PLANNING CHALLENGES FACING INFORMAL SECTOR ACTIVITIES IN KANGEMI, NAIROBI

Charles Baraka, MWAU

B65/0403/2005

Thesis Presented in Partial Fulfillment for a Bachelor’s of Arts Degree in Urban and Regional Planning, in the Department of Urban and Regional Planning

UNIVERSITY OF NAIROBI

April, 2009
DECLARATION
This thesis proposal is my original work and has not been submitted or presented for examination in any other university, either in part or as a whole.

Name: MWAU, Charles Baraka

Signature....................................

Date............................................

This thesis has been submitted for examination with my recommendation and approval as University Supervisor.

Supervisor

Professor R. A. Obudho

Signature........................................

Date...............................................
DEDICATION

To my little sister, Mutindi
ACKNOWLEDGEMENTS

The accomplishment of this work would not have been without the input of various individuals. I am especially grateful to Professor R. A. Obudho who supervised my work. I learned a lot from him throughout the period; his critical comments and wealth of knowledge was very instrumental in my study period. I would also like to thank the Department of Urban and Regional Planning community and especially Mr. R. Opiyo, who took his time to read through my draft writings, and Mr. Karisa for his input during the initial stage of this study. My acknowledgments also go to the Nairobi City Council officers who availed the necessary data during the study period and in particular Planner Gatimu and the Kangemi ward Management officers. Special thanks go to all respondents and key informers; Mr. Ongeri and Kangemi Chief, who availed information for this research. Finally my Parents Mwende Mwau and Peter Mwau, as always, supported my education. Sisters Winny, Norah and Mutindi shared in my anguish and hard work.
ABSTRACT

Urban areas are driven by economic forces which play a significant role in the urbanization process. The entrepreneurship culture has led to rapid urbanization and an increased battle for the most precious urban resource; space. The urban informal sector has been on the past threes decades a subject of debate among economists, planners, researchers and policy makers.

This research is primarily focused on the planning challenges facing the informal sector in Kangemi. Kangemi is a shopping centre located along Waiyaki Way and within the Kangemi informal settlement in the city of Nairobi. The study was conducted using both quantitative and qualitative research designs and conducted between the month of November 2008 and February 2009. The first section of the thesis introduces the study topic, stating the objectives and justification of the study. The methodology section describes the materials and methods employed in undertaking the study. The study also involved review of literature which is documented in the third section. A brief background of the study is given in the fourth section while the research findings are documented in the findings chapter. The recommendation and conclusion section provides the recommendations of the study.

The informal sector in the city of Nairobi is an inevitable part of the urban life and over the years it has grown rapidly with it being estimated to account for a quarter of the total informal sector employment in the Country. Kangemi has a large number of informal sector traders operating in the centre's streets and road reserves. The centre's informal sector is constrained by inadequate infrastructure, negligence from the city authorities and inadequate trading spaces. The space scarcity is made more dynamic by the involvement of the formal sector in space allocation and control. Environmental pollution is existent and lack of spatial organization on the activity patterns.

The recommendations by the study provide a framework for the modernization and management of the informal sector activities in Kangemi. The practical benefits of the informal sector cannot be realised without implementing this measure through the various agencies and all stakeholders. It should be realised that the informal sector is dynamic and should be approached in a pragmatic approach with the involvement of all stakeholders.
# TABLE OF CONTENTS

DECLARATION.................................................................................................................................I
DEDICATION.......................................................................................................................................III
ACKNOWLEDGEMENTS......................................................................................................................IV
ABSTRACT........................................................................................................................................V

CHAPTER........................................................................................................................................PAGE

## 1 INTRODUCTION.............................................................................................................................1
  1.1. Overview .......................................................................................................................................1
  1.2. Problem Statement ......................................................................................................................1
  1.3. Research questions ....................................................................................................................2
  1.4. Objectives of the study ................................................................................................................3
  1.5. Study Assumptions ....................................................................................................................3
  1.6. Justification of study ..................................................................................................................3
  1.7. Scope of the study ......................................................................................................................4
  1.8. Organization of the Study ..........................................................................................................4
  1.9. Definition of Key Terms ...........................................................................................................4

## 2 RESEARCH METHODOLOGY .........................................................................................................6
  2.1. Research Design .......................................................................................................................6
  2.2. Units of Observation and Analysis ..........................................................................................8
  2.3. Data Collection ........................................................................................................................8
    2.3.1. Preparation for Data Collection .........................................................................................8
    2.3.2. Procedures for Data Collection .........................................................................................8
  2.4. Sampling Design .....................................................................................................................9
  2.5. Methods of Data Collection ....................................................................................................9
    2.5.1. Primary Data ....................................................................................................................9
    2.5.2. Secondary Data ...............................................................................................................10
  2.6. Data Analysis and Presentation ................................................................................................11
  2.7. Data Interpretation ..................................................................................................................11
  2.8. Resource Needs ......................................................................................................................11
  2.9. Limitations of the Study ........................................................................................................11

## 3 LITERATURE REVIEW .....................................................................................................................14
  3.1. Overview ...................................................................................................................................14
  3.2. Historical Background of the Informal Sector .......................................................................14
  3.3. The Concept of Informal Sector ..............................................................................................16
    3.3.1. Theories of Informal Sector Growth ..................................................................................18
3.3.2. Informal Sector in Kenya ................................................................. 19
3.4. Characteristics of the Informal Sector ............................................. 19
3.5. Why the Informal Sector Has Persevered ....................................... 22
3.6. Reasons for involvement in the Informal sector .................................. 25
3.7. Informal Sector and Urban Spaces .................................................. 26
  3.7.1 Spaces Available for Informal Sector Activities .............................. 27
  3.6.2 Formalized spaces for Informal Sector Activities .............................. 28
  3.7.3 Conflicts in Space Utilization ..................................................... 29
3.8. Economic Significance of the Informal Sector ................................... 30
  3.8.1 Creation of Employment .............................................................. 30
  3.8.2 Dimensions of Urban Poverty ...................................................... 31
  3.8.3 Contribution to National Output .................................................. 32
3.9. Policy Impacts on the Informal Sector ............................................. 33
  3.9.1 Policy Bias .................................................................................. 33
  3.9.2 International Policies ................................................................. 33
  3.9.3 Local Policies ............................................................................. 34
3.10. Legal Context .............................................................................. 37
  3.10.1. Physical Planning Act (PPA) of 1996-Chapter 286 of the Laws of Kenya 37
  3.10.2. The Local Government Act-Chapter 265 of the Laws of Kenya ....... 37
  3.10.3. Public Health Act-Chapter 242 of the laws of Kenya .................. 37
3.11. Obstacles in the Informal Sector .................................................... 37
  3.11.1. Institutional Issues ................................................................. 37
  3.11.2. Economic Issues .................................................................... 38
  3.11.3. Infrastructure Issues ............................................................... 39
3.12. Modernising the Informal Sector .................................................. 39
  3.12.1. Merits of formalizing the informal sector .................................... 41
3.13. Case Studies .............................................................................. 42
  3.13.1. Mitchells Plain Public Transport Interchange Management (Cape Town) Introduction .. 42
  3.13.2. Nairobi City council; Nairobi Hospital Kiosks project .................. 43
3.14. Summary and Conclusion ............................................................... 44

4 BACKGROUND TO THE STUDY AREA .................................................. 45
  4.1. Overview ...................................................................................... 45
  4.2. Nairobi-Site and Situation ............................................................. 45
    4.2.1. Historical Development of Nairobi .............................................. 45
  4.3. Informal Settlements in Nairobi .................................................... 47
    4.3.1. Kangemi Settlement ................................................................. 47
## 5 RESEARCH FINDINGS

