not been completed and these activities continued till the financial year 2011/2012.

#### Motivation for the audit

1.5 The Auditor-General authorized the audit after considering the following:

i. The government had allocated Ksh 735 million on construction and equipping of CIDCs in the financial year 2009/10. We are now in the sixth year since the project was initiated and there are concerns that the CIDCs are not yet operational despite tax payer's money being used to construct and procure equipment. The equipment may become obsolete while the buildings may be prone to vandalism because they are idle.

ii. According to the Kenya Economic Survey 2015, the informal sector contributes 18.4 percent of the gross domestic product by providing goods and services, promoting creativity and innovation as well as enhancing entrepreneurial culture. The sector had the largest share of employment in Kenya accounting for 82.7% of the total jobs in 2014. It was therefore a great idea for the government to facilitate the sector by providing the workshops and equipment.

iii. The interest in the project by parliamentarians as recorded in the Parliamentary Record of 17 April

<sup>1</sup> The Ministry of Industrialisation and Enterprise Development (MIED) was tasked with implementing the project. The minister, Mr

<sup>2</sup> Kenya Economic Survey 2015, the informal sector contributes 18.4 percent of the gross domestic product by providing goods and services, promoting creativity and innovation as well as enhancing entrepreneurial culture.

2014 where members raised questions regarding the status of the CIDs project. The questions ranged from how much had been spent on the project, whether tools and equipment had been bought, delivered and whether the centers were operational.

- iv. The Kenya Vision 2030 aims at transforming Kenya into a newly industrialising middle income country. CIDC was one of the initiatives through which government intended to achieve this objective through supporting micro and small enterprises to produce more standardized products that would compete well in the market therefore contributing to industrialization as well as creating employment opportunities. Therefore, the need to ensure the CIDs is operational.

## **CHAPTER 2**

### **DESIGN OF THE AUDIT**

#### **Objective of the Audit**

- 2.1 The objective of the audit was to establish the factors that were hindering the operationalization of the CIDs and the extent to which the Ministry has put in place measures to ensure that they are operational and meet user needs.
- 2.2 The audit sought to answer the questions,
  - i. What factors are hindering the operationalization of the CIDs?
  - ii. What measures has the ministry put in place to ensure that the CIDs are operational and meet user needs?

#### **Audit Scope**

- 2.3 The audit focused on examining the activities of the Ministry and MSEA with regard to operationalizing of all completed CIDs in the country for the period between 2009/10 to 2015/16. These activities included development of a management framework, identification of beneficiaries and equipping of the CIDs.
- 2.4 The ministry had 22 offices across the country where the field officers were stationed. The team therefore sampled nine zones out of these 22 zones. These zones were, Meru, Kitui, Nyeri, Nakuru, Eldoret, Kakamega, Kisumu, Kisii and Mombasa and they were selected by cluster sampling (i.e. dividing the population into former provincial boundaries geographically). The team then purposefully sampled 9 CIDs in these 9 zones.

## Methodology of the Audit

- 2.5 We conducted the audit in accordance with performance auditing guidelines issued by the International Organization of Supreme Audit Institutions (INTOSAI) and audit policies and procedures established by the Office of the Auditor General, Kenya (OAG). The guidelines and policies fulfil the requirements of the International Standards on Auditing (ISA).
- 2.6 The methods used to conduct the audit included documentary review, interview and physical inspection. Interviews were conducted to understand how the CIDC project was initiated, planned and implemented. The list of people interviewed and the purpose of the interview is shown in **Annexure 1**. The team reviewed the ministry's strategic plan 2008-2012, Draft strategic plan 2013-2017, ESP guidelines and CIDC project documents as shown in **annexure 2**. In addition the team carried out physical inspection of 37 CIDCs in 9 zones to assess the status of projects.

## Audit Criteria

- 2.7 The audit team assessed the operationalization of the CIDC project against criteria drawn from the ESP guidelines, project implementation guidelines and generally accepted project management practices. Other criteria were drawn from agreement to handover the CIDC by the ministry to MSEA. The sources of the audit criteria are shown at **Annexure 3**. The specific assessments criteria applied in the audit are:
- i. The ministry was to put in place functional management for all the CIDCs.
  - ii. The ministry was to identify and select beneficiaries of the project.
  - iii. The Ministry was to set up the CIDCs to incorporate the ministry's guidelines.

- iv. The ministry was to develop a work plan for implementation of the activities of the project.
- v. Good project management practice requires the key stakeholders of a project are engaged.
- vi. Project implementation guidelines i.e site selection guidelines

## CHAPTER 3

### DESCRIPTION OF THE AUDIT AREA

#### Background Information

3.1 In 2008, Kenya like many other countries in the world faced global and national economic challenges which were threatening the economic growth and stability. To address these challenges the government through the then Ministry of Finance designed the ESP in the financial year 2009/10. According to the ESP guidelines the programme was aimed at jumpstarting the economy back to the long term growth path, securing the livelihoods of Kenyans and addressing the regional imbalances. It focused on sectors that would generate maximum benefits, restore confidence of Kenyans, and assist the business community to weather the storm, while also protecting the livelihood of the poor and creating employment for the youth. The CIDC project was among the projects initiated under this programme and the Ministry of Industrialization and Enterprise Development was tasked with implementing the project.

#### The CIDC Project

3.2 The project entailed construction and equipping of workshops to be used by Kenyans in the informal sector commonly known as 'Jua Kali' sector. The 'Jua kali' sector is an informal sector where members often operate in open air or semi-permanent structures because they cannot afford rent. They use simple technology and often lack electricity and running water (M. W.K. Petronella)<sup>2</sup>. The objective of the CIDC project was to provide work space and common manufacturing equipment e.g. lathe and welding machines with a view of moving the 'Jua Kali' artisans to mechanized manufacturing processes which

produce goods of better standard in order to make them more competitive in the market.

3.3 The master plan prototype was designed on a two acre plot. The design was to have three categories of workshops in terms of size of 27, 50 and 100 sq. meters all completely serviced with similar sized backyards. It was to include an administration block with a resource centre, common facility centre, three toilets, display area and complete infrastructure including water reservoir, lighting, roads and a perimeter wall. The CIDC sketch and design is shown at **Annexure 4**. The project was designed to be implemented in phases. What was being implemented under ESP in the financial 2009/10 was phase I of the project.

#### Phase I of the Project

3.4 This entailed construction and equipping of four roomed typical workshops (each measuring 27m<sup>2</sup>), four door executive pit latrine and installation of two 6000 litre water tanks in all the 210 constituencies.

3.5 The specific objectives of phase I of the project entailed construction of CIDCs in the 210 constituencies, equipping them with appropriate tools and equipment and putting in place a functional management framework for them to operate. Thereafter, beneficiaries of the project were to be selected and a sustainable mechanism for provision of technical and business development services put in place.

#### Statutory Mandate of the Ministry

3.6 The MoIED's mandate at the initiation of the project was derived from the presidential Circular No.1/2008 of May 2008. The mandate as per the circular was to formulate industrial development policies and strategies. The ministry's mandate was to formulate, implement and monitor the industrial development policies and strategies.

<sup>2</sup> M. W.K. Petronella, *Industrialization and Enterprise Development*, p. 10.

development. This is spelt out in the Executive Order No. 2/2013 of May 2013.

- 3.7 One of the key mandates of the ministry that is relevant to the CIDC project is to develop micro, small and medium industries. In line with this mandate, the ministry set one of its strategic objectives as promotion of the development of micro, small and medium industries in its strategic plan of 2008-2012. The strategic plan describes Micro, Small and Medium Industries as the foundation for inculcating an entrepreneurial culture while also supporting rural industrialization.

### **Policy, Act and Regulatory framework**

#### **3.8 Economic Stimulus Programme Guidelines of 2009**

Section two of the ESP guidelines lays down the objectives of the CIDC project and procedures for implementation of the project.

#### **3.9 Sessional Paper No. 9 of 2012 on The National Industrialization Policy Framework for Kenya**

The sessional paper gave policy measures on how to unlock the potential of Micro, Small and Medium Industries. One of the measures was by fast-tracking the enactment of the Micro and Small Enterprises Bill.

#### **Micro and Small Enterprises Act 2012, (Part V)**

- 3.10 Section (47) of the act provides that the Micro and Small Enterprises Authority shall advise and facilitate relevant government ministries and other agencies in developing worksite management policy, provide suitable infrastructure including worksites, social amenities, business information centres, model centres of excellence, common usage facilities and other facilities necessary for development of micro and small enterprises.

