

The Republic of Kenya
Ministry of Labour, Social Security and Services
Productivity Centre of Kenya

**THE PROJECT ON
PRODUCTIVITY IMPROVEMENT
IN THE REPUBLIC OF KENYA**

FINAL REPORT

SUMMARY

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List of Abbreviations

AU	African Union
APO	Asian Productivity Organization
CAGR	Compound Annual Growth Rate
COTU	Central Organisation of Trade Unions of Kenya
C/P	Counterpart
CS	Cabinet secretary of a ministry
EAC	East African Community
EKI	Ethiopia KAIZEN Institute
ISIC	International Standard Industrial Classification
JCC	Joint Coordinating Committee
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
FKE	Federation of Kenya Employers
GCI	Global Competitiveness Index
GDP	Gross domestic product
JPC	Japan Productivity Center
KAM	Kenyan Association of Manufacturers
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KEBS	Kenya Bureau of Standards
KIBT	Kenya Institute of Business Training
KICD	Kenya Institute of Curriculum Development
KIE	Kenya Industrial Estate
KIM	Kenya Institute of Management
KIRDI	Kenya Industrial Research and Development Institution
KNBS	Kenya National Bureau of Statistics

KNCCI	Kenya National Chamber of Commerce and Industry
KNPCPC	Kenya National Cleaner Production Centre
KRA	Kenya Revenue Authority
KSG	Kenya School of Government
KSh (ksh)	Kenya Shilling
KTDA	Kenya Tea Development Agency
LIWA	Linking Industries With Academia
METI	Ministry of Economy, Trade and Industry, the Government of Japan
MoDP	Ministry of Devolution and Planning
MoEAACT	Ministry of East African Affairs, Commerce and Tourism
MoEST	Ministry of Education, Science and Technology
MoIED	Ministry of Industrialisation and Enterprise Development
MoLSSS	Ministry of Labour, Social Security and Services
MPC	Malaysia Productivity Corporation
MSE	Micro and small enterprises
MSEA	Micro Small Enterprises Authority
MSMEs	Micro, small, and medium enterprises
MSPS	Ministry of State for Public Service
MTP	Medium Term Plan
NESC	National Economic and Social Council
NITB	National Industrial Training Board
NITA	National Industrial Training Authority
NPA	National Productivity Authority
NT	National Treasury
OS	Occupational Standards
OVOP	One Village One Product
PAP	Priority action plan
PS	Principle secretary of a ministry
PAPA	Pan-African Productivity Association
PCK	Productivity Centre of Kenya
PI	Productivity improvement
PSCK	Public Service Commission of Kenya
PTAK	Professional Trainers Association of Kenya
SIDO	Small and Industrial Development Organisation (of Tanzania)
SP	Strategic plan
TKU	Tanzania KAIZEN Unit
TFP	Total-factor productivity
TVET	Technical and Vocational Education and Training
ToT	Training of trainers
TPS	Toyota Production System
TSP	Technical Service Provider
VA	Value added

Part I. Outline of the Project

1. Background of the Project

The Government of Kenya launched a long-term national development plan, Kenya Vision 2030, in 2008. The Vision aims to enhance economic development for reducing poverty and raising the living standards of the people. Specifically, it aims to achieve an average growth of the Gross Domestic Product (GDP) of 10% per annum beginning in 2012 and join the middle income countries by Year 2030. However, the Compound Annual Growth Rate (CAGR) of GDP remains 4.4%, and that of GDP per capita is 1.6% between 2008 and 2012. On the other hand, her neighbouring countries are speeding up their economic growth. CAGRs of GDP are 8.6%, 6.6%, and 5.8%, and the CAGRs of GDP per capita are 5.8%, 3.4%, and 2.3% during the same period in the order of Ethiopia, Tanzania, and Uganda, respectively. The Vision acknowledges that productivity improvement (PI) is essential in order to attain its goals and calls for establishment of a strong national framework to accelerate PI in Kenya. The first Medium Term Plan (MTP) of Vision 2030 (2008-2012) raised flagship projects to develop a productivity policy and to strengthen the institutional capacity of the Productivity Centre of Kenya (PCK), which is a solo public agency dedicated to PI under the Ministry of Labour (MoL).

Due to these circumstances, the Government of Kenya requested JICA to implement the Project on Productivity Improvement. The Government expected technical transfer to PCK in order to enrich its capacity in PI services and assist in transforming PCK into a stronger organisation through the National Productivity Policy and the Bill, which were in the process of being drafted by the Government. JICA agreed on a framework for cooperation with the Kenyan Government. On 16th December, 2011, they signed a Record of Discussion on technical cooperation, authorising implementation of the Project.

2. Project Goals and Outputs of the Project

The goals and objectives of this Project are as follows:

(Goal of the proposed plan)

- PCK's proposed role, policy, and organisational framework are implemented; the capacity of PCK in productivity improvement activities is thereby enhanced.
- Productivity improvement skills are improved through PCK's diagnosis/productivity improvement services at the client firms/institutions; and the abilities of trainers (Technical Service Providers: TSPs) are strengthened through PCK's training.

(Goals to be attained by utilising the proposed plan)

Activities of productivity improvement in the Republic of Kenya are sustained and expanded.

(Outputs)

(a) Output 1

The overall situation and challenges of policies/measures and organisational framework associated with productivity improvement in the Republic of Kenya and neighbouring countries are understood; and the situation and challenges of Kenyan industries related to productivity issues are identified.

(b) Output 2

The productivity is improved at the target firms/institutions; and learning tools and methodologies of PCK's diagnosis / productivity improvement services are developed through PCK's pilot diagnosis/productivity improvement service implementation, thereby enhancing the capacity of PCK personnel.

(c) Output 3

The ability of target TSPs is improved, and learning tools and the methodology of PCK's training of trainers (ToT) are developed through PCK's pilot ToT, thereby enhancing the capacity of PCK personnel.

(d) Output 4

Appropriate roles, strategies, and an organisational framework of PCK are proposed toward productivity improvement in the Republic of Kenya.

3. Scope of the Project

3.1 Duration

This Project started from March 2012 (activity in Japan) and finished in February 2014.

3.2 Area

The pilot activities were mainly implemented in Nairobi, but some were conducted outside Nairobi.

3.3 Activities

- (1) Study and proposal on policy, institution, and organisational building for productivity improvement
- (2) Consultation for pilot companies
- (3) Training of trainers (ToT) for Technical Service Providers (TSPs)
- (4) Study and proposal on productivity measurement
- (5) Study and proposal on productivity promotion applicable to Kenya
- (6) Productivity promotion seminar

- (7) Training and observation missions in other countries (Japan, Malaysia, Ethiopia, and Tanzania)
- (8) Joint Coordinating Committee

4. Implementation Policy of the Project

4.1 Compatibility between the Development Plan Study and Pilot Activities

The Kenyan Government drafted the National Productivity Policy, and PCK's organisational form and personnel have undergone major changes. Therefore, the development plan study was aimed at examining how Kenya's productivity should improve over the course of this Project, and proposing the roles and the priority activities of PCK. In addition, in order to develop the capacity of PCK's human resources in PI, pilot activities such as consultation on pilot companies and pilot ToT for TSPs were implemented.

4.2 Utilising the Results of National Productivity Movements in Other Countries

PI has been enhanced in Japan and most other Asian countries as national movements. In these countries, national productivity organisations were established in order to promote national movements and provide various activities for enhancing PI. In this Project, guidance and recommendations on the productivity policy¹ and priority actions² were proposed to Kenya, utilising the results from Japan and other countries.

4.3 Consultation Methodology–KAIZEN based on the Toyota Production System (TPS)

A consultation on pilot companies was implemented utilising the KAIZEN methodology based on TPS³. TPS is the structure of KAIZEN methods that Toyota Motor accumulated through the practices of PI. The methodology of TPS has been enabled the achievement of successful results in pilot companies in other PI projects.

4.4 Proposal of a Methodology to Promote Productivity Improvement in Kenya

In Kenya, adoption of a PI methodology has not yet spread to most SMEs, since top managers do not find a strong incentive to start PI activities. In the Project, the methodology of promoting PI, such as '5S Certification' which effectively worked in Malaysia, was introduced to Kenya in considering a methodology applicable to Kenya⁴.

¹ The National Productivity Policy is explained in 'Part II. 2. Policy and Strategies towards Productivity Improvement in Kenya'.

² The priority actions are explained in 'Part IV. 1. Priority Action Plans (PAPs)'

³ The application of TPS into pilot companies is explained in 'Part III. 1. Consultation for Pilot Companies'.

⁴ The methodology to promote productivity improvement in Kenya is explained in 'Part III. 4. Productivity Promotion Applicable to Kenya'.

4.5 Productivity Measurement–Making Proposals based on the Needs of Stakeholders

The continuous provision of reliable and neutral productivity indicators is a demand of the main stakeholders of PCK, such as FKE and COTU. In this Project, guidance to improve PCK’s annual reports on productivity indices, ‘Productivity Statistics’, was given, based on the results of the workshop with the stakeholders⁵.

4.6 Dispatching of Experts according to the Availability of PCK

Increasing the number of PCK staff, which had been planned, was delayed, due to issues related to transition into the new government. The input plan of the JICA experts was revised, considering the availability of PCK.

⁵ The guidance to improve ‘Productivity Statistics’ is explained in ‘Part III. 3. Study on Productivity Measurement’.

Part II. Study on Policy, Institution, and Organisation Building for Productivity Improvement in Kenya

1. Current Situation and Issues of Productivity Improvement in Kenya

1.1 Kenya Vision 2030 and Productivity Improvement

Kenya Vision 2030 is the supreme long-term national plan of Kenya from 2008 to 2030. It aims to transform Kenya into a middle-income country by achieving an average GDP growth rate of 10% per annum. The Vision is based on three pillars: the economic, the social, and the political.

There are cross-cutting factors to support development of the three pillars. Human resource development is one of the factors, and the strategies related to PCK are articulated under the section. The Vision states the need to monitor productivity levels and to implement PI interventions. These tasks are expected to be undertaken by a well-established national productivity centre.⁶

In accordance with the flagship projects specified in the First MTP (2008-2012), the National Productivity Policy and the National Productivity Authority Bill were drafted and submitted to the Parliament. Then, the Second MTP (2013- 2017) specifies the following new set of flagship projects related to PI. The objectives of the projects are:

- i) to promote growth and development of micro and small enterprises (MSEs);
- ii) to promote PI and cleaner production of small and medium enterprises (SMEs); and
- iii) to raise the county's productivity levels and competitiveness.

The above three flagship projects focus on a relatively weak segment of the economy in which government intervention needs to be strengthened. The third project on PI in the counties responds to the recent change in the government structure, which moved to devolution under the 2010 Constitution.

1.2 Current Status of PCK

PCK is a tripartite institution founded by MoL, FKE, and COTU under the Company Act in August 2002.⁷ Its mandate is to promote productivity culture for all Kenyans in order to enhance the nation's competitiveness. In spite of the legal status, PCK relies solely on the Ministry of Labour, Social Security and Services (MoLSSS; formerly the Ministry of Labour) for financial and personnel resources and has been operating as a department of MoLSSS.

The budget of PCK in fiscal year 2013/4 is 67 million KSH, a 27% reduction from the previous year. As of the end of November 2013, PCK has four technical and five supporting personnel who are affiliated to

⁶ The Government of Kenya (2008) *Kenya Vision 2030*, Page 24.

⁷ Gazette Notice No. 7354 of 5th November, 2002.

MoLSSS. The Government had a plan to recruit 16 new staff members for PCK, but the recruitment process was halted due to the presidential election and the transition into the new government. However, a recently issued report from the Directorate of the Public Service Management in the Ministry of Devolution and Planning (MoDP) on reallocation of personnel within MoLSSS suggests that PCK should be staffed with 84 officers.

PCK is in charge of spearheading PI in the public and the private sector and undertakes three main activities: productivity promotion, PI (consultation), and productivity measurement. Table 2-1-1 shows the key outreach performance of PCK under the performance contract. In addition to the above activities, PCK was responsible for drafting the National Productivity Policy and the National Productivity Authority Bill. It is also mandated to conduct productivity awareness campaign in 10 counties in 2013/4.

Table 2-1-1: Key Outreach Performance of PCK (as of February 2014)

	Actual				Target
	2009/10	2010/11	2011/12	2012/2013	2013/14
Consultations for model companies/agencies	10	15	20	20	25
Training TSPs	74	150	200	200	240
Development of labour productivity indices	5 sectors	5 sectors	5 sectors	5 sectors	5 sectors

Note: The five sectors covered in the productivity indices are the manufacturing, tourism, agriculture, wholesale/retail, and financial services sectors.

Source: PCK Performance Review Report 2012/13 and PCK Activity Plan 2013-2014 (Draft)

2. Policy and Strategies towards Productivity Improvement in Kenya

The Project clarified policy and strategies on productivity improvement through assisting in revising the National Productivity Policy and the National Productivity Authority Bill. JICA Project Team also assisted in the development of the Strategic Plan of PCK so that projects on productivity improvement are well captured in the Second MTP of Vision 2030.

2.1 The National Productivity Policy and the National Productivity Authority Bill

The Government of Kenya recognises that productivity improvement is the key strategy to realise its national development in the Kenya Vision 2030 and that the transformation of PCK into a stronger, independent agency is crucial. With this consideration, the National Productivity Policy and the National Productivity Authority Bill were drafted and submitted to Parliament for reading in 2013, after the approval of the cabinet.

