

## **Systemic hurdles in operations of the Construction Industry in Kenya; perspectives of a prospective home owner, Kanini Kaseû**

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Date of Submission: 10-10-2017

Date of acceptance: 31-10-2017

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### **I. INTRODUCTION**

According to the World Bank Group economic report of 2016, Kenya's economic performance is predicted to remain solid, with the growth rate expected to improve from 5.6% in 2015 to 5.9% in 2016 and to rise further to 6% in 2017. The report further notes that Kenya's economy remains vulnerable to domestic risks that could moderate the growth prospects. These include investors deferring investment decisions until after the elections, election-related expenditure has resulted to cut backs on infrastructure spending, and that security remains a threat, not just in Kenya, but globally. Finally, changes in monetary policy in industrialized countries could trigger volatility in financial markets putting the currency under pressure.

While the growing Kenya economy is creating more jobs now than in the past, the report says these are mainly in the informal services sector and are low productivity jobs. Notably, nine million youth will join the labour market in the next 10 years. Given the scarcity of formal sector jobs, the youth will continue to find jobs in the small household enterprises. The vicious cycle of poverty is characterised by low capital leading to low productivity which leads to low income. With little income there's little or no savings to be invested in capital.

#### **Kenya Demographic profile**

The Central Intelligence Agency (CIA) fact-book states that Kenya has experienced dramatic population growth since the mid-20th century as a result of its high birth rate and its declining mortality rate. More than 40% of Kenyans are under the age of 15 because of sustained high fertility, early marriage and childbearing, and an unmet need for family planning. Kenya's persistent rapid population growth strains the labour market, social services, arable land, and natural resources. Although Kenya in 1967 was the first sub-Saharan country to launch a nationwide family planning program, progress in reducing the birth rate has largely stalled since the late 1990s, when the government decreased its support for family planning to focus on the HIV epidemic. Government commitment and international technical support spurred Kenyan contraceptive use, decreasing the fertility rate (children per woman) from about 8 in the late 1970s to less than 5 children twenty years later, but it has plateaued at just over 3 children today.

Kenya is a source of emigrants and a host country for refugees. In the 1960s and 1970s, Kenyans pursued higher education in the United Kingdom (UK) because of colonial ties, but as British immigration rules tightened, the United States (US), the then Soviet Union, and Canada became attractive study destinations. Kenya's stagnant economy and political problems during the 1980s and 1990s led to an outpouring of Kenyan students and professionals seeking permanent opportunities in the West and southern Africa. Nevertheless, Kenya's relative stability since its independence in 1963 has attracted hundreds of thousands of refugees escaping violent conflicts in neighbouring countries; Kenya presently shelters nearly 400,000 Somali refugees. Kenya's population stands at about 47 million in 2017 as per the CIA fact book and it is characterised by the following age structure;

0-14 years: 40.02% (male 9,557,274/female 9,497,870)  
15-24 years: 19.15% (male 4,552,448/female 4,567,894)  
25-54 years: 33.91% (male 8,170,264/female 7,976,751)  
55-64 years: 3.92% (male 856,092/female 1,009,075)  
65 years and over: 3% (male 614,751/female 813,320)

33.91% of Kenya's population make the 25-54 years age bracket. The majority in this age bracket are individually in the process of buying their own houses or are constructing their own houses in. This makes up about 16 million people hence there's a high demand for housing. There are three options of home ownership

namely purchase through mortgage, cash purchase and personally constructing one. The last one is cheapest to a majority but a source of so much inconvenience occasioned by systemic hurdles in the construction industry.

### **Kenya Construction Industry**

The Business Sweden in Nairobi, an online report by the Swedish Embassy in Kenya located in Westlands Nairobi, avers in its 2016 report that Kenyan construction sector was valued at USD 3.53 billion in 2015. It predicts that the port, rail and housing projects will drive the overall construction sector growth. The sector is expected to grow at an average compound annual growth rate of 6.8% to 2020. As per the report, Kenya has a deficit of 350,000 square metres commercial office space and the demand is expected to rise over the next 5 years. International brands such as Movenpick, Mantis and Marriot have plans to enter the market in the near future. 30 % of Kenya's road network requires rehabilitation or reconstruction. Plans are underway to construct a Kenya Shillings (Kes.)230bn motorway connecting Nairobi and Mombasa as well as expand the Thika motorway and to construct toll stations at strategic spots along its stretch.

