MANAGEMENT TRAINING IN KENYA

A Strategy for the Bureau for Private Enterprise
of the U.S. Agency for International Development

Report to the

Committee on Industrial Policy for Developing Countries

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by

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The trip reports that constitute this document were commissioned by the Committee on Industrial Policy for Developing Countries, which intended to use them as working papers in a study of the state of management education and training in developing nations. The committee was originally charged by the Bureau for Private Enterprise of the U.S. Agency for International Development with recommending a strategy by which the Bureau could rapidly assist and spur private contributions to the improvement of management development in five selected countries. To understand the specific problems for current management development in the selected countries, and to generate a set of optional training approaches from which to distill its recommendations, the committee appointed teams of two or three consultants to conduct interviews and other research in each country and to provide trip reports.

As a result of changes in the scope of work requested by the Bureau for Private Enterprise in late 1982, the plans for the general study were scrapped, and two additional countries designated for team visits. The visiting team reports included herein thus represent the work of the individual team members and not that of the Committee on Industrial Policy for Developing Countries. They have not been subjected to the normal National Research Council review process, but are presented in the belief that the several optional courses of action conceived or identified by the authoring teams will be of interest and use to the Bureau and others concerned with its work and objectives.

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EXECUTIVE SUMMARY

During July 1982, the team of Michael Radnor, Director, Center for the Interdisciplinary Study of Science and Technology, Northwestern University, and Howard Chapman, Principal, United Executives, Ltd., spent two weeks in Kenya interviewing 83 people from all segments of the economy and political structure in order to gather the information necessary to determine needs and opportunities for management training. This research will contribute to an Agency for International Development Bureau for Private Enterprise (AID/PRE) strategy to strengthen the nation's private sector.

MANAGEMENT TRAINING IN KENYA

The need to improve management training for indigenous Kenyan enterprises was highly apparent. The potential for impact on the private sector through improved management training is enormous. The problems, however, are quite subtle. In many cases, the lack of skills (e.g., in bookkeeping) was a less serious problem than the more profound lack of awareness that such skills were needed or could be provided. We viewed this as an inadequacy in the "management culture" that prevents managers and policy makers from sufficiently valuing management capacity. Further, we found the resources of the Kenyan management training delivery system--institutions, people, and materials--to be weak, diffused, and deficient in critical ways. Together these conditions strongly justify a major PRE effort. The conditions we observed led us to conclude that management training should receive the highest PRE priority at this time, ahead of but linked to direct investment. In fact, an excellent strategy for PRE would be to tie the granting of loan funds to a management development program.

THE KENYAN PRIVATE SECTOR ENVIRONMENT: MANAGEMENT TRAINING IMPLICATIONS

The environment in which Kenyan private business operates is critical to this report's analysis as well as to the design and implementation of a management training program. The most influential aspects include: economic difficulties, a still underdeveloped economy, "Kenyanization" of organizations in the face of complex social problems, potentially inhibiting colonial legacies, and the pervasive role of the Kenyan government in the private sector. The Kenyan government often reaffirms its support for the private sector, yet it maintains its close regulation and involvement.

These conditions make it imperative that the management training program be based on the following guidelines:

1. The program should focus on a wide variety of private sector enterprises, including a heavy emphasis on smaller, indigenous (African) firms.
2. It should affect many elements of the management training system, and should seek concomitantly some natural integrating mechanisms for the various program elements.
3. It must recognize the importance of financial aspects of management skills and the central role of financial institutions. The banks and investment houses are the only institutions in Kenya with sufficient leverage and capability to act as integrating vehicles for promoting significant management improvement.
4. Wherever possible the program should make use of opportunities to relate training and assistance as two aspects of the same issue. Specifically, Kenya's management consulting capacity needs to be harnessed and strengthened.
5. It should provide top-level personnel with fundamental training on the nature of business, on the importance of various management practices, and on policy making.
6. The program should make full use of the relatively few people and organizations that have demonstrated both strong commitment to and understanding of the management needs in Kenya.
7. To improve the chances that the program will become self-sustaining, program efforts should concentrate on self-developed initiatives with prior commitment of Kenyan resources.
8. The program should emphasize strategies that conserve scarce resources and multiply their effectiveness, such as encouragement of the sharing of facilities and use of widely applicable, packaged training materials.
9. The program should function in concert with the government of Kenya, while still focused on the private sector. In particular, efforts should be made to gain access to Training Levy funds.
10. The program should be designed and funded with the goal of becoming self-sustaining after a period of weaning. This has been proposed in the full recognition that PRE's basic approaches are those of seeding and stimulating leverage. In Kenya, unlike some other developing countries, a more continuing effort is crucial; less than this will have only fleeting impact.

11. The implementation of this proposed program (or any others, including direct financial investments) demands a close, hands-on, continuing involvement. To this end, we strongly urge close collaboration with the resident AID Mission in Kenya in addressing the final program details and in implementation and monitoring.

OPTIONAL PROGRAMS FOR MANAGEMENT DEVELOPMENT

Using the above 11 guidelines we developed a set of options having one major and two supporting components.

Kenyan Institute for Bank and Finance Management

We suggest that an umbrella organization be formed to integrate several continuing, but limping, initiatives already started by the banks and accounting firms. The Institute will have three operational entities coordinated through a central administrative unit.

1. A School of Banking Management
2. A School of Professional Accounting
3. A Financial Services Center

Eventually, a fourth entity could be added (but it was not possible to investigate this properly).

4. An Insurance Management School

The Financial Services Center would be a consulting operation working closely with the banks, but also with other users on various assignments. It would also manage certain specific projects, several of which we have identified:

- a traveling bookkeepers project in collaboration with development banks
- a consulting/training service for selected successful firms from the Kenya Industrial Estates system
- a program to be run by the Kenya Women's Finance Trust to assist women operating as small entrepreneurs
- a program to develop video-taped banking management training materials, proposed by Citibank as a collaborative effort.

The three (eventually four) entities would each function as autonomous operations with their own governing boards drawn from their industries, but sharing a common facility and equipment and exchanging staff as appropriate.

The Establishment of High Level Executive Seminars

Three types of seminar would be useful:

1. A high-level executive seminar series involving four one-week meetings annually. Their format would combine a round-table discussion of issues with a training workshop. Approximately 25 executives would participate each year. This seminar series could be given by the Kenya Institute of Management with, if it proves feasible, the Commerce Faculty of the University of Nairobi. Including the University of Nairobi faculty in this program would help build their involvement in the business community and, eventually, as an independent executive programs center.
2. A related government-industry seminar series to be given under the additional sponsorship of the Kenya Institute of Administration (but in collaboration with the two above institutions, if possible). This seminar series would be primarily for high-level government officials whose ministries have a direct impact on government/industry/commerce relations, the investment climate, etc. It would provide an opportunity to sensitize such officials to the implications of their policies for the private sector, and vice versa. The format would be lectures and discussions combined with round table discussions using key people from the private sector.
3. A seminar series to be offered by the Federation of Kenya Employers.

Consultant/Trainers Organization

In an effort to strengthen the weak commercial training and consulting sectors, PRE may wish to help promote the organizations emerging spontaneously in Kenya and to raise professional standards in the fields of management training and consulting. A possible outcome might be one or more professional associations similar to those now existing in banking and accounting.

ADDITIONAL PROJECT OPPORTUNITIES

The report concludes with the listing of several additional project opportunities identified while the team was in Kenya, but which did not seem to fit directly into the proposed program architecture or the team's specific management training mission. These could be considered for support from other funding sources (within AID or elsewhere) or possibly for later PRE support.

INTRODUCTION AND BACKGROUND

SUMMARY OF TEAM ACTIVITY

The team spent two weeks in Kenya and met with 83 individuals, some more than once in order to follow-up and verify information. The 83 were from the following eight sectors:

1.	Government Ministries	(12)
2.	Research Institutes	(2)
3.	Private Sector Firms	(23)
4.	Parastatals	(5)
5.	Financial Institutions	(17)
6.	Training Institutions	(10)
7.	Associations and Coops	(7)
8.	Government	(7)
	TOTAL	83

A full list of persons interviewed has been appended.

Keeping in mind the information obtained from individuals contacted by the PRE reconnaissance team, we were able to reach those categories necessary and meaningful to the success of the mission and the most appropriate individuals within those categories in order to give us a good sampling. Inevitably, however, lack of time prevented meetings with a few key people, e.g., at the Kenya and the Rural Village Polytechnics, with one key consultant, and one or two others.

In order to meet with such a large number of people it was necessary to do some very tight scheduling. During the second week we held meetings individually rather than as a team. Much of the first week had to be devoted to contacting people and setting up appointments. By the end of that week we had developed a network which began to multiply geometrically, thus necessitating the team separation. A third week would have been very useful (though in actuality impossible, given the attempted coup d'etat which took place at the end of our visit).

We met a great number of influential people in the public and private sector who were very interested in and supportive of the mission. One immediate and useful outcome of the mission was to start people thinking about the issues and, in a few cases, to start things happening. We did have the opportunity for a preliminary review of our thinking and conclusions with several key persons and groups, including the U.S. Ambassador, Mr. William Harrop; the Permanent Secretary of the GOK Treasury, Mr. Harris Mule; and Mrs. Allison Herrick, director, and other members of the Kenya AID mission. Their response was extremely positive.

We wish to extend our thanks and appreciation specifically to Mr. Steven Smith and Mr. Martin W. Lister of Touche Ross International, who kindly gave us a home base from which to work and helped us find our way figuratively and actually, as well as to all of the people at the AID office in Nairobi, but particularly Mr. Bill Lefes, a real professional and friend in need during the abortive coup d'etat. His sincere willingness to help was of tremendous aid to us in accomplishing our mission. We are also most appreciative of the time and assistance given us by the key officials of the Government of Kenya and the many others in the country's private and public sectors.

KENYA'S NEED FOR MANAGEMENT TRAINING

Evidence gathered on this trip strongly supports the reconnaissance mission's conclusion that a major constraint on the growth and development of the Kenyan private sector is lack of management training and management capability. The distressed economy, the political and social problems, and the serious voids in management capacity and management culture all suggest that management training should be PRE's first priority in Kenya, taking precedence over other programs. In the Kenyan environment, investment in indigenous firms will continue to be very high risk unless progress is made in upgrading management capacity. We even encountered a situation where ample investment funding was available but could not be provided because of the lack of managerial and financial know-how. Similarly, banks are often afraid to make loans for growth to firms whose management does not know how to grow or how to sustain a larger enterprise.

A number of things impressed us regarding the management context. The first was an almost complete lack of a professional management culture in Kenya. The lack of specific skills is a problem, but it is secondary to this primary shortcoming. Outside of the multinationals, international accounting firms, one or two of the larger Asian enterprises, and one or two outstanding individuals in the African community, there is an enormous mass of activity and enterprise that has not yet absorbed what we would call the "management culture" nor integrated this with their national culture. As is the case for many developing nations with strong traditional cultures, the family and tribe take precedence over those business practices or company loyalties which are minimally necessary for effective and sustained performance. Many Kenyan entrepreneurs, managers, and policy makers do not yet fully appreciate or even understand that enterprises must be run in certain systematic ways, that certain kinds of information are absolutely critical, and that certain skills and practices are necessary.

The concepts of capital and of protecting assets are not well understood in Kenya. Many businessmen operate on a cash flow basis; they have not grasped the fundamentals of capital in a free enterprise system. Assets are needed but not always understood. Even the concepts of bookkeeping and basic accounting are often not really understood.

The resulting problems can appear in a variety of ways. For example, small entrepreneurs have used expansion loans for the expensive cars, chauffeurs, and houses that they consider necessary and appropriate to their new "big businessman" status. There are also examples of businessmen whose strong sense of family and tribal obligation leads them into hiring, promotion, and "giving" practices that are detrimental to the progress of their enterprises.

The problems are not limited to the small shopkeeper running a kiosk on a street corner. Kenyans who, for example, operate furniture or clothing factories and machine shops unknowingly invite failure because they lack a professional management culture that is congruent with their cultural heritage. The central and minimum necessary elements are the strengthening of financial and capital literacy. The country's financial institutions can play a major part in any such effort.

We also observed significant weaknesses in very basic management appreciation and skills in such areas as production and marketing. It was our assessment, however, that while these critical skills were greatly needed, efforts to upgrade capacity in these two areas should be secondary to programs aimed at upgrading Kenya's financial and accounting capacities.

The second major shortcoming that we observed in Kenya, after the lack of a management culture, was the management training delivery system. We will describe this later in detail, but in summary the problems of an extremely diffused, fragmented, weak management training delivery system are compounded by a weak management consulting system. No single institution can dependably serve as the core upon which to build a program. The University of Nairobi cannot do it; the nonprofit training organizations such as KIM cannot do it; the private training organizations cannot do it.

Everyone in the training business that we interviewed, including government officials and those receiving training, recognizes this situation. Failing to select any one existing public, not-for-profit, or specific commercial trainer as a vehicle will not offend anyone. In fact, numerous groups specifically cautioned us against working through them. This does not mean that these and other groups should not be participants in a program nor does it mean that there are no seeds of potential available. However, trying to build a program by picking one or two of these groups as vehicles and assuming that all we then need to do is add some resources and network the system would be shortsighted. The network concept is a good idea, but it is insufficient for Kenya. It also misses the critical government role.

The components of the solution are inherent, however, in both the networking idea and in the use of "seeds." The options we identify do not turn to one or two institutions in which to put resources with the expectation of results; they offer more of a constructed type of a solution. Such a solution in a weak and diffuse system, as here, requires some form of integrating mechanism. In our view the only candidates for such a role in Kenya are the banks and other investment institutions. As we will demonstrate later, they alone have the needed leverage; therefore, we have built our approaches around them to a major degree.

There is a tremendous dearth of trained people in the Kenyan management training system. It will therefore be vital to add human resources, by bringing people in from other countries and by training trainers. A second and major factor is a lack of instructional materials and equipment such as books, hardware (e.g., audio-visual equipment), and software (e.g., filmstrips).

With the gulf between needs and likely available resources, great creativity will be needed to multiply the effect of resources. Every little group would, of course, like to have its own facility and its own audio-visual equipment. One could easily squander large amounts of money. Therefore, one of our strategies is to try to encourage groups to collaborate and share resources. Another is to create materials that would get repeated use. As will be seen in our summary of management resources, Kenyans have already begun to use some "canned" audio-visual materials. What they need are materials appropriate for the local environment. Some of the modern educational and electronic technologies could play an important role there, and we are proposing the development of not only appropriate libraries and books, but also a good set of training materials on video tapes to be used with training manuals. In particular Citibank has made a specific proposal to develop a project of this type.

FUNDING CONSIDERATION

Because of the fundamental need for management training in Kenya, the package of proposals that we describe would require a somewhat larger budget than AID/PRE may have planned. Having explored the overall private sector situation and, further, having looked into several PRE investment opportunities (one at the specific request of PRE), we are convinced that PRE should consider shifting part of the resources intended for Kenya from specific support for firms to the management training area and to a general strengthening of the nation's financial system.