The National Productivity Policy aims to achieve 5% overall productivity growth per annum, with

4.5% growth in the public sector and 5.5% growth in the private sector. It also aims to increase productivity awareness to 60% of the population by 2030⁸. In order to attain these objectives, the policy states a number of actions based on four pillars: i) nurturing productivity culture, ii) labour market development, iii) technological change and innovation, and iv) institutional and legal arrangements.

Figure 2-2-1: Objectives and Pillars of the National Productivity Policy



Source: JICA Project Team

In the *productivity culture pillar*, the Government shall spearhead a national productivity campaign. It also plans to integrate elements of productivity into the education curriculum. In the *labour market development pillar*, improvement of the working environment aims at sharing productivity gains between employers and employees. Moreover, it advocates strict enforcement of the Employment Act. The *technological change and innovation pillar* targets facilitating higher research and development activities. PI practice is also considered to be a key component for bringing about innovational changes. Finally, the *institutional and legal arrangement pillar* is set so as to establish a strong national body to spearhead nationwide productivity improvement.

The National Productivity Authority Bill actualises the policy articulated in the *institutional and legal arrangement pillar*. With the enactment of the Bill, PCK shall be transformed into the National Productivity Authority (NPA), a semi-autonomous government agency under MoLSSS, and the National Committee on Productivity shall be established.

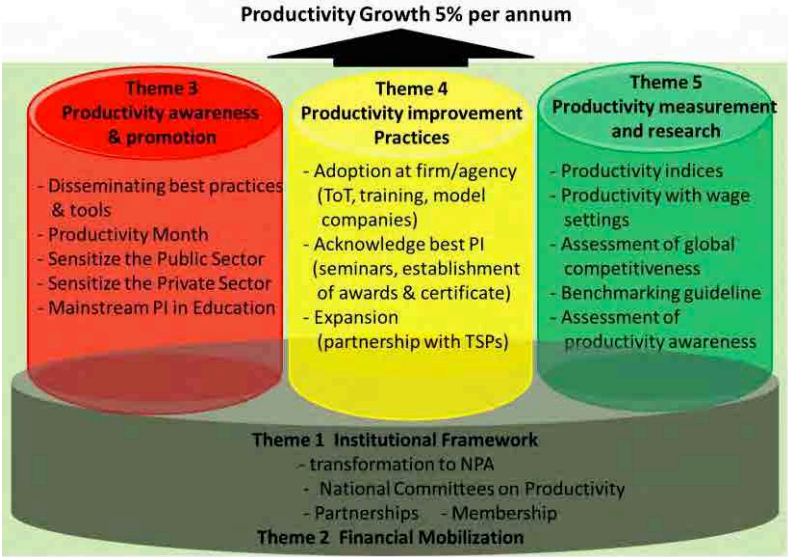
2.2 Draft Strategic Plan of PCK 2013/2014-2017/2018

The draft Strategic Plan of PCK articulates the outline of activities in the next 5 years (2013/2014-2017-2018). 5 themes of activities are outlined (Figure 2-2-2). Productivity awareness and

⁸ The baseline survey on productivity awareness was conducted by PCK in 2005. The target of 60% was set based on the benchmark of Eastern Asian Countries.

promotion (Theme 3) aims to disseminate the best practices of PI both in the public and private sectors. PCK also plans to provide necessary materials for PI to be taken up in the education sector. PI and practices (Theme 4) aims to assist adoption of PI tools at the firm level through consultation and training. Then, productivity measurement and research (Theme 5) includes the provision of productivity indices for development in the labour markets.

Figure 2-2-2: Draft Outline of the Strategic Plan (2013/2014-2017/2018)



Source: JICA Project Team

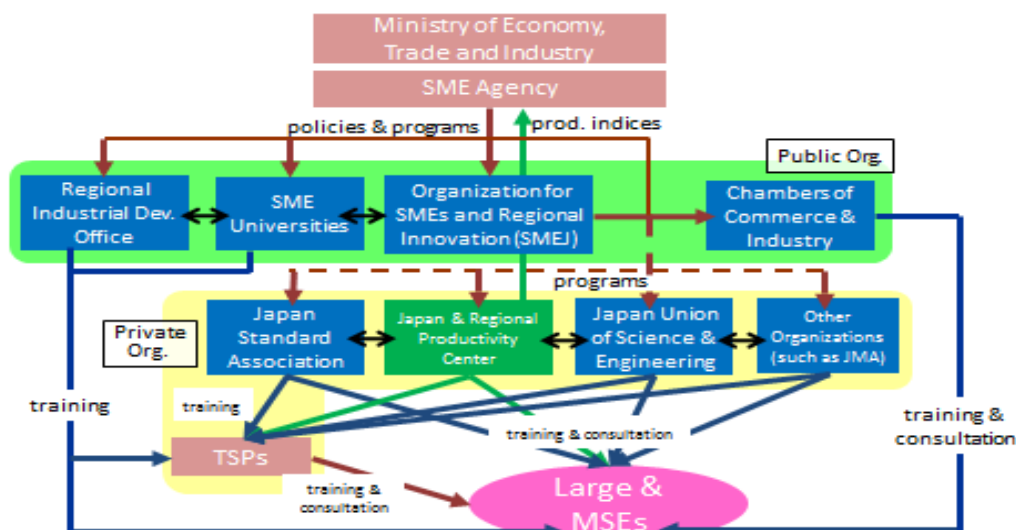
3. Lessons from Other Countries

In this Project, successful cases of productivity promotion policies and productivity implementation strategies were learnt from Japan, Malaysia, Ethiopia, and Tanzania.

3.1 Japan

As shown in Figure 2-3-1, considering industrial human resource development on PI, there are various service providers in Japan. As public service providers, the Organization for SMEs and Regional Innovation of Japan (SMRJ) is responsible for coordinating support to SMEs, and SME Universities offer managerial training to SMEs. As for private service providers, there are various organisations which provide training and consultation services on PI, such as the Japan Productivity Center (JPC), Japan Standard Association (JSA), Japan Union of Science and Engineering (JUSE), Chusanren, etc. Besides these services, JPC formed national committees on various issues related to PI and made proposals to the Government. It has also provided productivity indices and established a platform for labour-management joint consultation, in order to enhance cooperation between labour and management.

Figure 2-3-1: Implementation Structure – Industrial HRD on PI in Japan



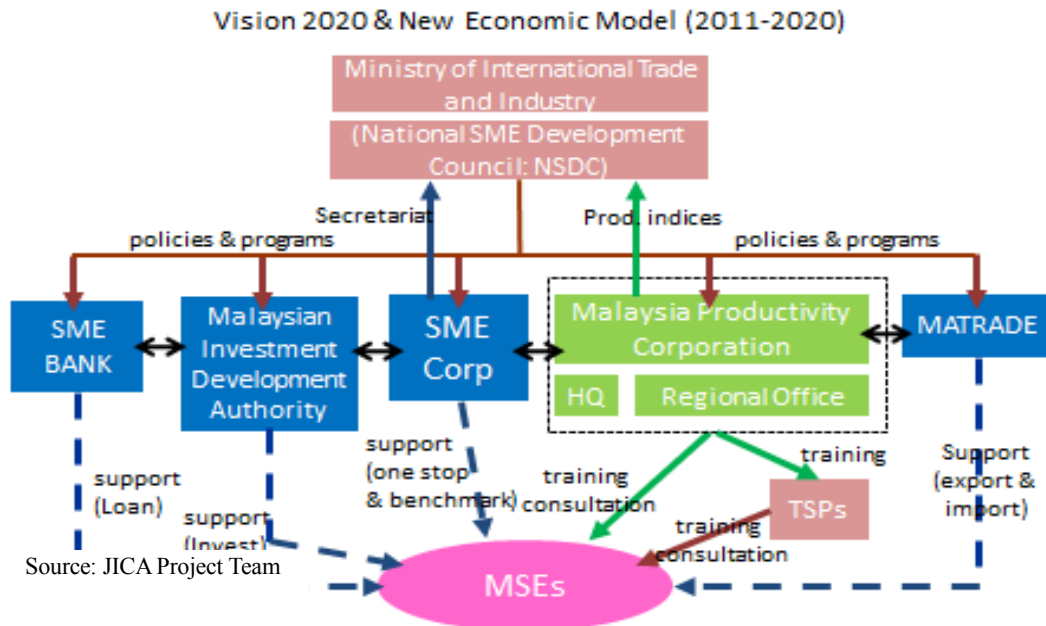
Source: JICA Project Team

3.2 Malaysia

Malaysia Vision 2020, the national development plan, aims to achieve GDP growth of 6.3% per annum. In order to achieve the target, ‘growth through productivity’ is set as the priority of economic transformation. Under the governmental policy to develop SMEs, there are the key parastatals such as SME Corp. and Malaysia Productivity Corporation (MPC) (Figure 2-3-2). According to their mandates, they provide assistance to support SMEs.

MPC is a statutory body under the Ministry of International Trade and Industry. MPC’s role, driving productivity in Malaysia, has been specified in Vision 2020 and the main economic policies. MPC has developed various programmes, such as QE (quality environment)/5S Certification and Innovative Creative Circle (ICC), in order to support PI. QE/5S Certification aims to certify those organisations with a sufficient level of 5S and QE improvement at the workplace. ICC implements small-group activities, in order to solve various problems at the workshop. MPC also publishes an annual ‘Productivity Report’, to show the level of productivity and competitiveness.

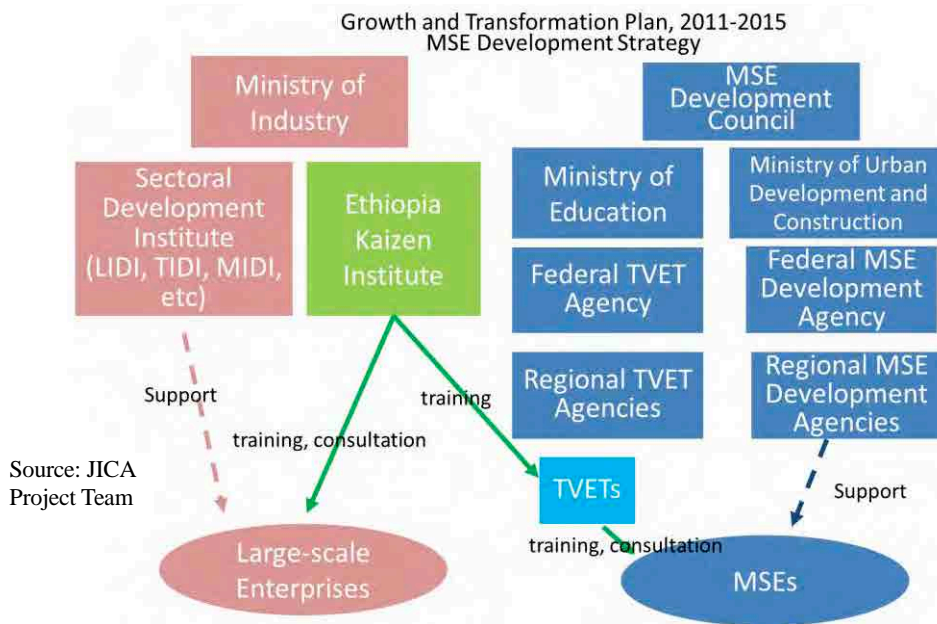
Figure 2-3-2: Findings in Malaysia – Support for SME Development and PI in Malaysia



3.3 Ethiopia

Efforts to disseminate KAIZEN concepts and tools were initiated through the strong and direct initiative of late Prime Minister Meles who requested technical cooperation of the Government of Japan in 2008. The first phase of the JICA project started in 2009 with a special task force formed in the Ministry of Industry. In 2011, the Ethiopia KAIZEN Institute (EKI) was established as a semi-autonomous public agency. Under 13 directorates, EKI has 77 staff who are trained under the JICA project. The uniqueness of KAIZEN dissemination in Ethiopia is in-depth collaboration with TVET institutions. A five-year plan of Ethiopia, called the Growth and Transformation Plan (2009-2014), and the MSE Development Strategy adopted in 2011 gave a new mandate for technology transfer and industrial extension service for MSEs to TVET. KAIZEN is stated as being one of the key components to support MSEs by TVET. While EKI works for the large and medium-scale enterprises together with the Sectoral Development Institute of MoI, training and consultation services are provided through TVET together with MSE development agencies. So the JICA project also provides training to selected TVET trainers in various regions, having MSEs as model consultancy firms.

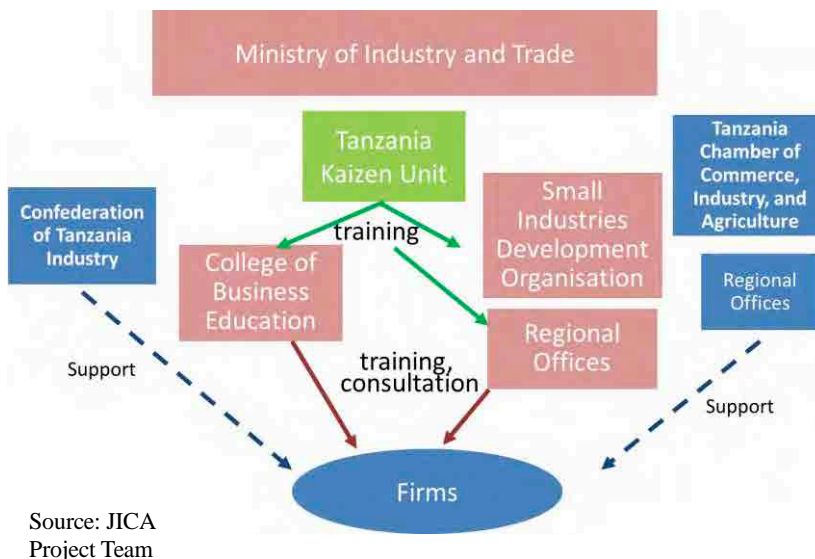
Figure 2-3-3: Implementation Structure of KAIZEN Dissemination in Ethiopia



3.4 Tanzania

Efforts to disseminate KAIZEN activities have just started in Tanzania. A JICA project was established in 2013 together with a special task force, called the Tanzania KAIZEN Unit (TKU), in the Ministry of Industry and Trade. The Unit collaborates with the College of Business Education and the Small Industrial Development Organisation (SIDO) which are both agencies under the Ministry of Industry and Trade. A potential dissemination route of KAIZEN efforts in Tanzania is the regional network of SIDO. It has 21 regional offices, each staffed with approximately 10 officers. In addition, the Tanzania Chamber of Commerce, Industry, and Agriculture also has 26 regional offices, each equipped with an information service desk. Such a regional support system can be effective in widely disseminating KAIZEN practices throughout Tanzania in the future.

