HOW TO COLLABORATE
Associations and Other Community Based Organisations among Kenyan Micro and Small-scale Entrepreneurs

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LIST OF ACRONYMS

AMEGA	Association of Makers and Exporters of Gifts and Allied Articles of Kenya
AMS	ASTRADS Management Services Ltd
CBO	Community Based Organisation
CPRs	Common Pool Resources
DFID	British Department for International Development
FES	Fricdrich Ebert Stiftung
FIT	Farm Implements and Tools
GOK	Government of Kenya
HAJKA	Harcro Analysis *Jua Kali* Association
IDS	Institute for Development Studies
IDA	International Development Agency
ILO	International Labour Organisation
ISAs	Informal Sector Associations
JKAs	*Jua Kali* Associations
KAM	Kenya Association of Manufacturers
KCC	Kenya Cooperative Creameries
KICC	Kenyatta International Conference Centre
KICK	Kisumu Innovation Centre - Kenya
KNCCI	Kenya National Chamber of Commerce and Industry
KNFJKA	Kenya National Federation of *Jua Kali* Associations
KOSME	Kenya Organisation of Small and Medium Enterprises
Ksh	Kenya Shilling
KSTES	Kenya Small Traders and Entrepreneurs Society
MFIs	Micro Finance Institutions
MLHRD	Ministry of Labour and Human Resource Development
MRTT&T	Ministry of Research Technical Training and Technology
MSEs	Micro and Small Enterprises
NEC	National Executive Council
NGO	Non Governmental Organisation
PCO	Project Co-ordination Office
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative
SITE	Strengthening Informal Sector Training and Enterprise
SMEDO	Small and Medium Enterprises Development Organisation
SPSS	Statistical Package for Social Sciences
PTA	Parent Teachers Association
UIS	Urban Informal Sector
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UoN	University of Nairobi
VTP	Voucher Training Programme

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CHAPTER 1

INTRODUCTION

To survive in business today, micro and small enterprise (MSE) operators need not only to strengthen their own entrepreneurial skills, but also to lobby for a more friendly business environment. Most find it difficult to tackle either of these tasks alone. Many lack the time, some are not sure where to find needed services, and others feel uncomfortable approaching policy makers or service providers. Belonging to an association would seem to be the ideal solution. Through an association, MSEs could collaborate to achieve what they cannot do alone.

The potential benefits appear to be obvious. Yet recent research showed that only a minority of the owners of micro and small enterprises belong to any type of business support group (CBS *et al.* 1999). Furthermore, members of such groups frequently complain that the office bearers do not adequately represent their interests or worse that they mismanage the resources entrusted to them.

The fact that MSE operators seem to be limiting their involvement in associations suggests that these organisations are not meeting their needs. This concern and questions about how to improve the situation, prompted the Institute for Development Studies (IDS), University of Nairobi (UoN), to investigate why this should be so and what, if anything, needs to be done to enable firms to collaborate successfully. The research, which was undertaken between November 2000 and June 2001, involved the studying of enterprises, business associations, and social organisations in rural and urban areas. The study aimed first, at improving our understanding of these organisations, and second, at assessing their potential for becoming more effective agents of business development and joint action.

This paper presents the findings of that research. The study examined local level associations from the perspectives both of their leaders and their members. To gather the information, we interviewed 210 enterprises and 48 associations located in four districts around Kenya. We also visited five national associations. Some of these were umbrella associations and others were simply enterprise associations with national membership. We cross checked our findings with the respondents themselves and other knowledgeable persons during two sets of workshops, one at district level and the second a national workshop in Nairobi.

The paper is presented in eight chapters. Following this introduction, chapter 2 lays out the theory of associations, and chapter 3 reviews empirical literature on associations. Charter 4 describes the study areas and the methodology used in the study. Chapter 5 presents the material gleaned from the survey of local level associations, while chapter 6 discusses the findings of the survey of enterprises. Chapter 7 takes up the thorny issue of umbrella associations, highlighting especially the National Federation of *Jua Kali* Associations. We present our conclusions and recommendations in the final section chapter 8.

CHAPTER 2

THE THEORY OF ASSOCIATIONS

Introduction

Business associations and social organisations exist everywhere. Associations of manufacturers, trade associations, chambers of commerce, welfare groups, rotating savings and credit associations, and burial societies are only a few examples of groups of people joining together for some specific purpose. Such groupings are commonly found, in Kenya, and in virtually every country of the world.

Interest in how associations and other voluntary organisations form and behave has given rise to a rich theoretical literature, drawing insights from the disciplines of economics, political science, and sociology. We focus our discussion on an examination of what the theory has to say about the main issue raised by our study, namely the relationship between the nature of an organisation and its ability to deliver benefits to its members.

We start by defining key terms. We then look at the benefits of association membership. Next we explain the theoretical relationship between the size of an organisation and its ability to deliver benefits. Finally, we look at the ways in which organisations can be structured and the potential impact of structure on organisational success.

2.1 Definition and Purposes of Associations

An association is a group of people organised for a joint purpose. We focus on associations that are voluntary, in the sense that people choose to belong to them, but some of what we are saying also applies to other groups, such as labour unions, where membership may be required of certain categories of people.

People join together in voluntary organisations to do things that they would find it difficult or impossible to do alone (Haan 1995, McCormick 1999). The benefits sought may be tangible goods. A group may, for example, get together to buy a piece of rental property; a group of small businesses may buy and share some specialised machinery; a women's group may form to save money in a merry-go-round. Alternatively, the benefits of an association may come in the form of services, for instance when trade associations provide market information or short courses for their members. Sometimes the benefits are intangibles such as influence or reputation. It is not unusual, for example, for a businessperson to join the local chamber of commerce or Rotary Club in order to be seen as part of an influential group.

Associations are often grouped according to their main purpose. Thus we can distinguish business associations, labour unions, civic associations, welfare organisations, parent-teacher associations, and many others. Memberships will often, but not necessarily, differ from one organisation to another. For example, women's groups based in two different church communities will probably have totally different sets of members, while the memberships of a business association and a parent-teacher association in the same town may overlap. An association can serve two or more purposes and the purposes can overlap between associations.

2.2 The Benefits of Association Membership

The classic work on associations views them as vehicles for collective action on issues of immediate concern. More recently, observers have argued that association membership can be closely related to the development of social capital. In such cases, the prospect of immediate gain may be less important than the prospect of an assured stream of future benefits. Since we see these as complementary, rather than mutually exclusive, explanations of associational behaviour, we discuss both in some detail.

Olson (1971) categorises the potential benefits of associations into two groups, which he calls public or collective goods, and non-collective goods. Public goods are those that, once available to any person

in a particular group, cannot be withheld from the others. In the context of associations, public goods are most often the result of using collective power. A trade association creates a public good when through its lobbying effort, it secures favourable tax treatment for its members. The benefit is available to all members, regardless of whether they personally contributed to the lobbying. In contrast, non-collective goods can be given to some and withheld from others. Some associations run training courses, which they make available to members on a fee basis. Ostrom (1990:30) adds a third category, which she calls common-pool resources (CPRs). These are natural or man-made resource systems that are sufficiently large as to make it costly (but not impossible) to exclude potential beneficiaries from obtaining benefits from their use. Typical CPRs are fishing grounds, grazing areas, bridges, and car parks.

Others have developed these somewhat abstract distinctions and definitions into an explanation of the demand for associations, especially business associations. The literature identifies two main reasons for joining associations: to benefit from collective influence, and to benefit from particular services. What has been called *the logic of influence* focuses on the role of an association in acting collectively on behalf of its members' interests (Olson 1971, Streeck and Schmitter 1991, Bennett 1998). Associations' use of influence generally leads to the production of public goods, available to all members and often to non-members as well. Associations acting mainly out of the logic of influence provide collective goods such as industry standards, codes of conduct, information, and public service advertising. Businesses appreciate these benefits, but are not always willing to pay for them. This, as we will see below, has implications for the size of associations focusing on influence.

The *logic of services* leads associations to respond to members' individual and specific needs for services (Bennett 1998). Service-oriented associations provide training, market information, directory services, industry research, technical advice, and a host of other services to their members and sometimes to outsiders. Most of these are paid for, either by user fees or by grants from donors. When properly costed, such services can serve as both an important member benefit and a source of revenue for the association's other activities. Associations sometimes provide pooled resources as well. Some small-enterprise associations, for example, give their members business facilities, such as sites, shared water, telephone, or electricity connections. For the present, we consider these together with other services. It is important to note, however, that the problems of managing CPRs are in many respects different from the problems of associations that offer other services.

Both influence and services have the potential to make important contributions to small and micro-enterprise competitiveness (Bennett 1998). Influence – especially lobbying and advocacy - can be used to improve the overall operating environment. Judicious use of services offered by associations can help businesses to function better, whatever the environment. The extent of the benefits actually enjoyed, however, will depend on how associations are organised and how their role is defined in a particular setting (Bennett 1998). To some extent, organisation depends on size, which is discussed in detail in the following section.

A desire for immediate benefit is not the only reason for joining an association. The growing literature on social capital suggests that people may become members to make contacts that they hope will help them later. Social capital, like the more familiar physical and human capital, is an asset in which people invest expecting a stream of future returns (Coleman, 1990; Putnam, 1993; Dasgupta and Serageldin 2000; and Baron, *et al.* 2000). It consists of social relations and patterns of social organisation that affect micro- and/or macro-level development (Serageldin and Grootaert 2000, Turner 2000). Social capital includes both the formal and informal networks that individuals use to get things done and the beliefs and norms that characterise their interactions. Much of the literature has focused on situations in which the build-up of social capital is a by-product of activities engaged in for other purposes (Coleman, 1990). It is increasingly recognised, however, that people consciously invest in social capital in order to reap its benefits.

Social capital works by linking people to others and, through them, to new or existing institutions. Association membership is one very important means of building the stock of social capital. Coleman (1990) cites two examples: a business organisation created to enhance members' earning opportunities and a Parent Teachers Association (PTA) which constitutes social capital, not only for the members, but also for the wider community, including the school, the students, and the other parents.

Access to benefits through social capital is believed to be especially important when comparable public institutions are not easily available. Thus ethnically based welfare or self-help groups typically arise when people find them physically separated from the family or extended-family network and, at the same time, without access to appropriate public support systems. The rotating credit associations (ROSCAS) described by Putman (1993) often arise when people cannot easily access the formal banking system. Maloney *et al.* (2000) shows how forms of social capital have shifted over time, largely as a result of the changing institutional environment.

Even when apparently appropriate institutions exist, some people choose to join a social group offering a similar benefit. Johnson (2001) found that some borrowers who qualify for bank loans prefer informal credit associations because they believe that the informal group will know them and, perhaps, assist in ways that go beyond their mandate.

These considerations suggest that it is appropriate to add a third "logic" to those already discussed. We call it the *logic of the social*, and argue that it plays an important role in encouraging people to join groups that they perceive as able to assist them with present and future needs, whether related to their businesses or their personal lives.

2.3 The Effect of Group Size

The discussion thus far has not addressed the issue of group size. Yet experience shows that small groups are usually more successful in achieving their aims than larger ones. Olson (1971:52) argues that small groups are both quantitatively and qualitatively different from large groups.

2.3.1 Small and Large Groups

Olson (1971) makes a strong economic argument, based on the costs and benefits of producing collective goods, that small groups have a clear advantage over large ones. His argument rests on three separate factors that keep larger groups from furthering their own interests. First, the larger the group, the smaller the fraction of the total group benefit any person acting in the group interest receives. Moreover, the larger the group, the more it falls short of its aim of attaining the optimal supply of the collective good. The first proposition is intuitively clear, but the second requires some explanation. Since collective goods are, by definition, available to all group members, there is a tendency for the group to produce less than the amount that would be in the group's best interests. Only in very small groups or when individual interests are protected by clear institutional arrangements is the group likely to attain optimal total benefits.

Second, the larger the group, the less likely it is that an individual or subgroup will take the lead in collective action for the benefit of the group. Large groups are beset by "free rider" problems. Individuals can get benefits without contributing to their production. One way of overcoming this is for a smaller subgroup to act oligopolistically for the benefit of the whole. In a large group, however, the benefits are so thinly spread that such oligopolistic behaviour is unlikely to produce sufficient rewards to entice members into it.

The third factor is organisation costs. These are costs associated with establishing a group. Personal visits or telephone calls to potential members must be made. If the group is to be formally constituted, legal fees and registration costs must be met. In general, the larger the number of members, the greater the organisational costs and thus the higher the hurdle that must be jumped before obtaining any collective good.

The upshot of this is that small groups are usually better able than larger ones to provide themselves with collective goods. The expected share of the collective good itself is usually enough of an inducement for small groups to act cooperatively. Furthermore, small groups have few free-rider problems, and their organisation costs are minimal. Larger groups, on the other hand, are unlikely to act or to form themselves into an association without some inducement, or even coercion. The benefits of collective action are not sufficient to attract potential members because they are either too small or can be obtained by free riding. Large groups can, therefore, be mobilised only by using what Olson (1971: 51) calls "selective incentives."

Selective incentives can be positive or negative. A free gift, such as a membership directory or subscription to a technical journal, is an example of a positive inducement to join an association. Coercion - forced membership - or punishment for failing to contribute to the group effort are negative inducements to join associations. Sometimes coercion is subtle, as is the case when a labour or professional union is allowed to deduct its dues from employees' pay. The application of selective incentives usually results in an organisation that is larger than it might otherwise be.

Economic incentives are not the only reasons why people join associations. Some are motivated by a desire for prestige or respect; they may be encouraged to join by a friend who is already a member; or joining may simply be expected because of cultural or social norms. Although Olson (1971: 61) argues that such social motivations are not really different, but are simply a special case of selective incentives, Popkin (1988) claims that they have a particular character. When a person decides to contribute to an organisation because of ethics, conscience or altruism, a would-be leader does not need to offer selective incentives. Rather, the persons making the contribution are more likely to be looking for efficacy. That is, they want to know that their contribution has brought about some desired action or change, or has upheld some important principle. We will return to the issue of social motivations in the following section.

Associations can act as political platforms for their organisers and office bearers. Olson (1971: 175) used the term "political entrepreneur" to describe the person who helps to organise efforts to provide the collective good. Others have simply called them "organisers". The political benefits to organisers may help to explain why associations are so numerous, why they appear to have overlapping mandates, and why they often compete with each other for members and recognition by the state (Moore and Hamalai 1993). These benefits also explain why the activities of the organisers are not always in the interests of the members.

2.3.2 Intermediate Sized Groups

The notion of "small" and "large" groups is necessarily vague, but it is clear that groups come in a whole range of sizes, and that size is somehow related to benefits. After his discussion of small and large groups, Olson (1971:50) goes on to define a third category: the intermediate group. This is a group in which no single member gets a share of the benefits sufficient to give an incentive to provide the good alone, but which does not have so many members that no one member will notice whether another is or is not helping to provide the collective good. Note that the definition depends, not on the number of actors involved, but on how noticeable each person's actions are (Ostrom 1990: 6). It is possible to obtain a collective good in an intermediate group, but this will usually not happen without some sort of formal organisation.

As has already been pointed out, organisation has costs. Since it is seen as a means to a benefit, the cost is presumed worthwhile. The problem, however, is in finding the appropriate "quantity" of organisation to facilitate the optimisation of the collective good. This raises the important issue of organisation structure and rules.

2.4 Structures and Rules

To enable themselves to address their objectives, organisations adopt particular structures. We can look at structuring on two levels. The first is the macro level in which organisations are viewed in relation to one another and their environment. The second is the micro level, or internal structuring, of individual organisations.

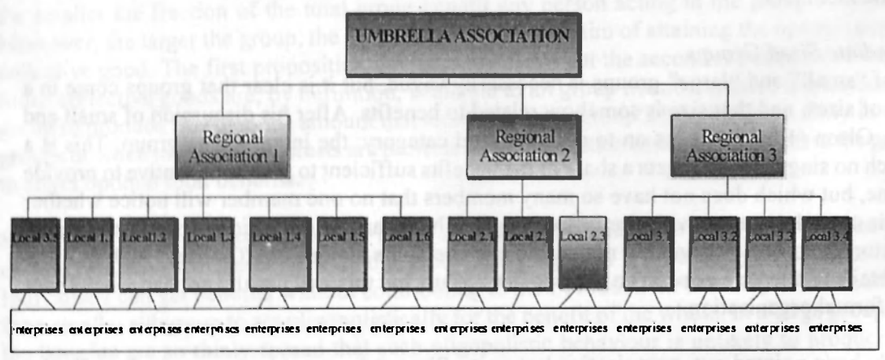
2.4.1 Macro View of Associations

Organisations function within a particular set of institutional, societal, and environmental constraints (North 1990). These constraints generate various organisations, including firms, public agencies, and voluntary associations, that interact with and shape one another. A full treatment of all of these interactions is beyond the scope of this paper. We will instead confine ourselves to two particular cases: the relationship of the association to external authority, and the interactions between and among related associations.

The first point to make is fairly obvious and need not be belaboured. Associations are embedded in a particular set of political and economic institutions that are external to them, but that have authority over them. The national constitution, national and local laws and regulations impose certain obligations on associations and, in some cases, define their form and manner of operating. Associations, like individual citizens, must obey the legitimate political authority. Some observers of associations, however, stress that for a business association to be effective, it must be free of excessive government influence (Lucas 1997). Economic institutions such as contracts, property rights, banking system, etc, also bind associations. Where economic institutions are weak or missing, associations, like firms, may find it difficult to operate efficiently.

The second point concerns the interaction between and among related associations. We examine the specific case of the large organisation that adopts a layered structure to cope with a geographically widespread membership (see Figure 2.1). In this example, the primary unit is the enterprise. Enterprises belong to local associations, which in turn belong to regional associations. The regional associations then belong to an overall umbrella, which acts as a coordinating or unifying agency.

Figure 2.1: A Schematic View of Umbrella, Regional, and Local Associations



We make several observations about the structure. First, the figure shows a structure with a national geographic extent, but the same general pattern could be applied to large sub national or international organisations. Moreover, the same model could be applied to non-geographic aggregations. For example, the enterprises might belong to narrow sectoral associations, which then feed into broader sectoral groupings, and finally into an umbrella such as a chamber of commerce and industry.

Second, the model says nothing about the process of association formation. It may be bottom up or top down. In other words, lower level groupings may see a need for and organise higher-level groupings, or some other body □ the state, for example □ may organise from above.

Third, in a well functioning organisation of this type, each level will take on those tasks that the level below wants done, but could not easily do for itself. In apportioning responsibility for lobbying, for example, the national level might concentrate on the central government, regional associations focus on provincial or state governments, and local associations on the local governments.

Finally, in the real world, there may be more or fewer layers than those shown in our schema. The resources and extent of the organisation, combined with the tasks to be done at each level, best determine the number of layers.

2.4.2 Micro View of Associations

The micro view of associations involves looking inside to see how they operate. Ostrom (1990) suggests three levels of organisational rules. The first, or lowest level, are the operational or working rules. These affect day-to-day decisions regarding access to the organisation's resources. They generally govern issues, such as who has access, and when, where, and how they are permitted to use this access. In the case of the typical association, these rules would cover such issues as use of the organisation's funds, access to information gathered by the organisation, access to programmes sponsored by the organisation or made available to members by others. Operational rules also cover access to and use of any pooled resources, such as sites and infrastructure.

The next level consists of collective choice rules. These are the rules used in making policies about how resources will be managed. They cover issues such as who can make or change policy, how policy is promulgated, and what mechanisms are to be used in translating policy into operational rules. Collective choice rules indirectly affect operational rules.

In the final group are the constitutional rules. The constitution is the basic agreement into which the collective action and operational rules are embedded. It is the body of fundamental principles according to which the organisation is governed. The constitution usually specifies the structure of the organisation and sets limits to the power of each element of that governance structure. The constitution must also include a set of rules determining how it can be changed.

Ostrom (1990) also notes that rules at each level are accompanied by sets of mechanisms for monitoring and enforcement. These are processes that are designed to reveal whether and to what extent rules are being adhered to and how rule breaking will be punished.

In summary, then, the theory suggests at least four aspects of associations that may be related to their effectiveness as instruments of business collaboration: their aims and original formation, the size of their membership, the benefits they offer, and their structure. We now turn to the empirical literature to examine the importance of each of these factors in African associations.

CHAPTER 3

ASSOCIATIONS IN AFRICA

Introduction

We focus on associations likely to draw their membership from small producers and traders. Our own earlier research suggests that these include not only true business associations, but also a wide range of other types of organisations (Kinyanjui 1998, Mitullah 1999, McCormick 1999). Although we focus mainly on Africa, we also draw relevant experience from other parts of the world. We look first at the categories that observers have found useful for understanding the functioning of associations.

3.1 Aims and Formation of Associations

Associations are established for different reasons and under different circumstances. It is not a surprise then that these appear to affect their effectiveness. First, we look first at the aims of associations, and specifically whether they are formed specifically as business or social associations. We will then look at their origins.

Some associations focus specifically on the business activities of their members. The many African examples of such associations include Kenya's *jua kali* associations, West African traders' associations, street vendors' associations in Kenya and South Africa, wood carvers' cooperatives, and Chambers of Commerce (Sanyal 1991, Macharia 1993, Haan 1995, McCormick 1999, McCormick and Kinyanjui 2000, Mitullah and Odek 2001). Other associations include business people among their members, but do not take business as their primary focus. These are the ethnic associations, village or "hometown" associations, women's groups, welfare or burial associations, and various types of savings and credit groups (Barkan *et al.* 1991, Mitullah 1999, Sørensen 1990, Karega 1996, Ardener 1990).

Despite the fairly clear conceptual difference between business and social associations, the reality of the two is much less clear. Many women's groups (social associations) engage in income generating (business) activities (Sorensen 1990, Karega 1996). Some *jua kali* associations are as involved in welfare activities as they are in addressing their members' business concerns (Haan 1995).

Observers have attempted to distinguish between associations formed "from within" or "from below" and those brought about by external actors. Haan (1995), among others, argues that Kenya's *jua kali* associations are prime examples of the latter. They are, in his view, a creation of government. As such, they have difficulty in mobilising member support, especially when government is seen as not delivering on its promises.

Organisations whose origins are clearly "bottom-up" are also common. Most women's groups, rotating savings and credit groups, and welfare societies fall into this category, as do MSE associations in many places. For example, Sahley (1995) points out that the need to lobby local or municipal governments has spurred collective action among entrepreneurs in Lima. In Kenya, some Nairobi MSEs were organised well before the advent of government initiatives (McCormick 1988).

The "top-down/bottom-up" distinction is actually less clear-cut than the above examples suggest. In many cases, associations are formed and grow because of a combination of initiatives "from below" with support and encouragement "from above." For example, few in Kenya would deny the clear role played by government in establishing and encouraging the *jua kali* associations. Yet these efforts might have been resisted had the *jua kali* artisans not felt the need for more of a voice. Macharia (1993) argues that the lack of an enabling environment and harassment from central and local authorities later prepared the way for the organising efforts of the Kenya government. The promise of benefits being channelled through the new associations was, of course, an additional sweetener.

Even when associations have been formed from the bottom, subsequent actions can change their orientation. Government, recognising that associations form an important political constituency, can try to control them or engage in their politics, often to the detriment of associational life. Sometimes the interference is less direct. Assistance may be given selectively to a few groups that appear to be more promising or more articulate in their demands. This can result in associations that are protective of their own group interests, without sharing the concerns of other informal sector participants (Sanyal 1991). Not all intervention, however, is harmful. Strictly "top-down" interventions aimed at reproducing specific models can easily fail, but if policymakers and practitioners avoid pushing their own ideas too hard, they can encourage collective action without eroding local ownership (Altenburg 1999).

3.2 Size

Size is an important theoretical variable in the literature on associations. Yet there has been little attempt in the African context to test Olson's assertions about the relationship of association size to effectiveness. Most observers have contented themselves with noting the range of sizes of African associations. One notable exception is Barr's (1998) study of Ghanaian businesses in which she showed that smaller businesses tend to belong to smaller networks, while larger businesses chose larger networks. She also found that the purposes of the two networks were different. The smaller networks typical of small-scale entrepreneurs tended to be motivated by a desire to reduce risks, while those favoured by larger businesses aimed at enhancing business performance.

Observers sometimes distinguish between national and local organisations. The latter draw their members from a small geographic area, while the former have regional or national memberships. In Kenya, the most common types of associations - *jua kali* associations, women's groups, and self-help groups - tend to be local. Haan (1998) estimates that 95 per cent of the *jua kali* associations are area based and are made up of MSEs engaged in different economic activities. The literature is silent on the question of a relationship between geographic spread and member satisfaction.

Finally, observers distinguish between site and sectoral associations. Haan (1995) points out that almost all the *jua kali* associations in Kenya can be characterised as site associations because they group small producers according to their location, rather than according to what they do. According to Haan (1995), the attraction of site association wears off after some time, especially if the association has been successful in lobbying for location-specific changes, such as the allocation of plots or infrastructure. Sectoral associations are formed to cover a particular economic sub-sector. In Accra, Ghana, for example there are 29 active sectoral associations, including groups of distillers, footwear producers, traders, road transporters, and goldsmiths (Haan 1995). Haan also argues that sectoral associations have important advantages when it comes to the provision of tangible services. He claims that belonging to the same trade gives such groups a higher internal cohesion, and that they are particularly good at fostering technological development. He notes, however, that when members are active in the same trade, they are sometimes reluctant to share information with one another for fear that it will be used by their competitors.

3.3 Benefits of Associations

Our theoretical discussion highlighted three potential benefits accruing to association members: influence on policies and on events affecting members' businesses, service provision to members, and accumulation of social capital. We briefly examine empirical work in all three areas.

3.3.1 The Logic of Influence

Associations not only provide grounds for interaction, but also create alliances and forums for addressing issues that cannot be handled by individual entrepreneurs (Mitullah, 1998: 23). They attempt to exert influence on at least three levels. The first is the level of policy. Associations engage in political lobbying at national level to influence national and economic policies that affect small businesses (Frempong 1993, Haan 1995). In places where local policy is an important element of the policy environment, associations presumably also lobby local policymakers.

Associations also try to influence administrative practice. Haan (1995) points out that many *jua kali* associations are active in trying to influence local authorities to stop harassment and/or to improve the local infrastructure. For example, Kinyanjui (1998) recounts the struggle of associations in Thika and Nairobi to obtain title deeds to their work-sites. Other associations have been able to negotiate group licences for their members (McCormick and Kinyanjui 2000).

A third area in which associations attempt to exert influence is public opinion. Associations sometimes act with the specific aim of improving the image of the MSE-sector with the general public (Haan 1995, Kinyanjui 1998). Lund and Skinner (1999) observe that organisations can be a vehicle for enhancing the image and raising the profile of street traders. Organisations can, for example, learn skills in dealing with media to fight negative images and misconceptions, and to construct more positive images.

3.3.2 The Logic of Services

African associations offer a myriad of services. Lund and Skinner (1999) observe that an important function of organising is to secure tangible material benefits through collective action Activities may include savings and loans as a form of an insurance for support for unexpected large cash outlays in case of illness and funerals; joint market activities such as purchasing raw materials, marketing members products, combined transport, and even the shared use of tools and equipment (Haan, 1995). For example, in Kenya, the *jua kali* producers' associations provide workspace and infrastructure; in some places the associations hire security guards to patrol the 'light industrial areas'. In Ghana, the larger associations collect corporate taxes on behalf of the Internal Revenue Service on a quarterly, monthly, weekly or even daily basis (Haan, 1995).

West African associations are also known to guarantee loans to MSEs, link up with training institutes to design, organise and conduct training programmes, initiate organisation of research groups to make and analyse the situation of the MSE sector and publishing mini-bulletins with statistical information on factor and product markets. In situations where foreign exchange problems hampered a regular importation of raw and intermediate materials, as for example, in Uganda and Ghana, associations have obtained import licenses needed to ensure access to foreign exchange, so as to improve joint supply for such production inputs (Haan, 1995).

Frempong (1993) observes that national associations provide a measure of excellence by setting standards to which products and services should conform. The associations can also create a forum of interaction among the small-scale firms and provide a platform for acquiring and enhancing technical skills. Frempong further gives the example of the national associations of artisans and argues that these contribute to the small firms' ability to compete on innovations and quality of products or service.

African associations have occasionally gone beyond services to members, to contribute to the process of community development. For example, hometown associations in Nigeria provide needed infrastructure and an array of social welfare services to small towns and rural areas which the state is unwilling or unable to deliver and which are not obtainable from the market (Barkan *et al.*, 1991). The services may include provision of primary and secondary education, basic health services, water and cattle dips through *Harambee* self-help groups, credit to small farmers unions, and preservation of local culture.

Organisations also play an important role in forging links between the state and societal interests, and in ensuring that the macro-policy objectives of the state and the particularistic interests of society's groups are adjusted to each other through a process of bargaining (Barkan, *et al.*, 1991). Lund and Skinner (1999) argue that linkages between organisations - from local federations to national federations, to regional networks - can help local organisations to understand relations between micro and macro economic policy. They can also act as a link between the government, donors and the

artisans (Macharia, 1993). Haan (1998) observes that associations of MSEs could play a distinct role in linking micro and small enterprises to technology. The organisations may develop a stronger voice on platforms where the interests of 'the economy' are represented through formal sector organisations such as chambers of commerce and professional associations, where they can negotiate for collective access to appropriate skills training (Lund and Skinner, 1999).

Not all service provision is successful. Altenburg (1999) cites the example of a UNIDO project in Honduras. UNIDO organised a dialogue between groups of micro-entrepreneurs to identify common problems that might be resolved in a joint effort. Its first initiatives failed due to opportunistic behaviour on the part of group members. In this case, the creation of a sale cooperative did not succeed because some entrepreneurs misused this effort as a means of ridding themselves of stocks of poor quality items.

3.3.3 The Logic of Social Capital

Barr (1999) found that Ghanian entrepreneurs join networks to reduce the uncertainty of their operating environment. Such networks improve members' welfare, but only indirectly affect performance of the enterprises. She found that MSEs build such welfare-enhancing networks more often than larger enterprises. She also found that such networks tend to be smaller and to interact more intensively than the more performance-oriented networks of larger firms.

Mitullah (1999) observed that small-scale fishermen tended to belong to three types of organisations: the cooperative, the beach organisation and a welfare association. They viewed the cooperative, the main business organisation, as corrupt and inefficient. On the other hand, they saw the beach organisation, which deals with security and management of the beach, as effective. Also viewed positively were the welfare associations through which clans, persons from the same village, and other sub-ethnic groups can save and/or receive help in times of bereavement or illness.

Kinyanjui (1998) notes that *jua kali* associations in two Kenyan vehicle repair clusters have been instrumental in strengthening social relations and resolving conflicts among the members. She also found that neither association involved itself in welfare matters. Johnson (2001) notes that some borrowers prefer informal credit associations to banks and other lending institutions because they believe that the informal group will "know them" and, perhaps, assist in ways that go beyond their mandate.