### **Administrative and Implementation Framework**

- 3.11 The ministry had overall responsibility for implementation of the project through the Directorate of Industrialisation. Two committees were formed at the ministry's headquarters namely; project steering committee and national secretariat. There were also two other committees formed as per the ESP guidelines at the constituency level; stimulus programme management committee and constituency project tender committee. The roles and responsibilities and functional relationship of the committees are described below:

- 3.12 The project steering committee was chaired by the permanent secretary in the Ministry of Industrialization and Enterprise Development. The committee was to provide guidance on overall project implementation, advice on policy issues and approve the programme implementation strategy. The secretariat was also to develop the criteria for selection and make final decision on the beneficiaries in each constituency.

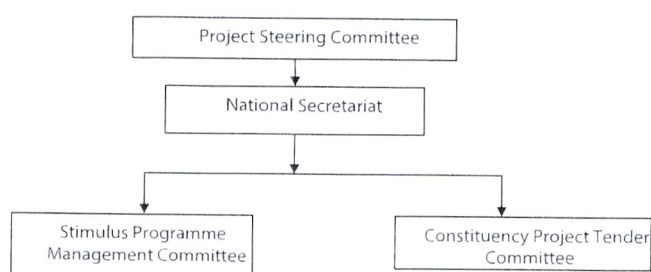
- 3.13 The national secretariat had the responsibility of the overall project formulation, implementation, management and reporting. The secretariat was supposed to develop project implementation strategies, develop and disseminate operational guidelines for the project implementation, provide technical support at all levels of implementation and enhance collaboration and networking with relevant stakeholders.

- 3.14 The stimulus project management committee was based at the constituency level and comprised of all the district heads of departments of the various ministries and the relevant ESP committees. Further information on the administrative and implementation framework is provided in the following sections.

development officer was a member and was supposed to chair the CIDC Component. The committee was charged with the responsibility of identifying project locations, monitor implementation of the projects and make recommendations for payment.

- 3.15 Constituency project tender committee was based at the constituency level and was charged with the responsibility for adjudication and award of all the project contracts in the economic stimulus programme. The project is presented in **figure 1**.

**Figure 1: Project implementation structure**



Source: OAG analysis of MoIED data

### Process Description

- 3.16 The ministry established a project steering committee and national secretariat which had the overall responsibility for implementing the project. This was followed by development of strategies and work plan for the project and establishment of the CIDC committees at the constituency level. The field officers of the ministry and its parastatals were to be sensitized about the key activities of the project. The project had three key activities namely; construction of CIDCs, purchase of tools/equipment and operationalization of the CIDCs.

### Construction of CIDCs

- 3.17 The stimulus project management committee, in consultation with the local authorities, ministry of environment and housing, ministry of health, ministry of water and electricity, ministry of agriculture, ministry of labour and ministry of gender and social protection, developed a list of 100 constituencies to be targeted for the construction of CIDCs.

constituency using the site selection criteria shown in **Annexure 5**. The ministry in conjunction with its agencies and Ministry of Public Works developed the CIDC prototype design, bill of quantity and tender documents. The constituency project tender committee was in charge of the tendering process while the ministry of public works supervised the construction. According to a status report dated March 2014 85% of the 210 CIDCs have been constructed.

### Purchase of Equipment

- 3.18 The ministry and its agencies identified four categories of tools and equipment i.e. for automotive workshop, Metal workshop, Carpentry, Building and construction. These four categories were identified as most essential to the Jua Kali sector. The initial allocation for tools and equipment was Ksh 1 million per constituency. Based on this budget the ministry identified the most common tools and equipment under each category. Each constituency chose one out of these four categories. The ministry then procured these tools and equipment. Later on the ministry got more funding to buy lathe machines which were considered more important.

### Operationalization of the CIDCs

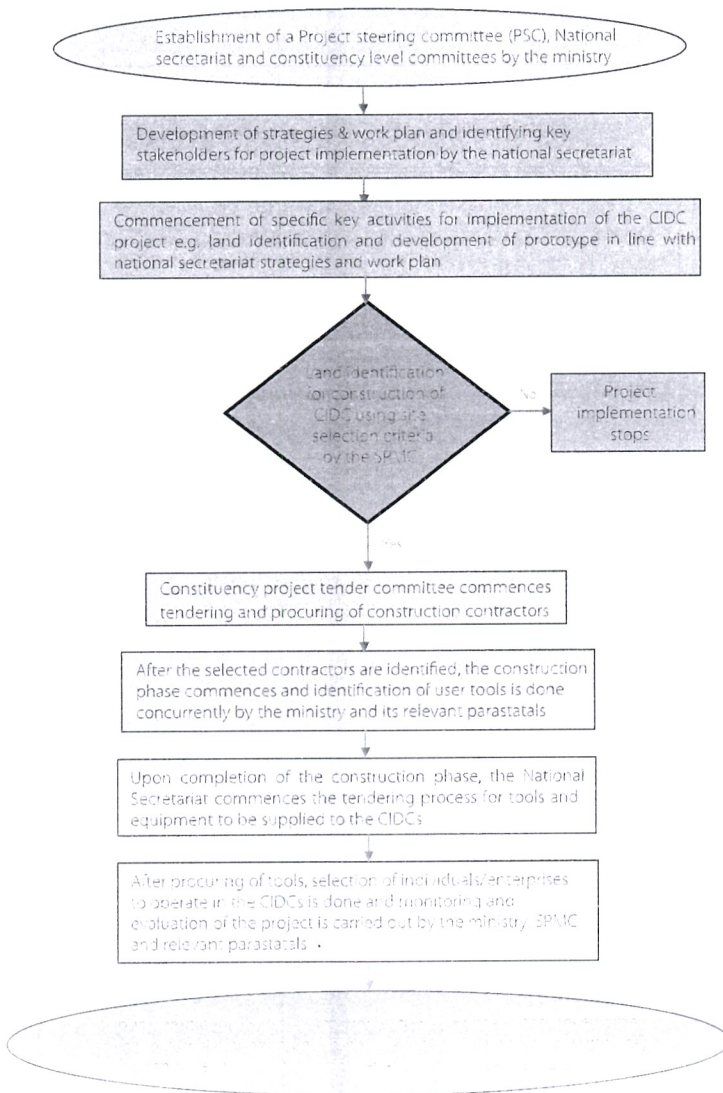
- 3.19 The National Secretariat was to select the beneficiaries to operate in the CIDCs in line with the criteria provided by the ESP guidelines. The CIDCs were meant to serve as incubation centers as well as common user facilities. As incubators, the centers were meant to provide start up enterprises with work space, tools and equipment at an affordable fee for a 5 year period after which incubates were supposed to vacate and allow others to come in. As common user facility, other artisans were to access the facilities at a nominal fee or on a first come first served basis.

3.20 The CIDCs required a management framework in order to function as both an incubation center and common user facility. The framework was intended to guide the daily operations of the CIDCs. It was to help in control and management of tools and equipment in the CIDCs to ensure sustainability of the project.

### Monitoring and Evaluation

3.21 The ministry was to form project monitoring and evaluation committees. The committees were to carry out at least one quarterly monitoring and evaluation at constituency level and at least 2 monitoring exercise at national level. The committee was expected to prepare monitoring and evaluation reports.

Figure 2: Process description for CIDC project



Source: FAO analysis of ministry documents

### Stakeholders of the project

3.22 Although the ministry had the overall responsibility for implementation of the project, there were other ministries and agencies that had critical roles in the implementation of the project. These stakeholders include;

#### Ministry of Public Works

3.23 The ministry of public works in collaboration with the ministry was to develop a prototype design, Bill of Quantities, tender document, certify construction equipment and supervise construction works for the CIDCs.

#### Agencies under the Ministry

3.24 Agencies under the ministry involved in the implementation of the CIDC project include; Kenya Industrial Estates (KIE), Kenya Industrial Research and Development Institute (KIRDI), Numerical Machine Complex (NMC) and Micro and Small Enterprise Authority (MSEA). The agencies collaborated with the ministry in identification of tools and equipment to procure.

3.25 In addition, NMC was given the role of assembling lathe machines, hydraulic presses, drilling machine and manufacturing of workbenches. KIE provided land for construction of 22 CIDCs and the ministry has handed over the 22 CIDCs to KIE for operationalization. The ministry signed an agreement with MSEA dated 26 January, 2015 to handover 162 CIDCs and equipment. KIRDI produced arc welding machines and provided storage for tools and equipment.