Figure 2-3-4: Implementation Structure of KAIZEN Dissemination in Tanzania



Part III. Pilot Activities and Technical Transfer

1. Consultation for Pilot Companies

1.1 Basic Policy of the Activity

- (1) The main objective of the consultation was to enhance the consultation skills of PCK consultants.
- (2) Consultation was implemented through six visits or more by the JICA experts and PCK consultants.
In addition, PCK consultants made some visits by themselves when a JICA expert was not in Kenya.
- (3) Twelve pilot companies were included in total, consisting of six companies in both the first and the second year.
- (4) Half of the pilot companies were ‘manufacturing SMEs’. They also included a few companies with well-established administrative structures, in order to give consultant C/Ps the opportunity to learn from more difficult consultation cases.
- (5) Some of the companies in the ‘agro-processing industry’ and one company in the ‘service industry (tourism)’ were included, because they were among the thrust industries of the national policy.
- (6) ‘Japanese-related companies’ were also included, based on a suggestion from the Japan Embassy and JICA. The companies were shortlisted based on the recommendation of JICA/JETRO.

1.2 Selection Criteria

The selection criteria of pilot companies are as follows.

- (1) Commitment of top executives (Expectation, cooperation, and involvement)
- (2) Permission to take photos and videos, and to make an analysis of KAIZEN
- (3) Cooperation in the provision of management data and publicity of pilot activities
- (4) Allocation of a person in charge of receiving the consultant team and provision of working space
- (5) Stability of management performance
- (6) Suitable themes for KAIZEN consultation

1.3 Consultation Methodology

As described in ‘Part I. 4. Implementation Policy of the Project’, KAIZEN based on TPS was the methodology used in the consultation for pilot companies in this Project. TPS has been applied to companies and organisations all over the world and is believed to be a practical and effective method of improving productivity both in the manufacturing and service sectors.

1.4 Pilot Companies

In total, 12 companies which met the criteria were selected as pilot companies (Table 3-1-1).

Table 3-1-1: List of Pilot Companies

No.	Name	Main products	Category	Introduction
First Year				
1	Super Manufacturers Ltd.	Fibreglass products	Small & non-food	PCK
2	Specialised Towels Manufacturers Ltd.	Towels, blankets	Small & non-food	MoIED
3	Supacosm Products Ltd.	Honey, peanut butter	Small & food	MoIED
4	Vegpro Kenya Ltd.	Vegetables	Large & food	PCK
5	Universal Corporation Ltd.	Pharmaceutical products	Large & non-food	PCK
6	C&P Shoe Industries Ltd.	Footwear	Large & non-food	FKE
Second Year				
1	Greenforest Food Ltd.	Honey, peanuts	SME & food	MOIED
2	DAWA Ltd.	Pharmaceutical	SMEs & non-food	FKE
3	Rukuriri Tea Factory, KTDA	Tea leaf	Japanese related	JETRO/JICA
4	Auto Spring Manufacturers Ltd.	Automobile parts	SME & non-food Japanese related	FKE
5	Windsor Hotel	Hotel	Service	PCK
6	AVA Ltd.	Assembling trucks	Japanese related	JETRO/JICA

Source: JICA Project Team

Among the pilot companies selected for the second year, Rukuriri Tea Factory of KTDA exports its products to Japan by a partnership with Zensho Corporation. AVA assembles the trucks of Japanese automobile manufacturers, such as FUSO and HINO. In addition, Auto Spring supplies parts to some Japanese automobile manufacturers.

1.5 Results of Consultation for Pilot Companies

The consultation themes were decided according to the priority issues of the companies. As shown in Table 3-1-2, the themes included ‘implementation of 5S,’⁹ ‘productivity improvement in a specific production process’, ‘improvement of machine maintenance’, etc. There were differences in the results, for various reasons, including commitment of top executives, level of participation of company managers/staff/workers, degree of difficulty of the themes, etc. The average improvement ratio was 106% for the first year and 228.9% for the second year.

⁹ The level of 5S implementation is assessed by the JICA-PCK Team in the following five levels, ‘Very Good Level (81-100%)-Top level in Kenya’, ‘Good Level (61-80%)- Excellent level in Kenya’, ‘Average Level (41-60%)- Good level to invite others’, ‘Poor Level (21-40%)-There are 5S activities, but poor’, and ‘Very Poor Level (0-20%)- No 5S activities’.

Table 3-1-2: Results of Consultation for Pilot Companies

[Pilot Companies for the First Year]

Company Name	Kaizen Theme	Improvement
Super Manufacturers	Reduction of Lead Time in Bath Tub Ass'y.	0 %
	5S Activities (Model Area)	20 %
	SUM	20%
Specialised Towel Manufacturers	Reduction of Finished Goods Stock	46.9 %
	5S Activities (Model Area)	30 %
	SUM	76.90%
Supacosm Products	Productivity of Honey Assembly	100 %
	Peanuts Butter Assembly	214.6 %
	Soya Assembly	11.5 %
	5S Activities (Total Factory)	30 %
SUM	356.10%	
Vegpro (K)	Bean Assembly	56.5 %
	Reduction of Indirect	39 %
	5S Activities (Model Area)	30 %
SUM	125.50%	
Universal Corporation	Machine stoppage (on going)	0 %
	5S Activities (Model Area)	30 %
	SUM	30%
C & P Shoe Industries	Machine stoppage (on going)	0 %
	5S Activities (Model Area)	30 %
	SUM	30%
Average		106 %

[Pilot Companies for the Second Year]

Company Name	Kaizen Theme	Improvement Ratio
Green Forest Ltd.	Productivity Kaizen of Honey Bottling Process	377 %
	Productivity Kaizen of Peanut Packing Process	261.6 %
	5S Activities	25 %
SUM	663.6%	
DAWA Ltd.	Kaizen of Machinery Stoppage (BP102)	0 %
	Kaizen of Assembly Process (After BP102)	0 %
	5S Activities	35 %
SUM	35%	
Rukuriri Tea Factory	Productivity Kaizen of Packing Process	84.4 %
	Productivity Kaizen of Shipping (Dispatch)	47.6 %
	Kaizen of Machinery Stoppage (MTBF)	21.1 %
	Productivity Kaizen of Binning Process	254.9 %
	Prevention of Spilling Tea	0 %
	5S Activities	35 %
SUM	443%	
Auto Springs Manufacturers Ltd.	Productivity Kaizen of Wiring Harness Process	41.6 %
	Productivity Kaizen of Bolts and Nuts Process	0 %
	Productivity Kaizen of Leaf Springs Process	20 %
	5S Activities (Model Area)	30 %
* Sold Amount of Scrap is 1.5 M KSH		
SUM	91.6%	
Windsor Hotel	Kaizen of House Keeping	0 %
	Kaizen of Maintenance	0 %
	Kaizen of Restaurant Service (+ Kitchen)	39 %
5S Activities (Model Area)	30 %	
SUM	69%	
Associated Vehicle Assembler Ltd. (AVA)	Productivity Kaizen of Line 1 (Fuso)	18.1 %
	Productivity Kaizen of Line 2 (CANTER)	18.1 %
	5S and Visual Control	35 %
SUM	71.2%	
Average		228.9 %

Source: JICA Project Team

1.6 Results of Capacity Development of PCK Consultants

In this Project, consultation skills in PI was transferred through ‘CP training in the classroom’, ‘Consultation activities for pilot companies’, ‘C/P meetings for sharing consultation experience and additional training’, and ‘Observation of ToT’. The total hours provided for the training were 510 (Table 3-1-3). In addition, the C/Ps made consultation reports and case sheets (the documents which show the

details of consultation activities by KAIZEN theme in 12 companies).

As a result of the training, four CPs have become capable of conducting consultation on PI, and more specifically, of assisting the implementation of 5S, application of visual control, and improvement of the production process. In addition, they have been sufficiently able to train new staff in consultation skills.

Table 3-1-3: Results of the Training Activity

Description	Times	Hours/ Each Time	Total Hours
CP Training (Classroom Training)	5	6	30
Selection of Pilot Companies	21	3	63
Consultation	90	3	270
CP Meeting & Additional Training	46	1.11	51
Follow Up Visit of Consultation	4	3	12
Observation of ToT on KAIZEN Based on TPS	14	6	84
Total			510

Source: JICA Project Team

1.7 Development of Consulting Manuals and Case Sheets

Consulting manuals were made. In addition, 148 case sheets, which include the objective of the improvement, measures taken, results of improvement, and photos before and after, were completed.

2. Pilot Training of Trainers (ToT) for Technical Service Providers (TSPs)

2.1 Selection of TSPs Participating in ToT

Based on the study on main TSPs related to productivity improvement, 8 organisations were selected as TSPs which the JICA-PCK Team would invite for the ToT: the Kenya Institute of Business Training (KIBT), Professional Trainers Association of Kenya (PTAK), Kenya Institute of Management (KIM), National Industrial Training Authority (NITA), Kenya National Cleaner Production Centre (KNCPC), Federation of Kenya Employers (FKE), academic institutions (directly or in collaboration with LIWA), and Kenya School of Government (KSG). In addition, ministries and public agencies, i.e., the Ministry of Labour, Social Security, and Services, Ministry of Industrialisation and Enterprise Development (MoIED), and Micro Small Enterprise Authority (MSEA), were also invited, in order to train their officers who are the trainers in the organisations.

2.2 Implementation of ToT

(1) Themes of ToT

The themes of the ToT were set as the following two:

KAIZEN based on the Toyota Production System (TPS) 10 days (60 hours)

[Objectives] To obtain practical capabilities as trainers for implementing KAIZEN and waste elimination at the worksite, based on Toyota Production System (TPS) methods

[Scope]

- Understanding the concept and effectiveness of KAIZEN through the Toyota Production System
- Acquiring KAIZEN techniques/know-how based on the 3-Gen concept: *genba* (on-site), *genjitsu* (reality at the workshop), and *genbutsu* (real product)
- Acquiring KAIZEN techniques through elimination of waste
- Consultant approaches based on TPS

5S Internal Assessment 5 days (30 hours)

[Objectives] To obtain practical capabilities as trainers for implementing 5S internal assessment and making proposals to improve the level of 5S activity

[Scope]

- Learning how to perform 5S internal assessment on a value added assessment engagement
- Engaging in the 5S assessment approach (planning, implementation, analysis, and reporting)
- Becoming familiar with the scope and application of the 5S implementation framework
- Learning how to communicate and 'sell' 5S internal assessment results

(2) Outline of Implementation of ToT

The following ToT sessions were conducted as the pilot.

Date	Name of Programme	No. of participants	Venue
8 th -19 th July, 2013 (10 days)	KAIZEN based on the Toyota Production System (TPS) (1st)	19	Weights & Measures
14 th -18 th October, 2013 (5 days)	5S Internal Assessment (1st)	18	Weights & Measures
4 th -15 th November, 2013 (10 days)	KAIZEN based on the Toyota Production System (TPS) (2nd)	19	Weights & Measures
5 th -11 th December, 2013 (5 days)	5S Internal Assessment (2nd)	15	Weights & Measures
Total	4 times	71	

In both TOT sessions, in addition to the classroom lecture, various methodologies were used to enhance the practical capability of the trainees, such as drills, exercises, and visits to pilot companies of consultation in the Project. The company visits gave them a clear image of applying PI tools. The

exercise in the company (on-site 5S assessment exercise) enhanced the practical capability of assessing the implementation of 5S activities and proposing further improvements.

2.3 Results of ToT

In the ToT, participants were required to attend 100% of the training programme for certification. In addition, the participants were required to pay the minimum cost, so as to enhance the commitment of the participants. These devices helped to increase commitment to participation and to realise almost 100% attendance.

According to the results of the questionnaire given to the participants¹⁰ conducted three to six months after both ToT sessions, 9 trained participants have held 21 outside seminars or training programmes, and trained 1,829 people, by utilising the results of the ToT. In addition, 11 participants have implemented consulting services in 21 companies and they achieved good results such as ‘productivity has increased’ and ‘the workplace has become neat and clean through 5S’.

2.4 Development of Training Materials and Manuals for ToT

Training materials for two ToT sessions were made. And manuals which include necessary procedures, notifications, and evaluation questionnaires were also developed.

2.5 Creation of a TSPs Database

The database of TSPs was created. At the end of the Project, the number of ‘consultants/trainers’ input into the database is 96. The data includes their main areas of expertise, experiences of participating PCK training programmes, result of capacity evaluation, and contact address. PCK can utilise the database when PCK would like to search the appropriate consultants/ trainers and contact them.