One option is to consider linking management development programs to the provision of loan funds to Kenyan financial institutions. We see such a strategy as having precisely the type of synergistic reinforcement needed in Kenya at this time. We also believe that there will be specific indigenous investment opportunities meriting PRE support, but these will inevitably be less available and more risky than equivalent possibilities in those other PRE-targeted developing countries with which we are familiar. This puts a premium on supporting the one or two Kenyans who have shown some entrepreneurial and managerial spark.

The generally poor prospect for Kenya's private sector compared to those of some other targeted countries requires that PRE deal with a difficult issue of criteria--doing the best possible to strengthen Kenya's private sector as opposed to investing in countries with better prospects. The needs and opportunities in Kenya are enormous. However, the prospects for success are not as good or likely to be as immediate in impact as elsewhere. Also, the investment in the private sector in Kenya demands a longer-term and more sustained strategy, with even something of a "grant" as well as "investment" perspective.

PROGRAM IMPLEMENTATION STRATEGY

In our view the situation in Kenya is such that any PRE program, whether of direct investment or management training, will require close monitoring and involvement. We caution against a strategy of funding promising programs and then maintaining a distance. With a few notable exceptions Kenya lacks the institutions and experienced people that could provide the vehicles for successful program implementation and management. Therefore, programs will need to be closely supported and monitored. To achieve this we conceive of two instruments: a specific implementation support effort for the entire project through a management contract, and close collaboration with the local AID office, which appears to be well respected, connected, and informed. The probable local recipients of funding not only welcome this type of support, but have, in fact, asked for it. In terms of getting the job done, they often are quite relieved if you offer to work with them because they realize that they do not have the necessary experience to know what to do.

The Bureau for Private Enterprise ought to think along the same lines when weighing investments in Kenya. Everyone we talked to there agreed that it is inconceivable to expect a successful program to result from unmonitored and unaided investments. Even more important than control is the need to provide management support. It was our conclusion that it is vital, therefore, to have a vehicle through which to work, such as a reliable bank or other type of control and support mechanism.

Finally, we believe that use should be made of appropriate resource people and organizations wherever these may be found--in Kenya, in the United States, or elsewhere. In this connection we discussed with a number of people in Kenya the idea of tapping retired U.S. executives (as might be available through the International Executive Service Corps, IESC) as one source of available talent. The response was mixed, based on experience. Some of the people were thought to be excellent, but the opinion was also expressed (legitimately, we believe) that the short term philosophy of an IESC, while probably appropriate elsewhere, was not ideal for Kenya. Even so, in our view we should include consideration of this type of executive talent for assignments where possible.

KENYA'S MANAGEMENT ENVIRONMENT AS A CONTEXT FOR PROGRAM STRATEGY

No discussion of Kenya's management training needs and consequent program design can ignore a number of critical elements in the country's economic, social, and political environment. Specifically these concern the poor state of its economy, its development status, "Kenyanization," the pervasive role of government in the private sector, and certain Kenyan cultural characteristics. These provide a context within which our program plan can be formulated.

THE STATE OF KENYA'S ECONOMY

The Kenyan economy has many endemic problems and a dearth of resources. The attempted coup d'etat can only exacerbate the lack of confidence in the economy and the difficulty of attracting and retaining capital. Interestingly, the problem is not merely lack of foreign currency. In some cases firms have access to foreign funds but cannot match them in Kenyan shillings. Therefore providing external financial support is not always a complete solution.

Kenya is among the poorest of developing nations, and the soundness of its economy is in question. Rapid growth of population (at the rate of 3.96 percent annually, perhaps the fastest of any country) compounds the country's problems. For these reasons, one cannot approach Kenya with the naive view that monetary investment will automatically have positive results; it is not that simple. Kenya's poor economic status and the paucity of its resources preclude the success of solutions that have worked well in other countries.

KENYA'S DEVELOPMENT STATUS

Kenya is still very much a beginning, developing nation, having been independent for only 19 years. Nearly all substantial enterprises in the country are multinational; large indigenous companies are almost nonexistent. There is no appropriate alternative to working with the small indigenous companies. In Kenya, then, building the private sector will mean working with and expanding small enterprises.

A sustainable program in Kenya can support small enterprises by building up an entrepreneurial management group. It is not a question of training people to be entrepreneurs; in a sense there already are many entrepreneurs. What is needed is training for people who can be entrepreneurs and also manage an enterprise of some size. Any program in Kenya that ignores this challenge will not find much support in the country and will surely be ineffectual.

KENYANIZATION

The third major element is Kenyanization, a fact of life in Kenya. The ongoing process of Kenyanization embroils the private sector in a serious social issue. Kenyanization is not just a matter of Kenyanizing the foreign companies, the transnationals. A large part of the indigenous business and industry of the country is carried on by Asians, mostly Indians, most of whom are citizens of Kenya. Kenyanization really means Africanization. In other words, a program helpful only to transnationals and Asian enterprises could not be sustained; the needed political (and the resulting trade and economic) support would not be forthcoming. It is tempting to ignore this point because many of the most promising or successful companies, logical targets for investment, are transnationals or Asian-owned.

The answer lies in having a broad set of criteria. One cannot work only with the large, the good, and the currently thriving. The Bureau should include in its program a spectrum of emerging and growing firms that includes small African enterprises, and African people should be involved, whatever the ownership of an enterprise.

We were impressed with the apparent fact that while Kenyans are anxious to promote the indigenous African elements of the economy, they are not anti-transnational or anti-Asian in the sense of setting out to destroy Asian companies. A program working with small African firms could include Asian and transnational firms and still be politically acceptable.

Considering, then, the economic situation, the development status of the country, and the Africanization of the economy, it will be challenging to identify a sustainable combination of investments. There are not many good, small, African-owned companies in which to invest, and given the state of the economy, any investment will be a high risk. This is not to argue against investment in Kenya. If PRE has decided to work with Kenya to promote its private enterprise sector as a strategy for development, then PRE must take Kenya as it is, not as PRE would wish it to be.

Therefore, PRE investments should be those that are politically supportable and have a chance to succeed. Also, the investment in Kenya's private sector should emphasize infrastructure building: management training and the strengthening of the financial system as a necessary precursor to direct investment in the economy. In other words, it is time for plowing and fertilizing! There are some opportunities for seed, but the bigger need right now is to create a potential pool of promising firms and entrepreneurial mananagers in which investments can be made in the next few years.

The banks and other financial institutions can be helpful with investments. It was our conclusion that working through the banks would be a good strategy in Kenya. This is already being done on a very small scale, so there is some precedent. We will elaborate on this approach in much more detail below.

THE ROLE OF GOVERNMENT IN THE KENYAN PRIVATE SECTOR

Another critical element in the functioning of the private sector is the pervasive role of government in Kenya. Although PRE's charge is to strengthen the private sector, the nature of the political-economic system in Kenya is such that the government cannot be ignored. The government is involved, in one way or another, in everything. It plays a critical role in determining the operating environment and investment climate for the private sector. The private sector knows this and is not fighting it, but rather seeks to maintain a working relationship. Any program designed (however subtly) to diminish or ignore that relationship will fail in the Kenyan environment; the government must be considered.

Despite its big brother role, the Kenyan government is supportive of the private sector. Efforts are needed to improve the effects of government policies and programs on private sector activity and the investment climate. Government officials have legalized their own involvement as individuals, making it both appropriate and desirable for members of the government to participate in company ownership, and many do. One might question the advisability of this involvement but it is unlikely to change.

Not only do government officials participate in the private sector, but because of a Training Levy system to be described later, they are also involved in the management training area. If programs are to succeed, they should be designed and implemented in such a way to engender support of government officials. We will give a contrary example later, using an aborted school for accountants as a case.

The program should also seek to expand the thinking of key government officials on the functioning of the private sector, on optimal government-industry and commercial relations, and other aspects of government bearing on the health of the private sector. We will describe this further in our discussion of possible high-level executive seminars.

We had encouraging discussions with high-level government officials concerning our mission and thinking. It is our assessment that they were then extremely supportive of both the PRE approach and management training in general. We feel that as long as we follow the general thrust described above, local backing will be there. The Bureau should follow the lead of indigenous business people in working with the government of Kenya.

SOME INHIBITING COLONIAL LEGACIES AND INDIGENOUS CONSTRAINTS

It is important to keep in mind that much of Kenya's public and private sectors have developed from institutions with older British traditions. There are many positive aspects to this heritage, especially in the country's civil service, railroad system, banks, and insurance and public accounting firms, which are well developed in comparison with what is commonly found in developing nations. Nevertheless, this legacy also has its negative side. As is often the case, there has been a tendency to stay with what used to be the British approach rather than adopting their recent practices. Particularly relevant to our mission has been the effect on the financial system of very conservative, even archaic, thinking. We found a general feeling that it would also be very important to bring more U.S. thinking and practices into Kenyan banking and accounting.

We believe that some words of caution should be injected at this point. It is a characteristic of the very polite Kenyans to tell you what they think you would like to hear. On a flying visit it is not difficult to win apparently enthusiastic acceptance of ideas and assistance plans. We tried to compensate for this tendency through a process of multiple checking, using non-Kenyan as well as Kenyan sources. The acid test of support is to be found when Kenyans have to commit their own resources, therefore we gave emphasis to those programs for which some local resources had already been committed.

A second important factor to be taken into account is timing. By American standards, Kenyans are slow to make decisions and to act. Two elements among our optional programs will deal with this problem. The first is a forcing implementation plan, to get things rolling. The second recognizes that the real impact of programs will only emerge over several years, and that it will be vital to plan for a sustained effort.

PROGRAM STRATEGY

Given the lack of a management culture in Kenya and the PRE objective of strengthening the weak and diffuse management training delivery system, the Kenyan economic and social environment is a very difficult one in which to work. We conclude that a program should have four central characteristics.

First, an effective program would have to address many parts of the actual or required training system. A program that focused on one or two elements would simply be drowned out. It would be productive to find mechanisms that could provide both leverage and pressure and be an integrating force across the system.

Second, any management training program should give high priority to financial and capital management, and also to understanding the management process. Third, it is vital to interrelate training and doing in practical ways. Most specifically, this translates into programs that combine various aspects of management consulting with management training. One way to advance management competence in

Kenya is to strengthen the weak consulting capacity, and we have included this in our proposal. Fourth, it would be desirable to focus a large part of our efforts on small, indigenous African enterprises.

As has just been indicated, the financial dimension of the economy is critical to the development of the private sector. The financial institutions, we believe, are also the single best system on which to base a management improvement strategy.

To understand our proposal it is necessary to consider the place and potential role of Kenya's financial institutions and the nature of the country's financial management problems.

Financial Institutions

Kenya is a very capital-scarce country. Consequently, banks and finance companies play a central role and are in a position to exert tremendous influence and leverage. The banking community comprises four general categories:

1. International banks and the old British banks deal primarily with multinational and large indigenous companies.
2. Commercial banks deal with medium-size indigenous companies and make some loans to the smaller and higher-risk firms of this type. There are 16 of these banks in Kenya.
3. Development banks and development finance companies provide financing for indigenous companies that contribute to national development programs. These include some major industrial projects, but most also have some type of a small-scale industries program.
4. Small private finance companies are active but marginal; there are 29 in Kenya.

The recently organized Kenya Institute of Banking (KIB) is not yet capable of performing the full range of services normally associated with such an institution. Although it has only a small staff at this point, in our view KIB has long-range potential as a mechanism for promoting management and standards improvement in banking.

These financial institutions are growing and, at the same time, becoming Kenyanized. These interacting processes have created substantial problems in two areas. First, Kenyan institutions have a great need to strengthen their own personnel; with limited recruiting opportunities this translates into a need for training. Second, they need to improve their ability to aid their clients, beginning with better appraisal of programs and subsequent consulting aid for ongoing projects.

Of the two aspects, <u>internal banking operations</u> and <u>bank relations with their client firms</u>, the latter is seen as being the more significant in terms of potential impact on the Kenyan economy. We will deal with each in turn.

Bank Operations

Top personnel from U.S. and British banks, the Central Bank, the development banks, and the finance companies were unanimous in identifying the great need to improve local training for banking operations, financial analysis, etc. Fulfilling this need will be one of the initial missions of the Kenya Institute of Bankers.

In this last connection, a new program of courses was on the point of being launched by Kenneth Pouncett of the International Monetary Fund, who was working on an 18-month assignment to the Central Bank and to KIB as a director of training. These courses were seen as a first step towards founding a college of banking and finance.

Plans (in July 1982) were to hold a 3-1/2 week course in August 1982 for middle managers (loan officers, office heads) of average-sized banks on basic management and banking. (See appendix for course description.) The course was to be repeated in October 1982, followed by another session on financial institutions in January 1983. The banks were each to pay half of the fees and the Central Bank the rest. It was hoped that the program would be in full operation by March 1983. A committee of bankers was being formed to organize the school as an autonomous entity, i.e., away from the Central Bank. The Central Bank was being very supportive and offered land for a building.

The people involved would welcome AID support to help set up this school on an autonomous basis. We have incorporated this concept into our idea for a banking and finance management institute (described below).

Management Training and Services for Bank Clients

All of the banks dealing with indigenous, small to medium-sized Kenyan firms agreed that they need access to more and better management and consulting services for these clients. This is obviously less of an issue for banks with a largely multinational clientele.

The concept of using leverage with clients to promote better management, and therefore better investments for themselves, was discussed with the banks. In effect, they could say to a potential borrower who needed it, "We'll lend you money only if you are willing to accept consulting and training help." The banks were very responsive to this concept, which could improve their lending record and enlarge the pool of acceptable clients. In fact, some of the banks (e.g., Barclay's, Kenya Commercial Bank) are taking first steps of this kind but without using the agreement as a condition of the loan. At the Kenya Commercial Bank the senior consultants in the Business Advisory Division (who are in effect loan officers) believe there must be a way to give training to their clients in business management and finance, and they are trying to do so in a very rudimentary manner. Their consulting operation is probably the best of its type in Kenyan banks; even so, it is inadequate. We visited three of their client companies--all of them successful, but all Indian-owned and operated. It was our observation that the Asian-managed firms were generally the most successful of the indigenous enterprises, suggesting that in these cases only modest levels of training had been necessary, i.e., that the loans to these companies were conservative compared to the range of needs in Kenya.

We met with representatives of Citibank, First National Bank of Chicago, Kenya Commercial Bank, Barclays, Commercial Bank of Africa, Development Finance Company of Kenya (DFCK), Commonwealth Development Corporation, Industrial Development Bank (World Bank), and Central Bank of Kenya to discuss the need for in-house training for clients and training of the banks' own trainers and consultants.