#### Local Authorities/County Governments

3.26 The Local authorities provided land for construction of 115 CIDCs

## Sources of Funding for CIDCs

3.27 The CIDC project derived funds for implementation from the National Treasury through the ministry. At initiation the project was allocated Kshs.735 million (525 million for construction and 210 million for equipping). This translated to Kshs.2.5 million for construction and Kshs.1 million for tools & equipment for each of the 210 CIDCs. However, during implementation it was realized that there were crucial activities to be undertaken in order to fully implement the project. The estimate for these activities increased the budget to Kshs.1.72 billion as shown in **Table 1**.

**Table 1: Sources of Funds for the CIDC project**

Activities	Budget Ksh million	Actual Expenditure Ksh. Million
CIDC Construction & wall	525	
Perimeter Wall	210	
utilities	84	874.25
CIDC management-Clerk & guards	252	120
Tools	210	357.818
Sign post & Publicity	39.75	
Service Vehicles	169.2	116.1
Fuel & Maintenance	8.46	
M&E	6	
Commencement of Phase 2 Structure	220.5	
	<b>1,724.91</b>	<b>1,468.17</b>

Source: OAG analysis of ministry documents

## CHAPTER 4

### FINDINGS OF THE AUDIT

4.1 According to the MOIED Strategic plan 2008-2012, the ministry's mandate was to formulate industrial development strategies such as development of micro, small and medium industries. Through the CIDC project the ministry was to facilitate the construction and equipping of workshops in all 210 constituencies in the country in order to move the 'Jua Kali' artisan into a more developed environment with electricity, water, tools and equipment to manufacture goods of better standards so as to make them more competitive.

4.2 A status report dated 31<sup>st</sup> March, 2014 indicates that 85% of the CIDCs were complete, 5% stalled at different levels and in 10% or 21 of the constituencies land for construction of the CIDCs was not available as shown in **Table 2**

**Table 2: CIDC Completion status as at 31st March, 2014**

Status	No of CIDCs	Percentage
Completed	178	85%
Stalled at various level	11	5%
Land not identified	21	10%
<b>Total</b>	<b>210</b>	<b>100%</b>

Source: OAG analysis of ministry documents

4.3 Despite this achievement in construction phase interview and documentary review revealed that inadequate planning and inefficiencies in implementation has affected operationalization and hence the achievement of the project objectives as discussed below.

#### Inadequate Planning at the Initial Stages of the Project

4.4 Good project management practices often start with a clear vision and a strategic plan. The project management plan should be developed at the beginning of the project and should be updated as the project progresses. The project management plan should be approved by the project sponsor and the project steering committee.

it should be done well. The CIDC project was not adequately planned and this has affected implementation of the project as discussed below:

**I. Implementation framework lacked necessary guidelines for the project**

4.5 The ESP framework had elaborate guidelines on construction phase of the projects, however it was lacking in terms of use and sustainability of the project once completed. This was partly because the emphasis of the programme was to jump start and stimulate the economy by putting funds into infrastructure projects that would have multiplier effect in the economy within a short time. In addition, feasibility study for the project was never carried. The study would have given the bigger picture of the project and identified important aspect to be considered from the start of the project to the end. As a result there were no plans for use and sustainability of the CIDCs and therefore the ministry is faced with difficulties on how to operationalize them.

**II. Awareness was not carried out among Beneficiaries**

4.6 The ministry did not create awareness among the beneficiaries of the project at the initiation of the project. Therefore, they were not aware of their role in use and management of the centres. Out of the 37 CIDCs visited, beneficiaries in 14 CIDCs only knew about the project because they had been involved in the process of land identification. It is only after the project was handed over to MSEA in January 2015 that the County Enterprise Development officers (CEDOs) have tried to create awareness and looking for individuals and local Kari associations to use the CIDCs.

**III. Project Implementation Phases not clearly defined and planned**

4.7 The long term objective of the project was to improve welfare of the local community by creating jobs and improving incomes and stimulating regional development. The project master plan shows bigger workshops and facilities that were to be constructed for the CIDCs to serve this objective. The ESP guidelines stated that the project was to be done in phases but what was funded in the financial year 2009/10 was phase 1 of the project. However, neither the ESP framework nor the ministerial guidelines defined the other phases and how they were to be funded and implemented. Documentary reviews showed that the ministry at some point requested for funding of phase 2 of the project but was not successful. Implementation of phase one alone will not guarantee the achievement of the long term objective of the project since it is a small part of the master plan.

**Inefficiencies in the Implementation of the project**

4.8 Phase I of the project was to be operationalized after the workshops are built to completion and equipped. Documentary review shows that as far back as June 2011, 55 or 26% of CIDCs had been completed and therefore the ministry should have foreseen the problem and planned for operationalization. By March 2014, 85% of the CIDCs had been completed but still nothing had been done to operationalize them. Inefficiencies in implementation have contributed to failure to operationalize the CIDCs and loss/wastage of public funds as discussed below.

**I. Delay in Developing a Management Framework for the CIDCs**

4.9 The project master plan was developed in 2009/10 and it was intended to be used as a guide for the implementation of the project. However, the master plan was not updated to reflect the changes in the project and the implementation of the project was delayed.

for management of the CIDCs. The framework was intended to guide the daily operations of the CIDCs. It was to help in control and management of tools and equipment in the CIDCs to ensure sustainability of the project. Even though the ESP guideline did not define what the management framework entailed the Ministry had an obligation as the implementer to come up with a plan to ensure the CIDCs are operationalized.

4.10 The National secretariat (N.S) was one of the committees that were constituted by the Ministry One of its role was to develop operational guidelines for the project implementation. However, the national secretariat did not clearly define the management framework for the CIDCs. Further the N.S and other committees established during the ESP ceased to be functional at the end of the program in the financial year 2011/12 but the ministry did not put in place a project management team to spearhead implementation of the project to the end. The project team would have provided direction and guidelines for the management of the project by setting the strategic direction to guide and direct the activities of the project and ensure effective management of the project. The project team would also have monitored and evaluated the activities of the project to ensure that they were in line with objectives of the project. Delay in development of the management framework in turn resulted to delay in delivery of tools and equipment and identification of beneficiaries as discussed in the following paragraphs:

a) **Delay in Delivery of Tools and Equipment**

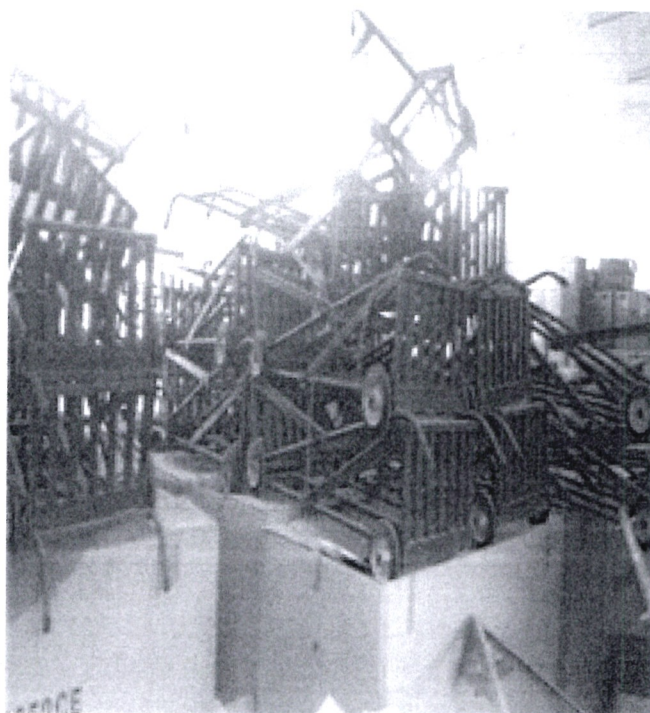
4.11 Once the construction phase was completed and tools and equipment bought, it was

CIDCs for use by the beneficiaries as early as June 2010. Physical verification by the audit team confirmed that the tools and equipment worth approximately Kshs. 357 million had been bought by the end of financial year 2011/12 but had not been delivered except in only 9 CIDCs. The equipment's were instead held in three different warehouses in Nairobi; at Kenya Industrial and Research Development Institute, Numerical Machining Complex and Micro and Small Enterprises worksite in Kariobangi as shown in **Table 3** while the CIDCs continue being idle and open to vandalism

**Table 3 : Value of Tools and Equipment purchased**

Where tools & equipment are stored	Value of stock tools and equipment(Kshs)
KIRDI	203,182,999
NMC	24,761,280
MSEA worksite- Kariobangi	129,874,500
<b>Total</b>	<b>357,818,779</b>