3. Study on Productivity Measurement

3.1 Background

The provision of productivity indices is one of the most important mandates of PCK. The basic intentions of the three stakeholders, namely FKE, COTU, and MoLSSS, were that PCK would provide reliable, neutral, and consistent productivity indices useful for formulating productivity-related policies and determining wages.

¹⁰ The questionnaire was implemented for the participants who joined two programmes held before 31th October 2013.

3.2 Analysis of ‘Productivity Statistics’ of PCK

PCK has publicised ‘Productivity Statistics’ since 2007. The JICA expert in productivity measurement reviewed the contents of the current ‘Productivity Statistics’ and proposed the necessary revisions.

3.3 Activities to be Implemented

The JICA Team and PCK specified the activities to be implemented for this study as follows.

- (1) Discussion with KNBS for periodical provision of raw data
- (2) Implementing technical transfer to PCK C/Ps for improving productivity measurement
- (3) Making the draft of ‘Productivity Statistics 2013’ by PCK
- (4) Holding (two) workshops among PCK, FKE, COTU, MoLSSS, and KNBS for reviewing the draft of ‘Productivity Statistics 2013’
- (5) Revision of the draft of ‘Productivity Statistics 2013’, based on the result of the workshops
- (6) Implementing a sensitisation programme on productivity indices for both FKE and COTU

3.4 Availability of Basic Data for Productivity Measurement

The availability of accurate basic data is crucial for providing reliable productivity indices. It is necessary to structure a proper raw data collection system, expand the coverage of data, increase the frequency of data collection, and improve the contents of the data, in order for PCK to produce productivity indices which are more valuable for the users. For this purpose, it is essential to build a collaborative relationship with the Kenya National Bureau of Statistics (KNBS), the provider of basic data related to productivity indices. Current issues on the provision of raw data are observed as follows:

- Unavailability of man-hour data on labour inputs
- Unavailability of capital stock¹¹ (fixed assets) data at the industrial sector level
- Unavailability of data only for the formal sector for outputs and labour inputs¹²
- Unavailability of either quarterly or monthly data
- Lack of periodical review of the sample firms for estimating output data
- Unavailability of some of the breakdown data by industrial sub-sector

KNBS is in consultation with the Kenya Revenue Authority (KRA) in utilising the financial and tax data of individual companies for the national statistics. The main challenge is harmonising ISIC coding between the two organisations. If this is done, some of the issues above are expected to be solved.

3.5 Improvement of ‘Productivity Statistics’ and Technical Transfer to PCK C/Ps

- (1) Training of PCK C/Ps in Productivity Indices

¹¹ Capital stock is the total value of the stock of fixed assets in the economy at a certain point in time.

¹² Labor productivity is calculated by dividing labor inputs (number of workers, working hours, etc.) to the outputs (value-added, etc.).

Training in productivity indices was conducted for both PCK counterparts and the staff of MoLSSS. The study items include ‘Importance of productivity measurement’, ‘Calculation of value added labour productivity’, ‘Outline of Productivity Statistics in Japan’, and ‘Interpretation of Productivity Statistics’.

(2) Improvement of ‘Productivity Statistics’

Based on the review of the current ‘Productivity Statistics’ and the findings from the data available from KNBS, the JICA expert proposed the contents of ‘Productivity Statistics 2013’, as shown below.

[Contents of ‘Productivity Statistics 2013’]

The following indices are shown by the whole economy and by six main industries: agriculture, manufacturing, energy, wholesale & retail, tourism, and financial.

i) Productivity Indices

1) Value added, 2) Wage value productivity, 3) Labour input, 4) Labour productivity, 5) Labour productivity index, 6) Labour share¹³ & unit labour cost¹⁴

ii) Wages and Productivity - Five Factors for Changing Wages

There are five main factors affecting wage changes: a) the company’s ability to pay/labour productivity, b) inflation rate, c) economic condition (GDP growth), d) balance between supply and demand of labour (labour market), and e) gap between the level of wages and the cost of living.

It is very important to understand that these factors must be studied and comprehensively considered when deciding whether to increase wages or not.

3.6 Workshop on Productivity Indices

In order to improve the quality of ‘Productivity Statistics’ from the viewpoint of the users, a workshop on productivity indices was held twice, on 2nd February and 1st August, 2013, by inviting the main stakeholders in productivity indices, namely FKE, COTU, MoLSSS, and KNBS.

In the workshop, suggestions were made by the participants on improving ‘Productivity Statistics’ and they were taken into consideration to revise the statistics. In addition, the understanding of productivity indices among the stakeholders was deepened through the workshops. There was another outcome of the workshops whereby both FKE and COTU requested that PCK implement a sensitisation programme on productivity indices.

¹³ The ratio of total labour costs to value added

¹⁴ Unit labour costs (ULC) measure the average cost of labour per unit of output. It is used as a macro economic indicator. It is calculated by dividing real GDP to total compensation of employees.

3.7 Sensitisation Programme on Productivity Indices

According to the needs of both FKE and COTU, the JICA-PCK Team implemented sensitisation programmes on productivity indices for both FKE and COTU as follows.

Time & Date	Name of Programme	No. of participants	Venue
14:00-16:00, 4 th Nov. 2013	Sensitisation on Productivity Indices for FKE	12 (Officers of FKE)	FKE Board Room
12:00-13:30, 7 th Nov. 2013	Sensitisation on Productivity Indices for COTU	25 (Representatives of trade unions under COTU)	COTU Board Room

As a result of implementing the programmes, the understanding of the key members of both FKE and COTU of productivity concepts and indices was deepened. PCK's role in productivity measurement, namely the provision of neutral and reliable productivity indices, was understood by both members.

In the discussion of the programmes, considering wage negotiation within an individual company, the difficulty of sharing financial data to calculate productivity indices was pointed out as a crucial issue. It was also proposed that sensitisation towards productivity concepts and indices should be further implemented for employers and trade union members.

3.8 Recommendation for Improving the Quality of 'Productivity Statistics'

(1) Setting Up a Research Group

It is suggested that PCK set up a Research Group which consists of PCK and external experts from, for example, KNBS and universities. The group is mandated to look into the following issues: 1) improving the accuracy of productivity measurement and 2) extending the area of coverage for the measurement. The results of discussion in the research group should lead to improvement of 'Productivity Statistics' and development of new themes of productivity measurement.

(2) Improving the Function of Disseminating 'Productivity Statistics'

'Productivity Statistics' developed should be disseminated to stakeholders and as many social partners as possible. Coping with the reactions and revising 'Productivity Statistics' based on the useful comments, the quality will be eventually improved. In addition to the delivery of the published booklet to the stakeholders and social partners, a press conference should be organised. Through newspapers and economic magazines, the results of 'Productivity Statistics' will be disseminated and public awareness enhanced.

4. Productivity Promotion Applicable to Kenya

In this Project, applicable methods to promote PI in Kenya were studied. It is believed that the widespread adoption of 5S methodology will raise the level of both productivity and quality in Kenya, as well as speeding up the implementation of improvement of productivity and quality. One of the best practices in promoting 5S is found in Malaysia, the so-called 5S/QE Certification system.

4.1 Introduction of 5S Sensitisation in Malaysia

The Malaysia Productivity Corporation (MPC) has been disseminator of 5S/QE best practice in Malaysia, and 5S spread quickly once MPC introduced 5S Certification with the assistance of JPC in the 1990s. As of December 2012, 1,286 organisations have obtained QE/5S Certification¹⁵. An increase of 34% from 431 companies in 2011 to 577 companies in 2012 was recorded¹⁶. The 5S/QE initiative has been the foundation for continuous improvement in operations and service delivery systems, as well as inculcating a productivity and innovation culture in an organization in Malaysia.

4.2 Findings in Kenya (1)–Needs for 5S Sensitisation for PCK

Studying the successful case of 5S sensitisation in Malaysia, PCK showed the intention to promote 5S, such as by 5S Award/Certification, since it seemed very useful to Kenya for promoting PI in companies. Since PCK has become the focal point for productivity movements in Kenya, PCK should refocus on 5S-related activities, such as 5S-related training, 5S consultation, 5S conventions, and 5S model award activities. 5S sensitisation is to build the foundations of PCK, in order to have a quantum-leap impact on productivity growth, as well as to create a productivity innovative culture.

4.3 Findings in Kenya (2)–Needs for 5S Sensitisation for Companies

Based on the results of the questionnaire study on 5S, as well as the consultation for pilot companies, key findings with reference to the needs for 5S sensitisation are as follows:

- Awareness of 5S is not high in Kenya, especially in SMEs. Although companies know 5S, they do not implement it, because there is no strong incentive for either top executives or workers.
- The results of the consultation for pilot companies confirmed the needs for 5S in Kenyan companies. With the assistance of the JICA-PCK Team, all of the 12 pilot companies in this Project started 5S activities and sustained them. Based on 5S, most of the pilot companies have implemented further PI activities.
- Based on the results of the questionnaire study, most of the companies and organisations, which

¹⁵ According to MPC Annual Report

¹⁶ According to MPC Annual Report

were the current clients of PCK, showed their intention to apply 5S Certification if it was established. The main reasons for applying it were that ‘5S Certification can motivate managers/workers to sustain PI activities’ and ‘Our reputation is improved by 5S Certification’.

- As a result of the training programme in Malaysia, all the participants in the ministries agreed that the adoption of 5S would improve the service process of the public sector. 5S Award/Certification will be regarded as the measurable indicator for adoption in the future.

4.4 Activities to be Implemented

According to PCK’s intention to implement 5S sensitisation and the clear needs of companies for 5S, the JICA Team and PCK specified the activities to be implemented for 5S sensitisation. The plan comprises: 1) Introduction of the 5S Promotion System; 2) Needs Study on 5S Promotion; 3) Setting Up of a 5S Promotion Unit; 4) 5S Implementation at Pilot Companies; 5) ToT on 5S Internal Assessment; 6) 5S Promotion Campaign; and 7) 5S Award/Recognition. In this Project, the following activities were implemented: 1) Introduction of the 5S Promotion System (Case in Malaysia); 2) Needs Study on 5S Promotion; 3) 5S Implementation at Pilot Companies; and 4) ToT on 5S Internal Assessment. On the other hand, other activities were not implemented, due to the limited human resources of PCK.

4.5 Training of C/Ps in 5S Internal Assessment

To transfer the skills necessary for 5S assessment, training for PCK CPs was conducted in April 2012. Based on the training, ToT sessions on 5S internal assessment were held twice in October and December 2013.

4.6 Implementation of Pilot 5S Audit

In January 2014, a pilot 5S audit of two companies was implemented, in order for PCK to be ready to implement 5S audit after the Project. As the result of this audit, the processes of 5S audit, including planning, implementing, and reporting, were clarified, while the practical capacity of PCK consultants in conducting 5S audit was enhanced. In addition, JICA Project Team implemented 5S audit to PCK Office. They assessed the current level of 5S implementation and made the proposals for improvement.

4.7 5S Sensitisation Strategies in Kenya

Based on the results of the previous activities, 5S sensitisation strategies are proposed. The strategies consist of the ‘National 5S Campaign’, ‘National 5S Collaboration’, ‘National 5S Champions’, and ‘National 5S Convention’. The details are explained in ‘Part IV. 1. PAPs- 9) Implementing 5S Sensitisation’.

5. Productivity Promotion Seminar

5.1 Background & Objectives

The objective of the productivity promotion seminar was to introduce the results of the Project, including the National Productivity Policy, consultation for pilot companies, and provision of ‘Productivity Statistics’. In particular, it was very effective to introduce the results of consultation for pilot companies, so as to promote the applicability of PI methods in Kenyan companies.

5.2 Programme

Event	Time& Date	Contents	No. of participants	Venue
First Productivity Promotion Seminar	9:00-13:30, 13 th February, 2013	<ol style="list-style-type: none"> (1) Welcome remarks by MoLSSS (2) Remarks by the Secretary, NESC (3) Outline of PCK and the JICA Project (4) Productivity Movement in Japan (5) KAIZEN based on the Toyota Production System (6) Results of KAIZEN in Vegpro (7) Results of KAIZEN in Supacosm (8) Presentation of certificate to pilot companies (9) Closing remarks by the JICA Kenya Office 	155	Sentrim Hotel 680, Nairobi
Second Productivity Promotion Seminar	9:00-16:00, 28 th January, 2014	<ol style="list-style-type: none"> (1) Welcome remarks by MoLSSS (2) Outline of PCK and the JICA Project (3) Productivity Movement in Japan and Other Best Practices (4) KAIZEN based on the Toyota Production System (5) KAIZEN in Rukuriri Tea Factory, KTDA (6) KAIZEN in Greenforest Food Ltd (7) 5S Assessment & Its Application to Kenya (8) Productivity Statistics (9) Policy Recommendation for PI in Kenya (10) Presentation of certification to pilot companies (11) Closing remarks by the JICA Kenya Office 	270	Laico Hotel, Nairobi

5.3 Results

The results of the evaluation showed that most of the participants were satisfied with the programme. It was because both experiences in other countries (Japan and Malaysia) and examples of practical PI application in Kenya were presented. In both of the seminars for the first and second year, an overwhelming response from interested participants was received, arising from the advertisement in *the Daily Nation*. This proved the high interest of the people in productivity-related topics.

It was also noted that the contents of both seminars were introduced in various media (KBC News, radio, newspapers, internet media, etc.).