1.	Citibank	Blair Smith, Director Trade Finance
2.	First Nat'l of Chicago	Joseph Nyagah, Assistant Vice President
3.	Kenya Commercial Bank	Mr. Bhatia and Adam Ali, Managers of Business Advisory Division
4.	Barclays	S.O.J. Ambundo, General Manager Mary Okelo, Branch Manager
5.	Commercial Bank of Africa	N.J.M. Mainnah, Assistant Manager
6.	Development Finance Company of Kenya (DFCK.	Mr. J. Box, Advisor Small-Scale Industries
7.	Commonwealth Development Corporation	Mr. A. Boyd, Controller
8.	Industrial Development Bank (World Bank)	Stanley M. Ngaine, Financial Controller
9.	Central Bank of Kenya	Kenneth Pouncett, Training Advisor

The bank representatives felt that such training would have a major impact on the success of the lending system and the success ratio of their clients' businesses. We see the strengthening of the financial and banking system as fundamental to the growth of a strong private sector in Kenya. Therefore, in the list of projects we describe, this will be a major element.

One commonly cited problem that Kenyan financial organizations experience with their current and potential clients relates to bookkeeping and accounting weaknesses. There were situations in which available development loan money was not awarded because the small firms were incapable of presenting an acceptable financial statement as part of a request. At one of these finance firms (the Development Finance Corporation of Kenya), the executive in charge of small industries, stimulated by our discussion with him, conceived the idea of a "traveling bookkeeper" to provide training and assistance. He is willing to put his own funds into an experimental program and would like some modest assistance. Our proposal below contains a project that would make it possible to give assistance to this promising initiative.

Insurance

We lacked sufficient time to investigate this type of financial institution, although we understand it is another area of Kenyan business requiring management training assistance. It is our assumption, barring contrary information, that insurance management training could become another element in our proposal. The mechanism that we offer for the financial and banking areas could accommodate an insurance program at a later date, should this be desirable, and if the resources and support are available.

Financial Practices

The top quality accounting firms are primarily branch or affiliate operations of British and U.S. international firms. Their clientele is drawn almost entirely from among the multinationals. The quality of their work appears to be very good, but they have difficulty both in obtaining qualified local employees and in providing continuing education for their people. Sending employees to the United Kingdom or the United States is very costly (in foreign currency) and is limited by government pressure. Much the same situation applies to the few good indigenous Kenyan accounting firms.

Solving these problems can be difficult, as exemplified by a recently aborted attempt by the larger accounting firms to set up a model training program. The firms set up a consortium to support their own not-for-profit school to train candidates for the basic accounting examinations. The school was an immediate success (in terms of pass rates) because it provided higher quality instruction than that available from the existing local commercial training mills. The school even generated a surplus after paying off the cost of facilities, etc. As a result, unfortunately, the school also posed a threat to the existing local schools, especially the biggest of them, in which an influential person was said to have a large investment. Its license to operate was pulled!

We were informed that the assets of the school had just been acquired by a group with independent influence in high places and that the school will shortly reopen, under new management and with a new license. The major accounting firms have given a one-year commitment to send their pre-qualification trainees there, giving the school an excellent initial prospect. If allowed to succeed, this school will help alleviate the shortage of trained entry-level accountants. However, the school will not provide any continuing education services, concentrating instead on the larger volume market for training individuals seeking basic entry qualifications.

The smaller Kenyan accounting firms (Asian and African) function at a much lower level of professionalism. The challenge here is to establish professional standards utilizing the developing accounting institution, and then to provide in-service training in conjunction with this standard-raising effort.

We also explored the purported "great shortage" of qualified low-level bookkeepers. There seem to be two dimensions to this problem. Some of our early interviews supported the conclusion of the reconnaissance mission that one of the most important ways to help business in Kenya would be to create more well-trained bookkeepers. We were told that the lack of good record keeping is probably the single most important contributor to Kenyan business failures. The new entrepreneur often has no understanding of financial processes or of his information needs. He has no accurate information or records to offer lending institutions, and is therefore refused a loan unless the institution decides to generate financial statements from the sketchy, inaccurate information available. Matters are further complicated by the fact that some small businessmen maintain multiple sets of financial records: one for the banks, another for the tax collector, and still another for themselves.

Clearly there is a shortage in Kenya of knowledgable and experienced bookkeepers and of mechanisms to raise the level of competence. It is also clear that the need for bookkeeping services is unrecognized by the owners and operators of the smaller firms. They are willing to keep formal books but unwilling to pay very much for the bookkeeping service. The problem is compounded by ethnic bias. Africans want African bookkeepers, Asians use Asians, and the multinationals use the international firms. The challenge is to create an environment requiring better bookkeeping and to provide the means through training and consulting. These needs are incorporated into our proposal for the financial area. Our proposal for top executive "awareness-creating" seminars is responsive to the third aspect of this problem.

SUMMARY OF KENYA'S MANAGEMENT TRAINING RESOURCES

This section contains a brief summary of the existing resources in Kenya for management education and training including a description and discussion of a training levy fund that has been established by the government of Kenya to subsidize management and technical training.

KENYA INSTITUTE OF MANAGEMENT

With roots going back to 1954, the Kenya Institute of Management is a not-for-profit management training organization using an American Management Association approach. It does not have a training center; courses are conducted in local hotel facilities or in-house for individual firms. The training advisory committee is under the chairmanship of Mr. R.G. Mwai, Managing Director of E.A. Bag and Cordage. The committee comprises 15 members from government, education, and the private sector who draw upon their own backgrounds to give the Institute ideas for training programs.

The courses most in demand are The Effective Manager, Supervisor Development, Executive Development, and Leadership Motivation and Communication.

Joint training ventures are held in conjunction with organizations such as Harvard, the Foundation of International Training (Canada), and the Industrial Society (London).

Training courses are of short duration and cover all levels of management in order to create an awareness of factors affecting output. The institute conducts one residential course for advanced management which lasts 12 days and is designed for top level management. There are two examinations yearly, one for a certificate in Business Administration and the other for a Diploma in Management.

Membership seems to be growing annually. Presently there are 600 company and 1,000.individual memberships. KIM has a branch in Mombasa and intends to open one in Kisumu shortly. Courses are held in outlying rural areas, and some are conducted in Swahili.

KIM is probably the best known training organization in Kenya. It seemed that every office we visited had a copy of its official journal, Management. In a discussion with Mr. Eric Cohen, Training Executive, we asked how effective he thought the courses were and how much the students benefited from them. He acknowledged that a problem exists. Based on follow-up questionnaires to the students' employers, there was not much observable difference in the student after the course. This was not an isolated observation; it was repeated by others on more than one occasion.

Another repeated comment about local training concerned lack of follow-up. Actually, what is taking place is not training, something that builds and grows, but rather a series of isolated courses offered usually to people without sufficient background to benefit from the courses.

Our assessment, based on conversations with people outside KIM, is that the comments of Dr. Fischer of the reconnaissance team regarding KIM were essentially right: KIM lacks dynamism. It is not linked with the private sector system: the operational firms, the banks, and the manufacturing companies. We found KIM being dismissed everywhere as lacking real substance. The lack of respect for KIM makes it impossible for us to view it as the central vehicle for new initiatives.

This is not to say that KIM is without potential value; it has its own niche increasing awareness of management needs, and perhaps in the long run its role can grow. Excluding KIM from PRE support would create political problems and be wasteful of potential resources. There is a definite need for more and better high-level executive seminars and KIM is playing an accepted role in this area. We decided that the best way to involve KIM is in our High Level Executive Seminar concept, either as the prime mover or in conjunction with a reoriented business program at the University of Nairobi.

KENYA INSTITUTE OF ADMINISTRATION

KIA is basically a middle management training school for government employees. The curriculum ranges from short courses to some of many months duration. The students live in a campus environment with the government paying for the courses. KIA administrators recognize the need for a department that trains private sector personnel, and they are now trying to start a Department of Commercial Training. This initiative is designed to help fill the void left by expatriates who have left the country by providing training to Kenyans who are now moving into positions of new and additional responsibility in medium-sized companies. Parastatals and a few private companies send their employees to KIA courses on supervision, marketing, resources management, and policy formulation. Despite this Commercial Training Department, KIA is still basically for government training and lacks the facilities, materials, and staff for a successful private sector program.

Given KIA's government orientation and lack of significant concentration or facilities for private sector training, our initial thinking had been to exclude KIA from association with this program. However, there remains the critical need to sensitize key government officials to the nature of the private sector process as a strategy to upgrade the quality of relationship between government and industry and to improve the investment climate. KIA could play a significant role in such an effort. We will therefore propose the establishment of a seminar series to this end which would include KIA as one of the major participating institutions.

KENYA INSTITUTE OF BUSINESS TRAINING

The Institute was started in 1966, and until 1976 its activities had been focused on the needs of enterprises in the process of Kenyanizing their personnel. Since 1979 the role of the institute has been modified to pay greater attention to the business training needs of small enterprises. The name of the institute was changed recently from Management Training and Advisory Center, Ministry of Commerce, to reflect its new role.

The current objectives of the institute are to provide small and medium-sized indigenous enterprises with management training, advisory services, and research and information services and to organize and conduct courses, seminars, and conferences for middle management, supervisors, and business staff members. They also conduct in-house courses for the staff of the Ministry of Commerce.

Typical courses are very rudimentary and are designed for the person with little or no business background or experience. The Institute is making an increasing effort to train students in rural areas.

No one with whom we talked had much good to say about KIBT. Because it is part of the Department of Commerce, people view it as a governmental trainer. However, the materials the institute has developed are well prepared and focused on their market, part of which is the beginning entrepreneur. There would be merit in helping KIBT improve its ability to produce training materials. While we are not recommending that PRE provide such support, the local AID office could consider developing a program to work with KIBT to this end.

KENYA UTALII COLLEGE

This college operates under the Catering Levy Board Trustees and provides training in all aspects of hotel management. This college has contributed greatly to the Kenyanization of management personnel in the hotel industry. All personnel of African Tours and Hotel Ltd. (which is government owned) are trained here.

This is probably a worthy organization since tourism is an important part of the economy. However, the tourist trade is a mixture of private and governmental ownership, and within the guidelines of this mission, we do not feel this college fits into the PRE program.

Again, it is something that should be watched.

KENYA TECHNICAL TEACHERS COLLEGE

After meeting the two remaining Canadians involved in this four-year Canadian teacher-training project, we were impressed with its methods and results. The withdrawal of the Canadians somewhat clouds the future of this school, which is involved in:

1. technical teacher training
2. industrial teacher training
3. business education teacher training
4. short course teacher training

Presently there are 85 instructors in the school, of whom 67 are Kenyans. They conduct one- and four-year programs but are in the process of dropping the one-year program. With 520 students in residence, they graduate 60-80 teachers per year. The physical plant and equipment are impressive and could be made available for private sector skill development. Although technical artisan skill development was not the purpose of this mission, it was a topic discussed by all private sector entrepreneurs whom we contacted.

KTTC has a dual capability: (1) training trainers, and (2) the potential for excellent private sector technical artisan skill training. We feel that there is a project here for the local AID office.

INDIGENOUS CONSULTANTS DOING TRAINING

Githongo and Company

Githongo and Company is the largest indigenous firm of public accountants and management consultants in East Africa. It is probably the third largest firm of public accountants in Kenya. From its inception in 1969, the firm has concentrated on giving Kenyans opportunities to qualify as accountants. A staff of seven Kenyans is supported by three chartered accountants from the United Kingdom. The firm has good connections in the private sector and government and is active in providing training programs with an agricultural management emphasis. Moreover, the company has links with firms in 50 countries through membership in Midsnell, an international association of public accountants.

Mungai Associates Limited

Mungai is the second largest African management consultant firm in Kenya having approximately 10 permanent in-house experts and the availability of approximately 20 outside experts, ranging from an "Instructional Technology and Organization Development Specialist" trained at Bowling Green State University of Ohio to a Ph.D. in Education and Training Systems from Syracuse University.

Although a great deal of its business is accounting, financial, and agricultural consulting, Mungai is moving into feasibility-evaluation and organization studies, marketing, personnel, information systems, testing, and guidance.

G.thongo and Company and Mungai Associates appear to have well-trained staffs with good credentials. Both are involved in private and public sector work. The two companies are the best available, yet both realize there is considerable room for improvement.

The companies expressed interest in and enthusiasm for establishing a mechanism to raise consulting and training standards, making the African private sector more aware of the value of services offered by consultants, and generally improving the role of consultants in Kenya. Both indicated that they would participate in a group effort of this type, which is incorporated in our proposal.

Tack

Tack is a package training operation headquartered in London that "franchises" local companies to present its short-course training programs. Unlike Manplan (see below), Tack does not rely on the audio-visual approach; it is more like the KIM program, though at a lower level (sales training, telephone communication, effective speaking). It is our impression that the curriculum and approach resembles the "Dale Carnegie" level of instruction. The local franchise for Kenya, Uganda, and Tanzania is owned by an expatriate, Mr. Peter N. Pearce O.B.E. of P.N. Pearce & Company, Nairobi.

Manplan

Manplan Consultancy Services Ltd. is a private company offering specific business skills training. Typical courses are: Supervisory Training (in English and Swahili), Successful Selling, The Role of the Manager's Secretary, and How to Conduct Meetings. These courses are presented on films that have been produced in England by Video Arts. The message they teach is somewhat adapted to suit local conditions through case studies, practical exercises, and role playing sessions. The courses are held at local hotels or can be given in-house and have been recognized by the Directorate of Industrial Training for reimbursement of course fees. Fees for their training typically run 700 shillings per day (approximately $65-70), a rather modest figure.

Both Tack and Manplan are "package" training programs imported from the United Kingdom and to some degree modified for local use. They are filling a need and a number of local private sector and parastatal organizations use their services. They have been criticized for their use of less than appropriate, packaged foreign materials. We are not impressed with their potential as a base for building programs and have not included support for them in our proposal.

Time did not allow us to meet with Hawkins and Associates, a consulting firm used by large firms for high-level African recruiting, or with several other smaller firms that were mentioned. Nevertheless, we feel that we did succeed in developing a good sense of the role that private consultants are now playing and could play in management training. It is our assessment that, with a few exceptions, the commercial consultants do not contribute greatly to Kenya's capacity for management training and awareness. A number of the individuals are less than professional, and much of what they do is gimmicky and opportunistic, such as picking up existing training systems without careful selection of what is appropriate and needed.

However, it is also our conclusion that we should not completely abandon these existing commercial organizations; there are a few good commercial trainers in Kenya with well-motivated and capable people who would like to do the right thing. We are very encouraged by the fact that they have recognized their own inadequacies and are sufficiently concerned about their standards problem to organize a Trainers Committee, which many have joined.

It is encouraging that the stronger indigenous consultants, specifically Githongo and Mungai, were responsive to the idea of working with PRE to develop a mechanism for organizing consultants and helping them raise standards. Therefore we feel that a place should be made for these commercial trainers, but only as part of a larger program.