Narayan and Pritchett (2000), after research in rural Tanzania, stress the importance of groups in developing local organisational capacity which they define as people's ability to work together, mobilise resources, resolve conflicts, and network with others. They name two elements that appear to be critical in the initial stages of local organisation building. First, groups have to develop rules for self-governance; and second, the groups must be embedded in the existing social organisation.

3.3.4 Spillovers

As much as categorising benefits is a convenient analytical device, it is important to recognise that organisations are much more difficult to categorise than the benefits they provide because they may have more than one function. For example, most groups in rural Bolivia serve multiple functions or have spillover effects in areas other than their designated primary function (Grootaert and Narayan 2001). Similarly, as already observed, many Kenyan *jua kali* associations are involved in welfare activities and, as will be indicated in the study, some welfare organisations promote business development.

3.4 Structures and Governance of Associations

We found surprisingly little material linking the structure and governance of associations with their performance. Some assume that associations will be strengthened by adopting a hierarchical organisational structure and democratic elections (Haan 1995). Others draw on the vast literature on community participation, arguing that local organisational capacity, including the ability to develop

rules for self-governance, is critical to success in community development (Narayan and Pritchett 2000).

Bearing in mind the theoretical and empirical perspectives discussed in this and the previous chapter, we now turn to the study itself.

CHAPTER 4

STUDY AREAS AND METHODOLOGY

4.1 Study Areas

The research covered four districts in Kenya: Nairobi, Mombasa, Kisumu and Buret. The United Nations Development Programme (UNDP) and the Government of Kenya have identified the last three as particularly poor, while Nairobi has a very large population of poor people.

Nairobi and Mombasa are entirely urban while the other two districts contain a mix of rural and urban areas. In terms of population, Nairobi is the largest with a population of 2.1 million people. Mombasa is next in size with 665,000 people, followed by Kisumu with 504,000 and Buret with 317,000 (Kenya, CBS 1999).

A 1999 survey revealed that Kenya has 1,289,012 micro and small enterprises (CBS *et al.* 1999). Nearly two-thirds (65.6%) of these are located in rural areas. The rest are in Nairobi and Mombasa (15.8%), other major towns (12.2%), and rural towns and market centres (6.3%). The enterprises are involved in a wide variety of activities, including trade (64.1%), services (22.5%), and manufacturing (13.4%). Business owners are almost equally divided between men (52.3%) and women (47.7%).

4.2 Research Questions

The research addressed a number of specific questions:

- What is the main purpose/vision of associations, community based and umbrella organisations? What are their structures? How do they operate? What is their leadership structure? How do they communicate within and beyond themselves?
- How are associations, community based organisations financed? What are the mechanisms of financial control?
- Are associations, community based and umbrella organisations of micro enterprises involved in advocacy and business development? If so, is their role effective? If not, why not?
- What is the potential for further development of associations and community based organisations as agents of policy development, dialogue and advocacy for micro and small enterprises?
- Are there any significant differences among associations, community based and umbrella organisations in different parts of the country? In rural and urban areas? Among men's women's, and mixed organisations?
- What are the linkages between umbrella associations and groups, associations and membership they represent?

4.3 Research Methods

Information for this study was gathered from both primary and secondary sources, with field inquiry being the primary research tool. The study was conducted in four phases. The initial phase entailed a selection of *jua kali* associations using a number of lists and directories, especially from Chutha (1999). In selecting the associations, two factors were taken into consideration: size and gender composition. This ensured that small, medium and large associations were sampled. An attempt was also made, especially in Nairobi, to include at least one association with significant female membership.

The second phase involved a preliminary visit to each study site and identification of sampled *jua kali* associations. In the large urban areas, the team defined the geographic radius within which the *jua kali* association operated as a sub-site. In Nairobi the sub-sites were Kariokor, Dagoretti Corner, and Kibera. In Mombasa, Shimanzi, Majengo Sega, and Sparki were covered. In Kisumu town, the study covered Kibuye and Kisumu Centre. In smaller towns and rural areas, the *jua kali* association's

operating area was generally co-extensive with the area itself. Thus, in Kisumu district the research also covered Ahero and Reru, while in Buret two urban (Litein and Sotik) and one rural area (Mogogosiek) were chosen. During the visit, identification of the listed *jua kali* associations, their relevant contact persons and mapping of the sampled areas was undertaken. Maps of specific study sites were drafted and all the various business activities marked (appendix 1). The business activities were identified in preparation for sampling.

The third phase involved field research, including sampling, administration of questionnaires and, discussion with key informants. Sampling for the study was carried out at three levels: geographic (district and location), association, and enterprise. The choice of district, as indicate earlier, was made from those districts being targeted by UNDP and Government of Kenya poverty programmes. Our selection from among those districts was purposive, and was intended to give a fairly wide geographic spread. The choice of district headquarters as a base was justified by the observation that most *jua kali* associations are located within main urban centres, with few operating within rural market centres. This assumption was supported when one rural area, Mogogosiek was found to have no single *jua kali* association, while another rural area, Reru, had only one *jua kali* association, which was not very active. In total, the survey sampled 210 enterprises and 48 associations spread across the study sites. The enterprise sample consisted of sixty firms each from Nairobi, Mombasa and Kisumu, and thirty from Buret. The enterprise sample was further stratified according to sectors: trade, manufacturing and services.

Enterprises were interviewed using a structured questionnaire (see appendix 2). Once the enterprise questionnaires were administered, the organisations mentioned by entrepreneurs as those they belong to, were extracted and grouped. The groups included: *jua kali* associations, ROSCAs, women groups, clan associations, self-help groups, village associations, church groups, welfare/ethnic associations and other associations. The associations were further categorised as: very active, moderately active and not active. The associations to be visited for purposes of obtaining information on associations were then selected. All the *jua kali* and business related associations were visited and interviews held (appendix 3). From the other associations, a sample was drawn from the very active and moderately active categories. In total, 48 associations were interviewed as follows: Nandi (13), Mombasa (10), Kisumu (12), and Buret (13).

In addition to enterprise and association interviews, data collection included discussing with key informants and organising five forums for discussion of preliminary findings. In each of the four study sites, a one-day workshop brought together representatives of the institutions, associations and advocacy groups covered in the survey, government officers, and organisations that support *jua kali* enterprises. In each of the workshops the researchers presented preliminary findings for discussions, and recommendations. This allowed the primary stakeholder groups to discuss findings, and to propose and to make recommendations for the way forward.

The fourth phase provided a forum for discussion of preliminary findings in a national workshop. A one-day national workshop that brought representatives of the four study sites to Nairobi for final discussion of findings and recommendations of a way forward concluded the four regional workshops. The representatives from the various study sites were selected on the basis of their ability to contribute in a manner that adds value to the workshop discussions.

Data analysis for this study was done at two levels: preliminary and further analysis of selected variables. The first level used SPSS for the statistical analysis of survey data. Frequency distributions for all variables were generated to enable basic understanding and analysis. Further analysis of selected variables was done using cross tabulations and analysis of means, to compare responses by organisation type, district, rural or urban location, and in a few cases by gender.

Qualitative data from the case study interviews and workshop reports were also analysed. In particular, qualitative data were used in writing the sections on umbrella associations and the existing linkages

between umbrella associations and local associations. The same approach in addition to structured and semi-structured questionnaires was used to obtain information on associations and community based organisations. The profiles were analysed to establish micro-enterprise participation in associations and community based organisations. This analysis also contributed to establishing the possibilities of enhancing the institutional capacity of the associations and community based organisations for policy development, dialogue and advocacy.

This study, like most, has its limitations. The enterprise sample that determined the interviewees and the associations to be followed was not well balanced. Although Kenya's MSE sector is mainly rural, our sample was 71 per cent urban. Furthermore, while MSE ownership is almost evenly divided between male and female, our samples were 70 per cent male. As already mentioned, the urban bias arose because of our initial focus on *jua kali* associations, most of which are located in towns. The male bias, we believe, is also caused by the central role played by *jua kali* associations in the sampling stage. We have tried to counteract the effects of these biases by focusing our quantitative analysis on differences within groups, rather than between unbalanced groups. We have also relied heavily on qualitative data to serve as a correction to biases in the quantitative information.

CHAPTER 5

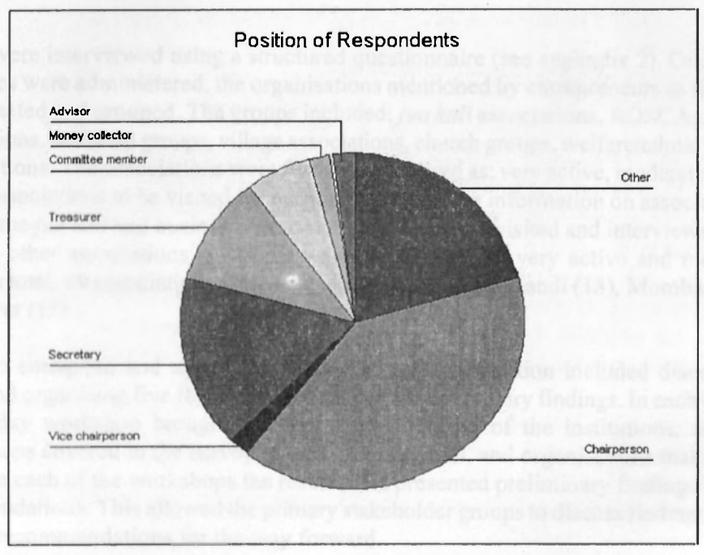
LOCAL LEVEL ASSOCIATIONS

5.1 Interviewees

This chapter reports information about local associations gathered from key people in 48 local level organisations. The 48 interviewees included 33 men (68.8%) and 15 women (31.2%). Interviewees had a mean age of 41 years. They were fairly well educated. Only one-third (37.5%) had primary education or less; the rest had some secondary (22.9%), completed secondary (29.2%) or post secondary (10.5%) education. Most (90%) also had some form of technical training, while approximately one-third (31.3%) reported having some business training.

Most (79.2%) held leadership positions in the organisation (see Figure 5.1). The largest proportion (39.6%) was chairpersons, while the rest were secretary (16.7%), treasurer (10.4%), committee member (6.3%), vice chair (2.1%), or held another post (4.2%). One fifth (20.8%) were not leaders, but had been identified as knowledgeable spokespersons for the organisation. Most respondents were long-time members of their organisations.

Figure 5.1 Position of Respondents



5.2 Organisational Structure

The 48 organisations interviewed included 19 business associations and 29 social organisations (see Table 5.1). In this study, business associations are defined to be those whose primary focus is the business activity of the members. Social organisations, although much more heterogeneous, are taken to be those that bring people together around social concerns such as welfare, personal savings, or community development. *Jua kali* associations were the most common business association, but also included were three NGO credit groups, two cooperatives, and two other associations. The social organisations were quite varied and included women's groups, rotating savings and credit associations (ROSCAs), self-help groups, welfare associations, youth groups, clan associations, and village associations.

The groups are generally well established. The mean group age was nine years. The oldest group was founded in 1962; half began operating in 1995 or before. Young groups, of three years or less, are just over one-fifth (21.3%) of the total.

Most groups claim to be registered or are in the process of seeking registration. One quarter (25.1%) are not registered. Of these, approximately half said that their registration is in process, while the other half is not currently pursuing registration. Of those registered, more than half (57.1%) are registered with the Ministry of Culture and Social Services, 28.8% are registered as *jua kali* associations, 8.6% as cooperatives, and 5.7% as societies.

*Table 5.1: **Types of Business and Social Organisations***

Organisations	Number	%
Business Associations	**19**	**39.7**
Jua kali Associations	12	25.0
NGO Credit Groups	3	6.3
Cooperative	2	4.2
Kenya Organisation of Small and Medium Enterprises (KOSME)	1	2.1
Kenya Tailors and Textile Association	1	2.1
Social Organisations	**29**	**60.3**
Women's Groups	8	16.7
Self Help Groups	7	14.6
Welfare Associations	5	10.4
Rotating Savings and Credit Associations (ROSCAs)	4	8.3
Youth Group	3	6.3
Clan Association	1	2.1
Village Association	1	2.1

Source: Associations Survey, 2000-2001

Most (85.4%) of the associations are local, operating only within one town or locality. A few (8.3%) said that they operate within the district, while three (6.3%) claimed national scope. The three claiming national reach are all business organisations. The three are all enterprise associations with branches in more than one district or province. The national umbrella association, the Kenya National Federation of *Jua Kali* Associations (KNFJKA), was interviewed later in the research and the results are discussed in detail in chapter 7.

5.3 Membership

The organisations range in size from a tiny ROSCA with only 4 members to the giant Kisumu Central *Jua Kali* Association that claims 6,030 members. The Kisumu Central *Jua Kali* is ten times the size of the next largest association. Including it in the figures, gives an average membership of 247. Without it, the mean is much smaller at 77 members.

Business organisations have an average membership of 594, while social organisations tend to be smaller, with mean membership of 42. Six (12.5%) of the associations are male-only, nine (18.8%) are exclusively female, while the remainder (33 or 68.8%) are mixed. Overall, men constitute 87.6% of the members of these organisations, while women make up the remaining 12.4%.

5.4 Purpose and Vision

When asked about the purpose, objective, or vision of the organisation, respondents gave a variety of responses (see Table 5.2). The most common was welfare, including providing for school fees, assisting in times of sickness or death, assisting with foodstuffs or household goods. More than half (56.3%) of all associations listed welfare as one of their purposes, but the response was significantly more common among social organisations.

Providing financial support, including credit, to members was the next most common purpose. Overall, 41.7% of the organisations claimed this as one of their purposes. Providing financial support was much more common among business associations than social organisations (68.4% compared with 24.1%). Helping one another in business was a stated purpose in nearly one-third (31.3%) of the organisations. Not surprisingly, this response was more common among business (47.4%) than social (20.7%) organisations. Some organisations (27.1%) include running a savings scheme among their purposes. More business (42.1%) than social (17.2%) organisations named this as one of their purposes. Similarly, offering training and obtaining sites of operation were named as purposes by approximately one-quarter of the organisations (27.1% and 25.0% respectively). Despite the apparent relationship of these aims to business operations, they were equally likely to appear in business and social organisations. Training was more commonly cited by urban than rural organisations.

Marketing was named as a purpose by 22.9% of the organisations. Business associations were more likely than social organisations to have marketing as one of their purposes. Like training, marketing was more common in urban than rural organisations.

Only social organisations named income generation as a purpose. Seven organisations, or approximately one-quarter (24.1%) of all social organisations, included income generation among their purposes. A few organisations named other purposes, such as organising members (12.5%), community participation (6.3%), and advocacy (2.1%). In addition, almost all organisations (93.8%) named one or more purposes unique to them. These ranged from solving family conflicts to entertaining the President.

*Table 5.2: **Purposes of Organisation– by- organisation type***

Purpose	Total		Business		Social	
	N	%	N	%	N	%
Welfare*	27	56.3	8	42.1	19	65.3
Financial support***	20	41.7	13	68.4	7	24.1
Help one another in business**	15	31.3	9	47.4	6	20.7
Savings*	13	27.1	8	42.1	5	17.2
Training	13	27.1	7	36.8	6	20.7
Site	12	25.0	6	31.6	6	20.7
Marketing*	11	22.9	7	36.8	4	13.8
Income Generation***	7	14.6	0	0	7	24.1
Organise members	6	12.5	3	15.8	3	10.3
Community participation	3	6.3	0	0	3	10.3
Advocacy	1	2.1	1	5.3	0	0
Others	45	93.8	17	89.5	28	96.6

Source: Associations Survey, 2000- 2001

* Difference between business and social organisations significant at 10% level
** Difference between business and social organisations significant at 5% level
*** Difference between business and social organisations significant at 1% level

5.5 Requirements for Membership

Paying the initial registration fee (87.5%), attending all meetings (62.5%), and paying monthly subscription charges (58.3%) are the most common requirements for membership in these organisations. A few organisations (8.3%) require payment of weekly subscriptions.

Nearly half (41.7%) of the organisations also require that members participate in-group activities. Nearly one-third (31.3%) restrict membership to those involved in a particular trade or activity.

A few groups restrict their membership to women (12.5%) or men (4.2%). A minority (16.7%) require that members come from a particular area of the country or ethnic group. This last requirement is the only one that differs according to type of organisation, with social organisations being more likely than business organisations to restrict membership to those from a particular area of the country or ethnicity.

*Table 5.3: **Requirements for Membership by Organisation Type***

Requirement	Total		Business		Social	
	N	%	N	%	N	%
Pay registration fee	42	87.5	18	95.0	24	82.8
Attend all meetings	30	62.5	13	68.0	17	58.6
Pay monthly subscription	28	58.3	9	32.0	19	67.8
Participate in group activities	20	41.7	7	37.0	13	44.8
Belong to a particular trade/activity	15	31.3	8	42.0	7	24.1
Come from a particular area/ethnic group*	8	16.7	1	5.3	7	24.1
Be female	6	12.5	2	11.0	4	13.8
Pay weekly subscription	4	8.3	2	11.0	2	6.9
Be male	2	4.2	0	0	2	6.9
Other	10	20.8	5	28.0	5	17.2

Source: Associations Survey, 2000- 2001

* Difference between business and social organisations significant at 10% level

Approximately one-fifth (20.8%) of the organisations set other requirements for membership. Some set a geographic limit to their membership, others require that members have a national identity card, while still others say that members are required "to be of good conduct."

5.6 Governance

Most (87.5%) of the organisations have a constitution or rules or guidelines in written form. A minority (10.4%) claims to have a constitution, rules, or guidelines that are not written down, while only one organisation (2.1%) has no constitution, rules, or guidelines.

Those who have some form of constitution, rules, or guidelines were asked what it says. Responses were varied (see Table 5.4). Most of the provisions named referred to behaviour expected of the members. The main areas of agreement were that members should pay subscriptions (51.1%), attend all meetings (44.7%), and conduct themselves well (23.4%). Others cited provisions requiring members to have a business (12.8%), help one another (12.8%), pay their registration fee (12.8%), work in peace (10.6%), participate in group activities (8.5%), and keep group affairs secret (6.4%). The rules of some organisations also state that departing members are not entitled to a refund (10.6%) and that defaulters would not be assisted (6.4%). Individual organisations reported other rules affecting members, such as members must be over 18, members must keep time, members must give notice before leaving the group, members may not engage in politics.

Very few respondents spoke of provisions binding the organisation to do certain things or behave in a certain way. Only two (6.4%) mentioned that the organisation must hold annual elections. Only five of the "other" responses referred to organisational responsibilities. Three organisations reported financial rules requiring a treasurer to keep records, or signatories or committee members to approve withdrawal of money. Two others required that members should be informed before property is sold, or that members should get a refund when they withdraw.

Although respondents did not mention the formal organisational structure when asked about their constitution, rules or guidelines, most organisations have a formally constituted leadership. Nearly all (97.9%) of the organisations have office bearers. Nearly all organisations have a chairperson (97.9%),

secretary (95.8%), and treasurer (91.7%). Most (85.3%) also have a vice-chairperson. Some, especially larger organisations, have additional officers, such as vice-secretary, vice-treasurer, or organising secretary.

Officials are typically chosen by show of hands (61.7% of the organisations). A minority (19.1%) elects by secret ballot, and a slightly smaller proportion (14.9%) appoints the officials. One organisation (2.1%) reported using a queuing system and another (2.1%) said that its leaders were self-appointed.

Most organisations reported that they choose new leadership regularly. One-third (34.0%) choose every year, 21.3% choose every two years, and 19.1%, every three years. Two organisations (4.3%) select new leadership more than once a year. Four (8.5%) organisations only choose new leadership "when there is a need." Three organisations (6.4%) have never had an election, one (2.1%) has stopped conducting elections, and two (4.3%) respondents claimed not to know how frequently office bearers are chosen.

The majority of office bearers are men. Seventy per cent (70.2%) of the chairpersons, 60.0% of the vice-chairpersons, 67.4% of the secretaries, and 65.9% of the treasurers are male. Although it may at first seem that men are over-represented in leadership positions, the opposite is actually the case. Women, who constitute only 12.4% of the total membership of these associations, hold 30- 40% of the major offices. If we eliminate the male-only and female-only organisations, however, and consider only those with mixed membership, the picture changes somewhat. In these organisations, women represent 10.2% of the total membership. They hold 15.6% of the chairperson posts, 22.5% of the vice-chairperson posts, 13.0% of the secretary positions, and 13.6% of the treasurer positions.

Most respondents described the leadership in their organisations as very good (40.4%) or good (53.2%). Only 6.4% said that leadership is poor or very poor. Nevertheless over half (53.2%) acknowledged that leaders could do more than they are now doing to strengthen the group. Most of their comments centred on money. They said that leaders should look for ways of raising money (36.0%), contribute money towards expenses (4.0%), increase the monthly subscriptions (8.0%), run the organisation at a profit (4.0%), and mobilise members to pay their subscriptions (8.0%). Other suggestions for improvement included dedicating more time to the organisation (12.0%), organising seminars (12.0%), marketing members' products (4.0%), not neglecting work (4.0%), being accountable (4.0%), and campaigning for better services (4.0%).

*Table 5.4: **Provisions of Constitution, Rules or Guidelines by Organisation Type***

Requirement	Total		Business		Social	
	N	%	N	%	N	%
Pay subscriptions	24	51.1	9	47.4	15	53.6
Attend all meetings	21	44.7	6	28.6	15	53.6
Good conduct	11	23.4	5	26.3	6	21.4
Must have a business	6	12.8	3	15.8	3	10.7
Help one another	6	12.8	2	10.5	4	14.3
Pay registration fee	6	12.8	2	10.5	4	14.3
Work in peace	5	10.6	1	5.3	4	14.3
No refund upon leaving the group	5	10.6	2	10.5	3	10.6
Participation in group activities	4	8.5	1	5.3	3	10.7
Defaulters not assisted	3	6.4	1	5.3	2	7.1
Keep group affairs secret	3	6.4	1	5.3	2	7.1
Must hold annual elections	2	4.3	0	0	2	7.1
Others*	22	46.8	12	63.2	10	35.7

Source: Associations Survey, 2000- 2001

* Difference between business and social organisations significant at 10% level

5.7 Finances and Financial Management

Members are the main source of organisational funds. Most of the organisations depend heavily on members' registration fees and monthly, weekly and/or daily subscriptions (see Table 5.5). Most (81.3%) charge a registration fee, ranging from Kshs 5-2,750. The median registration fee is Kshs 200 and the mean is Kshs 420. Over half (56.3%) charge a monthly subscription, ranging in amount from Kshs 2-2,200. The median monthly subscription is Kshs 100, while the mean is Kshs 369. A few (16.7%) charge a weekly subscription, ranging from Kshs. 10-1,000. The median weekly subscription is Kshs. 100, while the mean is Kshs. 276. Two organisations require a premium or down payment, and one collects a daily subscription.

*Table 5.5: **Main Sources of Organisational Funds by Organisation Type***

Source of Funds	Organisations		Mean Amount (in Kshs)
	N	%	
Registration fees	39	81.3	420
Monthly subscription	27	56.3	369
Weekly subscription	8	16.7	276
Premium	2	4.2	875

Source: Associations Survey, 2000- 2001

Outside sources of funding are rare. Only one organisation reported receiving a grant, one had been given a gift in kind, and one had received a bank loan.

*Table 5.6: **Uses of Organisational Funds by Organisation Type***

Use of Funds	Total		Business		Social	
	N	%	N	%	N	%
Welfare*	23	47.9	6	31.6	17	58.6
Providing credit to members	19	39.6	10	52.6	9	31.0
Running expenses, including salaries	19	39.6	9	47.4	10	34.5
Investment	10	20.8	5	26.3	5	17.2
Income generation	8	16.7	3	15.8	5	17.2
Sites	5	10.4	2	10.5	3	10.3
Other*	3	6.3	3	15.8	0	0

Source: Associations Survey, 2000- 2001

* Difference between business and social organisations significant at 10% level

The funds collected are used in a variety of ways (see Table 5.6). Overall, welfare of the members is the most common use of organisational funds. Welfare payments are reported by nearly half (47.9%) of the organisations, but, not surprisingly, these are reported by significantly more social than business associations (58.6% compared to 31.6%). Providing credit to members and paying operating expenses were each reported by 39.6 per cent of associations. One-fifth (20.8%) of the organisations use their funds for investment. A smaller proportion (16.7%) fund income generation and a minority (10.4%) use their funds to obtain sites. Individual business associations reported a few other uses such as training or entertaining visitors.

We asked respondents what mechanisms their organisations use to controls their finances. Nearly all (93.7%) gave some reply. The most common response, given by 20.8% of the respondents, was that they keep records. Other common responses include banking their money (18.8%), requiring a committee's approval for expenditures (18.8%), and reporting expenses to the membership (16.7%). Some said that financial control was assured because members can check expenses (6.3%), the organisation has professional staff (4.2%), or they have an annual audit (4.2%). Six organisations (12.5%) said that financial control mechanisms are not needed because the organisation does not hold money. Most of these are social organisations, but one is a business association.

Although a relatively small percentage of organisations cited banking as a financial control mechanism, nearly three-quarters of them (70.2%) bank their money. The proportion is significantly higher for business associations (83.3%) than for social organisations (62.1%). Most organisations (78.8%) have three signatories to their accounts.

When asked whether the organisation had any problems in the past relating to management of its finances, nearly one-quarter (22.9%) responded affirmatively. The difference between business and social organisations on this question is both striking and statistically significant. Business organisations were four times more likely to have had financial problems than social organisations (42.1% compared with 10.3%).

5.8 Meetings and Communication

Nearly all organisations (93.8%) reported holding regular meetings. Three organisations (6.2%) do not have regular meetings. Two of these are business associations and one is a social organisation. Monthly meetings are most common, reported by one-third (35.6%) of the organisations. Approximately one-quarter (24.4%) meet more frequently than once a month, while 11.1% meet quarterly, 6.3% semi-annually, and 4.2% annually. One group (2.1%) said that they last met more than a year ago. Some (15.6%) said that they meet whenever there is a need.

Saturday (28.9%) is the most popular day for meetings, but many groups reported meeting on other days. Two-thirds (66.7%) of the groups normally hold their meetings in the afternoon. The remainder prefer morning (22.2%) or meet at any agreed time (11.1%).

More than half (60.0%) said that meeting attendance is very good, while one-third (33.3%) said that it is good. Only 6.6% of respondents described meeting attendance as poor or very poor. Attendance at meetings appears to be better in rural areas than in urban. About 85% of rural respondents described meeting attendance as very good, compared with 50% of those in urban areas.

Finances appear to dominate the meeting agenda. One-third (33.3%) reported that progress on contributions is a usual agenda item. Collecting money was reported as a common agenda item by almost as many (29.9%), and 8.9% said that the agenda usually includes information on expenditures. Other agenda items include new developments, welfare matters, establishing needs, and solving disputes and problems.

5.9 Linkages

Just over half (54.2%) of the organisations have some form of linkage to another organisation. The linkages reported vary widely, with no more than six organisations claiming links to the same organisation or group of organisations. Of the 26 organisations with linkages, the most common were with the Ministry of Culture and Social Services (23.1%), women's groups (19.2%), local authorities (19.2%), the Ministry of Technical Training and Applied Technology (15.4%), the Kenya National Federation of *Jua Kali* Associations (15.4%), and a *jua kali* association (15.4%).

The linkages to government ministries depend on the nature of the organisation. Women's groups are registered by the Ministry of Culture and Social Services, and, not surprisingly many report ongoing linkages with that ministry. Responsibility for the affairs of micro and small enterprises has been shifted from one ministry to another several times in the past 15 years. The Ministry of Technical Training and Applied Technology, mentioned by several respondents, is one of the ministries that used to have responsibility for MSE development, but which surrendered the portfolio some five years ago. It appears that even at the associational level, respondents were not clear about which ministry they are linked with.

Very few reported being linked to NGO or private sector service providers. In Kisumu, some respondents mentioned KICK and Ziwa Creations Limited, which are related organisations providing training and marketing. Three other organisations that offer non-financial services to *jua kali*

enterprises and associations were not mentioned. The three are Farm Implements and Tools (FIT), ASTRADS Management Services Ltd (AMS), and Strengthening Informal Sector Training and Enterprise (SITE). We describe them in some detail here because we believe that they, as well as KICK/ZIWA, could play a role as partners in implementing some of this study's recommendations.

FIT works through other partner organisations to focus on product design and development, marketing, information dissemination and technical development, and service provision. FIT recognises the need to strengthen the capacity of associations. Its strategy is to work with associations in order to facilitate delivery of services to their clients. Some of the associations FIT has worked with include: Association of Makers and Exporters of Gifts and Allied Articles (AMEGA), Kenya Organisation of Small and Medium Enterprises (KOSME), National Federation of *Jua Kali* Associations, and several local *jua kali* associations.

AMS is a client based consultancy firm that works through individuals and development organisations in the area of management. The organisation has worked with associations such as the Kenya Small Traders and Entrepreneurs Society (KSTES). The firm also works in partnership with UNDP and Ministry of Labour and Human Resources Development on the Sustainable Livelihood Programme. The organisation has been commissioned to initiate a programme that will promote a culture of entrepreneurship in rural areas. To achieve this aim, AMS intends to establish rural small business centres, managed by community members. The centres will be focal points for disseminating information on business management and providing advisory services.

SITE provides market support services, training, technological development, and dissemination of information. The training component covers technical skills, marketing, and business management. The organisation works mainly with small and medium scale manufacturers and producers, viewing these as potential sources of employment creation and industrialisation. SITE has plans to develop *jua kali* associations into viable associations with ability to provide services in a sustainable manner. To achieve this, SITE is focusing on capacity building in leadership and provision of technical support.

5.10 Business Development

More than half (60.4%) of the organisations claim to be involved in business development. Interestingly, there is no difference between business and social organisations in the answers to this question.

Respondents named a number of business development activities, but only four of these were mentioned by more than one or two organisations (see Table 5.7). One-third (33.3%) of the respondents mentioned finance, which includes both giving money to members and offering credit. Marketing products, both locally and on the export market, was named by 10.4%. Income generating projects were also named by 10.4%. Offering business advice and/or training was mentioned by all business organisations. Other activities, such as leasing stalls to members, planning to provide credit, employing members, making goods for sale, and obtaining a licence, were named by one or two organisations.

Despite the rather thin list of activities, more than two-thirds (69.0%) of those undertaking business development activities rated their organisation as effective in business development. When asked to explain why they thought this, respondents gave concrete examples such as "we have given credit to members", or "we have obtained a group licence", or "we are exporting our goods." Business associations were much more positive about their role in business development than social organisations. Nearly all business associations (91.7%) involved in business development claimed to be effective, compared to only half (52.9%) of social organisations.

Very few of the organisations not involved in business development gave reasons for their stance. Those that did said that their purpose is welfare rather than business (42.8%), the organisation has

liased with other BDS organisations to do this for them (28.6%), they lack funds (14.3%), or the organisation is dormant (14.3%).

