



Affordable Housing Program

AHP Delivery Framework Overview

State Department for Housing and Urban Development

May 2023



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Introduction

- The Government of Kenya has a goal to deliver housing on ownership terms for the Kenyan citizens with an ambition to move from 30,000 mortgages to 1,000,000 mortgages with favorable ownership terms that have monthly payments as low as KES 5,000
- The Government also aims to bridge the annual gap of 250,000 homes by activating projects across the nation
- This ambitious program can be achieved by:
 - Focusing on the pipeline to launch ready projects on both national and county level;
 - Promoting economic recovery by linking MSMEs and Jua Kali sector to these projects; and
 - Making provisions in legislation for cheap and stable financing that will underwrite projects enmasse



Unaffordable and Unavailable



Unaffordable and Unavailable – Case Study of Mukuru



- Congestion is high in slums
 - The Mukuru Special Planning Area (SPA), for instance, comprises three settlements on 689 Acres including Mukuru Kwa Njenga, Mukuru Kwa Reuben, and Mukuru Viwandani
 - An estimated 100,561 households reside in this area under difficult conditions
 - Estimated population is 402,000 representing a density of 146 households per acre



Unaffordable and Unavailable – Case Study of Mukuru

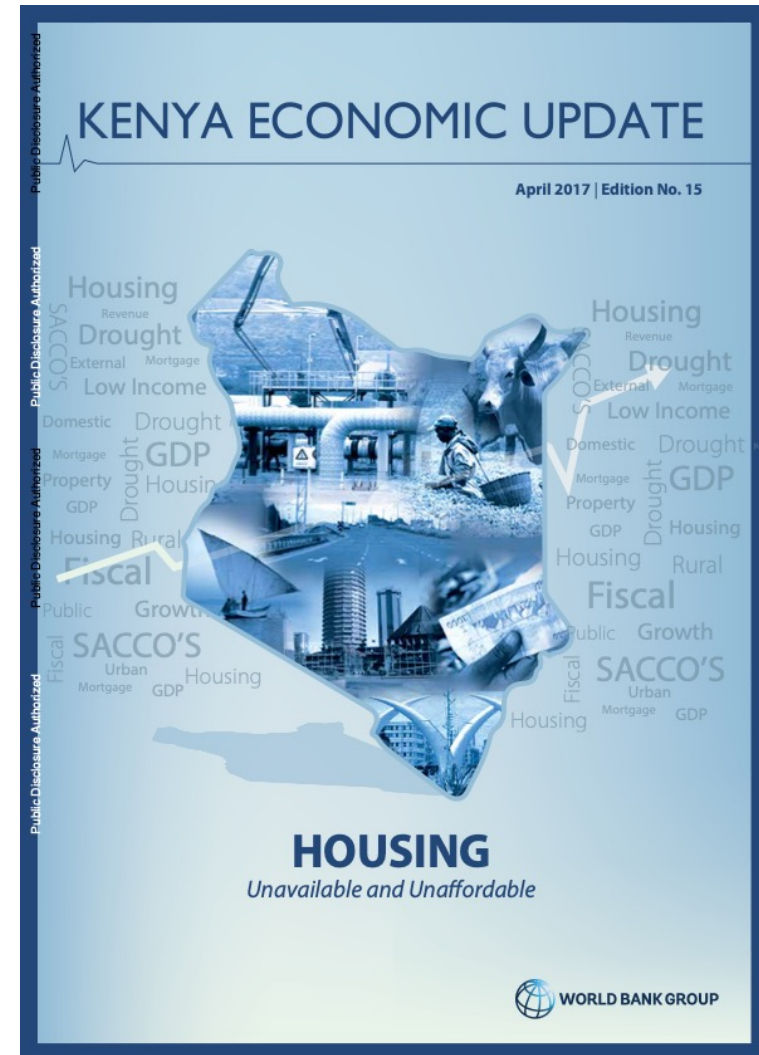


- The poverty penalty in slums and informal settlements is quite high
- Tenancy Arrangements
 - 94% of Mukuru dwellers are tenants in tiny iron sheet shacks with minimal infrastructure
 - Rent payment per dwelling unit is approximately KES 2,500 per month
 - Therefore, about KES 230 million is collected every month in form of rent
 - That translates to about KES 2.8 billion collected in Mukuru per annum in form of rent
- Water and sanitation
 - 172% more per cubic meter of water
 - Pay for every use of toilet facilities
- Electricity
 - 45% - 142% more for monthly electricity



Unaffordable and Unavailable

- The World Bank Study on Housing in Kenya in 2017 highlighted the consequence of the prevailing Housing Policy in Kenya by captioning housing as unavailable and unaffordable
- At the time, there was almost no supply on the market for a home less than KES 4 million (\$43,956), especially in Nairobi.
- By then the average cost of a home in Nairobi was KES 11 million
- About 6.4M Kenyans were living in slums representing about 56% of the country's urban population.
- 91% of people in Nairobi were renting because home ownership was out of reach





Cost of Construction

- Analysis of the cost of construction by the Center for Affordable Housing Financing in Africa disaggregated costs of construction in 2015/2016:
 - Land Costs – 23.4%
 - Infrastructure Costs – 14.5 %
 - Compliance Costs – 2.2%
 - Cost of Construction – 41.4%
 - Other Development Costs – 18.5%

- This analysis demonstrated that the delivery of affordable housing would have to address land costs, infrastructure costs, and compliance costs which amount to about 40% of costs

- 2021 study by CAHF indicated that land in Nairobi is the most expensive on the Continent

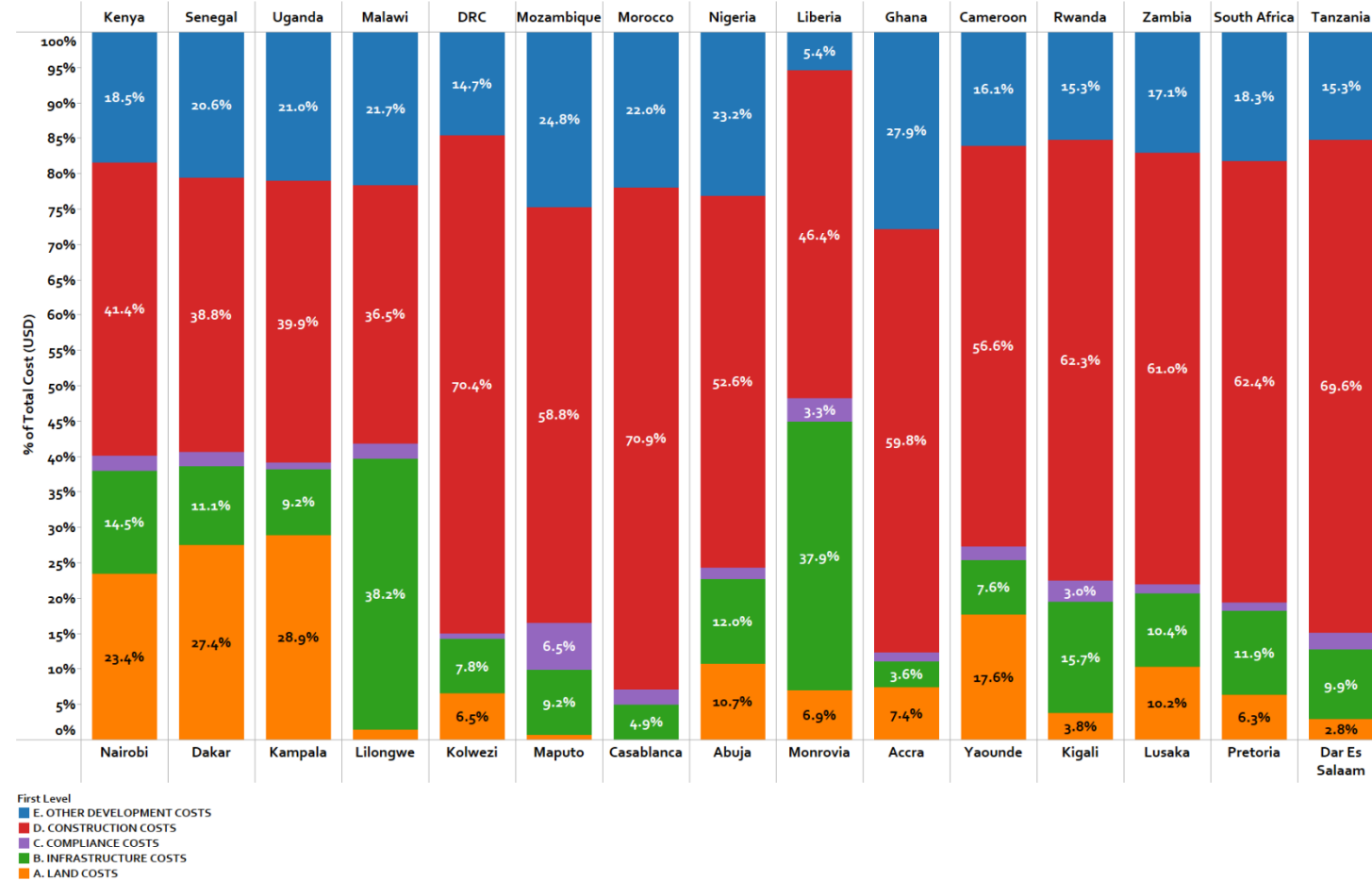


Figure 7: Comparison of Level 1 element costs Source: CAHF Housing Cost Benchmarking data (2016).

Why Does Government Need to Step In?



Why Does Government Need to Step In?

- The fiscal constraints remain and we run the risk of further creating a crisis in the housing sector (note the impact of the first structural adjustment policies)
- Despite the interventions most Kenyans are still unable to get home financing that is affordable
- The supply of affordable units is increasing but not fast enough and we need an approach that will allow us to move from piecemeal projects to projects at scale
- We can only reap the benefits of economic impact – job creation, wealth creation – if projects are large enough for economies of scale to be realized



What Does it Cost to Finance a KES 11Mn Home at Market Rates?

Cost of the Home

This is the total value of the property you are buying.

11000000 KES

Deposit Amount

How much deposit will you have saved?

0.0 12.5 10 %

Mortgage Amount

Based on your deposit, this is how much you will borrow.

9900000 KES

Loan Term (in years)

How long would you like to pay?

1 50 10

Interest Rate (%)

What is the interest rate of your loan?

0.1 20.0 15 %

KES 1,100,000.00

Deposit required

KES 18,487,033.16

Total loan payable (inc. interest)

YOU PAY...