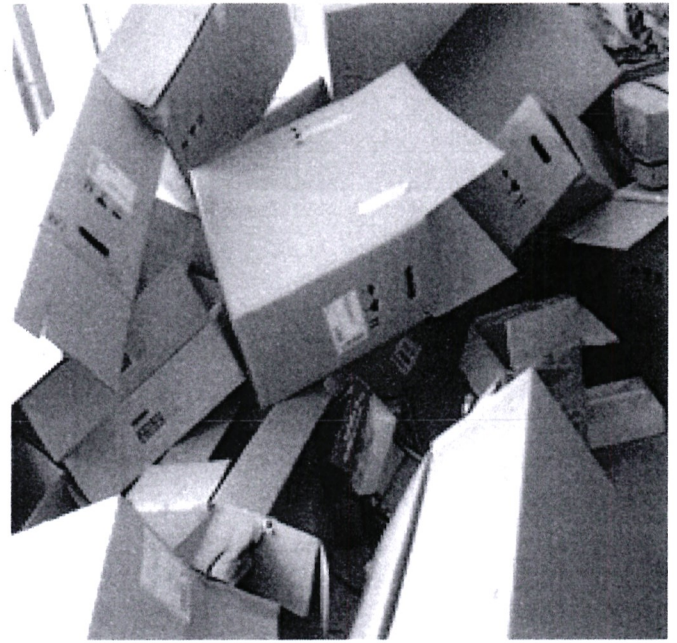
Source: OAG analysis of MoIED data



Picture 1: Equipment stored at KIRDI warehouse



Picture 2: Equipment stored at NMC warehouse



Picture 3: Empty cartons at KIRDI Warehouse

4.12 Delay in delivery of tools and equipment has resulted to failure of the project in achieving its intended objective. Four years down the line the public has not benefited from the funds invested in the tools and equipment. More so the equipment may become obsolete due to advancement in technology.

4.13 In addition, it was established that, out of Kshs. 203 million worth of tools and equipment stored at KIRDI approximately Kshs. 63 million or 31 % have been stolen as shown in **Table 4**. Thus the tools and equipment available may not be adequate for operationalization of all the CIDCs.

**Table 4: Value of stock missing/stolen at the KIRDI warehouse**

Value of stock received at KIRDI store in Kshs	Value of stock issued to CIDCs in Kshs	Value of Physical count as at 22/10/2015 in Kshs	Value of missing/ stolen items in Kshs	% age of tools/ equipment missing/ stolen
203,192,000	15,372,469	24,507,818	63,303,212	31%

Source: OAG analysis of WoIED data

4.14 Further, review of tools and equipment bought indicates that 32 million or 15% of the funds initially allocated for purchase of tools and equipment was used to purchase non- essential items notwithstanding that the budgeted allocation was insufficient to cater for all the essential tools and equipment that were needed to at least make the four selected categories of workshops operational. The items considered non-essential includes overalls, aprons, gloves, respirators and safety gear as shown in **Table 5**. These items are personal in nature and could have been obtained by beneficiaries at a lower cost but instead consumed money which could have been used to purchase more of the essential tools and equipment for the operationalisation

of the CIDCs. This may further affect the availability of adequate tools and equipment for operationalisation of the CIDCs.

**Table 5: Non-essential items purchased by the ministry**

No	Items	Unit of measure	Quantity received	Unit cost	Value of stock received
1	Leather Welding aprons	pc	330	2,950	973,500
2	Overall Cottons	pc	184	2,999	551,816
3	HD gloves leather	cartoon	5,250	3,500	18,375,000
4	Ear muffs	Pc	3,400	250	850,000
5	Clear safety googgles	Pc	4,620	780	3,603,600
6	Respirator	cartoon	3,480	2,389	8,314,800
					32,668,716

Source: OAG analysis of MoED data

**b) Delay in Identification of Intended Beneficiaries**

- 4.15 According to the ESP guidelines, the beneficiaries of the project were to be selected through a process which included interviews using standard tools aimed at assessing the technical skills and the viability of the enterprise/project idea of the applicant. They were to be individuals and entrepreneurs with technical skills, viable project ideas and should not have been in business for more than 3 years. Due to delay in development and implementation of the management framework the ministry was not able to identify the intended beneficiaries, thereby delaying achievement of the project objectives.
- 4.16 Having not identified the beneficiaries to occupy them, the CIDs became prone to vandalism and theft. As a result the ministry had to hire security services from June 2012 to December 2014 to guard the premises until January 2015 when the CIDs were handed over to MESA. The audit revealed that the ministry had by then incurred a bill of Kshs.120 million for provision of security services an expenditure which could not have been incurred had the CIDs been operationalized.

**Lack of follow-up during piloting phase of 2 CIDs by the ministry**

experiment in small scale in order to learn how the project will work in practice once it's rolled out. The ministry in 2012 identified 2 CIDs i.e. Kiambaa and Kitui central for piloting in collaboration with Kenya Industrial Estates (K.I.E). Tools and equipment were delivered to the two CIDs and K.I.E was paid Ksh. 2,000,000 to facilitate the piloting exercise.

However, interview with the officers in charge of the two CIDs shows that there was no guideline on how they were to operate. The ministry also never followed up to find out how the CIDs were working. As a result, the two CIDs were not operational at the time of inspection in September and December 2015 for Kiambaa and Kitui respectively.

- 4.18 However, further information indicates that in Kiambaa K.I.E had employed a technician who coordinated the renting out of the equipment before his contract expired in March 2015 but Kitui CIDC was never put into use and remained closed all through. Thus the ministry did not benefit from what was intended in piloting the two centres despite incurring the expenditure of kshs.2.000,000 on the exercise. In addition tools and equipment estimated at Ksh 295,120 were stolen from Kitui CIDC.

**Measures Undertaken by the Ministry to Ensure the CIDs are Operational and Meet User Needs**

- 4.19 The ministry has since involved the Micro and Small Enterprises Authority (MSEA) in putting into use the CIDs. This Authority has the responsibility of promoting micro and small enterprises (Jua Kali) and one of its core activities is developing workspaces for Jua Kali artisans. In January 2015 the ministry signed an agreement with MSEA to hand over the 2 CIDs to the authority for use by the artisans.

purchased. Under the agreement, MSEA is in charge of operationalization and management of the CIDsCs while the ministry continues to offer policy direction. Although the CIDsCs have since been handed over to MSEA, tools and equipment are still in the warehouses in Nairobi.

4.20 MSEA is also in the process of developing a Micro and Small Enterprises (worksites) regulation which is expected to guide the running of the CIDsCs and other worksites under them. The regulations at the time of the audit in February 2016 had reached the Attorney General for his comment and would later have to be discussed by parliament. In this regulation a county worksite management committee is proposed, with a defined composition, roles and responsibilities. The key responsibilities of the committee will be to supervise worksite operations and allocate worksite facilities to micro and small enterprises.

4.21 Further MSEA has since managed to mobilise 'Jua Kali' associations to occupy/use 23 or 28% out of the 82 CIDsCs in the nine zones visited. 8 more CIDsCs are used for various purposes by the communities living adjacent to the CIDsCs as shown in **Annexure 6**. While this allocation is not in line with the initial objectives of the project of serving as incubation centres and common user facilities, it has helped to secure the facilities against vandalism and benefited the associations and local communities. **Table 6** below shows the different uses that CIDsCs have been put into.

4.22 MSEA's effort to ensure the CIDsCs are put into use is however hindered by the associations reluctance to occupy the CIDsCs because they are not connected to electricity and others are located far from market centres as explained below;

i. **Most of the CIDsCs are not connected to Electricity**

4.23 For the CIDsCs to be operational, electricity must have been connected for use of the equipment. However, a status report dated March, 2014 shows that 106 or 60% of the 178 completed CIDsCs were not connected to electricity. The ministry had allocated Ksh. 200,000 per CIDC for electricity connection, without considering the distance of the CIDsCs to the national electricity grid. As a result the amount allocated was less than the quotation given by Kenya Power and Lighting Company (KPLC).

4.24 For instance, documentary review indicated the total amount allocated for electricity connection in 11 CIDsCs in Kisumu and Siaya Counties was Ksh. 2,200,000 for a single phase connection. The total quotation from the Kenya Power and Lighting Company for connection was Ksh. 7,160,167 which was Ksh. 4,960,167 more than the allocation as shown in **Table 7**.

