

FSD paper 413.

The Informal Sector: Reaching the Urban / Rural Poor through Schools and Religious Institutions



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Abstract

The focus of this paper is on the initiatives by KTTC to reach the urban and rural poor using FaB approach to train micro, small, and medium enterprises (MSMEs). MSMEs s accounts for 80% of total employment, but are unable to provide more 20% of the GDP owing to lack of technical and entrepreneurial skills. KTTC has partnered with COL to introduce an innovative approach to training the informal sector whose objective is to ensure convenience, and flexibility in skill development. The paper outlines the policy framework within which the Flexible and Blended Skills development initiatives at KTTC, will contribute towards the Vision 2030, millennium goals and realization of the TIVET ACT (2013). FaB interventions to reach the rural and urban poor will benefit from the establishment of an Incubation Center, where such training creates an enabling environment for MSMEs to move innovations into the market place. The incorporation of FaB approaches in teacher training is an important initiative owing to the possible multiplier effects as the student teachers cascade the use of FaB in their institutions and immediate communities. Corporate Social Responsibility initiatives have also been supported by FaB approaches that enable KTTC reach poor parents through schools and religious institutions. The major challenges facing the FaB approach are external, and contributes to delays in establishing an effective framework for informal sector training. With the government's establishment of various funds targeting the informal sector, particularly the youth, women and people living with disability the role of FaB is set to become more critical in the training within the informal sector in Kenya.

INTRODUCTION

The problems of unemployment and poverty are experienced globally. However, the problems are more acute in developing economies especially among the urban and rural poor. Majority of the poor and vulnerable live in the slums in big and small cities and rural areas where the income per capita might be less than a dollar; and people not affording a meal a day.

The Republic of Kenya Policy Papers: Sessional Papers Nos.1,1986 on Economic Recovery; 2,1992 on Self employment and Jua Kali (“Hot Sun”) Sector; 2005 on Employment Creation, Innovation and Creativity; Vision 2030; and the Millennium Goals among other Government Documents emphasize on job and wealth creation through enterprise growth and development. The papers stress on the informal sector development as the solution to the socio- economic problems of the poor and vulnerable, unemployed youth, women, and people living with disability (PLWD) through the development of Micro, Small and Medium Enterprises (MSMEs).

The government aims to provide decent employment through entrepreneurship since wage employment has become scarce. Besides, with the introduction of free primary and subsidized secondary education the number of school graduates from primary to college levels has increased. These groups need jobs that are not in existence. (Video 1: [Kenya: The challenges of unemployment](#))

The Government mission is to provide decent employment through entrepreneurship by enhancing the performance of the informal sector. The sector known as “Jua Kali” (Hot Sun) accounts for about 80% of the total employment, but contributes only 18%of GDP. This means that though it is multi- disciplinary the sector is not creating meaningful employment. Besides, the mortality rate of the MSMSEs in Kenya is quite high - 80%-85% of them die or wind-up within a period of two to five years. This is unhealthy for business sustainability and growth for economic development.

The scenario calls for concerted efforts by, and interventions from government institutions, private sector, and Non Governmental Organizations, to contribute their resources to help salvage the poor from their socio-economic sufferings. The interventions would also help the youth, women and PLWD develop skills to improve their businesses; create jobs, wealth, and improve their livelihoods.

Vision 2030 and the Millennium Goals

Vision 2030 is a Kenya Government comprehensive development plan (2008-2030) the period of which is divided into five -year strategic plans. It has three pillars: economic, social and political that form the bases on which strategic policies are formulated, implemented and evaluated against.

The discussion of the paper focuses on the Vision’s Social Pillar whose components are relevant to Kenya Technical Teachers College’s (KTTC’) role viz- a- vis the community needs in relations to informal sector activities.

The Social Pillar’s objectives are to invest in the people of Kenya; to improve the quality of life for all Kenyans by targeting a cross-section of human and social welfare projects and programmes mainly in areas such as:

- **Education and Training-** enables the determination of learning experiences and literacy levels of the target groups and what training approaches and methodologies to apply. KTTC is a teacher training institution and is one of the TIVET Centres of Excellence. The college integrates all approaches into the learning system and through our graduands, entrepreneurial culture is inculcated into the community .

