

**EVALUATION OF PUBLIC UTILITY
PROJECTS: THE CASE OF ELDORET
INTERNATIONAL AIRPORT**

BY

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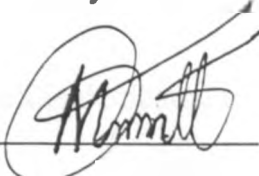
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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

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DATE 12/11/2004

This project has been submitted for examination with my approval as the supervisor.

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DEDICATION

This work is dedicated to my beloved parents, Elizabeth J. Cherop and Kipkore Philip.

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I also wish to thank Sarah Njoki, a good friend and colleague student at the university. There are many individuals who in one way or the other assisted me greatly. I am indebted to them all.

ABSTRACT

The research looks into operations and performance of Eldoret international airport as a public utility. Efforts have been made to evaluate performance by establishing whether cargo tonnage of industrial and commercial nature have been increasing or decreasing ever since the inception of the airport. Passenger use of airport has also been established, so do the flow of tourists to western part of the country through the facility.

The research is a case. It has thus used the case study approach in which case the population of interest is centered within the airport. However efforts were made to seek information from relevant ministry officias and stakeholders in Eldoret town.

The data needed was obtained through face to face interviews with various airport officials. A questionnaire was also prepared and used. The questionnaire was aimed at gauging the peoples' attitudes and general feelings on the presence and eventual use of the facility in the region.

Tables, graphs and charts have been fully used in the analysis of the data. The data analysis revealed that since the beginning of operations aircrafts have been increasing in the airport. However both cargo and passengers in terms of tonnage and numbers have been respectively decreasing. The reducing trend was noticed from 2003 when the government surprisingly slapped a ban on cargo and other flights from using the airport.

Two types of recommendations are given. It is instructive to learn that people around Eldoret do not have an affinity for aircraft flights. This is unlike those around Kisumu who have a high flavor for flights. It's something to be

recommended for further research. The entrepreneurial spirit of the people around the catchment area of the airport is still low. This again is recommended for further research.

Further recommendations have been given on the way forward for the airport .I Strongly hold that if the airport management were to make use of these recommendations, good results would be achieved. However some of the recommendations require time to implement.

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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND

This study will attempt to carry out an evaluation of the Eldoret International airport as a strategic resource in western Kenya. In an attempt to bring out the study clearly, efforts to address strategic management practices as embraced by the airport management and the Kenya Airports Authority has been brought into focus.

Eldoret international airport was started in 1995 after the government acquired lands from East African Extract Company (E.A.T.E.C) It is located some 15 km south of Eldoret town on the Eldoret Kisumu high way. The construction of the airport was completed in 1997. It went into operation the same year.

Eldoret international airport is a category (6) six airport. It lies on latitude $0^{\circ} 24' 24''$ N and a longitude $35^{\circ} 14' 09''$ E. Its height above sea level is 6877 feet .It has a reference temperature of 25° c and a magnetic valuation of 2° W.

The Airport has a 3500m long and 45m wide runway connected to the upfront run by 2 cross taxiways each measuring 400m long by 23m wide. The strength size and conditions of the pavement is such that the facility can handle aircrafts such as the size of a medium haul jet such as Boeing B767 or Airbus 310.

The up front run area is such that it can park at any one time 7 aircrafts, one medium haul aircraft such as (A310), two short haul aircrafts e.g. Fokker 50 and four general aviation aircrafts such as the (C402 or BE 200).

The freight terminal with 2000 sqm up front and 220 sqm freight was built with expansion of business volumes in mind.

It is imperative that public utility projects have to be justified before inception and their eventual implementation. Boyes .W. and Melvin .M (1995) in their book Macro Economics. argue that firms invest more and have incentives to buy and stock more inventory when they are bought and move faster. when idle capacity exist there develops disinterest hence reluctance to invest. The Turkwel Dam Project for instance has a past trace of its inception. going down to 1934 (SOGREAH Engineers Publication 1986). During this period the colonial government felt that the Turkana and West Pokot regions suffered overgrazing. There was need to preserve vegetation and limit effects of desertification among many alternative decisions to solve the overgrazing problem ranging from enforcing emigration to setting up group camps where the people would be fed through food relief programmes It was decided that other occupations besides pastoralism would have to be established.

Fishing in Kalokol and irrigation schemes for farming in Katilu were initiated. However the land under agriculture was still less and there was strong demand for more. The Turkwel multipurpose project was thus thought out. The implementation of the Turkwel dam in mid 1980's was faced with controversies. This controversy bordering on unviability also hit Eldoret International Airport. It is instructive that on being evaluated recently by SOGREAH engineers from France. Turkwel power project was found to be very stable and sustainable. It contributes a sizable amount of power to the National Grid's Hydroelectric Power (103 Mw). And while other dams in the country dry up during dry seasons thereby necessitating power rationing. Turkwel power dam does not.

It serves as a great deal to submit that projects while at their initial stages should not be criticized before giving time to prove their worth. I am obliged to carry

out evaluation studies at Eldoret International Airport and establish whether at this stage, six years after going into operation it has proved worthwhile in Western part of the country. It should be noted that there are no studies, which have been carried out on the airport in respect to its evaluation. There is therefore need to conduct one in this facility to establish its resourcefulness.

In their book *Terrorized Citizens*, (Wairagu, Singo & Kamenju 2003) report that business in the North Rift Districts have negatively been affected because of insecurity, taking the form of cattle rustling. Cattle buyers do not go to the region to buy cattle. Businesses in the region have stalled, all because the place has been insecure, they argue. The same authors do report of minerals in the North Rift Region. For instance there are gold deposits, gypsum and semi-precious metals, which fairly are quantitatively profitable. Limestone deposits are available in greater commercial amounts in Ortum, West Pokot District. Due to insecurity, these resources remain largely unexploited, they assert.

It is prerogative of Scholars to find out whether the economic activities in the North Rift had been undermined by the prevalence of insecurity in the region. Mention tribal clashes and it reminds one of an area that suffered disuse as a result of the menace. Perhaps it serves us a lot more to submit that Eldoret International Airport became a victim to the insecurity debacle in the region. However opinion on this need to be sought in the course of this study whether the assumption stands.

There are tourist destinations in Baringo, prehistoric sights in Turkana, the beautiful Kerio Valley, and the Mt. Elgon Game Reserve and many others. Wairagu, Singo and Kamenju (2003) do express the fact that insecurity undermines tourism in the North Rift and the areas around Eldoret. Whether it stands or not this study may in due course find out if Eldoret International

Airport's lackluster performance could be attributed to visitors shunning the region ostensibly citing insecurity besides other reasons to be established.

For purposes of this study it is important to note that evaluation is a process. However this study tries to evaluate a public utility within a short period. Evaluation as defined by Cooley and Lohnes (1986) is a process by which relevant data are collected and transformed into information for decision making. It aims at determining the worth of whatever is being studied. Public utilities are put up by government in order to serve the society by enhancing their capacity to meet their needs. It is hoped that a public utility becomes a booster of peoples' standards of living. An educational institution helps people acquire knowledge, which enable them make informed decisions.

The medical facilities promote health among individuals, roads enhance transport of goods, and airports facilitate safe landing and departures of flights. They also open up a country to the international community. This study focuses on Eldoret International Airport as a public utility.

The idea to construct the airport was mooted and eventually put into action by the Kenya Airports Authority acting on its powers bestowed on it by the laws of Kenya cap 395, section 3. The authority felt that the facility on completion would effectively serve the western region of the country. According to the Kenya Airports Authority management, Eldoret international airport aims at maximizing revenue generation from airport operations by opening up tourism and promotion of businesses in western Kenya and the Great lakes region. This is achieved through provision of modern airport facilities that adequately address comfort, safety and security matters in line with the International Civil Aviation Organization (ICAO) standards. It also has to be in conformity with the recommended standards and practices in line with the country's national development policies (Kenya Airports Authority Act publication)

It's noted, according to Kenya Airports Authority publication, that the airport embraces strategic management practices. Strategic management is the process of formulating, implementing and evaluating business strategies to achieve future objectives (David 1997).

KAA publication further expounds that Eldoret International Airport in adopting modern management practices and in its endeavors to be conscious and focused on changing management dynamics has come up with strategies that would guide to achieve its objectives:-

- (i) *Pursuing aggressive marketing of the Airport locally and internationally*
- (ii) *Provide world-class services and maintain quality facilities and services.*
- (iii) *Facilitate the establishment of the tourist circuit in Western Kenya.*
- (iv) *Create a regional cargo hub*
- (v) *Design and implement appropriate safety standards, regulation and procedures.*
- (vi) *Develop and implement sound effective personnel administration policies that adequately address all matters pertaining to personnel management.*

Apart from setting up strategies the management also has keen interest on quality customer delivery, sustainable internal and external focus. However continuous development of company capability and planning and implementation issues in managing strategy are yet to be noticed.