### 5.1. Overview

### 5.2. Kangemi Shopping Centre Profile

### 5.3. Nature of Urban Economy in the Centre

#### 5.3.1. The Nature of the Informal Sector

#### 5.3.2. Linkages between Formal and Informal Sectors

#### 5.3.3. Operation Hours

### 5.4. Levels of Education Gender and Age Distribution in the Informal Sector

#### 5.4.1. Gender Distribution in the Informal sector

#### 5.4.2. Age Distribution in Informal Sector Activities

#### 5.4.3. House Hold Size

#### 5.4.4. Education Attainment of the Entrepreneurs

### 5.5. Economic Significance the Sector in Kangemi

#### 5.5.1. Capital Source

### 5.6. Spatial Organization and Space Standards

#### 5.6.1. Informal Sector Agglomerations

#### 5.6.2. Location Factors of Enterprises

#### 5.6.3. Space Allocation and Control

#### 5.6.4. Size of Spaces and Adherence to Standards

#### 5.6.5. Type of Structures and Adherence to Building Standards

#### 5.6.6. Sectoral and Spatial Organization of Activities

#### 5.6.7. Conflicts in Space Utilization

### 5.7. Environmental Standards and Services

#### 5.7.1. Solid Waste Management

#### 5.7.2. Sanitation-Water and Sewerage System

### 5.8. Infrastructure and Services

#### 5.8.1. Transportation

#### 5.8.2. Parking Facilities in the Centre

---

Mwau C. B

Page VIII
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.8.3.</td>
<td>Street Paving and Storm Drains</td>
<td>73</td>
</tr>
<tr>
<td>5.8.4.</td>
<td>Street Lighting</td>
<td>74</td>
</tr>
<tr>
<td>5.8.5.</td>
<td>Water Supply</td>
<td>74</td>
</tr>
<tr>
<td>5.8.6.</td>
<td>Electricity</td>
<td>74</td>
</tr>
<tr>
<td>5.8.7.</td>
<td>Storage Facilities</td>
<td>75</td>
</tr>
<tr>
<td>5.9.</td>
<td>Management</td>
<td>75</td>
</tr>
<tr>
<td>5.9.1.</td>
<td>Management of the centre</td>
<td>75</td>
</tr>
<tr>
<td>5.9.2.</td>
<td>Legal Framework and Regulations</td>
<td>76</td>
</tr>
<tr>
<td>5.9.3.</td>
<td>Institutional organization of the entrepreneurs</td>
<td>76</td>
</tr>
<tr>
<td>5.10.</td>
<td>Synthesis of Research Findings</td>
<td>77</td>
</tr>
<tr>
<td>5.9.1.</td>
<td>Spatial Issues</td>
<td>77</td>
</tr>
<tr>
<td>5.9.2.</td>
<td>Supporting Infrastructure</td>
<td>77</td>
</tr>
<tr>
<td>5.9.3.</td>
<td>Institutional Issues</td>
<td>78</td>
</tr>
<tr>
<td>6</td>
<td>RECOMMENDATIONS AND CONCLUSIONS</td>
<td>80</td>
</tr>
<tr>
<td>6.1.</td>
<td>Overview</td>
<td>80</td>
</tr>
<tr>
<td>6.2.</td>
<td>Institutional and Legal Framework</td>
<td>80</td>
</tr>
<tr>
<td>6.3.</td>
<td>Urban Planning and Development</td>
<td>82</td>
</tr>
<tr>
<td>6.4.</td>
<td>Infrastructure facilities and Services</td>
<td>83</td>
</tr>
<tr>
<td>6.5.</td>
<td>Management and Coordination</td>
<td>84</td>
</tr>
<tr>
<td>6.5.1.</td>
<td>Role of Nairobi City Council</td>
<td>84</td>
</tr>
<tr>
<td>6.5.2.</td>
<td>Role of Kangemi Informal Sector</td>
<td>85</td>
</tr>
<tr>
<td>6.6.</td>
<td>Areas of further research</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Select References</td>
<td>85</td>
</tr>
<tr>
<td>Appendices</td>
<td></td>
<td>91</td>
</tr>
<tr>
<td>Appendix 1.</td>
<td>Informal Entrepreneurs Questionnaire</td>
<td>91</td>
</tr>
<tr>
<td>Appendix 2:</td>
<td>Formal Sector Traders Questionnaire</td>
<td>93</td>
</tr>
<tr>
<td>Appendix 3:</td>
<td>Informal sector Traders Questionnaire</td>
<td>94</td>
</tr>
<tr>
<td>Appendix 3.</td>
<td>NCC-City Panning Department Interview schedule</td>
<td>95</td>
</tr>
<tr>
<td>Appendix 4.</td>
<td>Informal traders Representative-Interview Schedule</td>
<td>96</td>
</tr>
<tr>
<td>Appendix 5.</td>
<td>Checklist</td>
<td>97</td>
</tr>
<tr>
<td>Appendix 6.</td>
<td>Research Letter</td>
<td>98</td>
</tr>
</tbody>
</table>
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Methodology</td>
<td>13</td>
</tr>
<tr>
<td>Growth of Informal Settlements in Nairobi</td>
<td>47</td>
</tr>
<tr>
<td>Nairobi temperatures and precipitation</td>
<td>51</td>
</tr>
<tr>
<td>Informal Sector activities in Kangemi</td>
<td>56</td>
</tr>
<tr>
<td>Type of goods or services * Gender of respondent Cross tabulation</td>
<td>58</td>
</tr>
<tr>
<td>House hold Size</td>
<td>59</td>
</tr>
<tr>
<td>County Council fee Charges</td>
<td>61</td>
</tr>
<tr>
<td>Constraints and Opportunities</td>
<td>78</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Study methodology</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Segmentation of the informal sector</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Areas of Economic Growth and Labour use during Economic Crisis</td>
<td>24</td>
</tr>
<tr>
<td>4</td>
<td>A Sketch illustration of a flexible Informal trading space</td>
<td>29</td>
</tr>
<tr>
<td>5</td>
<td>Trends in Kenya Informal Employment</td>
<td>31</td>
</tr>
<tr>
<td>6</td>
<td>Population Projection of Kangemi</td>
<td>52</td>
</tr>
<tr>
<td>7</td>
<td>Age-Sex Structure of Population</td>
<td>53</td>
</tr>
<tr>
<td>8</td>
<td>Population composition of Kangemi Sub-Location</td>
<td>53</td>
</tr>
<tr>
<td>9</td>
<td>Reasons for entering in the informal sector</td>
<td>55</td>
</tr>
<tr>
<td>10</td>
<td>Sources of Goods for the Informal sector Traders</td>
<td>57</td>
</tr>
<tr>
<td>11</td>
<td>Hours of operation in Kangemi Informal Sector</td>
<td>57</td>
</tr>
<tr>
<td>12</td>
<td>Age Distribution in the Informal Sector</td>
<td>59</td>
</tr>
<tr>
<td>13</td>
<td>Education levels of Informal Traders</td>
<td>60</td>
</tr>
<tr>
<td>14</td>
<td>Enterprise Ownership</td>
<td>61</td>
</tr>
<tr>
<td>15</td>
<td>Factors affecting location of enterprises</td>
<td>64</td>
</tr>
<tr>
<td>16</td>
<td>Control and Allocation of Trading Space</td>
<td>65</td>
</tr>
<tr>
<td>17</td>
<td>Typical Space organization and structure size</td>
<td>68</td>
</tr>
<tr>
<td>18</td>
<td>Formal entrepreneurs Relations with informal traders</td>
<td>70</td>
</tr>
<tr>
<td>19</td>
<td>Traders with access to water</td>
<td>74</td>
</tr>
<tr>
<td>20</td>
<td>Access to main power line</td>
<td>75</td>
</tr>
<tr>
<td>21</td>
<td>Summary of research findings</td>
<td>79</td>
</tr>
<tr>
<td>22</td>
<td>Summary of Study Recommendations</td>
<td>85</td>
</tr>
</tbody>
</table>
**LIST OF PLATES**

