

CONTENT

Message from the director	01
---------------------------------	----

Research Programmes

• Business Systems in Africa	02
• Metal Products Sub-sector	02
• Women Street Vendors in Kenya, Policies, Regulations and Organizational Capacity	03
• The Kenyan Component of the Johns Hopkins Comparative Non-Profit Sector	04
• Differences Between Rural and Urban Enterprises	05
• Towards a Practical Understanding of Enterprises Clusters in Kenya	07

Teaching

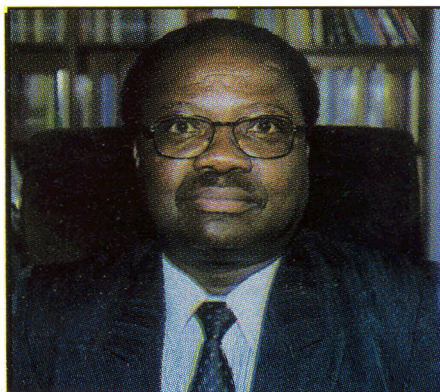
• New Master Programme	07
• Undergraduate Programmes	08
Training	08
Resource Base	08
Research Staff and their area of Specialization	08
Publications	09

MESSAGE FROM THE DIRECTOR

This Newsletter is the first issue from the Institute for Development Studies (IDS), University of Nairobi. It is aimed at disseminating research information and teaching activities of the Institute. It will be produced bi-annually with an initial two year period support from DANIDA's ENRECA-programme. The programme is a result of the ongoing research collaboration between the IDS (Nairobi) and the Centre for Development Research (CDR), Copenhagen.

Future issues of the Newsletter will specifically discuss highlights of latest research findings and reports on newly initiated research programmes. The issues will also act as channels of information networks with our collaborators, professionals, policy makers and research scholars worldwide.

This first issue of the Newsletter has coincided with the admission of the first group of students to study for a Masters degree in Development Studies at the IDS. This is a great turning point in the history of the Institute. As most of you are aware, IDS was established in 1965, with the sole purpose of providing research services to government departments, the university community, and non-governmental organizations. As it expanded, and in response to the country's changing needs, the Institute took up the role of training young scholars for research and teaching geared towards capacity building for our nation. This training has progressed well despite the slow pace at which local research funding has been available.



Prof. Alila P.O.

To meet the ever increasing demand for highly qualified researchers in development issues, the Institute found it necessary to introduce a Masters degree course in Development Studies. This programme is expected to produce an average of 10-15 researchers and practitioners annually. Whereas the introduction of full time teaching programmes will exert heavy demand on the time of our researchers, we do not expect any slow down in our response to requests to expedite commissioned research and consultancy services. Our researchers have over the years demonstrated extraordinary capability to cope with this additional load, and have the needed experience and know-how to accommodate both teaching and research assignments in their normal schedule of work. In addition, the full time teaching programme is expected to be a stimulus to the researchers to initiate new research activities, as the teaching programme will mirror information gaps in knowledge so far generated. It is therefore foreseeable that, with support and mutual cooperation, research activities will increase at the Institute, and we promise to deliver to our collaborators and supporters within agreed time frame.

RESEARCH PROGRAMMES

The Institute has been involved in academic and other types of research since its inception in 1965. These include Ph.D. dissertations by University of Nairobi Scholars on staff-development programmes, non-Kenyan research associates, commissioned research for government ministries, consultancies for non-governmental organizations, and collaborative research with sister institutions worldwide. The following are some of the on-going research programmes: -

BUSINESS SYSTEMS IN AFRICA



Mr. Abuodha C.

Why has industrialization failed to take off in many African countries? Current research undertaken by IDS in collaboration with CDR, is attempting to find an answer. The research takes the “business system” as its focal point. A national business system is the result of the historical development of national and local-level institutions. The nature of the business system can either encourage industrialization or it can make the process difficult. Since institutional development varies from one country to another, national business systems are likely to differ from one another. Whereas some, especially those in East Asia, appear to show a great deal of internal coherence, African business systems are fragmented into several sections that interact only in limited ways. These individual sections typically include a parastatal sector, a formal private sector, and a small-scale or informal sector. This lack of coherence, and the functioning of particular institutions, is believed to contribute to Kenya’s problems with industrialization.