*Table 5.7: **Business Development Activities by Organisation Type***

Business Development Activity	Total		Business		Social	
	N	%	N	%	N	%
Finance	16	33.3	8	42.1	8	27.6
Marketing	5	10.4	1	5.3	4	13.8
Income Generating Projects	5	10.4	1	5.3	4	13.8
Advice/Training*	3	6.3	3	15.8	0	0
Other	11	22.9	3	15.8	8	27.6

Source: Associations Survey, 2000- 2001

* Difference between business and social organisations significant at 10% level

Organisations responded positively when asked their opinion about the general role of organisations in helping businesses to prosper. The most common responses were that "organisations offer credit for business" (43.7%), "members benefit through organisations" (27.1%), "organisations provide training" (16.7%), "organisations help in savings and investing" (14.6%), and "organisations bring people together" (12.5%).

5.11 Advocacy

Nearly two-thirds (63.2%) of the organisations claimed to be involved in advocacy. Business and social organisations were equally likely to be involved, though there is some difference between the two types of organisations in specific advocacy activities.

The most common subject of organisations' advocacy efforts was obtaining site and space. Overall 20.8% of organisations try to obtain site and space for members. Some organisations (16.7%) said that they were involved in advocacy through raising complaints with authorities. Protecting members from harassment was next, with 10.4% of organisations involved. Business organisations are somewhat more likely to advocate for the end of harassment than are social organisations. Organisations were also involved in campaigning for better services (8.3%), organising a group licence (4.2%), and other organisation-specific forms of advocacy (8.3%). We note that some organisations considered obtaining a group licence to be a business development activity, while others classified it as advocacy.

*Table 5.8: **Advocacy Activities by Organisation Type***

Advocacy Activity	Total		Business		Social	
	N	%	N	%	N	%
Obtaining site and space	10	21.0	5	26.0	5	17.0
Raise complaints with urban authorities	8	17.0	4	21.0	4	14.0
Protect members against harassment*	5	10.0	4	21.0	1	3.4
Campaign for better services	4	8.3	2	11.0	2	6.9
Organise group licence	2	4.2	1	5.3	1	3.4
Other	4	8.3	2	11.0	2	6.9

Source: Associations Survey, 2000 - 2001

* Difference between business and social organisations significant at 10% level

The largest proportion (41.7%) of the organisations involved in advocacy claimed to bring their issues to the urban authorities. One-third (33.3%) brought them to NGOs, CBOs, or other associations. while 16.7% approached the provincial administration. Some approached the Kenya National Federation of *Jua Kali* Associations (12.5%), the Ministry of Labour (12.5%), or elected officials such as the mayor or councillors (12.5%). Other organisations, named by only one respondent (4.2%) each, included

Kenya Railways, Kenya Cooperative Creameries (KCC), Ministry of Health, and the Police. Such responses no doubt reflect the particular nature of the issues in question.

Overall, slightly more than one-third (36.0%) of the organisations said that they are effective in advocacy. Almost the same proportion (40.0%) felt that they could do more in terms of advocacy. There was no difference in the responses between business and social organisations.

Those who said that they are effective in advocacy gave reasons including Government now recognises small traders", "harassment has reduced", and we have had a "positive response from the authorities". On the other hand, those who said that they were not effective gave reasons such as the association is still young", "the association is not concerned with advocacy issues", we have not tried to approach the authorities", and "we lack advocacy skills".

5.12 Overall Satisfaction

Finally, respondents were asked how they felt about the overall performance of their organisation. Three quarters (74.5%) spoke positively. The most common response, given by one-third of the members (34.0%) was a rather vague, "it is doing well." Those who responded with negative comments were more precise, saying that the organisation has little financial base, that it is inefficient, or corrupt. The generally positive tenor of the responses of the leaders and association representatives will, in the next chapter, be tested against those of the ordinary members.

CHAPTER 6

ENTERPRISE AND ENTREPRENEUR CHARACTERISTICS

6.1 Entrepreneur Characteristics

The entrepreneurs were both male and female. Male entrepreneurs were 70.5% while female entrepreneurs were 29.5%. Male entrepreneurs were more than female entrepreneurs because the sample was biased towards businesses that were predominantly male. The age of these entrepreneurs varied age between 18 years and 69 years with a mean age of 35 years for both male and female. The entrepreneurs were drawn from urban and rural areas. Nearly three quarters of both male (71.6%) and female (71.0%) entrepreneurs came from urban centres.

Most of the entrepreneurs had some formal education. Only 1.0% of the entrepreneurs had no formal education at all. Majority of the entrepreneurs (46.2%) had completed primary school education, 29.5% of the entrepreneurs had completed secondary level of education while those with some secondary school level of education were 17.1%. Some entrepreneurs (6.2%) reported having post secondary education.

The majority of entrepreneurs had some form of training. Only 26.2% of the entrepreneurs did not have any form of training. Entrepreneurs with technical training were 75.4% while those entrepreneurs with other skills were 15.5%. Entrepreneurs with professional training were 9.0%. The entrepreneurs were trained in professional skills such as teaching, store keeping and nursing. They were also trained in technical skills such as motor vehicle repair, tailoring, glass fitting and welding. Other entrepreneurs had trained in other skills, for example driving, tyre re-treading and masonry.

6.2 Enterprise Characteristics

6.2.1 Type of Business Activity

Entrepreneurs were drawn from a mix of business activities (Table 6.1). The largest proportion of businesses (43.8%) is in trade. Businesses in trade were mainly involved in the sale of clothes, food, jewellery, fruits and vegetables. The next largest group of enterprises (26.2%) was drawn from manufacturing. Manufacturing businesses were mainly carpentry, metal fabrication, basket making and fibreglass production. A fairly large proportion of businesses (22.9%) were drawn from the repair services. Business in repair services included vehicle repair, shoe repair, and jack repair. Other businesses (7.1%) were in other types of services such as hair saloon and water vending. However, our sample has a higher percentage of manufacturing and services and less trade than is present in the national population (CBS et al, 1999). Nationally, trade dominates small enterprises, accounting for nearly two thirds (64.1%) of all businesses. In our sample, trade businesses were distributed evenly across both urban and rural areas. We had slightly more urban (28%) than rural (21.7%) manufacturers, but more rural providers of repair (26.7%) and other services (8.3%).

6.2.2 Age of Business

The age of business ranged between one year and 40 years. The mean business age was eight years. The differences between the mean ages of four types of businesses were significant. The oldest businesses were repair services with a mean age of 10 years, followed by manufacturing businesses with a mean age of nine years, and trade businesses with a mean age of seven years. Service businesses were the youngest with a mean age of four years.

Table 6.1 Type of Business Activity by Location

Type of business activity	Total		Urban		Rural	
	N.	%	N	%	N	%
Trade	92	43.8	66	44.0	26	43.3
Manufacturing	55	26.2	42	28.0	13	21.7
Repair services	48	22.9	32	21.3	16	26.7
Other Services	15	7.1	10	6.7	5	8.3
Total	210	100	150	100	60	100

Source. Enterprise Survey 2000-2001

6.2.3 Business Location

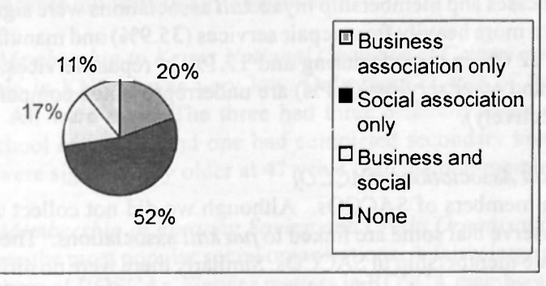
The issue of sites is a thorny one for micro and small businesses. Lack of sites has been identified as a constraint for MSE development (Bokea, Dondo and Mutiso, 1999). MSEs rarely have security of tenure for their locations. Local authorities move them from one area to another. Most of the businesses in the survey (62.4%) were in their first location. Only 7.6% of the businesses had moved from one place to another with 60.8% of the migrant enterprises having moved within the same area. Enterprises that had moved from other areas were 39.2%.

The reasons why enterprises chose specific sites were varied. Most of the enterprises (67.8%) chose their location because it was strategic to business operation while 22.1% were in their business site because the local authority provided it to them. Enterprises choosing business location because it was near home were 7.7% while those who located their enterprises because rent was cheap were 1.4%. Enterprises locating in sites for other reasons were 1.0%.

6.3 Memberships

The 210 entrepreneurs reported belonging to an average of 2.1 associations each. Only 11% of the respondents belonged to no association (see figure 6.1). Entrepreneurs belong to both business associations and social organisations but as can be discerned from the figure, social organisations predominate. The business associations were: *Jua Kali* Associations, SACCOs, cooperatives, Kenya National Chamber of Commerce and Industry and NGO credit groups. None of the entrepreneurs were members of Kenya Association of Manufacturers, Kenya Organisation of Small and Micro Enterprises (KOSME), Small and Micro Enterprises Development Organisation (SMEDO) or Kenya Small Traders Association (KSTA). The social organisations were: ROSCAs, welfare associations, self-help groups, village associations, clan associations, and women groups. The fact that more than half (52%) of the entrepreneurs belong to social associations has implications for this study. For one thing, it means that business associations are not attracting members in sufficient numbers to allow them to be fully representative of the MSE sector.

Figure 6.1: Distribution of Membership



Source: Own Field Survey Data

6.3.1 Membership in Jua Kali Associations

Membership in *jua kali* associations was less common than expected. Only 30.5% of the entrepreneurs reported being members of *jua kali* associations. This is surprising because most of the entrepreneurs covered in the survey are eligible to join *jua kali* associations. Furthermore, the research sites were chosen on the basis of their accessibility to a *jua kali* association. Membership in *jua kali* associations was both male and female. Male entrepreneurs who were members of associations were 33.8 % while female *jua kali* association members were 22.6%. The mean age of entrepreneurs who were members of *jua kali* association was 39 years while for those who were not was 33 years. The differences in mean age between entrepreneurs who were members of *jua kali* associations were statistically significant. This reflects the fact that young entrepreneurs may lack extra time and income to participate in *jua kali* activities. There were no significant differences in *jua kali* associations' membership on the basis of members' level of education.

Differences between rural and urban entrepreneurs' membership in *jua kali* association were significant. The proportion of entrepreneurs from urban centres who were members of *jua kali* association was 34.7% and the proportion from rural areas was 20.0% (see Table 6.2).

Table 6.2 ***Urban and Rural Membership in Associations***

Associations	Total		Urban		Rural	
	N	%	N	%	N	%
Business associations						
Jua kali association	64	30.5	52	34.7	12	20.0
SACCO	20	9.5	11	7.3	9	15.0
NGO credit group	11	5.2	11	7.3	-	-
Cooperative	8	3.8	6	4.0	2	3.3
KNCCI	3	1.4	2	1.3	1	1.7
Social organisation						
ROSCA	76	36.2	60	40	16	26.7
Clan association	87	41.4	55	36.7	32	53.3
Welfare	54	25.7	42	28.0	12	20.0
Village association	54	25.7	35	23.3	16	26.7
Self help	40	19.0	28	18.7	12	20.0
Women group	33	15.7	20	13.3	13	21.7
Total	**450**		**322**		**125**	

Source: Enterprise Survey

The differences between type of businesses and membership in *jua kali* associations were significant. *Jua kali* membership tends to be drawn more heavily from repair services (35.9%) and manufacturing (34.4%) than non-members who are 22.6% in manufacturing and 17.1% in repair services. On the other hand trade enterprises (26.6%) and other services (3.1%) are underrepresented compared with non-members (51.4% and 8.9% respectively).

6.3.2 Membership in Saving and Credit Associations (SACCO)

Only 9.5% of the entrepreneurs were members of SACCOs. Although we did not collect detailed information on these SACCOs, we observe that some are linked to *jua kali* associations. There were no differences between male and female membership in SACCOs. Similarly there were no differences in levels of education among SACCO members. The differences in mean age of SACCO

entrepreneurs were significant, with the mean age of entrepreneurs who were members of SACCOs being 42 years while that of non members was 34 years.

The differences between urban and rural SACCO members were significant. Rural entrepreneurs are twice as likely as their urban counterparts to belong to a SACCO. Fifteen percent of rural entrepreneurs are SACCO members, compared to 7.3% of urban entrepreneurs. It appears that it does not matter what type of business activity an entrepreneur belonged to in order to be a member of a SACCO. Differences between type of business activity and membership in SACCOs were not significant.

6.3.3 Membership in Non Governmental Organisation (NGO) Credit Group

Only 5.2% of the entrepreneurs were members of an NGO credit group. More women than men are members of NGO credit groups and the difference is significant. The proportion of female entrepreneurs who were members of NGO credit was 9.7 per cent, while the proportion of male members was 3.4%. Neither age nor level of education matters in NGO credit group membership.

NGO credit group members are concentrated in urban centres. All NGO credit group members were in urban centres. The type of business activity an entrepreneur is engaged in matters for NGO credit group membership. The differences between business activity and membership in NGO credit were significant. Most (90.9%) of the businesses that were members of NGO credit groups were from trade. The rest (9.1%) were from repair services. None of the businesses from services and manufacturing were members of NGO credit groups. Trade predominates in NGO credit groups because entrepreneurs have regular disposable income and spare time to attend meetings. A trader can leave someone to take care of business while he/ she is a way in a meeting. Traders also have disposable income that they can save in NGO credit groups.

6.3.4 Membership in Cooperatives

Membership in cooperatives was low. Only 3.8 per cent of the entrepreneurs were members of a cooperative. The differences between male and female membership in cooperatives were not significant. Entrepreneurs' level of education was a matter of concern in cooperative membership. This is because the differences in education levels were significant. The largest proportion of entrepreneurs who were members of cooperatives was drawn from entrepreneurs with some secondary education (37.5%). Entrepreneurs with secondary education (25%) and those with post secondary education (25%) reported equal proportions of entrepreneurs who were members of cooperatives. None of the entrepreneurs with no education were members of cooperatives. Age was an issue of critical concern in entrepreneurs' cooperative membership. The difference in mean age of entrepreneurs in cooperative association was significant. The mean age for members was 44 years while that of non-members was 34 years. Business type is not an issue of concern for membership in cooperatives. Equal proportions of businesses from manufacturing (37.5%) and trade (37.5%) were members of cooperatives. A quarter of repair service businesses (25.0%) were members of cooperatives. None of the businesses in other services were members of cooperatives. The differences between rural and urban centres members of cooperative were not statistically significant.

6.3.5 Membership in Kenya National Chamber of Commerce and Industry (KNCCI)

Membership in KNCCI was very low. Only three (1.4%) of the entrepreneurs were members of KNCCI. All were male. The three had three different levels of education. Two had completed primary school education and one had completed secondary level of education. The three KNCCI members were significantly older at 47 years than the non-members (35 years).

6.3.6 Membership in Rotating Saving and Credit Organisation (ROSCA)

ROSCAs are the most popular social organisations. A fairly large proportion of entrepreneurs (36.2%) were members of ROSCAs. Gender matters in ROSCA membership. Less than one third (31.8%) of men, but nearly half (46.8%) of women reported belonging to ROSCAs. ROSCAs are generally associated with women, so this finding is somewhat surprising. Daniels *et al.* (1995), for example,

found that women make up 84.4% of ROSCA members. The differences between levels of education and ROSCA membership were not significant. The age of an entrepreneur is related to membership in ROSCAs. The mean age of entrepreneurs who were members of ROSCAs was 33 years while that of those who were not was 36 years. This age difference is the reverse of the picture for other associations. This could be attributed to the fact that ROSCAs are a more recent phenomenon than other associations such as self-help and women groups.

In terms of ROSCA membership, it mattered whether one was from rural area or urban centres. Forty percent of urban entrepreneurs were members of ROSCAs, but only 26.7% of those from rural areas were ROSCA members. Business type was a critical factor in determining membership in ROSCAs. Most of the businesses that were members of ROSCAs were from trade (50.0%). This finding is similar to that of NGO credit groups and perhaps reflects the availability of disposable income and time among traders. Repair service businesses that were members of ROSCAs were 18.4% while manufacturing businesses were 19.7%. Businesses from services that were members of ROSCAs were 11.8%.

6.3.7 Membership in Clan Association

Membership in clan association was quite common, with (41.4%) of entrepreneurs being members of such associations. Gender was a critical factor in determining membership in clan associations. The proportion of male entrepreneurs who were clan association members was 45.3%, while the proportion of female entrepreneurs was 32.3%. Education was not a critical factor in determining membership in clan association. The mean age of clan association members was 37 years while that of those who were not was 33 years.

Rural and urban locations were critical to clan membership. Differences in clan membership between rural and urban entrepreneurs were statistically significant. The proportion of rural entrepreneurs who were members of clan association was 53.3% while that of those from urban centres was 36.7%. The differences between type of business and membership in clan associations were not significant.

6.3.8 Membership in Welfare Associations

A quarter of the entrepreneurs were members of welfare associations. It does not matter whether one is male or female in welfare association membership. The level of education in welfare association membership does not also matter. However, the age of the entrepreneur is related to membership in welfare associations. The mean age of welfare association members is 38 years while that of non-members is 34 years. It does not matter whether a business is rural or urban in order to be a member of welfare association. The differences are not statistically significant. Also, the differences between type of business and membership in welfare associations were not significant.

6.3.9 Membership in Village Association

Nearly a quarter of the entrepreneurs (24.3%) were members of village associations. Male and female entrepreneurs were equally likely to belong to village associations. Entrepreneurs' level of education is not related to membership in village associations. Similarly differences between the mean ages of village association members were not significant. There was no difference between rural and urban entrepreneurs in the village association membership. The type of business activity does not influence participation in village groups.

6.3.10 Membership in Self Help Groups

Only 19.0% of the entrepreneurs were members of self-help groups. There was no difference between male and female membership in self-help groups. Entrepreneurs' level of education does not matter in membership in self-help associations. The age of the entrepreneur is not critical in influencing membership in self-help associations. There are no differences in membership in self-help groups between urban and rural areas. Similarly, there are no differences between members of the various business activities. Members in self-help groups are drawn from any activity.

6.3.11 Membership in Women Groups

Membership in women groups was low, with only 15.7% of the entrepreneurs being members of women groups. As expected, the differences between male and female membership in women groups are statistically significant. The proportion of women entrepreneurs who were members of women groups was 45.2% while that of male entrepreneurs was 3.4%. Education is a critical factor in influencing membership in women groups. About half (51.5%) of those reporting membership in women groups had completed secondary education. Entrepreneurs who had completed primary school level of education were 30.3% while those who had some secondary education were 12.1%. Entrepreneurs with post secondary education who were members of women groups were 6.1%. Entrepreneurs with no education were not members of women groups. The mean age of women group members was 37 years while that of non-members was 34 years.

The business activity that entrepreneurs engage in influences their participation in women groups. The proportion of trade businesses that were members of women groups was 66.7%. Businesses from manufacturing that were members of women groups were 18.2%, while those from other services were 9.1%. Only 6.1% of the repair businesses were members of women groups.

6.4 Associational Life

This section reports information on entrepreneurs' associational life. The information is based on 292 associations, which the entrepreneurs reported in detail. The main issues covered in the section are: types of association, duration and reason for joining associations, organisation structure, membership requirement, governance, leadership, finance and use of finance, business development and advocacy.

6.4.1 Types of Association, Duration and Reason for Joining Association

The entrepreneurs joined associations for four main reasons (Table 6.3). These reasons are: saving to boost business, benefit from welfare, obtain credit and obtain trading sites. More social organisation members joined (49.7%) to benefit from welfare than business organisation members (23.2%). Contrary to expectations, more social organisation members (22.0%) than business organisation members (12.1%) joined to save in order to boost business. Entrepreneurs from business organisations were more likely to join organisations to obtain credit (28.3%) and trading sites (14.1%) than those from social organisations.

Table 6.3 ***Reasons for Joining by Type of Association***

Reason	Total		Business		Social	
	Number	%	Number	%	Number	%
Benefit from welfare***	111	40.0	23	23.2	88	49.7
Savings to boost business **	51	19.0	12	12.1	39	22.0
Obtain credit***	41	15.0	28	28.3	13	7.3
Obtain trading site ***	15	5.4	14	14.1	1	0.6
Others *	101	37.0	43	43.4	58	32.8

Source: Enterprise survey 2000-2001

* Differences are significant at 10%
** Differences between business and social organisations is significant at 5% level
*** Differences between business and social significant at 1% level

Members learnt about organisations through a variety of ways (Table 6.4). These ways are: learning through friends, being born in the clan, informed by coordinators or officials and introduced by relatives or were founders of the organisations they named. Friends were a common source of information for both business and social organisations while being born in the clan pertained mainly to social organisations. The role of officials and coordinators in recruiting individuals to associations was common among business associations. Respondents who were founders of organisations were common in both social and business organisations. Entrepreneurs who were introduced to organisations by relatives were most common in social organisations.

Table 6.4 ***How Members Learnt about Organisation-by-Organisation Type***

Source of information	Total		Business		Social	
	Number	%	Number	%	Number	%
Learned through friend	83	30.0	29	29.0	54	31.0
Respondent among the founder	81	29.0	25	26.o	56	32.0
Informed by coordinator or official***	38	14.0	27	27.0	11	6.2
Introduced through relative*	35	13.0	8	8.1	27	15.0
Born in the clan**	13	5.0	1	1.0	12	6.8
Others	23	8.0	9	9.1	14	7.9

Source: Enterprise survey 2000-2001

* Differences significant at 10%
** Differences significant at 5%
*** Differences significant at 1%

6.4.2 Organisational Structure

There are certain requirements a member must fulfil in an association (Table 6.5). The requirements that are common for both members of business and social organisations are: monthly subscription, attend all meetings, and weekly subscriptions. Payment of registration fee was more common among business organisation, while social organisation were more likely to have other requirements.

Table 6.5 ***Requirements for Membership in Associations***

Requirements for membership	Total		Business		Social	
	Number	%	Number	%	Number	%
Payment of registration fees***	190	77.0	85	86.0	105	71.0
Attend all meetings	175	72.0	74	76.0	101	69.0
Monthly subscriptions	130	55.0	48	51.0	82	57.0
Weekly subscription	120	44.0	38	38.0	82	46.0
Other*	119	43.0	35	35.0	84	48.0

Source: Enterprise Survey * Differences are significant at 10% *** Differences are significant at 1%

6.4.3 Governance

Nearly all the associations (97.4%) had a constitution. Only 2.6% of the associations did not have a constitution. Most of the associations' constitutions are written down (80.4%). Only 19.6% of the associations' constitutions are not written down. The constitutions have a variety of provisions (Table 6.6). Common constitutional requirements for both business and social organisation members are: members must participate in group activities, attend all meetings and should help one another. Fine for non-payment of dues is a common constitutional requirement for entrepreneurs who belong to social organisations. Payment of registration fee is a more common constitutional requirement for business organisation members than for social organisation members. Other constitutional requirements were also more common among entrepreneurs who were members of business organisations.

Table 6.6 ***Provisions of Constitutions, Rules and Regulation***

Regulations	Total		Business		Social	
	Number	%	Number	%	Number	%
Must participate in group activities*	121	44.0	38	38.0	83	47.0
Fine for non payment of dues*	119	43.0	49	50.0	70	40.0
Attend all meetings	115	42.0	42	42.0	73	41.0
Must pay registration fee ***	30	11.0	21	21.0	9	5.1
Members should help one another	25	9.1	7	7.1	18	10.0
Other***	85	31.0	42	42.0	43	24.0

Source: Enterprise Survey 2000-2001 * Differences are significant at 10% level *** Differences are significant at 1% level

Both business and social organisations hold meetings during various times of the year (Table 6.7). According to the respondents holding meetings once a month, once in two weeks and only when necessary are common for both business and social organisations. Having meetings once a week and having no meeting at all are common for social organisations.

Table 6.7 ***Frequency of Meetings by Organisation Types***

Times meetings are held	Total		Business		Social	
	Number	%	Number	%	Number	%
Once a month	93	33.7	36	36.4	57	32.2
Once a week*	40	14.5	9	9.1	31	17.5
Once two weeks	21	7.6	7	7.1	14	7.9
Only when necessary	21	7.6	11	11.1	10	5.6
No meetings**	18	6.5	2	2.0	16	9.0
Others***	40	14.5	23	23.2	17	9.6

Source: Enterprise Survey 2000-2001

* Differences are significant at 10 % level
** Differences are significant at 5% level
*** Differences are significant at 1% level

6.4.4 Leadership

Most of the associations have office bearers (77.0%). Only 23.0 per cent of the associations did not have office bearers. Most of the chairpersons were male (82.8%) while 16.7% of the chairpersons were female. Associations with male vice-chairpersons were 74.0 per cent while those with female vice-chairpersons were 25.5%. Male secretaries in associations were 72.8per cent while female secretaries were 26.7 per cent. The proportion of female treasurers was 24.1 per cent.

Table 6.8 ***Frequency of Choosing Leaders by Organisation Type***

Duration of choosing leaders	Total		Business		Social	
	Number	%	Number	%	Number	%
Once a year	109	39.5	42	42.4	67	37.9
When there is need	43	15.6	13	13.1	30	16.9
After three years**	23	8.3	13	13.1	10	5.6
Once in two years**	21	7.6	12	12.1	9	5.1
Others	18	6.5	6	6.1	12	6.8

Source: Enterprise Survey 2000-2001 ** Differences are significant at 5% level

Office bearers are chosen through a variety of ways. Most associations choose their leaders (51.2%) by show of hands and 29.8 per cent by secret ballot. In 14.9% of the associations, leaders were appointed while 1.9 per cent of associations had their leaders chosen through the queuing system. In 0.9% of associations, leaders volunteered.

Both business and social organisations choose leaders once a year or when there is need (see Table 6.8). However, business organisations tended more often to choose leaders after two or three years.

Most of the entrepreneurs described leadership in their organisations as good (61.4%) while 35.3% described leadership as very good. Only 3.3% described leadership as poor. Leaders from both social and business associations were said to be good in a variety of ways (Table 6.9). Entrepreneurs from both business and social organisations said that their leaders were good because they gave members dividends and shares, ensure that rules are followed and operate within laid down rules. Entrepreneurs from business organisations were more likely to observe that their leaders served them effectively and had good management.

Table 6.9 Leadership Qualities by Organisation Type

	Total		Business		Social	
Leadership quality	Number	%	Number	%	Number	%
Good management skills*	79	29.0	35	35.4	44	25.0
Serve members effectively*	62	23.0	28	28.3	34	19.0
Ensure rules are followed	32	12.0	8	8.1	24	14.0
Get dividends and shares	24	8.7	9	9.1	15	8.5
Operate with laid down rules	16	5.8	4	4.0	12	6.8
Others	39	14.0	18	18.2	21	12.0

Source: Enterprise Survey 2000-2001

* Differences are significant at 10 %

Nearly half (47.2%) of the entrepreneurs stated that their leaders could do more than they are doing to strengthen the group. Entrepreneurs from both business and social organisations suggested several areas that leaders need to act on in order to strengthen their organisations (Table 6.10). Entrepreneurs from both business and social organisations seem to agree on the things that their leaders should do more to strengthen their associations. Among these things are: leaders should build capacity to initiate income generating projects, build capacity to buy property, leaders should be more active and committed as well as diversify group activities. More entrepreneurs from business organisations than from social organisations felt that their leaders should obtain additional finances.

*Table 6.10: **What Leaders Need to Do to Strengthen Association by Organisation Type***

	Total		Business		Social	
Things for strengthening associations	Number	%	Number	%	Number	%
Capacity to initiate income generating projects	28	5.0	6	6.1	7	4.0
Build capacity to buy property	19	7.0	9	9.1	10	5.6
Obtain additional finance*	17	6.0	10	10.0	7	4.0
Leaders should be more active and committed	13	5.0	6	6.1	7	4.0
Diversify group activities	12	4.0	6	6.1	6	3.4
Other***	33	12.0	17	17.0	16	9.0

Source: Enterprise survey

* Differences are significant at 10%
** Differences are significant at 5%

6.4.5 Finances and Use of Finances

Most of the associations raise money though registration fees. The amount of registrations fees ranged between Kshs 25 and 10,000. The mean registration fee was Kshs 530. The registration fee differed significantly by type of association. Business associations registered the highest mean registration fee of Kshs 832. Social associations registered a mean of Kshs 307.

Daily subscription fees ranged between five Kenyan shillings and Kshs 300. The mean daily subscription fee was Kshs 82. There were no differences in the mean daily subscription between business associations and social organisations. Weekly subscription fees in associations ranged between Kshs 10 and Kshs 1000. The mean weekly subscription fee was Ksh222. There were no significant differences between business associations and social organisations in mean weekly subscription fee. Monthly subscription fee ranged between five Kenyan shillings and Kshs 2500. The mean monthly subscription fee was Kshs 315.

There were no significant differences in mean monthly subscription fee between business associations and social organisations. All the payments of registration fee, daily, weekly and monthly subscription fees are paid in cash.

Both business and social organisations use funds in several ways (Table 6.11). There are no differences between business and social organisations in the use of money for school fees, hospital expenses and funeral expenses. However, business organisations are more likely than social organisations to use money for business investment and organisation operations. Business organisations also tend to use money for other purposes, as compared to social organisations.

Table 6.11 ***Associations Use of Finances by Organisation Type***

Use of finances	Total		Business		Social	
	Number	%	Number	%	Number	%
Hospital expenses	118	43.0	37	37.4	81	45.8
Funeral expenses	98	36.0	36	36.4	62	35.0
Investment in Business***	83	30.0	41	41.4	42	23.7
School fees	50	18.0	20	20.2	30	16.9
Organisation operations***	44	16.0	24	24.2	20	11.3
Others***	91	33.0	42	42.4	49	27.7

Source: Enterprise Survey 2000-2001 * Differences are significant at 10%
*** Differences are significant at 1 %

6.4.6 Association Participation in Business Development

Most of the associations (55.8%) were involved in business development. Only 44.2 % of the associations were not involved in business development. Both business and social organisations participate in business development in similar way, contrary our expectation that business associations would differ from social organisations in business participation (Table 6.12). They both participate in business development through loan provision, buying stock for business and giving money on rotational basis. This largely reflects the fact that business associations are run in much the same way as social organisations.

Table 6.12: ***Associations' Participation in Business Development by Organisation Type***

Type of activity	Total		Business		Social	
	Number	%	Number	%	Number	%
Provide loans	53	19.0	23	23.0	30	17.0
Buy stock for business	30	11.0	8	8.1	22	12.0
Giving money in a rotational basis	18	6.5	4	4.0	14	7.9
Other	40	15.0	29	29.0	11	6.2

Source: Enterprise Survey 2000-2001

Entrepreneurs draw specific benefits from both business and social associations (Table 6.13). These benefits are: welfare benefits, (54.7%) including school fees, hospital bills and funeral expenses, financial support (30.1%) and saving (25.7%). Welfare benefits were more common among social organisations, while financial support benefits were more common in business organisations. Saving was common to both types of organisation. These findings underline the fact that business organisations also have social functions and social organisations also have some business functions.