<table>
<thead>
<tr>
<th>Plate</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Informal trading area in Mitchells Plain public Transport Interchange</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>Hinga Drive: From the Flyover towards Malenga Road Junction</td>
<td>54</td>
</tr>
<tr>
<td>3</td>
<td>Spatial Organization of activities</td>
<td>62</td>
</tr>
<tr>
<td>4</td>
<td>Areas of Intense activities during peak hours</td>
<td>63</td>
</tr>
<tr>
<td>5</td>
<td>Display of items on the road surface</td>
<td>64</td>
</tr>
<tr>
<td>6</td>
<td>Display of Items</td>
<td>67</td>
</tr>
<tr>
<td>7</td>
<td>Structures used by traders on the road reserves</td>
<td>68</td>
</tr>
<tr>
<td>8</td>
<td>Poor spatial organization</td>
<td>69</td>
</tr>
<tr>
<td>9</td>
<td>Traders occupying building frontages</td>
<td>70</td>
</tr>
<tr>
<td>10</td>
<td>Solid waste Disposal</td>
<td>71</td>
</tr>
<tr>
<td>11</td>
<td>Street food stalls</td>
<td>72</td>
</tr>
<tr>
<td>12</td>
<td>The informal sector and transportation relations</td>
<td>73</td>
</tr>
<tr>
<td>13</td>
<td>Poor road paving</td>
<td>73</td>
</tr>
<tr>
<td>14</td>
<td>Street lighting at the terminus</td>
<td>74</td>
</tr>
</tbody>
</table>
# LIST OF MAPS

<table>
<thead>
<tr>
<th>Map</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Location of study area in its national and regional context</td>
<td>49</td>
</tr>
<tr>
<td>2 Study Area</td>
<td>50</td>
</tr>
<tr>
<td>3: Spatial Distribution of Informal sector activities</td>
<td>66</td>
</tr>
</tbody>
</table>
LIST OF ABBREVIATIONS

APHRC- African Population and Health Research Centre
CBS- Central Bureau of Statistics
GDP- Gross Domestic Product
HDI- Human Development Index
HPI- Human Poverty Index
ICLS- International Conference of Labour Statisticians
ILO- International Labour Organization
KENASVIT- Kenya National Alliance of Street Vendors
MDGs- Millennium Development Goals
MSEs- Micro and Small-Scale Enterprises
NCBDA- Nairobi Central Business District Association
NCC- Nairobi City Council
NCSE- National Council for Small Enterprises
SAPs- Structural Adjustment Programmes
UN Habitat- United Nations Settlement Programme
UN- United Nations
UNDP- United Nations Development Programme
UNEP- United Nations Environment Programme
WIEGO- Women in Informal Employment; Globalising and Organizing
CHAPTER 1
INTRODUCTION

1.1. Overview
The high rate of urbanization in the world has led to increased urban management challenges. Income differentials have led to emergence of two main sectors that compete for the urban space, namely, the formal and the informal sectors. The informal sector is a major constituency in the development of sustainable pro-poor urban policies, and it thrives much in the informal slum settlements.

Informal sector could be defined as (International Labour Organization- ILO, 1972) a way of doing things characterized by: Ease of entry; Reliance on indigenous resources; Small scale of operation; Labour intensive and adopted technology; Skills acquired outside the formal school system; Unregulated competitive markets and Family ownership of enterprises. It could also be termed as the ‘jua kali’ sector meaning all small-scale activities that are normally semi-organized, unregulated and use low and simple technologies and employ few persons (Government of Kenya, 2002). New terminologies referring to the sector like small scale enterprises and the informal economy have been repeatedly used by various organisations to imply the informal sector. Statistics indicate that this sector has over the years grown rapidly as population in urban areas increase, coupled with shortage of jobs in the formal sector.

By linking various economic activities and urban spaces, the informal sector serves as mode for urban transformation for many places (Rukmana, 2007). In the past, the formal sector seems to have received much attention compared to the informal sector, this is because the later was perceived to be temporal (Becker, 2004). The emerging paradigm of Urban Informality has become an issue of concern to Urban Planners.

The research is seeking to establish the planning challenges associated with the urban informal sector. The area of study is Kangemi shopping centre, located approximately 5 kilometres from Nairobi Central Business District. From the study a responsive framework is developed to guide the development of informal sector in the centre.

1.2. Problem Statement
The city of Nairobi has transformed into a prime urban area in the country, with it having the largest percentage of urban population in the country. As the urban population increase, the
implications have been; inadequate infrastructure, inadequate housing, crime and social
decay, inadequate employment opportunities and environmental problems, among other
challenges. This predicament has led to the rapid growth of the informal urban economy.

Majority of slum settlement residents in developing country cities earn their living from
informal sector activities located either within or outside slum areas, and many informal
sector entrepreneurs whose operations are located within slum settlements have client base
extending to the rest of the city UN Habitat, 2003). Nevertheless, many of these informal
sector employees still thrive under the poverty line due to the many challenges facing the
sector like the case in Kangemi. Kangemi shopping centre is located within an informal
settlement. Kangemi is characterized by high concentration of informal sector entrepreneurs
occupying the centre’s road reserves.

The challenge of urban informality is a significant phenomenon in Kangemi. However the
role played by the informal sector in employment and survival in this centre is significant.
The informal sector activities in the centre are faced by various challenges which have led to
lack of proper spatial organization in the centre. The Informal Sector activities tend to
compete for space with the formal activities, often causing unnecessary space conflicts in the
centre. Most of the Informal sector activities in this centre lack suitable workshops and
commercial spaces with some invading the circulation spaces in the centre. Planning for
informal sector activities in Kangemi is a problem owing to the fact the activities illegally
occupies spaces. This is further constrained by the fact that the informal sector lack clear
planning standards. Kangemi is also located along Waiyaki way and the encroachment of the
highway reserve by informal sector is a challenge.

The challenge is how to accommodate the Kangemi informal sector in the urbanization
process. The purpose of the study was to investigate the planning challenges for informal
sector activities in Kangemi shopping centre.

1.3. Research questions

1. What is the space requirement for various informal sector activities in Kangemi?
2. What is the nature of Informal sector activities and their relation with the formal
   sector activities in Kangemi?
3. What are the policy regulations governing the sector?
4. What is the appropriate framework for guiding the development of informal sector in
   the centre?
1.4. Objectives of the study
The specific objectives of the research were:

1. To examine space needs for the informal sector in this centre;
2. To determine the contribution of Informal sector activities in Kangemi,
3. To determine the impact of policy regulations on the sector,
4. To develop a responsive framework for informal sector development in Kangemi.

1.5. Study Assumptions
The study was based on several assumptions, informed by the state of the informal sector in many developing country urban areas and particularly in Nairobi. In undertaking the research the following assumptions were made:

I. That there lacks clear planning policy guidelines for the informal sector in Nairobi.
II. That there are no planning regulations to guide space utilization and allocation for the informal sector in the study area.

1.6. Justification of study
By 2005, over 50% of Nairobi’s labour force worked in the informal sector with women being the key players in this sector (United Nations Environment Programme-UNEP, 2007). Informal settlements have the highest level of unemployment in the urban areas with relatively high incidences of poverty compared to the formal settlement areas. The high rate of formal unemployment in the informal settlements has culminated into the informal sector absorbing the largest labour force found in these settlements.