**Table 6 : CIDsCs being utilized for different Purposes**

Name of CIDC	Purposes being utilized for
Taita Taveta	Two rooms have been occupied by a group processing fish feeds
Kisumu	4 rooms being utilized as classrooms for students
Siaya	Being used by an entrepreneur who is milling maize
Hararbi/Changwe	One room occupied by area chief
Siaya	Relief from students
Siaya	Used as a storage for the local operation

Source: DAD analysis of information obtained through interviews and physical inspection

Table 7: Cost of Electricity Connection

No.	CIDC	Quotation (Ksh.)	Amount Paid (Ksh.)	Difference (Ksh.)
1	Muhoroni	648,664.00	200,000.00	448,664.00
2	Nyando	802,862.00	200,000.00	602,862.00
3	Nyakach	704,032.28	200,000.00	504,032.28
4	Kisumu Town East	188,128.00	200,000.00	(11,872.00)
5	Kisumu Town West	198,597.00	200,000.00	(1,403.00)
6	Kisumu Rural	155,412.00	200,000.00	(44,588.00)
7	Rarienda	979,219.00	200,000.00	779,219.00
8	Bondo	1,223,637.00	200,000.00	1,023,637.00
9	Alego Usonga	189,461.00	200,000.00	(10,539.00)
10	Ugenya	1,255,144.00	200,000.00	1,055,144.00
11	Gem	815,011.00	200,000.00	615,011.00
	<b>Total</b>	<b>7,160,167.28</b>	<b>2,200,000.00</b>	<b>4,960,167.28</b>

Source; OAG analysis of MoIED data

4.25 Other reasons for non-connection include wiring not completed and in some cases connection had been paid but the KPLC had not yet connected as shown in **annexure 7**.

ii. **CIDC sites located in unsuitable areas**

4.26 The guideline for site selection spelled out the criteria for identifying land for construction of the CIDCs. The criteria was land to be a minimum of 2 acres, be centrally located, accessible with basic infrastructure, proximity to the raw materials and preferably a designated industrial area for light industries. It was especially important to select a centrally placed location which was accessible and with basic infrastructure.

4.27 However, 12 or 32% of the 37 CIDCs physically inspected are constructed on sites that are not ideal for micro and small enterprises because they are far from the market centres as shown in **Table 8**. Most of 'Jua Kali' groups are not willing to occupy such CIDCs because they normally prefer to produce and display their products at the same place to save on cost. The SPMIC, which was responsible for identification of suitable sites, did not adhere to the site selection guidelines that require sites to be centrally located, accessible with basic infrastructure, proximity to the raw materials and preferably a designated industrial area for light industries.

Table 8: CIDCs Built On Unsuitable Sites

Zone	Constituency		Location of the site
<b>Eldoret</b>	1	Eldoret East	Illula – its outside the shopping centre
	2	Shinyalu	Along Kisumu road near river Isiulu
<b>Kitui</b>		Mutito	Nzombe- It's a distance from Zombe Market
	3	Kitui West	Kwa Vonza- It's far from Kwa Vonza market
<b>Meru</b>	4	Buuri-Imenti North	Timau-It's outside the town center.
	5	Nithi	Chuka- An Existing Jua Kali Site but landscape is steep. Not for activities that require large working space eg welding, carpentry etc.
	6	Imenti South	Mitungu- The site is on the outskirts of the town.
<b>Mombasa</b>	7	L'koni	Dongo Kundu – It's far from any center. The site is remote
<b>Nakuru</b>	8	Rongai	Kampi Ya Moto- about 3 kms from the market center
<b>Nyeri</b>	9	Mukurweni	Gakindu- on the out skirt of the market
	10	Tetu	Kiwaithanie - Far from the nearest market
<b>Kisumu</b>	1	Kisumu East	Axado youth polytechnic/afaha floodis during rain season
	2	Kisumu West	Axado youth polytechnic/afaha floodis during rain season

Source: OAG analysis of MoIED data

## CHAPTER 5

### CONCLUSIONS

5.1 The ministry has not achieved its intended objective of providing 'Jua Kali' artisans with workshops fitted with tools and equipment in order to support them in being more competitive in the market by manufacturing standardized goods of high quality. This is mainly due to failure to operationalize the CIDs.

5.2 The major factor hindering operationalization is the delay in developing and implementation of the management framework to be used in running the day to day operations of the CIDC project. Delay by the ministry to come up with management framework has in turn delayed the distribution of tools and equipment and identification of beneficiaries. Delay in developing of the framework is attributed to inadequate planning at the initial stages of the project and lack of prioritization of the CIDC project by the ministry. Failure to prioritize the project has led to the project being left idle for a long period without being operationalized. This does not only affect the achievement of the intended purpose of the project but also put at risk the public funds amounting to Kshs.1.468 billion so far invested in the project.

5.3 The ministry being the implementing agency of the project had the duty to safeguard public resources and ensure value for money utilised in the project. However, some of the decisions and actions taken by the ministry has led to loss/wastage of public resources. This demonstrates lack of accountability in the implementation of the project as a result of absence of a project steering team and non-prioritisation of the project.

5.4 As at the end of the audit, the ministry has not

CIDs by allocating them to existing 'Jua Kali' Associations and facilitating artisans who have not joined associations to join. However, allocating to 'Jua Kali' associations is not in line with the initial objective of the project of providing incubation and common user facilities since tools and equipment have only been delivered to 9 CIDs. In addition, it might be difficult in future to terminate the stay of these association in the CIDs once formal management structures are put in place.

5.5 MSEA is also coming up with a worksite regulation which will be key in management and control of the CIDs. It is however, encountering challenges in identifying potential beneficiaries in order to put the CIDs into use due to the lack of power connection and unsuitable sites.

5.6 The Ministry does not have plans for implementation of the other phases of the project. Phase I of the project was a small part of the project master plan and its completion will not guarantee the achievement of the long term objective of the project of improving welfare of the local community by creating jobs and improving incomes and stimulating regional development

5.7 In view of the findings and conclusions of the audit. The recommendations of the report are outlined in Chapter 6 of this report.

## CHAPTER 6

### RECOMMENDATIONS

#### Establish and Implement a Functional Management Structure

- 6.1 In order to speed up the operationalization process of the CIDCs, the ministry should,
- i. Fast-track the gazzement of the worksite management regulations that will guide the day to day operations of the centres and ensure delivery of tools and equipment. The regulations will ensure sustainability of the centres
  - ii. To ensure accountability of the project, the Ministry should constitute a project team with clear roles and responsibility for the project

#### Prioritisation of the CIDC project

- 6.2 The Ministry and MSEA should prioritize the CIDC project to ensure that funds are allocated for connection to electricity. In addition, they should set targets in terms of timeframe and expected outputs, this will ensure that the centres are put into intended use and avoid further wastage of resources

#### Reassess User Needs and Pilot a Few CIDCs before Operationalizing Nationwide

- 6.3 The ministry and MSEA should reassess the needs of the beneficiaries to establish the CIDCs which require and will optimally use the available tools and equipment, considering they are few. Subsequently, they should pilot operationalization process in a few CIDCs in order to improve upon the project prior to rolling out to the whole region. This will help in identifying the challenges and the solutions to be implemented. This will help in identifying the challenges and the solutions to be implemented.

- 6.4 The Ministry and MSEA should reassess available resources against the reassessed needs and formulate new plans with aim of achieving the objective of the project

## ANNEXURES

### Annexure 1: List of people interviewed

Entity	Official interviewed	Reason
Ministry of Industrialization and Enterprise Development	Officials in the Industrialization directorate	<ul style="list-style-type: none"> <li>To understand implementation of the CIDC project.</li> <li>To get confirmation of information obtained from documentary review.</li> <li>To establish the status of the project</li> <li>To understand the issues and challenges in implementation of the project</li> </ul>
	County Industrial Development officers in the various regions inspected.	<ul style="list-style-type: none"> <li>To understand the role of CIDs in the implementation of the project.</li> <li>To obtain more information on the implementation and operationalization of the CIDC project</li> <li>To understand why it has taken long to operationalize the CIDC project</li> </ul>
MSEA	MSEA officials at head office and County Enterprise Development officers in the various regions inspected	<ul style="list-style-type: none"> <li>To establish the status of the CIDs and challenges encountered in putting them to use.</li> </ul>
Kenya Industrial Estate (KIE)	KIE officers in Kiambu and Kitui	<ul style="list-style-type: none"> <li>To understand their role in operationalization of CIDs</li> </ul>
Numerical Machining Complex (NMC)	NMC officials	<ul style="list-style-type: none"> <li>To understand NMC's role in production of tools/equipment</li> </ul>
Beneficiaries/Users	In various regions visited	<ul style="list-style-type: none"> <li>To find out their understanding of the CIDC project</li> <li>To find out whether they have been issued with tools/equipment</li> <li>To find out their role in management of the CIDs</li> </ul>