ITET Consultants Ltd.

Mention should also be made of one other consulting firm with which we had contact. ITET Consultants is a new organization, but one that we believe may play an important role in the future. This faith is based on the caliber of its founders, which include Professor Thomas Odiambo, one of Kenya's leading technical experts, and Dr. R. Patel, a former engineering dean of the University of Nairobi. We were able only to hold relatively brief discussions with these two people and, therefore, were unable to formulate a specific proposal. The possibility of a special management training program for the forest products industry was discussed, and we have included this as one of the possible "additional" projects mentioned for later consideration at the end of this report. Our main intent here is to ensure some continuing contact with ITET, a firm of significant promise.

UNIVERSITY OF NAIROBI--FACULTY OF COMMERCE

This school offers a Bachelor of Commerce degree program which is authorized to grant Master of Commerce and Doctor of Philosophy degrees. The faculty has two departments, Business Administration and Accounting, and also taps the associated Departments of Economics, Computing, Mathematics, Commercial Law, and Jurisprudence.

Unfortunately, the school of commerce has a poor reputation in Kenya's private management circles. Its faculty is not well regarded, though the major complaint seemed to be its lack of experience and overly theoretical perspective--a common businessman's criticism of business school faculties everywhere. This problem is compounded by the poor relationship between the school and industry and commerce. More significant was reluctance to hire graduates, who are regarded as poorly trained, overly-demanding, "anti-business radicals." A proposal to establish a new graduate (MBA) business program with the aid of a consortium of U.S. business schools was not received positively by key people. Particularly worrisome was the position of the higher education ministry (mentioned by several persons and directly confirmed by the key government official involved) that the new program would be kept under close government control.

While it would be easy to dismiss this institution, we believe that that would be a mistake. Kenyan firms now find, despite their misgivings, that they must still depend on the university for graduate level commerce entrants. The faculty represents a pool of substantial potential capacity that could become productive if brought into the system. Even now it plays a significant role in KIM's training courses. The challenges are to increase the faculty and student involvement with industry and commerce, to create an incentive system that will sustain such an involvement with the private sector, and to allow some autonomy from the higher education ministry.

We discussed a concept with several key persons in industry, the university, and the ministry that could shift this institution from its present condition to that of a real asset for the private sector. The concept was well received, albeit hesitantly at the university. Our proposal is that the school, in collaboration with KIM, run needed executive level seminars to be given by a semi-autonomous Executive Programs Center, connected to the university, if possible. The seminars would also draw faculty from one or more U.S. schools of management. It would be necessary for the Center to operate relatively autonomously from the university (possibly achievable for a non-degree based program) and from the ministry, under the direction of a largely private sector governing board. The University of Nairobi Faculty of Commerce would provide an important part of the faculty, complemented by people from KIM and the private sector. Such a program could succeed. In doing so it would build the university-industry relationship, and through projects, seminar fees, consulting opportunities, etc., create the needed incentive system. Also, given our sense that the faculty was underrated, it would, through meaningful exposure, help build the school's image (and therefore usefulness) with the private sector.

We make this proposal fully cognizant of the risks. Our contingency plan is to fall back on KIM as the only vehicle to run these seminars, if it is not possible to work with the university. We will also be proposing that PRE provide support to the Federation of Kenya Employers to run a related series of executive seminars.

OTHER TRAINING INSTITUTIONS

We learned of the following training organizations during interviews but had little contact with them.

Provincial and District Trade Officers (PTO & DTO), Ministry of Commerce

The Provincial and District Trade Officers of the Ministry of Commerce are responsible for the implementation of a variety of government policies aimed at assisting African entrepreneurs. In performing their duties, the district trade officers conduct short courses of instruction in better business methods and accounts. Business courses are also conducted at the provincial level in conjunction with the Kenya Institute of Business Training for those businessmen who can benefit from more advanced instruction. Each DTO is provided a small fund to support these business courses. Courses are based on the needs of businessmen within a particular district.

Kenya External Trade Authority (KETA), Ministry of Commerce

The primary goal of KETA is to initiate, coordinate, and implement activities aimed at expanding, diversifying, and promoting Kenya exports. The Export Training Section of KETA coordinates the export training programs, organizes courses on subjects such as international marketing, costing and pricing, product adaptation for exports, and packing for export.

Strathmore College

This college provides specialized training in accountancy, largely for students sponsored by private industrial companies, professional firms, and government departments.

The Kenya Polytechnic

The Kenya Polytechnic provides a variety of accountancy courses on a part-time day release or evening basis.

The National Construction Company's Contractor Training

This group attempts to combine training with financial, supervisory, and advisory services. The focus of training activities is on office administration, including accounting, tender and contract procedure, site organization, and job planning.

Institute of Adult Studies

The Institute conducts evening courses and correspondence courses. The Institute is presently developing correspondence courses in techniques of owning and operating small businesses.

Kenya National Railways

Although the railways primarily provide training of a craft and technical nature (probably the best in Kenya; we were extremely impressed by our visit to this part of their training institution), they also train management personnel in such topics as the specifics of station management.

Others

In addition to the above, there are organizations such as: the Kenya National Chamber of Commerce and Industry with over 32 branches involved in coordinating business courses for its members; the Federation of Kenya Employers (see below for their course plans); computer manufacturers that run company-sponsored training schools for customer operators (we visited with two of these--NCR and ICL of the United Kingdom); various small consultants that run short courses; and "store front" operators of accounting, bookkeeping, and business schools. While the list is long, with a few exceptions it adds up to very little substance.

The East and South African Management Institute

The East and South African Management Institute (ESAMI) is a remnant of the ill-fated south and east African regional community. In theory this institute could be a very important partner in any Kenyan management training program. Unfortunately, its physical location in Tanzania (at Arusha) limits its usefulness. We discussed the possibility of working through ESAMI with a large number of key Kenyans. They do use it occasionally despite its location (it has an extranational status), and it is quite well thought of; nevertheless, we were told ESAMI would not be acceptable as a major actor in our program--in fact, it would kill it. However, ESAMI should be viewed as a useful supplementary institution to be used to train selected people. For now, we limit ourselves to recommending the initiation of discussions with ESAMI to explore a possible future role. We also feel that it might be valuable to explore the establishment of some new programs with the Institute, and we have listed this as one of the possible additional projects.

TRAINING LEVY FUND

An important part of the management training scene in Kenya is the Training Levy Fund. It is based on the Industrial Training Act of 1960 as revised in 1979. Kenyan industry is divided into 10 categories, e.g., Building and Civil Engineering, Power and Telecommunications, Food Processing; each category is assessed a levy, payable semi-annually, either on a percentage or head count basis.

Among the features of the Act, monies paid into the fund can be disbursed as follows (quoted from the act):

"a) the payment of maintenance and traveling allowances to persons attending courses;
b) the making of grants or loans to persons providing courses or training facilities;
c) the payment of fees to persons providing further education in respect of persons who receive it in association with their training;
d) the reimbursement of an employer for all or part of his training costs including fees, instruction costs, materials costs, and wages of apprentices or indentured learners while attending training courses."

The process is supposed to return the money to industry to partially defray fees for training at legitimate institutions or in approved in-house training programs. The key requirement is government approval, but given the way the fund is managed, getting this approval is difficult. In fact, more money has gone into the fund than has come out, so far. Therefore, at least in part, it has become another form of industrial taxation, and it is far from obvious that anything near the full amount collected will be available for training. Nevertheless, there is some money available for training; if a firm sends people to an approved program, it can receive a subsidy of up to 400 shillings ($40) per day against the fees, which typically are twice that amount. If a firm runs an in-house program, there is also some precedent for the government of Kenya to make funds available for training. For example, money was given to General Motors based on a schedule of 4,000 shillings per student being trained in the first year, 3,000 shillings in the second year, 2,000 in the third year, and 1,000 in the fourth year. The big stumbling block is that the government has to approve every individual program in order for it to qualify under the terms of the act. It's not just that they run it on a tight string financially; they run it as though the money is theirs, using it as bureaucratic leverage over the whole process.

At a government training organization like KIA, qualification for the subsidy is automatic, which provides promotional advantages for the government-based training organizations. Some organizations, such as KIM, while not governmental, do have a quasi-governmental, institutionalized position with the fund, and their programs usually qualify. The commercial consultants without special influence, however, are likely to have difficulty winning approval for their courses. The better consulting firms have generally been successful in getting approval, but must go through the process each time the program is offered. The government requires very detailed program plans, even to the point of showing the time of the coffee break.

It is obvious that there is a considerable funding resource here that should be taken into account in any support proposal. The fund is substantial. With subsidies of up to $40 dollars a day per student, it can be an enormous factor in influencing the success of a program. In fact, it would be difficult to float a commercial program without access to the subsidy. Therefore, one of the objectives of any program must be, where appropriate, to ensure access to this funding. The Financial and Banking Management Institute we will propose, for example, could gain approval as a "package" from the government, thus giving all parts access to this funding. It is also with this levy in mind that we have suggested organizing the consultants and commercial trainers in a way that will give them more legitimacy with the government. It would, therefore, also give them an easier time in getting their commercial programs approved for the subsidy.

OPTIONAL PROGRAMS

The options we have developed are essentially three:

1. Establish a bank and finance management institute--an umbrella organization that will integrate the already emerging training schools in banking and accounting, and can strengthen and supplement these entities.
2. Set up a program of high-level executive seminars.
3. Strengthen the commercial training and consulting infrastructure, to be launched through an organizing and feasibility effort spearheaded by two of Kenya's leading African consulting firms.

These options are detailed below. As far as possible, we have selected projects that already have a private sector commitment or we have designed them in such a way as to pool existing resources. In general, the proposed programs already have resources committed or planned to be committed by banks and others, i.e., PRE would not be the only source of funding. Some of the resources being committed are people, which we consider equivalent to money resources. Thus, in all cases these are leverage proposals. For example, in the case of the Kenya Women's Finance Trust, the volunteers are in place; with the traveling bookkeeper, funding has been committed. All of these proposals have been thoroughly discussed and are fully supported by the people involved.

BANK AND FINANCE MANAGEMENT INSTITUTE

The previously mentioned scarcity of capital in the country makes it a matter of top priority in the private sector to ensure the effective performance of the financial institutions. We noted that the scarcity gave these organizations the potential leverage to push developing client firms into better management practices through training and consulting.

We propose that AID/PRE sponsor the establishment of a Kenyan Institute of Bank and Finance Management. The institute would be a not-for-profit umbrella organization, containing three autonomous entities for which housing and administrative services would be provided.

Component Institutions

School of Banking and Finance

The school of banking and finance would be achieved by helping the already developed banking college come into full fruition. This school would be set up in collaboration with the fledgling banker's association, and with the backing of the banks (through a board of governors drawn from them). This governing structure will be needed to attain the desired autonomy from the Central Bank. This new school would utilize additional funds to expand planned course offerings, to be given at the institute facilities, but also outside of Nairobi (e.g., in Mombasa).

Professional Accounting School

An accounting school could be set up in collaboration with the Institute of Certified Public Accountants of Kenya. In the course of this investigation we developed a close relationship with the Chairman of the Institute, Mr. Joseph Githongo, and we are confident that full support for this initiative will be available from the Institute. This accounting school would focus its efforts on professional continuing education, not on individual primary qualification. The new school would work in close collaboration with those now in existence or being reinstituted. This has been discussed with Mr. C.D. Campbell, the key figure in the past and projected new school. (He might even be available for a role in our proposed venture.) The general plan would be for the new school to launch three or four accounting courses, at various levels, during the first year.

The two schools should establish a relationship with one or two U.S. schools of business with special competence in banking and financial management. U.S. support should be in the form of faculty and materials development.

Financial Services Center

A group of experts in finance, banking, and general management would form a financial services center. They would play several roles:

1. act as instructors for the schools
2. supervise the creation of new educational materials on financial management that can be used in the schools and in the various firms associated with the program (and potentially anywhere)
3. serve as trainers working with individual banks, accounting, and consulting firms, primarily to train trainers
4. act as consultants, on a reimbursable fee basis, to banks (or others) for work with their clients

5. serve as a clearinghouse for other consultants and trainers, in collaboration with the two new entities: a Trainers' Association (the self-started group that is coming into being in an effort to upgrade standards in the field) and a counterpart Consultants' Association--to be launched with the support of the leading African consulting firms
6. supervise and monitor the activities of several specific training and consulting projects. Three specific projects have already been identified; other such projects can be added over time.

   - a traveling bookkeepers project for the Development Finance Corporation of Kenya
   - a training and consulting service for selected (graduating) and successful firms coming from the Kenya Industrial Estates system
   - a special program to help train women entrepreneurs

Regarding educational materials, we referred earlier to the magnitude of the need in comparison with the likely available resources. As an example of the kind of innovative approach to the delivery of management education that is needed, we suggest a proposal from Citibank in Kenya (see appendix), which we believe points in the right direction. Citibank has offered to participate in the development of video-taped training programs in the banking and financial areas. We believe that PRE resources should be devoted to acquiring existing materials of this type, modifying them as appropriate, and creating appropriate new materials. The collaborating U.S. business school could assist in this effort. This should be viewed as a pilot effort. We can envision additional projects of this kind, in Kenya and elsewhere (including exchange of such materials across countries). This approach is a valid one for a variety of developing countries. Since the specific recommendation was made in Kenya (and especially given the Citibank initiative from there) we have described it as a single country effort. Obviously a multi-country project is feasible and this effort could be expanded later.

Training Projects for the Bank and Finance Management Institute

The Traveling Bookkeeper Project

Working initially with the Development Finance Corporation of Kenya (DFK), but then adding the Kenya Commercial Bank and the Commercial Bank of Africa, we suggest a pilot program for a test group of small entrepreneurs to be trained in the basics of bookkeeping, financial management, costing, and internal control. An experienced bookkeeper would be assigned to instruct businessmen and their clerks in charge of bookkeeping on an individual basis. This bookkeeper would travel to the entrepreneur's place of business and work on his premises for at least five days, either setting up his books or monitoring the accounts already established to insure their accuracy and to establish continuity of maintenance. On a rotating basis this expert would return to audit the progress and for follow-up instruction. It is estimated that one expert bookkeeper could handle approximately 30 small businesses.

This approach has several advantages. The entrepreneur usually cannot afford the time to attend an off-site training program, whereas this is a continuing one-on-one approach to instruction with continuing follow-up. Even if the entrepreneur recognizes the need for a trained, qualified bookkeeper he often feels he cannot afford one full time; this helps overcome that problem. The introduction of the traveling bookkeeper should also improve the efficiency of project appraisal and loan supervision.