In Kangemi, the informal sector is a major income generating activity and employs a significant proportion of the informal settlement. The informal sector has always been linked to poverty because of the relatively low wages generated by majority of the entrepreneurs (Reddy, 2007). The challenges facing the sector in Kangemi contribute to its low productivity.

The centre lacks a proper spatial organization, which is fundamental in regulating space utilization by the various activities. The informal sector is also not adequately accommodated in this centre, which requires space organization as an effective measure to reduce the urban management problems associated with the sector activities. The Informal sector activities in this centre have caused various challenges to urban management while at the same time absorbing a significant number of the labour force in the adjacent informal settlement. A
research is justified in order to establish the challenges and potential of the informal sector in this centre. Also as a contribution to the ongoing study on urban informality, this research will be useful in adding knowledge to this topic.

Research work towards the informal sector activities in this centre can significantly contribute to increased income generation from the Nairobi informal sector, while addressing the informal sector dilemma in the urban centres, hence aid in combating urban poverty in this zone.

1.7. Scope of the study
The study is restricted to the planning challenges for informal sector activities. The study was done on a section of the informal sector in Kangemi shopping centre, Nairobi. The study covered the challenges of negotiating for space in the urban areas by the informal sector and its relation with the formal sector.

The contribution of the sector to the urban economy has been investigated and its relation with urban poverty in informal settlements. The study also investigated the space and environmental standards of the informal sector work spaces. The aim was to investigate how the informal sector occurs spatially and the impacts which arise from this.

1.8. Organization of the Study
The thesis is organized in six chapters: Chapter one is the introduction section. The second chapter covers the study methodology employed. The third Chapter contains the documented literature review of the study. This chapter is followed the fifth chapter on study findings which leads to the last chapter; recommendations and conclusion of the study. The last section of the thesis contains references and appendices.

1.9. Definition of Key Terms
**Informal Sector**- A sector of the economy characterized by: Ease of entry; Reliance on indigenous resources; small scale of operation; Labour intensive and adopted technology; Skills acquired outside the formal school system; unregulated competitive markets and Family ownership of enterprises.

**Formal Sector**- This refers to the modern sector of the economy, comprising of business which fall under the government regulatory system.

**Trader/Entrepreneur**- An enterprise owner operating a business whether formal or informal.
Street Vendors- These are informal traders who operate on the streets, but are not mobile in the mode of operation.

**Hawkers**- these are informal traders who operate in a mobile mode where they carry there items around as they trade.

**Jua kali Sector**- This the terminology used to refer to the informal sector in Kenya. This is a Swahili word which is used to refer to hot sun, implying that the informal sector operates under the scorching sun.

**Informal settlement**- This is unplanned residential area characterised by poor housing, inadequate poverty and urban poverty.

**Matatu**- This is a Swahili word for a public service vehicle which carries fourteen passengers and operates with no fixed schedule.

**Askaris**- These are City Council enforcement officers. They are the equivalent of metropolitan police in some cities.
CHAPTER 2
RESEARCH METHODOLOGY

2.1. Research Design
The research was conducted in Kangemi shopping centre between November 2008 and February 2009. The research design used was a combination of qualitative and quantitative research methods. First phase was Data collection preparation, which involved obtaining written consents from the relevant authorities to formalize the research. These consents aided in collecting data from field, libraries, offices and any relevant institution. The next activity in this stage was preparation of field survey instruments which was followed by detailed reconnaissance to pre-test the instruments. These instruments included structured questionnaires and interview schedules.

The next phase was Data collection, after the detailed reconnaissance had been conducted. The collection of data firstly involved obtaining the required sample from the population. The target population was the informal sector and formal sector in the centre. The sample was obtained using stratified random sampling. After sampling the next step was administering the field survey instruments to the target sample. The first instruments to be administered were the questionnaires with the aid of research assistants, followed by the interview schedules. Taking measurements and photographs was done simultaneously with the other activities. Data collection took place at different times of the day; morning, noon and evening. The secondary data was obtained from libraries and electronic media.

The third phase was data analysis and interpretation. After data has been collected, it was cleaned and coded for entry in the computer for analysis. The Qualitative data was analysed through systematic detailing of the information obtained in order to make conclusions out of the data. Quantitative data was analysed using descriptive statistics: mean, frequencies and percentages. The analysed data in the study report is presented using descriptive notes, maps, tables, charts and graphs. From the analysed data, interpretation was done to establish the study findings.

The descriptive statistics were used to describe the distribution of scores or measurements. The qualitative data aided in establishing trends, patterns and relationships from the information gathered. The research design is summarised in figure 1.
Figure 1: Study methodology

- Problem Identification and development of research design (Quantitative and Qualitative)
- Preparation for data collection (Obtaining consents, Reconnaissance)
- Data collection Procedures
  - Administering Questionnaires
  - Contacting Interviews
  - Taking measurements and photographs
  - Observations
- Data Analysis and Presentations
  - Qualitative and Qualitative methods of data analysis
- Data Interpretation
  - Documentation of Research findings

Source: Compiled by the Author, 2009
2.2. Units of Observation and Analysis
In this study, the units of observation included the sampled informal sector entrepreneurs, formal sector entrepreneurs, and informal sector customers. Other units of observation included informal sector work spaces, goods and services.

The unit of analysis were:
- the nature of informal sectors activities,
- the average space occupied by an enterprise,
- the location of various activities,
- the average income generated and
- the source of trade goods

2.3. Data Collection
Both secondary and primary data was collected during the study.

2.3.1. Preparation for Data Collection
Permission to Proceed
Written consent was obtained from the relevant authorities, including the Ministry of Education, Science and Technology, Provincial Administration and the University of Nairobi (Department of Urban & Regional Planning). Obtaining the Research consents formalized the study and aided in contacting the field survey.

Detailed Reconnaissance
This was conducted after developing the research instruments in order to facilitate the pretesting of the data collection tools. A pre-test of the survey instruments was conducted in order to measure the efficiency of the field survey instruments in data collection.

2.3.2. Procedures for Data Collection
The collection of data took place between 15th December 2008 and 5th January 2009. The instruments used included interview schedules and questionnaires, and checklists. The first phase involved administering the questionnaires. At the same time, taking measurements and photographs ran concurrently with the administration of questionnaires. The second phase entailed contacting interviews with the key informants; Nairobi City Council (NCC) officials-City planning department and Ward Manager, Traders representative and the area chief.
2.4. Sampling Design
The sampling method used to identify correspondents was stratified random sampling. A sample of 70 correspondents was selected randomly. From the sample 3 strata were obtained, where respondents were selected. The three strata groups were:

Å1st strata- 30 Informal sector enterprises
Å2nd strata- 20 Formal sector enterprises
Å3rd strata-20 Informal sector customers

The 1st stratum was the largest because the informal sector enterprises are the majority in the centre and of different types. Also the focus of the study was on the informal sector activities hence most of the data required was on the informal sector activities. In the centre formal activities take a lower proportion of the business enterprises. It was also critical to sample the Informal Sector customers, so as to obtain their relation with the sector.

2.5. Methods of Data Collection

2.5.1. Primary Data
Primary data was obtained from the study area through various field survey instruments depending on the data requirement. The instruments which were used for primary data collection included:

Structured Questionnaires
This was directed to the informal sector entrepreneurs, formal enterprise owners, and the informal sector customers. This instrument gathered first hand information from the respondents. The questionnaires for the informal sector activities enquired about the space provisions, nature of activities, income generated, policy implications and the provision of infrastructure for the traders.

The structured questionnaires for the formal sector traders collected data on formal- informal sector interactions in the centre and in order to find out how the two sectors utilize the available space in the centre. The questionnaire for the informal sector activities sought the views of the customers on the informal sector activities and the issue of space utilization in Kangemi.
Conducting Interviews

Interviews were conducted with the respondents being the key informants who included the informal sector traders’ representative, NCC Ŧ City Planning Department official and area chief. From the City Council, data was obtained concerning the policy framework for the informal sector, the contribution of the sector to the urban economy, the problems associated with the sector and the planning interventions undertaken to formalize the informal sector.