The IDS/CDR research is attempting to test the relationship of the business system to industrialization by first, developing a profile of Kenya’s current business system, and secondly, assessing its impact on the industrialization process. Several specific industrial activities have been chosen as lenses through which to view the business system. The core study examines metal products and construction; textiles and garments; and producer

services. Additional studies regarding coffee and tea commodity chains are also planned. It is expected that these studies, alone and in combination, will provide valuable information about Kenya’s business system. The information will enable the country move further down the path toward industrialization, and ultimately increase employment and reduce poverty.

METAL PRODUCTS SUB-SECTOR



Dr. Atieno R.

This section of the project looks at the metal products sub-sector of the Kenyan manufacturing sector. It applies the business systems approach, based on a broader context of institutional dynamics, as the key factor influencing the performance of economic actors in the metal products sub-sector. This study considers three broad categories of business characteristics. These are:- the nature of the firm; market relations, and authoritative co-ordination and control systems. Within this framework, the study has the overall objective of reviewing and examining patterns of firm-market relationships, and the inherent economic and social institutions within the metal products sub-sector.

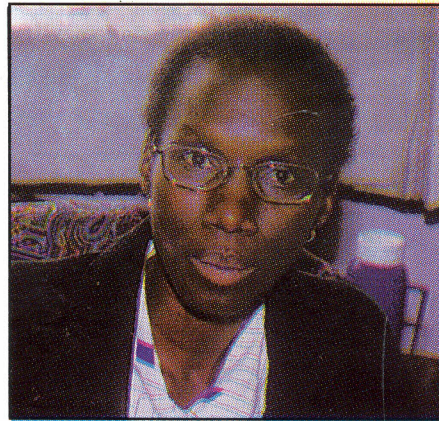
The need to look for an alternative approach is underscored by the increasing criticism of the neo-classical economic theory to address problems of economic development in Africa. This is mainly because of its limited scope in the coverage of

institutional relations beyond the markets. It is expected that this study will contribute to the understanding of the business systems, and enlighten policy makers on the extent to which they can use this approach to address socio-economic issues in policy reform and industrialization.

The study has selected three sub fields of the metal products sub-sector for detailed analysis of the firm-market relationship, and the inherent social and economic institutions. These are the manufacture of metal fixtures, structural metal products, and fabricated metal products. Large, medium and small categories of firms will be covered. The study is being conducted in the city of Nairobi; one large urban centre (Mombasa); one medium urban centre (Eldoret); and one small urban centre (Migori).

A multipurpose sampling approach is used in this study. The first stage involves listing of all the firms in the three sub-fields operating in the selected urban centres. This will be followed by identifying the firms in terms of sizes, commodities, market linkages, and other necessary information for sampling the firms included in the study. The study will use secondary data, key informant interviews, in-depth case studies, surveys and focus group discussions.

WOMEN STREET VENDORS IN KENYA: POLICIES, REGULATIONS AND ORGANIZATIONAL CAPACITY



Dr. Mitullah W.

The Institute, with support from the Canadian International Development Research Centre (IDRC), and the British Department for International Development (DFID), has been carrying out policy oriented research on Women Street Vendors in Kenya, since May 1999. This research covers four urban councils: Nairobi, Kisumu, Migori and Machakos.

The justification for this study lies in the fact that street vending provides employment and income to the majority of the poor. The activity has become a global phenomenon as economic pressures continue to hit most developing countries. Although it has been observed that street vending is an easy access to economic activity, the terms and conditions under which the vendors work are generally harsh. They operate on open grounds without any form of shelter; have limited access to credit; have no storage facilities, and are poorly organized. They hardly have any access to policy makers, planners and administrators who, instead harass them. The research focuses on the following six major themes: policies and regulations; communication regulations; licensing/daily fees; enforcement of policies and regulations; communication between vendors and

other stakeholder groups; and the organizational capacity of street vendors. The research has involved gathering information from the councils, street vendors, vendors' associations and agencies that support street vendors.

After preliminary analysis of data, the project organized dissemination workshops and policy dialogues in each of the four councils. This was followed by a national workshop that brought together the four urban councils and government departments, street vendors associations, and other agencies, which support street vendors, to discuss pertinent issues regarding overall research findings in the sector. The national workshop also benefited from three participants from South Africa, who discussed the experience of South Africa in integrating street vendors in their planning and management of urban areas. In broad terms, our research shows that in the four case studies covered, the prevailing situation is that there is lack of relevant policies, regulations and adequate organization. Most local authorities in Kenya generally operate on colonial by-laws, which have hardly been reviewed. The policies and regulations applied on street vendors are therefore deficient. Local authorities have not only failed to enforce them, but in reality, given their form and coverage, they are not possible to enforce.