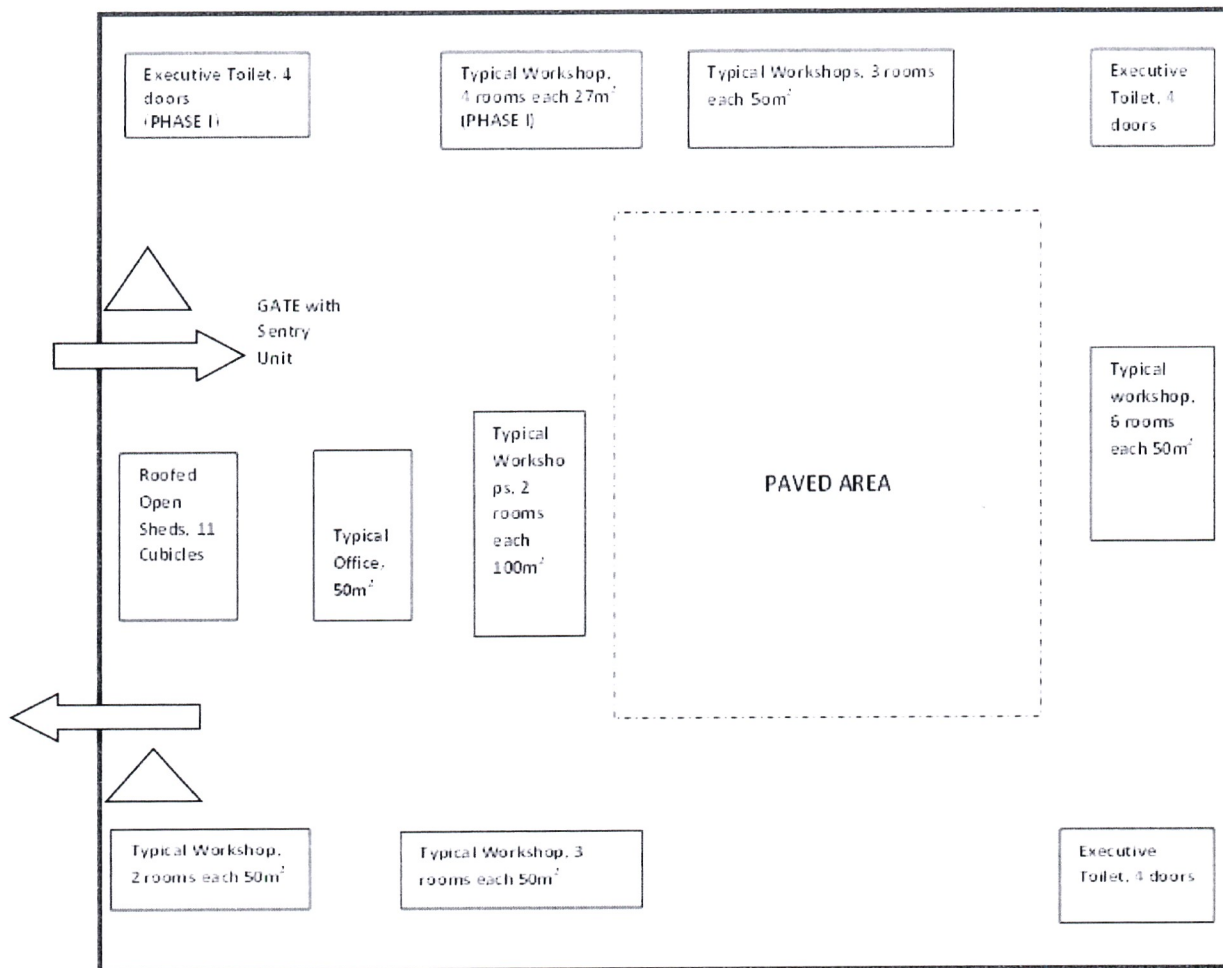
## Annexure 2: Documents reviewed

Stakeholders	Type of document reviewed	Reason for review
Ministry of Industrialization and Enterprise Development	Strategic plan 2008-2012, draft strategic plan 2013-2017, Executive Order No. 1/2008 and National Industrialization Policy	To understand the Mandate of the ministry and whether the CIDC project was in line with the mandate of the ministry.
	Store Cards for CIDC project	To find out what tools/equipment are in stock
	CIDC concept paper.	To find out the guidelines for the project
	CIDC status reports	To find out the current status of the project
	Correspondence files for the project	General information, issues arising and ongoing activities
	Memorandum of understanding between the Ministry and MSEA	Provision of the agreement in regard to handing over of the CIDCs
MSEA	MSEA Act 2012	To understand the mandate and role of MSEA in regard to operationalization of CIDC project
Ministry of Planning and Devolution	ESP guidelines	To get implementation guidelines of CIDC project

## Annexure 3: Sources of Assessment Criteria

- Generally accepted project management practices
- Mandate – Strategic Plan (2007/2008 to 2012/2013);
- Executive Order
- Contract Documents
- ESP Guidelines
- MSEA Act
- Industrialization Policy
- Agreement for Handover of CIDC to MSEA
- Ministerial Circulars
- Project guidelines

## Annexure 4: CIDC Sketch and Design



## Annexure 5: Site Selection Criteria

The following were the proposed guidelines for selection of suitable location for construction;

- i) The size of land for industrial project that would have impact in the region should be a minimum of 2 acres
- ii) Preferably a designated area for light industries
- iii) Location must be accessible with infrastructure; water, roads, power and other utilities
- iv) Location with good drainage.
- v) A central location in the constituency to serve the locals
- vi) Closer to the source of the raw materials. This would cut costs for transporting raw materials to the sites.

## Annexure 6: Status of Use

	Constituency/CIDC	Status of use	Utilized for
1	Butere	in use	Occupied by an existing 'Jua kali' Association
2	Eldoret South	In use	The county Minister of trade allocated it to a cooperative society who are using it as a milk collection point
3	Mumias west	In use	The sheds have been occupied by members of Mumias 'Jua Kali' Association
4	Emuhaya	In Use	Workshops are occupied by Members of Bunyore Micro & Small enterprise Authority
5	Vihiga	In use	Occupied by members of Vihiga Micro and Small Enterprise Association
6	Hamisi	In use	Occupied by Hamisi 'Jua Kali' Association and Hamisi Micro and Small Enterprises Authority
7	Bonchari	In use	CIDC occupied and being utilized for various activities as follows: Welding, tailoring, office for Suneka 'Jua Kali' group and storage for other CIDCs tanks
8	South Mugirango	In use	In use
9	Bomachoge	In use	Currently in use but there is a dispute in the use of the CIDC since there is no local 'Jua Kali' group in the area. The 'Jua Kali' group allocated the CIDC is from far and the locals are against it
10	Kitutu Chache	In use	Allocated to a 'Jua Kali' group engaged in carpentry, tailoring and welding activities
11	Eldama Ravine	In use	Currently allocated to carpenters
12	Baringo Central	In use	Allocated and being used by KIE
13	Kisumu Rural	In use	Handed over to SEME 'Jua Kali' self-help group
14	Kitui West	In use	Allocated to Tei wa Ngai Women Association; they make charcoal briskettes
15	Kitui South	In use	Allocated to Ikithathe Jua Kali Association who are mainly carpenters
16	Mwingi North	In use	Allocated to Kyuso 'Jua Kali' Association. Members carry out Textile and woodwork activities
17	Msambweni	In use	It's being used by Lunga Lunga hand craft group
18	Taveta	In use	Two rooms have been occupied by a group processing fish meal
19	Voi	In use	The CIDC is used by an entrepreneur who is milling maize
20	Othaya	In use	The CIDC was allocated to Othaya 'Jua Kali' Association who are carrying out various activities. All the four workshops are occupied by members of the Association mainly carrying out carpentry and welding and there is one member producing cattle feed
21	Kieni	In use	Allocated to Kariiko 'Jua Kali' Association. It's operational .The group mainly carries out carpentry, metal work and automobile repairs
22	Kiloyaga Central	In use	Allocated to a youth group engaging in carpentry and laundry