KES 154,058.61

Monthly





Key Interventions of Government



Cost of land zero rated



Cost of infra zero rated



Multiple tax exemptions

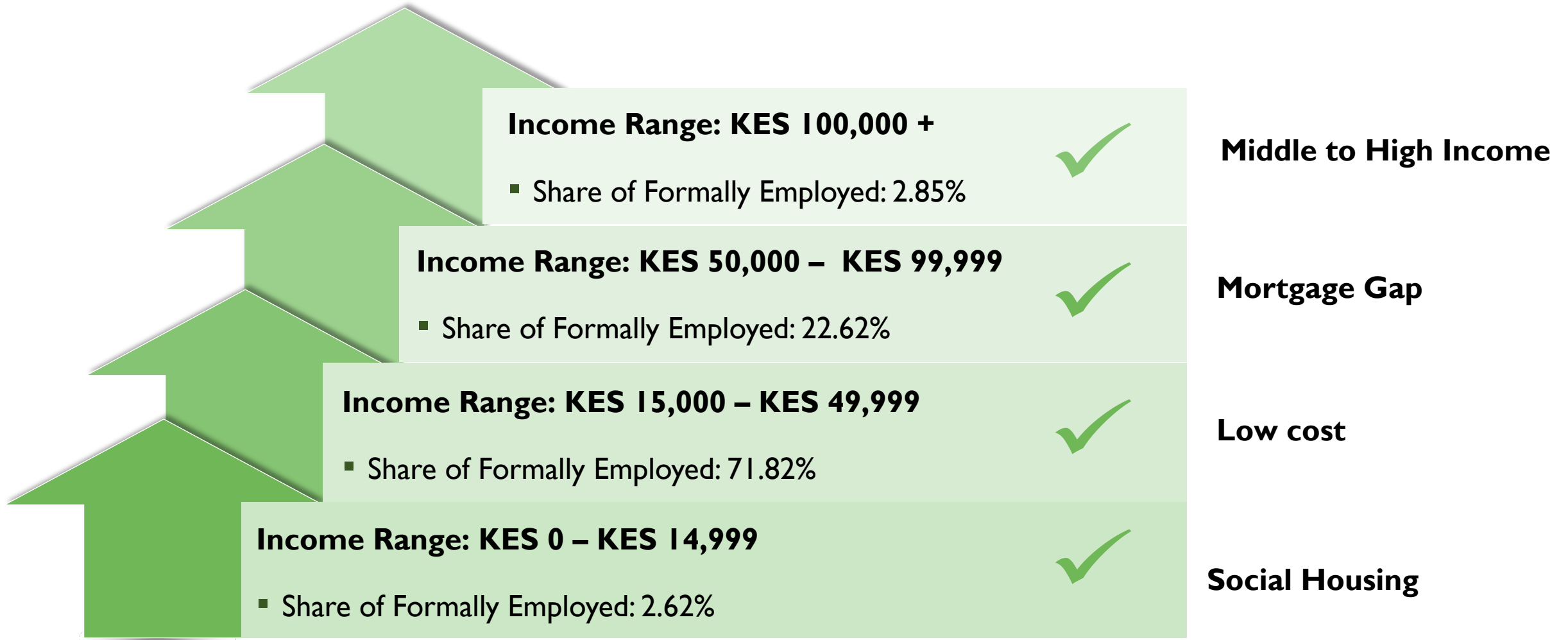


Lower cost of financing

The net effect is that the cost of units has significantly gone down
From an average of KES 11 Mn in 2017, we have an average cost of KES 3 Mn
But even at KES 3 Mn, majority of Kenyans cannot afford to own a home



Market Segmentation





AHP Offering to Hustlers



Parliamentarians

State Officers and Public Servants

Judiciary

CSs

PSs

Executive Office of the President

All the above get mortgages at 5% and below from their employer schemes

When market has failed, who will step in to give this benefit to hustlers?

Why can't we offer hustlers mortgages at 5%?



Summary of AHP Offering to Hustlers

S/No.		AHP	Market
1	Cost of Unit (KES)	3,000,000.00	3,000,000.00
2	Deposit (%)	10%	10%
3	Home Financing (KES)	2,700,000.00	2,700,000.00
4	Interest Rate (%)	5%	15%
5	Tenure (Years)	30	10
6	Monthly Payment (KES)	14,311.49	42,015.98
7			3 x



Through the Housing Fund, we can offer 5% home financing

Cost of the Home

This is the total value of the property you are buying.

3000000 KES

Deposit Amount

How much deposit will you have saved?

0.0 12.5 10 %

Mortgage Amount

Based on your deposit, this is how much you will borrow.

2700000 KES

Loan Term (in years)

How long would you like to pay?

1 50 30

Interest Rate (%)

What is the interest rate of your loan?

0.1 20.0 5 %

KES 300,000.00

Deposit required

KES 5,152,136.52

Total loan payable (inc. interest)

YOU PAY...

KES 14,311.49

Monthly



How does the Housing Fund Work?



Summary of Housing Fund as Intermediary

SUPPLY SIDE

- Developers have limitations on the number of units they can build because there are no guarantees on who will buy
- Developers will cherry pick where they will do developments
- Instead of building thousands of units, they limit their risks and build only limited numbers
- They price the risk because financiers perceive hustlers are a risky bet
- They have to put up more equity upfront and this is more expensive than debt
- They have long delivery periods because they have to match sales with draw downs of funds

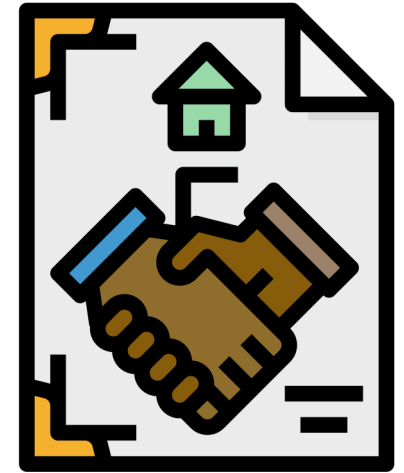


- Buyers lack adequate funding to take up units
- They do not qualify for mortgages because of lumpy cash flows
- Existing mortgages are too costly due to high interest rates and short repayment periods
- There is limited supply of affordable units in areas where buyers can be connected to transport corridors and centers of economic activities

DEMAND SIDE



Housing Fund Simplified



Members contribute to the Housing Fund

*Mandatory – 3% **CAPPED** at KES 2,500 per month (for highest salary band is max of KES 210,000 in seven years)*

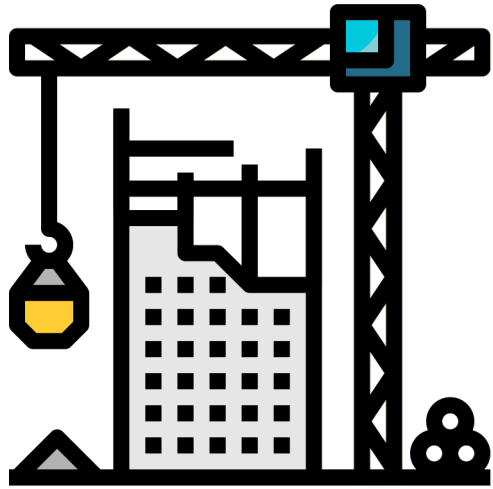
The Housing Fund collects members contributions and has a substantial balance sheet

(conservatively KES 9Bn per month for both voluntary and mandatory)

The Housing Fund offers offtake guarantee to developers so that they build units in thousands



Housing Fund Simplified



Developers believe the Housing Fund because it has a big pool of money with consistent contributions anchored in law and so they sign project agreements to build the units with their money

Developers finish building the units and deliver to the Housing Fund

The Housing Fund pays off the developers for completed units



The Housing Fund signs tenant purchase agreements with members for delivered units

The members are able to pay back the Housing Fund using affordable monthly payments

Continuous contributions allow the Housing Fund to continue sanctioning projects and financing members



Employees' Sweetheart Deal



The Housing Fund offers employees with the mandatory contribution a set of benefits that are unmatched in the market

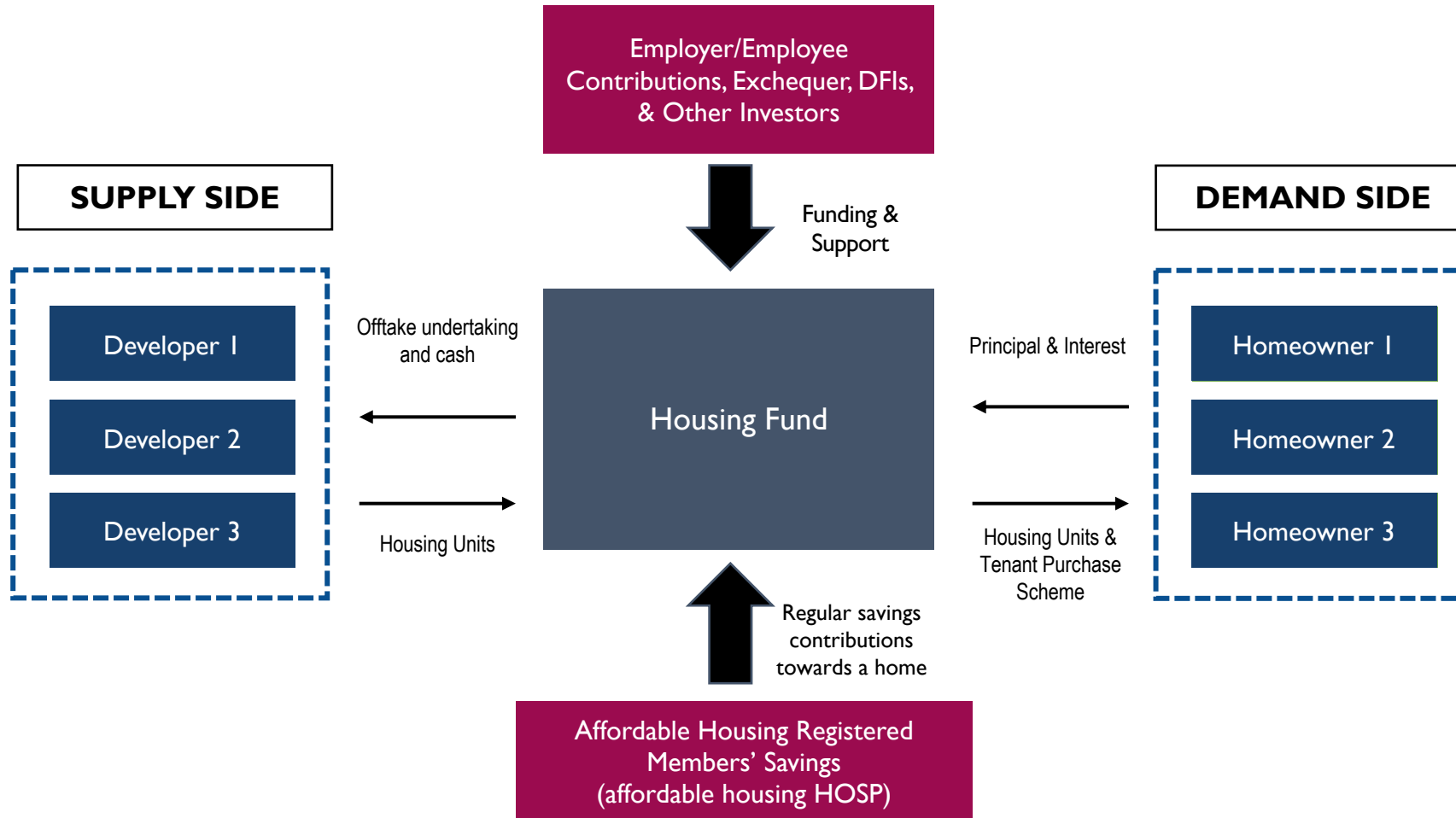


- You get a subsidized unit often with 55% - 60% costs being taken off (*Land: - 30%; Infra: - 15%; Taxes: - 10%; Stamp Duty: - 4% (for first time buyers)*)
- You get 100% return on your contribution because the employer matches
- While saving for the home, you get an Affordable Housing Relief of up to 15% of what you have saved capped at KES 9,000 per month
- When you get a home, you graduate to a mortgage relief of up to KES 300,000 per year on the interest paid on the mortgage
- If you do not get a home within seven (7) years, you can withdraw your money and you can get the employers' portion of contribution at retirement



Housing Fund Functions in Summary

The Housing Fund will mobilize capital, offer certainty of sales in the form of an off-take undertaking to developers, and provide accessible finance for home buyers through a National Tenant Purchase Scheme