- **Health-** counseling experts advise on such health issues as HIV/AIDS. During training the groups are advised to go for testing and /or further counseling sessions arranged by the Counselling Department.
- **Environment-** Sometimes students go to the community for cleaning work.
- **Gender-** we enlist both gender for training but due to the people's social life, more women than men respond to training as most of the households are headed by women.
- **Children and Social Development-** we partner with schools and religious institutions because it is easy to mobilize trainees through teachers and religious leaders.
- **Youth and Sports-** youth are the main target groups for employment creation, and minimizing anti-social behaviour in the society.
- **Equity and Poverty Elimination**

It is the Equity and Poverty Elimination, that form this paper's core business for discussion. However, issues pertaining to other segments cannot be ignored because they touch on the very social and economic aspects of human life. Issues of Equity and poverty elimination are also outlined in the Millennium Goals as very important. The fact that success or failure of the informal sector has positive or negative effects on economy has made the whole world to put emphasis on equity and poverty reduction as pre-requisite to each country's development.

- to promote gender equality and empower women
- to combat HIV/AIDS, Malaria and other diseases
- to ensure environmental sustainability
- to eradicate extreme poverty and hunger
- to achieve universal primary education .

The importance was further emphasized at the Climate Change Summit, 2007 where the UN Secretary stated during his speech that "subsequent efforts should be made to focus on the world's main anti-poverty targets; the [Millennium Development Goals](#), that had generated more than \$60 billion in pledges, with a special emphasis on Africa and the new Global Strategy on Women's and Children's Health".

At the height of the food, energy and economic crises in 2008, the Secretary-General further successfully appealed to the G20 for a \$1 trillion financing package for developing countries and took other steps to guide the international response and protect the vulnerable and poor.

The Millennium Development Goals, (MDGs), are the most successful global anti-poverty push in history. In the year 2012, the President of the United Nations, whose statutes Kenya Government ascribes to, made a call, the "Millennium Development Goals Momentum (MDG)" in his address to member countries:



"governments, international organizations, and civil society, and other groups around the world have helped to cut in half the world's extreme poverty rate. More girls are in school. Fewer children are dying. The world continues to fight killer diseases, such as malaria, tuberculosis and AIDS. There are less than 1,000 days to accelerate action on issues such as hunger, access to education, improved sanitation, maternal health and gender equality: Get involved and help build".

UN Secretary General

KTTC'S FSD INITIATIVES IN TRAINING THE URBAN / RURAL POOR

KTTC, as the pioneer institution in Technical Teacher Education in the region and the cradle of Entrepreneurship Education, Training and Development in Africa, recognizes the fact that enterprises and people who own and manage them (entrepreneurs) are the backbone of our country's economic growth. It also appreciates the fact that a country's economic growth can only be propelled by men and women who have vision, integrity, creativity, innovation, vision, and the courage to take risks in order to achieve success.

As if In response to the UN Secretary's call "**Get involved and help,**" KTTC has implemented the Government directive of starting an incubation centre and embarked on training entrepreneurs through FSD. Incubates are drawn from technical skill backgrounds such as bakery and confectionery, tailoring, hotel management, metal work, weaving and crocheting, photography, automotive engineering masonry, carpentry and joinery, panel beating, and flower arrangement.

Incubation Centre

The centre creates an enabling environment for MSMEs to move innovations into the market place. The incubates, drawn from the poor and vulnerable groups, are trained and nurtured to appreciate growth of businesses into viable ventures within a period of 18 months. They are helped to overcome challenges impeding their growth at every stage of the business life cycle.

Through FSD entrepreneurs are trained on how to enhance efficiency, effectiveness and productivity of their businesses. The focus is on taking a critical view of their existing organizational structures, determining optimal staffing levels, technological requirements, training needs, product/service design, market accessibility, work environment, working capital level, and minimizing challenges. In this way the incubates will be part of the success in the community by creating jobs and generating sustainable wealth for the country's development.

The centre has trained in service, production and manufacturing types of businesses. Currently there are 50 men and women who have been facilitated through incubation Centre. This excludes the Githogoro group.



Inspecting jua kali oven at Asumbi Mission



FSD bakery incubates

Students

The use of FSD in enhancing entrepreneurial skills of teacher trainees is already having an impact on the trainees' and country's socio-economic well-being.