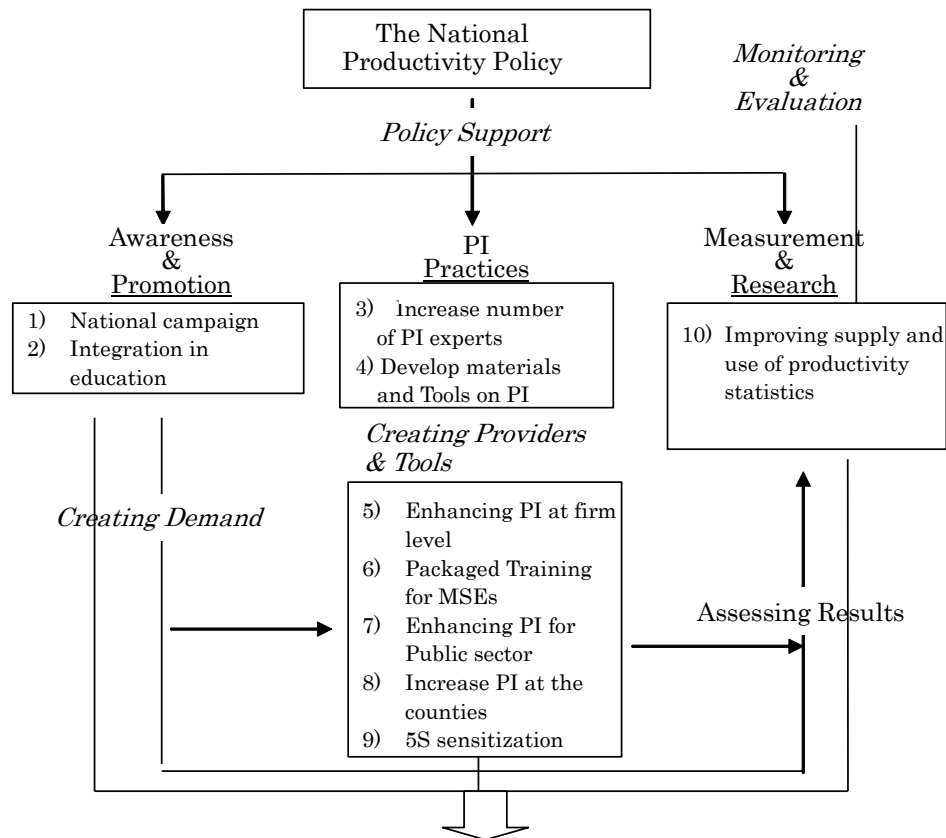
Part IV. Priority Action Plans and Recommendation

1. Priority Action Plans (PAPs)

1.1 Priority Actions and Their Background

10 Priority Action Plans (PAPs) are recommended to be implemented in order to concretise implementation of the flagship projects relating to productivity improvement in the Second MTP of Vision 2030 and the National Productivity Policy. 10 PAPs are selected from the action items under each of the 3 pillars outlined in the Strategic Plan of PCK 2013/2014-2017/2018 (Figure 4-1-1).

Figure 4-1-1: Structure of 10 PAPs for Promoting Productivity Improvement



Source: JICA Project Team

Productivity Improvement in Kenya

The first pillar, *Productivity Awareness Promotion*, aims to raise awareness of PI tools and concepts up to 60 % of the population as stated in the National Productivity Policy. Establishment of a strong coordination body, the National Committee on Productivity, which facilitates collaboration with various stakeholders related to PI, is the first item on the agenda for the national productivity campaign. Productivity sensitisation has to be targeted at various levels of people in addition to sensitisation of managers and workers both in the public and the private sectors. So it is important to increase productivity awareness among the youth, who can easily adopt new concepts and practice them in their

daily life. This will contribute to creating a productivity culture in Kenya. On this account, integrating productivity concepts and tools into education curriculum should be realised from an early age of education. Proposed PAPs in the first pillar are:

- 1) Implementing national productivity campaigns
- 2) Integrating the productivity concepts and tools into the education curriculum

As demand for PI increases in the first pillar, the second pillar, *Productivity Improvement Practices*, involves activities for supporting actual enhancement in PI. If more sensitisation programmes are conducted, and the effectiveness of applying PI methods to firms/agencies is well acknowledged, demand for consultation on PI is expected to increase rapidly. Through pilot consultation in this Project, the strong needs for PI at the firm level were reconfirmed. All the pilot companies have started 5S activities, and most of them maintain 5S practice after completion of consultation. With 5S activities as the basis, the companies initiated further PI activities. These companies requested further assistance from PCK. Therefore, there is sure to be essential and strong demand for PI at the firm level as well as the training of trainers (ToT). In addition, PI in the public sector also has to be targeted. Moreover, in line with the Second MTP of Vision 2030, special attention needs to be paid to MSEs and the counties. Proposed PAPs to enhance PI practices are:

- 3) Increasing the number of PI experts
- 4) Developing the materials for PI best practices and PI tools
- 5) Enhancing consultation services on PI at the firm level
- 6) Providing packaged PI managerial training/guidance to MSEs
- 7) Enhancing training and consultation services on PI to the public sector
- 8) Increasing the counties' productivity levels and competitiveness
- 9) Implementing 5S sensitisation

Then the third pillar, *Productivity Measurement and Research*, shall monitor and evaluate the overall outcome of the PAPs in the first and second pillars and will feed back to the monitoring framework of the National Productivity Policy. Based on the workshops on productivity indices with the main stakeholders (FKE, COTU, MoLSSS, and KNBS), the necessity of constant provision of reliable and objective productivity indices was confirmed in order to assess the result of productivity-related policies and determining wages. PCK bears the main responsibility for providing the productivity indices with the assistance of KNBS, which is the provider of raw data. In addition, in order to enhance sound labour-management relations, sensitisation towards the productivity concept and indices for both the employers (FKE) and the trade unions (COTU) is essential. The proposed PAP in the third pillar is:

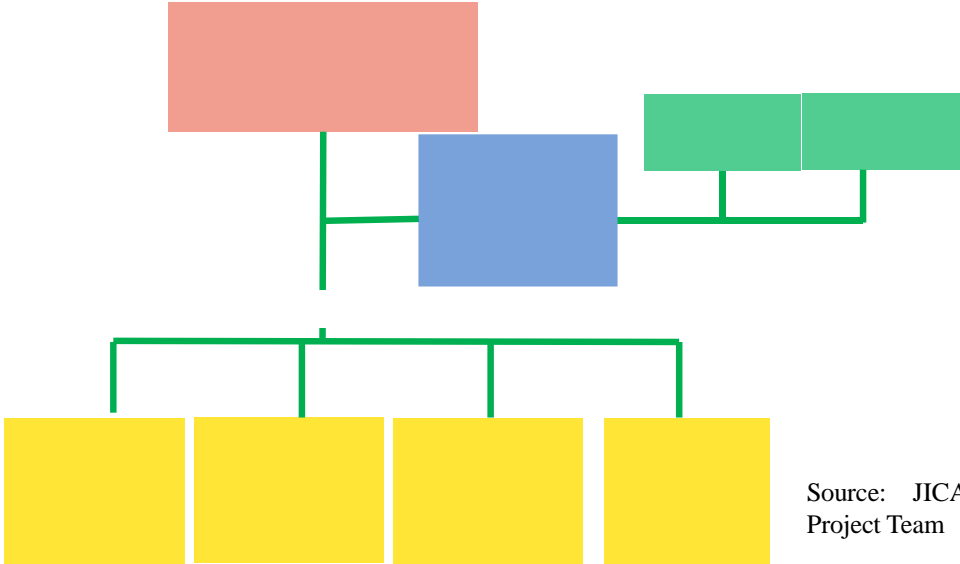
- 10) Improving the supply and use of productivity statistics.

1.2 Implementation Structure of PAPs

PI is on the national agenda, and actions to enhance PI cut across the functions of various ministries. Therefore, it is highly recommended that implementation of PAPs are spearheaded by the National Committee on Productivity and that the Committee is chaired by the very top executive of the country. Sub-committees or taskforces under the Committee shall be established as implementation bodies of a specific PAP. NPA acts as secretariat to the Committee and is responsible for implementation of most of the PAPs¹⁷. However, PAP No. 2 and PAP No. 6 are assumed to be spearheaded outside direct responsibility of the National Committee on Productivity.

The Full involvement of PCK in these PAPs is assumed under the condition that PCK is equipped with sufficient human resources equivalent to that of NPA, which will be established based on the National Productivity Authority Bill. However, the proposed PAPs should be initiated without waiting for enactment of the Bill.

Figure 4-1-2: Implementation Structure of 10 PAPs



Source: JICA Project Team

1.3 Individual PAPs

Individual PAPs are explained in detail in the following 10 separate tables.

Notes:

- 1) The first organisation in the list of implementing agencies is the expected leading coordinating agency (as underlined) for individual PAPs.
- 2) The projected estimate in Phase 1 is calculated by the JICA Expert Team as development expenditure of activities between 2014/2015 and 2017/2018. The estimate does not include the recurrent costs of public agencies.
- 3) According to the discussion between PCK and JICA Project Team, it was confirmed that PCK would focus on PAP No.1, 3, 5, and 10 as priority in 2013-2014 (before the transformation to NPA), since these were clarified as key outreach performance of PCK.

¹⁷ PAP No.8 consists of cross-cutting activities introduced in other PAPs. Therefore, the establishment of implementation structure is not necessary.

Project Name: Implementing National Productivity Campaigns			
[Background] This PAP intends to set a national framework to improve the productivity culture throughout the nation with the initiative of the National Committee on Productivity. PI is considered indispensable for attaining the goals envisaged under Vision 2030. However, productivity concepts and methods are not yet well acknowledged throughout Kenya. In order to create a productivity culture, one of the pillars in the National Productivity Policy, it is important to make people more aware and conscious of concepts and tools for PI. Most successful cases in which productivity improvement spread at high speed throughout a nation are typically driven by the head of state (e.g. Malaysia and Ethiopia). It is of utmost importance that the policy and strategies for productivity improvement are discussed by the top decision-making body of the Government of Kenya. As stated in the National Productivity Policy and Section 14 of the NPA Bill, the National Committee on Productivity has to be formed with representatives from the Government, industries, trade unions, academia, and other professionals who shall coordinate the implementation of the national productivity campaign. Intensive promotion by setting up a 'Productivity Month' and campaigns related to it are required so as to catch the attention of the wider population regarding the importance of PI. The target indicator in this PAP accords with the National Productivity Policy.			
[Objective] People at various levels of society in Kenya become aware of productivity concept and tools.			
[Implementing Agencies] NPA, MoLSSS, MoIED, MoDP, FKE, COTU, KEPSA, the media			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) The National Committee on Productivity to be established and operationalised [MoLSSS, NPA]	←		→
(2) A sub-committee for the national productivity campaign under the National Productivity Committee to be set up and operationalised (SP 1.2.1) [MoLSSS, NPA]	←		→
(3) The National Productivity Policy to be launched under Sessional Paper No. 3 of 2013 [MoLSSS, NPA]	↔		
(4) The sub-committee to identify 'Productivity Month (5S Month)' and place advertorials in newspapers (SP 3.1.1) [NPA]	↔		
(5) A national productivity campaign to be undertaken (SP 3.1.1) [NPA, MoLSSS, MoIED, MoDP, FKE, COTU]	←		→
(6) Annual National Seminars during 'Productivity Month' to be conducted (SP 3.1.1) [NPA]	←		→
(7) An award to be provided for the best practices from the public and private sectors in the Annual National Seminar (SP 3.1.1) [NPA]	←		→
(8) Advertorials about the annual seminar and the award winner to be placed in newspapers, radio, and TV (SP 3.1.1) [NPA]	←		→
[Indicator] Sixty percent of the Kenyan population have heard or read about PI concepts and tools by year 2030.			
[Method of Verification] Survey reports			
[Note for Taking Actions] 1) In order to support PAP No. 8, it is ideal to have a representative from the Council of Governors in the National Committee on Productivity. 2) The above awards (7) in the Annual National Seminars are designed to honour the companies/agencies which demonstrated the best practices in PI in the particular year through the consultation services as outlined in PAPs No. 5 and 7. It is necessary to ensure that this award does not become a simple duplication of other similar awards presented by KIM, KNCPC, KAM, etc.			
[Projected Estimate in Phase 1] 68 million KSH			

Project Name: Integrating the Productivity Concepts and Tools into the Education Curriculum			
[Background] In order to enhance productivity concepts and tools throughout Kenya, equipping students with PI concepts and tools before their graduation is the most effective method. Changing emphasis from knowledge-based education (primary, secondary, youth polytechnics, and higher) to problem-solving or objective-based education will lead to an improvement in the productivity enhancement of human resources. In the current curriculum, basics in productivity concepts and tools have already been incorporated, particularly social science at primary school, business studies at secondary school, and the National Vocational Certificate Programme in TVETs. However, more concrete tools on productivity can be elaborated in the curriculum. We aim to have children become aware of simple concepts linked to productivity such as ‘punctuality’, ‘waste elimination’, ‘cleanness’, ‘teamwork’, and ‘leadership’ in their youth. Then, at the secondary and TVET level, it is recommended that more specific IP tools such as 5S and KAIZEN be taught. This is the best timing to implement this PAP as NPA can join in the curriculum revision process spearheaded by MoEST and KICD starting early 2014.			
[Objective] The students learn about productivity concepts and tools.			
[Implementing Agencies] KICD, MoEST, NPA, primary and secondary schools, youth polytechnics (TVETs)			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) NPA (PCK) to join a needs assessment session conducted by KICD (SP 3.2.) [KICD, NPA]	↔		
(2) To undertake benchmarking studies abroad (e.g., Ethiopian Occupational Standards on KAIZEN) [KICD, NPA]	↔		
(3) To join stakeholders’ workshops for reviewing the curriculum (SP 3.2.) [MoEST, KICD, NPA]	↔		
(4) To hold sensitisation workshops country wide [MoEST, NPA]	↔		
(5) To produce a revised syllabus with PI concepts and tools (SP 3.2.) [KICD, NPA]	↔		
(6) To produce materials for the new syllabus (SP 3.2.) [KICD, NPA]	↔		
(7) To orient teachers to the new syllabus (SP 3.2.) [KICD, NPA]	↔		
(8) To offer pilot training in PI [schools]	↔		
(9) To make necessary revisions based on the results of the pilot training sessions (SP 3.2.) [KICD, NPA]	↔		
(10) To roll out the new curriculum nationally [KICD]		↔	↔
[Indicator] New curriculum incorporating PI concepts and tools are rolled out nationally from Phase 2.			
[Method of Verification] Revised syllabus and textbooks			
[Note for Taking Actions] 1) Since curriculum revision involves complicated processes, this PAP proposes that NPA join the curriculum revision process as one of the members related to the business sector rather than taking the initiative on its own. 2) PI sensitization in other TVETs and higher education are aimed at through ToT provided to lecturers under PAP No. 3.			
[Projected Estimate in Phase 1] 39 million KSH			