CONFIDENTIAL



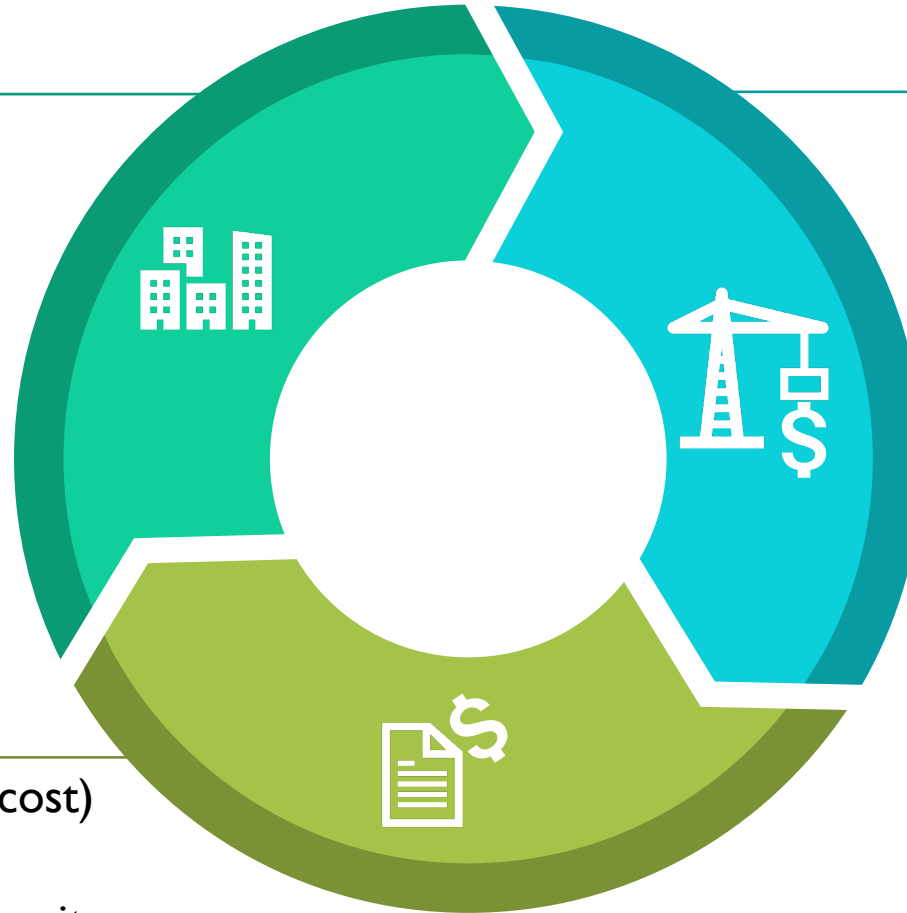
Summary of AHP Offering to Kenyans through the Housing Fund

House Models

- Projects will have three major typologies with the following minimum plinth/usable areas:
 - 1 bedroom – 20 m² / 30 m²
 - 2 bedroom – 40 m²
 - 3 bedroom – 60 m²

Selling Prices

- Generally, the selling price (all in cost) will be at KES 50,000 per SQM
- 10% deposit required to secure a unit
- Average service charge costs range from KES 1,000 to 3,000 per month



Financing

- Through the Housing Fund, we can provide a national tenant purchase scheme with monthly costs as follows:
 - 1 bedroom – KES 5,000
 - 2 bedroom – KES 10,000
 - 3 bedroom – KES 15,000
- Interest rate from Housing Fund will need to be 5% (fixed) and tenures will be 30 years
- Working with KMRC and participating banks, we can offer mortgages at fixed, single digit interest rates (below 10%)



Boma Yangu Dashboard



Dashboard

As of: 18th May 2023



Registered Today

129



Registered This Month

3,950



Total Registered

347,727



Savings Today (KES)

704,300

101 Transactions



Savings This Month (KES)

7,980,121

2,533 Transactions



Total Saved (KES)

1,816,527,931

142,376 Transactions



Average Savings (KES)

49,859



Total Refunds

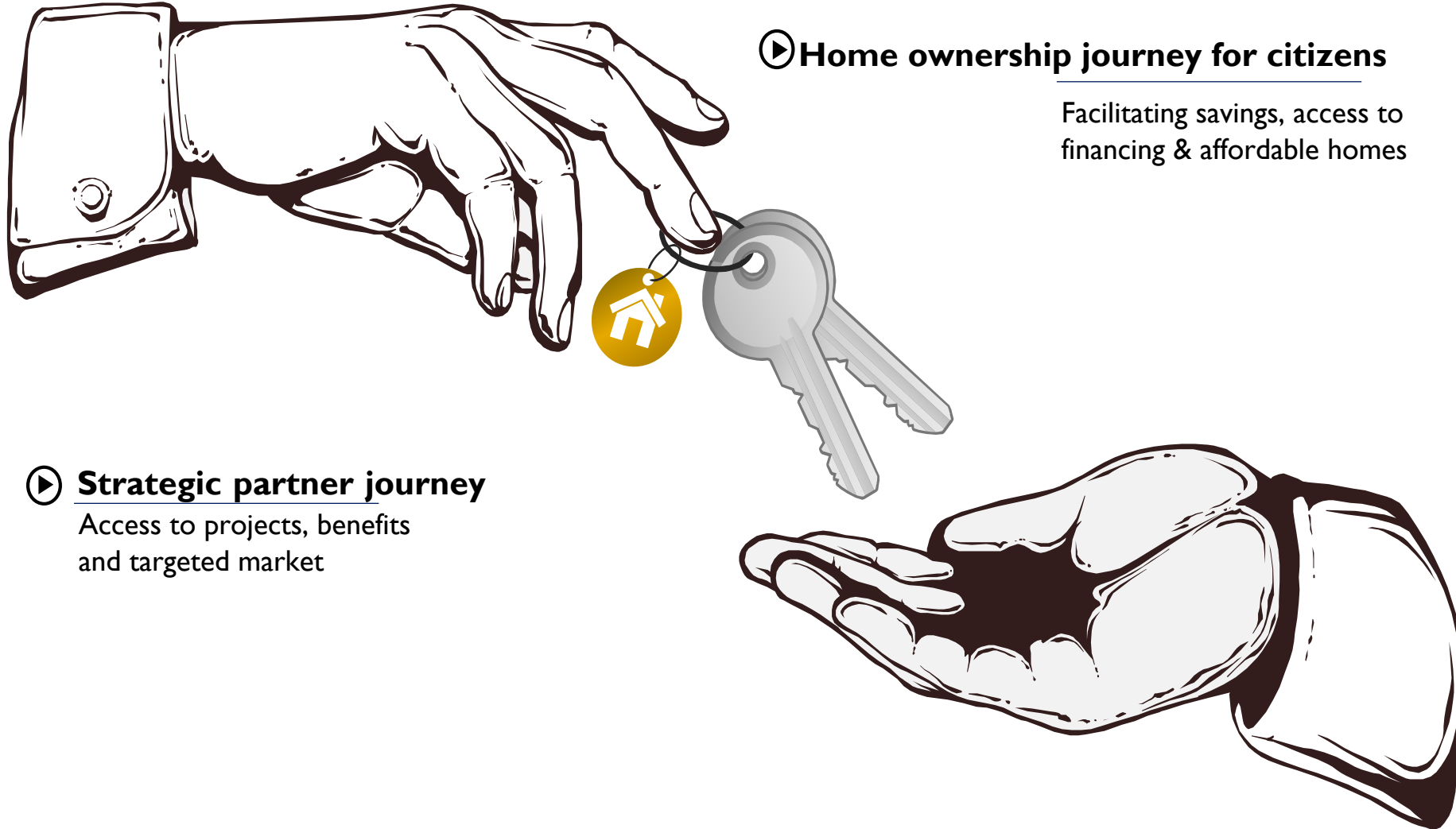
776,731,343



Total Projects

10

Boma Yangu Platform



▶ **Home ownership journey for citizens**

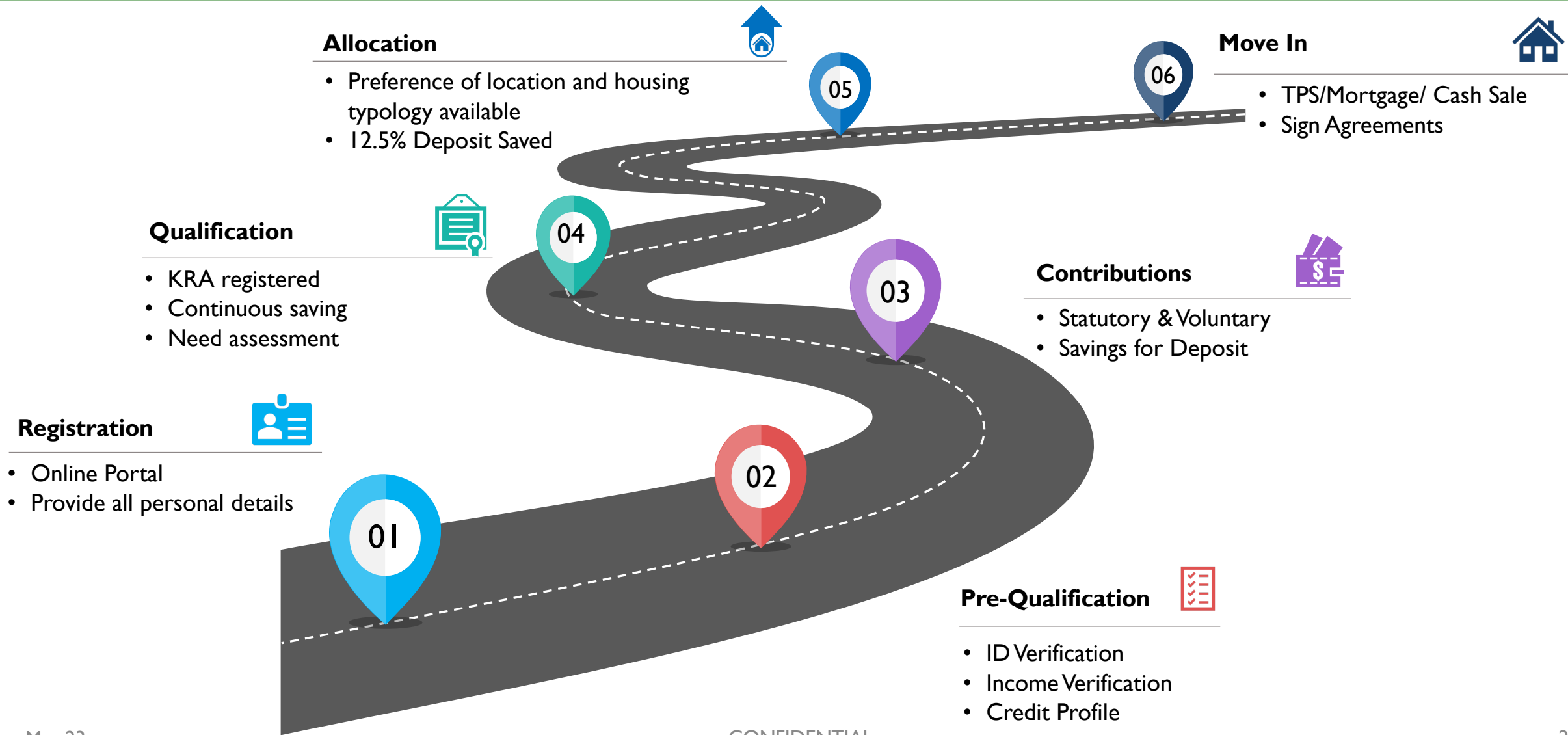
Facilitating savings, access to financing & affordable homes

