

BACKGROUND

Kenya Industrial Estates Limited was established in 1967 as a subsidiary of ICDC to extend assistance to indigenous small and medium enterprises (SMEs) throughout the country. It became an Independent State Corporation in 1978, registered under the companies Act (Cap. 486) of the laws of Kenya, with the government as the sole shareholder.

THE MISSION STATEMENT

The mission of Kenya Industrial Estates Limited is “**To facilitate development and incubation of Small and Medium Enterprises (SMEs) countrywide by establishing industrial parks, providing credit and business capacity building (BDS) in a sustainable manner**”.

THE VISION STATEMENT

KIE’s vision is to be “**The best managed and financially sound Development Institution in the Small and Medium Enterprise (SME) sector**”.

POLICIES AND OBJECTIVES

1. To incubate small and medium industries with potential for vertical growth into the **Missing Middle** through an integrated approach.
2. To ensure countrywide dispersion and equitable distribution of industrial investment through the Industrial Estates concept and national branch network. The large cities, i.e., Nairobi, Mombasa and Kisumu shall not benefit beyond 20% of total K.I.E investment.
3. Sectoral clustering with focused prioritization, beginning with agro-industries, textile and apparel, irrigation technology and low cost building materials. Further emphasis will be laid on industries that promote value adding, are export oriented and enhance linkage across sectors.
4. All loans and mortgages shall be approved purely on the basis of financially sound lending principles. The sole approving authority is vested in the Board of Directors.
5. Women-owned and managed enterprises shall constitute not less than 30% of the total loan portfolio.

6. The operations of the company must be Competitive and self-sustaining-based On efficiency, economy and effectiveness.

CORE FUNCTIONS

- ◆ Provision of medium and long term machinery, equipment and finance to small and medium industrial enterprises, either for start-ups, expansion, modernization or rehabilitation of projects throughout the country.
- ◆ Provision of industrial sheds / parks to small and medium enterprises through the development of Industrial Estates countrywide.
- ◆ Provision of Business Development Services (BDS) including preparation and appraisal of business plans, project implementation, entrepreneur training, supervision and short-term working capital finance.
- ◆ Sub-contracting exchange/linkages
KIE, being the institution that is closely associated with SMEs, intends to reactivate subcontracting exchange as a means of facilitating linkage between SMEs and medium and large scale enterprises.

PROGRAMMES

In execution of its mandate KIE has implemented the following programmes:

1. Lending Programmes

a) *Small & Medium Scale Industries*

Loan sizes range from Kshs. 500,000/= to Kshs. 14 million, equivalent to a maximum K.I.E expenditure of 70% total investment payable over a period of 3 – 8 years.

All loans will attract sufficient collateral security whose value is at least 140% of loan amounts.

b) *Micro Loans*

Starting in 1982, KIE has established a broad-based micro loans program that addresses the growth needs of the very small informal sector entrepreneurs, locally nicknamed “Jua Kali” because of their precarious open air operations. Presently, the loan-size obtainable under this scheme is minimum Kshs. 100,000/= and Maximum Kshs. 500,000/=.

2. *Industrial Estates Programme*

Modeled after the Indian concept of Industrial Estates, KIE has implemented twenty-eight (28) Industrial Estates of varying unit sizes in viable locations throughout the country. Most of the sheds have been sold on mortgage to indigenous entrepreneurs. Plans are now afoot to renew the Estates Programme as industrial parks/Incubators.

3. *Business Development Services (BDS)*

KIE supports its clients and other SMEs through Business and Entrepreneurship Development Services which include: Preparation and appraisal of business plans, Project implementation, Entrepreneurial and management training, Supervision of projects, Short term working capital finance and Information Services

4. *Sub-contracting Exchange*

This programme involves facilitation of linkages between SME’s and medium and large scale enterprises. Provision of short term working capital loan, bill discounting, factoring, training on quality assurance, ISO certification, process re-engineering and cleaner production and technology transfer.

SIZE OF LOANS

KIE considers loans from as little as Kshs. 100,000/= to Kshs. 500,000/= in the micro enterprise sector (Jua Kali) and upto Kshs. 14,000,000/= for the small and medium enterprises.

INTEREST RATES

Interest charges are generally lower than those charged by other financial institutions in the country. Currently, the interest on loans is 18% p.a. Rates are reviewed upwards or downwards depending on market trends.

REPAYMENT TERMS

Repayment period is generally determined by the cash flow projections of the enterprises and the economic life of the assets financed, but should not exceed 8 years for the small scale industries and three (3) years for the micro enterprises.

THE BUSINESS PLAN

The business plan should highlight the following:

Market Potential

Is there a market for your product(s)?

Who are likely to be your major customers?

Have you checked the strength and weaknesses of your competitors?

What is likely to be your market share?

Profitability

This is measured by a return on assets employed. The minimum return on assets should at least cover financing charges and make a reasonable return on the owner's investment.

Financing Structure of the Business

This is determined by the ratio of own risk capital against borrowed funds. It is required that an entrepreneur should contribute at least 20-30% of the capital required whilst the rest can be borrowed.

Loan Security Requirement

As KIE usually does not share in an enterprises profits when things go well but does lose when it fails, KIE usually requires some tangible securities to safeguard any loan losses. This can take the form of landed securities and/or a debenture over the company's assets.

Employment creation

Creation of employment in the rural area and development of entrepreneurial culture are some of KIE's key objectives. Therefore, labour intensive projects particularly those that exploit local raw material are given preference.

MORE INFORMATION CONTACT:

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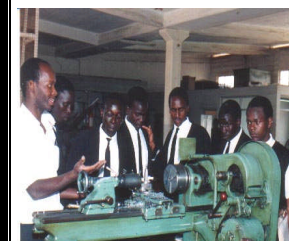
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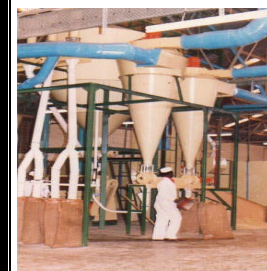
KENYA INDUSTRIAL ESTATES LIMITED



ENGINEERING PROJECT



SHOE MAKING PROJECT



FLOUR MILLING PROJECT



“Financing small scale industries since 1967”