It is a major contention of the preliminary research analysis that fundamental reviews of policies and regulations should be undertaken and enforced. Street vendors should also be properly organized. Unless these steps are undertaken, the street vending activities will remain chaotic. Indeed, as a matter of fact, the majority of traders, including street vendors, operate outside the current policies and regulations.

THE KENYAN COMPONENT OF THE JOHNS HOPKINS COMPARATIVE NON-PROFIT SECTOR [CNP] PROJECT



Dr. Kanyinga K.

The Kenyan component of the Johns Hopkins Comparative Non-Profit Sector Project was initiated during the last quarter of 1998, with the aim of addressing information gap in the sector. It is a collaborative effort between the IDS and the Institute of Policy Studies of the Johns Hopkins University, USA.

It is documenting and analysing the scope, structure, financing, history, policy environment, legal position, role and the impact of the non profit sector in Kenya. Similar projects are also being undertaken in Uganda and Tanzania. It is hoped that the project will develop a comprehensive understanding of the sector in Kenya and the East African region, for policy information and public debate purposes.

The non-profit sector, also variously known as the "Civil Society", "Independent", "Voluntary" or "the Third" sector, comprises a diverse set of institutions operating outside the confines of the state and the market. The sector comprises traditional welfare associations, cooperatives, non-governmental organizations and various socio-economic institutions. While the sector is active in almost all sectors of the economy, it remains invisible to most policy makers, business leaders, and the press, and even to many nonprofit operatives. It is basically this state of affairs that inspired the launch of the Johns Hopkins Comparative Nonprofit Project.

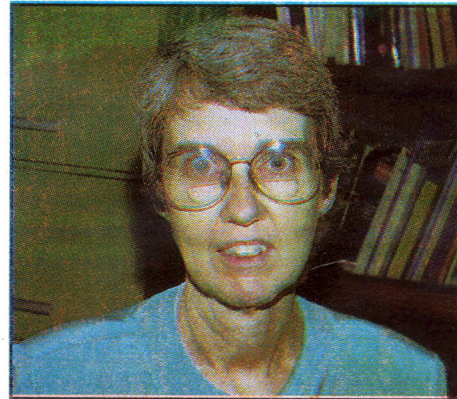
DIFFERENCES BETWEEN RURAL AND URBAN ENTERPRISES

Methodology for data gathering has included an assessment of the usefulness of existing data sources, and gathering data through both secondary and primary sources. Overall, the study utilizes a common approach that is comparative, collaborative, consultative, quantitative, empirical and methodologically diverse, relying on both deep theoretical readings and empirical research.

Preliminary findings based on empirical work and theoretical readings by the Kenyan research team shows that, Kenya has a rich and diverse nonprofit sector. The sector has witnessed an unprecedented proliferation in number and activities over the last one decade, making the country have probably the largest size of nonprofit sector in the African continent. The sector continues to play a multitude of roles in Kenya. It contributes immensely to the social, economic, political and cultural development of the Kenyan society.

Even though the organizations operate in nearly all the sectors of the Kenyan economy, they are insufficiently identified and covered in the Kenyan statistical data systems. This omission has contributed to lack of quantitative data on the sector and, also to the vague understanding of the sector. Further more, the nonprofit sector lacks a coherent operational policy environment.

The project will provide the missing data that will improve knowledge and theoretical understanding of the sector. This will enhance the basis for designing sound policies that would facilitate the development of local capacity necessary to propel the sector into the future, thereby putting it on the local and international socio-economic map.



Prof McCormick D.

Micro and small enterprises (MSEs) are extremely important in the Kenyan economy. By one estimate, they contribute 18% to GDP and account for 15% of total employment. Two-thirds of Kenya's MSEs are in the rural areas while the remaining one-third are in towns and major urban centres. Yet for nearly 30 years most research focussed on urban enterprises. A group of studies undertaken in the 1990s that culminated in Kenya's 1999 National MSE Baseline Study, began to highlight differences between rural and urban enterprises. Funding from Britain's Department of International Development (DFID), and the International Centre for Economic Growth (ICEG), has now given IDS researchers an opportunity to make a systematic study of rural-urban differences in enterprise characteristics and operations. The researchers had at their disposal the very rich data-set generated by the 1999 Baseline Study, to which they applied rigorous statistical methods.