▶ **Strategic partner journey**

Access to projects, benefits and targeted market



Affordable Housing Program End User Journey



Registration

- Online Portal
- Provide all personal details



Qualification

- KRA registered
- Continuous saving
- Need assessment



Pre-Qualification

- ID Verification
- Income Verification
- Credit Profile



Contributions

- Statutory & Voluntary
- Savings for Deposit



Allocation

- Preference of location and housing typology available
- 12.5% Deposit Saved



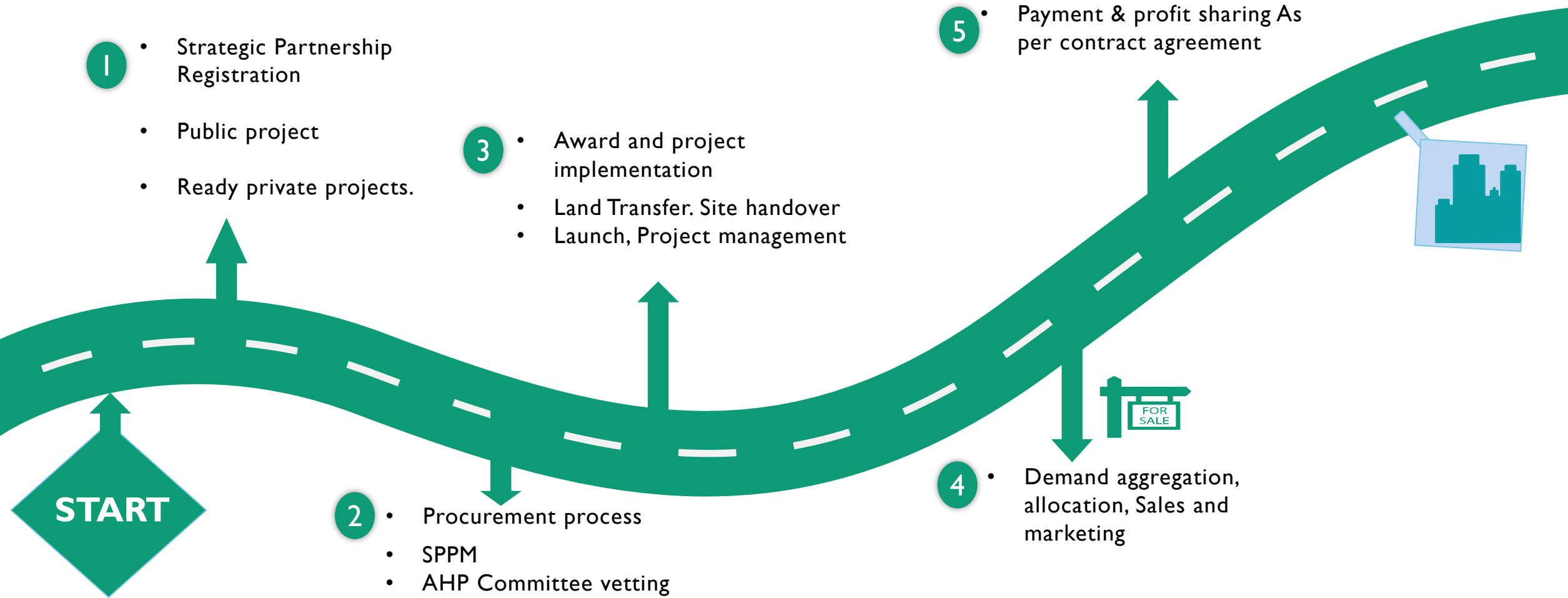
Move In

- TPS/Mortgage/ Cash Sale
- Sign Agreements



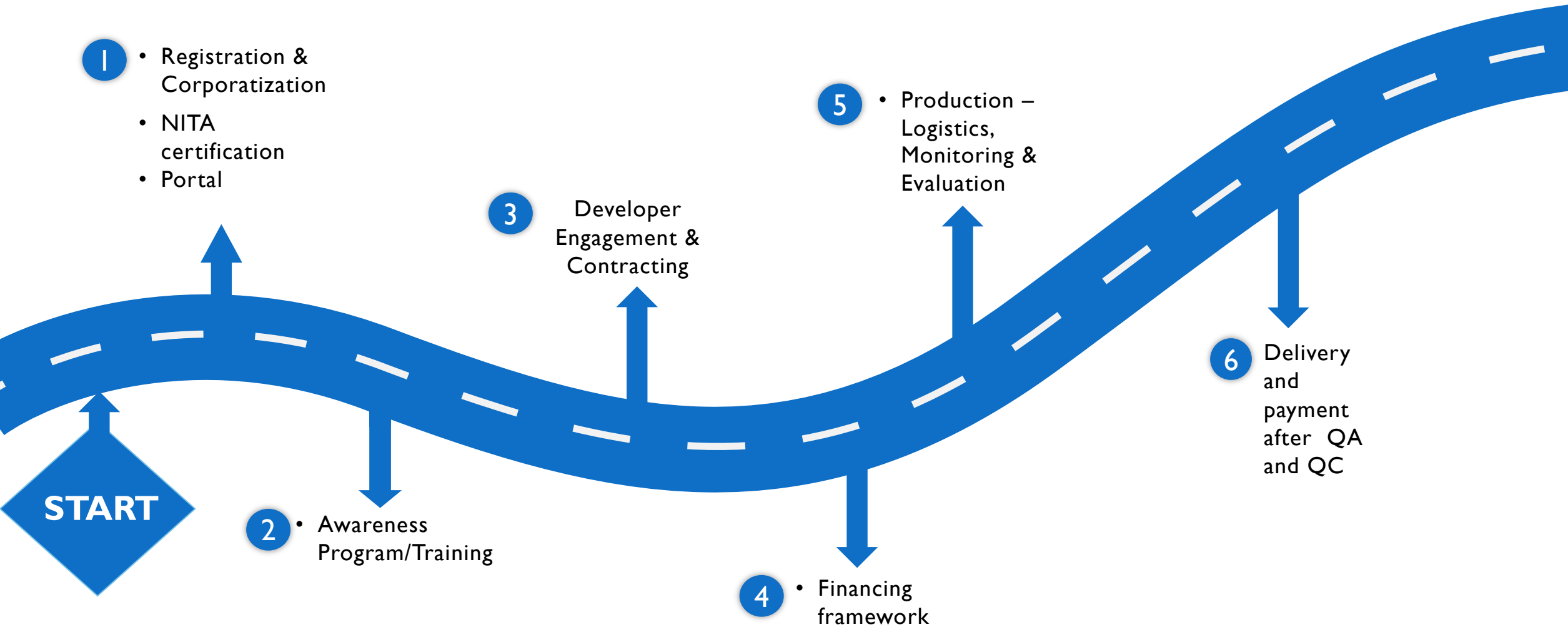


Affordable Housing Program Developer Journey





Affordable Housing Program MSME Journey



Economic Impact of Housing Projects

Snapshot of impact at National Level with 200,000 units



Affordable Housing and Economic Development

Impact on GDP



- Between USD 1.5 and USD 3 induced in the economy for every USD 1 invested
- Increased construction activity can become an important source of revenue through processing of permits, approvals, and other related activity

Job creation



- Construction of housing is labor intensive
- Labor can capture up to 10.5% of the value created by the spend on affordable housing
- We estimate that for every unit constructed, there are 3 – 5 new jobs created
- Up to 8 indirect jobs created per unit

Formalization of the informal sector

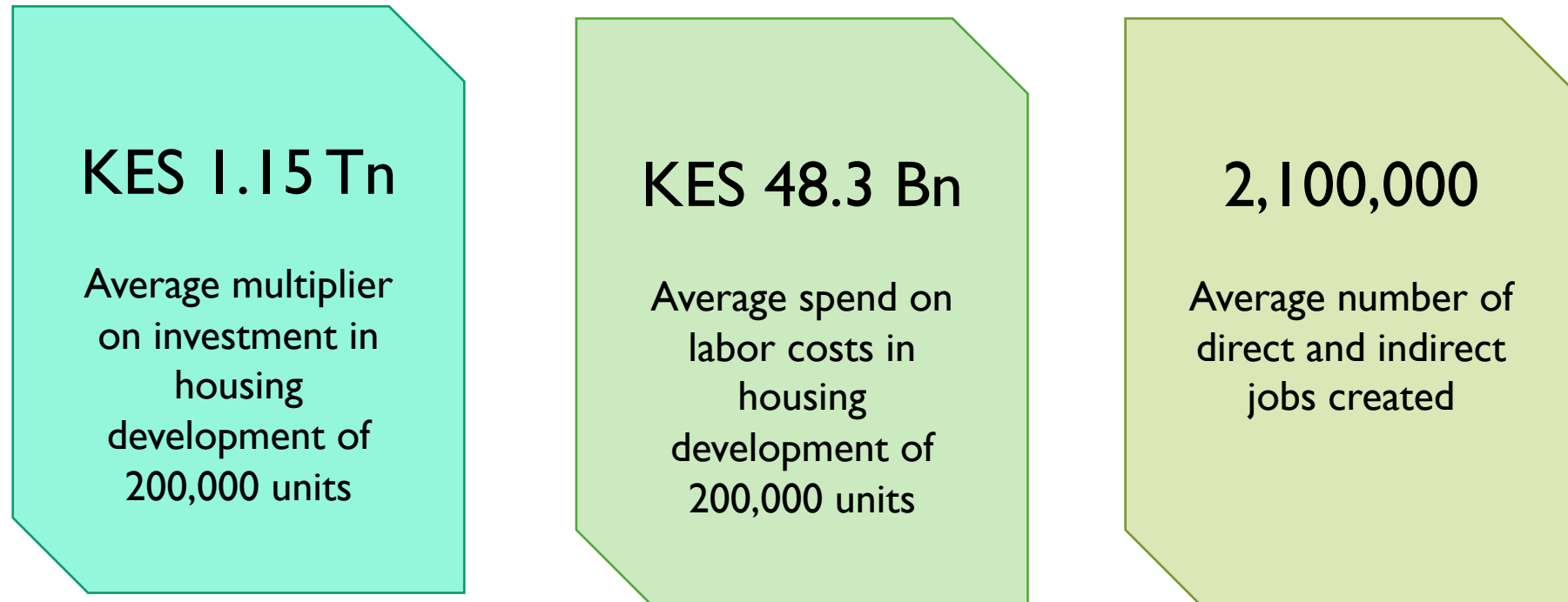


- Ringfencing strategies will ensure that the *Jua Kali* sector are able to supply inputs to the affordable housing program
- Light industries will also have the opportunity to provide construction materials such as cement, etc.



Summary of Economic Benefits for 200,000 units

- Assuming our delivery focuses on creating 200,000 new homeowners, the estimated economic benefits are as follows:

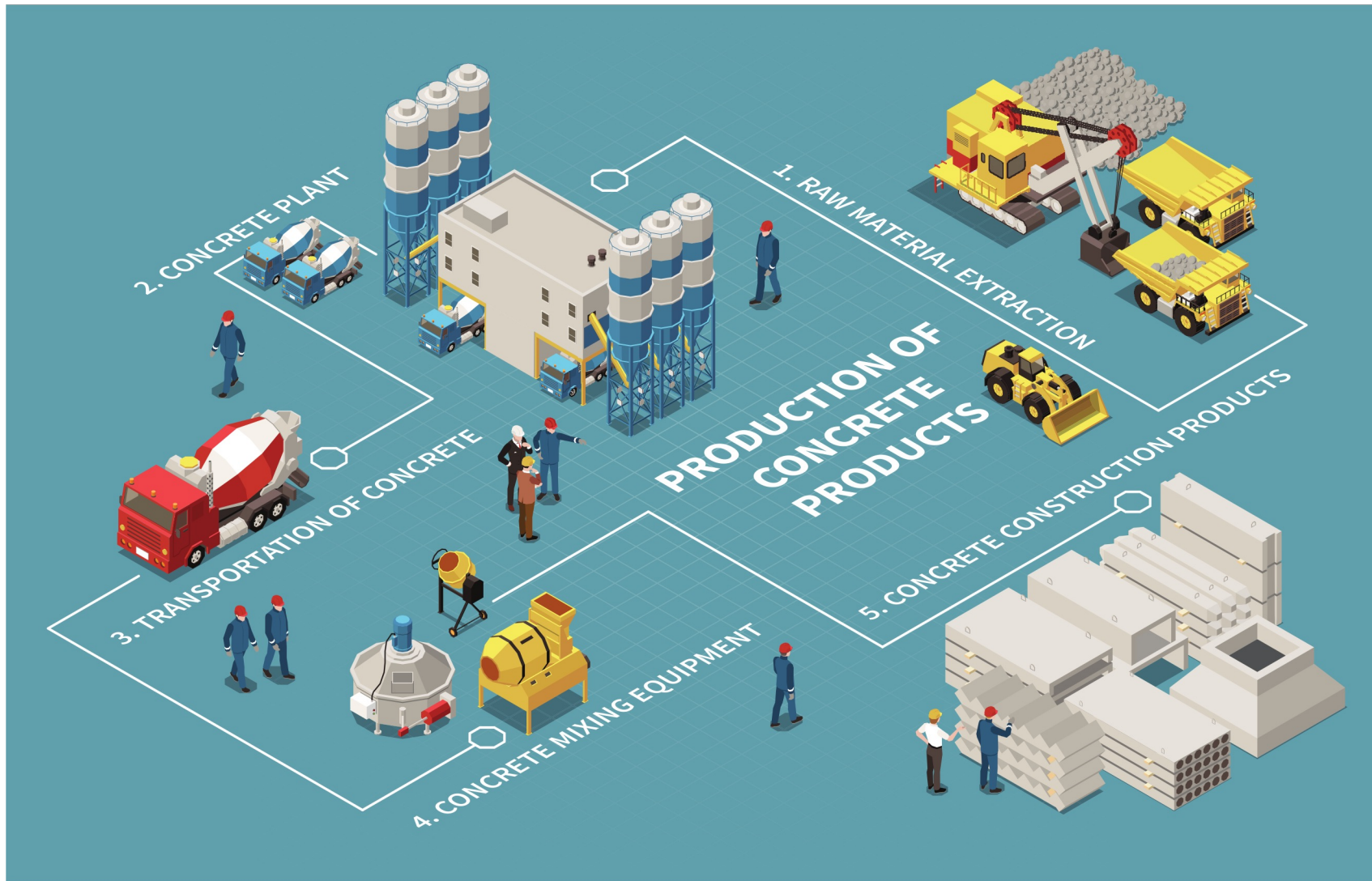


Notes:

- Assumes 2 - 3 multiplier on average invested in development of 200,000 units estimated at KES 460 Bn
- Assumes 10.5% of labor spend based on KES 460 Bn spend on development of 200,000 units
- Assumes average of 800,000 direct jobs and 1,300,000 indirect jobs based on 3 – 5 new jobs created and 5 - 8 indirect jobs per unit



Example of Cement Value Chain and Production of Concrete Products



- 200,000 units will require 18 Mn bags of cement
- Each of the nodes in the production of concrete products represents an enterprise that will employ many people and support livelihoods
- The jobs created are localized which leads to economic recovery in areas where projects and plants are located



Economic Benefits – Ngokamka Case Study



Corporatization

- NgoKamKa (NKK) corporatized three Jua Kali clusters:
 - Ngong Road Jua Kali Association (wood and metal work)
 - Kamukunji Jua Kali Association (metal work)
 - Kariobangi Light Industries (wood and metal work)
- New entity brought together 10,000 members



Direct Contracting and Financing

- NKK was contracted on the AHP Park Road Project
- Contract covered supply and installation of approximately 8,500 doors
- Contract sum was KES 120 Mn
- Park Road Contractor financed NKK with working capital



Operational Benefits

- NKK were able to fulfil a contract without a broker
- Earned more money and benefitted members directly
- Established relationships with Banks and can now access credit for operations
- Formalized operations and became bona fide tax payers
- Secured more project work with the Contractor locally and even in Uganda

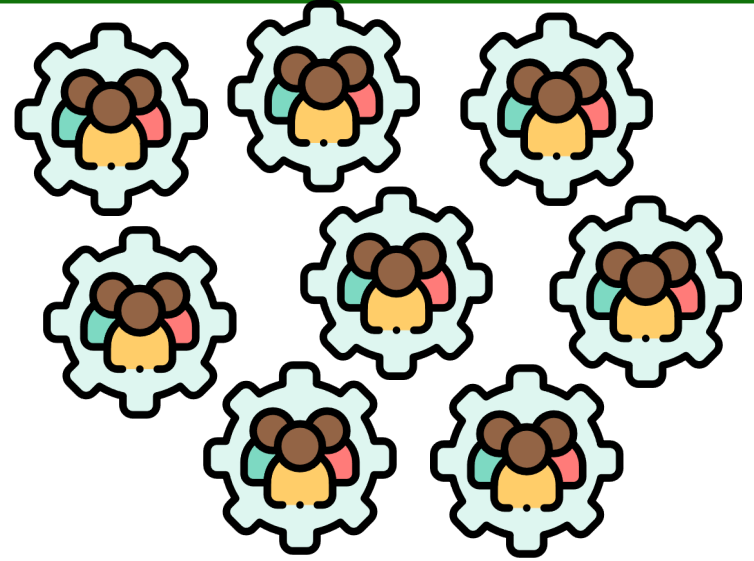


Creating Home Owners

- Most importantly, due to the proceeds of this work, 110 members of NKK saved enough money for deposits towards homeownership
- 58 were able to own homes and were provided TPS terms



Economic Benefits – Replicating the Ngokamka Case



Park Road Flagship

1	No. of Units	1,370
2	No. of Doors	8,500
3	Contract Amount (KES)	120 Mn

National AHP at Scale

1	No. of Units	200,000
2	No. of Doors	1.24 Mn
3	Contract Amount (KES)	17.52 Bn



Job Creation Opportunities

Sizing County Projects and related job creation opportunities (200,000 units)
No of jobs created



600,000 – 1,000,000



1,000,000 – 1,600,000



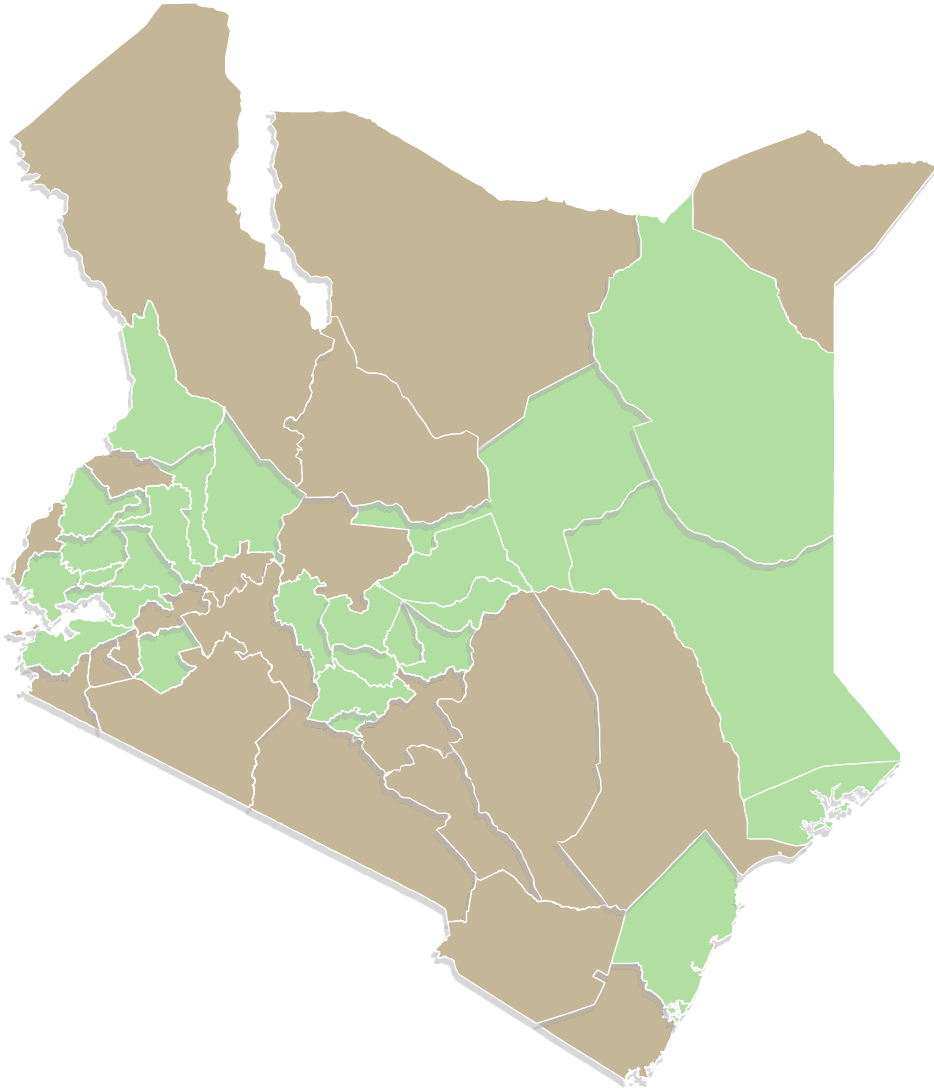
*Assumes 3 – 5 direct jobs created, and 5– 8 indirect jobs created

Project Progress Update

Summary of Select Projects from the Housing Pipeline



Summary of Pipeline Projects



- The State Department keeps an active pipeline of projects across the Country
- National and County Governments have provided land for potential projects.
- The current land bank has over 524 sites with over 7,000 acres on which AHP projects can be undertaken
- These are advertised from time to time for prospective investors to express interest.



Current Ongoing Projects – 9,935 units

- The following projects are ongoing and will be completed within the next five years of this administration:
 - Pangani Affordable Housing – 1,562 units
 - Bondeni Housing Nakuru – 605 units
 - Buxton Housing Project – 1,850 units
 - Bachelors Jeevanjee Housing Project – 1,800 units
 - Moke Gardens – 4,118 units

- Total: 9,935 units*



** Majority of these are county projects*



Launched by H.E. the President and Ongoing – 36,092 units

- H.E. the President has launched the following projects which are also currently ongoing:
 - Mukuru Met Site – 13,076 units
 - Kibera Soweto B – 4,054 units
 - Mavoko Affordable Housing – 5,360 units
 - Starehe Affordable Housing – 6,704 units
 - Shauri Moyo A Affordable Housing Project – 3,848 units
 - Ruiru Affordable Housing Project – 1,050 units
 - Homa Bay Affordable Housing (NHC) – 2,000 units

- Total: 36,092 units





Projects to be Launched – 31,000 units

- The following projects from the quick wins plan that are yet to be launched include:
 - Makongeni Affordable Housing – 30,000 units
 - Thika Affordable Housing Project – 1,000 units
- Total: 31,000 units
- We will be adding to this list as evaluations on advertised parcels of land are completed and packaged projects come online