Table 6.13 ***Benefits from Organisation by Organisation Type***

Benefit	Total		Business		Social	
	Number	%	Number	%	Number	%
Welfare (school fees, funerals, and hospital fees)***	151	54.7	44	44.4	107	60.5
Financial support**	83	30.1	38	38.4	45	25.4
Saving	71	25.7	26	26.3	45	25.4
Others***	84	30.4	49	49.5	35	19.8

Source: Enterprise Survey ** Differences are significant at 5% *** Differences are significant at 1%

Some organisations own property in the form of land, plots and buildings. According to the entrepreneurs, 32.3% of the business associations own land or plots. Only 7.3% of the social organisations own such property. Some 13% of the business associations own other property but only 6.2% of the social organisations own other property.

6.4.7 Associations' Participation in Advocacy

According to the entrepreneurs, very few organisations are involved in advocacy. The areas of advocacy the organisations named include campaigning for better services, protecting members from harassment and looking for shelter for members. This is discussed in the next chapter.

CHAPTER 7

ROLE AND PERFORMANCE OF THE NATIONAL FEDERATION OF *JUA KALI* AND OTHER ASSOCIATIONS

7.1 Introduction

Umbrella associations in Kenya cover large geographical areas and link the local and sectoral enterprise associations. Haan (1995) refers to this as combining the advantages of geographical and sectoral associations. Kenya also has a number of national associations which are not umbrella organisations, but which admit individual entrepreneurs.

In this chapter we deal mainly with the National Federation of *Jua Kali* Associations. Our research identified only two umbrella associations: the Kenya National Federation of *Jua Kali* Associations (KNFJKA) and the Federation of Women's Groups (FWG). The former is the umbrella association for *jua kali* associations, while the latter covers both business- and welfare-oriented associations. Other national associations which are not umbrella include: Kenya Organisation of Small and Medium Enterprises (KOSME), Small and Medium Enterprises Development Organisation (SMEDO), Association of Makers and Exporters of Gifts and Allied Articles of Kenya (AMEGA), Harero Analysis *Jua Kali* Association (HAJKA), and Kenya Small Traders and Entrepreneurs Society (KSTES).

7.2 National Federation of *Jua Kali* Associations

The Kenya National Federation of *Jua Kali* Associations (KNFJKA) is the only true MSE umbrella association in the sense that it is an association of associations. For this reason, we describe it in detail and include its constitution in our appendix (see appendix 6). The following sections outline the history of the association, its structure, membership, purposes, and its achievements and weaknesses.

7.2.1 History

The Kenya National Federation of *Jua kali* Associations (KNFJKA) was formed in early 1992, with the support of the government through the Ministry of Research, Technical Training and Applied Technology (MRTT&T). The first national elections were held at the Mombasa Polytechnic in February 1992. Management and operations of the Federation went on well until 8 December 1994 when the Vice-Chairman of the Federation formed a splinter group with an intention to oust the Chairman, an intention that the Chairman immediately challenged in court. This was followed by primary associations, which were dissatisfied by the splinter group, calling for a Special General Meeting on 23 March 1995, which was ratified by the MRTT&T as per the constitution of the Federation. The meeting had two issues to handle: the splinter group and election of Governing Council. The meeting went ahead and elected new office bearers. The Chairman retained his office, the Vice Chairman who was leading the splinter group, did not attend the meeting. However, the splinter group continued to put up a stiff fight by organising its own elections on 27 June 1996, and registering the splinter group. This resulted in a protracted court case in an attempt to determine the legal office holders of the Federation.

The case was filed in 1996 and was not determined until June 1998. The court ruling reinstated the office holders elected during the Special General Meeting of 25th March 1995. They were ordered to remain in office for at least six months to implement the new constitution of the Federation. This required the National Governing Council, and the National Executive Council to implement the new constitution, including creation and registration of District Branches as provided for under the new constitution (High Court Case No. 1619 of 1996). Once this is done, elections of a new National Executive Council (NEC) would be conducted. However, by the time this research was concluded in 2001, the branches had not been formed and there was hardly any sign of satisfying the court ruling.

The Federation enjoyed considerable government and donor support and, some would argue, government interference, in its early days (Macharia, 1993). The process of forming the Federation actually began with President Moi's historic visit to Kamukunji in 1985. From that point onward the Kenya government

was active in organising *jua kali* artisans. The Ministry of Research, Technical Training and Applied Technology had sent Provincial and District Applied Technology training officers around the country mobilising entrepreneurs to establish local associations. The outcome of this process was both positive and negative. Some clusters of businesses mobilised themselves and formed associations that reflected their needs, and continued to address their problems; while others came together in anticipation for support from the government and donors. Once they realised that such support was not forthcoming, they lapsed, and became dormant. Even when associations continued, there tended to be a serious problem of "ownership", which can be attributed to their top-down method of formation.

7.2.2 Structure and Leadership

The Federation has four main organs of governance: primary associations, district branches, National Governing Council and National Executive Committee. The amended constitution, which is still to be fully implemented, created district branches, which were not in the original constitution. The district branches are to be established by five primary associations, a task which is still to be realised. Once formed, the branches would constitute the National Governing Council, which in turn would elect the National Executive Council. This model of governance is similar to that outlined in Chapter 2, consisting of a national umbrella organisation, district organisations, and local level *jua kali* associations. Such a structure was seen as likely to be efficient for communicating with and channelling resources to local associations.

The *jua kali* association structure remains incomplete. Although hundreds of local associations were formed between 1992 and 1995, the district or intermediary associations never got off the ground and the umbrella association's National Governing Council was never fully established. This means that, at present, the members and potential members of the Federation are local-level *jua kali* associations. At the national level, the team elected through a Special General Meeting of 25 March 1995 holds the Federation office through court order.

While the initial formation of the association went well, after four years of operation the association encountered leadership wrangles, which took matters of disagreement to court and to the Registrar of Societies. During the wrangling period, the Federation went through a phase of dormancy as far as activities were concerned. This also included the suspension of their participation in the World Bank 3.1 billion shilling Voucher Training Programme (VTP).

Since the court ruling, the Government has intervened by providing some support to the Federation. Other organisations such as UNDP that had pulled off due to the wrangles are also beginning to support the Federation. The Government has provided offices for the Federation and also seconded three officers to provide technical support. Further, the government collaborates with the Federation, and also uses it for channelling support to *jua kali* enterprises. However, the relationship between, and among the Federation, the government, and donors remains hardly known to the membership and potential members.

7.2.3 Membership

Local *jua kali* associations may become members of the Federation. The only requirement for membership is registration as a *bona fide jua kali* association. Member associations pay a registration fee of Kshs.1, 100 and annual dues of Kshs. 30 per month per affiliated association, or an equivalent of Kshs. 360 annually.

Membership in the Federation reached its peak in 1995 with 360 members. This was prior to the wrangles. Between 1995 and the court order in June 1998, membership dropped to 41 associations. Since the court order, the Federation has been trying to encourage old members to pay their dues and also to recruit new members. By the end of June 2001, membership had reached 142 associations, spread across all the provinces of Kenya but not in all districts. The total number of local *jua kali* associations is estimated to be 500, so the Federation currently claims only about one quarter of its potential members.

The chairman of the Federation noted that the reluctance of the local primary associations to register and pay their annual subscription to the Federation had seriously affected the performance of the Federation. He further observed that, associations could not expect to benefit from the Federation if they are not ready to contribute resources necessary for running Federations activities.

The benefits of membership mainly include representation, especially in national and international consultative meetings, advocacy, negotiations for business sites and funding, development of infrastructure, information dissemination, marketing, and training on behalf of associations. In the area of marketing, the Federation had by the time of this research facilitated two regional exhibitions of *jua kali* products and was planning a third. The Federation has also been negotiating with the government and Local Authorities for business sites for the *jua kali* sector.

7.2.4 Funding

The main source of Federation funds currently is subscription fees. Funds are used for operational purposes, especially to pay office expenses and the costs of the lobbying effort. However, an examination of subscription fees since 1998 shows a poor record with only about 40 per cent of the membership making regular payment. Prior to the wrangles, there was significant donor support, especially from UNIDO, UNDP and Friedrich Ebert Stiftung Foundation (FES) (Macharia 1993). The latter, and UNDP had funded a number of programmes that included the secretariat, equipment and marketing, while UNIDO concentrated on developing demonstration centres for training and skills upgrading for artisans. These centres have been developed in Nairobi, Mombasa and other urban areas centres. FES provided a vehicle for the secretariat, which they withdrew at the height of leadership wrangles. Some of these donors are currently re-considering funding the Federation. In particular, UNDP has plans to support exhibition and marketing of *jua kali* products. Under the same programme they plan to provide equipment and install a website for marketing *jua kali* products.

The Kenya Bureau of Standards, British American Tobacco and other private firms have been supporting exhibitions of *jua kali* products in East Africa. The government has also set a side a budget line for supporting the *jua kali* sector.

7.2.5 Purpose

The constitution of the Federation outlines 19 objectives. Broadly, these stated objectives of the Federation include representation, advocacy, marketing and negotiation for business sites, and funding on behalf of associations among others (appendix 6). This stated purpose is not different from what the associations and entrepreneurs think that umbrella association like the Federation should undertake. They include: mobilisation of resources and linking associations to relevant resources, lobbying, advocacy, and policy influence; coordination of membership and branches; negotiating credit facilities and loan guarantee to members; marketing of members' products; lobbying for sites of operation; mobilisation of membership, (including information dissemination to members), and organising information exchange fora, and exchange visits.

Initially, lobbying, advocacy, and policy influence are problematic because entrepreneurs cannot see immediate results. Furthermore, influence is a collective good, which, by definition can be enjoyed even by those who do not belong to the association. The Federation reported that over 60 per cent of its efforts go into lobbying, advocacy and policy influence. Discussions with individual entrepreneurs and local associations suggest that this function is poorly understood and, therefore, not appreciated. This partly explains why our research shows that MSE entrepreneurs and associations have either not heard of umbrella associations or feel that they do not have information about them.

Among the above roles, the Federation has tended to undertake only two: marketing and lobbying, advocacy and policy influence. Its main vehicle for marketing assistance has been the annual *jua kali* exhibitions. These exhibitions have exposed some associations and entrepreneurs to the activities of the

Federation. Since they produce tangible benefits, they tend to be appreciated by those who have participated or are aware of them.

7.2.6 Services: The Voucher Training Programme (VTP)

A potentially very important service activity is the controversial VTP developed by the World Bank for the *jua kali* sector. The Federation was in the forefront during the initiation of the programme. However, partly due to leadership wrangles and many competing interests involved, the Federation was sidelined during the implementation period.

The VTP is a project of the Government of Kenya funded by the International Development Agency (IDA) of the World Bank. The programme was launched in 1994 to upgrade the skills of the micro and small-scale enterprises and hence reduce the impediments to their employment and income generation. This project has five components:

- *Jua Kali* Training Fund
- Policy analysis, monitoring and evaluation;
- Staff development and organization;
- Technology development; and
- Infrastructure development.

The *jua kali* training fund was implemented through two complementary strategies: the contract training programme and the voucher-training programme. The contract scheme for upgrading training providers was designed to provide credit to training providers, which they could use to upgrade their training facilities, and repay the loans into a revolving fund. The Voucher Training Programme, on the other hand, was designed to introduce consumer choice, enabling beneficiaries to purchase the kind of training they needed. In this particular programme, a voucher was defined as a document given to selected beneficiaries and which entitled them to buy training services from approved training providers.

The VTP was coordinated at the then Ministry of Research Technical Training and Technology (MRTT&T) through a Project Coordination Office (PCO). Below is an outline of how the programme worked (Ministry of Research, Technical Training & Technology, 1997).

- The PCO appointed allocation agencies to manage the Voucher Training Programme. Allocating agencies were a *jua kali* association (JKA) or non-governmental organisation or any other support organisation that had been selected to facilitate the liaison between the PCO and the local beneficiaries in order to speed the voucher allocation process. It is therefore the allocating agencies that publicised the Voucher Training Programme and selected individual beneficiaries.

- Individual beneficiaries then identified the training providers that had relevant training programs. For an individual entrepreneur to receive a voucher, it was a requirement that he/she demonstrates membership in a *jua kali* association for at least six months prior to the training. In exceptional cases, particularly to support women entrepreneurs, new entrants to the manufacturing sector were considered. To ensure beneficiary commitment, the Project required that each beneficiary pay 20% of the total training fees up front.

- Training providers could either be formal training institutions or crafts workers. A directory of training providers was provided to the entrepreneurs to enable them make informed choices. Upon successful training and the production of a satisfactory report, the training providers were paid the balance of the training fees (80%) by the PCO.

A major problem encountered in the implementation of the programme was that some *jua kali* associations exercised favouritism in their allocation of vouchers to MSEs. This caused resentment among some members who opted out of the associations. In more severe circumstances, the Federation failed to

recognize constituent, smaller *jua kali* associations' allottees for the vouchers. Thus at association level, patronage and corruption determined, in most instances, the final beneficiary of the vouchers. This eventually fuelled the leadership wrangles in the Federation.

The VTP involved 3.1 billion Kenya shillings that attracted a number of interests, including the Ministry and the wrangles were thought to have been instigated by such interests. In the midst of the wrangles the government through the Ministry, demanded that the Federation sort out the wrangles before they could get the role of implementing the project. Meanwhile, the MRTT&T in collaboration with the World Bank went ahead and gave the direct implementation of the VTP to consultants and other players. In some cases the Ministry worked directly with local *jua kali* associations.

Another problem arose when influential individuals who were not artisans formed groups or firms in order to be hired as training providers in the programme. As a result fewer artisans got a chance to participate in the VTP. Furthermore, some of those who got trainees and effectively conducted training were not paid on time. The losers were the artisan-trainers who spent their resources in training, but who either received their payments late or were not paid at all.

The infrastructural component of the project suffered, and there was no single site completed. This was partly because the Federation that had the potential of identifying associations and sites had been sidelined in the competition. By mid 2001, the Federation was being brought back on board in order to join the Ministry in negotiation for extension of the VTP. However, it is the contention of the Federation that consultants should have a minimal role in programme implementation.

7.2.7 Achievements and Weaknesses

The Federation can claim some achievements. The annual *jua kali* exhibitions have been a useful marketing tool for individual entrepreneurs and have raised awareness among members of the general public about the scope and quality of *jua kali* products. Nevertheless, the effort has been beset with organisational and financial problems. For example, rising costs forced organisers to locate Nairobi's 2000 show at a place far from town, to the dismay of exhibitors.

The Federation has had good access to the central government. Currently, the ministry responsible (the Ministry of Labour and Human Resource Development), has made certain that the Federation is represented on key technical committees and that it has opportunities to be heard. The Federation seems to have had less success in dealing with provincial and local governments. Individual enterprises are still harassed by local authorities and entire sites are occasionally demolished. Lack of influence at this level may be due to lack of adequate personnel in the Federation secretariat and to the lack of an intermediate structure that could take on advocacy at the sub national level.

The greatest weakness in the Federation appears to result from the continual leadership wrangles. These have divided the Federation into two camps. When one camp is in office, the other camp remains out of the Federation, and makes all efforts to undermine the camp holding the office. At a practical level this has meant not having the annual contributions and general support of those who remain out. This retards the development focus on planning and undertaking activities. It also keeps away potential supporters, including donors.

A second serious weakness stems from the lack of understanding between the Federation and the local associations. As discussed earlier, this comes, in part, from the Federation's invisible role in lobbying, advocacy and policy influence, which the local associations do not understand well. Local associations seem especially unaware of the costs of lobbying efforts, which include travelling, accommodation and entertainment. These are key elements that consume a lot of money, but can be difficult to specifically itemise and account for. Local associations look for tangible service and support programmes, yet these have been few and irregular.

A third weakness is in the area of communication. The Federation has both structural and practical communication problems. Present structures call for all communication to take place between the association leaders. In other words, the chairman of the Federation communicates with the chairmen of the local associations. There are no other structures for direct communication with the members of local associations. This means that members of local associations can easily feel that no communication is taking place, simply because they are excluded from all direct communication with the Federation.

There are also serious practical communication problems. In many cases, the leaders of primary associations communicate with the Federation, without relaying back information to the membership. Sometimes the information relayed is distorted to suit the leader or the umbrella association. A good example is in the relaying of pending support through umbrella association. Our research shows that in isolated cases leaders manipulate members when they know that some support is forthcoming. Some use it for rallying membership, while others use it as a means of rent seeking. A number of local associations cited cases where money was collected from them without their being told clearly what it was intended for.

7.3 Federation of Women's Groups

The Federation of Women Groups (FWG) was founded in 1995, and operates in six districts, mainly within Nyanza province. It is, therefore, a sub-national umbrella organisation. It has a membership of 279 women groups with group membership ranging between 50 and 120. For a group to qualify as a member, it must have at least 15 members. The FWG also recruits and registers individuals and honorary member. Men are incorporated in the FWG if they belong to women groups, but are discouraged from taking leadership positions in the women groups. The groups register with Kshs. 500 per year and can also take permanent membership of Kshs. 3,000, while individual membership is Kshs. 200.

The FWG has a board that assists in running its activities. Each district has two representatives in the board who represent the views and interests of women groups in their respective districts. There is a secretariat in each district, which runs the activities of the organisation at the district level. Most of the support staff at the secretariat are volunteers, mainly university graduates. FWG has an executive office, with an executive director who is responsible for the overall management of the organisation. A programme manager supports the executive director, two programme officers, two secretaries, four clerks and volunteers, from the support staff.

The original purpose of the organisation was to address the practice of female genital mutilation by sensitising women. Increasingly, the FWG has been expanding its focus to include poverty, advocacy, gender rights, democracy and governance. Although business is not included among its goals, many of the FWG's member groups are involved in some sort of income generating activity. The FWG provides links between the members and the Micro-Finance Institutions (MFIs) but is not involved in disbursement of funds and repayment. On business development, the women have been introduced to basic accounting and marketing strategies expected to make their goods competitive. The FWG also provides advisory services to the women groups on the importance of diversifying their goods to reduce flooding the market with similar goods.

The FWG collaborates with a number of organisations, including government ministries, NGOs, especially those focusing on women issues, and associations such as the National Federation of Jua Kali Associations. During our research it was noted that the FWG is collaborating with the National Federation of Jua Kali Associations in order to form a 'women's desk' of *jua kali* associations.

The FWG receives financial support from agencies such as USAID, Path Kenya, DFID (through the League of Women Voters), and Netherlands Embassy (through the Gender Centre). Despite financial constraints and the challenge of dealing with a large membership, FWG has generally been running well.

7.4 Other National Associations

Other organisations such as Kenya Organisation of Small and Medium Enterprises (KOSME), Kenya Small Traders and Entrepreneurs Society (KSTES), Association of Makers of Gifts and Allied Articles (AMEGA), and Small and Medium Enterprises Development Organisation (SMEDO) purport to be national in scope, but admit individual small and micro enterprises as members. They do not, however, have large memberships. Among a total of 210 entrepreneurs interviewed, only one respondent was a member of KOSME; none was a member of SMEDO, KSTES, or AMEGA.

Other national business associations are large, but have few members among the micro and small enterprises. For example, only one respondent reported being a member of Kenya Association of Manufacturers (KAM), while three were members of Kenya National Chamber of Commerce and Industry (KNCCI). The major reason given for lack of membership in these organisations was lack of information. Over 65 per cent of entrepreneurs interviewed noted that they lack information, while over 50 per cent said they have never heard of the associations. A few others said they were not interested in these associations, while others noted that they lacked subscription fees.

Some of these national organisations owe their origin to individuals, conferences and availability of funding. Among the organisations discussed in this chapter, KSTES seem to have been established using the approach 'from below'. It was started by a group of entrepreneurs who were not able to access loans from banks due to high interest rates and lengthy procedures. It essentially began as a ROSCA, eventually transforming itself into a micro credit organisation. This is quite different from other associations, which are conceptualised by a few individuals, either on their own or after some meeting and/or conference on the sector.

CHAPTER 8

CONCLUSIONS

Our conclusions are presented in three parts. We review first the most important empirical findings. We then look briefly at the theoretical implications of the study. In part three, we focus on the main issues that have emerged from the research and propose action to be taken. Although the study has examined both social and business organisations, the recommendations focus on the business associations.

8.1 Business Associations for Small and Micro Enterprises

Almost 90% of micro and small enterprise operators belong to at least one association. A somewhat surprising finding of this study is that social associations claim more members than business associations. In our sample of 210 enterprises, nearly 70% of the business operators belonged to at least one social association, while business association membership stood at only 36%. In most cases association members were older than non-members. The main exceptions to this were ROSCAs and NGO credit groups, which appeal to younger entrepreneurs. More than half (53.8%) of the business operators had at least a primary education, nearly a third (29.5%) had completed secondary, and a surprising 7.2% had post-secondary education. We found little difference between men's and women's education levels. We noted, for example, that half the women who belong to women's groups had secondary education. We also noted a few differences in the patterns of rural and urban association membership. More urban than rural entrepreneurs are members of *jua kali* associations, while NGO credit groups were found only in urban areas and ROSCAs tend to be more urban than rural. Members of clan associations, on the other hand, are found more often in rural than urban areas.

Of the 48 local associations studied in depth, 40% were business associations and 60% were social organisations. Although most (69%) of the associations reported having both male and female members, women made up only 10% of the membership of these mixed associations. Our sample included some women-only associations and we made an effort to include other associations with significant female membership. Nevertheless we recognise that the nature of the sample restricts our ability to draw firm conclusions about the nature of male, female, and mixed associations.

One would expect business associations and social organisations to differ significantly, with the former focusing on members' business concerns and the latter on social issues such as welfare, household credit, and community participation. As reported in chapters 5 and 6, however, there is considerable overlap both in their stated purposes and in what members perceive to be benefits of membership. The main difference, in fact, seems to be in the priorities or stress laid on particular objectives. For example, social organisations place a greater emphasis on welfare than business associations, but both are involved in welfare activities. Similarly, business associations stress financial support and helping one another in business, but many social organisations are also active in these areas. A second difference is in size. Business associations are, on average, considerably larger than social organisations. The two types of organisations differ very little in their organisation, with both types usually having a constitution, officers, and regular meetings.

A comparison of the responses of association officials and ordinary members shows remarkable convergence. Officials and members gave similar responses in key areas such as membership size, requirements for membership, availability, constitutional provisions, and matters of governance. Only in their reasons for joining associations and the assessment of leadership did the two groups differ, and, even here, only slightly. Association officials said that members join mainly to obtain credit, while the members themselves put welfare as their first priority and obtaining credit as second. Association officials rate their own leadership higher than their members do. Most officials said that the leadership was very good, while the ordinary members said it was good. Although only a minority rated leadership as poor or very poor, this response was twice as common among the members as among the officials.

Only half the organisations reported linkages. Mostly these were with the relevant government ministry, local authorities, or, for *jua kali* associations, with the Federation. Only two private sector organisations - KICK and Ziwa Creations - were mentioned by some respondents in Kisumu as providing non-financial services. Others such as SITE, FIT, and AMS, which could provide organisations with services, were noticeably absent. In our workshops it became clear that the issue of linking to the Federation remains very controversial.

The Federation is Kenya's only true MSE umbrella. Some of the controversy surrounding it is obviously based on personalities and politics. The problem is compounded, however, by local associations' lack of understanding of the distinct role of an umbrella association. Umbrella bodies must be seen to do things that local and regional associations are not capable of doing. They need a clear national focus. Yet, like other associations an umbrella must engage in both advocacy and services if it is to attract and retain members. The Federation, though constrained by resources, has attempted to carry out advocacy at the national level. The Federation has had a much more limited role in service provision, and its present financial situation may not allow it to expand its offerings significantly. It might, however, cooperate with some of the organisations mentioned above KICK, FIT, SITE, AMS or others like them to offer services to regional and local associations, thereby making membership more attractive.

Some thought should be given to the pros and cons of allowing only one umbrella association. In theory, a single umbrella body gives the MSE sector more clout, but any divisions mean that many local associations will not belong to the umbrella. The requirement then of a single umbrella may be depriving those left out of a voice.

8.2 Kenya's MSE Associations and the Theory

Our theoretical model included five aspects of associational structure and functioning that we believed would determine success: group size, benefits offered, structure, rules, and the existence of selective incentives for membership.

The model has been helpful in underscoring areas that are important for all associations, whether their focus is on business or social concerns. The first point that emerges from the theory is that size matters. Small organisations can be successful with a minimum of rules and structure, but larger ones need structures in the form of constitutions and rules to ensure the smooth running of the organisation and to protect the interests of the members. The second area in which size matters is perhaps the most important for this study. The findings support the theory that larger organisations are unlikely to succeed without offering services to their members.

A second point that can be taken from the theory has to do with the importance of social capital. The predominance of social organisations and the involvement of business organisations in matters of welfare undoubtedly have a great deal to do with Kenya's risky economic environment and lack of social safety nets. In such a situation, many people will choose to use associations to build their social capital. Our focus on the performance of business associations did not allow us to explore this issue in depth, but we believe that it could be tested in further research.

Finally, we were unable to draw clear conclusions concerning the link between structure and governance of associations and their performance. Both types of associations had fairly hierarchical structures, including office bearers with definite powers, though organisations such as ROSCAS appear to be more egalitarian. Leaders of both types felt that they were performing well and their members generally agreed. The relationship between structure and performance appears, therefore, to be an area that needs further investigation.

8.3 Issues and Recommendations

The study has raised six main issues. The first is the overarching question of the relationship of micro and small enterprises to the Kenya Government. The remaining issues - associational structure, financial

management, services, common-pool resources, and advocacy pertain directly to the associations themselves. We discuss each briefly and then make our recommendations.

8.3.1 Relationship of MSEs to the Kenya Government

Throughout our research, from our initial key informant interviews to our final national workshop, association leaders and others told us of their frustration at the way in which responsibility for MSE concerns has been shifted from one government ministry to another. We found out that some business operators did not know which ministry was presently responsible. Change of key personnel within ministries compounds this problem. In such a situation, it is nearly impossible for policy to be developed and implemented in a consistent fashion. It is also difficult to develop positive working relations between government and associations. Yet such relations are critical to enhancing the capacity of associations to be effective in managing their affairs and providing for their members. We therefore recommend:

R-1 That the Government of Kenya strengthen the Department of Micro and Small Enterprises Development and avoid shifting it between ministries.

We make most of our recommendations to the ministry currently responsible, the Ministry of Labour and Human Resource Development. We recognise that the Ministry may be unable to carry out all of these recommendations alone and that their realisation largely rests on collective efforts. We therefore encourage the Ministry to use existing structures, create new ones, and, perhaps most importantly, establish partnerships with NGOs, educational institutions, and private sector actors to ensure that associations are supported and strengthened.

8.3.2 Association Structures and Governance

The lack of an intermediate structure creates a gap between the local and the national level. Such a structure is included in the Federation's constitution, but it has never been implemented. We note that the Federation's constitution provides for district-level branches. Should this ever be fully implemented, it would result in some 67 intermediate units. Since such a proliferation of intermediate units would be both financially unrealistic and organisationally unwieldy, we propose a limited number of regional associations. Specifically, we recommend:

R-2 That MLHRD work with the Federation to put an appropriate intermediary structure into place. Given resource and management constraints, we propose that the intermediate level consist of between six and ten regional associations.

The research noted that there are few true umbrella associations in Kenya. The largest of these, the National Federation of *Jua Kali* Associations, has suffered from divisions and leadership wrangles since its establishment. These culminated in a court case. Current leadership remains in power three years after that ruling because the preconditions set in the ruling have not yet been met. To rectify this situation and secure a mandate for the Federation's leadership, we recommend:

R-3 That MLHRD revisit the court ruling, with a view toward ensuring that the Federation holds elections by the end of 2001.

This research shows that there are a number of national organisations. Most, however, appear to have a special purpose, and few have wide geographical coverage. Such associations could fill an important gap in the present MSE association structure, which is based on proximity rather than sectoral or any other specialisation. We therefore recommend:

R-4 That MLHRD work with the Federation to assess the feasibility of linking sectoral and other national associations to the Federation.

Responses to our questions regarding the provisions of the constitution and membership requirements revealed many rules imposing obligations on members. It is not clear whether there are reciprocal rules stating what members have a right to expect of the office bearers and/or association as a whole. To rectify this situation, we recommend:

R-5 That MLHRD, working through an appropriate training provider, assist local level associations to work out their own governance structure, including constitution, other rules, and effective monitoring and grievance procedures. The programme should aim at helping leaders and members to understand their own and each other's roles and responsibilities, and should include exchange visits as well as workshops and other presentations.

8.3.3 Finances and Management

The issue of funding must be considered. The Federation currently receives technical personnel, office space, etc. from the government. Some associations want a line item in the national budget for local association support. Such a budget item might compromise associations' freedom and probably should, in the long run, be avoided. There is, however, need to support associations through their initial stages of growth and development. We therefore recommend:

R-6 That MLHRD lobby for the inclusion of a line item in the national budget providing some minimal level of support for *jua kali* associations.

Nearly half (42.1%) of the business organisations reported having had problems relating to financial management. This is despite the fact that most bank their money and require multiple signatures on their accounts. It would appear that local associations need help in developing appropriate procedures and monitoring mechanisms. It is important to note that this problem is not confined to *jua kali* associations, but cuts across the various categories of business associations. We therefore recommend:

R-7 That MLHRD, working through an appropriate training provider, develops and offers a programme of financial management suitable for MSE associations. This course should be available to officials and those responsible for handling finances, but should also include a component aimed at educating ordinary members to understand and monitor association finances.

8.3.4 Business Development Services

Business associations offer few services, yet both the theory and empirical results of this study suggest that large associations are unlikely to attract and retain members without them. The most common service - finance - is offered by less than half of the associations, and other services are less available. We did, however, note a few useful examples of service provision. The Mombasa Polytechnic has a monthly "Forum" for *jua kali* association members. Forum participants select the topics to be covered, and the Polytechnic's Small Business Centre arranges for a presentation and provides the meeting space. The World Bank's Voucher Training Programme, while very controversial, was appreciated in those places where it has been offered. To strengthen the service aspect of associations, we recommend:

R-8 That MLHRD work with regional and local associations to enable them to link with service providers who can be of benefit to their members.

The linkages as well as the services can be varied. Associations might work with relevant ministries as, for example, on the voucher training scheme; enter into partnerships with NGOs for technology, training, and/or credit; or enter into partnerships with educational institutions for the provision of information and training. The services might be provided for nominal or no charge. It would be important to make arrangements so that association members see a clear link between the service and their membership in the association. This should help to boost association membership as well as to provide enterprises and local associations with needed services.