Interviews in the centre were conducted in the form of casual conversing with the informal sector entrepreneurs and the customers with the aim of gathering data on the challenges facing the informal sector in this centre.

Taking Measurements

Measurements were taken to establish the existing space provisions for the informal sector in Kangemi. The dimensions of the stalls/structures and the open spaces occupied by the enterprises were measured and recorded.

Photographs and Sketches

Photographs were taken to capture various interaction spaces in the centre. They captured the spatial organization of the informal sector at various agglomeration points. Photographing of conflict areas and nature of informal sector activities was carried out.

Observation

Observation of the informal sectors operations in the centre was fundamental to this study. A keen observation was focused on the aspect of interaction between the informal sector entrepreneurs, pedestrians and the customers. Observations were carried out at different time intervals and also on different days so as to establish the working hours and the peak periods of informal sector activities in Kangemi.

2.5.2. Secondary Data

Secondary data was obtained through literature review of various documents. The source of this literature review included books, journals, Nairobi City Council documents, Government publications, United Nations (UN) publications, International Labour Organization Publications, World Bank publications and electronic sources e.g. the internet and other relevant literature. Data on policy impacts and case studies of informal sector formalization was obtained. Review of relevant government publications established the previous policy frame work for the informal sector and the significance of informal sector to the economy.
The publications also provided data on population, background to the study area and the level of urbanisation in the developing world.

2.6. Data Analysis and Presentation
After data had been collected it was analysed using descriptive statistics for the quantitative data, while the qualitative data from the interviews was summarised and tangible conclusions deduced from it. Numerical values of variables were analysed to get the mean, range, percentages, frequencies and modes. These variables include; space dimensions and area, income, age, production, types of informal sector activities, distances and fees, among others.

Data presentation is through charts, bar graphs, tables and descriptive notes according to the data type.

2.7. Data Interpretation
Interpretation of the analysed data was fundamental in achieving the objectives of the study. The means aided in identifying the averages of certain variables measured such as income, and minimum area.

Percentages were used to identify the proportion of certain variables in relation to the composite unit measured. It also facilitated in making tangible conclusions on various variables.

Frequencies were used to establish the number of appearance of certain values in a variable measured such as size of labour force, age and education level, among other variables. The most prevailing value in the variable measured, was vital in making conclusions about the outcome of the survey.

2.8. Resource Needs
The accomplishment of the study would not have been without the input of various resources in terms of equipment and funding. Funding was necessary for contacting field survey (preparation of instruments and hiring research assistants), stationery, printing and photocopy. Equipment utilized included; a computer, camera and tape measure.

2.9. Limitations of the Study
To accomplish this study, there were various obstacles encountered. These obstacles affected the outcome of the study in various ways. In the first place, the research was to a big extent affected by the lack of updated statistical data. The Nairobi informal sector being deficient in
statistics made the study difficult. The unavailability of updated maps was a limitation to the study.

Field survey in the field was costly as some of the respondents were adamant to respond to questions which took a long duration to convince them. Acquiring data from some of the institutions also came with payment of certain fees.

The duration allocated for the study was also a constraint. The time period did not adequately facilitate a detailed study to be accomplished. This time affected data collection because some of the respondents required a lengthy process to release the required information.
<table>
<thead>
<tr>
<th>RESEARCH OBJECTIVE</th>
<th>TYPE OF DATA REQUIRED</th>
<th>METHODS OF DATA COLLECTION</th>
<th>SOURCE OF DATA</th>
<th>METHOD OF ANALYSIS &amp; PRESENTATION</th>
<th>EXPECTED OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>The space requirement for various informal activities in the study area?</td>
<td>Space and environmental standards</td>
<td>Questionnaires</td>
<td>Field Survey</td>
<td>Descriptive statistics (range, mean)</td>
<td>The minimum space requirements for various informal sector activities</td>
</tr>
<tr>
<td>To determine space needs for the informal sector in this centre</td>
<td>Nature of enterprises</td>
<td>Interview schedules</td>
<td>Secondary Data (Library, Internet)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Location attributes of enterprises</td>
<td>Taking measurements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>City council Planning provisions for Informal sector</td>
<td>Literature Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Photographs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checklist</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The nature of the informal sector and their relation with the formal sector in Kangemi,</td>
<td>Type of goods and services</td>
<td>Questionnaires</td>
<td>Field Survey</td>
<td>Descriptive notes</td>
<td>The various types of informal sector activities in the centre and their mode of operation</td>
</tr>
<tr>
<td>To determine the contribution of Informal sector activities in Kangemi,</td>
<td>Scale of enterprises</td>
<td>Interview schedules</td>
<td>Secondary Data (Library, Internet)</td>
<td>Descriptive statistics (percentages, frequencies/mode)</td>
<td>Relationship between informal and formal sectors activities in urban space</td>
</tr>
<tr>
<td></td>
<td>Average income generated by the informal sector entrepreneurs</td>
<td>Observation</td>
<td></td>
<td>Pie Charts, Bar Graphs, Diagrams</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employment generated by the sector</td>
<td>Literature Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Views of customers</td>
<td>Photographs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checklist</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The policy regulations governing the sector</td>
<td>Security of trade and site acquisition</td>
<td>Interview Schedules</td>
<td>Field Survey</td>
<td>Descriptive notes</td>
<td>The impact of policy regulations on the informal sector</td>
</tr>
<tr>
<td>To determine the impact of policy regulations on the sector</td>
<td>Government policies on informal sector</td>
<td>Literature Review</td>
<td>Secondary Data (Library, Internet)</td>
<td>Charts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>City council regulations on informal activities</td>
<td></td>
<td></td>
<td>Tables percentages</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The framework for guiding the development of informal sector in the centre.</td>
<td>Previous projects on informal sector planning</td>
<td>Oral interviews</td>
<td>Field Survey</td>
<td>Descriptive notes</td>
<td>A responsive framework for informal sector development in the centre.</td>
</tr>
<tr>
<td>To develop a responsive framework for informal sector development in the centre.</td>
<td>Case Studies on informal sector formalization</td>
<td>Questionnaires</td>
<td>Secondary Data (Library, Internet)</td>
<td>Descriptive statistics (range, percentages and mean)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Existing spatial organization of Informal sector activities in Kangemi</td>
<td>Literature Review</td>
<td></td>
<td>Tables, Diagrams, Bar Graphs</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009
CHAPTER 3
LITERATURE REVIEW

3.1. Overview
Urbanisation is rapidly taking place in the world today. The Africa region is having a more rapid annual rate of urbanisation, with an average growth rate of 4 %, twice as high as Latin America and Asia. The current urban population estimates in Africa is 37 %, and the projections indicate that in the next 25 years, this figure will stand at 53% (UN-Habitat, 2004). As the urban population grow, the urban economies in the developing world are not expanding in the same proportion.

The unsustainable economic growth in many of the developing countries' economies has resulted into high rates of unemployment. A large section of the labour force in these economies has been absorbed by the informal sector, due to the limited employment opportunities in the formal sector. The growth of Informal sector has contributed to urban planning problems, while at the same time to increased urban economic output. The complexity of urban informality has been a challenge to the urban planners and policy makers.