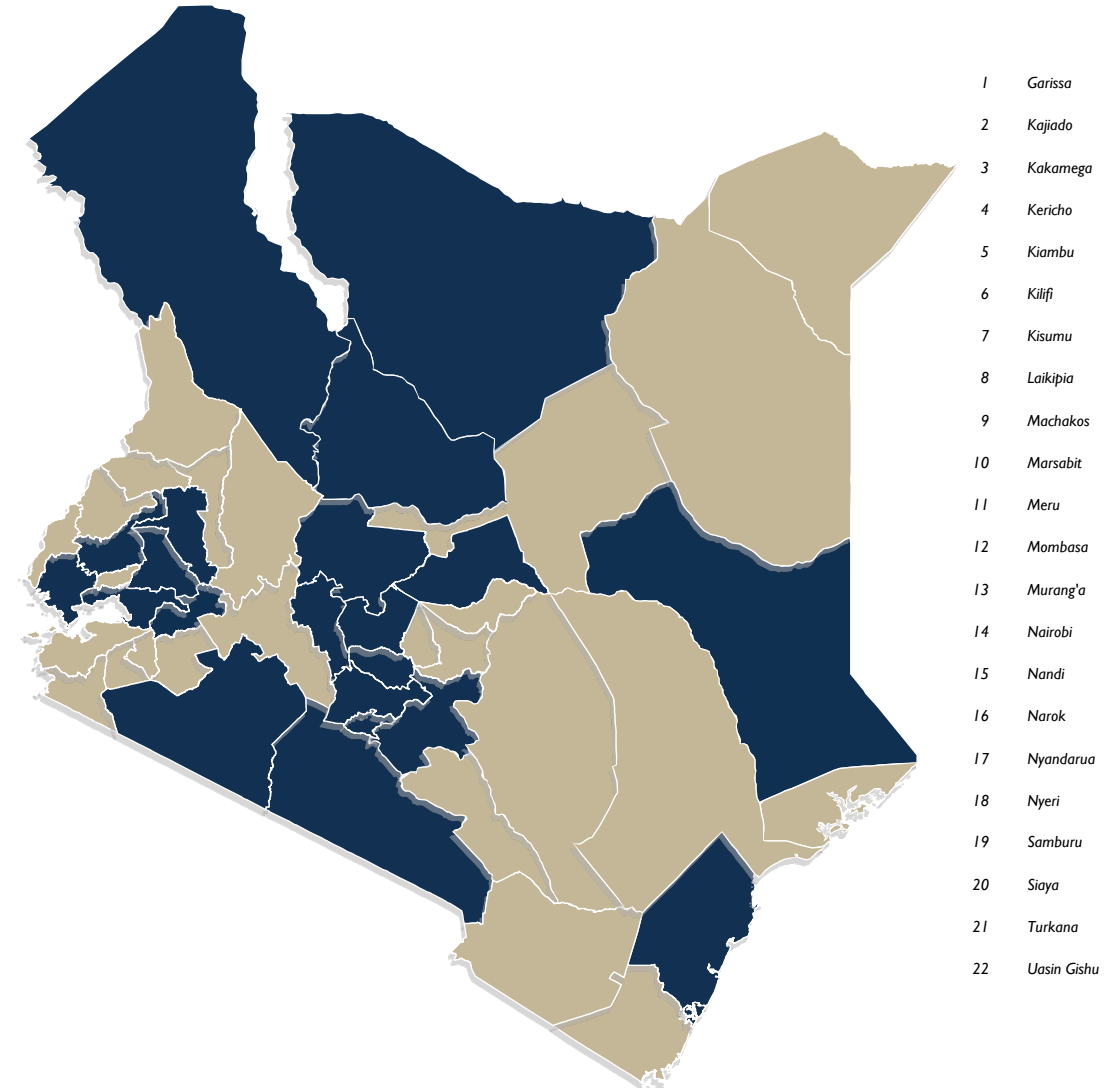


AHP Bid Rounds Updates



AHP Bid Round I – Summary

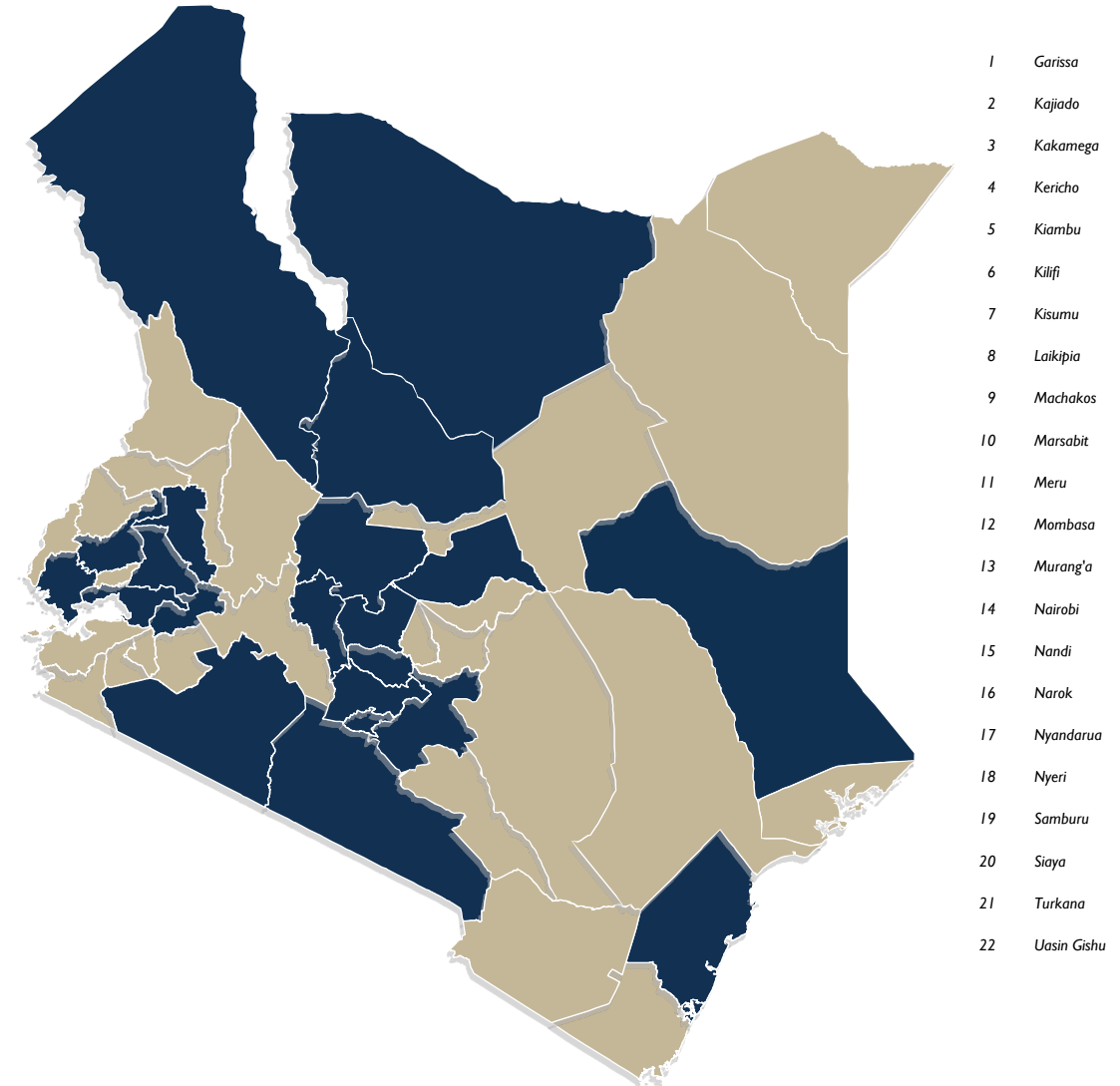
- Most recently, the State Department for Housing and Urban Development advertised 59 housing projects seeking developers who can design, build, finance, and transfer or sell these projects
- These catalytic projects have landownership from County Governments, National Police Service, Civil Servants Housing Scheme, and National Housing Corporation
- The cumulative land size is over 800 acres spread across 22 counties
- The estimated yield of units based on land submitted is 66,198 units





AHP Bid Round I – Summary

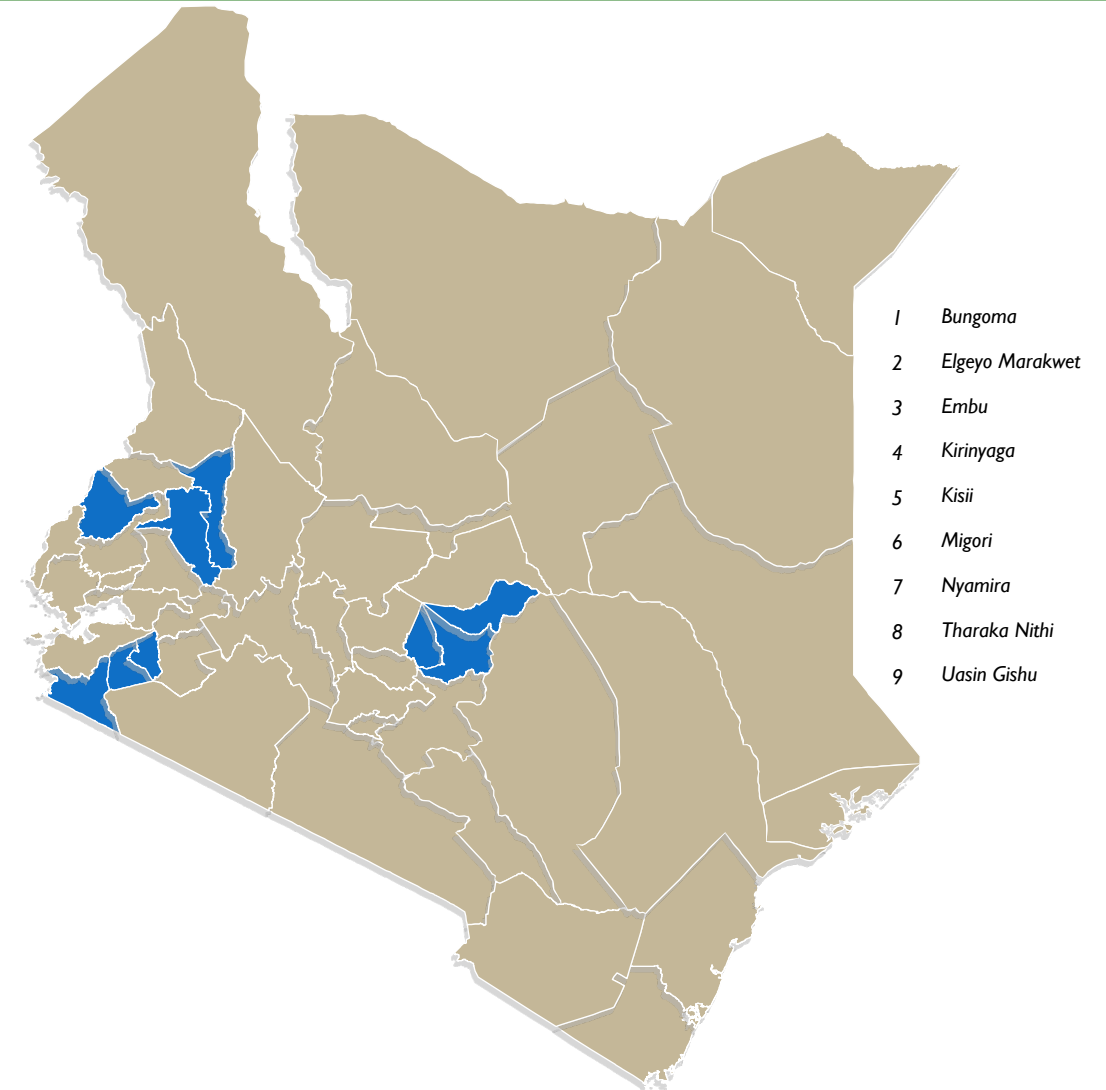
- The advertisement attracted 101 bids from investors
- Of the 59 total parcels of land, 34 parcels in 14 counties had bidders while 25 parcels did not attract investors
- Of the 34 parcels, only 25 had qualified (responsive) bids of which they are now under evaluation (see *full list provided below*)
- Kiambu parcels have failed to progress due to challenges from the County Government





AHP Bid Round 2 – Summary

- AHP Bid Round 2 had 50 parcels of land submitted from the noted nine (9) counties
- The cumulative land size is over 278.01 with an estimated yield of 41,701 units
- SDHUD received 2 bids for two pieces of land in Kisii and Nyamira County which are currently under evaluation:
 - Bonchari Housing Project, Kisii County (4.46 acres)
 - Nyansiongo Housing Project, Nyamira County (2 acres)



200 Units per Constituency

Snapshot of Economic Stimulus Program with potential yield of 58,000 housing units



200 Units per Constituency Program

...(1/2)

- AHP can have local area economic stimulus impact by targeting to put up 200 units in each constituency
- With 290 constituencies nationwide, this is a potential of 58,000 units
- Localizing this approach will create employment and income generation opportunities at constituency level
- Localization will also generate support for the program at the local level