	Constituency/CIDC	Status of use	Utilized for
23	Mwea	In use	Allocated to Mwea 'Jua Kali' Association who carry out wood work and metal work activities.
<b>CIDCs allocated to other users</b>			
1	Nyaribari Chache	In use	One room occupied by the area chief as an office
2	Mutito	In use	Not allocated to any group, its used as a store for relief food
3	Kirinyaga East-Gichugu	In use	Allocated to Gichugu SMEs. The land also serves as a youth empowerment centre. Agricultural value addition is also carried out in the centre by the youth. At the moment the land has been taken over by NYS.CIDC workshops used as dormitories.
4	Kisauni	In use	The rooms are being used as classrooms for students.
5	Imenti Central	In use	It's being used as a classroom.
6	Kuresoi	In use	Other use; occupied by squatters
7	Nakuru North	In use	Used by NYS as an operation centre
8	Rongai	In use	2 rooms are used as an ECD center;1 room as an Assistant Chief's Office,
A total of 31 are in use			

Source: OAG analysis of information obtained from documents, interviews and physical verification

## Annexure 7: CIDCs not connected to Electricity

	Constituency/ CIDC	Connection to Electricity	Estimated Cost for connection (Kshs.)	Reason for non-connection
1	Kisumu Rural	Not connected	155,412	Electricity wiring installation works pending
2	Ugenya	Not connected	1,255,144	Not paid
3	Kitui Central	Not connected		Connection fee had been paid. Isolator Switch required plus electrical installation test all costing Kshs.95,000
4	Bondo	Not connected	1,223,637	Not paid
5	Keiyo North	Not Connected	347,528	KPLC has dropped cables but has not connected power, wiring was not complete
6	Keiyo South	Not Connected	227,468	
7	Eldoret South	Not connected	1,357,543	The area is isolated near a forest
8	Eldoret North	Not Connected	446,090	
9	Mosop	Not connected	1,536,316	abandoned at slab level
10	Aldai	Not Connected		No Quotation
11	Tinderet	Not Connected		It's not clear whether it was paid, but the site is within town
12	Khwisero	Not connected		The power line is far
13	Mumias west	Not connected		KPLC have dropped the cables but not connected
14	Lugari	Not connected		Power connection cables have been dropped.
15	Butere	Not connected		
16	South Mugirango	Not connected	64,880	KPLC has been paid the quoted amount of awaiting connection
17	Bomachoge	Not connected	440,918	Not paid due to lack of funds
18	Nyaribari Masaba	Not connected		Quotation not yet given and also there are no funds for electricity connection
19	Muhoroni	Not connected	648,644	
20	Nyando	Not connected	802,862	Three phase electricity quotation Ksh.802,862
21	Rarieda	Not connected	979,219	Three phase electricity quotation
22	Gem	Not connected	815,011	Three phase electricity quotation
23	Alego Usonga	Not connected	189,461	paid
24	Mutito	Not connected		No Estimates, fresh quotations to be done
25	Mwingi North	Not connected		No estimates, quotations to be done
26	Tigania west	Not connected		Paid electricity connection waiting for KPLC
27	Tigania East	Not connected		Paid electricity connection waiting for KPLC
28	Makindu	Not connected		

	Constituency/ CIDC	Connection to Electricity	Estimated Cost for connection (Kshs.)	Reason for non-connection
29	Buuri- Former Imenti North	Not connected	406,000	Quotation for electricity is Ksh. 406,000 not yet paid
30	Imenti South	Not connected		Electricity connection paid, waiting for KPLC to connect
31	Imenti Central	Not connected		paid awaiting KPLC to connect
32	Chuka-Nithi	Not connected	150,000	About Ksh. 150,000 required for connection. Lease certificate for Jua Kali plot to enable KPLC to connect
33	Msambweni	Not connected	3,984,600	Not paid
34	Mwatate	Not connected	48,240	was paid but not connected
35	Tetu	Not connected		Not complete, Wiring not done
36	Nyeri Town	Not connected		
37	Eldoret East	Not Connected-	792,686	With help of the area MP, KPLC has dropped power cables but electricity is not connected
38	Emgwen	Not connected-	402,014	Not complete ,wiring has not been done, Quotation was Ksh. 402,014
39	Sabatia	Not connected		
40	Likoni	Not connected	2,202,840	Not been paid
41	North Mugirango	Not connected	54,080	Already paid
42	Shinyalu	Not connected,		KPLC has dropped power cables but it is not connected
43	Malinya-Ikolomani	Not connected,	40,960	
44	Bobasi	Not connected.	104,206	Paid, but wiring has not been done
45	Nyaribari Chache	Not connected.	59,880	Not been paid due to lack of funds.
46	Kitutu Masaba	Not connected.	451,495	Only paid Ksh.171,120 out of the 451,495
47	Rongai	Not connected.	1,878,040	Not paid
48	Kitui West	Not connected.		No estimates, Quotation to be done
49	Kitui South	Not connected.		No Estimate, Quotation to be done.
50	Mukurweni	Not connected.	653,725	Not paid
51	Mwea	Not connected.	1,403,000	Not paid
52	Kirinyaga West	Not connected.	857,240	Not paid
53	Kuresoi	Not connected.	1,705,072	Not paid
54	Kitutu Chache	Not yet connected	130,287	Paid 3 phase, Certificate of wiring issued on 23/8/2012, awaiting installation
55	Nyakach	Not connected	704,032	Electrical works done but for single phase. Rewiring to be done for three phase Ksh.704,032

Source: OAG analysis of information obtained from documents, interviews and physical verification

## Annexure 8: Management's Response

Audit Findings	Responses from Management	Auditors Comments
<p><b>Status of Completion of CIDCs</b></p> <p>According to MoIED strategic plan 2008-2012, the Ministry mandate was to formulate industrial strategies such as development of micro, small and medium Industries. In line with this, the Ministry through the CIDC project was to facilitate construction and equipping of workshops in all 210 constituencies in order to move the 'Jua Kali' artisans into a more developed environment with electricity, water, tools and equipment to manufacture goods of better standards so as to make them more competitive. A status report dated 31st March indicates that 85% of the CIDCs were complete, 5 % had stalled at different levels and in 10% or 21 of the Constituencies Land for construction was not available.</p>	<p>The Ministry agrees that the implementation of Economic Stimulus Programme ESP was factored into the MOIED's Strategic Plan. The construction was not realized in all the 210 constituencies due to financial challenges that were strictly provided within the ESP framework and other exogenous factors such lack of land in some constituency.</p> <p>The Ministry agrees that as at 31st March 2014, 85% of the CIDC were complete. However, the Ministry handed over the operationalization of the CIDCs to the Micro and Small Enterprises who according to their status report, (October 2015), 32 were fully complete, 74 were lacking water, toilets fence, electricity or one amenity, while 52 were neither structurally complete nor had basic amenities.</p>	<p>The issue is mainly on the status of the CIDCs as reported in the audit which the ministry agrees with.</p>

<p><b>Inadequate planning at the Initial Stage of the Project.</b></p>		
<p>Though good project management identify planning as the most essential part for any project, CIDC project was not adequately planned in terms of necessary guidelines on use and sustainability and therefore the ministry faced difficulties on how to operationalize the CIDCs, awareness was not carried out among the beneficiaries at the initial stage of the project and the beneficiaries were not aware of their role in the use and management of the centers. Further, the implementation phases were not clearly defined and planned; in that though the project was supposed to be implemented in phases in order to achieve the long term objective of improving welfare of the local community by creating jobs and improving incomes and stimulating regional development only phase one was done and the other phases were neither defined nor was it provided how they were to be funded and implemented. Implementation of phase one alone will not guarantee the achievement of the long term objectives of the project since it is a small part of the master plan.</p>	<p>The Ministry agrees to all our findings on the planning at the initial stage of the project</p>	<p>No further comments on these issues.</p>

<b>Inefficiencies in the implementation of the project.</b>		
<p><b>a)Delay in Delivery of Tools and Equipment</b></p> <p>Phase one of the project was to be operationalized after the workshops were built to completion and equipped. However, though 85% of the CIDs had been completed by March 2014, nothing had been done to operationalize them. Inefficiencies in the implementation have contributed to failure to operationalize the CIDs and loss/wastage of public funds. Inefficiencies in the implementation of the project included:</p> <p><b>I. Delays in developing a management framework</b></p> <p>There were delays in developing a management framework that would guide the daily operations of the CIDs as well as help in control and management of tools and equipment to ensure sustainability of the project.</p>	<p>The Ministry agrees to all our findings on the planning at the initial stage of the project</p>	<p>No further comments on these issues.</p>

Further, the National secretariat committee that was constituted to develop the operational guidelines did not define the management framework for the CIDCs. They also ceased to function at the end of the program in the financial year 2011/12 but the Ministry did not put in place a project management team to spearhead the implementation of the project to the end. This resulted in delay in delivery of tools and equipment as well as identification of beneficiaries. Further, once the construction phase was completed, tools and equipment were expected to have been delivered to the CIDCs as early as June 2010 but out of tools and equipment worth Kshs. 357 million none had been delivered except in only 9 CIDCs as per the time of the audit ( March 2016)

**a)Delay in delivery of tools and equipment**

Delay in delivery of tools and equipment has not only resulted in failure of the project in achieving its intended objectives but has also resulted in theft of tools and equipment worth Kshs. 63 million stored at KIRDI. Further, about 15% of the funds initially allocated for purchase of tools and equipment were used to buy non-essential items which may affect availability of adequate tools and equipment for operationalization of the CIDCs.