A proposal to this effect from Mr. Joost De La Rive Box, Advisor, Small Scale Industries, Development Finance Company of Kenya Ltd., is appended. His proposal covers the cost of one bookkeeper for two years for 30 of his organization's clients. We contend that a more ambitious, cost-shared effort would be desirable, however. Also, once we discussed the idea with him, he contacted two other banks (Kenya Commercial Bank and the Commercial Bank of Africa). These three banks would have a pool of 130 client companies. They indicated willingness to join in the project. We therefore suggest a two- or three-bank pilot for one year, followed by an evaluation. If the program succeeds, the banks should be willing to pay the full cost themselves.

A possible, if optimistic, extension of this concept was described to us. It calls for the entrepreneur to fill in a simple standard questionnaire quarterly. On the basis of the data on the questionnaire a loan officer extracts an up-to-date balance sheet, profit and loss account, and cashflow data, by means of a microcomputer. Software to do this has been developed by Mr. Joost De La Rive Box for a Radio Shack hand-held computer with tape input permitting a standard financial analysis (ratio analysis). In a subsequent visit to the company the loan officer could discuss the quarterly results. Loan officers would visit all clients assigned to them at least once a quarter and be in a position to offer financial counseling, knowing they have more accurate information than heretofore.

Management Development for High Potential KIE Firms

Kenya Industrial Estates promotes and finances the development of small-scale indigenous industrial projects throughout the country. They build "industrial parks" or estates and rent the "workshops" to entrepreneurs at favorable rates (approximately 65 percent of market rental rates). Their services are supposed to include planning, preparation, and appraisal of projects; provision of industrial premises and of loan financing; repair and maintenance facilities at local "estates"; and the provision of extension services on management, technical problems, marketing, and bookkeeping. The financing is for a maximum of 5 million shillings ($465,000) per project of total investment, including permanent working capital. Loans of up to 85 percent of a project (where total cost does not exceed three million shillings--80 percent if over three millicn shillings) are available. These loans can cover 100 percent of the cost of machinery and equipment (security is required for working capital loans) with the interest rates (at 10 to 11 percent) being highly subsidized. At present 450 businesses are under the KIE umbrella.

We recognize that KIE is:

1. parastatal,
2. having problems with the success ratio of its entrepreneurs, and
3. using an approach that many of us do not favor (even perceived somewhat negatively by PRE).

We are not proposing a program to support or help KIE; rather we propose to recognize that a few of the firms in the KIE system have become successful, that they represent an important new element in the development of a private sector in Kenya, and that we should build upon that base. For all its problems, KIE has produced a number of such firms in which PRE may invest in the future.

KIE has surveyed its portfolio and has ranked its companies as:

1. "A"--profitable
2. "B"--marginal
3. "C"--unprofitable

This program would support some of the private companies in the "A" category, to move them further into the private sector and out from under the umbrella of KIE. It is of interest that when we talked with KIE they tried to encourage us to support their "B" category companies in order to push them into the "A" status (profitable), thus showing a greater success ratio at KIE. However, we believe that PRE should help the winners; it is not the Bureau's objective to show that KIE is a successful approach (which we question).

Despite everything, there have been winners and AID/PRE could properly work with and help these high-potential, private entrepreneurs. KIE has begun to recognize the need to give management aid to these successful companies. Although they claim to be offering this service, it really is not happening. KIE is, meanwhile, addressing the "C" category and is closing down some companies and auctioning off their assets. (Interestingly, so far KIE has not lost money on these loans because of appreciation of machinery value.) KIE seems to be becoming more business-like in its evaluations and is beginning to react to the "A," "B," "C" condition of its investments. This option is designed to help individual businesses while at the same time to encourage KIE to move in this new direction.

We envision a pilot effort with approximately 12 companies in the Nairobi area, selected for their potential for growth and further success. They would be firms which need a last "push" to achieve sufficient growth to move out of the KIE subsidization, become full members of the private sector, and gain access to larger capital resources. Some might then become candidates for PRE investment a year or so in the future.

One qualified management consultant should be able to handle these 12 companies. They would be his portfolio during the course of the year, and he would provide them with help in terms of organization, financial and inventory controls, etc. In addition to consulting, he would conduct (with the assistance of other experts) a few special short courses on marketing and accounting to further strengthen business skills. We believe it best to locate this consultant in the proposed Financial Services Center (or if the Institute does not come into being, at AID). We propose this not only because of the support the Center could provide, but also to keep the consultant separate from the KIE system. We have discussed this with the KIE people and they support this approach; it seems to fit in with the changing philosophy that is developing there. Additional discussions would be necessary to work out details.

In one sense, we do not need KIE's permission for this project. We would not be working with KIE directly, but with the individual private companies they are financing. Still, it would be advantageous to have the support of KIE.

Kenya Women Finance Trust Ltd. (KWFT)

The Kenya Women Finance Trust Limited was founded in 1981 by a few women in banking, law, and finance. Its stated purpose is to encourage the participation of women and their families in the monetary economy of Kenya and, in particular, the participation of those women who have not generally had financial resources or have not fully participated in the formal business community. If successful, it could bring an entirely new group of entrepreneurs into the private business community. There is some history in Kenya of women playing a commercial role, but always on a low level.

The Trust is associated with Women's World International, an independent financial organization set up at the International Women's Year Conference in Mexico City (1975) to provide women with access to credit as a means of encouraging their integration into the development of their countries. Women's World Banking is an auxiliary support to existing banking and financial institutions and is not a commercial bank. It provides loan guarantees to national and local banking institutions for loans and banking services extended mainly to women and their enterprises. It also arranges for appropriate technical and managerial assistance to enhance the financial viability of those enterprises.

The KWFT is a small group of active, motivated professional women who are trying to help the women entrepreneurs of Kenya set up small businesses, e.g., bakeries, laundries, weaving shops, handicrafts. We met with Mrs. Mary Okelo, who is the manager of a branch of Barclays Bank of Kenya, and Mrs. Veronica A. Nyamodi, a lawyer who has her own firm. The enthusiasm exhibited by these women for the organization and its goals was of such a high order that it was contagious.

Two major segments make up the KWFT program. The first segment has two basic needs that can benefit from PRE support. One is to help them set up a secretariat so that they can properly manage their organization. The second is to educate their 100 women volunteers on management content and on training approaches to be used with the individual women entrepreneurs around the country. They need to strengthen their communications and organizational linkages and to be able to bring their volunteers into Nairobi for training in financial management, inventory management, sales, and how to work with people. After their training these volunteers, professional women who reside throughout Kenya, would begin to train the individual women entrepreneurs. This type of mechanism for training is ideal for this group. It is impossible for the women entrepreneurs to attend the typical training course, which lasts from a few days to a week; however, they can meet with a local woman trainer for two hours a week over a year's time.

We also suggest that a Kenyan woman management expert serve as training manager of the KWFT. She would work both at training the trainers herself and at finding other resources available in Kenya, such as faculty and materials for KIM and KIBT. She would be a trainer, coordinator, and adapter of materials. Thus PRE would be helping to provide:

1. a secretariat
2. an organization
3. a training capacity

The second major segment of the KWFT program is to make loans available to women entrepreneurs at favorable rates. We do not recommend that AID/PRE become involved in that part of the program. Indeed this concept only leads to another subsidized financial environment that at some future time will cause problems. We believe the women should be encouraged to work through the normal existing commercial banking sector. The KWFT could provide a bridge by helping them access the proper banks and to help them with their approach to the bank.

By supporting the first segment of the program PRE could expect to reach many hundreds of women throughout Kenya, for a very modest amount of money. We were impressed by the enthusiasm and professionalism of Mrs. Mary Okelo and her associate Mrs. Nyamodi, and we are sure they will make constructive use of any funds they receive.

Facilities

The three (or four) entities in the Bank and Finance Management Institute that we envision would be housed at a single facility. This facility should have several lecture rooms and group workshop rooms, a library, offices for professional staff, and a small administrative unit. Discussions and tentative planning are already underway to find such facilities for the proposed banking college, but their use of any facility would necessarily be sporadic and inefficient. Locating the Banking and Accounting schools together with the Financial Services Center and perhaps later an insurance school would not only be efficient from a facilities perspective, but also effective in terms of access to qualified personnel, course-sharing, and some administrative overhead sharing. Since the schools would be fundamentally autonomous entities, each would maintain its own basic administrative and leadership functions; the overhead sharing would only be partial.

Structure

The institute's structure might be as shown in Figure 1.

Figure 1. Institute Structure

Government
Representative

Accounting
Companies

Coordinating
Board

Banking &
Finance Firms

Governing
Board

Governing
Board

Executive
Director

Advisory &
Coordinative

Advisory &
Coordinative

School
of
Insurance

School of
Professional
Accounting

School of
Banking
& Finance

Director

Director

Staff

Staff

Consultant's
Committee

Administrative
Unit

Financial
Services
Center

Advisory

Facilities
Coordination

Trainer's
Committee

Director

Faculty role

Staff

Faculty role

Specific Projects
Manager

External Clients

Training
Materials
Development

Traveling
Bookkeepers

KIE
companies

Etc.

An Insurance Management School

As appropriate and timely, a fourth entity--an insurance management school--would be added.

HIGH LEVEL EXECUTIVE SEMINARS

We have already referred to the lack of a management culture in Kenya. This lack is most evident in the general low level of awareness among indigenous top-level managers (and others involved with the private sector) of the need for proper management practices, or even of what is possible. This was a recurring theme in our interviews. We agree with Mr. Tom Owuor, Executive Director of the Federation of Kenya Employers, that there is even a lack of understanding of what the private enterprise system is all about. In our view this weaknesc needs to be dealt with; it will then be possible to create the demand and proper implementation climate for the training approaches we have identified. We have also referred to the need to work with Kenyan government officials in terms of their relation to the private sector.

To these ends PRE could provide support for three executive training seminar programs.

A High-Level Executive Seminar Series

These would be a combination training workshop and round-table discussion group for 25 selected executives, who would be expected to attend four one-week sessions in a year. Each session should be devoted to an individual area, such as financial management, marketing, operations, personnel, or organization. Staff work between sessions would be to prepare reports, identify critical issues for review and discussion, and give focus to the training. A new group of executives would come in each year.

The Faculty of Commerce at the University of Nairobi, working in collaboration with KIM, would be the vehicle for carrying out the program and providing a core staff group. These will be supported with practitioners from the better developed Kenyan firms (including the multinationals) and with faculty from one or more U.S. universities.

We believe that substantial participant fees can be charged for such a program, but significant subsidization will be needed, especially to cover foreign faculty support, staff work, and start-up costs.

The benefits of such a program, if successful, could be very great for the participating firms and as a means for launching the University of Nairobi business school into a new productive role in the business community.

A Top Government Official Private Sector Seminar

In conjunction with the high-level executive seminar described above if possible, but separately if not, we envision a regular seminar series for selected top government officials to be given by the Kenya Institute of Administration (KIA), on two main themes:

1. the workings of the private sector--financial, legal, economic, and operational requirements of successful enterprises, and
2. government relations with industry and commerce.

The basic format could be as described above, and we anticipate holding one or more joint meetings a year attended by both government officials and business people. The target group in government would be officials whose activities have significant impact on or involvement with the private sector.

Since the idea for this seminar came up after we had left Kenya, it was not possible for us to discuss it with KIA. Based on our discussions with them, however, we expect that they will be responsive to the concept. Should KIA not agree, we believe that it would be possible to mount something similar through KIM and the University of Nairobi. Because of their access to government personnel we feel that it would be preferable to include KIA in such an effort.

Seminar Series Offered by the Federation of Kenya Employers

The executive director of this Federation, Mr. Tom D. Owuor, is one of a relatively small number of special private sector resource people who ought to be supported as part of a general encouragement strategy. Fiercely pro-private enterprise and extremely articulate, he seems to be waging a personal campaign to bring home to managers the real meaning of private enterprise and to provide training in management principles.

He has planned a series of seminars (see attached materials) devoted to these topics. He has already recruited 59 of the 75 people he hoped to reach. With support, he could and would offer more such courses to more people, using better instructors and teaching materials. In our view Mr. Owuor is another person who could be trusted to put funds made available for such purposes to very good use.

CONSULTANT/TRAINERS ORGANIZATION

The private sector in Kenya would be greatly strengthened if more and better management consulting services were available (especially for the indigenous firms). Also, the commercial trainers could have a much greater impact than they do, if these were strengthened and standards established. This will not be easy, but two encouraging signals became evident during our visit that we believe deserve notice and PRE support.

1. Two of the leading African consultants agreed, separately so far, to work with us to strengthen consultancy and training. Their activities could include:

   - organize an information clearinghouse (who can and is willing to do what?)
   - lead a training-of-trainers effort
   - make available a more complete list of training materials and organizations that consultants could use (compared to the near random, ad hoc process going on now)
   - encourage inter-consultant collaboration, and
   - promote some form of consultants' association.

2. A committee of trainers has been formed to consider the issue of standards and ethics. This committee could be a positive force. On the other side of the coin it could also become a device to squeeze out the commercial trainers (which in some cases would not be a bad thing, given the very low level of management awareness and sophistication in the economy). Our proposal here is to monitor the activities of the committee and be ready to provide modest support if needed and appropriate. The possibility of an AID role in this process could help strengthen the positive elements of the initiative.

IMPLEMENTATION PLAN

We estimate that it would take four person-months on-site to develop and negotiate a preliminary but detailed plan, come to agreements with people, and obtain firm commitments. This step should be followed by a review with PRE and, if satisfactory, a full-scale launch. Given the existing momentum, major parts of the program (the banking school, the traveling bookkeepers, the consultants for the KIE firms, the Kenya Women's Trust) could be underway within 60-90 days. The other elements could be launched within six months from the actual starting point.

Everything that has been outlined here can be done. We are sufficiently confident of our information to feel that the plan can be accomplished generally as proposed, but we are also realistic enough to know that as the details are worked out, adjustments to the plan will have to be made. It is now necessary to take the next step to an operational plan.

One of the problems with a project like this is that after our recent trip to Kenya, the key people there are all excited about the prospects and some are ready to go; in fact, they are expecting it and waiting for it. A long delay would be counterproductive. It would cause the Kenyans involved to lose either their enthusiasm or their patience. As it is, some of the more vigorous individuals there are ready to launch programs, and other groups will probably start aspects of the program's elements in their own ways.

The choice of a mechanism for accomplishing this proposal will be critical. We have considered and rejected the idea of a nonprofit foundation that would be run by Kenyans. While such a foundation would be a convenient vehicle for PRE and enable direct Kenyan involvement, the Kenyans prefer greater U.S. involvement and oversight. They do not want to be in a condition of dependency, but neither do they wish to be totally independent. They want to be able to count on someone who will help them manage the program. A nonprofit foundation run largely by Kenyans would not provide this kind of support, nor could it respond to the problems inherent in the lack of a management culture in Kenya and the consequent difficulties in guiding a management development effort. The inevitable heavy involvement by the government in such a foundation would be a further problem.