The study identified several distinguished characteristics of rural enterprises. These are summarized below: -

MSE Location	Employment	Capital (Kshs.000)		Monthly earnings (Kshs.)	Seasonality Index	Premises Ownership (%)	Secondary Education (%)
		Initial	Additional				
Urban	1.7	126	34	10,778	2.6	11	47
Rural	1.8	29	4	4,196	7.4	39	31

Rural and Urban enterprises employ similar numbers of workers: an average of 1.8 for rural and 1.7 for urban enterprises, respectively. The distribution of this employment, however, differs significantly. Urban enterprises rely more on regular and casual employees, while rural ones use more family labour. Urban enterprises begin with more capital than their rural counterparts, Kshs.126,000/=, compared with Kshs.29,000/=, for rural enterprises. They also make larger capital additions over the life of the firm. Monthly earnings in urban MSEs are 2.6 times those of their rural counterparts. Not only are rural incomes lower, but also more volatile. The Seasonality index, which measures income fluctuations in good and bad months, is much higher for rural enterprises than it is for their urban counterparts. Rural enterprises are more likely to own their business premises, while urban ones tend to rent, lease, or just occupy theirs. This gives rural MSEs more security and shields them from the threat of eviction that hangs over so many urban businesses. Finally, Urban MSE owners are somewhat more educated than their rural counterparts. Nearly half have attained a secondary education, compared with less than one-third of rural business owners.

The study also examined efficiency, linkages between MSEs and the agricultural sector, and differences among MSEs in different agro-ecological zones. Urban firms were found to be more efficient users of both capital and labour than the rural ones. Linkages between MSEs and the agricultural sector are substantial. An estimated Kshs.283 million of MSE earnings are invested in agriculture each month. Most of these transfers from agriculture to MSEs are even larger, standing at Kshs.1,637 million per month. Most of these transfers are taking place within the confines of the household or extended family. The study found substantial differences in incomes, capitalization, employment, and efficiency in the country's different agro-ecological zones. Overall, the maize and "other agro" regions appear to be the most efficient users of capital, whereas the pastoral zones are the most efficient users of labour.

The study concludes by arguing, firstly, that the pattern of weakness found in rural MSEs warrants singling them out for serious policy attention. Secondly, that the close links between MSEs and agriculture point to the need to promote the agricultural sector in order to

ensure the health of MSEs. Thirdly, that the existing flow of funds between agricultural sector and MSE are an indicator of the need for better institutional mechanisms to facilitate MSE investment, especially in rural areas; and fourthly, that the observed differences among MSEs in the various agro-ecological zones, suggest that national policy should allow for variations that take local conditions into account.

TOWARDS A PRACTICAL UNDERSTANDING OF ENTERPRISE CLUSTERS IN KENYA



Dr. Kinyanjui M.

Clusters are a familiar part of the small-enterprise landscape in Kenya. Nearly every town has its “jua kali” site, its shopping centre, and its formal or informal market. Until recently, however, such clusters have received very little research attention.

For the last five years, researchers at IDS have been interested in enterprise cluster as a potential source of greater enterprise efficiency. A major study conducted between 1995 and 1997 under the

auspices of the Institute of Development Studies, Sussex, UK, provided important insights into the functioning of enterprise cluster in Kenya. More recently, a study funded by Britain’s Department for International Development (DFID), and the International Centre for Economic Growth (ICEG), enabled IDS researchers to extend their understanding of enterprise cluster in Kenya. It looked at a larger number of clusters spread over a wide geographical area, which represented several different industrial activities. The purpose of the study was to develop a profile of enterprise clusters in Kenya that can both be used to make preliminary assessment of the potential development, and as a basis for formulating an appropriate MSE cluster strategy.

The study of twenty-one small enterprise clusters has extended our understanding of the variety of clusters in Kenya, and the individual collective advantages to be reaped by encouraging clustering. The research raised a number of important issues regarding the types of small enterprise clusters found in Kenya. Although the collective efficiency framework grew out of analysis of clusters and, a much higher level of development, it has provided useful insights into the operations of these groundwork clusters as well. The analysis has, however, also made very clear the fact that these clusters rise or fall with the local economy.

TEACHING

New Masters Degree Programme

The IDS has responded to the increasingly high demand for skilled manpower in development projects, to become the second institution to offer a Masters degree in development studies in eastern Africa region. The MA programme addresses development issues using theories and methodological approaches of various academic disciplines. The course, however, assumes some

prior formal study, or practical experience in the social sciences. The curriculum takes advantage of the varied academic background and experiences of IDS research staff. It offers a programme characterised by theoretical vigour, and emphasizes on research methodology oriented towards peoples' concerns, and an interdisciplinary issue-based approach.