Umbrella associations also need to offer more services if they are to attract members. As a service provider, the umbrella association should be a resource for local associations. The Federation has played a very limited role to date. We therefore recommend:

R-9 That MLHRD source funds to enable the Federation to experiment with new forms of service provision. These might include leadership training for local officials, arranging exchange visits for local officials and/or artisans, providing market information to local associations, liasing with the Ministry of Trade and Industry regarding possible exports.

8.3.5 Common-Pool Resources

Some associations, especially *jua kali* associations, are involved in managing common-pool resources. In most cases, the resource is the *jua kali* site, but at least one association purchases raw materials together. Such management differs from other services, and is not well understood. We therefore recommend:

10 that MLHRD should sponsor research into the issues surrounding common-pool resource management and assist associations to source and effectively use these resources.

Since considerable work has been done on common-pool resources in other contexts, the first step of the research should be an exhaustive literature review. This could then be used to design an appropriate study based on collection of primary data.

8.3.6 Advocacy

Two-thirds of associations reported being involved in advocacy. Except for the area of harassment, there was no difference between business and social associations in their advocacy efforts. Most advocacy work was at the local level, e.g., site and space, raising complaints with local authorities, protecting against harassment, campaigning for better services, organising group licences. The local focus is appropriate. The members also understand it because the results of such efforts are visible. To strengthen the advocacy effort at these levels, we recommend:

R-11 That MLHRD, working through an appropriate training provider, assist regional and local associations to take on advocacy activities appropriate to their situation.

Advocacy at national level is not well understood. Local associations have no appreciation of what goes into high-level lobbying, nor have they seen much in the way of results. This is a major problem for the umbrella association. Yet umbrella associations must engage in advocacy. We therefore recommend:

R-12 That MLHRD, working through an appropriate training provider, assist regional and local associations to understand and appreciate the costs and benefits of advocacy at national level.

8.3.7 A Final Word

This study has provided new information about the ways in which owners of micro and small enterprises collaborate through business and social organisations. Both types of organisations serve an important function. The social organisations provide safety nets, reduce risks, and serve as vehicles for accumulating and sharing social capital. Business associations usually touch more directly on issues of business performance. For this reason, they should be of major concern to those charged with helping small enterprises to contribute positively to Kenya's development

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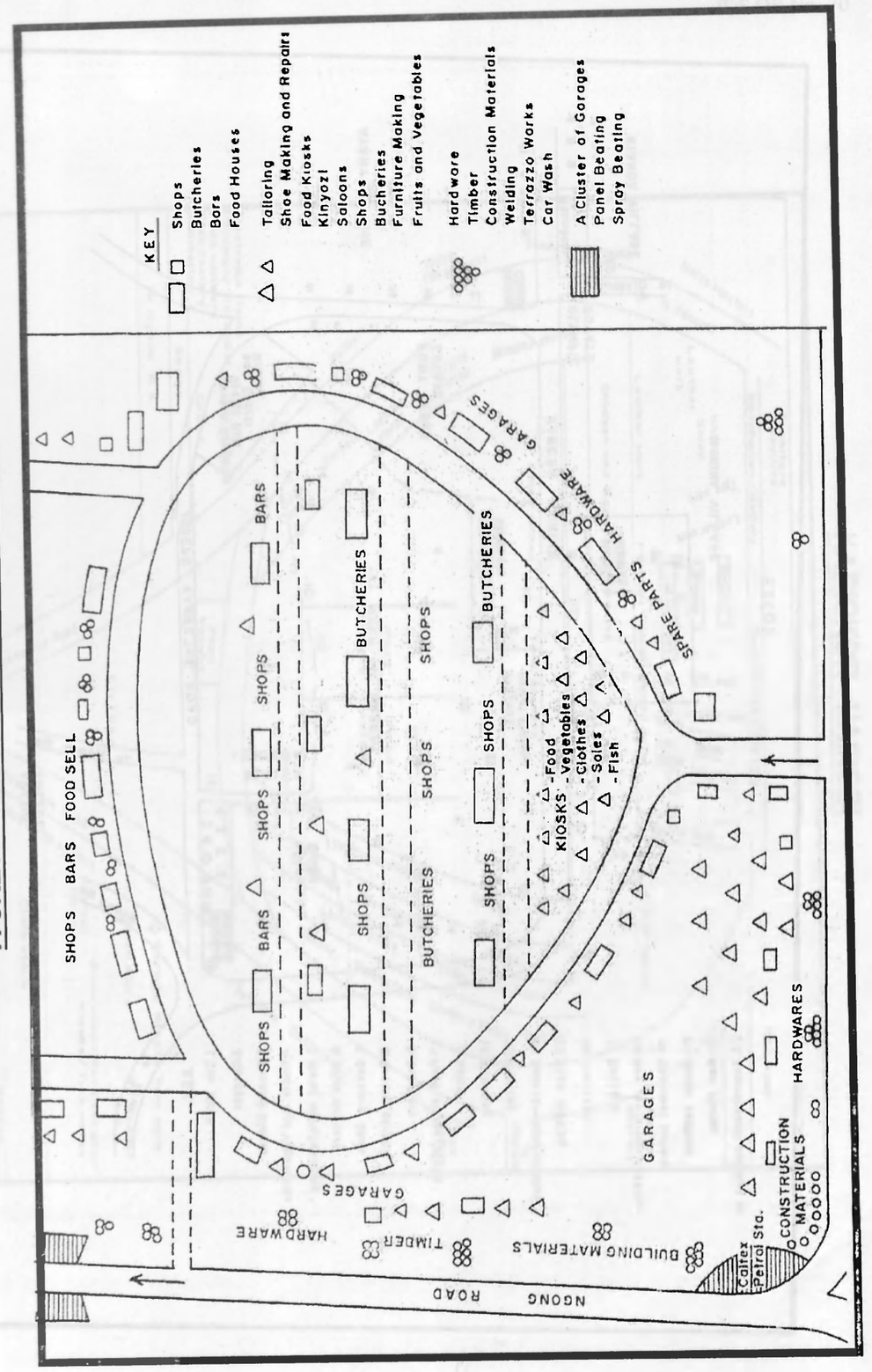
APPENDICES

Appendix 1
Maps of Study Sites

Nairobi	-	**(a) Dagoreti**
	-	**(b) Kibera**
	-	**(c) Kariakor**
Mombasa	-	**(a) Shimanzi**
	-	**(b) Sparki**
	-	**(c) Majengo**
Kisumu	-	**(a) Reru**
	-	**(b) Ahero**
	-	**(c) Kibuye**
	-	**(d) Town/Centre**
Bureti	-	**(a) Mogogosiek**
	-	**(b) Sotik**
	-	**(c) Litein**

Maps of Nairobi



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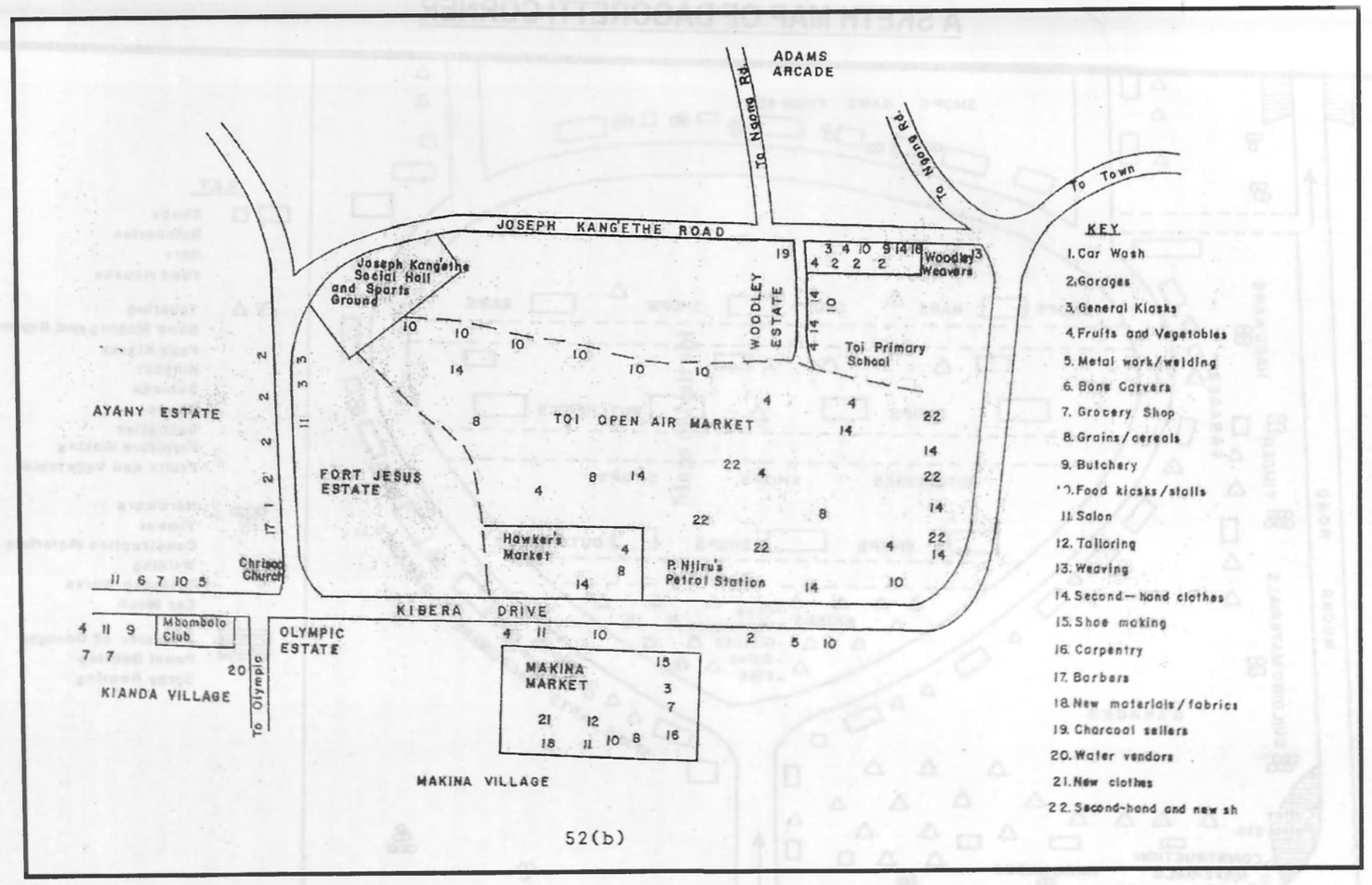
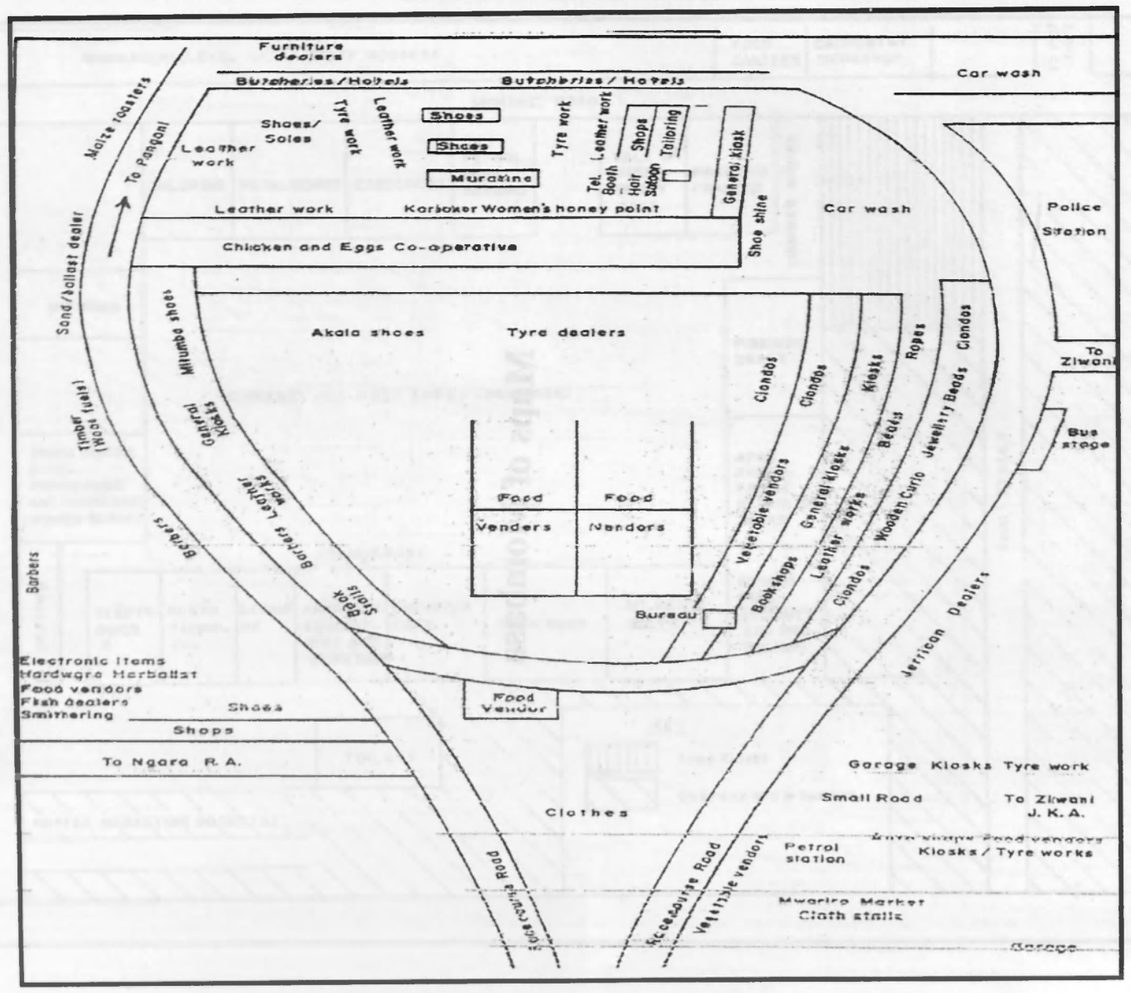

ADAMS ARCADE
To Ngong Rd.
To Ngong Rd.
To Town
JOSEPH KANG'ETHE ROAD
Joseph Kang'ethe Social Hall and Sports Ground
WOODLEY ESTATE
Woodley Weavers
Toi Primary School
AYANY ESTATE
TOI OPEN AIR MARKET
FORT JESUS ESTATE
Hawker's Market
P. Njiru's Petrol Station
Christ Church
KIBERA DRIVE
Mbombolo Club
OLYMPIC ESTATE
To Olympic
KIANDA VILLAGE
MAKINA MARKET
MAKINA VILLAGE
KEY
1. Car Wash
2. Garages
3. General Kiosks
4. Fruits and Vegetables
5. Metal work/welding
6. Bone Carvers
7. Grocery Shop
8. Grains/cereals
9. Butchery
10. Food kiosks/stalls
11. Salon
12. Tailoring
13. Weaving
14. Second-hand clothes
15. Shoe making
16. Carpentry
17. Barbers
18. New materials/fabrics
19. Charcoal sellers
20. Water vendors
21. New clothes
22. Second-hand and new sh

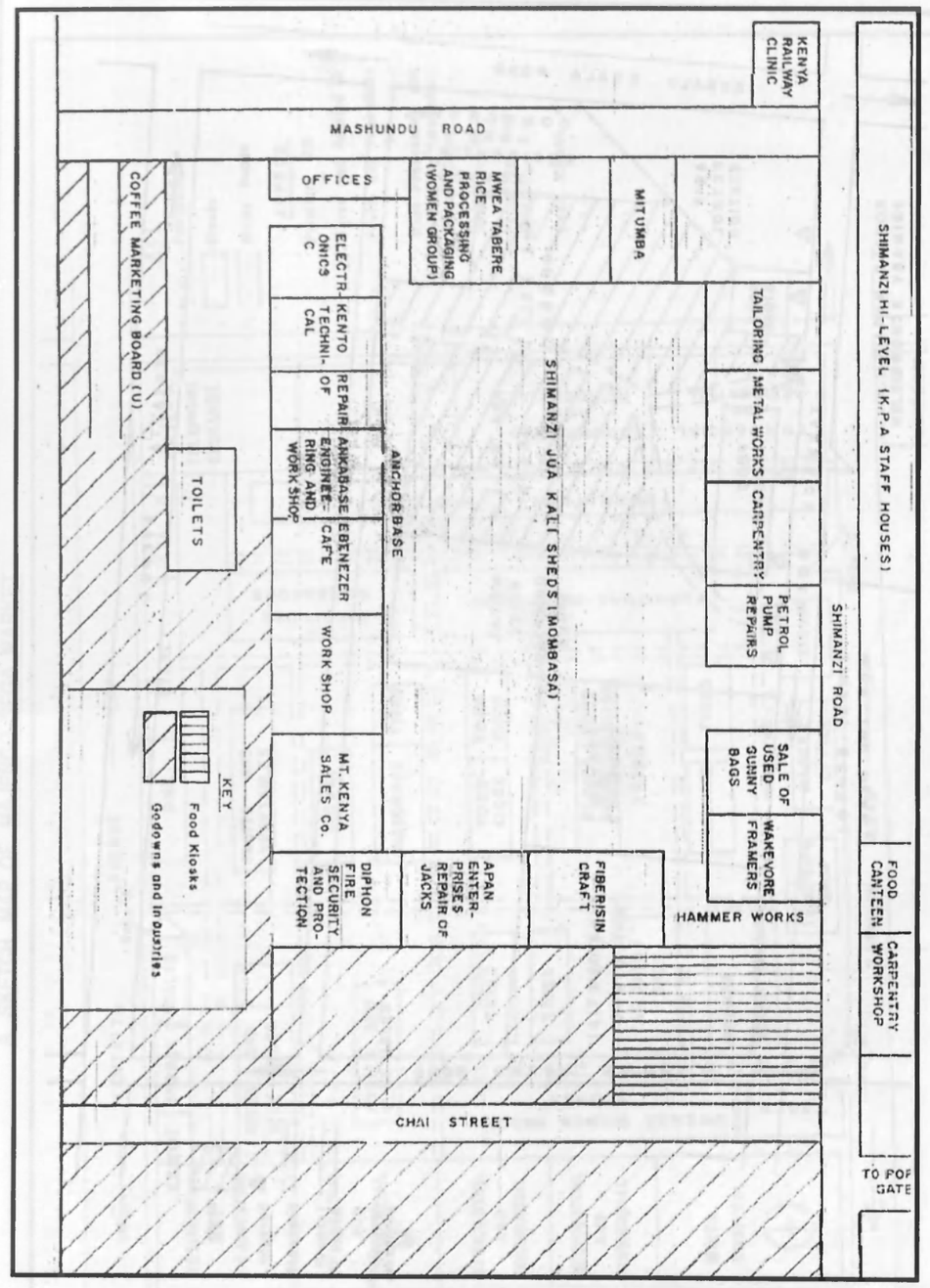
52(b)

KARIOKOR - NAIROBI

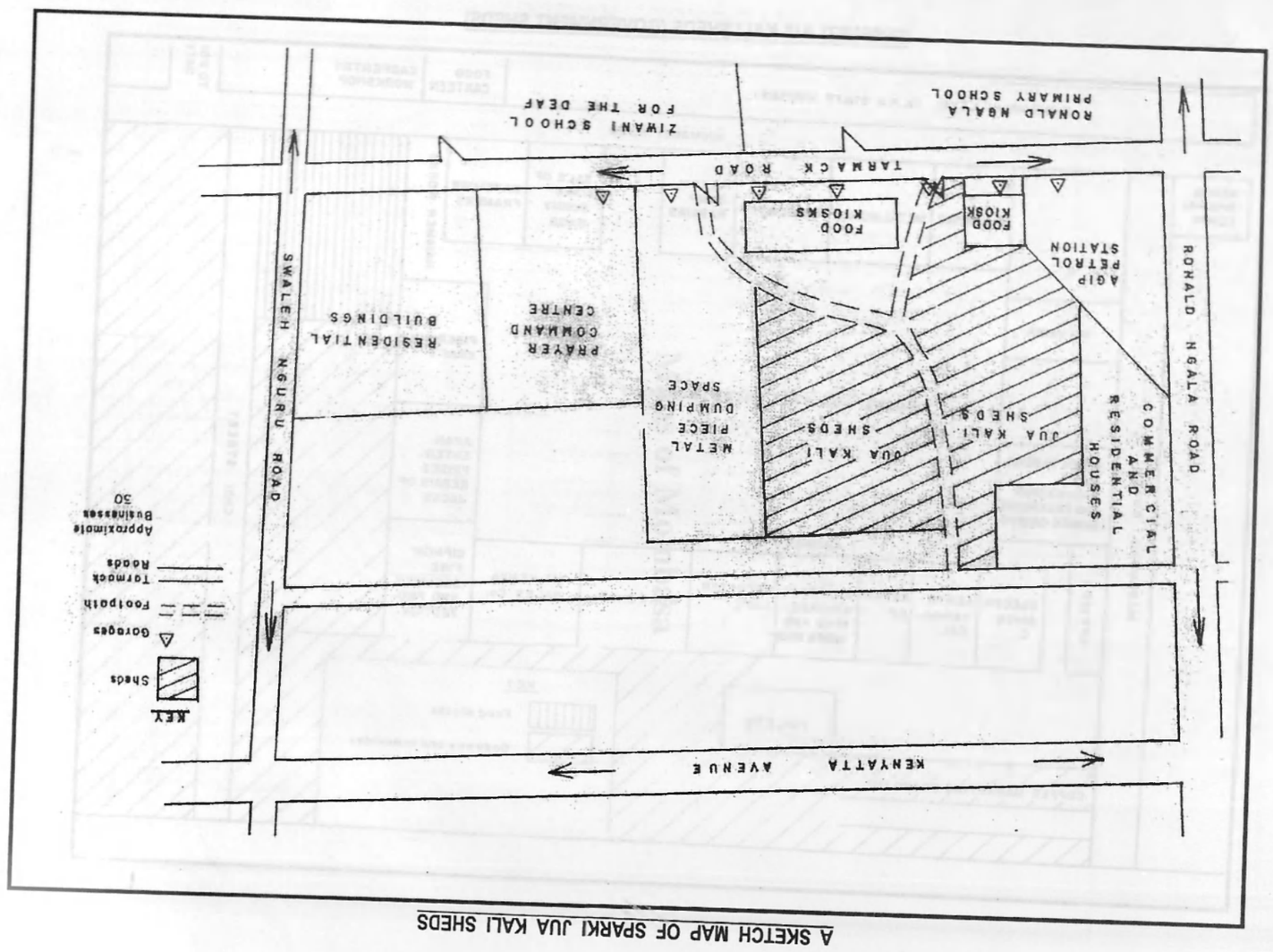


Maps of Mombasa

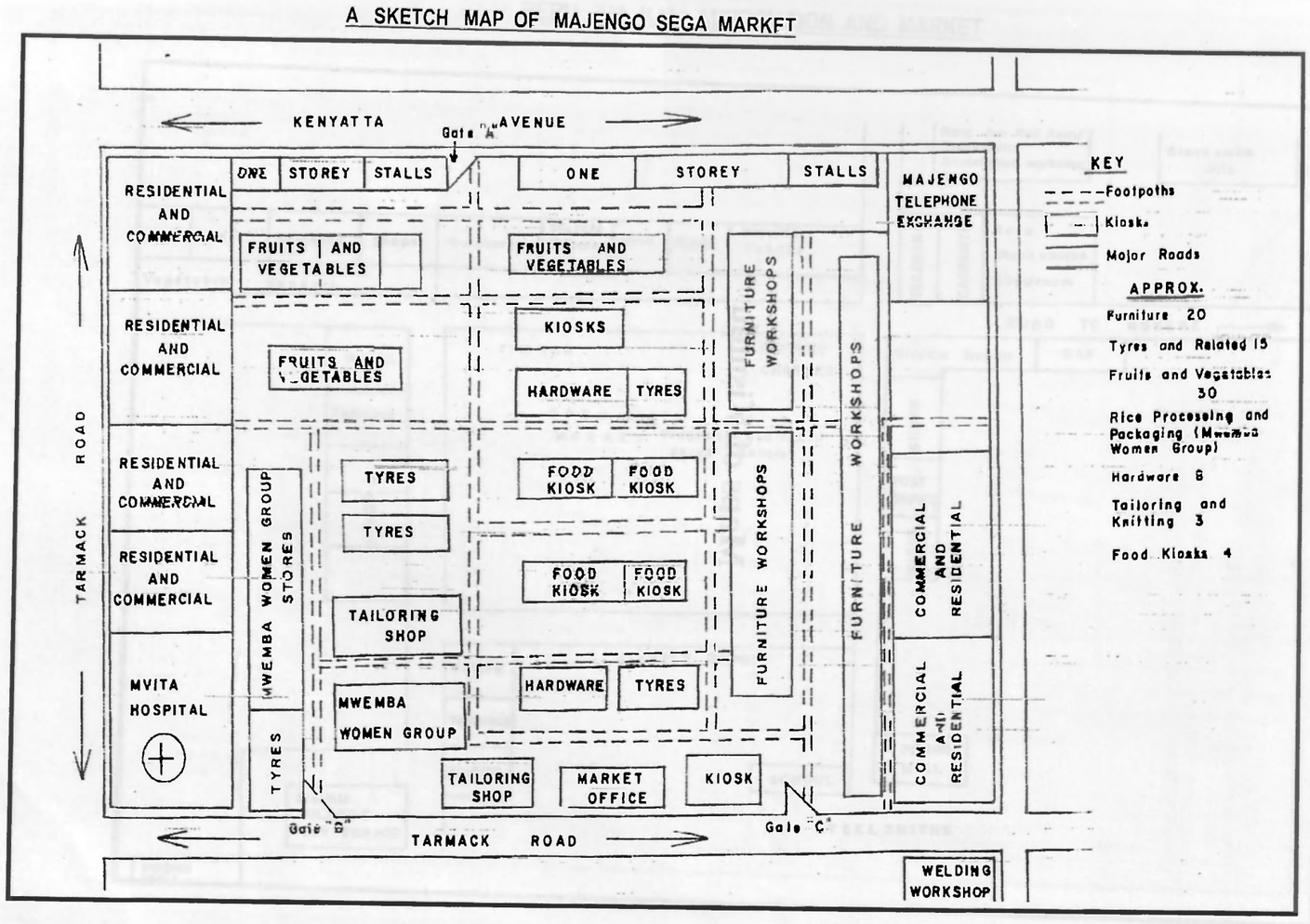
SHIMANZI JUA KALI SHEDS (GOVERNMENT SHEDS)