CHAPTER TWO

2.0: STATEMENT OF THE PROBLEM

There are observable merits of using Eldoret airport compared to both Jomo Kenyatta and Moi Airports in Nairobi and Mombasa respectively. There is two hours distant difference between Eldoret International Airport and Moi International Airport in Mombasa when accessing both European and Asian markets. Eldoret being shorter. When compared with Jomo Kenyatta Airport in Nairobi, there is one-hour difference, Eldoret again being shorter (Kenya Airports Authority, 2000). Despite this glaring time and distant difference Eldoret International Airport still suffers under capacity utilization. The underlying question: “what could be undermining the effectiveness of Eldoret International Airport?”

When the idea to construct Eldoret International Airport was born and Eldoret town being identified as its suitable location, loud criticism were overheard, interestingly from politicians who vehemently opposed its construction citing unviability. According to these critics the airport would be a white elephant. This opposition and subsequent criticisms were so intense that donors became hesitant in supporting its construction and the effect was that the size of the airport had to be scaled down. For instance its runway hitherto poised to be 4.7 Km long was reduced to 3.5 Km long. Were these criticisms genuine?

There are rich tourist destinations and striking sites in the Western part of Kenya (Eldoret International Airport's Publication 2000). These include the beautiful Rift Valley, the expansive green tea farms in Kericho, the Kisii soap stone carving, prehistoric sites in Turkana, Bird watching in Kakamega Forest, Boat motoring in Lake Victoria, Bull fighting in Kakamega and the giant caves in Mt. Elgon. Others include Athletic activities in the North Rift. There are also

Game Reserves found in Mt. Elgon and Kapnorok in Mt. Elgon and Baringo Districts respectively.

These tourist sites are available in the region and one wonders why with these tourist destinations the Eldoret International Airport has not attracted tourists and a number of chartered passenger planes. This study seeks to establish reasons explaining this state of affairs at the airport.

2.1 THE OBJECTIVES OF THE STUDY

This study majorly undertakes to determine the strategic resourcefulness of the Eldoret International Airport to business development in Western Kenya. The study thus has the following objectives: -

- a. To find out whether or not cargo tonnage of agricultural commercial and industrial commodities being handled by the airport to or from various market destinations have steadily been increasing over time.
- b. To examine whether the number of tourists using the facility since its inception has been steadily increasing over time.
- c. To determine the factors influencing the performance of the Eldoret International Airport- both positively and negatively.

2.2 THE IMPORTANCE OF THE STUDY

Management

It would use the findings hence recommendations of the study to improve service delivery and therefore satisfy its customers. Customer satisfaction is actually the essence of any business.

The people of the western part of the country

The many unexploited resources in the western region of the country shall be exploited. This essentially means that people will have to benefit. The tourism, agriculture, services and physical product markets will flourish. Employment opportunities will crop up. Incomes will increase and the general standards of living will improve.

The government

Government shall benefit from improved business expansions in the region. The tax base would have to broaden hence more revenue.

Tourism

Tourism packages shall increase. Tourists coming to the country will have added varieties of these packages found in Western tourist circuit to their menu. The value of tourism in the country will obviously be greater. This additional tourist sensation will end up enhancing revenue base in the country.

Athletics as a sport

There shall definitely be a realized boost of athletics, the lovely sport in the region. Eldoret being the training ground for these athletes may open to the outside world. The result is that many potential athletes will probably have access to prospective sponsors.

2.3 THE RESEARCH DESIGN

The research is divided into six parts, indicated as chapters. Chapter one is the introduction, which gives background information about the airport. Chapter two outlines the research problem, objectives and the importance of carrying out the study.

The literature review is given in chapter three. The chapter cites the basis for establishing public utility projects, besides providing strategic management issues on public utilities.

The fourth chapter discusses the research methodology, data collection and data analysis. Fifth chapter lays the research findings and analysis. The last chapter, chapter six gives the summary, conclusions and recommendations both for further studies, practice and policy.

CHAPTER THREE

3.0 THE LITERATURE REVIEW

3.1 THE HISTORY, DEVELOPMENT AND GROWTH OF ELDORET INTERNATIONAL AIRPORT

When Eldoret international Airport was built and completed in 1997, already other international airports in the country existed, these being Moi International Airport in Mombasa and the Jomo Kenyatta International Airport in Embakasi Nairobi. The entry of this airport was therefore significant in that the Kenya Authority (KAA) must have felt a need to bring it into fore.

The three airports are miles apart from each other. For example between Nairobi and Eldoret is 311Km and from Nairobi to Mombasa is 482Km. Porter (1996).submits that a new entrant into an already established industry has an entrepreneurial edge over the incumbent business units. Evidence gathered from the historical growth of Eldoret International Airport shall reveal whether or not this has been the case.

Geographical positioning of the Eldoret International Airport was based on economic reasons. as the region is robustly rich in terms of agriculture. It is perceived as reported by Porter (1996) that new positions woo customers from established positions. Whether these customers exit from either Jomo Kenyatta Airport or Moi Airport Mombasa took place with the start of Eldoret International Airport is yet to be known.

Operational effectiveness may be the benchmark for measuring performance in business units cutting across a given industry, Hill and Gareth (2001). In operational effectiveness a company performs similar activities better than its rival. However in positioning, companies perform different activities from those

of rivals or performing similar activities in different ways. Currently in Kenya geographical positioning is what thrives in the aerodromes performance (Kenya Airport Authority's Publication. 2001).

This may work well for a given facility depending on how endowed it is. According to the Kenya Economic Survey (2002), Eldoret International Airport recorded an improved cargo traffic performance in 2001, as it more than doubled to 10.110 thousand tones in 2001 from 4968 tonnes in 2000. However passenger traffic declined by 24.8% to 32 thousand from 42 thousand passengers handled in 2000. While this study does not consider comparing performance as part of its study, statistics made available in the same economic survey reveal that cargo and passengers handled by the Jomo Kenyatta Airport and Moi Airport Mombasa declined during the same period.

3.2 THE ECONOMIC AND STRATEGIC DECISIONS BEHIND THE ESTABLISHMENT OF A PUBLIC UTILITY

When Kenya attained independence in 1963, the government sought to localize its economy. Ways were also sought to influence the spread of industrialization from few dominant industrial towns to other regions of the country. The foresaid reasons therefore may have motivated the government through the Kenya Airports Authority to initiate and construct the Eldoret Airport in the location that it is now.

3.3 THE PUBLIC SECTOR POLICIES

In her book comparative Development strategies in E. Africa, Seidmann (1972) outlines the government policies, which still hold today. According to her, the public sector policies were meant to spur industrialization hence economic growth throughout the country. For example the policy advocated that any

project to be set would have to be located in a small town or rural area so as to spread out the employment effects of industrialization.

The policies also sought to have projects established to generate profits within a spell of time, may be after gaining government support from its initial stages. The same projects would have to generate earnings in form of foreign exchange. The government also noted that projects to be established had to be labor intensive in order to guarantee local employment.

On the other hand these policies did put in place the need to do away with projects that required indefinite government support. Most of all the policy required that projects that would have to be established had to have positive side effects on other sectors or industries in order to justify the investment.

It is my learned opinion that the Eldoret International Airport had to be initiated and constructed in line with the said policies towards industrialization as the government required. The public sector policies towards industrialization are in essence the catalysers of economic growth in various parts of the country.

3.4 THE NEED FOR POLES OF GROWTH

Seidmann (sic) defines poles of growth as relatively modern productive complex, which may stimulate related economic development in an entire region. It may end as ^{NP} setting a chain of growth in several directions. For example poles of growth would attract industries, which support and complement each other and which by generating external economies, further attract other industries cumulatively to the growth pole.

The importance of the above argument is that the growth poles tend to generate synergetic benefits in which industries depend on each other. There must

obviously emerge positive spillovers benefiting the region around which the growth pole has been planted. The spillover emerging also spreads further to gainfully benefit the entire country and regions around either directly or indirectly. For example Eldoret International Airport generates benefits in many ways. Businesses grow since markets ought to be utilized fully.

Employment opportunities arise, the government earns revenue from the airport's operations, tourist destinations bright up to live and the adjacent towns initiate industries whose products may make use of the airport.

"The important factor in locating poles of growth is to ensure that all regions take part in the increased specialization and exchange set off by establishment of new manufacturing industries." Seidmann asserts.

The concept of growth poles was important particularly during the immediate post E. African independence period. This was the time when actually economic resources were found in certain major towns. In Kenya for instance Nairobi carried 51% of the GDP with Mombasa having 21%. This amounted to 71% of the entire country's GDP. Obviously the other towns reflected quite insignificant percentage with Eldoret, Kisumu and Nakuru towns combined contributing 10% of the GDP. The rest 19% of the GDP was contributed by the rest of the country either rural or the minor towns.