The selected mechanism should provide continuity. Kenya is a country where relationships are all-important. Once one has developed relationships there, it is vital to program effectiveness that they be continued. Therefore, we believe that the needed detailed planning, negotiations, and long-term implementation should be put in the hands of a single responsible organization in the form of a management contract. Further, we suggest that the overall execution of the program be carried out with the full cognizance and collaboration of the Kenya AID Mission.

It is important that the organization commissioned to undertake this project have the right background, skills, contacts, and Kenyan relationships. Their assignment would be to develop the operational plan, obtain the agreements, then work with each of the elements of the program--setting up the institutions, recruiting the people needed in the United States or elsewhere, and then working with them. This will require the recruiting of business, industrial, and academic people (or organizations) who are able and willing to work with the program, making arrangements for them to go to Kenya, undertaking the appropriate evaluations, and channeling PRE funds to the institutions. In this connection we call attention again to the possible use of IESC volunteers as a resource, where these are seen to be appropriate.

A specific suggestion made to us recently was that planned U.S. defense spending related to Kenya could provide access to considerable funding and other resources. Included here might be a waiver on the "buy American" rule in connection with any U.S. installations in the area, thereby opening up some needed market opportunity. We had no information on this possibility or its implications, but we suggest that it be kept in mind.

A final comment is needed with respect to the impact of the abortive coup d'etat. Without question, the effect was disruptive and detrimental to business confidence and economic and social development. The information we have received since our return seems to indicate a gradual return to normal, and it is our conclusion that the fundamental conditions described in our analysis were unchanged.

OTHER PROJECT PROPOSALS

In relation to the projects in our program, we encountered several other project opportunities. These were not included, either because they did not fit the general architecture of our program, or because they did not seem to be quite appropriate to PRE or to our particular management training mission. Nevertheless, we believe they should be recorded, with the possibility that these projects might be considered for non-PRE funding, particularly by other parts of AID--the Kenya AID Mission, the Africa Bureau, other Agency offices, or other national or international funding sources--or possibly for later PRE funding.

The various projects will be given only the briefest description here. We would be happy to elaborate further to any interested persons.

HOSPITAL MANAGEMENT TRAINING PROGRAM

The number of government, district, private, and missionary hospitals is already large and is growing. There is a great need to improve the management of these institutions and to start some cost containment programs. To date only KIA offers such a program, currently to 23 students from Kenya and other African nations. The shortage of trained personnel in this area is chronic. We estimate that a meaningful program could be developed with a budget of between $100,000 and $150,000. Discussions with a Hospital and Health Systems Management training group have been held, and a program could be launched during 1983.

TECHNICAL/ARTISAN TRAINING

The need for trained artisans and tradesmen was impressed upon us from every quarter. If anything, this need rivals or exceeds that for management training. In our view a major program for industrial tradesmen in the private sector could be launched quickly to help fill this critical void. The previously mentioned Kenya Teachers Training College (KTTC) is a well-equipped physical facility upon which such a program could be based.

COMPUTER AND BUSINESS LITERACY PROGRAM FOR HIGH SCHOOLS

Recent advances in hardware and software have reduced the cost of computer systems considerably. An enthusiastic response was received from Kenyan government leaders in education, science and technology, and the treasury and from people in the private computer and electronics sectors, to the suggestion that a program be put in place to bring introductory level training in computer-based business skills (bookkeeping, inventory management, etc.) to senior high school and technical college students.

Such a program could be carried out in collaboration with the local private sector (as hardware assemblers and distributors, for service and maintenance, and as trainers--offers to assist with training and facilities at no charge were made by several multinational computer companies in Kenya). The program would introduce a level of basic business and computer literacy to an age group that can absorb such skills quickly. The program of training could be combined with a process of providing assistance to local small entrepreneurs. The impact on the Kenyan economy could be significant and rapid. Promises of needed collaboration from U.S. electronics/computer firms have already been obtained.

BUILDING AN ELECTRONICS CAPABILITY IN KENYA

The permanent secretary for science and technology and the Director of the Kenya Industrial Research and Development Institute (KIRDI), requested help in developing relations with the U.S. electronics industry in order to build an appropriate capacity in this area at KIRDI. Top industrial people are now available for training assignments in Kenya, and there are excellent prospects for obtaining needed test and development equipment at very low cost, or even free.

The Kenyans have recently been approached with an offer of credits from India to acquire such Indian equipment and technical assistance. However, the Kenyans are not anxious to become dependent on what they view as this less than adequate technology source--they want to build their relationships with the United States. This is a great opportunity for U.S. industry to build a base for future business in south and east Africa. There are possibilities of working through UNIDO on this, but the program would then need to be more international in scope. Discussions are also under way with VITA for a collaborative effort in this area, possibly under a grant from the IBM Foundation.

RELATIONSHIP TO THE KENYAN NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

We were asked to agree to the setting up of a long-term advisory and training relation with the National Council for Science and Technology.

This is possible and could lead to a very significant and beneficial influence on the course of technological development in Kenya.

MANAGEMENT TRAINING FOR THE FOREST PRODUCTS INDUSTRY

A tentative proposal was discussed with Dr. Patel, President of ITET Consultants, to run a special management training program for managers in this industry. ITET has a well-developed history of work in this field.

COLLABORATION WITH ESAMI

As indicated earlier in the report, we believe that there may be considerable value in developing one or more new programs with this regional institution. We therefore suggest that AID consider launching such an effort.

APPENDICES

1. List of people interviewed
2. Kenya Institute of Bankers Constitution
3. College of Banking and Finance course
4. Citibank Financial Management materials development proposal
5. Traveling Bookkeeper proposal
6. Kenya Women Finance Trust Ltd. proposal
7. Federation of Kenya Employers course

LIST OF PERSONS INTERVIEWED

KENYA GOVERNMENT MINISTRIES

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David M. Mbiti
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S.A. Wasiki
Undersecretary for Administration
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Office of Principal Economist of
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Fred Wangati
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Kenneth Pouncett
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Central Bank of Kenya

Richard Kemoli
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Stanley M. Ngaine
Financial Controller
Industrial Development Bank Limited

S.O.J. Ambundo
General Manager
Barclays Bank of Kenya Limited

Joost De La Rive Box
Advisor Small Scale Industries
Development Finance Company of Kenya Ltd.
P.O. Box 30483 Nairobi

TRAINING INSTITUTIONS

Dr. Francis N. Kibera
Senior Lecturer
University of Nairobi
Faculty of Commerce
Department of Business Administration

B. Cowlin
HOD Technical Education Department
Kenya Technical Teachers College
P.O. Box 44600 Nairobi

Now: 1575 Hammond Avenue
Coquitlam B.C. Canada

A. Jameson
Lecturer, Industrial/Village Polytechnic
Instructor Training Department
Kenya Technical Teachers College
P.O. Box 44600 Nairobi

Manasseh Ombima
Lecturer, Industrial Training
Village Polytechnic Department
Kenya Technical Teachers College
P.O. Box 44600 Nairobi

Mr. Thuita
Senior Training Officer
Kenyan National Railway Training Schools

Mr. Gichangi
Acting Principal
Kenya Institute of Administration

Mr. Ochieng
Head of Commercial Training Department
Kenya Institute of Administration

Eric J. Cohen
Training Executive
The Kenya Institute of Management
P.O. Box 43706 Nairobi

A.F. Ganda Beyo
Deputy Director
Kenya Institute of Business Training
Ministry of Commerce

John M. Njoroge
Director
Kenya Institute of Business Training
Ministry of Commerce

ASSOCIATIONS AND COOPS

Florence Malinda
Executive Officer/Registrar
The Kenya Institute of Bankers

Francis Kanyua
Chief Executive
Kenya Chamber of Commerce and Industry

Tom D. Owuor
Executive Director
Federation of Kenya Employers

Jane Mungai
General Manager - Handicraft
Rural Development Co-operative Society Ltd.
P.O. Box 54229

Wambui Otieno
Chairman - Handicraft
Rural Development Co-operative Society Ltd.
P.O. Box 54229

John W. Kuria
Executive Officer
The Kenya Association of Manufacturers
P.O. Box 30225 Nairobi

Silas M. Ita, B.A.
Director
The Kenya Association of Manufacturers

GOVERNMENT

Dr. Njoroge Mungai
Businessman and Politician

Mr. William Harrop
U.S. Ambassador

Mrs. Allison B. Herrick
Director
U.S. Agency for International Development
P.O. Box 30261 Nairobi

Duane Butcher
Counselor for Economic Affairs
American Embassy

Charles E. Costello
Assistant Director
U.S. Agency for International Development
P.O. Box 30261 Nairobi

William S. Lefes
Program Officer
U.S. Agency for International Development
P.O. Box 30261 Nairobi

Robert E. Armstrong III, PhD
U.S. Agency for International Development
P.O. Box 30261 Nairobi

THE SOCIETIES ACT (CAP. 108 OF THE LAWS OF KENYA)

CONSTITUTION OF THE KENYA

INSTITUTE OF BANKERS

ADOPTED ON TWELFTH DAY OF OCTOBER 1979

FJA/OF

KAPLAN & STRATTON,
ADVOCATES,
QUEENSWAY HOUSE,
KAUNDA STREET,
P.O. BOX 40111,
NAIROBI.

CONSTITUTION

OF

THE KENYA INSTITUTE OF BANKERS

1. The name of the Institute is "The Kenya Institute of Bankers".

2. The Institute is an association of Banks (Member Banks) and men and women connected with the various Branches of Banking in Kenya.

The objects of the Institute are:

(a) to facilitate the consideration and discussion of matters of interest to Bankers;

(b) to create and afford opportunities to its members to study, acquire knowledge of and expand their knowledge of the theory and practice of banking;

(c) to foster the planning, organization and co-ordination of and to organise and conduct by way of training courses professional training and education in Kenya in the field of banking;

(d) to sponsor, as and when and to the extent that may from time to time be deemed necessary, research on matters concerning banking or of direct interest to bankers;

(e) to provide facilities for the reading, discussion and publication of approved papers by members of the Institute and others, and to arrange for the delivery of lectures and provision of instruction on banking, mercantile law, economics, foreign languages and other subjects of interest or practical use to bankers;

(f) to found and operate a library containing, principally, works on banking, commerce, finance, economics and allied subjects;

(g) to set and mark and to conduct or approve examinations in banking subjects and to issue certificates accordingly;

(h) to do such other things and take such measures as may be considered desirable in the interests of bankers and banking in Kenya.

4. Membership of the Institute shall comprise:

(a) Member Banks being the banks carrying on business in Kenya on whose behalf this Constitution has been subscribed and such other banks, so carrying on business, as may be admitted to Membership, from time time, at the discretion of the Council;

(b) Ordinary Members being individuals engaged or employed in or connected with banking in Kenya who have applied for admission to Membership by the Council at its discretion;

(c) Associate Members being individuals who have passed such examinations or obtained such qualifications as the Council may from time to time prescribe or approve and, having applied for Membership and met such other requirements as the Council may determine, have been admitted to Membership by the Council;

(d) Fellows being Ordinary Members, Associate Members or persons eligible for Ordinary Membership, nominated by two or more Member Banks or by two or more Fellows, certified in writing by such two Member Banks or Fellows to be suitable candidates for election to Fellowship of the Institute and elected by the Council accordingly.

(e) Honorary Fellows being persons of distinction in the practice or literature of Banking, mercantile law, economics or kindred subjects elected to Honorary Fellowship of the Institute by the Council.

5. The Council may, at its discretion, from time to time elect one or more prominent personalities in Kenya to be Patrons of the Institute.

6. The control of the Institute shall be vested in the Council, whose powers and responsibilities are defined in Clause 16.

7. The Council shall consist of the Senior Executive of each Member Bank and the Members of the Executive Committee.

8. The Executive Committee shall consist of not more than eight Fellows, Associate Members or Ordinary Members of the Institute. The first members of the Executive Committee shall be elected at the General Meeting of the Institute at which this Constitution is adopted and a new Executive Committee shall be elected at each Annual General Meeting of the Institute thereafter.

9. An Annual General Meeting of the Institute shall be held in each calendar year on such date and at such time and place as the Council shall determine.

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10. The business of the Annual General Meeting shall include:

(a) The appointment of the Members of the Executive Committee to hold office until the next following Annual General Meeting;

(b) The presentation of the Report of the Council for the preceding year;

(c) The consideration of the Accounts of the Institute for the last Financial Year and Balance Sheet as at the close of that Financial year;.

(d) The appointment of a qualified Accountant or firm of qualified Accountants to act as Auditor or Auditors of the Institute to hold office until the next following Annual General Meeting;

(e) Any other business of which due notice has been given.

11. A Special General Meeting of the Institute may be convened by the Council whenever such a meeting appears to it to be necessary. A Special General Meeting shall be convened by the Council on a written request signed by not less than fifty Members of the Institute.

12. Not less than twenty-eight days notice of every General Meeting shall be given, in writing, to the Head Office or Regional Head Office of every Member Bank and all Member Banks shall forthwith give notice of such meeting to all Members of the Institute employed by or associated with them. Such notice shall give the date, time and place of the meeting and the date by which all nominations and notices of resolutions to be proposed must reach the Secretary of the Institute.

13. The Chairman of the Council or, in his absence, the Deputy Chairman or, if neither the Chairman nor the Deputy Chairman shall be present within fifteen minutes after the time appointed for the meeting, a Member of the Council appointed by the Members present shall be Chairman at a General Meeting of the Institute and the Chairman shall, subject to the provisions of this Constitution and to any by-laws made or directions given by the Council, conduct the proceedings of the Meeting as he thinks fit.

14. Every nomination for appointment to the Executive Committee shall be in writing signed by not less than two Fellows, Associate Members or Ordinary Members and, if the nominations for election exceed the vacancies those to be appointed shall be determined by a ballot taken at the General Meeting. All other resolutions put to a General Meeting of the Institute shall be decided by a majority of votes which shall be taken by secret ballot unless the Chairman of the Meeting, with the consent of a majority of the Members present, determined by a show of hands, otherwise directs.

15. Every Fellow, Associate Member and Ordinary Member present and every Member Bank represented by its Senior Executive or other officer authorised in writing by its Senior Executive shall have one vote on every matter to be determined at a General Meeting of the Institute.

16. The Council shall:

(a) Appoint a Senior Executive of a Member Bank to be its Chairman and another member of the Council to be its Deputy Chairman, both to hold office for one year from the date of appointment;

(b) Meet not less than three times a year;

(c) Appoint a Secretary and Treasurer and such other Officers as it shall from time to time deem necessary. Such appointments may be honorary or paid at the discretion of the Council;

(d) If and when it deems fit to do so issue a journal or other publication for the information of Members of the Institute and others;

(e) Make appointments to fill casual vacancies in the office of Chairman or Deputy Chairman or any other office in the Institute or in the Executive Committee such appointment to be made with as little delay as possible and the person appointed, in every case, to hold office until the next Annual General Meeting of the Institute at which he will be eligible for reappointment;

(f) If and when it shall deem necessary appoint a corporate body carrying on the business of banking in Kenya to be a Trustee to hold property in trust for the Institute for which purpose a resolution of the Council, evidenced by a copy authenticated by the signatures of two Members thereof and the Secretary shall be sufficient authority and protection to the Trustee and to third parties in respect of any act or deed thereby directed;

(g) Make and publish to the Members of the Institute by-laws regulating amounts of subscription and times and methods of payment thereof, quorums for and proceedings at meetings of the Council, the Executive Committee and Members of the Institute, forms of nominations and other documents required for the conduct of the affairs of the Institute and such other matters as may, in the opinion of the Council from time to time, be appropriate.