Entrepreneurship is the skill that has made the students to understand that they should no longer believe that they can take a job in corporations and expect that they will spend their careers in

one place. They know the joy in building multi-disciplinary skills that give flexibility and preparation for future. They have also learnt to recognize opportunity, harness resources to exploit the opportunities; create sustainable solutions; take inherent risks and participate in the rewards. This had been proved when KTTC students assessed Business Plans of poor slum girls sponsored by Technoserve's 'Girl Effect Project'.

As the only technical teacher trainer in the region, KTTC's decision to use FSD approach in training will ensure a multiplier effect in the use of FSD to reach the rural and urban poor in the places they are posted. By so doing FSD helps in enriching enterprising minds with originality to improve livelihoods, grow businesses from start-up to the final stages of the business life cycle.

The teacher students will pass on the entrepreneurial culture to their communities to stimulate creative minds, innovate ways, and to form and build on pioneering ideas. They, therefore, act as ambassadors that cascade the spirit and culture to educational and religious institutions throughout the country.

FSD supporting Corporate Social Responsibility (CSR) at KTTC

Although KTTC is basically a teacher training college, it must play its part in improving the social and economic lives of the community around it. In its CSR efforts KTTC seeks to use FSD in training of poor parents of children in urban schools in Nairobi. As a starting point the college undertook to refurbish a stream in Cheleta Primary school, which admits pupils from the neighboring Githogoro slums. The college selected standard five class, refurbished and furnished their class room, with chairs and lockable desks; and plans to buy text books.

The Story of Cheleta Primary School and Githogoro Project

Cheleta primary School is uniquely located in up market Runda Estate but its pupils are from Githogoro and Mji wa Huruma (Home of Mercy) Slums. KTTC has partnered with the school to help the children obtain quality education.

At the school we learned about the parents' backgrounds. That some times children would fight over their parents' guns. On one occasion a fight was that one parent had borrowed another's gun to go and perform robbery but had not returned the gun as promised. That prompted the gun owner's child to demand for their gun as the father had no means of earning a living.

Entrepreneurship Development Department decided to mount FSD Courses for such parents so that they could change and engage in legal income generating activities. The departmental CSR objective was to access the parents through their children. The children dutifully informed the parents and a meeting was held at the school. That is how the willing parents, mostly women, came to form our first informal sector training group. This marked the genesis of 'Reaching the Informal sector through School and other institutions. So far about 150 people have been trained.

Gender Parity

It is disheartening to note that out of about 150 parents trained from Githogoro men are eight. Most of the time the male gender are drunk, ill or idling and according to the school they do not even turn up for parents meetings unless they are promised money from some donor. Even mail youth do not turn up for training. As for the girls their story is similar in all slums. Some have had children at age 12 and by age 16 some have even divorced. Many are single mothers living with very poor single parents. Those who go to school may experience same socio-economic life style as Akinyi's.

Akinyi's Story

On 7 June 2013 a local TV Station captured the story of Akinyi, a 14-year old primary school girl who studies in the day but peddles peanuts in the streets of Nairobi till

midnight to help the family afford some meal. She lives with her single mother in a slum. Akinyi is not alone in the **face of poverty** situation (Video-Hawking Pupil gets Help).

The poor and vulnerable persons like Akinyi's mother could be identified and accessed through their children's schools; or their churches and other places of worship to be trained in income generating activities

FaB and FSD Mode of Training at KTTC

The new TIVET Act calls for training, collaboration and linkages which are relevant to FaB mode of training. KTTC blends both teaching and practical training and Entrepreneurship Department works in collaboration with all departments because of the diversity and sectoral based economic activities.