In Tanzania, Dar-e-salaam had contributed the largest share of the country's GDP. Efforts by Tanzania government was made in order to reduce this highly skewed resource allocation. This was done by coming up with grand plan in which other towns would enjoy resources. The growth poles had to be established in towns like Tanga, Arusha, Mwanza, Tabora, Dodoma, Morogoro,

Mbeya and Mtwara. However due to a number of reasons the establishment of these growth poles by Tanzanian government could not succeed.

As it is stipulated in strategies to be pursued by Eldoret International Airport, the benefits to be enjoyed by the adjacent towns to Eldoret once the aggressive marketing of the Airport becomes successful cannot be again said.

There shall definitely arise industries in the towns in western Kenya, which eventually can make use of the airport. When this happens, the airport would then achieve its objective of catalyzing development both in business and agricultural frontiers.

3.5 EQUITABLE RESOURCE ALLOCATION

Samuelson and Nordhaus (1995) emphatically put that for all the wide range of possible activities, governments have three main economic functions in a market economy.

These are increasing efficiency, promoting equity and fostering macro economic stability and growth. In going out to see the above functions through, the government needs to: -

- (a) Attempt to correct market failure like monopoly and excessive pollution to encourage efficiency
- (b) Promote programmes that help enhance equitable resource allocation.
This is effected by using taxes and spending to redistribute income towards particular groups.
- (c) Use tax expenditure and monetary specialization to foster macro economic growth and stability.

It is the government policy to ensure equitable resource allocation. Eldoret International Airport had to be put in place using the capital expenditure in line with the policy to encourage distributive effect of resources. These resources of capital nature catalyse development in a given (growth pole) area. Eldoret and towns in western Kenya essentially have to grow presumably because of the Airport.

3.6 AGRICULTURE AND INDUSTRY

Accordingly, as clearly explained by Livingstone and the Late Ord (1980), there is great inter-dependence between the industry and agriculture. Synergetic scenarios build up. For example increased agricultural income stimulates effective demand for agricultural goods. These agricultural products having been used as raw materials for industries help to expand the industrial capacities hence the possible surplus for exports the industrial products make use of the airports.

The North Rift and many parts in the western region are agriculturally immensely rich. The need and eventual construction of the airport was long overdue.

The improved agricultural earning as a result of exports and possible growth of foreign markets for the same products help generate foreign exchange. Employment opportunities increase and using the earnings, machinery may be purchased to further help in enhancing efficiency in the agricultural sector in the region.

3.7 FACTORS WHICH AFFECT PUBLIC UTILITY PROJECTS

The biggest challenge faced by public utility projects is whether or not in the first place they should be established. Khan and Reinard (1990) assert that the gap between the public investment and public sector savings determines the public sector financial requirements. This according to the two scholars is an important factor to be considered when contemplating over whether or not to have a given public utility investment. It is instructive to note that this factor has not been incorporated when establishing these public utilities in the developing countries.

According to Ndulu (1992), capacity utilization plays an important role in investment decisions. Many public projects in developing countries suffer under utilization.

He argues that in order to support such projects so as to realize their potential and enhance their potential, rehabilitation, supportive infrastructure e.g. roads are important. These infrastructural rehabilitation needs to be conducted around the region where the projects has been established.

In an economic reform symposium held in Nigeria (1992) on Sub-Sahara Africa, Ndulu reports that the pricing of commodities and services has been a factor. The marginal costs do not match the currently accepted costs taking into account the cost implication on other items that are directly used by the public utility.

General administrative problems e.g. bureaucracy, metering, billing for service delivered, revenue collection, personnel training in the public sector and lack of incentives for management and other personnel has been a factor. These

administrative hiccups originate from the impact caused by poor remuneration determination policies where civil service's pay ceiling do not match the tasks expected of them. The same administrative problems Ndulu asserts breed corruption hence ineffectiveness.

3.8 STRATEGIC MANAGEMENT ISSUES

The corporate level strategy

The revenue sources of any airport include landing and parking fees, land rent, building rent, trade concessions, fuel through put, car park and other miscellaneous sources. In keeping with the facility's objectives of maximizing revenue generation by promoting tourism and businesses in western region of the country, the airport management has put strict adherence to provision of quality airport services. This in line with the Kenya Airport Authority's mission of 'providing world class services in our airports' management, the strategic intent put in place to guide the authority so as to attain its goals is to offer preferred airport services in the region.

This is well spelt out by the Authority's vision: "to be the preferred airport services provider in the region". The airport is still in its infancy stage and has no subsidiaries. The promotion of business is a strategy, which it is hoped to generate synergistic benefits. In fact this promotion of business and tourism will hopefully propel the airport to a giant hub in western Kenya as well as the whole of the Great Lakes region. Currently the management has seriously embarked on publicity of the airport and sensitizing investors and potential businessmen including farmers to double their efforts so as to make use of the airport.

These strategies, which are meant to promote business at the airport, apart from using brochures include use of media i.e. the SAYARE radio station, arranging seminars and making visits. The management made bold steps by identifying business opportunities in the region and then went further to compile them in the form of brochures. The same has been done for tourist destinations. This effort is set to pay dividends as the Ministry of Tourism has given due attention to the need to promote tourism in the region.

For now it may be said that going further to promoting business and tourism in the region may not be the core functions of the airport. It may constitute to an unrelated diversification. This strategy may hold and become beneficial with time. However when businesses and tourism become developed and robustly sustaining in the region, it may become desirable for the airport to abandon these tasks and concentrate on its core functions – provision of quality airport services.

3.9 BUSINESS LEVEL STRATEGY

According to Johnson (1987), 'Business strategy' is a broad general term defined as the process of determining basic long term business objectives, obtaining and allocating the required resources necessary to achieve the chosen strategy and creating the appropriate organization to implement the strategy.

Hill & Gareth (2000) have reported that a business strategy is an overall competitive theme that a company chooses to stress the way it positions itself in market place to gain competitive advantages by establishing a positioning strategy that can be used in different industry settings. The airport's business strategies are relatively not elaborate. They are also not well developed yet. However service handling is quicker and efficient. This may be attributed to the

fact that the aerodrome prides itself as the most automated facility in the country in particular and to a large extent, E. Africa.

The cargo handling is carried out by use of modern machines and equipment. Delays however occur but they are caused by quite unnecessary bureaucratic arrangements imposed upon by the airport's government agencies e.g. the custom authorities, the police and the health officers. These various arms of the government are dotted over a wide range of distant sites of the airport instead of them being stationed in one place to quicken delivery of services.

The Eldoret airport management has not focused beyond their routine and core functions unlike the other airports like Jomo Kenyatta and Moi international airport in Mombasa. Perhaps this can be attributed to its being new.

The number of flights handled by the airport is still small. In 2001 for example the facility handled an average of 8 planes a day, 2316 during the same year.

Jomo Kenyatta for example handled an average of 100 planes per day in the same period. Although Eldoret International Airport has minimal flight handling perhaps because of poor marketing strategies or lack of it, the airport performance is favorably attractive and the number of planes and cargo tonnage keep on increasing right from the time to its inception. This is a positive development.

CHAPTER FOUR

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4.0 RESEARCH METHODOLOGY

4.1 CASE STUDY

Case study is commonly used in policy research. A policy research is the process of conducting research on, or analysis of a fundamental special problem in order to provide policy makers with action oriented recommendations for alleviating the problem Maychrzak (1987). In this project a case study is developed on the Eldoret airport.

Rist (1982) asserts that case studies give an in-depth analysis of superficial statistical portrayal of populations. Here the airport population will be the population of interest. Case studies also give complete understanding of complex situations by examining behavior.

4.2 DATA COLLECTION

To get information suitable to, and hence the evaluation of airport, questionnaires have been developed. Those filling questions were kindly asked to exercise neutrality where possible, so as to facilitate fair conclusive findings.

The questionnaires were structured according to the objectives of the study and each question thus carried weight in terms of information required of it. There was no sample required in the study, as it is a case that targets formalized groups.

Secondary data was sourced from the airport itself and also the Kenya Airport Authority Offices. The data was necessary as they give evidence to the prevailing facts on the ground.

Respondents who were required to provide information included the airport management, tourist officers in the region of study, Airport Staff and the stakeholders of the airport.

The management gave insight into the nature of operations in the airport. It also gave authoritative information particularly on internal dynamics surrounding the airport.

The management had in-depth knowledge on the attitude, the entrepreneurial nature and the perceived inadequacies and strengths of the facility. Workers were able to reveal information bedeviling performance from within ranging from motivation to undue bureaucracy in the airport precincts. Stakeholders included suppliers, exporters and importers. The stakeholders gave the perceptions and attitudes held about the airport whether positive or negative. This was studied to establish whether or not there is a link between it and performance.