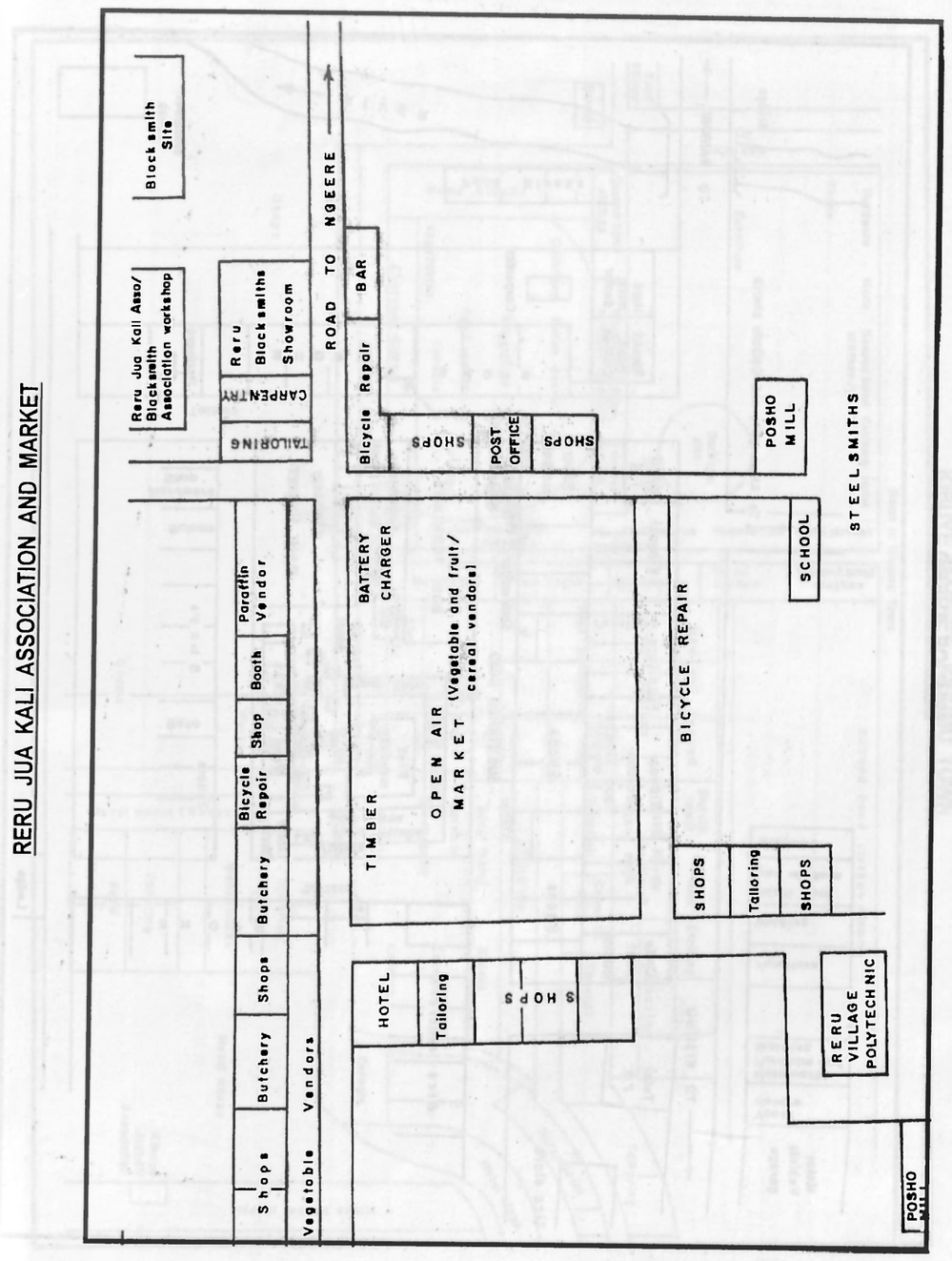
A SKETCH MAP OF SPARKI JUA KALI SHEDS



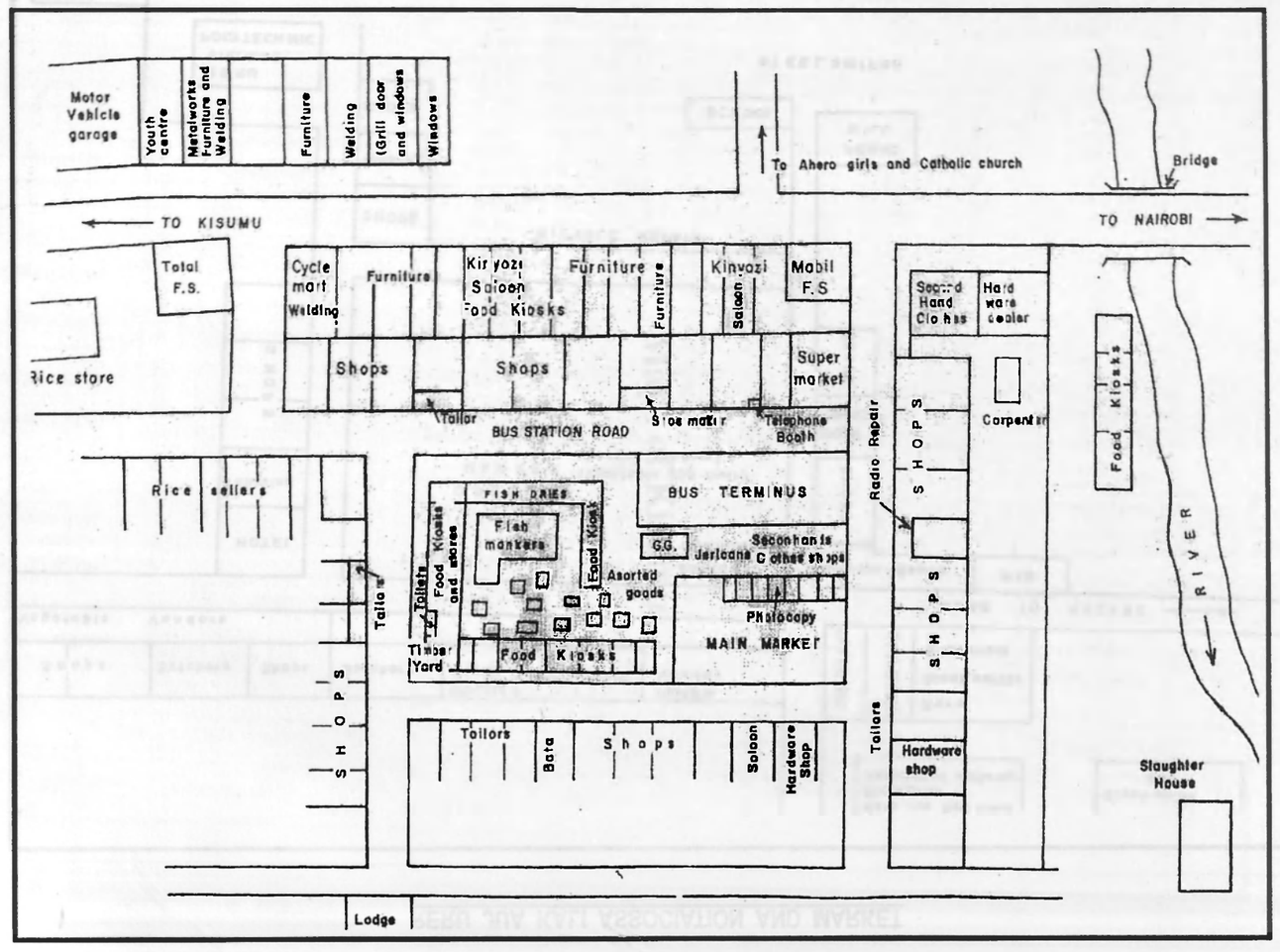
A SKETCH MAP OF MAJENGO SEGA MARKET

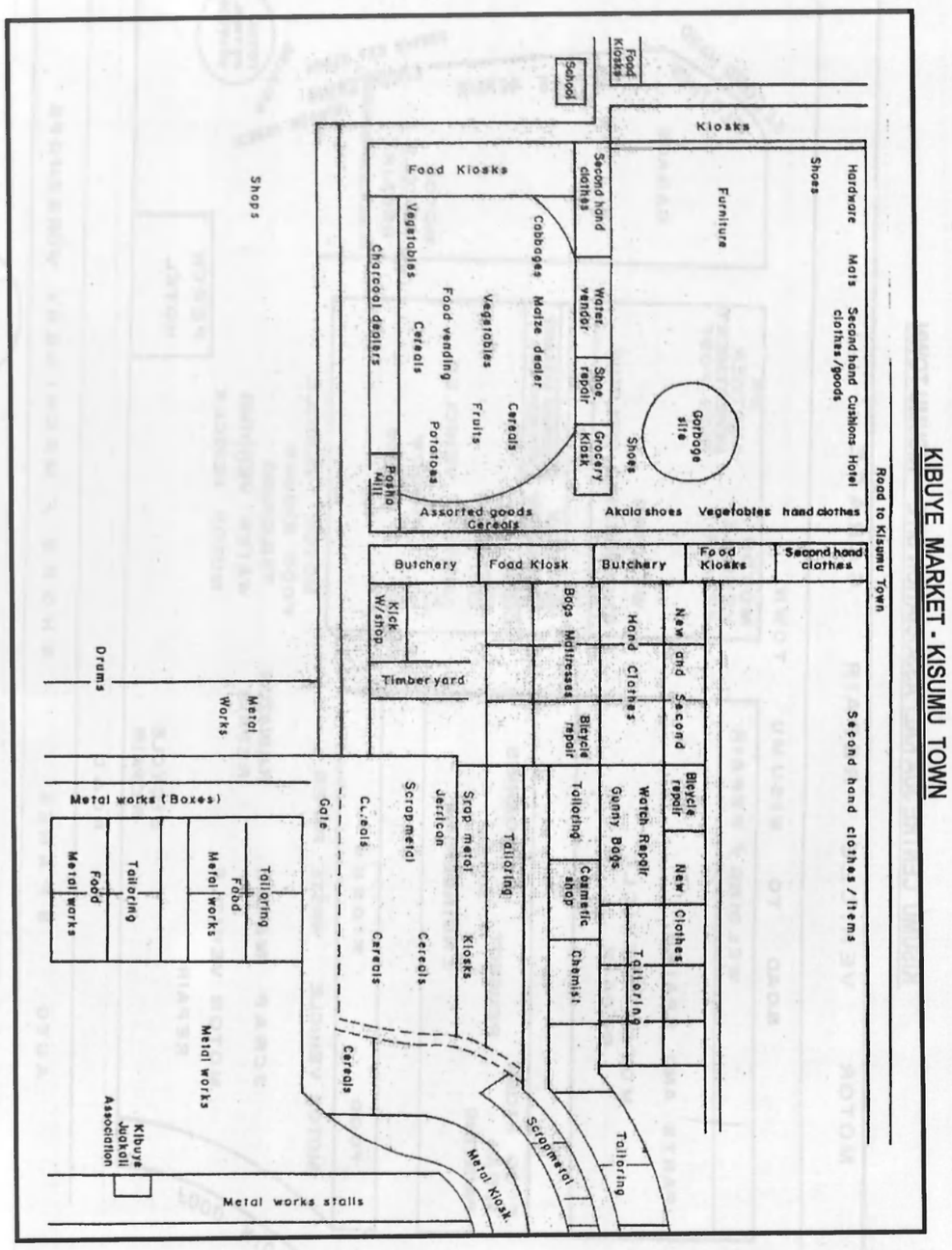


Maps of Kisumu

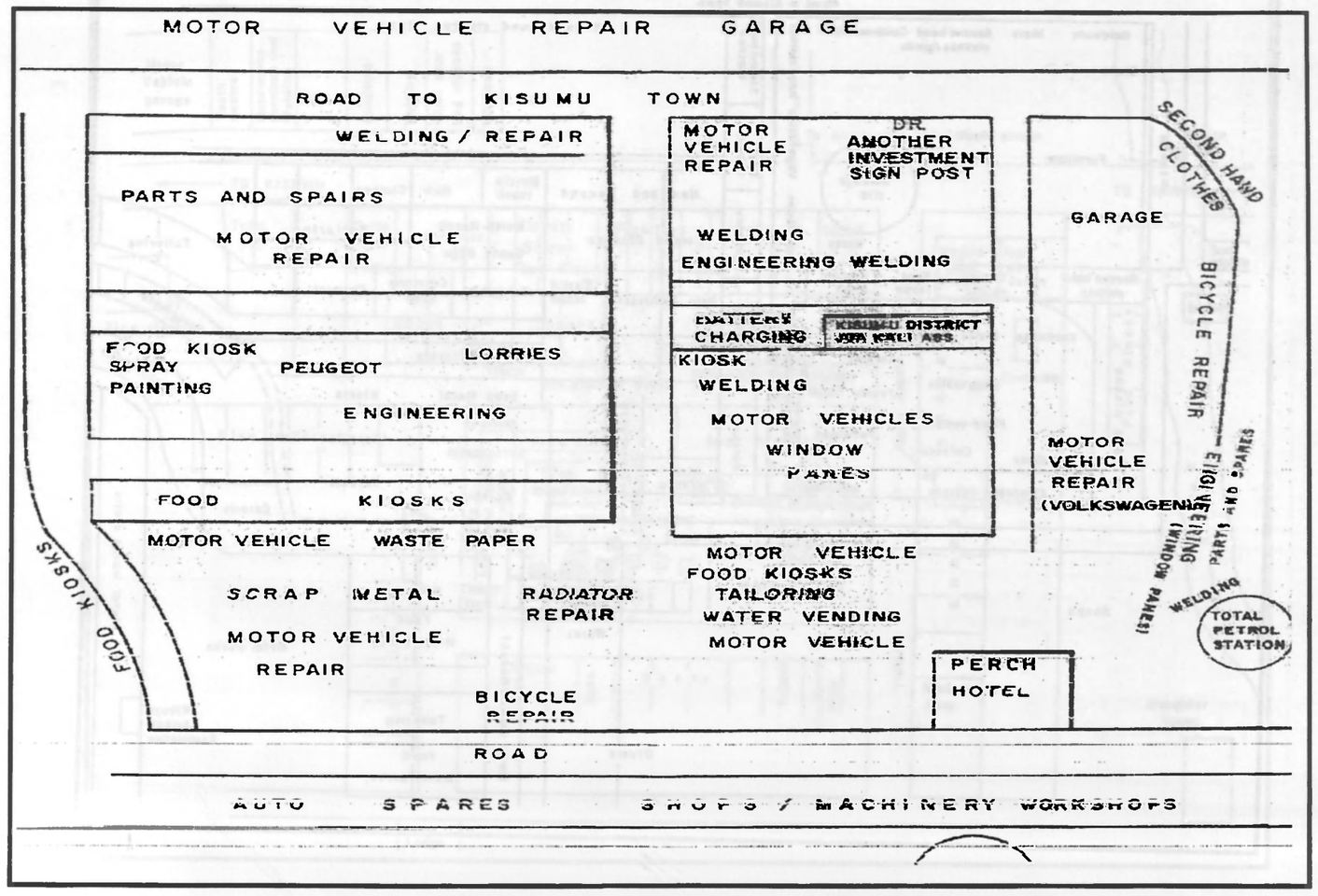


MAP OF AHERO


Motor Vehicle garage
Youth centre
Metalworks Furniture and Welding
Furniture
Welding
(Grill door and windows
Windows
To Ahero girls and Catholic church
Bridge
TO KISUMU
TO NAIROBI
Total F.S.
Rice store
Cycle mart
Welding
Furniture
Kinyozi Saloon Food Kiosks
Furniture
Furniture
Kinyozi
Saloon
Mobil F.S
Shops
Shops
Super market
Tailor
BUS STATION ROAD
Shoe maker
Telephone Booth
Second Hand Clothes
Hard ware dealer
Carpenter
Food Kiosks
Radio Repair
SHOPS
Rice sellers
FISH DRIES
Fish monkeys
Food Kiosk
Toilets
Food and stores
Tailors
Tailors' Yard
Food Kiosks
BUS TERMINUS
G.G.
Secondhands Jerricans Clothes shops
Assorted goods
Photocopy
MAIN MARKET
SHOPS
Tailors
Bata
Shops
Saloon
Hardware Shop
Tailors
Hardware shop
RIVER
Slaughter House
Lodge

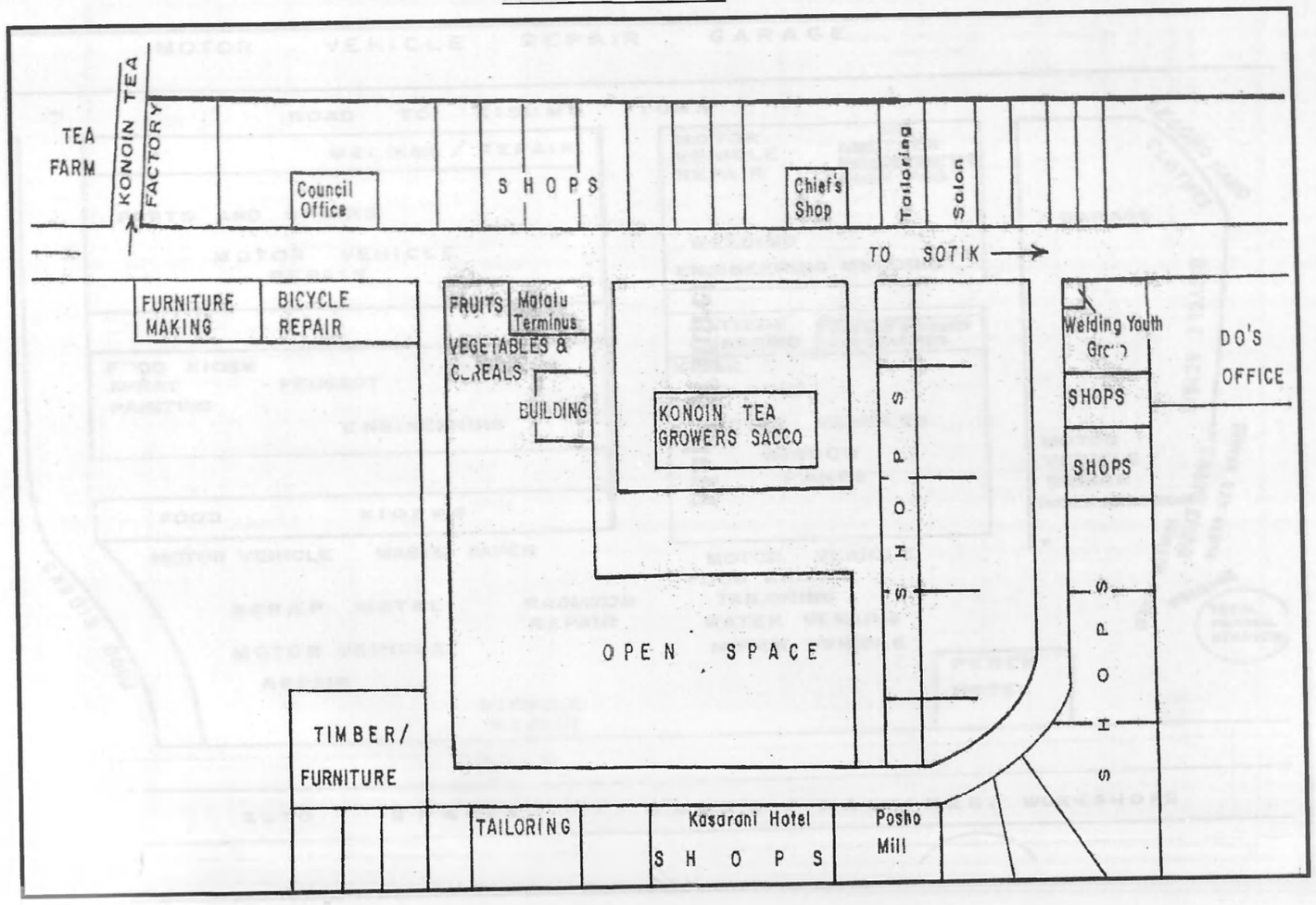

KIBUYE MARKET - KISUMU TOWN
Road to Kisumu Town
Hardware
Mats
Second hand clothes/goods
Cushions
Hotel
Shoes
Furniture
Kiosks
Food Kiosks
School
Food Kiosks
Second hand clothes
Water vender
Shoe repair
Grocery Kiosk
Garbage site
Shoes
Akala shoes
Vegetables
hand clothes
Cabbages
Maize dealer
Vegetables
Cereals
Fruits
Food vending
Potatoes
Vegetables
Charcoal dealers
Cereals
Posho Mill
Assorted goods
Cereals
Shops
Butchery
Food Kiosk
Butchery
Food Kiosks
Second hand clothes
Second hand clothes/items
Kick W/shop
Timber yard
Bags
Mattresses
Hand Clothes
New and Second
Bicycle repair
Bicycle repair
Watch Repair
Gunny Bags
New Clothes
Tailoring
Tailoring
Cosmetic shop
Chemist
Tailoring
Tailoring
Scrap metal
Kiosks
Jerrican
Scrapmetal
Cereals
Cereals
Cereals
Cereals
Gate
Metal Works
Drums
Metal works (Boxes)
Tailoring
Food
Metal works
Metal works
Tailoring
Food
Metal works
Metal works
Kibuye Juakali Association
Metal Kiosk
Scrapmetal
Tailoring
Metal works stalls

KISUMU CENTRE JUA KALI ASSOCIATION SITE - KISUMU TOWN

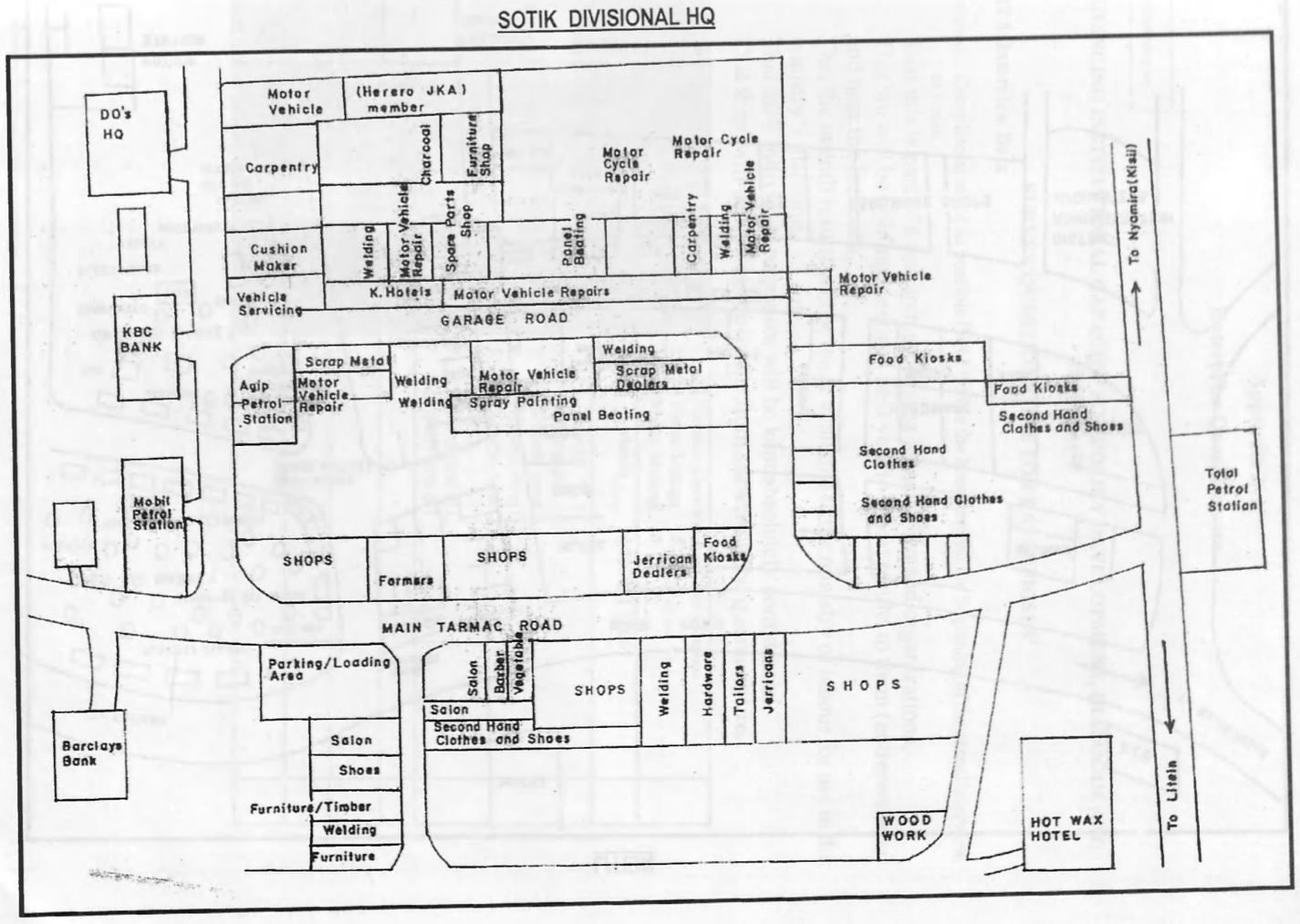


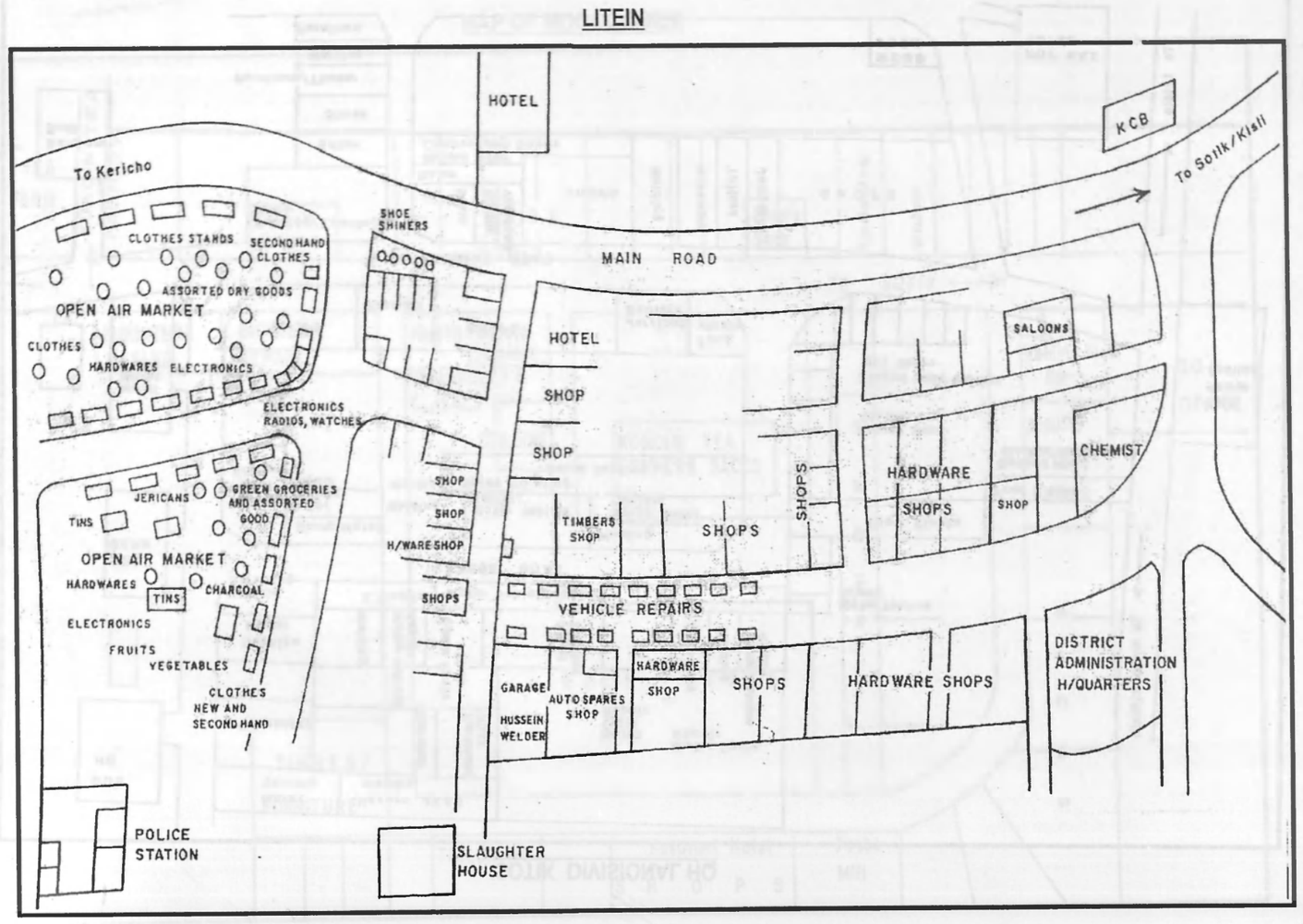
Maps of Buret

MAP OF MOGOGOSIEK



SOTIK DIVISIONAL HQ




LITEIN
HOTEL
KCB
To Sotik/Kisii
To Kericho
SHOE SHINERS
MAIN ROAD
CLOTHES STANDS
SECOND HAND CLOTHES
ASSORTED DRY GOODS
OPEN AIR MARKET
CLOTHES
HARDWARES
ELECTRONICS
ELECTRONICS RADIOS, WATCHES
HOTEL
SHOP
SHOP
SALOONS
SHOPS
HARDWARE
SHOPS
SHOP
CHEMIST
JERICANS
GREEN GROCERIES AND ASSORTED GOOD
TINS
OPEN AIR MARKET
HARDWARES
TINS
CHARCOAL
ELECTRONICS
FRUITS
VEGETABLES
CLOTHES NEW AND SECOND HAND
SHOP
SHOP
H/WARE SHOP
SHOPS
TIMBERS SHOP
SHOPS
VEHICLE REPAIRS
GARAGE
AUTO SPARES SHOP
HUSSEIN WELDER
HARDWARE SHOP
SHOPS
HARDWARE SHOPS
DISTRICT ADMINISTRATION H/QUARTERS
POLICE STATION
SLAUGHTER HOUSE

Appendix 2

Enterprise Questionnaire

Questionnaire no.

ENHANCING INSTITUTIONAL CAPACITY FOR POLICY DEVELOPMENT, DIALOGUE AND ADVOCACY

SURVEY QUESTIONNAIRE FOR ENTERPRISES[1]

PART I: Interview Data

Interviewer: Complete as much as possible Part 1 before the interview. At the beginning of the actual interview, explain:

1. That this is part of a research project on associations and organizations,
2. That we will be holding meetings next year to report results to them (entrepreneurs) and hear the feedback,
3. That the overall results will be made available to the ministry of labour for use in the ministry's planning,
4. That their individual responses will be kept absolutely confidential,
5. That there will be no direct benefits from answering the questionnaire.

LE1.1	Interviewer	1. [ ] Florence Omware 4. [ ] Anne Kamau 2. [ ] Timon Mainga 5. [ ] _____ 3. [ ] Mercy Mwangi 6. [ ] _____	
LE1.2	Date of this interview	Day____ Month____ [ ] 2000 [ ] 2001	
LE1.3	Place of interview	1. [ ] Nairobi 2. [ ] Mombasa 3. [ ] Kisumu town 4. [ ] Kisumu rural (1)_____ 5. [ ] Kisumu rural (2)_____ 6. [ ] Sotik 7. [ ] Buret rural (1)_____ 8. [ ] Buret rural (2)_____	
LE1.4	Name of enterprise		
LE1.5	Physical location [please indicate where]		
LE1.6	Interviewee name/code		
LE1.7	Interviewee contact information		

[1] *Final-version*

PART 2: Demographic Data

LE2.1	Year of birth		
LE2.2	Sex	1. [ ] Male 2. [ ] Female	
LE2.3	Marital status	1. [ ] Single 2. [ ] Married 3. [ ] Divorced/ Separated 4. [ ] Widowed	
LE2.4	Highest level of formal education	1. [ ] None 2. [ ] Madarasa 3. [ ] Some primary: standard_____ 4. [ ] Completed primary 5. [ ] Some secondary: form _____ 6. [ ] Completed secondary 7. [ ] Completed A level: 8. [ ] College/Polytechnic 9. [ ] University	
LE2.5	Have you had any training	1. [ ] Yes 2. [ ] No [go to part 3]	
LE2.6	If your answer to LE2.5 above is yes, please specify the type and length of the training(s) you have had.	Type of training Length of time _____ _____ 9. [ ] N/A	

PART 3: History and Nature of Enterprise

LE3.1	What activity is your business involved in?	1. [ ] Trade 2. [ ] Manufacturing 3. [ ] Services 4. [ ] Other (specify) _____	
LE3.2	Please specify the nature/type of business		
LE3.3	When did you begin this type of business activity	Year _____	
LE3.4	What was the reason for starting this business?		
LE3.5	Have you worked continuously in this type of business since you started?	1. [ ] Yes [go to LE3.7] 2. [ ] No	
LE3.6	If no, specify reason for being out of the business?	9. [ ] N/A	
LE3.7	Is this your first location?	1. [ ] Yes 2. [ ] No	
LE3.8	If no, please indicate whether you have moved within the same town or from elsewhere.	1. [ ] within the same town 2. [ ] from elsewhere_____ (indicate) 9. [ ] N/A	
LE3.9	Please indicate the reasons for choosing this site.		