3.2. Historical Background of the Informal Sector
The evolution of the informal sector dates back many years ago, though many scholars started to pay tribute to the sector in the 1970s after the International Labour Organisation report on Kenya's Employment, Incomes and Equality: A strategy for increasing Productive Employment in Kenya. A theory of development advanced by early economist, Boeke identified the existence of two sectors of the economy. In his dualistic theory of development, Boeke postulated that developing country economies comprised of a traditional sector and a modern sector. Boeke invented the idea of social dualism with his stand point rooted in radical traditions; ideas which were related to the clash of imported systems with the indigenous social systems. From this theory, (Potts, 2008) it can be concluded that the informal sector is part of the traditional sector owing to its characteristics.

A similar contribution to that of Boeke came from Clifford Heartz. Heartz categorised the economies of the developing countries into the firm sector and the bazaar sector with the later consisting of the informal sector. Though from the two economists it is really not clear what comprise the informal sector and what comprise the formal sector, (Reddy, 2007).
Boeke later suggested that for the purpose of economic development, the two sectors required separate policy interventions.

The emergence and increased focus on the informal sector came in the 1970s. Many economies in the developing world at this time were in recession. During the same period, small enterprise competitive economy was increasing in size owing to recession and subsequent liberalization (UN-Habitat, 2003). The ILO undertook a study in Kenya on employment and the subsequent publication of the report in 1972, the attention of policy makers and researchers was captured. Many observers at this time perceived it as a temporal phenomenon in the economy to absorb the surplus labour force. On the contrary the sector has not shown any sign of shrinking, but gradual growth especially in the developing countries.

Urbanisation in the developing countries has resulted into further expansion of the informal sector, especially in Asia and Sub-Saharan Africa. In Kenya, the urban informal sector has been rapidly expanding after the 1970s when the country was recording high rates of urbanisation. The ILO report on Kenya employment at this period ignited the focus on the informal sector especially its role in employment. With the country experiencing low levels of economic growth, there were efforts from the government to implement policies that would see the country achieve sufficient levels of economic growth and industrial development.

By the 1980s, focus on informal sector changed to include changes occurring in advanced capitalists economies in North America and Europe; where there was organization of production into small scale, decentralised and more flexible economic units (ILO, 2002). It is also during this period when many developing countries were implementing the Structural Adjustment programs (SAPs). The implementation of SAPs in 1980s resulted into many firms restructuring their labour force, which saw many people loosing their jobs. In Nairobi, these labour cuts led to further expansion of the informal sector.

The product of rapid urbanisation in the country has been unemployment, low wages and inadequate opportunities in the formal sector. The urban informal sector has become the largest employer, which supports the poor, needy and new immigrants in the urban areas (UN Habitat, 2003). Employment in the informal sector in Nairobi started to increase considerably during the 1980s when the country was experiencing economic crisis. Today it is evident that though livelihood of many city residents comes from regular wage employment, that
proportion is decreasing (Obudho, 1997). The government started to focus more in the informal sector after the 1974-79 National Development Plan which identified the informal sector as a potential sector of employment creation.

In Nairobi, the informal settlements form the epicentre of informal sector activities. This could be attributed to the fact that informal settlements consist of the urban poor, unemployed and low income residents. In these settlements most employment takes place in a myriad of small informal enterprises. Currently the informal sector is increasing absorbing more labour force in Nairobi, as the city’s population increase.

3.3. The Concept of Informal Sector

There lacks a clear definition of the concept. Different scholars and institutions have come up with varying definitions of the concept though there is an element of similarity in these definitions. This aspect of similarity in their definition is from the way they describe what entails the informal sector. The characteristics of the urban informal sector are discussed later in this chapter. A general definition of the informal sector could be all those activities outside the formal regulation. Regulation in this sense entails licensing, registration and standards. In relevance to urban planning, this definition is extended to cover illegality in urban space utilization.

In definition of the concept, the terms informal sector and informal economy are used interchangeably and in most cases they refer to the same thing. The use of the term informal economy is becoming more emphasized by international organizations such as the UN Habitat and the World Bank. The use of the term informal sector by legions of researchers came after the ILO fact finding mission in Kenya. This was followed by the publication of the study findings by the ILO, *ILO Report on Incomes and employment in Kenya* in 1972.

The report indicated the role of the informal sector in economies of the developing countries. In the report the ILO defined the informal sector as a way of doing things characterized by: Ease of entry; Reliance on indigenous resources; Small scale of operation; Labour intensive and Adopted technology; Skills acquired outside the formal school system; Unregulated competitive markets and Family ownership of enterprises (ILO, 1972).

The initial definition was extended by the International Conference of Labour Statisticians (ICLS, 1993) and more aspects included as more research was done on the informal sector. Issues included were the definition with reference to production units and labour size. ICLS defined the informal sector as a group of household enterprises or unincorporated enterprises.
owned by households that includes: informal own account enterprise, which may employ family workers and employees in occasional basis; and enterprises of informal employers which employ one or more employees on a continuous basis. In this definition the conference proposed the criteria for countries to adopt a basic operational definition and criteria to their specific circumstances.

1993 ICLS Definition of the Informal Sector

The Resolution concerning Statistics of Employment in the Informal Sector, adopted by the Fifteenth International Conference of Labour Statisticians in 1993, defined the informal sector as follows: The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by households that includes: informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and enterprises of informal employers, which employ one or more employees on a continuous basis.

The enterprise of informal employers must fulfil one or both of the following criteria: size of unit below a specified level of employment, and non-registration of the enterprise or its employees. This framework proposed by the ICLS Resolution allows countries to adapt the basic operational definition and criteria to their specific circumstances. In particular, flexibility is allowed with respect to the upper limit on the size of employment; the introduction of additional criteria such as non-registration of either the enterprise or its employees; the inclusion or exclusion of professionals or domestic employees; and the inclusion or exclusion of agriculture.


Reddy (2007), defined the informal sector as illegal activities by individual operating outside the formal sphere for the purpose of evading taxation or regulatory burdens. He adds that, the informal sector broadly refers to a wide range of economic activities; street foods or market vendors, small automotive and machine repair garages, small scale manufacturing such as garments, shoes or handicrafts carried out by single operators outside the regulatory framework, of the state.

The informal sector has not yet acquired a measure of analytical precision, and so is the case with the formula for measuring it. Distinctions in the definition of the concept have been on
the size (small scale/large scale), productivity (high/low), visibility (enumerated/unremunerated), pattern of rewards (wages/self employment) and market conditions. In some cases, the informal sector does not exist in any empirical sense; out as way of contrasting the urban economic phenomena. There are two broad categories of the informal sector namely, rural informal sector and the urban informal sector. The ensuing discussion will be centred on the urban informal sector.

3.3.1. Theories of Informal Sector Growth
Various theories have been developed to explain the growth of the informal sector. In explaining this concept, three main schools of thought have emerged:

- **Dualism**, popularized by the ILO in the 1970s, subscribes to the notion that the informal sector is comprised of marginal activities. The dualists argue that the informal units and activities have few (if any) linkages to the formal economy but, rather, they operate separately (Sethuraman, 1976; Tokman, 1978 as quoted by Potts, 2008). There main argument for the development of the informal sector is that the formal sector cannot absorb all the labour force.

- **Structuralism**, popularized by Caroline Moser and Alexandro Portes (among others) in the late 1970s and 1980s, they view the informal sector as subordinated economic units (micro-firms) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms. They argue that the formal and informal sectors are intrinsically linked. Unlike the dualists, the structuralists asserts that the growth in capitalist firms is a catalyst for the informal sector, due to the employment relationships and subordinated economic units and workers.

- **Legalism**, popularized by Hernando de Soto in the 1980s and 1990s. In this school, the focus is on the relationship between the formal and informal sectors and the formal regulatory environment. According to the Legalists, the informal sector is comprised of ‘lucky’ micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration. They further comment that the informal sector will continue to thrive, so long as the regulatory environment remains cumbersome and bureaucratic.