The method of administering the questionnaire was by hand delivered forms to the respondents. Face to face interviews were greatly used. The respondents were given a week to answer the questions Respondents were given contacts to access me in case clarification needed to be sought on the questions deemed unclearly understood.

Forums created by interested parties and other stakeholders such as the presidential committee on promotion of business activity on Eldoret Airport contributed ideas immensely.

4.3 THE DATA ANALYSIS

Tables, graphs and charts have been employed as tools of analysis of the research report. The tables show annual incremental rates, the mean and deviations from the mean.

The incremental rate was constructed with regard to the rate at which aircrafts and passengers increase in numbers annually. The cargo tonnage annual incremental rates are also given in the tables. The charts and the graph back up the information exhibited by the tables. The analysis has also been done by employing my own professional judgement of the information obtained from respondents through the interviews and the questionnaires which had been prepared.

CHAPTER FIVE

5.0 RESEARCH FINDINGS AND ANALYSIS

Seven years after its inception Eldoret Airport has not handled exports. However the airport has had influx of tonnes of imports presently standing at 49,499.018 tonnes. The airport had been operating smoothly until mid 2003 when the government citing alleged malpractices at the airport sought to ban cargo flights to it.

Airport sources agree that such malpractices e.g. clearing substandard goods, understating value of imports to attract less custom duty prevailed before the ban. However they do not agree that the airport was used as a conduit of illegal firearms, drugs and smuggling of goods as alleged. These allegations may have informed the government decision to ban the cargo flights. Commodity flights were banned from July 2003 to Nov 2003. But until May 2004 flights began to pick up well.

The airport operators currently do not have complaints to raise unlike before when bureaucratic procedures could delay service delivery. This of late has been rectified and operations handled within convenient bounds.

5.1 THE AIRPORT'S CORE FUNCTIONS

Aerodromes world over are an engine of economic growth in any given economy. They facilitate landing and takeoffs of aircrafts that airlift cargo (cargo flights) and passengers (passenger cargo).

Eldoret airport at its initial period used to facilitate operations of airlines such as the Kenya Airways, Egypt cargo, MK airlines, Sky Aircargo, African Airlines and Daloo Airlines. However most of these airlines have withdrawn from the

routes possibly owing to low volumes of activity. New ones currently operate. These include the DAS Air, CargoLux, IMTREC, ATLANT and YEREVAN RIN. But the major operator has been the Air Kenya that has scheduled three-passenger flights per week.

Over time the volume of activity at the Eldoret has been increased. This fact is supported by records of increased aircraft movements, passenger and commodity flights, too growing in number ever since inception of the airport.

TABLE 1: Aircraft movements in Eldoret international airport

Year	Jan	Feb	Ma	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total	Incremental Rate
1997				35	22	2	4	7	14	8	36	52	180	
1998	42	54	54	62	141	332	96	106	138	217	131	168	1521	745
1999	162	120	129	90	130	108	141	174	140	124	158	182	1662	9
2000	181	208	209	178	224	246	158	142	156	169	180	192	2243	35
2001	170	152	184	182	190	163	203	220	19	215	210	229	2316	3
2002	189	167	189	168	171	178	202		180	29	206	226	2172	6
2003	202	144	166	171	365	432	227	149	150	144	104	152	2406	11
2004	107	92	52	32	52	52	106	36	56				585	-76
	1057	917	983	918	1295	1513	1137	837	1032	1173	1025	1201	13085	7169

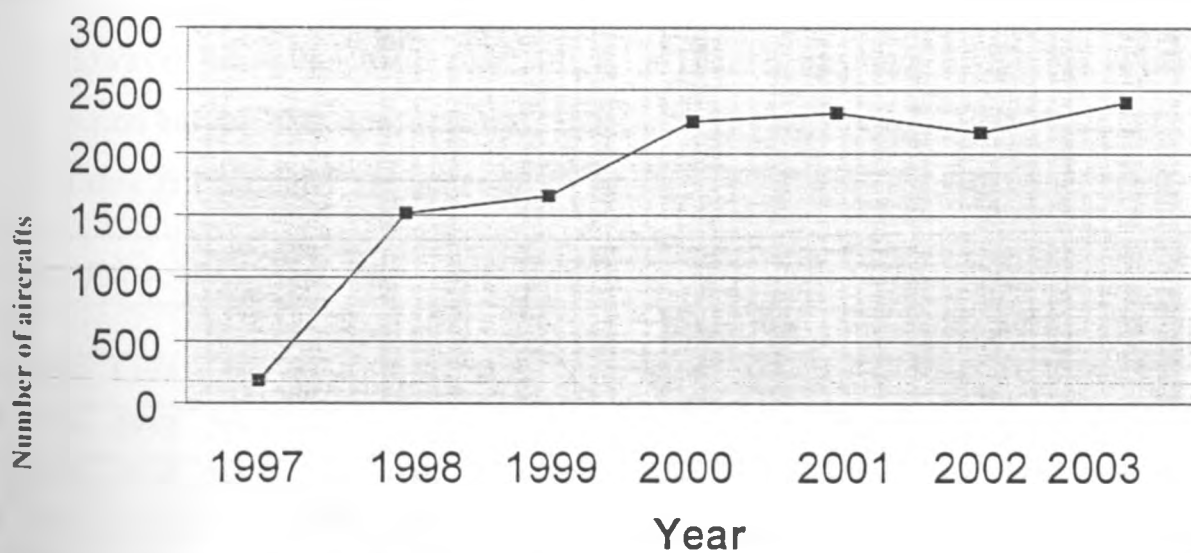
Table (1) shows the craft movement at the Eldoret international airport. There were a total of 180 aircrafts that landed and departed the airport in 1997. By the end of the following year (1998), 1521 aircrafts had been handled by the facility. This was a 745% increase in craft movement.

In 1999 aircrafts however increased by 141% a minimal increase though the increment rate in this period was 9%. Between 2000 and 1999 was an increase of aircrafts by 35% and the following year a minimal increase of 3% was registered.

In 2001 aircrafts movement reduced and the reduction rate was a negative 6%. This reduction could be explained by the shock airlines got when the terrorists hit America in September of the same year. In 2002 there was a minimal increase of 11%. It is however noted that in 2003 aircrafts further reduced by a significantly high rate of negative 76%. This reduction is explained by the fact that the government banned commodity flights to the Eldoret airport by July of the same year.

In general aircrafts movement notably increased in the airport. This is explained by a huge incremental rate of 7169% by 2004. This rate is obtained by taking 1997 as the base. Further explanation is given by the graph on craft movement as shown below in fig 1.A.

Fig 1:A graphical representation of aircrafts movement at Eldoret airport



Since the airport opened up to aircrafts, there has been sharp increase of flights handled. Only 180 aircrafts used the facility in 1997 when the airport began operations.

The minimal number of flights in 1997 could be explained by the following reasons;

- (i) Few airlines had known about the existence of the facility.
- (ii) There must have been test landings among various airlines.
- (iii) The people in the region were beginning to have a feel of air flights.

Most aircrafts began to use the airport as from 1998 and as seen in the graph above, there was a sharp increase of flights. The increase in the number of flights continued until 2002, however there was a drop by 144 planes that landed and departed the airport.

5.2 PASSENGER MOVEMENT AT THE AIRPORT

The passenger airlines landing and departing from the airport carry passengers of diverse orientations. They could be ordinary travelers or tourists. It is not known clearly whether must tourists use the airport to connect flights or not. However according to tourism office, in Eldoret the flow of tourists to the region has not been encouraging

Table 2: Passenger movements

Year	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total	Incremental Rate
1997				35	40	5	5	124	103	10	10	1071	2,036	
1998	1,144	1,199	1652	1519	2123	2435	1269	1269	991	1225	1006	1583	171,111	740
1999	1,784	1947	2097	1149	1375	1365	2327	2327	2327	1823	2058	2807	22,713	33
2000	2,086	1918	2417	2528	3180	9072	2799	2799	2799	2232	2410	2956	38,752	71
2001	2,619	2489	2315	2480	2535	2470	2740	2479	2700	2596	2832	3216	31,454	-19
2002	2,154	2387	2445	2186	2352	2228	2005	2228	2298	2895	2596	2423	27,873	-13
2003	2,272	1867	1936	1980	2034	2084	2038	2266	2354	2028	2271	2409	25,539	8
2004	2,055	1,969	210	138	197	791	993	965	919	-	-	-	8,237	68
Totals	14,114	13,776	13,072	12,015	13,836	20,450	15,527	14,495	13,655	12,809	13,501	16,465	173,715	8432
Mean														23
Std dev.														13