The programme will prepare students already grounded in the social sciences, who will deal creatively and effectively with development problems. All courses take a multidisciplinary approach and combine theory with practical application. In the pioneering academic year, 2000/2001, the Institute expects to admit some 15 students from eastern Africa region for the two-year programme.

Undergraduate Programmes

The Institute has continued to coordinate the teaching of Fundamentals of Development Courses to all Colleges, as well as to departments in the College of Humanities and Social Sciences, of the University of Nairobi. A part from the coordinating role in the course teaching, IDS staff provide service teaching of the same course to colleges and departments which do not have lecturers specialized on Fundamentals of Development.

TRAINING

The IDS focuses on professional development of the research staff and institutional capacity building. Institutional capacity building is achieved through collaborative programmes with the government and international organizations such as DANIDA, DFID of Great Britain, FORD FOUNDATION, IDRC, etc. In addition to that, the Institute also trains PhD students from all nations through Research Associateship. PhD students from other nations who wish to undertake research in Kenya are affiliated to the Institute and benefit from the advice of

experienced researchers. The Institute registers an average of five Research Associates every year.

RESOURCE BASE

The IDS maintains a departmental library with slightly over 100,000 titles. The library receives new titles regularly through the main University Library, Publication Exchange Programmes, and stocking through book and journal facility in the IDS/CDR research collaboration. This is presently the only computerized library in the University of Nairobi, courtesy of CDR/IDS collaboration phase I.

RESEARCH STAFF AND THEIR AREA OF SPECIALIZATION

In order to achieve its objectives of carrying out both basic and applied inter-disciplinary Social Science research, the IDS has managed to put in place, a well trained and experienced research staff, some of whom are as follows: -

Prof. Patrick O. Alila, PhD (Indiana)

- Public Policy Analysis
- Rural Development
- Concepts and Issues of Development
- Public and Development Administration
- African Politics

Prof. Njuguna Ng'ethe, PhD (Carleton)

- Political Science

Prof. Jama Mohamud PhD (Washington)

- Environment Economics
- Agricultural Economics

Prof. Okech B.A., PhD (Arizona)

- Natural Resources Development
- Environment and Development

Prof. McCormick D., PhD (Johns Hopkins)

- Economic Development
- Small Enterprise

Omosa M., PhD (Wageningen)

- Rural Development with specific Reference to Food Security

- Agriculture and Natural Resources Management

Munguti Kaendi, PhD (California)

- Medical Anthropology

Kanyinga K., PhD (Roskilde)

- Development
- Democracy
- Governance

Kinyanjui M.N., PhD (Cambridge)

- Economic Geography

Mitullah V.W., PhD (York)

- Special Reference to Provision and Management of Services and Policies, Relating to the same.

Atieno R., PhD (Giessen)

- Agricultural Economics
- Rural Financial Markets

Musyoki R.N., PhD (Florida)

- Sociology

Odhiambo W., PhD (Hohenheim)

- Economics
- Agricultural Quantitative Techniques

- New Institutional Economics Law and Economics Medium.
- Small scale Enterprises.

Njeru R.G., MA(Nairobi)

- Political Science
- Development Economics
- Project Design
- Monitoring and Evaluation of Civic Education
- Governance and Democratization
- Agricultural and Rural Development

Onjala J.O., MA (Nairobi)

- Development Economics
- Environmental Economics

Njoka J., MA (Nairobi)

- Social Audit
- Community Development
- Gender issues

- Social Development
- Capacity Building for Grassroots Organizations.

PUBLICATIONS

A part from teaching and training, the Institute disseminates knowledge and information through its publications. It produces three series of publications; Working papers, Discussion papers and Occasional papers. The last two series have worldwide distribution. Some of the latest publications in the year 1999/2000 include: -

Discussion papers

No. 299: Policies, Regulations and Organizational Capacity of Women Street Vendors in Kenya by Alila P.O.; Mitullah W.V.; Kamau A.W., (2000)

No. 298: Impact Assessment of Micro-Enterprise Projects by Chitere P.O.; Njeru E.; Otunga R.; Ongile, G.; Njoka J.; Copestake J.G.; McGregor J.A. and Johnsons (1999).

No. 297: Firm Linkages in Kenya's Tourism Sector by Alila P.O. and McCormick D. (1997).

No. 296: Inter-firm dynamics in the Construction Sector By Kinyanjui N.M. and Mitullah, V.W. (1997).

No. 295: Enterprises Cluster in Africa: On the Way to Industrialization by McCormick D. (1998)