PART 4: Association membership

LE4.1	Are you a member of any of the following?	Response	Give reasons for being or not being a member of each	
	LE4.1.1 *Jua kali* Association	1. [ ] Yes 2. [ ] No	Give name of the association_____ Reasons for being a member Reasons for not being a member	
	LE4.1.2 Kenya National Chamber of Commerce and Industry (KNCCI)	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.3 Kenya Association of Manufacturers (KAM)	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.4 KOSME	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.5 Small and Medium Enterprises Development Organisation (SMEDO)	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.6 Kenya Small Traders Association	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	Reasons for being a member [write as many as apply] 1. Savings 2. Welfare (school fees, sickness, death, foodstuffs, household goods etc) 3. Obtain credit 4. Benefit from s training 5. Start an income generating activity 6. Obtain a site of operation through the organisation□s initiate 7. Take part in advocacy 8. Sharing information about business 9. Helping each other in business 10. Other (specify)_____		Reasons for not being a member [write as many as apply] 1. Never heard about the organisation 2. Belong to other organisation 3. Do not see it useful to join the organisation 4. Too busy and have not time to participate in organisation activities and meetings 5. Fear of default 6. Lacks information about organisation 7. Not interested 8. Lacks enough money to join the organisation 9. Organisation does not accept new members 10. Was of such an organisation but pulled out 11. Limited to women 12. Other (specify)_____	
LE4.1 (cont.)	LE4.1.7 ROSCA If more than one please indicate and give response for both (i.e. "a" and "b")	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	

	LE4.1.8 NGO Credit Group	1. [ ] Yes 2. [ ] No	Give name of the NGO_____ Reasons for being a member Reasons for not being a member	
	LE4.1.9 Cooperative	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.10 SACCO	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.11 Women Group [if more than one please indicate and give response for both i.e. □a' and □b'	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.12 Self help	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.13 Welfare association	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.14 Clan association	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	

Reasons for being a member [write as many as apply]	Reasons for not being a member [write as many as apply]
1. Savings 2. Welfare (school fees, sickness, death, foodstuffs, household goods etc) 3. Obtain credit 4. Benefit from s training 5. Start an income generating activity 6. Obtain a site of operation through the organisation□s initiate 7. Take part in advocacy 8. Sharing information about business 9. Helping each other in business 10. Other (specify) _____	2. Never heard about the organisation 3. Belong to other organisation 4. Do not see it useful to join the organisation 5. Too busy and have not time to participate in organisation activities and meetings 6. Fear of default 7. Lacks information about organisation 8. Not interested 9. Lacks enough money to join the organisation 10. Organisation does not accept new members 11. Was of such an organisation but pulled out 12. Limited to women 13. Other (specify)_____

LE4.1 (cont.)	LE4.1.15 Village association	1. [ ] Yes 2. [ ] No	Reasons for being a member Reasons for not being a member	
	LE4.1.16 Any other association (Please specify)	1. [ ]Yes 2. [ ] No	Reasons for being a member 9. [ ] N/A	

Reasons for being a member [write as many as apply]	Reasons for not being a member [write as many as apply]
1. Savings 2. Welfare (school fees, sickness, death, foodstuffs, household goods etc) 3. Obtain credit 4. Benefit from s training 5. Start an income generating activity 6. Obtain a site of operation through the organisation□s initiate 7. Take part in advocacy 8. Sharing information about business 9. Helping each other in business 10. Other (specify)_____	2. Never heard about the organisation 3. Belong to other organisation 4. Do not see it useful to join the organisation 5. Too busy and have not time to participate in organisation activities and meetings 6. Fear of default 7. Lacks information about organisation 8. Not interested 9. Lacks enough money to join the organisation 10. Organisation does not accept new members 11. Was of such an organisation but pulled out 12. Limited to women 13. Other (specify)_____

LE4.2	If you do not belong to **ANY** of the above organisations, is there a particular reason for not joining?	1. [ ] Yes 2. [ ]No [go to part 5] 9. [ ] N/A	
LE4.3	If yes, please explain	9. [ ] N/A	

PART 5: Associational Life: if you belong to more than one organisation, provide information for only two organisations i.e. 5a and 5b

5a: Fist Organisation Name of organisation_____

Is the group registered 1.[ ] Yes 2. [ ] No 9 [ ] N/A

Membership			
LE5.1a	When did you join the organisation?	Year_____	
LE5.2a	Why did you join the organisation?		
LE5.3a	How did you learn about the organisation?		
LE5.4a	How active is your organisation?	1. [ ] Very active 2. [ ] Moderately active 3. [ ] Not active/dormant	
LE5.5a	If the organisation is dormant, give the reasons for this, and move to part 6a.	9. [ ] N/A	
LE5.6a	What are the requirements for membership? [tick as many as apply]	1.[ ] Payment of registration fee 2.[ ] [[Monthly [ ]weekly [ ]daily subscriptions 3.[ ] Attend all meetings 4.[ ] Participate in group activities 5.[ ] Being female 6.[ ] Being male 7.[ ] Belonging to a particular trade/activity 8.[ ] Coming from a particular area/ethnic group 9.[ ] Other (specify) _____	
LE5.7a	How active are you in the	1. [ ] Present or former office bearer	

	organisation?	2. [ ] Very active member 3. [ ] Moderately active member 4. [ ] Not active	
		Rules and Regulations	
LE5.8a	Do the organisations have a constitution/ informal rules and/or guidelines?	1. [ ] Yes 2. [ ] No [go to LE5.12a]	
LE5.9a	Are they written down?	1. [ ] Yes 2. [ ] No 9. [ ] N/A	
LE5.10a	What does the constitution/ rules and/or guidelines say?	9. [ ] N/A	
LE5.11a	To what extent does the organisation adhere to these rules/regulations?	9. [ ] N/A	
		Meetings	
LE5.12a	How often are meetings held in your organisation?	1. [ ] More than once a week 2. [ ] Once a week 3. [ ] Once in two weeks 4. [ ] Once a month 5. [ ] Other (specify) _____	
LE5.13a	How can you describe members' level of attendance for meetings?	1. [ ] Very good 2. [ ] Good 3. [ ] Poor 4. [ ] Very poor	
		Leadership	
LE5.14a	Do the organisations have office bearers?	1. [ ] Yes 2. [ ] No [go to LE5.23a] 9. [ ] N/A	
LE5.15a	If yes, indicate the office bearers' position and gender? (tick all that apply)	1. [ ] Chairperson [ ] M [ ] F [ ] None 2. [ ] Vice chairperson [ ] M [ ] F [ ] None 3. [ ] Secretary [ ] M [ ] F [ ] None 4. [ ] Vice secretary [ ] M [ ] F [ ] None 5. [ ] Treasurer [ ] M [ ] F [ ] None 6. [ ] Vice treasurer [ ] M [ ] F [ ] None 7. [ ] Organising Secretary [ ] M [ ] F [ ] None 8. [ ] Trustee [ ] M [ ] F [ ] None 9. [ ] Committee member(s) [ ] M [ ] F [ ] None 10. [ ] Other (specify)_____ [ ] M [ ] F [ ] None 9. [ ] N/A	
LE5.16a	How are office bearers in your organisation chosen?	1. [ ] Secret ballot 2. [ ] Show of hands 3. [ ] Queuing system 4. [ ] Appointment 5. [ ] Other (specify) _____	
LE5.17a	How frequently are office bearers in your organisation chosen?	1. [ ] More than once a year 2. [ ] Once a year 3. [ ] Once in two years 4. [ ] Only when there is need 5. [ ] Other (specify) _____	
LE5.18a	How long ago did you choose your office bearers?	1. [ ] Sometime this year 2. [ ] More than a year ago 3. [ ] More than two years ago 4. [ ] More than three years ago 5. [ ] Other (specify) _____	

LE5.19a	How would you describe leadership in your organisation?	1. [ ] Very good 2. [ ] Good 3. [ ] Poor 4. [ ] Very poor	
LE5.20a	Please explain your answer in LE5.19a above	Explanation:	
LE5.21a	Do you think the present leaders can do more than they are doing to strengthen the group	1. [ ] Yes 2. [ ] No [go to LE5.23a]	
LE5.22a	If yes, please explain	Explanation: 9. [ ]N/A	
LE5.23a	Who is the organisation's spokesperson? Please give name and contact information		
		Financing and use of finances	
LE5.24a	What amount do you contribute to the organisation?	1.[ ]Registration fee Ksh._____ 2.[ ]Daily subscription Ksh._____ 3.[ ]Weekly subscription Ksh._____ 4.[ ]Monthly subscription Ksh._____ 5.[ ]Premium (down payment) Ksh._____ 6.[ ]Other (please specify) Ksh._____	
LE5.25a	What is the method of payment?	1.[ ]Cash (full payment) 2.[ ]Cash (installments) 3.[ ]Cash (both full payment and installments) 4.[ ]Other (specify) _____	
LE5.26a	How is the money used?	1. [ ]Hospital expenses 2. [ ]Funeral expenses 3. [ ]School fees 4. [ ]Purchase of household goods 5. [ ]Investment in business 6. [ ]Operation of the organisation 7. [ ]Other (Specify)_____	
LE5.27a	Do members get receipts for money paid into the organisation?	1. [ ] Yes 2. [ ] No	
LE5.28a	What procedures must be followed in obtaining and spending organization's money?		
LE5.29a	If no receipts or financial statements are made available to the members, how do the members ensure that the leaders are accountable?	Explanation 9. [ ] N/A	
		Benefits of organizing	
LE5.30a	What benefits do you receive from the	1.[ ] Welfare (school fees, sickness, death, foodstuffs, household goods etc)	

	organization? [tick as many as apply]	2.[ ] Financial support (credit) 3.[ ] Savings - have a savings scheme 4.[ ] Have an income generating activity/ project 5.[ ] Obtain site of operation 6.[ ] Advocacy (campaigning for services etc) 7.[ ] Training (business/ technical training) 8.[ ] Marketing 9.[ ] Other (specify) _____	
LE5.31a	Are there any benefits you had hoped to receive but have not received?	1. [ ] Yes 2. [ ] No [go to LE5.33a]	
LE5.32a	If yes, please explain	9. [ ]N/A	
		Business development	
LE5.33a	Has the organization helped the members to develop their businesses?	1. [ ] Yes 2. [ ] No [go to LE5.35a]	
LE5.34a	If yes, specify aspects?	9. [ ]N/A	
LE5.35a	If no, why not?	9. [ ]N/A	
LE5.36a	Does the organization have the potential to do more to help the members develop their businesses?	1. [ ] Yes 2. [ ] No [go to LE5.38a]	
LE5.37a	If so how?	9. [ ]N/A	
LE5.38a	If not, why not?	9. [ ]N/A	
		Advocacy	
LE5.39a	Is the organization involved in campaigning for better services?	1. [ ] Yes 2. [ ] No [go to 5.41a]	
LE5.40a	If yes, how?	9. [ ]N/A	
LE5.41a	If no, why not?	9. [ ]N/A	
LE5.42a	Can the organization do more in the area of advocacy (campaigning for better services)?	1. [ ] Yes 2. [ ] No [go to 6a]	
LE5.43a	If yes, how?	9. [ ]N/A	

PART 6: Information about the association(s) - if you belong to more than one organization, provide information for only two organizations i.e. 6a and 6b

6a: 1st Organization Name of organization_____ 9 [ ] N/A

LE6.1a	Does the organization have any properties	1. [ ] Yes 2. [ ] No [go to LE6.3a]	

LE6.2a	If yes, what are they?	9. [ ] N/A	
LE6.3a	Does your organization deal with the government in any way?	1. [ ] Yes 2. [ ] No [go to LE6.5a]	
LE6.4a	If yes, specify	9. [ ] N/A	
LE6.5a	Does the organization have any paid staff?	1. [ ] Yes 2. [ ] No [go to LE6.7a]	
LE6.6a	What is the role of the paid staff?	9. [ ] N/A	
LE6.7a	How would you describe the management of the organization?	1. [ ] very well managed 2. [ ] well managed 3. [ ] poorly managed 4. [ ] very poorly managed	
LE6.8a	Explain your answer to LE6.7a above		
LE6.9a	Does the organization have links with other organizations?	1. [ ] Yes 2. [ ] No [go to LE6.11a]	
LE6.10a	If yes, please list the organizations	1. [ ] _____ 2. [ ] _____ 3. [ ] _____ 4. [ ] _____	
LE6.11a	If yes to Q. LE6.9a above, describe the links.	1. [ ] _____ 2. [ ] _____ 3. [ ] _____ 4. [ ] _____ 9. [ ] N/A	
LE6.12a	How do you feel about the overall performance of this organization		

If you belong to more than one organization, provide information about the 2nd organization i.e. 5b

5b: 2nd Organization Name of organization_____
Is the group registered 1.[ ] Yes 2. [ ] No 9 [ ] N/A

Membership			
LE5.1b	When did you join the organization?	Year_____	
LE5.2b	Why did you join the organization?		
LE5.3b	How did you learn about the organization?		
LE5.4b	How active is your organization?	1. [ ] Very active 2. [ ] Moderately active 3. [ ] Not active/dormant	

LE5.5b	If the organization is dormant, give the reasons for this, and move to part 6b.	9. [ ] N/A	
LE5.6b	What are the requirements for membership? [Tick as many as apply]	1. [ ] Payment of registration fee 2. [ ] [ ]Monthly [ ]weekly [ ]daily subscriptions 3. [ ] Attend all meetings 4. [ ] Participate in group activities 5. [ ] Being female 6. [ ] Being male 7. [ ] Belonging to a particular trade/activity 8. [ ] Coming from a particular area/ethnic group 9. [ ] Other (specify) _____	
LE5.7b	How active are you in the organization?	1. [ ] Present or former office bearer 2. [ ] Very active member 3. [ ] Moderately active member 4. [ ] Not active	
		Rules and Regulations	
LE5.8b	Do the organizations have a constitution/ informal rules and/or guidelines?	1. [ ] Yes 2. [ ] No [go to LE5.12b]	
LE5.9b	Are they written down?	1. [ ] Yes 2. [ ]No 9. [ ]N/A	
LE5.10b	What does the constitution/ rules and/or guidelines say?	9. [ ] N/A	
LE5.11b	To what extent does the organization adhere to these rules/regulations?	9. [ ] N/A	
		Meetings	
LE5.12b	How often are meetings held in your organization?	1. [ ] More than once a week 2. [ ] Once a week 3. [ ] Once in two weeks 4. [ ] Once a month 5. [ ] Other (specify) _____	
LE5.13b	How can you describe members' level of attendance for meetings?	1. [ ] Very good 2. [ ] Good 3. [ ] Poor 4. [ ] Very poor	
		Leadership	
LE5.14b	Does the organizations have office bearers?	1. [ ] Yes 2. [ ] No [go to LE5.23b] 9. [ ] N/A	
LE5.15b	If yes, indicate the office bearers' position and gender? (tick all that apply)	1. [ ]Chairperson [ ] M [ ] F [ ] None 2. [ ]Vice chairperson [ ] M [ ] F [ ] None 3. [ ]Secretary [ ] M [ ] F [ ] None 4. [ ]Vice secretary [ ] M [ ] F [ ] None 5. [ ]Treasurer [ ] M [ ] F [ ] None 6. [ ]Vice treasurer [ ] M [ ] F [ ] None 7. [ ]Organising Secretary[ ] M [ ] F [ ] None 8. [ ]Trustee [ ] M [ ] F [ ] None 9. [ ]Committee member(s)[ ] M [ ] F [ ] None 10. [ ]Other (specify)_____[ ] M [ ] F [ ] None	

		9. [ ]N/A	
LE5.16b	How are office bearers in your organisation chosen?	1. [ ] Secret ballot 2. [ ] Show of hands 3. [ ] Queuing system 4. [ ] Appointment 5. [ ] Other (specify) _____	
LE5.17b	How frequently are office bearers in your organisation chosen?	1. [ ] More than once a year 2. [ ] Once a year 3. [ ] Once in two years 4. [ ] Only when there is need 5. [ ] Other (specify) _____	
LE5.18b	How long ago did you choose your office bearers?	1. [ ] Sometime this year 2. [ ] More than a year ago 3. [ ] More than two years ago 4. [ ] More than three years ago 5. [ ] Other (specify) _____	
LE5.19b	How would you describe leadership in your organisation?	1. [ ] Very good 2. [ ] Good 3. [ ] Poor 4. [ ] Very poor	
LE5.20b	Please explain your answer in LE5.19b above	Explanation:	
LE5.21b	Do you think the present leaders can do more than they are doing to strengthen the group	1. [ ] Yes 2. [ ] No [go to LE5.23b]	
LE5.22b	If yes, please explain	Explanation: 9. [ ] N/A	
LE5.23b	Who is the organisation's spokesperson? Please give name and contact information		
		Financing and use of finances	
LE5.24b	What amount do you contribute to the organisation?	1. [ ] Registration fee Ksh._____ 2. [ ] Daily subscription Ksh._____ 3. [ ] Weekly subscription Ksh._____ 4. [ ] Monthly subscription Ksh._____ 5. [ ] Premium (down payment) Ksh._____ 6. [ ] Other (please specify) Ksh._____	
LE5.25b	What is the method of payment?	1. [ ] Cash (full payment) 2. [ ] Cash (installments) 3. [ ] Cash (both full payment and installments) 4. [ ] Other (specify) _____	
LE5.26b	How is the money used?	1. [ ] Hospital expenses 2. [ ] Funeral expenses 3. [ ] School fees 4. [ ] Purchase of household goods 5. [ ] Investment in business 6. [ ] Operation of the organisation 7. [ ] Other (Specify)_____	
LE5.27b	Do members get receipts for money paid	1. [ ] Yes 2. [ ] No	

	into the organisation?		
LE5.28b	What procedures must be followed in obtaining and spending organisation's money?		
LE5.29b	If no receipts or financial statements are made available to the members, how do the members ensure that the leaders are accountable?	Explanation 9. [ ] N/A	
		Benefits of organizing	
LE5.30b	What benefits do you receive from the organisation? [tick as many as apply]	1. [ ] Welfare (school fees, sickness, death, foodstuffs, household goods etc) 2. [ ] Financial support (credit) 3. [ ] Savings - have a savings scheme 4. [ ] Have an income generating activity/ project 5. [ ] Obtain site of operation 6. [ ] Advocacy (campaigning for services etc) 7. [ ] Training (business/ technical training) 8. [ ] Marketing 9. [ ] Other (specify) _____	
LE5.31b	Are there any benefits you had hoped to receive but have not received?	1. [ ] Yes 2. [ ] No [go to LE5.33b]	
LE5.32b	If yes, please explain	9. [ ] N/A	
		Business development	
LE5.33b	Has the organisation helped the members to develop their businesses?	1. [ ] Yes 2. [ ] No [go to LE5.35b]	
LE5.34b	If yes, specify aspects?	9. [ ] N/A	
LE5.35b	If no, why not?	9. [ ] N/A	
LE5.36b	Does the organisation have the potential to do more to help the members develop their businesses?	1. [ ] Yes 2. [ ] No [go to LE5.38b]	
LE5.37b	If so how?	9. [ ] N/A	
LE5.38b	If not, why not?	9. [ ] N/A	
		Advocacy	
LE5.39b	Is the organisation involved in campaigning for better services?	1. [ ] Yes 2. [ ] No [go to 5.41b]	
LE5.40b	If yes, how?	9. [ ] N/A	

LE5.41b	If no, why not?	9. [ ] N/A	
LE5.42b	Can the organisation do more in the area of advocacy (campaigning for better services)?	1. [ ] Yes 2. [ ] No [go to 6b]	
LE5.43b	If yes, how?	9. [ ] N/A	

PART 6: If you belong to more than one organisation, provide information about the 2nd organisation i.e. 6b
6b: 2nd Organisation Name of organisation_____ 9 [ ] N/A

LE6.1b	Does the organisation have any properties	1. [ ] Yes 2. [ ] No [go to LE6.3b]	
LE6.2b	If yes, what are they?	9. [ ] N/A	
LE6.3b	Does your organisation deal with the government in any way?	1. [ ] Yes 2. [ ] No [go to LE6.5b]	
LE6.4b	If yes, specify	9. [ ] N/A	
LE6.5b	Does the organisation have any paid staff?	1. [ ] Yes 2. [ ] No [go to LE6.7b]	
LE6.6b	What is the role of the paid staff?	9. [ ] N/A	
LE6.7b	How would you describe the management of the organisation?	1. [ ] very well managed 2. [ ] well managed 3. [ ] poorly managed 4. [ ] very poorly managed	
LE6.8b	Explain your answer to E6.7b above		
LE6.9b	Does the organisation have links with other organisations?	1. [ ] Yes 2. [ ] No [go to LE6.11b]	
LE6.10b	If yes, please list the organisations	[ ] _____ [ ] _____ [ ] _____ [ ] _____	
LE6.11b	If yes to Q. LE6.9b above, describe the links.	5. [ ] _____ 6. [ ] _____ 7. [ ] _____ 8. [ ] _____ 9. [ ] N/A	
LE6.12b	How do you feel about the overall performance of this organisation		

Part 7:

LE7.13b	What is your opinion about the role of organisations in helping businesses to prosper?		

	helping businesses to prosper?		

Appendix 3 **Association Questionnaire**

Questionnaire no.

ENHANCING INSTITUTIONAL CAPACITY FOR POLICY DEVELOPMENT, DIALOGUE AND ADVOCACY
SURVEY QUESTIONNAIRE FOR ORGANISATIONS[2]

PART I: Interview Data

Interviewer: Complete as much as possible Part 1 before the interview. At the beginning of the actual interview, explain:

6. That this is part of a research project
7. That we will be holding meetings next year to report results to them and hear the feedback
8. That the overall results will be made available to the ministry of labour for use in the ministry's planning
9. That their individual responses will be kept absolutely confidential

LA1.1	Interviewer	1. [ ] Anne Kamau 2. [ ] Timon Mainga 3. [ ] Romanos Opiyo 4. [ ] Mercy Mwangi 5. [ ] _____	
LA1.2	Date of this interview	Day____, Month ____, [ ] 2000 [ ] 2001	
LA1.3	Place of interview	1. [ ] Nairobi 2. [ ] Mombasa 3. [ ] Kisumu town 4. [ ] Kisumu rural (1)_____ 5. [ ] Kisumu rural (2)_____ 6. [ ] Sotik 7. [ ] Barathea rural (1)_____ 8. [ ] Buret rural (2)_____	
LA1.4	Name of organisation		
LA1.5	Interviewee name/code		
LA1.6	Interviewer: please indicate the reason for choosing this interviewee	1. [ ] Being an office bearer 2. [ ] Being the organisation's spokesperson 3. [ ] Being knowledgeable about the organisation 4. [ ] Other (specify) _____	
LA1.7	Interviewee / organisation contact information		

[2] *Final version*

PART 2: Demographic Data

LA2.1	Year of birth	Year_____	
LA2.2	Sex	1. [ ] Male 2. [ ] Female	
LA2.3	Highest level of formal education	1. [ ] None 2. [ ] Madarasa 3. [ ] Some primary: standard_____ 4. [ ] Completed primary 5. [ ] Some secondary: form _____ 6. [ ] Completed secondary 7. [ ] Completed A level: 8. [ ] College/Polytechnic 9. [ ] University	
LA2.4	Have you had any training	1. [ ] Yes 2. [ ] No [go to LA2.6]	
LA2.5	If yes, specify type and length of the training(s) you have had.	Type Length _____ _____ _____ _____ _____ _____ 9. [ ] N/A	
LA2.6	When did you join this organisation?	Year_____	
LA2.7	Do you hold any leadership position in your organisation(s)?	1. [ ] Yes 2. [ ] No [go to part 3]	
LA2.8	If yes, please indicate the leadership position	1. [ ] Chairperson 2. [ ] Vice chairperson 3. [ ] Secretary 4. [ ] Vice secretary 5. [ ] Treasurer 6. [ ] Vice treasurer 7. [ ] Other (specify) _____ 9. [ ] N/A	
LA2.9	For how long have you held this position?	No. of years_____	

PART 3: Purpose and Organisation

		Background information about organizations	
LA3.1	What kind/type of organisation?	1. [ ] *Jua kali* Association 2. [ ] Kenya National Chamber of Commerce and Industry (KNCCI) 3. [ ] Kenya Association of Manufacturers (KAM) 4. [ ] KOSME 5. [ ] Kenya Small Traders Association 6. [ ] ROSCA 7. [ ] NGO Credit Group 8. [ ] Cooperative 9. [ ] SACCO 10. [ ] Women Group	

		11.[ ] Self help 12.[ ] Welfare association 13.[ ] Small and Medium Enterprises Development Organisation (SMEDO) 14.[ ] CBO group 15.[ ] Clan association 16.[ ] Village association 17.[ ] Other association (specify)_____	
LA3.2	When was the organisation formed/founded?	Year_____	
LA3.3	Please indicate whether the organisation is registered or not. [tick the option that apply]	1. [ ] Registered as a *Jua kali* association 2. [ ] Registered with Social Services 3. [ ] Not registered but registration in process 4. [ ] Not registered and registration not in process 5. [ ] Other (specify)_____	
LA3.4	What is the geographic scope/coverage of the organisation? e.g. with branches and/or subsections	1. [ ] National (has branches in at least four provinces) 2. [ ] Regional (has various branches within adjacent districts or provinces) 3. [ ] Local (operates within one district) 4. [ ] Operates only within the town/ group locality 5. [ ] Other (specify)_____	
LA3.5	What is the purpose/ objective/vision of forming the organisation?	1. [ ] Welfare (school fees, sickness, death, foodstuffs, household goods etc) 2. [ ] Financial support (credit) 3. [ ] Savings - have a savings scheme 4. [ ] Start an income generating activity/ project 5. [ ] Obtain site of operation 6. [ ] Advocacy (campaigning for services etc) 7. [ ] Training (business/ technical training) 8. [ ] Marketing 9. [ ] Help one another in business 10. [ ] Organise members/traders 11. [ ] Participate in community projects back at home 12. [ ] Other (specify)_____	
		Membership	
LA3.5	What is the membership by gender?	Male_____ Female_____	
LA3.6	Please comment about the gender balance in membership.		
LA3.7	What are the requirements for membership? [tick as many as apply]	1.[ ] Payment of registration fee 2.[ ] Monthly/weekly/daily subscriptions 3.[ ] Attend all meetings 4.[ ] Participate in group activities 5.[ ] Being female 6.[ ] Being male 7.[ ] Belonging to a particular trade/activity 8.[ ] Coming from a particular area/ethnic group 9.[ ] Other (specify) _____	
		Rules and Regulations	
LA3.8	Does your organisation have a constitution/ informal rules and/or guidelines?	1. [ ] Yes (written) 2. [ ] Yes (not written) 3. [ ] Yes (in the process of being written) 4. [ ] No [go to LA3.10]	

LA3.9	If yes, what does the constitution/ rules and/or guidelines say?	9. [ ]N/A	
		Leadership	
LA3.10	Does your organisation have office bearers?	1. [ ] Yes 2. [ ] No [go to LA3.20]	
LA3.11	If yes, indicate the office bearers' position and gender? [tick as many as apply]	1. [ ]Chairperson [ ] M [ ] F [ ] None 2. [ ]Vice chairperson [ ] M [ ] F [ ] None 3. [ ]Secretary [ ] M [ ] F [ ] None 4. [ ]Vice secretary [ ] M [ ] F [ ] None 5. [ ]Treasurer [ ] M [ ] F [ ] None 6. [ ]Vice treasurer [ ] M [ ] F [ ] None 7. [ ]Organising Secretary [ ] M [ ] F [ ] None 8. [ ]Trustee [ ] M [ ] F [ ] None 9. [ ]Committee member(s) [ ] M [ ] F [ ] None 10. [ ]Other (specify)_____ [ ] M [ ] F [ ] None 9. [ ]N/A	
LA3.12	Please comment about the gender balance in leadership.	9. [ ]N/A	
LA3.13	How are office bearers in your organisation chosen?	1. [ ] Secret ballot 2. [ ] Show of hands 3. [ ] Queuing system 4. [ ] Appointment 5. [ ] Other (specify) _____ 9. [ ]N/A	
LA3.14	How frequently are office bearers in your organisation chosen?	1. [ ] More than once a year 2. [ ] Once a year 3. [ ] Once in two year 4. [ ] Only when there is need 5. [ ] Other (specify) _____ 9. [ ]N/A	
LA3.15	How long ago did you choose your office bearers?	1. [ ] Sometime this year 2. [ ] More than a year ago 3. [ ] More than two years ago 4. [ ] More than three years ago 5. [ ] Other (specify) _____ 9. [ ]N/A	
LA3.16	How would you describe leadership in your organisation?	1. [ ]Very good 2. [ ]Good 3. [ ]Poor 4. [ ]Very poor 9. [ ]N/A	
LA3.17	Please explain your answer in LA3.16 above	9. [ ]N/A	
LA3.18	Do you think the present leaders can do more than they are doing to strengthen the group	1. [ ] Yes 2. [ ] No [go to LA3.20] 9. [ ]N/A	
LA3.19	If yes, please explain	9. [ ]N/A	
LA3.20	Who is the organisation's spokesperson? Please give name		

	and contact information		
Communication within and beyond organizations			
LA3.21	How does your organisation communicate with members? [tick as many as apply]	1. [ ] Through meetings 2. [ ] Through letters 3. [ ] Word of mouth 4. [ ] Newsletters 5. [ ] Other (specify)_____	
Meetings			
LA3.22	Does your organisation hold meetings with members	1. [ ] Yes 2. [ ] No [go to part 4]	
LA3.23	If yes, how regularly?	1. [ ] More than once a week 2. [ ] Once a week 3. [ ] Once in two weeks 4. [ ] Once a month 5. [ ] Other (specify) _____ 9. [ ] N/A	
LA3.24	On which days are meetings normally held?	1. [ ] Weekdays (any day) 2. [ ] Weekdays (set day- specify day____) 3. [ ] Weekends (any day) 4. [ ] Weekends (set day- specify day_____) 5. [ ] Any day, both weekday and weekend that members agree on. 9. [ ]N/A	
LA3.25	Which time are meetings normally held?	1. [ ] Early morning 2. [ ] Late morning 3. [ ] Early afternoon 4. [ ] Late afternoon 5. [ ] Other (specify)_____ 9. [ ] N/A	
LA3.26	Please explain the reason for holding meetings at the specified days and hours	9. [ ] N/A	
LA3.27	What is the usual agenda for meetings?	9. [ ] N/A	
LA3.28	Who proposes the agenda for meetings?	9. [ ] N/A	
LA3.29	How can you describe members level of attendance for meetings?	1. [ ]Very good 2. [ ]Good 3. [ ]Poor 4. [ ]Very poor 9. [ ]N/A	

PART 4: Business Development

LA4.1	Is your organisation directly involved in business development?	1. [ ]Yes 2. [ ]No [go to LA4.5]	
LA4.2	If yes, describe something that the organisation has recently been doing e.g. marketing, training, voucher scheme etc.	9. [ ] N/A	
LA4.3	Do you feel that the organisation s role in business development is effective?	1. [ ] Yes 2. [ ] No [go to LA4.6] 9. [ ] N/A	

LA4.4	If yes, please explain [and go to LA4.6]	9. [ ] N/A	
LA4.5	If the organisation has not been involved in business development why is this so?	9. [ ] N/A	
LA4.6	Does membership to the organisation have any indirect benefits on business development?	1. [ ] Yes 2. [ ] No [go to part 5]	
LA4.7	Please explain your answer in LA4.6 above.	9. [ ]N/A	

Part 5: Advocacy

LA5.1	Is your organisation directly involved in advocacy i.e. on such issues as policy, provision of services, land issues, group licensing etc.	1. [ ] Yes 2. [ ] No [go to LA5.10]	
LA5.2	If yes, describe how your organisation has been involved in any of these activities.	9. [ ]N/A	
LA5.3	Which organisations does your organisation relate with/ have contact with for purposes of advocacy? e.g. Local Authorities?		
LA5.4	How does your organisation normally communicate with these other organisations advocacy issues?	9. [ ] N/A	
LA5.5	How receptive have these other organisation(s) been towards advocacy issues being addressed by your organisation?	1. [ ]Very receptive 2. [ ]Receptive 3. [ ]Fairly receptive 4. [ ]Not receptive 5. [ ]Not able to assess	
LA5.6	Do you feel that your organisation role in advocacy is effective?	1. [ ] Yes 2. [ ] No 9. [ ]N/A	
LA5.7	Please explain your answer in LA5.6 above.	9. [ ] N/A	
LA5.8	Do you think that your organisation can do more in the area of advocacy than it has been doing?	1. [ ] Yes 2. [ ] No [[go to LA5.11] 9. [ ] N/A	
LA5.9	If yes, what and how? [go to LA5.11]	9. [ ] N/A	
LA5.10	If your organisation has not been involved in advocacy, why is this so?	9. [ ] N/A	

LA5.11	Does membership to the organisation have any indirect benefits on advocacy?	1. [ ] Yes 2. [ ] No	
LA5.12	Please explain your answer in LA5.11 above.	9. [ ] N/A	

PART 6: Financing and use of finances

LA6.1	How is your organisation financed? i.e. Sources of funds	1. [ ]Registration fee Ksh._____ 2. [ ]Daily subscription Ksh._____ 3. [ ]Weekly subscription Ksh._____ 4. [ ]Monthly subscription Ksh._____ 5. [ ]Premium (down payment) Ksh._____ 6. [ ]NGO support (please indicate amount given [ ] weekly _____ [ ] monthly _____ [other specify] _____ 7. [ ] Grants Ksh._____ 8. [ ]Other (please specify) Ksh._____	
LA6.2	What are the uses of the organisation's funds?	1. [ ]Providing credit to members 2. [ ]Welfare expenses 3. [ ]Starting an income generating activity 4. [ ]Meeting the running costs 5. [ ]Paying for salaries of paid staff [ ] Other (specify)_____	
LA6.3	What are the mechanisms for financial control?		
LA6.4	Does your organisation have paid staff to manage finances? e.g. accountant, secretary	1. [ ] Yes 2. [ ] No [go to LA6.7]	
LA6.5	What does the paid staff do?	9. [ ]N/A	
LA6.6	Is the organisation's money banked?	1. [ ] Yes 2. [ ] No [go to LA6.9]	
LA6.7	If yes, who are the signatories?	1. _____ 2. _____ 3. _____ 4. _____ 9. [ ]N/A	
LA6.8	How many signatories are required for withdrawal?	1. [ ] One 2. [ ] Two 3. [ ] Three 4. [ ] Other (specify) _____ 9. [ ]N/A	
LA6.9	How does your organisation ensure that the money is properly used?		
LA6.10	How does your organisation communicate about uses of finances to the members?		
LA6.11	Has your organisation had any problems in the past relating to management of organisation	1. [ ] Yes 2. [ ] No [go to part 7]	

	finances?		
LA6.12	If so, what effect did this have on the organisation?	9. [ ]N/A	
LA6.13	How was the problem solved?	9. [ ]N/A	
LA6.14	How does your organisation ensure that the problem does not recur?	9. [ ]N/A	

PART 7: Differences between Organisations and Linkages

		Differences between Organisations	
LA7.1	Are there any significant differences between your organisation and other comparable organisations/ groups?	1. [ ] Yes 2. [ ] No [go to LA7.3] 3. [ ] Donlt know any others	
		4.	
LA7.2	If yes, please explain the difference	9. [ ] N/A	
LA7.3	Are there any significant differences between your organisation and those in rural/urban areas?	1. [ ] Yes 2. [ ] No [go to LA7.5]	
LA7.4	If yes, please explain the difference	9. [ ] N/A	
LA7.5	Are there any significant differences between male only and women only organisations?	1. [ ] Yes 2. [ ] No [go to LA7.7]	
LA7.6	If yes, please explain the difference	9. [ ] N/A	
LA7.7	Are there any significant differences between mixed organisations and/or male and women only organisations?	3. [ ] Yes 4. [ ] No [go to LA7.8]	
LA7.8	If yes, please explain the difference	9. [ ] N/A	
		Linkages among organizations	
LA7.8	Are there links between your organisation and other organisations?	1. [ ] Yes 2. [ ] No [go to LA7.13]	
LA7.9	Which organisations does your organisation have links with?	1. _____ 2. _____ 3. _____ 9. [ ] N/A	
LA7.10	If yes, describe the links.	9. [ ] N/A	

LA7.11	What are the reasons for forming the links?	9. [ ] N/A	
LA7.12	How beneficial are the links to your organisation?	9. [ ] N/A	
LA7.13	How do you feel about the overall performance of your organization		
Part 8: Future Development			
LA8.1	What is your opinion about the role of organisations in helping businesses to prosper?		
LA8.2	Are organisations a good vehicle for promoting policy development, dialogue and advocacy for Small and Micro Enterprises?	1. [ ] Yes 2. [ ] No	
LA8.3	Please explain your answer in LA8.2 above.		