Explanation on passenger movement table

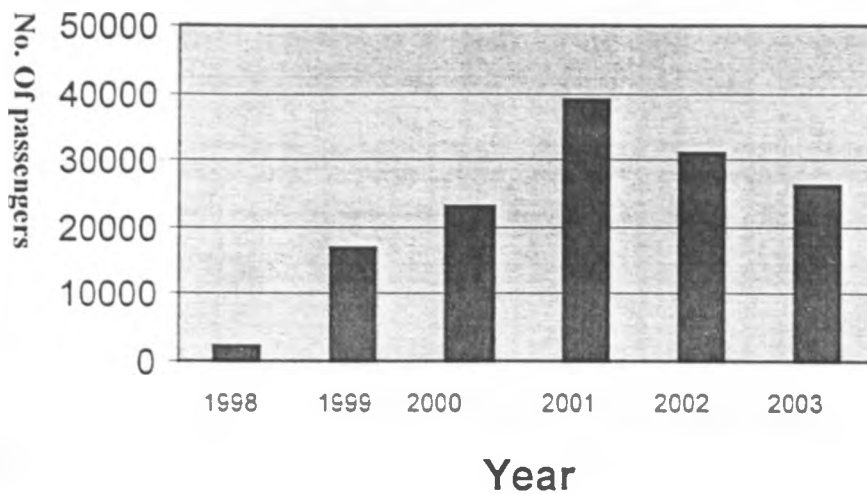
Table 2 above shows the passenger movement at the airport. At the start of the airport i.e. in 1997, passengers were registered at 2036 level. The following year registered 17111 passengers, an increment of 740%. This phenomenal increase is attributed to the excitement of the enthusiastic users of the facility. It is observable from the table that the passengers' flow at the airport had a decreasing trend as from 1999 to date.

This decrease is notably attributed to the fact that many airlines withdrew from the route, leaving one or two airlines to run the show. The withdrawal by many airlines is explained by the fact that many of them found the route uneconomical since they could not raise passengers sufficient to fill the plane capacity.

The standard deviation of 13 is quite a significant deviation from the mean of 23, the deviations is so wide. This is - 13, average of the annual passenger flow. This gives a range of between 10 at the lower range of the mean passenger flow and 36 at the higher range.

The greater deviation from the annual mean passenger flow is attributed to a pull out of passenger aircrafts from the route hence the downward trend as explained by the table on passenger movement. Study the chart below in fig 2.

Fig 2: A chart showing passenger movements



There was a marked increase of passengers handled by the airport from 1998 to 2001. The downward trend that began in 2002 may have been occasioned by the bombing of the twin towers in New York, USA by terrorists. This terrorist actions spread fear among travelers throughout the whole world. However there was good performance on passenger flights in 2003, which could have showed improved business had the government not interfered with the operations of the airport in the same year.

5.3 TOURISM POTENTIAL

Kenya Airports Authority had six major objectives when establishing the Eldoret International Airport. Apart from creating major cargo hub in the region the government through the Kenya Airports Authority also sought to establish and promote the tourist circuit in the western Kenya.

In 2001 the government organized a flurry of promotional activities in which it undertook to repackage the western Kenya circuit.

Western Kenya has many tourist sites. It has the biggest population in the country and can offer rich diverse culture and heritage. The richness and therefore tourist potential in western Kenya spans many tourist regions such as Nakuru, Kericho, Kisumu, Kisii, Kakamega, Eldoret, Kitale, Kapenguria, Lodwar and other parts falling under the catchment area of Eldoret International Airport.

Agro-tourism too has flourished in the region. The fertile western highlands region has sugar-cane farms in Nandi, Nyanza, and Western Province. Coffee farms in Bungoma and Kericho's expansive tea farms undulating into smooth and uniform, distinctive light green 'table' of tea bushes.

5.4 TOURISM RESPONSE IN THE REGION

Despite the rich and potential of tourism in the western Kenya, visitors going to the region are still insignificant in number. There're reasons that explain the poor tourist response to the region .The reasons given below originate from the seasoned tourist operators and tourist agency officials in Western Kenya:-

- i) Hotels and lodges in the region are below standards in terms of quality. Quite a number of lodges exist but may either not be enough or the hygienic conditions prevailing in these resort places leave a lot to be desired.
- ii) Promotion of tourism in the region has not been adequate. Quite often the Kenya Tourism Board has not done enough job to emphasize tourism in this part of the country. In most cases much of their efforts are centered in the coastal region. Tourism offices have just opened in Eldoret town. This is a move they should have made a long time ago.

- iii) Most airlines have not come to embrace and schedule flights to and from Eldoret Airport. Perhaps as affirmed by many respondents the reasons are in most cases based on attitude. Most interviewees held that due to bad publicity perhaps based on glossy political reasons, the facility has attitudinally low rating.
- iv) The people within the region have not embraced the concept of domestic tourism. Additionally most people use road transport in their travels. These are particularly people originating from the North rift. This reason may be based on lack of information and lack of efforts to promote air travels by airlines. For instance most airlines have not opened offices in Eldoret town. may be apart from the Air Kenya
- v) According to many people interviewed and as anonymously agreed in various fora organized by the presidential committee that seeks to promote Eldoret international airport, the airline's charges on passenger travels are very high. This, according to many would- be users is the reason as to why the airlines have not adequate capacity potential.

5.5: THE BUSINESS AND ACTIVITY LEVELS AS REGARDS CARGO INFLOWS (IMPORTS) AND OUT FLOWS (EXPORTS) AT THE AIRPORT

The Imports

The aircrafts bringing the cargo through the airport mostly originate from the Middle East usually Saudi Arabia and Dubai

Electronics, Clothing and hard ware are the goods usually handled by the airport.

Since the inception of the airport as given by the tabulated figures on cargo movements Table 3, the cargo handled by the airport has been sharply

increasing with an annual average of 7,908,955 tones of cargo. This is a significant amount given that the increase has been unprecedented

Between 1997 and 2002 for instance the cargo volume grew from 115679 tones to 13038436 tones representing a 11171 percent growth. The growth declined from 1303846 in 2002 to 8989987 tones in 2003 that represents a 31% decline. This decline is explained by the ban of cargo flights to the airport by the government between July 2003 and March 2004

Overall cargo handled by the airport has been overly growing though unfortunately for the stakeholders, all these have been imports. Notable also is the fact that aircrafts return empty from Eldoret. This is disappointingly un-economical. See Table 3.

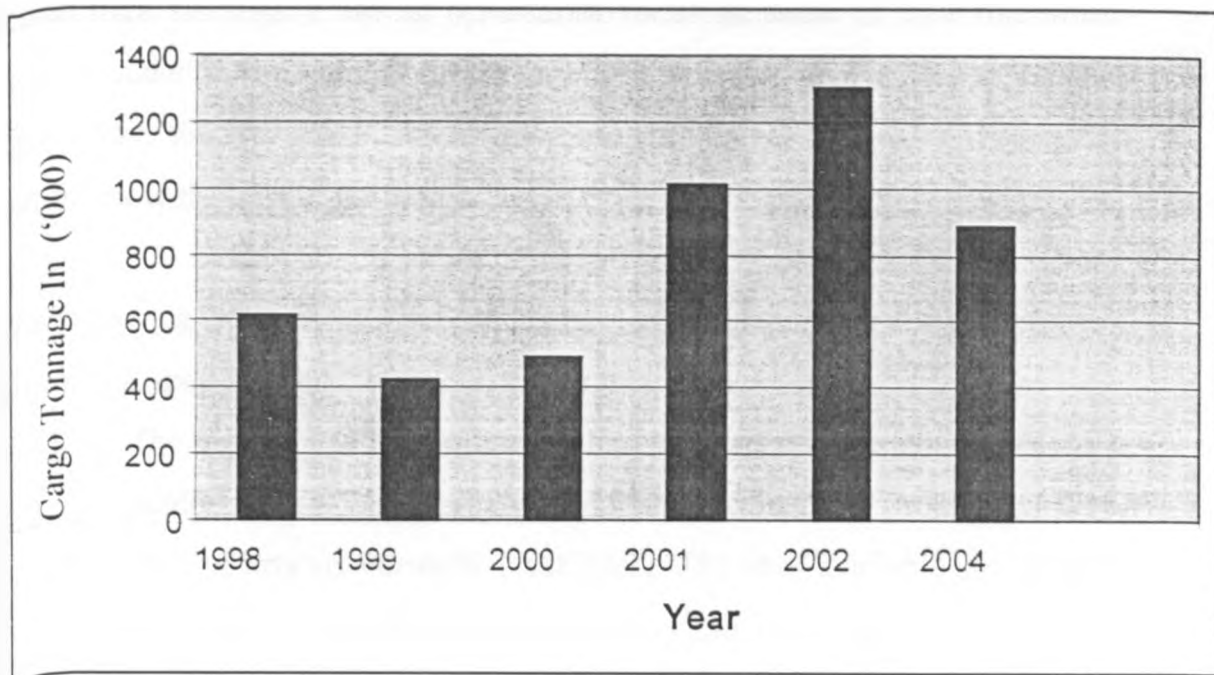
Table 3: A table showing simple analysis of cargo movement at the airport ('000)