Project Name: Increasing the Number of PI Experts			
[Background] In order to meet the great demand for PI from a wide sector of firms/agencies across the country, there is a need to rapidly train a critical mass of PI experts who offer training/consultation to firms and agencies. PCK has been providing training to TSPs as one of the activities specified in its performance contract. This JICA Project supported its efforts through establishing more systematic approaches to the leading TSP institutions which have trainers/consultants on PI through provision of concrete training modules on 5S, KAIZEN, and the Toyota Production System (TPS). However, this effort to develop PI experts has to be expanded to not only training by PCK/NPA by itself but also by TSPs. In addition, it is also necessary to train middle managers and workers for acquiring practical skills in PI.			
[Objective] The critical mass of PI experts is trained at TSPs and firms/agencies.			
[Implementing Agencies] NPA, MoIED, FKE, TSPs			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) To conduct training of trainers (ToT) for consultants/trainers (SP 4.1.1)			
i. To develop and revise ToT modules and training materials targeting consultants/trainers (SP 4.1.1) [NPA]	↔	↔	↔
ii. To develop strategies for selecting consultants/trainers for the training (SP 4.1.1) [NPA]	↔	↔	↔
iii. To undertake training in PI tools (SP 4.1.1) [NPA]	←————→		
iv. To improve the training programme based on feedback (SP 4.1.1) [NPA]	←————→		
v. To maintain a TSP database of PI consultants/trainers while monitoring their actual implementation and performance [NPA]	←————→		
vi. To establish a certification system for consultants/trainers [NPA]	↔		
(2) To conduct training for middle managers and employees (SP 4.1.1)			
i. To determine and review fees for the training of middle managers and employees (SP 4.1.1) [NPA]	↔	↔	↔
ii. To develop training plans in the counties (SP 4.1.1, PAP No. 8) [NPA, MoIED]	←————→		
iii. To develop and modify training modules and materials targeting middle managers and employees (SP 4.1.1) [NPA]	↔	↔	↔
iv. To advertise in newspapers for training applications (SP 4.1.1) [NPA]	←————→		
v. To undertake training in PI tools (SP 4.1.1) [NPA, TSPs]	←————→		
vi. To have consultation with trained middle managers and employees for advice (SP 4.1.1) [NPA]	←————→		
[Indicator] 10 ToT sessions per year / 100 training programmes on PI			
[Method of Verification] NPA collects the implementation data provided by the authorised trainers.			
[Note for Taking Actions] In addition to the current programmes, ToT on other PI tools, such as ‘problem-solving/quality control tools’ and ‘total productive maintenance’, should be developed. After developing these programmes, a certification system for consultants/trainers should be designed (Work Item (1)).			
[Projected Estimate in Phase 1] 67 million KSH			

Project Name: Developing Materials for PI Best Practices and PI Tools				
[Background] Productivity concepts and methods are not yet well acknowledged throughout Kenya. In order to create a productivity culture, one of the pillars in the National Productivity Policy, it is important to develop materials for best practices and tools for PI so as to promote the awareness of the people, as well as guiding a practical approach to implementing productivity improvement activities.				
[Objective] Materials on PI best practices and PI tools are developed.				
[Implementing Agencies] NPA, MoLSSS, companies, FKE, COTU, universities, research institutions				
[Scope of Work]				
	Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1)	To develop materials for PI best practices (SP 3.1.1) [NPA]	←→	←→	←→
(2)	To develop and revise the materials for PI tools and an abridged guidebook (SP 3.1.1) [NPA]	←→	←→	←→
(3)	To publicise the PI materials and distribute them through seminars and training sessions (SP 3.1.1) [NPA]	←→	←→	←→
(4)	To establish the home page of NPA, and upload the materials for PI best practice and PI tools (SP 3.1.1) [NPA]	←→	←→	←→
(5)	To list the contacts of key partners on the home page (SP 3.1.1) [NPA]	←→	←→	←→
(6)	To upload key 'Productivity Statistics' to the home page (SP 3.1.1) [NPA]	←→	←→	←→
[Indicators] 150 PI best practices by 2030, 15 PI tool materials by 2030 1,000 downloads of PI materials/tools per year by 2023				
[Methods of Verification] Record of NPA activity, home page contents, and internet access record				
[Note for Taking Actions] 1) The materials for PI best practices are expected to be a two- or three-page summary of the case of companies/organisations, so that it can be easily uploaded on the home page. In addition, the development of visual materials for PI best practices (for example, a short movie of PI best practice), which can give a greater visual impact, should be considered (Work Item (1)). 2) Development of materials for PI tools should be simultaneously conducted with the development of a training programme on PI tools (PAP 3) (Work Item (2)).				
[Projected Estimate in Phase 1] 50 million KSH				

Project Name: Enhancing Consultation Services on PI at the Firm Level				
[Background] This PAP supports a flagship project on productivity improvement targeted at SMEs in the Second MTP of Vision 2030 (2013-2017). Since Kenya is already integrated into the global economy, it is essential that each firm utilise PI tools in order to gain competitiveness. Although many large-scale firms have started to utilise PI tools, dissemination to SMEs is very limited. In order to enhance PI in firms, consultation service should be rendered so that PI tools are applied effectively. PCK has a mandate to provide consultation services to firms so that they can become models of practicing PI tools. In order to increase the number of beneficiaries, more consultants with practical capacity should be trained. In addition, the target is a wider reach to beneficiaries through creating strategic partnership with TSPs, which benefit from ToT programmes as outlined in PAP No. 3.				
[Objective] PI tools are widely applied to firms in Kenya.				
[Implementing Agencies] NPA, MoIED, MSEA, FKE, KEPSA, KNCCI, KIBT, KNCPC, TSPs				
[Scope of Work]				
	Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1)	To set up and operationalise a taskforce for identifying a strategy and a plan for PI at the firm level (fees, dissemination to counties, strategic partners, etc.) (SP 1.2, SP4.1) [NPA, MoIED, MSEA]	↔	↔	↔
(2)	The taskforce to set a subsidising scheme on PI consultation for SMEs [NPA, MoIED, MSEA]	←		→
(3)	The taskforce to assist in creating partnerships with TSPs in implementing consultation (SP 4.1) [NPA MoIED, MSEA]	↔	↔	↔
(4)	To conduct ToT (PAP No. 3)	←		→
(5)	To conduct consultation at firms (SP4.1) [NPA, TSPs] 5S & KAIZEN based on the Toyota Production System, etc.	←		→
(6)	To develop indicators for monitoring the performance of the firms on productivity improvement [NPA, TSPs]	↔	↔	↔
(7)	To implement periodical monitoring of the results of consultation (SP4.1) [NPA]	←		→
[Indicator] Consultation is implemented for 100 firms/agencies per year by all TSPs including NPA.				
[Method of Verification] NPA collects implementation data provided from the certified TSPs.				
[Note for Taking Actions] 1) It is necessary to design the implementation of this PA in a way that public TSPs do not deprive private consultants on PI of market opportunities through targeting SMEs and setting the right price with subsidies for SMEs (Work Item (2)). 2) In order to render consultation services to the MSEs in the counties far from the Nairobi area, special financial assistance from the Government or the counties should be provided.				
[Projected Estimate in Phase 1] 82 million KSH				

Project Name: Providing Packaged PI Managerial Training/Guidance to MSEs				
[Background] This PAP supports a flagship project on PI targeted at MSEs in the Second MTP of Vision 2030 (2013-2017). MSEs are the major source of job offers in Kenya. Yet, most of their business is not competitive enough to sustain the livelihoods of the workers engaged in MSEs. This is because the majority of owners of MSEs do not have both a right vision/business plan and basic managerial knowledge including application of PI in their work processes. In the JICA Project for the Second Phase of Trade Training for SME Exporters (2010-2012), KIBT started to offer packaged training/guidance services targeting owners/managers who are decision makers of their firm's operation. The package includes entrepreneurship, marketing planning, PI, and accounting training sessions in the classroom as well as on-the-floor guidance at the workplace of each trainee. Through experimentations in various countries, this packaged training/consultation course was scientifically proven effective in assisting growth and PI of SMEs. In addition, ILO supported MSEA in providing 2,000 participants across the country with Start Your Business (SYB) and Improve Your Business (IYB) training in 2011/12 and 2012/13. Adding the PI component and on-the-floor guidance to SYB and IYB will concretise the whole package proposed in this PAP. Under partnership with MSEA, KIBT, KEPISA, KIM, and other strategic TSP institutions, this PAP aims to establish a system which improves accessibility of MSEs to training/consultation on PI.				
[Objective] The owners of MSEs are equipped with basic managerial knowledge for growing their business.				
[Implementing Agencies] MSEA, KIBT, NPA, MoIED, FKE, KEPISA, KNCCI, KIM, TSPs				
[Scope of Work]				
	Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1)	To set up and operationalise a taskforce for identifying a strategy and a plan for PI for MSEs (dissemination to counties, strategic partners, fees, etc.) (SP 1.2) [MSEA, MoIED, KIBT, NPA]	↔	↔	↔
(2)	For new TSPs to learn the training/guidance module while attending the training/guidance services conducted by trained KIBT officers [KIBT]	←		→
(3)	The trained TSPs to implement training/guidance service and KIBT trainers to monitor the TSPs' performance and provide advice [KIBT]	←		→
(4)	To conduct packaged PI managerial training/guidance for MSEs (preparation and management to be undertaken by the field officers of MSEA) [MSEA, MoIED, KIBT, TSP]	←		→
(5)	To monitor progress and provide support for implementation (SP4.1) [MSEA, MoIED, NPA, KIBT]	←		→
[Indicator] Implementation of the packaged training services to 1,000 MSEs per year by the trained TSPs.				
[Method of Verification] MSEA and NPA collect the implementation data provided by the TSPs.				
[Note for Taking Actions] 1) This PAP specifically targets owner-managers of MSEs since they have the power to quickly put what they learn into action. 2) This packaged training/guidance is originally designed for a cluster (geographical concentration of a specific sector) so that it is easier to go around the trainees' workplaces for guidance and to share problems observed among the trainees' workplaces in the classroom. 3) ToT is provided through training (Work Item (2)) and experience as a trainer (Work Item (3)). 4) Willing firms can join PAP No. 5 after successful completion of the training/guidance in this PAP.				
[Projected Estimate in Phase 1] 53 million KSH				

Project Name: Enhancing Training and Consultation Services on PI to the Public Sector			
[Background] PI in the public sector is a critical issue because the public sector occupies a large share of the GDP and employment absorption in Kenya. In addition, the public sector plays a facilitator role in the enhancement of economic growth. Taking the example of Malaysia, both 5S & KAIZEN and ISO 9001 have been introduced into the public sector and they have contributed to improving the service quality of the public sector. The implementation of 5S & KAIZEN actually realises a good working environment, eliminates all waste at offices, and improves service delivery to the citizens. Currently, all public agencies are mandated to implement ISO 9001 under their performance contracts in Kenya. ISO is a tool to ensure quality standards, which meet the needs of customers with a proper authorisation process, but ISO alone does not necessary ensure productivity improvement of the work process without implementation of 5S. The implementation of 5S & KAIZEN, in addition to ISO 9001, will further enhance the efficiency of the public sector and improve citizen satisfaction. NPA needs to develop various successful cases of PI application in the public sector through consultation services. Real successful cases would help encourage top government officials buy into the PI concepts and tools.			
[Objective] The public sector adopts PI tools (5S & KAIZEN).			
[Implementing Agencies] MoDP, NPA, KSG, TSPs			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) To set up and operationalise a sub-committee on mainstreaming PI practices in the public sector (SP 1.2.1) [NPA]	↔	↔	↔
(2) To sensitise the county governors/ministers towards productivity concepts (SP 3.1.3) [NPA, MoDP]	↔	↔	↔
(3) A taskforce for implementing PI to be set up and operationalised in each county [NPA, MoDP]	←		→
(4) To hold a facilitators' workshop among key government institutions to discuss methods of introducing PI (5S and KAIZEN) practices in the government (SP 3.1.3) [NPA]	↔	↔	↔
(5) To include implementation of PI practice (5S and KAIZEN) in performance contracts (SP 3.1.3) [MoDP]	←		→
(6) To provide ToT to KSG [NPA, KSG]	↔	↔	↔
(7) To organise PI (5S and KAIZEN) training sessions for assigned officers (PAP No. 3) [NPA, KSG]	←		→
(8) To provide assistance to ministries/counties with applying PI practices (PAP No. 8) [NPA]	←		→
(9) To award the best ministerial/public agencies on being the best showcase for PI (5S and KAIZEN) practice at the Annual National Seminar (PAP No. 1) [NPA]	←		→
(10) To publicise the best PI (5S and KAIZEN) practice of the Government in the media (PAP No. 1) [NPA]	←		→
[Indicator] PI is practised based on the performance contract.			
[Method of Verification] Performance contract reports			
[Note for Taking Actions] MoDP can utilise the 5S assessment score developed in PAP No. 9 (3) for evaluation in the performance contract.			
[Projected Estimate in Phase 1] 32 million KSH			