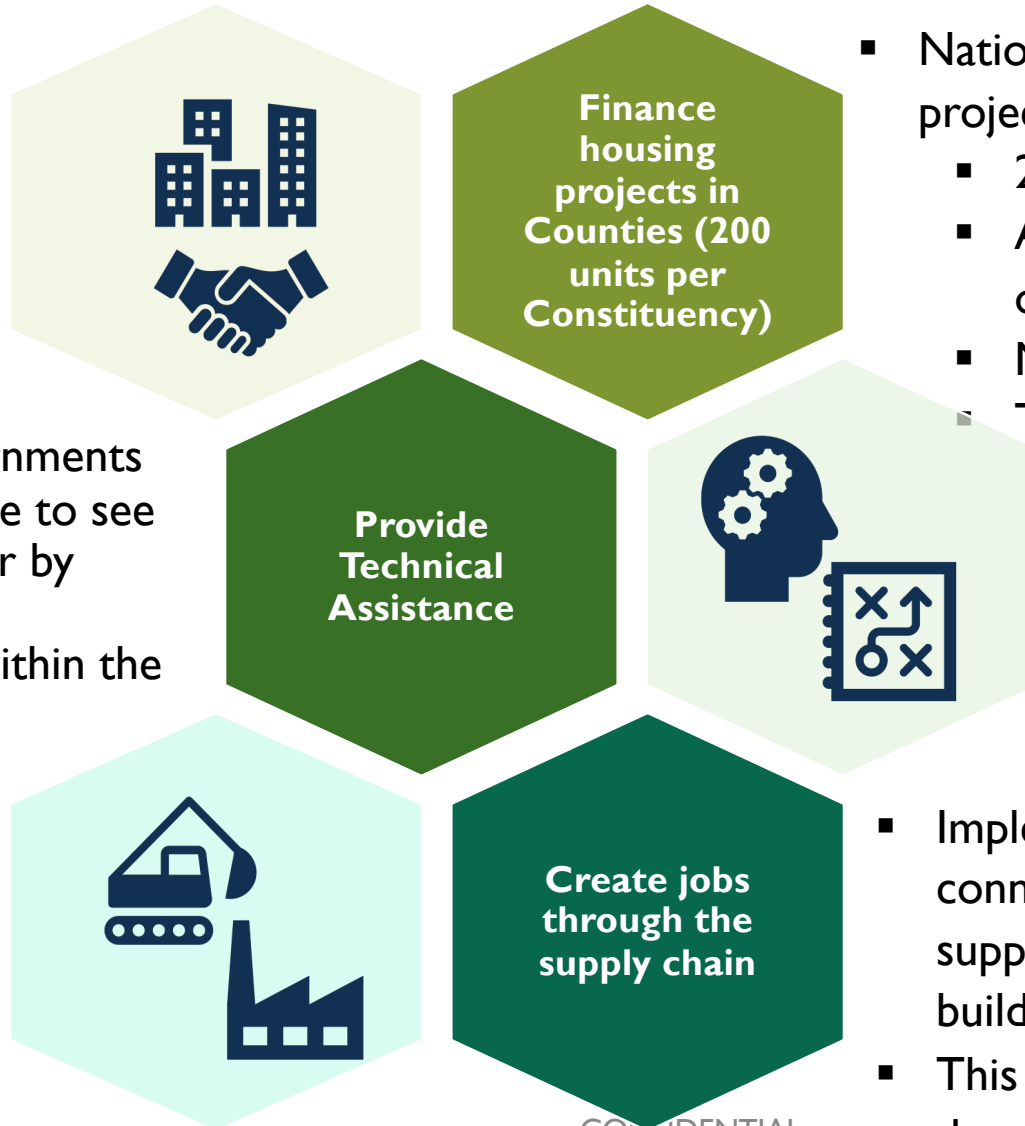




200 Units per Constituency Program

...(2/2)

- Support County Governments with technical assistance to see projects through (either by funding consultants or seconding staff from within the ministry)



- National Government to fund catalytic housing projects for each constituency with:
 - 200 units for public ownership
 - At least 10% of the units for county ownership (rental revenue)
 - Members of Parliament (MPs) to identify land
 - This will complement CDF
- Implement economic recovery projects by connecting the Jua Kali sector and MSMEs as suppliers of various inputs such as industrial building supplies, doors, windows, etc.
- This will create jobs and promote in-county development of supply chains



200 Units per Constituency Program – 178 Priority Sites

- The program has identified 178 priority sites that can be undertaken in the first phase
- All 178 sites have been assessed and will be undergoing design in anticipation of funding
- Already, several sites are under procurement to utilize the KES IBn for the first tranche of budget provided by National Government
- The full list of the priority sites is as an annex





200 Units per Constituency Program – Contractor Identification

- The State Department is currently evaluating bids for contractors who will be engaged under framework contracts to undertake the projects across all constituencies

- SDHUD received a total of 623 bids distributed as follows:
 - Nairobi – 125 bids
 - Central – 88 bids
 - South Nyanza – 42 bids
 - Central Nyanza – 35 bids
 - Western - 56 bids
 - Lower Eastern – 63 bids
 - Upper Eastern – 43 bids
 - North Eastern – 23 bids
 - South Rift – 49 bids
 - North Rift – 34 bids
 - Coast – 65 bids





THANK YOU

Disclaimer:

The purpose of this Presentation is to provide recipients with information on proposed program approach for the proposed Housing Agenda. This presentation is subject to change as the development framework is challenged and subjected to stakeholder engagement and market sounding.

Annexes

Annex I: Housing Policy over the Years



Pre-independence: 1928 – 1963

- Initial Government Policy on housing during colonial period was that of restriction of indigenous population from moving into towns.
- In the 1920's and 30's, global housing conventions placed housing as an obligation by Governments. In support of these global policies, The Central Housing Authority was established in 1943 and provided a medium for funding to local authority housing.
- Housing provision was mainly by Government/employers to employees and particularly in urban areas in places like Makadara and Bahati Estates in Nairobi.
- Between 1928-1961 – a total of 14,149 units produced.





Post-independence: 1963 – 1970s



- In 1965, Housing Finance Company of Kenya (HFCK) was established to provide bridging/construction and mortgage finance.
- National Housing Corporation (NHC) was established soon after in 1966
- Sessional Paper No 5 of 1966/1967 – was adopted, the first National Policy and it permitted private developers and individual landlords or employers to build houses to complement Government in Housing delivery.
- The Policy provisions were implemented through *site and service & tenant purchase schemes* among others.
- Some of the projects implanted under this policy included the Dandora and Kayole in Nairobi, and Makongeni in Thika, and among others.
- Housing Act, CAP 117 was enacted in 1967 to implement this Housing policy.



Market Growth: 1970s – 1980s

- The Private sector begun construction to cater for high-cost housing with Government providing infrastructure.
- Aided self-help groups & cooperative societies begun housing developments to augment Government & private sector efforts in providing housing.
- Housing Research and Development Unit (HRDU) was established at the University of Nairobi for research of low-cost building.
- Structural adjustment programmes informed by change of policy by United Nations & World Bank, rapid urbanization & dwindling resources influenced change of policy from provision to providing an enabling environment.





Market Deepening and Expansion: 1990s – Present














- Government enacted three major policies on housing:
 - National Housing Policy
 - purposed to address the deteriorating housing conditions countrywide and to bridge the shortfall in housing stock that arose from demand that far surpassed supply, particularly in urban areas
 - National Slum Upgrading and Prevention Policy
 - aims at guiding the country towards upgrading of existing slums and preventing emergence of new ones in a coordinated and systematic manner.
 - National Building and Maintenance Policy
 - aims at ensuring a consistent approach to the maintenance of the built environment and ensuring adequate health, safety and environmental standards, return on investment, convenience and comfort for the users.

Annex II: Opportunities for MSMEs



Analysis of Supply Chain Opportunities (200,000 units per year)













	Units	Total
 Hollow Interlocking concrete blocks	LF	75,900,000
 Precast structural members	LF	75,900,000
 Precast concrete waffle slabs	LF	75,900,000
 Construction using recycled maritime shipping containers	LF	75,900,000
 Alpha Blok – Hollow concrete interlocking block for walling.	LF	75,900,000
 Prefabricated timber	LF	75,900,000
 Interlocking stabilized soil blocks (ISSB)	LF	75,900,000
 Burnt bricks	LF	75,900,000
 Machine Cut stones and hand-hewn quarry stones	LF	75,900,000
 EPS supstructural walling	LF	75,900,000
 Waffle slabs	SM	4,800,000



	Units	Total
 Metallic curtain rails	No.	1,050,000
 Clothes lines	LM	825,000
 MDF block board	SM	1,687,500
 Signage: Name plates and House labels	No.	200,000
 Manhole covers	No.	450,000
 Handrails	LM	400,000
 Dustbins	No.	200,000
 Clothesline anchors	No.	800,000
 Thermoplastic dustbins	No.	675,000

*The list is limited to materials that can only be sourced locally



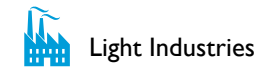
Analysis of Supply Chain Opportunities

	Tools and Equipment	Units	Total
	Steel wheelbarrows	No.	125,000
	Trowels	No.	400,000
	Chisels	No.	400,000
	Hammers	No.	400,000
	Paintbrush rollers	No.	400,000
	Rakes	No.	400,000
	Slashers	No.	400,000
	Hoes	No.	400,000
	Pangas	No.	400,000
	Plastic buckets	No.	400,000
	Marking pegs	No.	400,000
	Dungaree overalls	No.	650,000

	Tools and Equipment	Units	Total
	Dust coats	No.	275,000
	Safety Boots	No.	700,000







**The list is limited to materials that can only be sourced locally and most importantly, they can be sourced at local hardware stores*






- LM Linear Meter
- SM Square meter
- LF Linear Feet
- Ton Tonnes
- KG Kilogram












Analysis of Supply Chain Opportunities

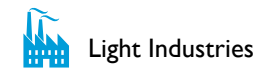
	Rainwater Goods	Units	Total
	150x200mm box gutter, 1800mm long	No.	1,925,000
	Stopped ends	No.	550,000
	Rainwater outlets	No.	550,000
	100x100mm box downpipe, 1800mm long	No.	1,462,500
	Swanneck	No.	550,000
	Horseshoe bend	No.	550,000

	Materials	Units	Total
	Natural stone hardcore filling	Ton	3,825,000
	50mm Thick Murram blinding	Ton	987,500
	River sand	Ton	3,700,000
	Aggregate	Ton	3,462,500
	Nails, Assorted	KG	3,275,000

	Doors and Windows	Units	Total
	900x2100mm High single leaf steel doors (external)	No.	300,000
	800x2100mm High semi solid core flush doors (internal)	No.	350,000
	900x2100mm High semi solid core flush doors (internal)	No.	300,000
	100mm Steel butt hinges	Pairs	2,250,000
	Three-lever mortice locks	No.	275,000
	Two-lever mortice locks	No.	475,000
	Barrel bolts	No.	350,000









*The list is limited to materials that can only be sourced locally

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Analysis of Supply Chain Opportunities

	Windows	Units	Total
	900x500m High semi-circular steel casement windows	No.	225,000
	1500x1100m High semi-circular steel casement windows	No.	275,000
	1200x1100m High semi-circular steel casement windows	No.	300,000
	900x1100m High semi-circular steel casement windows	No.	200,000
	275x75mm pcc windowsill	LM	1,725,000
	Window grills	SM	1,050,000
	Curtain rods and rails	SM	1,225,000
	Single tariff meter board (3ft x 4ft x 9 inches)	No.	200,000