Appendix 4

Constitution of KNFJKA

REPUBLIC OF KENYA
The Societies Act, Cap 108
CONSTITUTION OF KENYA NATIONAL
FEDERATION OF *JUA KALI* ASSOCIATION (K.N.F.J.K.A)

1. NAME

The name of the society shall be KENYA NATIONAL FEDERATION OF *JUA KALI* ASSOCIATIONS (in this constitution referred to as "The Federation")

2. OBJECTIVES

The objects of the Federation shall be:

a) To protect, represent, and develop of the interests of *jua kali* artisans in registered primary associations.
b) Promotion in conjunction with others on environment conducive to the development of a vibrant *Jua Kali* Sector in Kenya.
c) To promote capacity building in management skills among the *jua kali* artisans in member associations through training seminars and any other means.
d) To sensitize the Government and interested bodies the needs, opportunities and responsibilities of the *jua kali* sector
e) To assist the Government identify and change laws which hamper the proper growth of the *jua kali* sector.
f) To assist the Government in the formulation and implementation of policies which will benefit the *jua kali* sector.
g) To act as a primary vehicle for consultation, experience, exchange and co-ordination between donors, organizations and other interested local and international bodies and associations.
h) To provide a consultative platform for the search of future policy and programme direction for the *jua kali* sector.
i) To provide a forum for continuous monitoring of implementation of *Jua Kali* programmes and review of future policy in Kenya.
j) To encourage and facilitate economic development of the *jua kali* sector with an aim of creating the enabling environment for the increase of the incomes of the *jua kali* artisans of member associations through the establishment of trust funds, infrastructures, training programmes and the introduction of any other activities for the direct benefit of its registered primary associations.
k) To represent the interests of the *jua kali* artisans in registered primary associations in order to ensure their business growth and improvement.
l) To solicit funds from donors, government, and other organizations for projects aimed at achieving its objectives.
m) To enhance the participation of women in the *jua kali* sector.
n) To promote the social welfare of the *jua kali* artisans in registered primary associations.
o) To protect innovations or inventions of the *jua kali* artisans in registered associations from piracy and to encourage their commercial exploitation where possible.
p) To provide a safe and healthy environment for work and generally ensure environmental protection around the places of work of the *jua kali* artisans in registered primary associations.
q) The Federation shall be non-political.
r) The Federation may form branches as and when necessary.
s) To do all such other things as are incidental or conducive to the attainment of all the above objects.

3. MEMBERSHIP

(a) i) Any registered primary association shall be eligible for membership of the Federation, and shall subject to the approval of the National Executive Committee, become a registered primary association on payment of an entrance fee of shillings one thousand (Shs.1, 000) or such other amounts as the National Governing Council may decide from time to time.

ii) The term "registered primary association" shall mean an association of not less than fifty (50) artisans or craftsmen whether men or women organized and duly registered under the Societies Act and whose membership has been duly accepted and registered PROVIDED that the National Governing Council may in exception cases and at its discretion exempt a registered primary association with less than fifty (50) members from the provisions of this clause.

(b) i) Every member of a registered primary association shall pay through his/her registered primary association a monthly fee as may be determined from time to time by the National Governing Council which amount shall be remitted not later than the fifteenth day of each month.

ii) The said monthly subscription fee shall be paid in the manner set out in the Federation1Rules and

Regulations as may be amended from time to time.

(c) Any registered primary association desiring to resign from the Federation shall submit a notice of resignation to the Federation's Secretary which shall be accompanied by a certified true copy of the minutes of the General meeting which duly passed a resolution to do so and the resignation shall take effect from the date of receipt by the Secretary for such notice.

(d) Any registered primary association may be expelled from membership if the National Executive Committee so recommends and if a General Meeting of the Federation shall resolve by a two-thirds majority of the registered primary associations present that such a registered primary association should be expelled on the ground that its conduct has adversely affected the reputation or dignity of the Federation or that it has contravened any of the provisions of the constitution of the Federation or the provisions of the Societies Act (Cap.108). The National Executive committee shall have power to suspend a registered primary association from its membership until the next Annual General Meeting of the Federation following such suspension but notwithstanding such suspension a registered primary association whose expulsion is proposed shall have the right to address the Annual General Meeting at which its expulsion is to be considered.

(e) Any registered primary association, which resigns or is removed from membership, shall not be entitled to a refund of its subscription or any part thereof or any moneys contributed by it at any time.

(f) Any registered primary association, which falls into arrears with its monthly subscription for more than six months, shall automatically cease to be a registered primary association of the Federation and its name shall be struck off the register of the registered primary associations. The National Executive Council may, however, at its discretion reinstate such association on payment of the total amount of the outstanding subscription.

4. THE NATIONAL GOVERNING COUNCIL

i. There shall be a National Governing Council, which shall be made up of Chairpersons of all District Branches in Kenya.

ii. The City of Nairobi shall be represented by four (4) delegates on the National Council one of whom shall be the Chairman of the Branch (PROVIDED that not more than one such delegate shall be elected from one of Nairobi's administrative divisions.

iii. Every such delegate shall be elected by all registered primary associations in every District, once every three (3) years. An incumbent delegate shall be eligible for re-election.

iv. *A delegate of the National Governing Council shall cease to be such* delegate if for any reason he ceases to be a member of his/her registered primary association or if he/she ceases to be an office bearer of his/her registered primary association.

v. Every year a third of the delegates of the National Governing Council shall retire by rotation of if their number is not three or a multiple of three, then the number nearest one-third.

vi. The delegates to retire in every year shall be those who have been longest in office since there election, but as between persons who become delegates on the same day who to retire shall (unless they otherwise agree among themselves) be determined by lot.

vii. A delegate may be suspended from office by a resolution not less than two thirds majority passed at a duly constituted meeting of the National Governing Council. Such a delegate shall have the right to address the National Governing Council meeting at which his/her suspension is being considered. The decision of the National Governing Council shall be referred to the next Annual General meeting which shall have the power to ratify or reverse it as the case may be.

5. DUTIES AND MEETINGS OF THE NATIONAL GOVERNING COUNCIL

a) The duties of the National Governing Council shall be:

i) To ratify the Federation's draft annual estimates and any proposed short-term and long-term plans before presentation to the annual General Meeting for approval.

ii) To propose any policy issues for the consideration of the Annual General Meeting.

iii) To approve any grants and donations which may be offered to the Federation in order to advance the growth and development of the *jua kali* sector.

iv) To appoint Chairmen of the Federation's sub-committees in accordance with the provisions of its rules and regulations.

b) The National Governing Council shall meet at least twice a year and the quorum at its meeting shall be more than half of the delegates PROVIDED that a quorum of two thirds of the delegates shall be required when the National Governing Council takes any disciplinary action.

c) The Chairman of the Federation or in his absence the Vice Chairman shall preside at all meetings of the National Governing Council. If the Chairman and the Vice-Chairman shall not be present at the end of

fifteen (15) minutes of the time a meeting was scheduled to commence, the delegates present shall appoint one of their number to chair that meeting.

d) Notice of meetings of the National Governing Council and the subjects to be discussed shall be circulated at least Fourteen (14) days in advance and voting shall be by simple majority with the Chairman having a casting vote in the event of equality of votes.

6. THE NATIONAL EXECUTIVE COMMITTEE.

a) There shall be a National Executive Committee of not more than Eleven (11) members who shall subject to clause 6(d) hereof serve for a term of three (3) years.

b) Eight members of the National Executive Committee shall be elected by the National Governing Council from among the latter's members at the duly constituted meeting PROVIDED that "no province shall be represented by more than one such member."

c) The National Executive Committee shall have power to appoint not more than three additional members from persons who have a proven record in the promotion of the *jua kali* sector.

d) A member of National Executive Committee who retires or ceases to be a Chairman of a District Branch shall automatically cease to be a member of the National Executive Committee.

e) The National Executive Committee shall represent the interest of all members of the Federation.

f) Members of the National Executive Committee shall be eligible for re-election.

g) Members of the National Executive Committee shall be paid an allowance or free which shall be determined by the National Governing Council from time to time. In addition they shall be entitled to reimbursement of expenses incurred while attending meetings of the National Executive Committee and its sub-committees.

h) The National Executive Committee shall have power:

i. To appoint sub-committees and conveners thereof as the interest of the Federation may require and to delegate to such sub-committees any of its authority as it thinks fit.

ii. To co-opt other persons without power to vote, for the purpose of dealing with particular subject either for a limited duration or for the whole term of the National Governing Council which appointed the sub-committee.

iii. To fill any vacancy in the National Executive Committee until the next meeting of the National Governing Council.

i) The National Executive Committee shall meet at least once a quarter or more frequently if need arises and its quorum shall be more than half of its officials.

j) All meetings of the National Executive Committee shall be subject to a minimum of seven days' prior notice.

7. COMPOSITION OF THE NATIONAL EXECUTIVE COMMITTEE

a) The National Executive Committee shall be composed of the following:-

1) The Chairman
2) The Vice-Chairman
3) The Secretary
4) The Assistant Secretary
5) The Treasurer
6) The Assistant Treasurer
7) The Organizing Secretary
8) The Assistant Organizing Secretary
9) Three (3) other members

b) All members of the National Executive Committee shall be liable to retirement under Clause 4(v) and (vi) hereof but shall otherwise hold office from the date of election for term of three (3) years subject to the conditions contained in this clause but shall be eligible for re-election.

c) Any official who ceases to be a member or an office bearer of his/her registered primary associate shall automatically cease to be a member of the National Executive Committee.

d) An official may be suspended from office by a resolution of not less than two thirds majority passed at a duly constituted meeting of the National Governing Council and the vacancy, so-created, shall be filled by the National Governing Council Meeting resolving such action. An official shall have the right to address the National Governing Council Meeting at which his/her expulsion is being considered.

8. DUTIES OF THE NATIONAL EXECUTIVE COMMITTEE

The National Executive Committee shall be responsible for the management of the Federation and for that purpose shall have the following powers:

a) To supervise the Federation's financial and management systems and ensure that sufficient controls are applied for the benefit of the registered primary associations.
b) To obtain regular and up-to-date reports on progress made towards achieving the objectives of the Federation according to the laid down policy guidelines.
c) To interpret the general policy guidelines set by the National Governing Council and the Annual General Meeting. To consider policy issues raised by the Executive officer and other members of staff for implementation and ensure that such policies are in conformity with the general objectives and mission of the Federation.
d) To ensure proper collection and expenditure of the revenue of the Federation from registered primary associations and other sources identified on behalf of the registered primary associations.
e) To borrow money upon such terms and conditions as it shall deem fit and according to the limits set at the Annual General Meeting, but shall not dispose off or pledge the capital assets of the Federation or any of them without the express approval of the last Annual General Meeting aforesaid.
f) To approve management recommendations on investments of funds of the Federation in such securities including fixed deposits with the Federation's bankers as it will deem fit but subject to the approval of the National Governing Council.
g) To decide whether to perform their respectful duties and execute their respective powers through sub-committees (the members of which shall not exclusively be members of the National Executive Committee), agents, contractors, consultants or others as may be deemed fit from time to time.
h) Subject to Clause 10(c) hereof to hire, discipline or terminates the services of the senior employees of the Federation.
i) To discipline, suspend, or take any action it deems fit against a member of the National Executive Committee, or the Federation whose actions are repugnant to the well being of the Federation and especially in matters relating to the duties, powers, and functions of the National Executive Committee as stipulated in Clause 8. In all cases the provisions of the Federation's Constitution will be observed before any such member is suspended, disciplined etc.
j) Generally to provide leadership to the Federation at all levels.
k) To do all such acts and to conduct all such matters as it deems desirable in the interest of the Federation generally.

9. DUTIES OF OFFICIALS OF THE NATIONAL EXECUTIVE COMMITTEE

a) CHAIRMAN - The Chairman shall unless prevented by illness or other sufficient cause, preside over all meetings of the National Executive Committee, the National Governing Council and General Meetings and subject to the consultation with the National Executive Committee shall head the Federation in consultations, transactions and all other contacts with third parties interested in the development of *jua kali* sector in Kenya.
b) VICE-CHAIRMAN - The Vice Chairman shall perform any duties of the Chairman in his absence.
c) SECRETARY - The Secretary shall ensure that all the correspondence of the Federation is dealt with under the general supervision of the National Executive Committee and shall upon the instructions of the National Governing Council issue notices of all general meetings. In case of urgent matters where the National Executive Committee cannot be consulted, he or she shall consult the Chairman, or if he/she is not available, the Vice-Chairman. The decisions reached shall be subject to ratification or otherwise at the next meetings of the Federation and shall be responsible for ensuring that proper minutes of all such meetings are kept and for the preservation of all records of proceedings of the Federation and of the National Executive Committee.
d) ASSISTANT SECRETARY - In the absence of the secretary, the assistant secretary shall perform all the duties of the Secretary and such other duties as shall be assigned to him/her by the Secretary of the National Executive Committee whether the Secretary is present or not.
e) TREASURER - The Treasurer shall cause to be received and also disbursed, under the directions of the National Executive Committee, all moneys belonging to the Federation and shall cause to be issued receipts for all moneys received by the Federation and also cause to be preserved vouchers for all moneys paid by the Federation. The Treasurer is responsible to the National Executive Committee and to the members that proper books of accounts of all moneys received are maintained and available for inspection.

f) ASSISTANT TREASURER - The Assistant Treasurer shall perform such duties as may be specifically assigned to him by the Treasurer or by the National Executive Committee and in the absence of the Treasurer shall perform the duties of the Treasurer.

g) THE ORGANIZING SECRETARY - The Organizing Secretary shall organize and prepare for the National Executive Committee all General Meetings of the Federation. He shall also be responsible for coordinating the activities of the registered primary associations and the Federation.

h) THE ASSISTANT ORGANIZING SECRETARY - IN the absence of the Organizing Secretary, the Assistant Organizing Secretary shall perform all duties of the Organizing Secretary and such other duties as shall be assigned to him by the Organizing Secretary or the National Executive Committee whether the Organizing Secretary is present or not.

10. THE EXECUTIVE OFFICER

(a) There shall be an Executive Officer who shall be appointed by and be answerable to the National Executive Committee.

(b) The Executive Officer shall be in charge of the day to day management of Federation and in particular shall perform the following duties:

(i) To interpret the Federation's policies and objects as set out in the constitution and establish operational guidelines to its employees or National Executive Committee for implementation.

(ii) To identify and define new initiatives which arc likely to contribute to the Federation's long-term objectives.

(iii) To appoint and hire junior staff and any volunteer experts.

(iv) To ensure proper collection and expenditure of the revenue of the Federation from registered primary association and other sources identified on behalf of the registered primary associations.

(v) To provide periodic reports to the National Governing Council and the Annual General Meeting on the annual income, grants and donations received including borrowed funds.

(vi) To implement the decisions of the National Governing Council, the Executive Committee and the Annual General Meeting.

(vii) To manage funds and assets of the Federation whether donated or acquired through own sources, in a business like manner and account to the National Executive Committee and the National Governing Council for prudent management of the affairs of the Federations.

(viii) To ensure that the funds assets of the Federation are audited annually and appropriate reports prepared and presented to the National Governing Council and the Annual General Meeting for approval.

(ix) To ensure that the interest of the members of the Federation are always highlighted and served as far as possible.

(x) To keep in constant contact with the government especially all the relevant Ministries, Non-Government Organizations and Donor Community in Kenya and obtain as much technical and financial support as possible for the development of the Federation and all its constituents.

(xi) To liaise with and organize meetings between the National Executive Committee, the National Governing Council and the registered associations, the government and donor community. In all these meetings, take minutes of all the proceedings and consult with the National Executive Committee for implementation of the decisions reached.

(xii) To prepare proposals for projects in which the Federation might participate for presentation and approval by the National Executive Committee, the National Governing Council and Annual General Meeting.

(xiii) To prepare draft proposals of the annual financial estimates for approval by the National Executive Committee and table final accounts to the National Governing Council and the Annual General Meeting.

(xiv) Keep in safe custody all documents, financial instruments and assets/property of the Federation.

(xv) To represent the Federation at all meetings with third parties and present reports of such meetings to the National Executive Committee.

(xvi) To perform all secretarial functions to meetings of the Federation.

(c) The Executive officer may be suspended by the National Executive Committee, for gross misconduct, or failure to perform his/her duties. However, such suspension shall be reported to the next meeting of the National Governing Council, which after giving him/her a hearing shall have the power to confirm or revoke the decision of the National Executive Committee.

11. GENERAL MEETINGS

(a) There shall be two classes of general meetings i.e. Annual General Meetings and Special General Meetings.

(b) The Annual General Meeting shall be convened by the National Executive Committee and shall be held not later than the month of May in each year. Notice in writing of such Annual General Meeting accompanied by the Annual Statement of Account and the Agenda for the meeting shall be sent to all registered primary associations not less than twenty one (21) days before the date of the meeting and where practicable, by press advertisement not less than fourteen (14) days before the date of the meeting.

(c) The agenda for any Annual General Meeting shall consist of the following:

i) Confirmation of the minute of the previous Annual General Meeting.

ii) Consideration of Chairman's report for the previous year

iii) Elections (when applicable of members of the trustees).

iv) Appointment of auditors in accordance with clause 15(a).

v) Such other matter as the National Executive Committee may decide or as to which notice shall have been given in writing by a registered primary association to the Secretary at least four weeks before the date of the meeting.

vi) Any other business with the approval of the Chairman.

(d) A Special General Meeting may be called for any specific purpose by the National Executive Committee. Notice in writing of such meeting shall be sent to all members not less than twenty-one (21) days before the date thereof and where practicable by press advertisement not less than fourteen (14) days before the date of such meeting.

(e) A Special General Meeting may also be requisitioned for a specific purpose by order in writing to the Secretary of not less than one third (1/3) of registered primary associations and such meeting shall be held within Twenty one (21 days of the date of the requisition. No other matter shall be discussed other than stated in the requisition.

(f) Each registered primary association shall be represented by one (1) representative and quorum at all General Meetings shall be more than half (▯) of the registered primary associations of the Federation.

(g) Each registered primary association shall be responsible for the expenses incurred by its representative while attending General Meetings of the Federation.

12. SUPERVISION OF ELECTIONS AND PROCEDURE AT MEETINGS

(a) A representative of the Ministry of Research, Technical Training and Technology shall supervise elections to the National Executive Committee.
Elections for the District Branches shall be supervised by a delegate of the National Governing Council duly appointed by the National Executive Committee.

(b) The National Executive Council shall have the right to call for elections for any District Branch if such elections are due but are not held within a period of three (3) months of the date when they became due.

(c) At all Annual General Meetings of the Federation the Chairman, or in his/her absence, the Vice-Chairman or in his absence of both these officers, a member elected by the meeting shall take the chair.

(d) The Chairman may at his/her discretion limit the number of persons permitted to speak in favour of or against any motion.

(c) Resolution shall be decided by simple voting by a show of hands. In the case of equality of votes, the Chairman shall have a second or casting vote.

13. SUB-COMMITTEES

(a) The National Executive Committee shall appoint sub-committees to deal with specific matters as the need may arise from time to time.

(b) The functions of sub-committees shall be set out in the rules and Regulations and may be amended from time to time.

14. TRUSTEES

(a) All land, buildings and other moveable property and all investments and securities which shall be acquired by the Federation shall be vested in the names of not less than three (3) and not more than five (5) trustees who shall be appointed for a period of three years as follows:

i) Two of the trustees who must be craftsmen or artisans shall be elected at an Annual General Meeting.

ii) The rest of the trustees shall be nominated by the National Governing Council and approved by the Annual General Meeting.

(b) On retirement such trustees shall be eligible for re-election.
(c) A General Meeting shall have the power to remove any of the trustees and all vacancies occurring by removal, resignation or death, shall be filled at the same or next Annual General Meeting.
(d) The Trustees shall appoint one of their members as their Chairman and shall otherwise regulate their meetings, as they deem necessary.

15. AUDITORS

(a) An auditor shall be appointed for the following year by the Annual General Meeting. All the Federation's accounts, records and documents shall be open to the inspection of the auditor at any time. The Treasurer shall produce an account of the Federation's receipts and payments and statement of assets and liabilities made up to date which shall not be less than six weeks and not more than three months before the date of the Annual General Meeting. The auditor shall examine such Annual Accounts and Statements and either certify that they are correct duly vouched and in accordance with the law or report to the Federation in what respect they are found to be correct, unvouched or not in accordance with the law.

(b) A copy of the auditor's report on the accounts and statements shall be furnished to all registered primary associations at the same time as the notice convening the Annual General Meeting is sent out. An auditor may be paid such honorarium for his/her duties as may be resolved by the National Executive Committee.

(c) No auditor shall be an official of the National Executive Council or a member of the National Governing Council.

16. FUNDS

(a) The funds of the Federation may only be used for the purposes of enabling the Federation to realize its objectives as hereinbefore listed.
(b) All moneys and funds shall be received by and paid to the Federation and shall be deposited in the name of the Federation in a bank or banks approved by the National Executive Committee.
(c) No payments shall be made out of the Federation bank account or accounts except in accordance with the Federation's Internal Control System Manual and all cheques drawn on such bank account or accounts shall be signed by the Executive Officer and in his absence, the Accountant and any two of the following the Chairman, Chief Trustee, Secretary and the Treasurer.
(d) An operation's bank account bearing an amount to be determined by the National Executive Committee shall be opened and operated by the Executive Officer and Accountant. The account shall be replenished from time to time upon production of satisfactory accounts report to the National Executive Committee in accordance with the provisions of the Federation's Internal Control System Manual.
(e) The financial year of the Federation shall be from the first day of January to the thirty first day of December of each year.

17. THE DISTRICT BRANCHES

(a) i) There shall be established District Branches in each District in Kenya where there are registered primary associations to assist the Federation in carrying out aims and objectives.
ii) A minimum of five (5) registered primary association shall be required to establish a District Branch in every District.
iii) Two neighbouring Districts may establish a branch if none of them or one of them does not have the minimum five registered primary associations.

(b) Each District Branch shall comprise of the following office bearers:
i) Chairman
ii) Vice-Chairman
iii) Secretary
iv) Treasurer
v) Organising Secretary
vi) Two other members

(c) The Office Bearers of each District Branch shall be elected every three years at an electoral meeting of the registered primary associations in the District. Each registered primary association shall be entitled to be represented at the meeting by the Chairman, the Secretary and the Treasurer.
(d) The said Meeting of the registered primary associations in the District shall be held not later than February and shall be convened and chaired by the Chairman of the branch. Such meeting shall be

called at a notice of not less than ten (10) days and voting will be by simple majority with the Chairman having a casting vote. Each registered primary association will have three representatives at the electoral meeting.

(e) The duties of the District Branches shall be:
- i) To co-ordinate the activities of the registered primary associations within their branch.
- ii) To recruit new members within the branch.
- iii) To give guidance to and to promote good management of the registered primary associations within the branch.
- iv) To collect membership subscriptions from the registered primary associations and to apportion them in accordance with rules and regulations of the Federation.
- v) To represent the Federation at the District level through participation in all the District Commissioner's Committees.

(f) An office bearer may be suspended or expelled from office by a resolution of not less than two-thirds' majority of those present at a duly constituted meeting of a District Branch but such official shall have the right to be heard at such meeting.

(g) An office bearer of a District Branch who ceases for any reason to be an elected official of his/her primary association shall automatically cease to be an office bearer in the District Branch.

(h) District Branches shall meet at least every three months and copies of their minutes shall be forwarded to the Federation within ten days of each meeting.

All moneys and funds received by every District Branch shall be deposited in the name of the District Branch in the local bank and no payments shall be made from there without the authority of the District Branch Chairman, Secretary, and Treasurer.

18. INDEMNITY

A member of the National Governing Council, the National Executive Committee and any duly constituted sub-Committee and members thereof while acting as a body or individually in the performance of their duties as a committee, or sub-committee members shall at all times be indemnified out of the funds, property or assets of the Federation against the consequence of the lawful performance of any act, deed, matter or thing done or omitted to be done in good faith by the aforesaid Board or sub-Committee (or their members) while so acting in respect of or in connection with the affairs of the Federation.

19. DISCIPLINE AND EXPULSION

A person shall not be eligible for membership and shall cease to hold office of nay organ of the constitution if:
- i) He/she absents himself from the meetings of the National Executive Committee, the National Governing Council or any Committee for three (3) consecutive sittings without special leave; or
- ii) If he/she gives the Secretary notice in writing that he/she resigns his/her office; or
- iii) If he/she becomes of unsound mind or is found a lunatic; or
- iv) Is guilty of grave misconduct bringing the Federation into disrepute; or
- v) Becomes seriously financially embarrassed; or
- vi) He has been convicted of any offence involving dishonesty (other than a traffic offence) or is imprisoned for three months or more; or
- vii) If he ceases to be a member of his/her registered primary association; or
- viii) If his conduct is in the opinion of the National Governing Council not in the interest of the Federation; or
- xi) He/she is expelled from office by a resolution passed by two thirds (2/3) members of the National Executive Committee, the National Governing Council or the District Branch Committee as the case may be.

20. AMENDMENTS TO THE CONSTITUTION

Amendments to the constitution of the Federation must be approved by at least a two-thirds majority of the registered primary associations at a General Meeting of the Federation. They cannot however be implemented without the prior consent in writing of the Registrar, obtained upon application to him/her in writing and signed by three of the officials of the National Executive Committee.

21. ARBITRATION

All disputes and differences, which shall arise:

a) Between any registered primary association, any official or office bearer appointed here in and the Federation; or

b) Between the Federation, or its sub-Committees shall be referred to the decision of a single arbitrator to be appointed by the Chairman for the time being of the Law Society of Kenya. The decision of such arbitrator shall be final, conclusive and binding on the parties.

22. DISSOLUTION

a) The Federation shall not be dissolved except by a resolution passed at a General Meeting of registered primary associations by a vote of two-thirds of the registered primary associations present. The quorum at the meeting shall be as shown in section 11(f). If no quorum is obtained, the proposal to dissolve the Federation shall be submitted to a further General Meeting, which shall be held one month later. Notice of this meeting shall be given to all registered primary associations of the Federation at least fourteen (14) days before the date of the meeting. The quorum for this second meeting shall be the number of registered primary associations represented.

b) Provided, however, that no dissolution shall be effected without prior consent in writing of the Registrar, obtained upon application to him/her made in writing and signed by three of the officials of the National Executive Committee.

c) When dissolution of the Federation has been approved by neither the Registrar, nor shall further action be taken by the National Executive Committee or any officials of the Federation in connection with the aims of the Federation. Subject to the payment of all debts of the Federation, the balance thereof shall be distributed in such other manner as may be resolved by the meeting at which the resolution for dissolution is passed.

23. INSPECTION OF ACCOUNTS AND LIST OF MEMBERS

The books of accounts and all documents relating thereto and a list of registered primary associations of the Federation shall be available for inspection at the registered office of the Federation on giving not less than seven (7) days notice in writing to the Federation.