The current debate is the integration of the positive elements of the above theories in modernizing the urban informal sector.
3.3.2. Informal Sector in Kenya

The concept of the informal sector is not a new phenomenon in the country. The informal sector existed even during the pre-colonial period. This was the period when the country’s economy was almost entirely informal. Informal trading through barter trade and metal works, blacksmith, were the dominant subsectors of the informal economy. At this period the urban informal sector was almost inexistence due to few urban settlements. No form of urban settlement existed in Kenya except for the coastal towns set up by Arabs and Portuguese in the 16th century to enhance their trade. The Africans in the interior did nothing to contribute to this trade.

In the colonial period informal sector growth was attributed to racial discrimination policies. Informal trading activities emerged in the African native reserves. The restriction on cash crop farming and lack of planned commercial areas for Africans escalated the growth of the sector in the urban African settlements.

After independence the lift of the ban on rural-urban migration saw accelerated growth of Nairobi. This led to the expansion of the informal sector in Nairobi as many people could not secure formal jobs owing to illiteracy. In the 1980s the implementation of Structural Adjustment Programmes led to job loss and unemployment bin the formal sector. During this period rapid expansion of the informal; sector was experienced.

3.4. Characteristics of the Informal Sector

The informal sector activities display similar characteristics in the mode they operate. However there is some variance in some of the activities making it possible to categorise the informal sector in different sub sectors or segments. This variance takes three dimensions, namely, socio-economic, spatial and institutional. Chen (2007) has developed two segments of the informal economy which relies on the new expanded definition of the concept. The two segments are as follows:

a. Self-employment in informal enterprises: workers in small unregistered or unincorporated enterprises, including: employers, own account operators: both heads of family enterprises and single person operators and unpaid family workers

b. Wage employment in informal jobs: workers without worker benefits or social protection who work for formal or informal firms, for households or with no fixed employer, including: employees of informal enterprises and other informal wage workers such as:

Casual or day labourers
Domestic workers

Unregistered or undeclared workers

Some temporary or part-time workers

Industrial outworkers (also called home workers).

Apart from the segmentation the informal sector can be categorised into small-scale enterprises, street vendors and hawkers and light manufacturing. The most common informal sector activity in the urban areas is street hawking and other street related informal activities. In Kenya the informal sectors have been categorised into various sub sectors. These subsectors include: Micro and small scale enterprises (agro-processing, building, electrical, woodwork, metal work, leatherwork, textile, chemical, handicraft, service industry, trade and motor vehicles), hawkers and street vendors.

Figure 2 Segmentation of the informal sector


These informal sector activities have the following main characteristics:

a. **Easy of Entry**-The informal sector is considered to be easy to penetrate and manage. There are limited requirements in entering the informal sector making it cheap to venture without undergoing cumbersome procedures. This ease of entry can be viewed from two perspectives: first there is low capital requirement to establish an informal sector enterprise. Though this may be not be the case for all activities like those in light manufacturing, it is warranted to conclude that the initial capital requirements are
relatively low (Macharia and Kimuthia, 2007). Secondly the informal sector thrives on limited legal regulatory environment. The lack of licenses and other legal requirements limits the barriers to entry in the informal sector.

b. **Self Employment**- self employment is a common feature of the informal sector enterprises. Due to the nature of the enterprises, most informal sector entrepreneurs operate and run their own enterprises, common to these feature is street vendors and hawkers. The MSEs have relatively larger scale and may comprise of the owner and several employees. Macharia and Kimuthia (2007) observed that most traders in the Nairobi informal sector were not full time operators implying that the aspect of self employment enables then to regulate their working hours.

c. **Reliance on Indigenous Resources**- The informal sector utilise mostly the locally available resources. They rely on capital and technology generated at the local level. The financing is usually derived from informal sources such as informal borrowing. The use of local technology have greatly contributed to the low production and increased labour absorption in the informal sector (Potts, 2008). However the notion that the informal sector rely on unskilled labour force does not apply to all informal sector activities. A study on Nairobi’s jua kali sector revealed that, most jua kali firms require workers with skills that school leavers do not have, so that the sector is unlikely to solve Kenya’s unemployment problem (Ongile and McCormick, 1996 in Bigsten; Kimuyu and Lundvall, 2000).

d. **Lack of Sufficient Formal Recognition**- the urban informal sector is not adequately catered for by the government and urban authorities. The municipal administration in many urban areas has not allocated sufficient urban space for the informal sector. Much of the attention is focused on the growth of the formal sector, leaving the informal sector to lack adequate regulation and facilitation form the authorities. Potts, (2007), argue that newly independent governments often wanted their cities to appear ‘modern’ and ‘planned’ with down town traders in particular being considered to undermine that image, were discouraged. Since most of the urban informal sector activities thrive in the informal settlements (UN Habitat, 2003), this has worsened the status of the informal sector. There are hardly any regulation on their working conditions, and social security is virtually non-existent (Srivastava, 2005; and Chen, 2007). The urban informal sector tends to occupy unauthorised spaces such bas streets and road reserves. This has consequently led to exploitation and harassment by authorities, (Becker, 2004), as they
try to evict the traders. In the recent past the city of Nairobi has experienced occasional battles between street vendors and the city authorities over evictions from the city streets.

e. The Informal Sector tends to be Heterogeneous - The urban informal sector comprise of a variety of activities. These activities include people working in the streets, homes, small-scale enterprise, and power loom workshops, among other areas. There is also heterogeneity in gender, education, size; big or small and age. In sub Sahara Africa, women are the majority in informal sector compared to men (ILO, 2002).

f. Low Productivity - The scale of production in the urban informal sector is usually low. Currently it is evident that an increasing share of informal work is sub contracted from the formal sector (Chen, 2007). The low level of technology and inadequate skills are often factors contributing to the sector’s low productivity. Where the activity does not involve the production of goods and services, the traders deal with small quantities of commodities. Owing to the fact that the traders have inadequate space, low capital and the fear of harassment by authorities, this limits output.

g. Formalized Accounting is Often Absent - Complexity in taxation and problems in management inhibits record keeping in the informal sector. The traders do also operate in a dynamic manner; most of the sales are done through bargaining and there are no fixed prices for commodities making it difficult to record daily sales.

Other characteristics of the informal sector are; family ownership of enterprises, labour intensive, skill acquired outside the formal school system and unregulated and competitive markets (ILO, 1972).

3.5. Why the Informal Sector Has Persevered
Since the ‘discovery’ of the informal sector in 1970s, it has been subject of interpretation and debate, and it has gone in and out of fashion in international development circles (Chen, 2007). In some countries, the sector has received some level of attention, while in majority of the countries the urban informal sector has continued to receive blanket condemnation.

Despite these obstacles, the urban informal sector has continued to prove a useful concept to policy makers, activists and researchers (Chen, 2007; and Potts, 2008). Potts further observes that the sector is now seen as a solution to poverty and unemployment, with it acquiring a new positive perception from policy makers. Though the sector was deemed as a temporal phenomenon in the early 1970s, (Becker 2004) it has persisted and it’s becoming more permanent, contrary to that notion.
In the 1980s several factors, have been attributed to the persistence of the urban informal sector especially in the developing countries like Kenya. According to the Un Habitat Global report on Human Settlements 2003, the informal sector persistence can be explained by the following theories:

1. Lack of Growth Theory - this is evident in the decline of gross Domestic Product (GDP) and urban economy. This implies that there is no sustained growth to cope with the increasing labour force.

2. Jobless Growth Theory - the decline of formal sector jobs or the formalisation of certain formal sector jobs. This phenomenon leads to growth in the informal sector employment.

3. Growth from Below Theory - This is explained by the phenomena where the growth of the small scale enterprises in the informal sector, is faster than large scale firms in the modern sector.