**The list is limited to materials that can only be sourced locally*

LM Linear Meter

SM Square meter

LF Linear Feet

Ton Tonnes

KG Kilogram



Light Industries

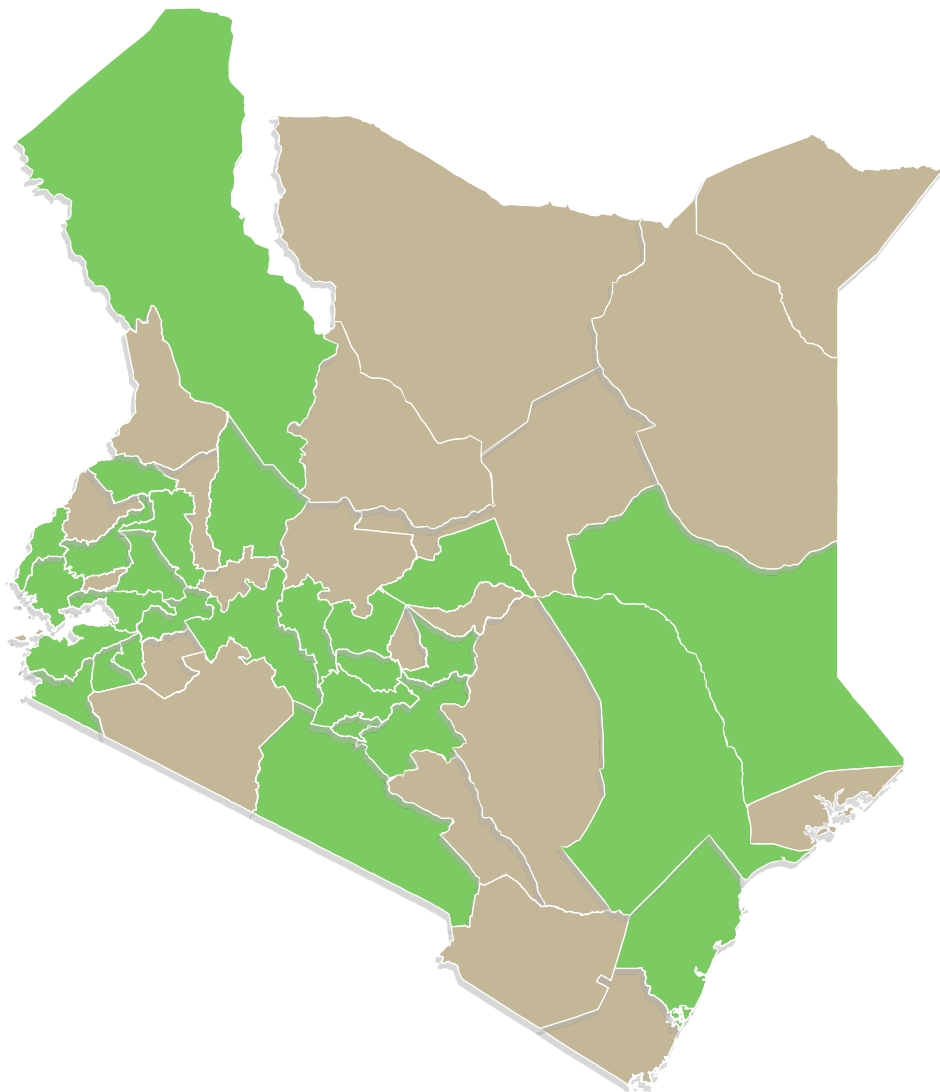


Jua Kali Industries



MSMEs and Jua Kali Integration with TVET Institutions at County Level

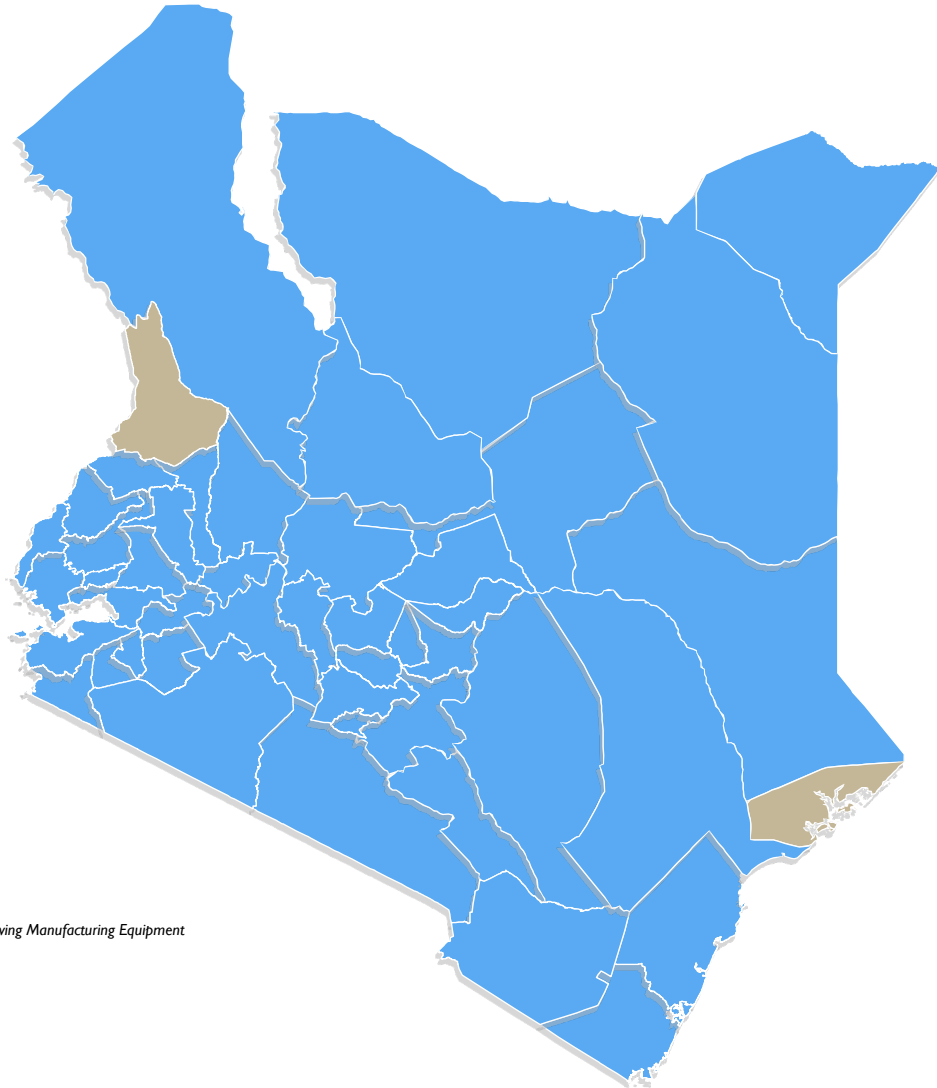
- 1 Baringo
- 2 Busia
- 3 Embu
- 4 Garissa
- 5 Homabay
- 6 Kajiado
- 7 Kakamega
- 8 Kericho
- 9 Kiambu
- 10 Kilifi
- 11 Kisii
- 12 Kisumu
- 13 Machakos
- 14 Meru
- 15 Migori
- 16 Mombasa
- 17 Murang'a
- 18 Nairobi
- 19 Nakuru
- 20 Nandi
- 21 Nyamira
- 22 Nyandarua
- 23 Nyeri
- 24 Siaya
- 25 Tana River
- 26 Trans-Nzoia
- 27 Turkana
- 28 Uasin Gishu



- Nationwide there are 246 TVET institutions that are fully equipped with equipment that can be used for various economic activities at the local level
- Out of these, 49 have equipment for building and civil engineering that can deliver affordable housing
- The institutions are in 28 counties (illustrated in green alongside) indicating that projects in these counties could readily benefit from the local area economic recovery plan involving MSMEs



MSMEs and Jua Kali Integration with TVET Institutions at County Level



Counties Without TVETs having Manufacturing Equipment

- 1 Lamu
- 2 West Pokot

- Out of these, 149 have equipment for manufacturing that can support Jua Kali to manufacture components for construction of homes
- The institutions are in 45 counties (illustrated in blue alongside) indicating that projects in these counties could readily benefit from the local area economic recovery plan involving MSMEs



Key principles for working with the MSMEs and the *Jua Kali* sector

Program Standardization

- Promote local enterprise in the Development Framework Guidelines (DFGs)
- Standardize inputs for housing units through the Jua Kali Production Manual
- Ringfence inputs supply for Jua Kali sector, SMEs, and other special groups
- Allocate land and industrial space for their enterprises
- Quality and DFGs compliance auditing framework



Obligations for SMEs and Jua Kali sector



- Corporatize and formalize the industry
- Register with iTax
- Adherence to inputs standards in the development framework
- Support training and licensing for members and workers

Collaboration



- Sign MoU with organized groups of target groups i.e., Jua Kali associations, SMEs, and special groups
- Requirement for developers to allocate contracts for certain inputs to these groups
- Report on provision of goods and services to affordable housing projects

Benefits

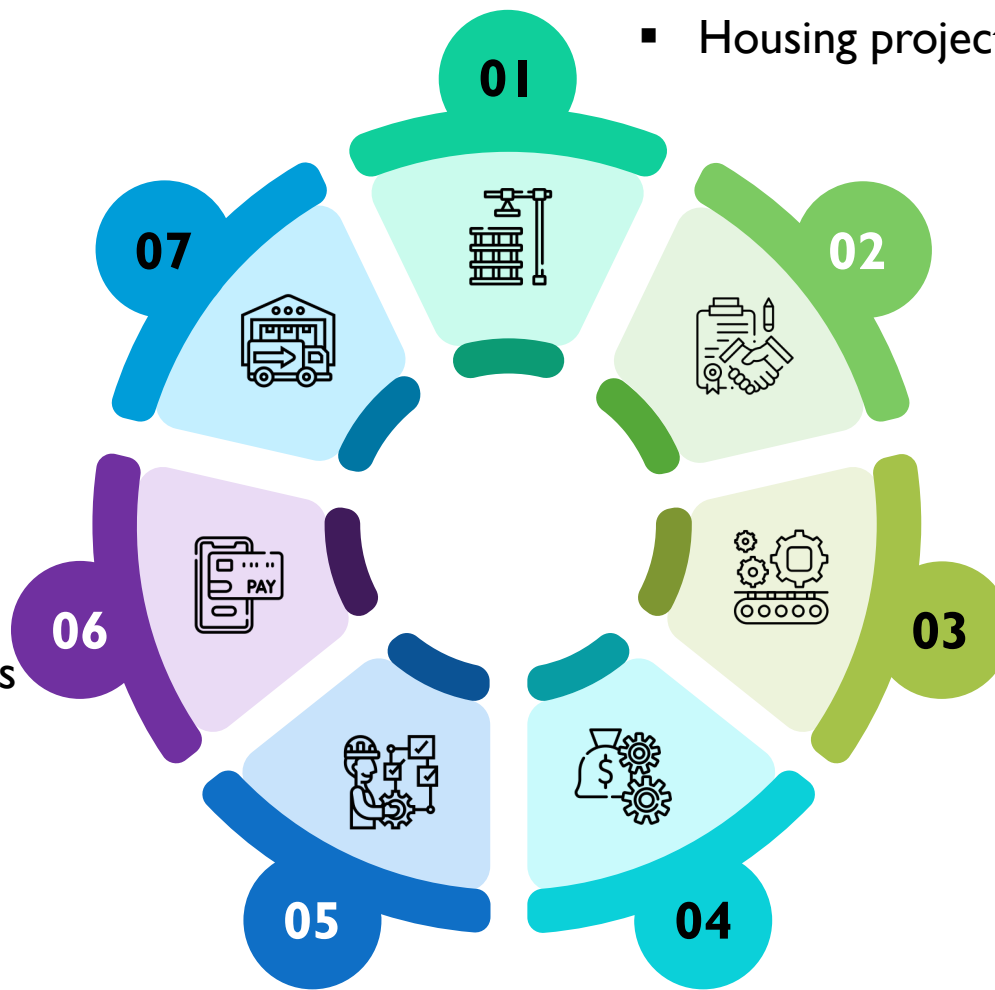
- Create avenues for wealth creation and job creation for low-income segments
- Generate new income tax revenue through increased income of participants
- Facilitate transfer of skills, compliance with industry standards, and formalization of cottage industries





MSMEs and Jua Kali Integration with TVET Institutions at County Level

- Aggregator warehouses items, and sell to developers in housing projects and/or supply projects in Government that require ringfenced items
- Aggregator pay MSMEs for produced items less fees to TVETs for space, equipment, etc.
- MSMEs manufacture items at TVETs and sell to an appropriate aggregator



- Housing projects launched
- MSMEs corporatize and contracted to provide ringfenced items
- MSMEs connect with respective TVETs for training, equipment, workspace, and quality assurance
- MSMEs apply to Hustler Fund for working capital to fund materials purchase and other related business costs