Year	Annual totals (. 000) ton	Annual increase/ decrease (. 000) tone	Annual incremental rate %
1997	116	-	-
1998	6.166	6.050	5,216
1999	4.241	1.925	31
2000	4.887	646	15
2001	10.131	5,244	107
2002	13.038	2,907	29
2003	8.890	-4,148	32
2004	1.934	-6,956	78
Totals	49.453	49.337	42,532
Mean			792
Std dev			3401

Further analysis of Table 3:

- i) The table is an extension of the appendix 2. a raw data showing cargo movement at the airport.
- ii) There was an upward trend in cargo movement between 2000 and 2002 before the tonnage gained a downward movement in the year 2003 and 2004. The low business level in 2003 & 2004 is explained by the government move to ban cargo flights to the airport.
- iii) The standard deviation of the average cargo handled by the airport is 3401. This is a wide deviation from the mean annual cargo of 7892. The annual range is thus wide given that the lower range is 4491 while the upper range is 1,293 tons of cargo.
- iv) The above deviation is again explained by the fact that some airlines pulled out of the route leaving a few to carry out the cargo handling business. It is also attributed to the lack of capacity as the aircrafts return. At the airport most cargo handled are imports and no exports have been transported through it. This then makes it expensive for airlines to use the Eldoret airport as their aircrafts return empty. Notice the chart on the next page.

FIG 3: A CHART SHOWING CARGO MOVEMENTS ('000)



Notes

The chart indicates an increase in cargo handled by the airport beginning from 1999 despite a drop from the previous year's figures. The increase was unprecedented till 2002 when unfortunately there was a drop. The drop was occasioned by the government ban on cargo flights from July 2003.

Exports

Exports have not been handled by the airport ever since its inception. This, perhaps explains the fact that the airport has not found its full capacity utilisation.

The government has noted and has been concerned about the under utilisation of the airport. It is for this reason that in March 2004 the president appointed a 15 man committee to find ways on how to promote and enhance capacity utilisation of the airport. This presidential committee headed by the permanent

secretary, ministry of transport and communication were given 3 months to report their findings. I had an opportunity to attend some of their fora where various stakeholders were requested to come up with suggestions to enhance agriculture, tourism and business growth in the region, something that in turn can promote the airport utilisation.

The following explains why the exports have not been handled at the airport as given by respondents in the course of my research.

- i) The airport has inadequate cooling equipment. The one available is inadequate and handles between 15 and 20 tonnes of goods only.
- ii) The exports are currently insufficient. The ones available are taken all the way to Nairobi to exit through Jomo Kenyatta Airport. This is because no one exporter can produce adequate quantities to hire and fill an air craft to capacity.
- iii) Most floricultural farms that could fully use the facility have other farms scattered over other places like Naivasha, Nakuru and Athi River. These farms thus have their produce exiting through Jomo Kenyatta airport, Nairobi.
- iv) Most Kenyan goods have market destinations in the C.O.M.E.S.A region which is closer to Kenya and the goods are road bound.
- v) Information on export business among business people and farmers is largely limited and has not been accessed to them. Government agencies such as the Export Processing zones (E.P.Z), Investment Promotion Council (I.P.C), Export Promotion Council (E.P.C) have not opened offices in Eldoret and the larger North rift. However the Investment Promotion Council has recently opened an office in Eldoret town and has begun serving the public.
- vi) The entrepreneurial culture of the people especially among the North Rift residents is yet to evolve. Most of the locals are risk averse. This

is explained by their emphasis on traditional crops such as maize, wheat and beans e.t.c. They do not wish to venture into non traditional crops like watermelon. guavas, passion fruits, cut flowers and horticultural crops that are on high demand in the European Union countries.

- vii) Co-ordination among the various stakeholders is limited. There is no convergent point where business people and farmers could pull their export goods and farm produce together for consolidated packages, which then enhance volumes sufficient to fill up an aircraft for onward freight to designated foreign market destinations.
- viii) Various government agents that promote commercial and industrial sector have taken retreat. The Kenya Industrial Estates (K.I.E), the Agricultural Finance Corporation (A.F.C), Development Finance Company of Kenya (D.F.C.K) the Industrial Commercial and Development Corporation (I.C.D.C) and the Agricultural Development Corporation (A.D.C) among other financial institutions which were hitherto active in promoting growth in various sectors through provision of loans have been inactive.

5.6 SITUATION ANALYSIS AND PERFORMANCE OF THE AIRPORT

The research sought to establish and find out pertinent issues that tend to undermine the effective performance of Eldoret airport. Since it is a case study, it targeted specific interest groups .Of 20 people interviewed. 12 of them, or 60% agreed that the performance of Eldoret airport is not satisfactory. Six of these people offered that the airport was doing well. This group represented 30% of the total correspondents. Two of them or 10% did not respond to the question.

Most of the respondents were drawn from government line ministries e.g. the ministry of trade and industry, agriculture, tourism, finance, transport and communication, and local government.

In a forum to discuss ways to promote business and activity levels at Eldoret airport that was convened by the Presidential committee on the airport on September 6, 2004, the panellists came up with various factors that promote and undermine performance at the airport. A publication by the Kenya Airports Authority that I sourced from the airport, too, had vital points on the factors that promote and inhibit business at the facility. The factors, therefore, that enhance and also those that stifle businesses at the airport were found to include the following;

5.7 FACTORS WHICH PROMOTE AND ENHANCE PERFORMANCE AT THE AIRPORT

Internal factors.

Among the factors, which promote and facilitate smooth functioning of the airport include the modern equipment that are used in the airport. The airport boasts of having the best and arguably the state of the art functional equipment.

The navigation and aeronautical facilities used at the aviation tower are among the best in Africa.

The government has recently reduced the landing fee, by 75%. The navigation fee too was sliced by 50%. The hangers are free for use. Other concessions and incentives offered by the government include minimum parking and pass fees.

A very simple administrative structure, a well motivated and energetic personnel and the currently limited number of aircrafts handled by the facility makes Eldoret airport the most efficient and effective aerodrome in the country

A notable strength that the airport has is the unlimited land for expansion should the need arise .For instance the runway is short , 3.5 km and the government has a plan of extending it to 4.5km soon at least according to the Managing Director .Kenya Airports Authority .Mr. George Muhoho.

The external factors

The airport has a regionally great resource endowment. These resources if exploited are bound to enhance business at the facility. There are rich tourist sites which hitherto had not been known. It is envisaged that on being developed, these tourist sites would boost activity levels as the airport will be handling the visitors making travels to the said tourist sites.

When accessing both the European and Asian destinations, passing through Eldoret airport is relatively shorter than going via either Jomo Kenyatta, in Nairobi or Moi airport in Mombasa. There is a two-hour distant difference when accessing either European or Asian destinations from Eldoret airport rather than through Moi Airport, Mombasa. However a one hour difference is there when flying to either European or Asian destinations by passing either through Eldoret or Jomo Kenyatta airport with Eldoret, again being shorter.

Markets are currently emerging in the southern Sudan and the great lakes region countries such as the Democratic Republic of Congo ,Rwanda and Burundi .If aggressive marketing is conducted on Eldoret airport, these markets will definitely find the airport quite useful .More over the airport is a middle point between Nairobi and Kampala ,Uganda. All the above facts point out the fact that Eldoret airport is a strategic resource , not only within its catchment area ,but the whole country in particular and the East African countries in general.

The population of the catchment area of the airport is immense .This is a boost to the facility because once this population is sensitised on the importance of having an airport around, there will hopefully be an improved capacity.

The international trade initiatives like the African Growth and Opportunity Act (A.G.O.A) if used by the region around the airport will obviously galvanise business at the facility. The emphasis on crops required by the American market like cotton is vital if the (A.G.O.A) initiative is to be achieved

5.8 FACTORS LIMITING THE SUCCESS OF THE AIRPORT

The Internal Factors

The cost of flights to many would be users are high. Charges on passenger flights are not within the reach of the majority. It is also given that the way the personnel used to handle customers was previously poor. However although the treatment of clients has significantly been improved, individual customers may still hold that the same state of affairs still prevails.

According to many airline operators, the cost of jet fuel at the airport is quite high in comparison to the amount charged by other aerodromes like the Kisumu and Entebbe airports.

The airport for sometime now has been suffering from bad publicity. More often than not these negative publicity borders on mere political anecdotes than economic issues. Surprisingly, the government through the Kenya Airports Authority has not countered this adverse publicity.

The cooling facilities at the airport are inadequate. There is only one cold room which may not assist much. One reason given as to why exports have not been handled by the airport has been the problem of cooling facilities.

Poor net working and marketing of the airport by those responsible – the management. Nothing much had been done on marketing the airport, till when the government recently appointed a committee to look into ways of making the facility more vibrant.