### **The National Housing Corporation (NHC)**

The NHC is the principal implementing agency of the Government housing policy. It has put in place a programme of facilitating interested investors to help realize the current objective of building 150,000 housing units per year. The Corporation's main objective is to assist individuals and government agencies to build decent affordable houses through its various schemes such as tenant purchase, outright sale, rural and peri-urban housing loans and rental housing. On two occasions the object of this paper, who from this point hence shall be referred to as Kanini Kaseũ, filed application to purchase units that were on sale in the first instance in Nairobi West and the second instance in Madaraka estate. The offer at both times was allotment of unit at firstcome first served basis and payment would be facilitated by NHC through its tenant purchase scheme. She could tell that she stood a good chance being in the top ten on the list of application on her second attempt. On both cases she failed to get a unit, so she decided to construct her own house. She would wade into the construction industry made up of numerous players. Lugari, R. (2016) states in his article that one needs to engage professionals in all their construction projects. Such professionals as Architects, Surveyors, and Engineers etc. advise on how best to carry out a project from the actual planning to implementation.

### **Networking for contacts**

Firstly she contacted a friend who works in the Construction business located along Mombasa Road in Nairobi for advice on who to select as for architectural work. The architect she settles on transfers her to his associate for the actual architectural work. She had already paid the first instalment. It takes about a quarter of a year to have the drawings completed. Prior to that she had taken the Architect to view her plot in Kiambu County, take the dimensions and agree on features she would like to have on her house. Through this particular Architect she managed to get contacts of a Structural Engineer. Given that the two experts were friends, he did not have need to visit the site but used the drawings to prepare the structural work. Kanini decided to engage a contractor for the actual construction given her busy work schedule. On the course of her work she got acquainted to one, she observed and liked a renovation project he was working on so she contracted his business without doing a thorough background check on him.

Before commencing, the actual construction work there was need to have the project authorised. The drawings had to be approved by the planning department in Ruiru, land rates payment had to be up to date, and the Public Health Officer had to approve of the drawings. The scheme drawings from Survey of Kenya offices situated off Thika SuperHighway. At the Survey Office, there were issues of paper and ink running out. She did not wait for long; she had to grease someone's hand though. Once the documents were ready i.e. the architectural and structural drawings, the Survey plan showing site location and dimensions, proof of land rate payments, certified drawings by Public Health Officer and payments for approval to commence project, she left them at the Planners officer for processing for award of construction permit. From the time of making the necessary payments at the Ruiru office being 1<sup>st</sup> of July, she got the construction permit on the 10<sup>th</sup> of August same year, a period of one month and a week. Could it have taken a shorter period, the answer is yes.

### **Clearly stipulated procedures to guide clients**

At the Survey offices, it was difficult to know where to start or end. There was nothing on the notice board to suggest the procedure of service and charges if any. The place looked unkempt. Supposing these were not lacking, one would see the difference from the gate. The person whose hand was greased was the lady Kanini found seated at the gate.

The landlines to most government offices don't work. What are given in the contact section are phone lines which mostly don't work. This is the first thing that needs to be rectified, websites of government agencies that have current information to enable decision making. The office that delivered as they said they would was

the Health Office. However, from the Planner's office to the Health Office is roughly 4km. The route has no public means, therefore Kanini had to walk having no vehicle of her own.

The Planner's office was frustrating, she was alone and had to balance going to the field to assess sites, attend work related workshops and sit in the office to do the paperwork.

As for the Architect, he seemed to be a starter. The contractor made a number of corrections to the main drawings i.e. aligning the top floor to the ground floor plans. Kanini saw sense in the alterations and with a contractor with 20 years experience she saw no point to engage both the architect and the Engineer; each was asking for about Kes. 3,000 per inspection visit.

The idea behind devolution is to bring service closer to the people. Having government departments spread all over the place is a challenge. There are county services which Kanini was receiving in Ruiru and there are national government services i.e. Survey services. Clear laid out procedures would be the ideal link between these two levels of service providers. Then at each of the levels, service providers should be located close together.

## II. CONCLUSION

Her greatest frustration is the contractor. He drags his feet; he underpays his employees and lies a lot. His work is good, the variations to the original plan have turned out to be good, convenient, and the quality of materials used is good. However he is slow and unreliable. Kanini has decided to be firm and demand a work-plan for the remaining time which she intends to ensure the contractor follows to the letter. Failure to which, she can sue him or lodge a complaint against him with the National Construction Authority (NCA).

Former World Bank (WB) senior country economist for Kenya Dr Jane Kiringai states in the 2016 WB report that "Kenya is not short of jobs; it is short of high productivity jobs," She further states, "To increase productivity of jobs in the informal sector, policy interventions could be geared towards increasing access to broad skills beyond formal education, creating linkages between formal and informal firms, and helping small scale firms enter local and global value chains." The systemic hurdles punctuating processes in the Construction industry need to be addressed through clear policies whose implementation are to be closely monitored to ensure efficient and effective operations. Instances of a four bedroomed house taking more than a year to construct is reduced to four months.

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Kanini Kaseu. "Systemic hurdles in operations of the Construction Industry in Kenya; perspectives of a prospective home owner, ." IOSR Journal Of Humanities And Social Science (IOSR-JHSS) , vol. 22, no. 10, 2017, pp. 61–63.