17. The Institute may, from time to time and at any time when the Council shall deem appropriate, acquire, for the purposes of the Institute, any immovable property or any interest therein upon such terms as the Council shall think fit and any such property may, at any time at the discretio.. of the Council, be used for any proper purpose or sold or otherwise disposed of.

18. The Executive Committee shall be responsible for the day-to-day conduct of the affairs of the Institute and without prejudice to the generality of the foregoing, shall:

(a) Appoint a Chairman of its Meetings, and subject to any by-laws made or directions given by the Council, regulate the procedure at such meetings which will be attended by the Secretary of the Institute who shall take minutes of the proceedings thereat;

(b) Subject to the Constitution and by-laws and to any directions given by the Council, be responsible for the keeping of the books of account of the Institute, the operation of its bank account and the payment of salaries and other outgoings not being of the nature of capital expenditure;

(c) Refer all matters of policy and all matters which, under this Constitution, are required to be dealt with or decided by the Council to the Council and, for such purposes, prepare the agenda for and papers for submission to each meeting of the Council.

19. Any Member of the Institute from whom any subscription or other amount is due and payable to the Institute shall cease to be a Member if such amount is not paid within such period after the due date for payment thereof as the Council may, by the by-laws, determine.

20. Any Member of the Institute, in any category of Membership, by notice in writing to the Council resign from Membership of the Institute without prejudice, however, to the right of the Institute to recover any subscription or other amount due and payable to the Institute by such Member at the date of resignation.

21. The Council may, by resolution of not less than three-fourths of the Members, being a quorum, present at a meeting of the Council at which due notice, as prescribed by the by-laws, has been given, remove from Membership of the Institute any Member in any category of Membership who is in breach of any provision of this Constitution or of any by-laws made hereunder or whose continued Membership of the Institute, in the opinion of the Council, is not in the interests of the Institute and its Members in general. Such Member shall, however, be given an opportunity to appear before the Council, before any such resolution is passed, to answer any allegations made against him and offer an explanation of his conduct.

22. No member, in any category of Membership, shall use the name of the Institute, directly or indirectly, for advertising purposes.

23. Every Bank and every individual admitted to Membership, in any category, of the Institute, shall, on admission, sign, or being a bank, cause to be signed on its behalf by a duly authorised officer, an acknowledgement of awareness of the terms of this Constitution and all by-laws made hereunder and an undertaking to be bound by and observe the same as they may be varied from time to time.

24. This Constitution may be varied, from time to time as the Council may recommend, by the resolution of not less than three-quarters of the Member Banks present at a General Meeting of the Institute convened for the purpose provided that the recommended alterations shall have been set out in the notice convening the meeting, and provided further that the quorum for such a General Meeting shall be three-fourths of the Member Banks for the time being of the Institute.

25. The funds and the property of the Institute may be used solely in the furthering of the objects of the Institute, and except upon dissolution of the Institute shall not be distributed amongst the Members of any category in any circumstances.

26. The Secretary shall be responsible for the keeping of a list of the Members of the Institute. Such list and the books of account and all documents relating thereto shall be available for inspection by an officer or Member of the Institute at all reasonable hours at any place where the same may be kept, and it shall be the duty of the Secretary to produce them accordingly.

27.

(a) The Institute shall be dissolved by a resolution of not less than three-fourths of the Members, being a quorum, present at a meeting of the Council at which due notice, as prescribed by the by-laws, has been given.

(b) Provided, however, that no dissolution shall be effected without the prior permission in writing of the Registrar of Societies obtained upon application to him made in writing and signed by three Members of the Council.

(c) Upon receipt of such permission as aforesaid, no further action shall be taken by the Council or any office bearer of the Institute in connection with the aims of the Institute other than to get in and liquidate for cash all the assets of the Institute. Subject to the payment of all the debts of the Institute, the balance thereof shall be distributed in such other manner as may be resolved by the Council at the meeting at which the resolution for dissolution is passed.

28. Every Member of the Council and of the Executive Committee shall be indemnified out of the assets of the Institute against any liability incurred by him by reason of any act performed by him in good faith in the execution of his duties as such Member. Such indemnity shall extend to all costs and expenses whatsoever including, but without prejudice to the generality of the foregoing, costs as between Advocate and own client.

WE, the Member Banks referred to in Clause 4 of the within-written Constitution, being desirous of establishing the within-mentioned Institute have caused this Constitution to be subscribed by our duly authorised representatives this twelfth day of October 1979.

TITLE OF MEMBER BANK	SIGNATURE OF DULY AUTHORISED REPRESENTATIVE
ALGEMENE BANK NETHERLANDS NV	H. ~~S.~~ F MICHAELSON
BANK OF BARODA	R. C. BHATT
BANK OF CREDIT & COMMERCE INTERNATIONAL	A. MAQSOOD
BANK OF INDIA	G. M. LEDDI

TITLE OF MEMBER BANK	SIGNATURE OF DULY AUTHORISED REPRESENTATIVE
BARCLAYS BANK OF KENYA LTD.	P. C. J. O. NYAKIAMO
CENTRAL BANK OF KENYA	A. ABDALLAH
CITIBANK, N.A.	T. E. BEAMES
COMMERCIAL BANK OF AFRICA LIMITED	W. K. WOOD
CO-OPERATIVE BANK OF KENYA LTD.	J. K. KIMBUI
FIRST NATIONAL BANK OF CHICAGO	M. KOCH
GRINDLAYS BANK INTERNATIONAL (KENYA) LTD.	A. R. DICKSON
HABIB BANK AG ZURICH	A. G. ABBASI

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TITLE OF MEMBER BANK	SIGNATURE OF DULY AUTHORISED REPRESENTATIVE
HABIB BANK LTD.	K. A. AGHA
INDUSTRIAL DEVELOPMENT BANK LTD.	J. GATUIRIA
KENYA COMMERCIAL BANK LTD.	J. T. SMITH
NATIONAL BANK OF KENYA LTD.	J. T. CARR
THE STANDARD BANK LTD.	H. E. RICHARDSON

FORM D

REPUBLIC OF KENYA

THE SOCIETIES RULES 1968
(*Rule* 5)

CERTIFICATE OF EXEMPTION FROM REGISTRATION No. 2107.

I, JAMES ALLAN .... ASSISTANT Registrar of Societies, hereby certify that I have this day exempted the KENYA INSTITUTE OF BANKERS ....

....

from registration under section 10 of the Societies Act.

Dated at ....NAIROBI.... this ....7th.... day of ....DECEMBER...., 19 79.

....
ASST. *Registrar of Societies*

G. P. K. 1011—5m—6/75

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Telephone: Nairobi 26431
When replying please quote
Ref. No............................
and date

CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

Haile Selassie Avenue,
P.O. Box 60000,
Telex: 22324,
Nairobi, Kenya.

30th July, 1982

Mr. M. Radnor, PH.D.
C/o Room 512,
Norfolk Hotel,
Harry Thuku Rd.,
NAIROBI.

Dear Mr. Radnor,

COLLEGE OF BANKING & FINANCE

It was pleasant meeting with you this morning, and I should like to thank you for the interest you took in our project.

You asked what subjects would be covered: I have pleasure in attaching the programme.

I spoke to Chuck Crawford, the Financial Controller of Kenya Reinsurance, who said that he would contact you tomorrow morning, (on the accountancy question).

Your suggestion of a possible 'mini-merger' with K.I.M. has much to commend it, and could well be an avenue for further exploration.

Yours sincerely,

K. POUNCETT
ADVISER.

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MANAGEMENT II COURSE

WEEK I

1982	HOUR	SUBJECT	SPEAKER
Monday, 16th August	1	Opening of Course	Guest
	2	Objectives	K. Pouncett
	3	Management Principles	
	4	" "	
	5	" "	
	6	" "	
	Even:	Case Study	
Tuesday, 17th August	1	Case Study Analysis	K. Pouncett
	2	Staff Evaluation &)	C. Campbell
	3	Personnel Management)	(A.T.P.)
	4	" " (Practical)	
	5	Documentary Letters of Credit	K. Pouncett
	6	" " " "	
		(Role-Play)	K. Pouncett
Wednesday, 18th August	1	Revision	K. Pouncett
	2	Leadership	
	3	Decision-making	
	4	" "	
	5	Communication	
	6	"	
	Even:	Case Study	
Thursday, 19th August	1	Case Study Analysis	K. Pouncett
	2	" " "	
	3	Communication (Group Study)	
	4	" " "	
	5	Management Films	
	6	" "	
	Even:	Case Study	
Friday, 20th August	1	Revision	
	2	Management Concepts	A. Nother
	3	" "	(A.T.P.)
	4	" "	
	5	Deci .ion-making (Group Study)	
		" " " "	

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COLLEGE OF BANKING & FINANCE

MANAGEMENT II COURSE

WEEK 2

1982	HOUR	SUBJECT	SPEAKER
Monday, 23rd August	1	Lending-First Considerations	K. Pouncett
	2	" " "	
	3	" " "	
	4	" " "	
	5	" " "	
	6	Film	
Tuesday, 24th August	1	Status Reports	K. Pouncett
	2	Balance Sheets	
	3	" "	
	4	" "	
	5	" "	
	6	" "	
	Even:	Case Study	
Wednesday, 25th August	1	Revisions	K. Pouncett
	2	Case Study Analysis	
	3	Cash Flows	
	4	Statement of Affairs	
	5	Cash Flow - Practical	
	6	Film	
Thursday, 26th August	1	Revision	K. Pouncett
	2	Combination Locks	Chubb
	3	Exchange Control Aspects	C.B.K.
	4	" " "	
	5	" " "	
	6	" " "	
	Even:	Case Study	
Friday, 27th August	1	Case Study Analysis	K. Pouncett
	2	Statement of Affairs - Pract.	
	3	" " "	
	4	Inspection Aspects	Chief Inspector
	5	" "	BBK
	6	Film	

COLLEGE OF BANKING & FINANCE

MANAGEMENT II COURSE

WEEK 3

1982	HOUR	SUBJECT	SPEAKER
Monday,	1	Revision	K. Pouncett
30th August	2	Types of Security	
	3	" "	
	4	" "	
	5	" "	
	6	" "	
Tuesday,	1	Revision	K. Pouncett
31st August	2	Types of Security	
	3	" "	
	4	" "	
	5	Interviewing Techniques	
	6	Film	
	Even:	Case Study	
Wednesday,	1	Case Study Analysis	K. Pouncett
1st Sept.	2	Interviewing - Practical	
	3	" "	
	4	Corporate Planning	Dr. D. Dickson
	5	" "	(KIE LTD.)
	6	" "	
Thursday,	1	Revision	K. Pouncett
2nd Sept.	2	Banking Law	T. Jackson
	3	" "	(Kenya School of
	4	Labour Laws	Law)
	5	Foreign Exchange Aspects	Forex Dept.
	6	" " "	(Central Bank)
	Even:	Case Study	
Friday,	1	Revision	K. Pouncett
3rd Sept.	2	Case Study Analysis	
	3	Central Bank Functions	
	4	" " "	(CBK)
	5	Computer Appreciation	Dr. D. Kohler
	6	" "	(University of

COLLEGE OF BANKING & FINANCE

MANAGEMENT II COURSE

WEEK 4

1982	HOUR	SUBJECT	SPEAKER
Monday, 6th Sept.	1	Revision	K. Pouncett
	2	"	
	3	Final Paper	
	4	" "	
	5	Visit	
	6	"	
Tuesday, 7th Sept.	1	Frauds & Forgeries	K. Pouncett
	2	" "	
	3	Marketing	Dr. D. Dickson
	4	"	(KIE LTD)
	5	Group Competition	K. Pouncett
	6	Film	
Wednesday, 8th Sept.	1	Return of Final Paper	K. Pouncett
	2	" " "	
	3	Interviews	
	4	"	
	5	Closure of Course	Guest Speaker
	6	Return to Centres	

Citibank, N.A.
African Regional Office
P.O. Box 30490, Nairobi, Kenya
Telephone: 334286 Telex 22161
Cable Address "Citsenof"

August 3, 1982

Dr Micheal Radnor
Northwestern University
626 Library Place
EVANSTON
Illinois 60201
USA

Dear Dr Radnor

One of the ideas briefly discussed during your visit is the production of audio-video materials to use as aids in the development of management techniques.

Citibank is interested in exploring this concept further. Specifically, we believe there is a need to improve management skills in the area of trade finance. This is a broad subject which we generally present in a one-week program, either for Citibank officers or for customers. The obvious problem is that people resources are scarce, and distances too great to do more than a few such sessions annually. Demand far exceeds supply.

To alleviate this supply side problem it seems to me a combination 'set' of audio-video teachings, case studies, work books, and tests used as training materials could be produced in English and French specifically tailored to the needs of developing countries.

To succeed, this will have to be done professionally taking into account the short attention spans of the individual and the goal of simplicity in administration. It would hopefully be almost a self-instruction system. Banks, private firms and even public officials could either run several one-week training sessions, or twice a week with assignments and tests to fit their own training situation.

Producing say 100 sets of this for distribution through USAID missions, banks such as Citibank, or any other interested party could have an exponential impact reaching far more people in a shorter period of time.

.../2

Mr T M Kelley, SVP and Senior Officer in charge of Sub-Sahara Africa has agreed that Citibank would be willing to assist with materials and instructors to produce such a set of training materials if Citibank can use its name. However, the costs to do a first class English and French version are quite high and beyond what Citibank is prepared to absorb.

With these parameters, I would like to explore with USAID the possibilities of obtaining USAID financial and technical support in producing such materials.

This could fit well with your training objectives for the private sector or be a candidate for any of a number of other USAID funds.

By copy of this letter, as indicated below, I solicity your various ideas on the possibilities of pursuing this idea further.