External Factors

There is ignorance among the stakeholders. Most of them have not come to own the airport. They think the airport is not there for them, but for other people. Some think it's something only meant for Uasin Gishu people.

The economic conditions, due to collapse of many industries in the region has been unstable. Rift Valley Textiles (RIVATEX), Sawmills, Raymond's, Kenya Co-operative Creameries (K.C.C) and many other industries have had to go under. This eroded the purchasing power of the locals.

Competition from existing airports has been intense. For example, competition from Kisumu airport on domestic flights has been overwhelming.

The locals have low entrepreneurial spirit and the enterprising culture is yet to evolve. This explains the rather low key business operations in the region despite its resource endowments. For instance they do not grow crops different from their traditional crops such as wheat maize and beans.

Poor contributions by the stakeholders and other professional bodies. Government agencies like Export Processing Zones (E.P.Z) the, Investment Promotion Council (I.P.C) and the Kenya Tea Development Authority (K.T.D .A) have not shown concern in sensitizing the people on businesses and investment opportunities in the region. They have not opened offices although the K .T .D .A and I .P .C did open recently.

CHAPTER SIX

6.0 THE SUMMARY AND CONCLUSION

The airport notably has been recording increased aircraft landings and departures ever since inception. However the commodities handled in terms of tonnage have had a reducing trend. Passengers in numbers have decreased.

The decreasing trends as shown by the airport statistics seems to have started from the year 2003. Before this year an increase in all aspects of airport operations have markedly been recorded.

It is arguably a fact that not much is known about the airport by the people within its catchment area. For those who are privy to the facility's existence, little do they know that it is a utility to be made use of by them. This basically suggests that the publicity of the airport has not been conducted, or it had been inadequate for it to make an impact. The issue of inadequate publicity was cited by over 60% of the respondents.

When in July 2003 the government banned cargo flights landing and departing from the airport, loud murmurs were made with stakeholders reading mischief in the ban. Although reasons given by the government were reasonably understood, it turned out that the same reasons originated from mere allegations. This only explains how the facility has overtime been viewed from political dimension rather than economic ones. This has to change.

What need to be strongly said, all about the facility's potential, is that various stake holders need to come forward and make efforts aimed at improving its performance. Already by appointing the committee to look into ways of making the airport more vibrant, the government has resolved to get serious in seeing it

operate maximumly. The same should apply to stakeholders – farmers, business people, industrialists e.t.c – so that the facility's performance is enhanced.

6.1 RECOMMENDATIONS FOR FURTHER RESEARCH

The people around and within the airport's catchment area have not been adequately responsive to entrepreneurship and other initiatives that prompt businesses in the region. The peoples' entrepreneurial spirit is surprisingly low. One should find out why this is so. This is despite the fact that the region is resourcefully endowed.

It is instructive that the airport becomes fully utilized only if the volume of business goes up. However this has not been the case.

6.2 RECOMMENDATIONS FOR PRACTICE AND POLICY

1. The most glaring challenge facing the airport is the absence of information and knowledge about it among various stakeholders. The locals and the people around the catchment areas of the airport have not come to own the facility. They believe that the airport was put up not for them to use but for others. Perhaps this belief is formed by the fact that at the inception of the airport the people on the ground were not involved. It is important to indoctrinate and to continuously put it to the people within the airport's catchment area that the facility is theirs and that they are the ones who will benefit more from it than any other people elsewhere.
2. The government has to exhibit goodwill and strong sense of participation in putting the airport into use. This, the government, can assist by setting up structures that facilitate growth of businesses at the airport. This could include gazetting the Export Promotion Zones (EPZ) around Eldoret and

other surrounding regions, opening up agency offices of such important business promoters and advisory agents as the Export Promotion Council (EPC), the Investment Promotion Council (IPC), the tourist promotion agency offices like Kenya Tourism Board etc. The government also need to put into consideration physical structures like warehousing facilities, extending the runways, the taxiways and building up more accommodative cold rooms.

3. To promote entrepreneurial culture, the ministry of trade and industry in conjunction with ministry of Agriculture personnel need to inculcate and impart knowledge to the people about good business and best agricultural practices respectively. So far through the European Union Retail & Production on Good Agricultural Practices (EUREPGAP) and the National Agriculture & Livestock Extension Program (NALEP), the ministry of Agriculture Livestock and Fisheries Development had made steps towards enhancing production and quality. These concepts should be promoted and made to flourish.

4. The municipal Authorities within the region, particularly Eldoret town need to advertise and promote potential investment areas in their authorities so as to attract potential investors. This can be done by organizing trade exhibitions in places like Nairobi, organizing investment forums in the towns, publishing a feature about the authorities both in the print and electronic media. Doing this, the potential investors will get knowledge on the existing potential in the municipal authorities. Eldoret municipal council would for instance cite the following strengths: -
 - Vast land expansive enough to facilitate expansion of businesses premises.
 - Rich agricultural potential within and around its surrounding.

- Eldoret is a middle point between Nairobi and Kampala in Uganda. Also the proximity to Sudan.
- Reliable water supply.
- Relatively higher population(450,000)
- Good and well maintained roads.
- Adequate power supply.
- Relatively adequate security.

5. A policy be drafted to enhance road maintenance by minimizing transportation of loads of cargo by road. Cargo transit from parts of Nakuru, Kericho, Kisumu, Kisii and other parts of the Airport's catchment area be made to exit through Eldoret Airport. This will promote business at the airport and also minimize road depletions.
6. One of the major reasons explaining inadequate capacity utilization of the airport is the fact that export commodities are allegedly insufficient. However it has been discovered that exports aren't inadequate. If cooling plants at the airport are adequate and the various export agents have a central convergence to chart out how to consolidate export volumes to fill up an aircraft and hence transport them to foreign market destinations, exports would actually be making the airport a beehive of activity. The issues here to be addressed are speedy construction of adequate cooling facilities and setting up of a central convergence zone to facilitate co-ordination and consolidation of exports.
7. Self-regulating professional bodies like the Kenya Manufacturers Association (KMA), Horticultural Association of Kenya, Tourist associations need to be encouraged to open offices in Eldoret. These bodies

play an important role in promoting businesses and also regulate business practices in the region.

8. Towns in North Rift like Eldoret, Kitale, Kapenguria, Kapsabet and others in catchment areas of the Eldoret airport should form lobby groups and associations to promote security, cleanliness and business strategies. The municipal authorities need to be encouraged to draft a concept paper on existing economic resources, how to identify and exploit them. Authorities like the Iten town council, Marakwet county council, Pokot county council and Lodwar municipal authority need to establish and promote livestock product related industries e.g. the slaughter houses and tanneries. Funds need to be sourced from African Development Bank (ADB), the World Bank and local financial institutions.
9. Integration and linkage programmes between the airport management, the government and the various stakeholders is vital. This could be in the areas of information dissemination on newly developed airline routes, emerging markets and new product packages. These linkages definitely shall promote strong inter-sectoral co-operation.
10. The question of insecurity in the North rift needs to be addressed if meaningful resource exploitation in these areas were to be realized. There should be common approach in fighting insecurity among various local councils. Councils need to work together by developing policies on projects commonly shared.
- 11 Given that Rift Valley and the North-Rift in particular is endowed greatly with farming opportunities, farmers need to embrace diversionary farming

activities. It is important to move from traditional cereal production to large scale modernized commercial floriculture and horticulture.

- 12 The government should consider giving concessions to would be investors on tourism to put up standard hotels and other accommodation facilities. It should also put in place infrastructure that promotes investment in remote areas seen to have potential in tourism. Telephones, electricity and provision of water in such areas is important. The beautiful scenic Kerio Valley for instance requires good recreational facilities such as restaurants, lodges and guesthouses.
- 13 The Turkana, Pokot and Marakwet have rich traditions and culture that if put into use through exhibitions and cultural centres can boost tourism in the region. The dance, artefacts, mode of dressing and cultural lectures can work out well. The same people can be used to entertain visitors on arrival from foreign destinations at the airport.
- 14 The Kenya Tourism Board has to move with speed to open offices in Eldoret town to serve the entire western Kenya region. The presence of tourism officials is a boon to tour enthusiasts and the tour firms that are almost on their knees.

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APPENDIX 1: QUESTIONNAIRE

When answering the questions that follow, you are advised to use a tick (✓) or an X where No or Yes answers are required.

PART ONE (A) *To be answered by the Eldoret Airport management*

(1) Kindly state the type of commodities Eldoret airport handles (both exports and imports)

Exports

i	v	ix
ii	vi	x
iii	vii	xi
iv	viii	xii

Imports

i	v	ix
ii	vi	x
iii	vii	xi
iv	viii	xii

2) Which year did the airport begin its operation in commodity flights?-----

3) (I) Has the airport experienced any hitch ever since its inception?

Yes----- No-----

(ii) If your answer in 3(I) is in the affirmative, state the year and the nature of the hitch

Year(s).....