Project Name: Increasing the Country's Productivity Levels and Competitiveness			
[Background] This PAP accords with the flagship project specified in the Second MTP of Vision 2030 (2013-2017). The Constitution of Kenya 2010 introduced devolution of the government. In order to minimise the social and economic gap throughout the counties, a special project is needed to pay more attention to increasing productivity and competitiveness in the counties. This PAP includes cross-cutting activities introduced in other PAPs. It is a challenge for the National Government to provide sufficient support to the large number of counties, i.e., 47. A strong initiative from county government is necessary in order to actualise PI at the county level. A new monitoring framework is necessary to observe the progress of PI at the county level.			
[Objective] Productivity in the counties is improved.			
[Implementing Agencies] NPA, MoDP, MoIED, KIBT, KSG, TSPs			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) Strategies for raising awareness and implementing PI in the counties to be discussed in the following sub-committees/taskforces - sub-committee on the national productivity campaign (PAP No. 1) - taskforce for consultation services at firms (PAP No. 5) - taskforce for implementing packaged PI training/guidance for MSEs (PAP No. 6) - sub-committee on mainstreaming PI practices in the public sector (PAP No. 7)	←		→
(2) To build a monitoring framework and observe implementation of PI at the county level [MoDP, MoLSSS, NPA]	←		→
(3) To prepare an abridged guidebook for disseminating PI concepts and tools (PAP No. 4) [NPA]	↔		
(4) To train development officers for sensitisation in the counties [NPA, KIBT, MoDP]	↔		
(5) To sensitise county governors/ministers relevant stakeholders on productivity concepts (PAP No.1, PAP No.2, PAP No. 7) [NPA, MoDP]	←	→	
(6) A taskforce for implementing PI to be set up and operationalised in each county and to identify TSPs in each county [NPA, MoDP]	←		→
(7) ToT to be conducted for identified TSPs (PAP No. 3) [NPA, certified TSPs]	←		→
(8) Consultation at model firms in the counties to be conducted with the initiatives of the taskforce in each county and identified TSPs (PAP No. 5) [Taskforces and TSPs in each county]	←		→
(9) Packaged IP training/guidance service to be provided to MSEs in the counties [KIBT and TSPs in each county]	←		→
(10) The best performer in PI to be selected in each county [Taskforces in each county]	←		→
(11) To award the best PI practice award selected among the counties at the National Productivity Seminar (PAP No. 1) [NPA]	←		→
[Indicators] No. of counties that received PI awareness seminars; No. of firms that received PI consultation services in each county; No. of MSEs that received packaged PI training/guidance services in each county			
[Method of Verification] Report from NPA to the Vision 2030 Delivery Secretariat			
[Note for Taking Actions] It is recommend that model cases be firstly developed with a few selected counties so that other counties can see the benefits and become willing to join this PAP.			
[Projected Estimate in Phase 1] 323 million KSH			

Project Name: Implementing 5S Sensitisation			
[Background] 5S is the basis of every PI activity at a workshop. It enables a company or any organisation to visualise waste, improve the mindset of the workers involved, and induce further PI activities. 5S adoption lays the foundation of productivity improvement and a holistic approach to long-term success, aiming at the radical transformation of both the public and private sectors. 5S sensitisation with a national-level campaign will be the prime mover to have a quantum-leap impact on productivity in Kenya. 5S Certification, the system of recognising organisations which implement 5S to a successful level, will be one of the strategic tools during this sensitisation. Awarding the champion among 5S-certified organisations through the National Convention would encourage more organisations in the public and private sectors to launch 5S activities.			
[Objective] 5S is widely adopted by firms / agencies.			
[Implementing Agencies] NPA, MoLSSS, FKE, TSPs, KEBS, media			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) To implement a National 5S Campaign (SP 4.2.2)			
i. To publish 5S sensitisation as a national movement by the National Committee on Productivity (PAP No.1) [NPA]	←→		
ii. To declare '5S Month', 5S logo/slogan (PAP No. 1) [NPA]		←→	
iii. To promote 5S in the education system (PAP No. 2) [NPA]	←→	←→	←→
(2) To facilitate National 5S Collaboration			
i. To establish a sub-committee for the national productivity campaign to drive 5S sensitisation (PAP No. 1) [NPA]	←→		←→
ii. To create a network with relevant TSPs promoting 5S as the National 5S Partners (PAP No. 3) [NPA]	←→		←→
iii. To create a network with collaboration partners in other countries (neighbouring countries) [NPA]		←→	←→
(3) To train/develop National 5S Champions			
i. To revise and finalise the 5S assessment score	←→		
ii. To train 5S Internal Assessors (companies) (PAP No. 3) [NPA, TSPs]	←→		←→
iii. To train 5S Assessors (consultants) (PAP No. 3) [NPA, TSPs]	←→		←→
iv. To establish and implement 5S Certification [NPA]		←→	←→
(4) To implement a 5S Convention & 5S Certification			
i. To implement a national 5S Convention under the Annual National Seminar (PAP No. 1) [NPA]		←→	←→
ii. To implement a 5S Certification award ceremony under the Annual National Seminar (PAP No. 1) [NPA]		←→	←→
[Indicator] 600 firms/agencies have received 5S Certification by 2022.			
[Method of Verification] Registration record of 5S-certified countries/organisations			
[Note for Taking Actions] Promotion of 5S Certification in the public sector can be done through PAP No.7.			
[Projected Estimate in Phase 1] 33 million KSH			

Project Name: Improving the Supply and Use of ‘Productivity Statistics’			
[Background] PCK annually publishes ‘Productivity Statistics’, which is intended to be used as a reference for formulating policy and determining wage levels. However, contents and use of ‘Productivity Statistics’ have to be improved at various levels starting from improvement of raw data, analysis, presentation, and use. Firstly, in the raw data, accuracy and classification of data by KNBS have to be improved. Secondly, at the analysis and presentation level, for which NPA has the main responsibility, this JICA Project has provided direct assistance for improvement, but efforts towards improvement have to be continued. Finally, in widening the use of ‘Productivity Statistics’, accessibility to the ‘Productivity Statistics’ has to become easier through enabling the paper to be downloaded from the home page of NPA. In particular, use of ‘Productivity Statistics’ is expected to improve labour-management relations. Sharing the productivity concept based on its guiding principles (expansion of employment, labour-management cooperation, and fair distribution of productivity gains) guided by reliable ‘Productivity Statistics’ will help to create sound labour-management relations.			
[Objective] Reliable ‘Productivity Statistics’ are reported and used by a wide range of stakeholders			
[Implementing Agencies] NPA, KNBS, MoLSSS, KRA, KIPPRRA, FKE, COTU, academic experts			
[Scope of Work]			
Work Items [Lead Institution]	Phase 1 2014-2017	Phase 2 2018-2022	Phase 3 2023-2030
(1) To improve the supply of ‘Productivity Statistics’ (SP 5.1)			
i. To set up and operationalise a taskforce to periodically review and revise the design of ‘Productivity Statistics’ [NPA, KNBS]	←→		→
ii. KNBS to collaborate with KRA to improve the raw data on output and input as well as sub-sectoral coding (Harmonising the ISIC version is necessary.) [KNBS]	←→		
iii. NPA to undertake analysis of ‘Productivity Statistics’ [NPA]	←→		→
iv. To hold the workshop with stakeholders, in order to improve the contents of ‘Productivity Statistics’ [NPA]	←→		→
v. To upload an annual report on ‘Productivity Statistics’ on NPA’s home page [NPA]	←→		→
(2) To improve use of ‘Productivity Statistics’ in labour-management relations (SP 5.2.2)			
i. To sensitise the members of FKE and COTU towards the productivity concept and use of ‘Productivity Statistics’ [NPA]	←→		→
ii. To provide training to the members of FKE and COTU on analysing productivity improvement at the firm level and utilising it for wage negotiation [NPA]	←→		→
[Indicators] ‘Productivity Statistics’ of international standards are published annually. Use of ‘Productivity Statistics’ is mainstreamed by 60% of trade unions by 2030.			
[Method of Verification] Record of NPA activity, questionnaire to trade unions			
[Note for Taking Actions] Involvement of practical academic experts in the taskforce can enhance the quality of statistics. They can also contribute to enlarging the coverage of productivity indices analysis (Work Item (1)).			
[Projected Estimate in Phase 1] 30 million KSH			

PAP No.1: Implementing National Productivity Campaigns

Launching the Productivity Policy (1 time)	10,000
Advertorial of Productivity Month (4 years)	8,000
National Seminar venue (4 locations per year x 4 years)	14,400
Trips & accommodation for the travel of organisers (4 locations per year x 4 years)	1,704
Awards at the National Seminars (4 years)	2,000
Advertorial of the National Seminars (4 years)	16,000
Miscellaneous and other media (4 years)	16,000
Total	68,104

PAP No.2: Integrating the Productivity Concepts and Tools into the Education Curriculum

Developing PI tool textbooks (4 years)	13,800
Developing PI promotion textbooks (4 years)	8,600
Sensitisation Workshop (1 workshop x 12 counties x 4 year)	9,600
Trips & accommodation for the travel of organisers (9 trips x 4 years)	2,352
ToT in Nairobi: (6 programmes x 20 persons per class in 2017)	2,400
ToT outside Nairobi: (4 programmes x 20 persons per class in 2017)	2,240
Total	38,992

PAP No.3: Increasing the Number of PI Experts

ToT in Nairobi: (6 programmes per year x 20 persons per programme x 4 years)	4,560
ToT outside Nairobi: (4 programmes per year x 20 persons per programme x 4 years)	7,200
Developing materials and certification system for ToT	2,520
Training for middle managers and employees in Nairobi: (60 programmes by NPA and TSPs per year x 20 persons per programmes x 4 years)	24,000
Training for middle managers and employees outside Nairobi: (40 programs by NPA and TSPs per year x 20 persons per program x 4 years)	27,200
Developing materials and certification system for training managers/experts	1,200
Total	66,680

PAP No.4: Developing the Materials for PI Best Practices and PI Tools

Developing PI best practices (books and DVDs) (4 years)	17,600
Developing PI tool materials (4 years)	13,800
Developing PI promotion materials (4 years)	8,600
Making and maintaining the home page (4 years)	10,400
Total	50,400

PAP No.5: Enhancing Consultation Services on PI at the Firm Level

Salaries of the private experts for consultation in Nairobi (50 companies per year x 6 visits per companies x 50% x 4 years; assuming 50% of the experts are from the private sector)	27,000
Salaries of the private experts for consultation outside Nairobi (50 companies per year x 6 visits per companies x 50% x 4 years; assuming 50% of the experts are from the private sector)	27,000
Trips & accommodation for consultation outside Nairobi (50 companies per year x 6 visits per companies x 4 years)	27,000
Equipment	1,200
Total	82,200

PAP No.6: Providing Packaged PI Managerial Training/Guidance to MSEs

Stationary for ToT (20 trainees x 4 years)	320
Travel and accommodation allowance of trainers (10 trainees x 4 years)	4,200
Venue (1 programmess x 12 counties x 4 years)	7,200
Stationary (42 MSEs x 1 programmes x 12 counties x 4 years)	4,000
Travel and accommodation allowance of trainers	22,080
Salaries of the private trainers (180 days x 3 experts x 4 years; assuming 50% of the trainers are from the private sector and 10 man-days x 4 years x ToT)	15,600
Total	53,400

PAP No.7: Enhancing Training and Consultation Services on PI to the Public Sector

Stationary and copies for workshops: (10 counties x 50 officers per county x 2 courses x 5 days/course x 4 years; cost for venues excluded)	200
Travel and accommodation for the trainers	13,440
Promotion, award, and advertorial (4 years)	18,000
Total	31,640

PAP No.8: Increasing the Counties' Productivity Levels and Competitiveness

PAP No.1	68,104
PAP No.2 (Sensitisation Workshop including travelling and accommodation)	9,600
PAP No.2 (ToT outside Nairobi)	8,960
PAP No.3 (Held outside Nairobi)	52,400
PAP No. 4 (Developing PI promotion materials)	8,600
PAP No.5 (Consultation to companies outside Nairobi)	72,000
PAP No.6	71,600
PAP No.7	31,640
Total	322,904

PAP No.9: Implementing 5S Sensitisation

Holding 5S committees (4 years)	11,200
Implementing 5S audits (4 years)	7,000
Holding 5S conventions (4 years)	10,400
ToT on 5S audits	1,680
Training programmes on 5S	2,360
Total	32,640

PAP No.10: Improving the Supply and Use of 'Productivity Statistics'

Holding the workshops with stakeholders and research group (4 years)	4,000
Publishing 'Productivity Statistics' and other materials (4 years)	8,000
Making and maintaining the home page (PAP No.3)	10,400
Procurement of private experts for researching productivity status (4 years)	8,000
Total	30,400

Note 1: If the PAP number is indicated in parentheses in the above breakdown, the estimate in the row has some overlaps with other PAPs.