Best regards

Blair D Smith

Blair D Smith
Vice President

cc Mr Chuck Costello, Deputy Director, USAID, Kenya Mission

cc Mr T M Kelley, SVP, Citibank ARO Nairobi

cc Mr Larry Houseman, Acting Director, USAID-REDSO
Central and Southern Africa

cc Mr Gordan Evans, Director, USAID, REDSO, West African Region

cc Mr Ralph Lambart, Vice President, Int'l Trade Services Unit

cc Mr Robert Feldman, Vice President, ITSU

cc Mr Derek Kennedy, Vice President, ITSU

cc Mr Leonard Back, Vice President, ITSU

cc Mr William Rutledge, MEAD Athens Training Center

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Traveling Bookkeepers Project

[illegible]

PR[illegible] ESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 2 years
From FY to FY
Total U. S. Funding $60,000
Date Prepared: 29-7-1982

Project Title & Number: Training in record keeping for S.S.I. in Kenya

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:) safeguard survival of SSI in times of iquidity shortage [1]) by stimulating nternal generation of funds for working apital through reduction of drawings :om profits	Measures of Goal Achievement: . Less dependency upon bank overdraft for expansion of working capital . Increasing equity/deb: ratio's	Quarterly Progress Reports of projects including financial analysis of the accounts	Assumptions for achieving goal targets: Feedback on actual results together with demonstration of the need to plough back profits, will reduce drawings. This mechanism is reinforced by a system of phased investment[2])
Project Purpose:) build up a proper foundation for the evelopment of project management through ne establishment of reliable records nd appreciation of quantitative analysis : results	Conditions that will indicate purpose has been achieved: End of project status. Quarterly records will regularly become available for all projects.	- do -	Assumptions for achieving purpose: Entrepreneurs will soon start realising the value of reliable records for their own purpose and hence an initial push with limited followup will suffice to get them in the habi of record keeping.
Outputs for one year) entrepreneurs trained in the basics : bookkeeping, financial management nd costing	Magnitude of Outputs: 30 entrepreneurs	Workprogramme and letters of confirmation from the project sponsors	Assumptions for achieving outputs: An average of 10 days per project for training and travelling will suffice
Inputs for one year)0 md. fieldwork .0 md preparation and training)0 md daily allowance).000 km petrol)0 day carrent equipment calculator stationary	Implementation Target (Type and Quantity) 300 x Shs 300 = 90.000 10 x 300 3.000 300 x Shs 250 = 75,000 30,000xShs 7.5 / 10 = 22,500 300 x 300 = 90,000 2,500 contingency 5% 214,000 297,000	standard methods and formats for bookkeeping in prototype industries	Assumptions for providing inputs: A qualified bookkeeper with a high level of commitment can be attracted at a salary of Shs 7,500 per month

:e

Building up of Shs X profit reserves is made conditional, for disbursement of the next phase in the loan-schedule

[1]) Commercial bank provide almost no overdraft facilities any more to new clients to do their rapidly deteriorating cash position (cash ratio dropped from [illegible] on 1-6-81 to [illegible]

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UFCK-SSIP-MAS

FINANCIAL PROGRESS REPORT

(for proprietorships and partnerships)

Name of project :	....	
Location (town/village) :	....	
Beginning present accounting period:	....	
End present accounting period :	....	
ACTUAL INCOMES AND OUTLAYS IN THE ACCOUNTING PERIOD	Amount in KShs	Code
Sales		P1
Raw materials purchases		P2
Expenses		P3
Wages and salaries (excl. directors)		P4
Salary of the director(s)		P5
Depreciation (annual charge)		P6
Interest(on loans and bank overdraft)		P7
New funds from owners		C2
New loans from bank (excl. bank overdraft)		C3
Capital investment		C5
Loan repayment		C6
BALANCE AT THE END OF THE ACCOUNTING PERIOD	Amount in KShs	
Stock of raw materials		B4
Stock of interm. and final products		B5
Debtors		B6
Cash and bank deposits		B7
Creditors		B15
Bank overdraft		B16
Other liabilities (eg. tax, interest)		B17
Nr. of employees (incl. directors)		

Standard output presentation

DFCK-SSIP-MAS

PROJECT :

Accounting period :

Nr. of days :

Note :

Code	Balance Sheet	KShs
B1.	Fixed assets (purchase value)	
B2	Accumulated depreciation	
B3	Fixed assets (book value :B1-B2)	
B4	Stocks	
B5	Debtors	
B6	Cash and bank deposits	
B7	Current assets (B4+B5+B6)	
B8	Total assets (B3+B7)	
B9	Equity inlay	
B10	Profit reserves	
B11	Retained profits (this period)	
B12	Net worth (B9 + B10 + B11)	
B13	Loans	
B14	Creditors	
B15	Bank overdraft	
B16	Other liabilities	
B17	Current liabilities	
B18	NWC (B7-B17)	

Code	Profit & Loss/Cash Flow	KShs
P1	Sales	
P2	Raw materials	
P3	Expenses	
P4	Wages and salaries	
P5	Depreciation	
P6	Operating cost (P2+P3+P4+P5)	
P7	Interest	
P8	Tax (0.45 x (P1-P6-P7)	
P9	Net Profit (P1-P6-P7-P8)	
C1	Cash Flow from operations (P5+P9)	
C2	New funds from owners	
C3	New loans from bank	
C4	Total cash inflow (C1+C2+C3)	
C5	Capital investment	
C6	Loan repayment	
C7	Total cash outflow (C5+C6)	
C8	Net cash flow (C4-C7)	
C9	Increase in working capital	
C10	Unaccounted drawings (C8-C9)	

Standard output presentation

DFC-SSIP-MAS

RATIO ANALYSIS

Company

Date :

I.	WORKING CAPITAL AND LIQUIDITY		
1.	NW/C	Working Capital Ratio	
2.	NWC/C	Net Working Cap. Ratio	
3.	LCA/CL	Cash liquidity (Acid test)	
4.	CA/CL	Current Ratio	
5.	OP/L	Times Interest Earned	
6.	DCFC	Cash Flow Coverage	
7.	DFC	Daily Cash Flow	

III.	PROFITABILITY		
1.	OP/A	Return on Assets	
2.	NP/OE	Return on Equity	
3.	NE/OE	Net Worth to Equity	
4.	NP/S	Net Profit on Sales	
5.	NW/L	Solvency	

II.	ACTIVITY RATIOS		
1.	S/TA	Assets Turnover	
2.	S/FA	Fixed Asset Turnover	
3.	S/ST	Inventory Turnover	
4.	S.T	Storage Time	
5.	ACP	Average Collection Period	
6.	A/C	Creditors to Sales	
7.	TCP	Trade Credit Period	
8.	CL/S	Current Liabilities to Sales	
9.	PCU	Planct Capacity Utilization	

IV.	EFFICIENCY AND CAPACITY UTILIZATION		
1.	RM/S	Raw Materials to Sales	
2.	EXP/S	Expenditurs to Sales	
3.	Wages/S	Wages to Sales	
4.	V.A/E	Value added per ampl.	
5.	W/E	Wage per employee	

KENYA WOMEN FINANCE TRUST LTD.

HISTORICAL BACKGROUND

The Kenya Women Finance Trust Limited was founded in 1981 by a few women in Banking, Law and Finance.

The Trust is associated with Women's World International, an independent financial organization set up at the International Women's Year Conference in Mexico City (1975) to provide women with access to credit as means of encouraging their integration into the development of their countries. Women's World Banking is an auxilliary support to existing banking and financial institutions and is not a Commercial Bank. It was incorporated in the Netherlands in May 1979 as an independent financial organisation. It provides loan guarantees to national and local banking institutions for loans and banking services extended mainly to women and their enterprises. It also arranges for appropriate technical and managerial assistance to insure further the financial viability of those enterprises.

Both Kenya Women Finance Trust Limited and Women's World Banking International share the purpose of encouraging, in general, the participation of women and their families in the money economy of their country and, in particular, the participation of those women who have not generaly had financial resources or have not fully participated in the formal money contributions to those economies. After participating in a few workshops on the WWB programmes abroad, some Kenyan Women leaders in banking and finance formed an Interim Commtee on voluntary basis to incorporate the programme locally. The Interim Committee in consultation with the Women's Bureau (Kenya) held several meetings to discuss details of how the programme could be implemented.

In August,1981 the President of WWB accompanied by two other board members, one being the Chief N.G.O at the U.N.New York, visited Kenya During this visit, representatives of the WWB Kenya programme Interim Committee held a meeting with the Ministry of Culture and Social Services, which was facilitated by the Women's Bureau. Also in attendance were one of the Assistance Ministers and the Permanent Secretary in the same Ministry.

The Minister gave warm support to the programme and in principle endorsed it on behalf of his Ministry. The Interim Committee was advised to seek an appointment with the Vice President who was the Minister for Finance then, to obtain full endorsement of the programme on behalf of the Kenya Government. This endorsement was granted. (Ref. Treasury letter Ref. EA.TA.107.78.05 dated 16th November,1981) to UNDP copied to us and Women's Bureau.

The WWB President also visited Diamond Trust, Kenya Industrial Estate, World Bank, U.N.D.P and Barclays Bank (Kenya). All the officials met were very positive about the programme and follow up visits will be made later this year when the programme is fully fledged.

PURPOSE

The purpose of the Kenya Women Finance Trust Limited are two.

1. To initiate a loan guarantee mechanism to finance women enterpreneurs in both rural and urban areas through the existing commercial banks.

2. To set up an intermediary credit institution to provide credit at concessionary rates and technical assistance to poor rural and urban women as a first step to graduating these women into the Commercial Banking system.

Kenya Women Finance Trust Limited is a non-profit organisation constituted as a Company Limited by guarantee.

Government approval of fund raising activities to raise the required capital has been obtained. The first task of the Trust is to recruit at least 1000 members who will be required to pay Ksh. 500/- each with a view to raising Ksh. 500,000/- the initial capital. ~~We hope~~ to receive matching funds from ~~external sources through the WWB~~. From April 14th through 17th, the first WWB workshop for Africa Region will be held in Nairobi, sponsored by the UNDP. During the workshop, the UNDP will be looking for ways of future involvement in African WWB programmes.

The purpose of this proposal is to seek assistance from the Ford Foundation to strengthen KWFT Limited so that the organisation will be able to achieve the two objectives listed above.

The primary objective is to establish an office manned initially by an executive officer, Secretary and a messenger.

This reflected in the attached budget.

Initial expenditure on fixed assets:-

Secretarial Desk	5,000/-
Secretarial Chair	995/-
Typewriter(IBM)	12,500/-
File Cabinet	2,000/-
Curtains	5,000/-
Files	400/-
Reception-visitors' chair(4) and visitors Table	9,000/-
Tea Set, tea cloths	2,000/-
Cleaning tools and other materials	600/-
Manager's Desk	4,300/-
Manager's Chair	1,700/-
Manager's visitors Chair(2)	1,700/-
Installation of telephone	345/-
Telephone Stand	300/-
Temporary counter fitting and partitioning	23,000/-
Car	120,000/-
Misce-laneious expenses e.g. water, light	11,000/-
	200,000/-

Expenditure on recuring expenses for one year include:-

Rent	9,500/- p.m.
Officer stationery and incidentals	4,000/- p.m.
Telephone bill	500/- p.m.

Executive Officer's salary	12,000/-p.m.
Secretary's salary	6,000/-p.m.
Messenger's salary	1,000/-p.m.
Incidentals; tea, stamps photocopying etc.	1,000/-p.m.
Estimated total recurring expenditure	22,000/-p.m.
	36,000/-p.m.

Total Income per annum will be Ksh. 36,000/-X 12 = 408,00/-p.m.

The Manager's office will be used for holding meetings by the Committee and by a Co-ordinator of the programme who would be incharge of the running of the office in general.

Total initial expenditure is therefore estimated to be Ksh.200,00/- ± 408,000/-= 608,000/-.

Any assistance by your ogornisation towards the set up of this office will be highly appreciated.

Yours faithfully,

FLORENCE M.MALINDA
Co-ordinator-WWB

F E D E R A T I O N   O F   K E N Y A   E M P L O Y E R S

All Africa Conference of Churches Building
Waiyaki Way Westlands Nairobi

Tel: 62954

P.O. Box 48311,
NAIROBI.

TDO/fs

10th June, 1982

TO: ALL F.K.E. MEMBERS

RE: PERSONNEL MANAGEMENT TRAINING COURSE

The I.L.O. has indicated its willingness to continue to provide technical assistance to the Federation in organizing Management Development Courses for Personnel Managers.

Although the details of the course will still need to be worked out by an I.L.O. expert Dr. Skaard who will be visiting Kenya at the end of June, it appears that the Course is likely to take place around January/February,1983.

The total course period will be for three weeks. The participants will spend the first week listening to Lectures by leading specialities all drawn from both the Private and Public Sectors in Kenya on the various aspects of Personnel Management and industrial relations. The participants will then be required to carry out a research project in their own organizations on a chosen policy issue in the second week; and in the third week the participants will present their papers to the Course participants. This Course will be of interest to Senior Personnel Managers from medium-to large - sized organizations. The sponsoring companies will be required to pay a Course fee which will be fixed at a level which will not exceed what they can claim back from the Industrial Levy Scheme - if the Course gets the approval of the D.I.T. The choice of the project area for each participant will also be determined in consultation with his sponsoring organization; and shall as far as possible be related to the training needs of each individual.

The initial intake will not exceed 25 participants. Interested members are requested to submit their applications to the Federation at the earliest opportunity. Those who had attended F.K.E. Courses in 1981 are not likely to be considered for the first Course.

Tom Owuor

TOM D. OWUOR
EXECUTIVE DIRECTOR

DRAFT

PERSONNEL MANAGEMENT TRAINING COURSE

1. LABOUR RELATIONS IN KENYA

The concept of Labour Relations. The Industrial Relations Charter/Industrial Relations at enterprise level
The Role of Employers and Workers' organizations in Labour relations.

The Role of Government in Industrial Relations

The Role of the Industrial Court

Causes of Industrial Disputes.

Wages and Incomes Policies.

2. THE CONCEPT OF GOOD MANAGEMENT

- who is a Manager?
- The Role of Supervisors in Management
- Management by objectives
- Effective Leadership
- Planning and Organisation of work
- Discipline as a tool of good management
- Motivation and Morale
- Decision Making

Effective Communication in Management

- Cultivating Loyalty in organizational objectives.

3. PERSONNEL MANAGEMENT

: The concept and growth of Personnel Management

: Recruitment and placement procedures

: Introduction

: Interviewing

: Health and Safety in industry.

: Incentive Schemes

: Termination of Employment

: Labour Laws: Legislations

: Non-statutory Labo

: The Role of Top and Line Managem
personnel matters.

: International Standards

: Personnel Records

: Man power planning

: Salary System

: Job-discription and evaluation

4. THE ROLE OF MANAGEMENT IN SOCIAL ECONOMIC DEVELOPMENT

The Role of Management in Economic Development

The Role of Management in Social Change.

The Problems of Management in developing Countries.

5. DEVELOPMENT OF PERSONNEL

: Management & Organisation development

: The organisation as a Training System.

: Developing a systematic training programme.

: Company Training of Workers

: Company training of foremen

: The use of external training facilities

: Financing Company Training

: Personnel Interviews

: Evaluation, Promotion & Transfers

6. REPORT WRITING:

Main Guidelines for project work

How to report projects.