(iii) Nature of the hitch experienced-----

4) From the start of commodity flights, have you had complaints from the users of the facility? If yes state the nature of the complaints-----

5) From statistical figures you may have, do you in your opinion agree that the tonnage of commodities handled by the airport has been increasing or decreasing?-----

6) (I) Between the commodities landing on the airport (imports) and those exiting the airport (exports), which ones are more in the amount of tonnage?-----

6(ii) Give a brief comment on why your answer is as it is in 6(I) above-----

7) (I) Would you in your own view . agree as regards commodity handling that, the airport is going to experience increased tonnage?

Yes () No()

7(II) If your answer in 7(I) is in the affirmative or negative, do please give reasons for your answer-----

PART ONE (B) *To be answered by the Eldoret Airport management & tourism Board officials*

i) Constant ()

ii) Steady ()

iii) Impressively sharp ()

3) In the way you have studied tourists passing through the airport, can you put it that the tourist industry in the region would flourish?

Yes ()

No ()

4) What link if any could be there between the growth of tourism in Western Kenya and the existence of the Eldoret International airport? Could your answer be any of the following?

i) Incidental ()

ii) Direct ()

iii) Indirect ()

iv) All the above ()

5) When the Kenya Airports Authority acting on its powers bestowed on it by the laws of Kenya Cap 395 section 3 thought of establishing Eldoret airport, do you in your opinion offer that the Authority had tourist promotion as an initiative that would benefit from the facility?-----

6) (i) Do you, in your own assessment agree that tourism in Western Kenya is sustainable economically? -----

(ii) If your answer in 6(i) is in the affirmative, are there indications to this effect?-----

7) If your answer in 6(ii) is in the affirmative, do you have figures available to back up the answer? -----

PART TWO: *The questions in this section are reserved for and intended to be answered by the interest groups (The Airport stake holders)*

1)(i) Do you submit the fact that Eldoret international airport has performed satisfactorily?

Yes()

No()

(ii) For any answers that you offer in 1 (i) above, kindly cite reasons.

2) Could you please suggest factors that limit the effective performance of the Eldoret International airport?

a) Internal factors

utilization of the airport? -----

6)(i) Are you in a position to cite some economic resources in the Western Kenya region that if exploited may provide an in exhaustive flow of activities in the Eldoret Airport?

Yes () No ()

6 (ii) If your response in 6(i) is in the affirmative. kindly provide your response, by listing down some of these resources and the place located in Western region of the country. -----

APPENDIX 2: Cargo movements at Eldoret airport in kilograms (imports)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1997	-	-	-	-	-	-	-	-	-	-	38865	79814	115679
1998	107338	67785	95268	113099	204199	255701	348926	455132	839330	115448	1206855	1456874	6165895
1999	683985	116661	79177	129669	120115	121008	249952	327516	365600	557092	822162	668351	4241288
2000	643514	793929	535638	699855	896147		158	168081	179174	162734	271065	537107	4887402
2001	462235	363039	419160	582730	758051	659083	761652	1176495	965815	1095590	1451758	1435112	10130720
2002	891624	871387	823195	958555	1035726	942976	1074975	1363145	1363145*	1033520	1471199	208989	13038436
2003	1208989	900005	807668	1014188	1622515	2528497	890125	-	-	-	-	18000	8989987
2004	-	-	-	-	81570	227111	376679	674446	573805	-	-	-	1933611
													47878088

APPENDIX 3: Tourists sites in the western

Area	Population	Distance from Eldoret
Eldoret	450000	
Kitale	30000	69 Kms(north west)
Kerio valley	-	55 Kms
Saiwa swamp	-	89 Kms (North west)
Kericho.	30000	255Kms (south)

region of Kenya.

Main Attraction	Hotels if any
<p>Isports 9 hole golf course (green fee payable) ,East Africa Tanning Extract ,Rupa Woolen mills , Ken-Knit ,Raiply, Rift valley Textiles, Rift Valley Bottlers ,Flower Farming, Kenya Cooperative Creameries, Corn Products Company.(C.P.C)</p>	<p>Sirikwa, Wagon wheel Highlands inn, Mountain View, Eldoret valley, Country lodge ,Naiberi river Camp site ,White castle ,</p>
<p>Mt Elgon, Extinct Volcano, Variety of game and plants in national park, Giant caves rich in saltlick for wild life.</p>	<p>Mt. Elgon, kitale club(18 hole golf course ,(green payable) Bongo hotel.</p>
<p>Kapnorok elephant's paradise. Elgeyo Marakwet escarpment, Scenic Kerio Valley, traditional culture, dance, Music ,Wild life e.g. leopards, buffaloes, zebras etc</p>	<p>-</p>
<p>Shy ,amphibious Sitatunga antelopes,monkeys,250 bird species, Camp sites</p>	
<p>Expansive green tea farms, Kericho, Sotik golfing clubs, Chagaik dam, Aldai game park and Arboretum, Tea factories 9 hole golf course(Green payable),world famous Molo lamb, Horse riding</p>	<p>Tea hotel, Kericho lodge and fish resort Highlands hotel</p>

Kisii	35,000	290 Kms south	Kisii Soap stone Carving s at Tabaka,Pelikanry near Oyugis,Thim lich Hoinga Archeological site	Sakawa Towers, Mwalimu hotel, Safe Lodge
Lake Turkana	-	450 Kms North	Crocodiles ,Pre historic sites ,Fishing ,Boating, Sight seeing ,Central Island National park, Eliye Springs, Turkwel Gorge	Turkana fishing lodge, Turkwel lodge, Island lodge
Kisumu	160,000	170 Kms (south)	Lake Victoria (world's 2 nd Largest Fresh water lake),Ruma National Park , Impala Wild life sanctuary, Hippo Point ,Kisumu Yacht Club ,Museum ,Large market/Boating /canoeing/sailing ,Camp site at Mfangano Islands, Club at Rusinga Island, Golfing (9 Hole Golf Course (green Free Payable),Cultural events	Milimani Resort , Hotel Royale, Imperial Hotel. Sun Set, Kendu Bay Hotel, Homa Bay hotel
Kakamega	-	120 Kms(south west)	Kakamega Forest ,Bird Watching ,Colobus Monkeys ,Black Mamba ,other snakes ,Bull Fighting ,Cock Fighting ,9 hole golf course Green free Payable	Golf hotel ,Udos Camp site
Lake Bogoria	-	135 Kms (east Of Eldoret	Lake Bogoria ,Millions of Flamingoes, Geysers (Hot springs), Leopards ,Cheetahs, Greater Kudu ,Zebras, Giraffes ,Buffaloes	Lake Bogoria hotel,

APPENDIX 4: Resources that if exploited may promote export trade hence higher activity level at the Eldoret airport

AREA	DISTRICT	RESOURCE	NATURE OF ACTIVITY
Equator Flowers Maji Mazuri, Kericho	Trans Nzoia Nandi,Uasin Gishu Kericho, Nakuru, Bureti	Cut flowers represent 400.9 tones of stems	Floriculture covering 1760 Hectares of land
Lake Victoria L.Turkana	Kisumu Turkana	Fish	Fishing 20642 tons of fish
All districts of catchment area	All districts of rift valley, North Rift, Nyanza and western 908871 haeters	Fruits	Horticulture 1,559 ,975metric tonnes of fruits
North rift	Turkana, Pokot Samburu, Marakwet	Livestock products; meat, hides and skin	Livestock husbandry
Catchment area	North Central Rift Valley western Nyanza	Milk	Dairy
Kisii	Kisii	Soap stones	Mining
Aror	Marakwet	Marble	Mining
Migori Kakamega	Migori Kakamega West Pokot	Gold	Mining
Lelan, Molo	Marakwet, West Pokot, Nakuru	Wool	Sheep husbandry
Kerio valley Kisumu	Nyanza, Marakwet, Keiyo, Baringo,	Cotton	Cotton farming
Kerio valley, Turkana	West Pokot, Baringo, Marakwet Turkana	Honey	Honey harvesting
North Rift	East Baringo, West Pokot Turkana Samburu	Camels and Donkeys	Camel and Donkey rearing
Webuye Eldoret	Bungoma U. Gishu	Timber, Papering	Lumbering

APPENDIX 5: A LETTER OF INTRODUCTION

**UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
MBA PROGRAM – LOWER KABETE CAMPUS**

**P.O BOX 30197
NAIROBI KENYA**

DATE 26TH/JULY/ 2004

TO WHOM IT MAY CONCERN

The bearer of this letter **Kipkore C. Pius**

Registration number **D 61/P/8933/99**

is a master of Business Administration (MBA) student of the university of Nairobi.

He is required to submit as part of his coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him by allowing him to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you

**DR. OGUTU
SUPERVISOR AND LECTURER
Tel: 020-73216**

**KIPKORE PIUS C.
MBA STUDENT
Tel: 0723-901681**