<b>b)Delay in Identification of Intended Beneficiaries</b>		
<p>The beneficiaries of the project were to be individual and entrepreneurs with technical skills, viable ideas and should not have been in business for more than 3 years, they were to be selected using the set criteria. However, the ministry was not able to identify the intended beneficiaries due to delay in development and implementation of a management frame work thereby delaying the achievement of project objectives. A delay in Identifying the beneficiaries has further resulted in the CIDCS being prone to vandalism and theft causing the ministry to incur expenditure of Kshs. 120 million on provision of security services which should have been avoided had the CIDCS been operationalized.</p>		
<p><b>II. Lack of follow-up during the piloting phase of CIDCS.</b></p> <p>The Ministry had identified 2 CIDCs for piloting in collaboration with Kenya Industrial Estate(KIE) but there were no guideline on how they were to operate nor did the ministry follow- up, as a result the two CIDCs were never operationalized despite the ministry incurring a cost of kshs.2,000,000 and delivering tools and equipment to the two CIDCS.</p>		

<b>Measures Undertaken by the Ministry to ensure the CIDCS are Operational and Meet Users Needs</b>		
<p>As a way forward for putting CIDCS in use, the Ministry in January 2015 handed over 162 CIDCS as well as the tools and equipment purchased to Micro and Small Enterprises Authority (MSEA) who were to be in charge of Operationalization and management of CIDCS. However, though tools and Equipment were handed over, they are still in the warehouse in Nairobi. MSEA has also developed regulation which are expected to guide the running of CIDCS which at the time of the audit (March 2016) were at the Attorney General Office. MSEA has also mobilized 'Jua Kali' Association to occupy or use 23 or 28% of the CIDCS in Nine Zones.</p>	<p>The Ministry indicates that MSEA took over 158 CIDCS as opposed to 162 reported because 4 of the CIDCS were found to be on disputed land and their status had not been concluded. MSEA has so far received 106 Lathe machines from the Ministry that are currently being distributed to the CIDCS as part of Operationalization process.</p> <p>The Ministry also indicates that MSEA has developed MSE Worksite regulations which have since been approved by the Attorney General Office awaiting validation by stakeholders. It has also identified MSE Association and groups to occupy more than 80% of the CIDCS it took over to operationalize. However, the unoccupied are either incomplete, located far away from any MSE activities or are prone to harsh weather conditions</p>	<p>Though the Ministry indicate that MSEA has received 106 lathe machine which are being distributed to CIDCS, it has not commented on the position of the other equipment which at the time of the audit were still in the warehouses in Nairobi. The response does not also indicate what will happen to the 4 CIDCS which are on disputed land.</p> <p>With regard Worksite regulation, there is no indication of how long the validation by the stakeholders is likely to take though this is a key factor in the operationalization of the CIDCS.</p>

		<p>Further, though the Ministry indicate that it has identified MSE Association and groups to occupy more than 80% of the CIDCs no documents have been given to verify this fact and so this can only be done during the follow-up audit. The Ministry has also not indicated the issue of the CIDCs which are unoccupied either because they are incomplete, located far from MSE activities or prone to harsh weather conditions.</p>
<p><b>Factors hindering MSEA from achieving the objective of operationalization despite its effort.</b></p>		
<p><b>Most CIDCs are not connected to Electricity</b></p> <p>Status report dated March 2014 indicates that 106 or 60% of the 187 completed CIDCs were not connected to electricity because the Ministry had allocated Kshs. 200,000 per CIDC without considering the distance of the CIDC to the national grid as a result, the amount allocated was less than the quotation by KPLC . Other reasons for non-connection include wiring not completed and in some cases connection had been paid but KPLC had not yet connected the power.</p> <p><b>CIDC sites located in unsuitable areas.</b></p> <p>Though the CIDCs were supposed to be situated in centrally located areas accessible with basic infrastructure and proximity to the raw materials , 12 or 32% of the CIDCs were constructed on sites that are not ideal for micro and small enterprises because they are far from the market centers and therefore most of the Jua Kali Groups are not willing to occupy such CIDCs</p>	<p>The Ministry indicates that it has earmarked to have a 3 phase electricity and provide other basic amenities to the CIDC lacking the same when funds become available. It is also following up with the Kenya Power and wiring for the CIDCs where the process was incomplete. For the CIDCs that are perceived to be located in remote areas or far from the markets MSEA is discussing with the self-help group or Community based ( CBOs) to use and occupy the sites as well as carrying out sensitization to the local community.</p>	<p>The Ministry indicates that actions it has taken to address the issue of power connectivity and other basic amenities and also addressing the issues of the CIDCs perceived to be far from the markets though it is not known how long this is likely to take since no time lines are provided.</p>

Conclusion		
<p>The audit conclude that the ministry has not achieved its intended objectives of providing 'Jua kali' artisans with workshops fitted with tools and equipment in order to support them in being more competitive in the market by manufacturing standardized goods.. This is attributed to delays in developing and implementing management frame work, which has resulted in delays in distribution of tools and equipment and identification of beneficiaries. Failure to prioritize the project has led to the project being idle for a long period of time which does not only affect the achievement of project objective but put at risk the public funds amounting to kshs. 1,468 billion so far invested in the project. Further, some of the decisions taken by the ministry has resulted in loss/wastage of public resources. This is attributed to absence of project steering team and non- prioritization of the project.</p> <p>The Ministry in its effort to put CIDCs in to use has been trying to allocate the CIDCs to the 'Jua Kali' Associations. However, allocating the CIDCs to " Jua Kali" Association is not in line the initial objective of the project of providing incubation and common user facilities and in future it might be difficult to terminate these associations in the CIDCs once formal management structures are in place.</p>	<p>The Ministry feels that objective of providing workshops to 'Jua Kali' Artisans has been partly achieved and MSEA has operationalized more than 80% of the CIDCs it took over and operationalization of the remaining is ongoing.</p> <p>The Ministry agrees that Operationalization is hampered by lack of management framework. However, validation and gazettment of the draft Site Management Regulations developed by MSEA will provide Framework on the Operationalization of both the CIDCs and MSE Worksites.</p> <p>The Project Implementation/ Steering Committees were set up in the then constituencies which totally collapsed with the transition into County Government operations. This affected full implementation on pending CICs.</p> <p>Though there may be fear that existing 'Jua Kali" Associations framework may be difficult to terminate in future, it has so far facilitated wider usage of the facilities Sensitization and inclusion of the Association during validation of the site management Regulations is expected to reduce resistance during their implementation.</p>	<p>Though the ministry indicates the objectives of the projects are partly achieved, it is not possible to confirm that because the management framework which is key in operationalization of the CIDCs are still not in place, there is also no indication of whether the tool equipment and equipment which were in the warehouse in Nairobi have been delivered to the CIDCs and no details have been provided on the over 80% of the CIDCs said to have been operationalized.</p>

<p>Though MSEA is coming up with worksite regulation for management and control of CIDCs there are challenges in identifying potential beneficiaries due to lack of power connections and unsuitability of some of the sites. The Project was to be implemented in phases but the ministry only implemented phase one of the project which is a small part of the master plan which cannot guarantee achievement of the long-term objective of the project.</p>	<p>The Ministry also agrees that Occupancy of the CIDCs in areas where the amenities have not been installed is facing challenges. These will be addressed and completed once funds are available.</p> <p>Finally the ministry concludes that the idea behind the Economic Stimulus Program (ESP) was noble and still very relevant to date. The Ministry is in discussions with the County Governments to complete the remaining phases of the programme in addition to lobby for more funds for completion.</p>	
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