Note 2: Recurrent expenditure of the governmental agencies is not included in the estimates.

2. Recommendation

Based on the results of this Project, the recommendations for further implementing PI activities in Kenya, as well as sustaining the Project results, are outlined below.

2.1 Enactment of the National Productivity Authority Bill and Establishment of the National Committee on Productivity

Nationwide adoption of productivity concepts and tools require strong organisation and absolute leadership since productivity improvement is a cross-cutting agenda item and involves coordination among various stakeholders spread across the sectors. Taking the example in Ethiopia, dissemination of KAIZEN based productivity improvement tools is spearheaded by the initiative of the Prime Minister. With his leadership, the Ethiopian KAIZEN Institute (EKI) has rapidly enhanced its organisational capacity with 77 staff and 13 directorates in only four years since initiation of JICA technical cooperation on KAIZEN. EKI has become a focal point for productivity improvement in Ethiopia through consultation and training on KAIZEN.

In order to enhance productivity and competitiveness in Kenya, the Government of Kenya is requested to facilitate quick reading and enactment of the National Productivity Authority Bill, which authorises the transformation of PCK into NPA. In addition, the National Committee on Productivity should be established with representatives from related ministries, industries, trade unions, and professionals. It is recommended that the Committee be chaired by the highest level of government and that strategies for the countrywide enhancement of productivity improvement be discussed.

2.2 Increasing the Number of PCK Staff to Meet the Growing Needs of Stakeholders

Productivity improvement is the priority agenda item for realising Vision 2030. During the Project period, it is noticed that the expected tasks of PCK are increasing from its current duties, which focus on productivity promotion & implementation in the private sector and productivity measurement to new duties such as productivity enhancement in the ministries as well as productivity measurement in the public sector. Moreover, the pilot activities of this Project, such as consultation on PI, ToT for TSPs, and productivity measurement, have surely created new needs of various stakeholders.

In order to meet these expectations and sustain the results of the Project, the number of PCK technical staff has to be enlarged very urgently without waiting for enactment of the National Productivity Authority Bill.

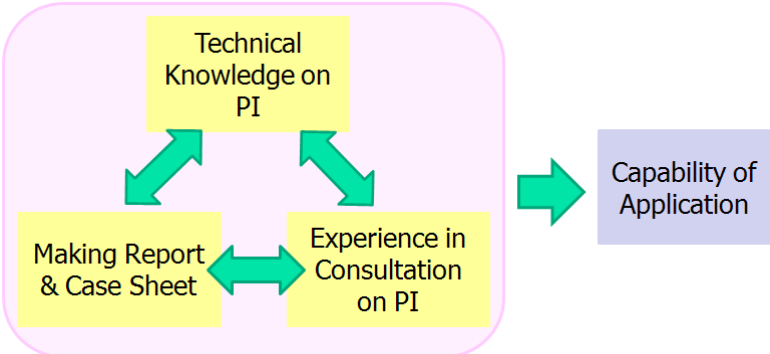
2.3 Continuation of the Capacity Development of Technical Officers of PCK

PCK's technical officers trained as consultants on PI in this Project remain four persons. However, these

four technical officers have become capable of training new staff in the area of PI. After the Project, they are expected to develop the capacity of new staff.

In terms of capacity development of consultants on PI, the core capacity developed in this Project is to apply 5S and KAIZEN to actual factories or offices. Based on technical knowledge required for solving problems at the workplace, applicability is enriched through the experiences in pilot companies. Knowledge based on experiences is confirmed by making a report and summarising good practices as case sheets. This cycle of capacity development should be maintained (Figure 4-2-1).

Figure 4-2-1: Capacity Development of Consultants

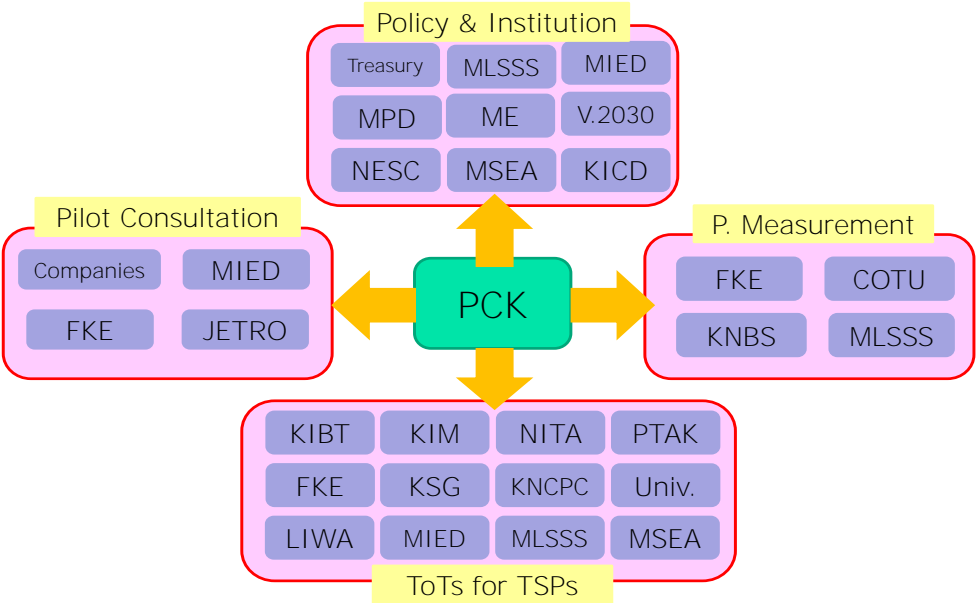


Source: JICA Project Team

2.4 Enhancement of the Network with Ministries and Social Partners

Figure 4-2-2 shows the network that has been developed through implementation of the Project. The involvement of various agencies and social partners improves the quality of activities. In addition, the involvement of partners often guides PCK into new activities. It is important to maintain and enhance the network with ministries and social partners so as to implement the priority actions.

Figure 4-2-2: Network Developed in the Project



Source: JICA Project Team

2.5 Strengthening the Support System in the Counties

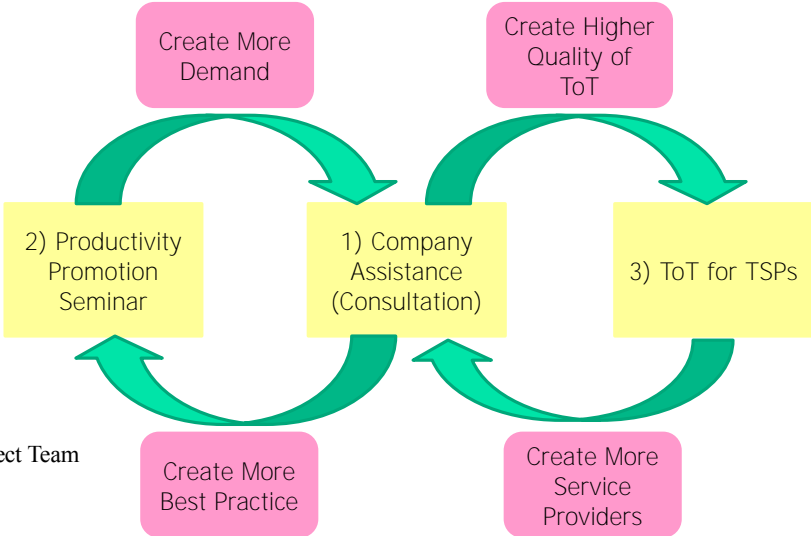
In four countries, namely Japan, Malaysia, Ethiopia, and Tanzania, there are permanent regional agencies supporting industry in the localities with properly staffed technical officers. In contrast, the support system in the counties in Kenya currently seems fragmented. Although there are regional officers deployed by ministries and public agencies, each organisation does not have sufficient manpower to consistently support an entire county. Extending support programmes from the national government is often costly and also unstable. In order to enhance facilitation of PI in the counties (PAP No. 8), in line with the flagship project of the Second MTP, it is suggested that the Government of Kenya undertake a study on designing a more integrated organisational structure to support the industries at the county level.

2.6 Standardisation of the Cycle of Company Assistance, Promotion Seminar and ToT

In order to enhance productivity improvement in Kenya, it is essential to create more successful cases of productivity improvement by 1) company assistance (consultation). With variety of many successful cases, the quality of 2) productivity promotion seminar is improved, which creates more demand for 1) company assistance. For consultants/ trainers, more experiences in 1) company assistance enhances their capacity, which improves the quality of 3) ToT for TSPs. Through implementing 3) ToT for TSPs, the suppliers of 1) company assistance are increased.

The cycle of 1) company assistance, 2) promotion seminar and 3) ToT for TSPs, which is developed in this Project, is shown in Figure 4-2-3. This cycle should be implemented and standardized after the Project.

Figure 4-2-3: Company Assistance, Promotion Seminar and ToT



Source: JICA Project Team

2.7 Enhancing the Training Programme for PI Experts

The consultants or trainers who receive training from PCK are important resources for disseminating PI nationwide. Therefore, as many TSPs as possible are expected to be developed through ToT by PCK. It is also important for PCK to create a strong network with those trained. In addition, it is proposed that PCK utilise the TSP database, which is developed and improved in this Project.

PCK had already gained the capability to implement a training programme for productivity awareness before the Project. In this Project, two ToT programmes, which are more focused and regarded as advanced-level programmes, were implemented as a model. Based on the contents of PCK’s current programmes and two model programmes, it is expected that PCK will develop training programmes that are suitable for the different levels of the PI experts, including consultants/trainers, middle managers, and employees, in implementing PAP No3.

2.8 Recommendation on Productivity Measurement

(1) Establishing and Maintaining the Cycle of Developing ‘Productivity Statistics’

In this Project, pilot activities on productivity measurement were implemented. They were part of the PDCA (Plan-Do-Check-Act) cycle for developing ‘Productivity Statistics’, as shown in Figure 4-2-4. It is believed that the cycle can ensure continuous improvement of the quality of ‘Productivity Statistics’ and enhance the understanding of the stakeholders on productivity indices. In order to sustain the cycle, it is necessary for PCK to enhance the capacity of the staff in interpreting productivity indices appropriately and simply.

Figure 4-2-4: Cycle of Developing Productivity Statistics



Source: JICA Project Team

(2) Improving the Provision of Raw Data for Productivity Measurement

In order for PCK to provide more accurate productivity indices, it is highly recommended that KNBS improve the data collection system: namely, more frequent provision of data, a more detailed breakdown across industrial sectors/regions, and provision of accurate data on the formal sector.

KNBS's plan to publish an Input-Output Table¹⁸ next year has been notified. If PCK becomes able to use it, it will help PCK improve the quality of 'Productivity Statistics'.

2.9 5S Sensitisation – Strengthening the Partnership with TSPs

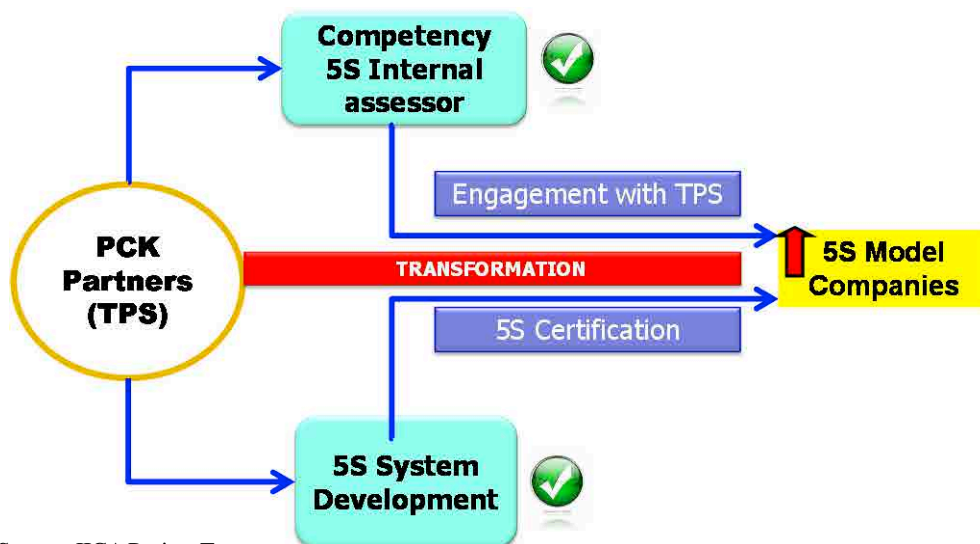
5S has been accepted as an entry point of all productivity improvement activities. The results of the questionnaire study showed that most of the companies and organisations, which were the current clients of PCK, had the intention to apply 5S Certification if it was established.

It is recommended that 5S sensitisation be implemented in the strategy described in PAP No. 9. It consists four components, i.e., 'National 5S Campaign', 'National 5S Collaboration', 'National 5S Champions', 'National 5S Convention & Certification'.

In the strategy, PCK first needs to formulate the partnership engagement with TSPs. One way is to keep enhancing the competency of TSPs by providing 5S internal assessor training. The other is to engage them in consultation activities. This partnership engagement will assist PCK in their attempt to increase the number of 5S model companies.

Based on these approaches, 5S assessment and 5S certification will build the foundations for a stronger and more inclusive 5S system in order to have a quantum leap impact on 5S activities.

Figure 4-2-5: PCK's 5S Journey



Source: JICA Project Team

¹⁸ Input Output Table is the indicator to describe the amount of production and sales by industries in matrix form. It shows the relation between different industries. For example, it shows that 'Industry A' mostly purchases raw materials from 'Industry B'.