The Integration approach is applied for effectiveness and holistic success. While the curriculum is developed, to inculcate entrepreneurial culture in trainees to improve their economic livelihood, food security; health; physical environment; ICT; counseling; and technical issues are addressed by the experts in other departments. Training is need based, flexible and blended. This allows for convenience - mothers with little children attend the courses. Video 2: [FaB Integrated Methodology : Video of a Counseling Session for Urban Poor](#)

Methodology

The methods used are practical, enhance learning and help improve trainees business and technical skills. The Entrepreneurship Department has adopted the ILO – Know About Business (KAB) and Start and Improve Your Business (SIYB) methods of training for their practicality. This approach is effective for both literate and semi-literate target groups. (Video Group discussion session- Mji wa Huruma)[A FaB Training session for the Urban Poor from Mji wa Huruma in Nairobi](#)

The methodologies include face-to-face contact, role playing, pictures, audio-video presentations, demonstration, mentoring, experiential sharing, and group discussion, business visits and guest speakers. The trainer must bring out the intended out-come in learner behavior. Video 3: Business Clinic- success story of Caren: from penniless widow to a successful entrepreneur. [FaB Methodology: A success Story- Caren Jaling](#)

For example one time after learning about generating business ideas trainee told the following moral story about thinking before venturing into business and knowing the business direction:

“A long time ago a driver was transporting mentally ill patients from a provincial hospital to referral hospital in Nairobi. On the way he decided to buy bananas to eat. On his return the bus was empty -the patients had disappeared. He feared losing his Job so he thought of a plan; decided to pick passengers on the Way. The passengers, oblivious of what had transpired, were grateful for the free ride to the city. To their surprise he drove up to the mental hospital. On seeing the bus headlights, the keepers widely opened the gates; the passengers were quickly held; and taken to the doctors for first jabs much to their horror!

CHALLENGES INHIBITING THE SUCCESS OF FSD INITIATIVES

KTTC initiatives to mainstream the use of FaB and FSD to reach the urban/rural poor are hampered by challenges that are both internal and external.

Internal Challenges

At institutional level: heavy teaching loads, financial resources and ICT knowledge pose a challenges to FSD/FaB initiatives.

External challenges

The challenges facing MSMEs are not unique to enterprises in urban or rural setups. They include legal, economic, environmental and technological challenges.

Political and legal issues include unfriendly taxation laws, licensing regulations, lack of premises or space for the goods and frequent evictions from the central business districts.

Economic issues include high taxation, lack of markets, high inflation, poor pricing policies, low policy advocacy capacity of business associations, and high competition level. The social issues include level of illiteracy among the urban and rural poor, poor mentorship structure, HIV/AIDS, lack of entrepreneurial culture and attitudes, conflicting domestic roles among female entrepreneurs, lack of contractual capacity and unemployment amongst the youth.

Poor physical infrastructure, lack of knowledge on environmental issues like noise pollution (Video 4: [Challenges of Noise pollution at Kamukunji Jua Kali at FaB Business clinic-Phelgona](#)), lack of suitable business premises, and poor market accessibility make it difficult to reach the poor in the informal sector through FaB/FSD initiatives.

Finally, lack of entrepreneurial and technical skills is also a challenge. For instance the low literacy level amongst the urban and rural poor makes it difficult to impart entrepreneurial and technological skills. Further, adoption of technology is hampered owing to poor entrepreneurial skills, leading to low quality and poor product design.

INTERVENTIONS TO OVERCOME CHALLENGES FACING FSD INITIATIVES

KTTC management and administration has supported FSD initiatives. The college has undertaken several steps to enhance the role of FSD in reaching the informal sector. It has instructed all departments to initiate innovative ways of enhancing access to relevant informal sector training programs.

KTTC has also allocated KShs. 5.5 million for the incubation center and research development in the current year; and allowed incubates free use of its technical and ICT facilities. When construction of the Incubation Centre is complete, each department will be allocated a workstation for incubates, (Video 5 : [Opening of KTTC Githogoro FaB Training by Chief Principal Mr. Imbali](#))

At the national level government departments and NGOs have put in place several interventions that will make FSD initiatives to reach a larger segment of the urban/rural poor.

The recent legal reforms have made it easier for the NGO sector to offer credit to the informal sector. The Government has enacted the MSME ACT, 2013 that provides an institutional framework in terms of rules, policy, regulations and structure which could be easily followed by the sector operators. The youth and women groups can now bid for government contracts. The Act has established women, youth and enterprise funds that will enhance level of access to credit by MSMEs. The latest initiative was the Uwezo Fund, that was launched by the President, for youth to access government grants bid for government jobs. .

The initiatives at the national level, will therefore, offer better opportunity to use FaB/FSD approaches to reach the urban/rural poor through schools and religious institutions.

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