4. Period of Adjustment Theory - The informal sector growing when economies undergo structural adjustment, with a shift from formal to informal employment. Kenya is one of the developing countries which suffered economic decline in the 1980s due to the implementation of the Structural Adjustment Programme (SAP).

5. Institutional costs - Licensing is expensive, which makes many traders to opt for informal sector enterprises.

Apart from the above theories, many scholars and researchers have postulated the following factors as contributing to the persistence of informal sector in the developing countries:

- Queuing Theory of Unemployment - This theory is used to explain how firms recruit workers. Sullivan (1990), in explaining the theory, argue that the position of a worker in the queue is determined by his/her productivity, with the most productive at the fore and the least productive behind.

When there is an economic growth, the demand for labour increases, and firms hire workers further down the queue (these workers would normally be unemployed). On the contrary, during economic recession the firms are forced to restructure their labour force. This often renders the least productive workers jobless; hence the informal sector comes in to absorb this surplus labour.
Population increase- the increase in population has resulted into surge in the labour force. The growth of the informal sector in Kenya and particularly the city of Nairobi is due to the rapid urbanization in the country. The 1999 census indicated that Nairobi had a growth rate of 4.5% (CBS, 1999), with the current growth rate being estimated at 7% (APHRC, 2000).

Rising Poverty Levels- there is a need to generate income due to the escalating poverty levels in the developing countries. The increasing level of the sector is due to inequitable distribution of income and assets in the developing countries (Becker, 2004). Kenya is one the countries with highest levels of inequality and poverty; the Human Poverty Index (HPI) and Human Development Index (HDI) were for 31.4% and 0.532 respectively in 2007(UNDP, 2008). These high levels of poverty forces the urban poor to engage in the informal sector as way of earning their livelihood.

Barriers of entry into the formal economy- the bureaucratic and expensive procedures of establishing enterprises in the modern sector constrain many people from entering the formal sector.

Weak institutions-the institutions concerned with policy making and training manpower have not impacted adequate skills in the informal sector labour force to enable them transit into the modern sector.
Increasing demand for low cost goods and services-with the rising living costs, the demand for low cost commodities is high. The informal sector produces deals with products which are relatively affordable to the low-income group.

Apart from the above factors, the growth of the informal sector in Nairobi and other Kenyan urban areas has been due to the favourable government policies. The government has formulated several policy papers targeting the informal sector. Emphasizes from the government has been for more people to engage in informal sector enterprises as a form of employment.

3.6. Reasons for involvement in the Informal sector

Various factors contribute to the involvement in informal sector activities as way of income generation. The informal sector is complex in the manner it operates and this makes it heterogeneous. Different entrepreneurs have similar or varying reasons for being in the informal sector. Among the reasons making people to engage in the informal sector activities include: first as a response to the unemployment or under employment predicament. Most traders in the informal sector failed to secure jobs in the urban modern sector employment.

The informal sector offers employment to people who would have been otherwise unemployed. In playing that role, the sector significantly contributes to lowering the urban poverty levels.

The second reason for entering in the informal sector is the desire for freedom and economic autonomy in self employment. This factor is strongly rooted in the flexibility nature of the informal sector (Smart and Josephine, 1985). Traders in the informal sector are able to decide when to operate their enterprises and for how long. In regard to autonomy, the informal sector enables the traders to make own decisions about one’s economic activities and control to one’s income level. It is easy for traders to in the informal sector to switch from one mode of operation or subsector to the other.

Thirdly a significant number of informal sector traders operate on part-time basis to supplement their own wages earned in the formal wage employment. This scenario is evident in the section of traders who operate in the evening and during the weekends. A study carried in Nairobi showed that there were formal sector workers who operate small shops in their neighbourhoods and engage in various other forms of business in the informal sector to supplement their incomes (Macharia; and Kimuthia, 2007). These traders find their income
too low to sustain their livelihoods; hence in an effort to increase their income, they engage in informal sector activities as way of supplementary income generation (World Bank, 1999).

The fourth reason is the ease of entry attribute of the informal sector. Some of the entrepreneurs in the informal sector are new migrants in the city who are forced into the informal sector due to their limited resources. The rates of urbanization in African cities including Nairobi are very high. This has increased rural-urban migration as people including the rural poor come into the urban areas to look for better opportunities. This rural-urban migration can be viewed as a direct transfer of poverty from one area to the other. The poor immigrants in many circumstances lack adequate skills to secure themselves employment in the formal sector.

Lack of formal schooling is another reason for being part of the urban informal sector. Since the informal sector use local technology and simple skills to acquire informally, this makes it convenient for the unskilled or semi-skilled labour force.

3.7. Informal Sector and Urban Spaces

The city is often viewed as a reward distributing system which has space as significant component. The operation of the spatial logic is a central concern to urban planners and managers. Economic activities display a space dimension in the urban centres. The informal sector activities and formal sector activities have long drawn battles for the urban space. This has resulted into having agglomeration areas of informal sector activities. Getting space in the informal sector agglomerations involves tough bargaining with the established stakeholders: the entrepreneurs and at times mafia-like groups. This bargaining is often accompanied by payment of certain fees as prescribed by this illegal groups and it could also be from the authorities.

The working areas for the informal sector are characterised by chronic neglect of infrastructure. Today urban areas are faced with high rate of rising informality. It is estimated that 30% of the developing worlds GDP and 70% of its workers are outside the official economy (Anayiotos and Palmade, 2005); the implications being that majority of the workers operate in poor working conditions.

Different activities have varying space needs. The light manufacturing activities require adequate space to accommodate workshops. Street vendors and hawkers utilise less space ranging from 1M$^2$ to 27M$^2$, depending on the scale of enterprise (Ewing, 2005).
3.7.1 Spaces Available for Informal Sector Activities

Informal sector entrepreneurs operate in different urban spaces, in most cases these are non-designated areas for such activities. The choice of the site is sometimes dictated by simply the availability of space, but other dynamic factors determine the sites of informal sector activities. Among these factors are; the type of good or service offered by the entrepreneur, the target customers and the nature of regulatory environment. Studies have identified and categorised the spaces occupied by the informal sector into:

I. Public and private market places - In some cities, the informal sector have been designated planned market places. In Nairobi, the City council recently constructed a hawker’s market in Muthurwa, a first of its kind in the city.

II. Stall complexes - These are usually found in buildings where small working spaces are created to accommodate informal sector activities. In most cases the traders occupying these stalls are at later stages of the transition to the formal sector.

III. Static stalls on private land, public roads and sidewalks - These spaces accommodate a large percentage of the urban informal sector. The spaces may either be legally designated or illegal occupation. Public roads and sidewalks are the most affected spaces and in many cases the informal sector activities compete with vehicle and pedestrian traffic for space.

IV. Open spaces on road reserves, public land or private land - The informal sector activities common in these areas are the light manufacturing activities and repair services such as garages, metal workshops and carpentry.

The unauthorised occupation of these spaces has in many times led to cases of eviction and harassment by the city authorities. According to Rukmana (2008), authorities have often evicted street vendors in the name of order and cleanliness but the vendors have resisted such evictions and demanded space for their spaces. Jua kali activities in Nairobi concentrate in specific parts of the cities drawn by availability of services and proximity to markets.

Some operate from fixed locations and other from variable locations to obviate official harassment (hawkers and street vendors prefer this). The majority is tenants, a few are landlords, and while others are squatters who neither pay nor own the space they use usually road reserves or public land.

Informal food processing, woodworking and metal fabricating enterprises typically operate from make shift shades (Bigsten; Kimuyu and Lundvall, 2000). Local authorities often demolish the structures in order to relocate them. Owing to the temporary nature of the
premises, infrastructure services such as water and electricity are difficult to supply, limiting the technological choices available to the enterprise.

3.6.2 Formalized spaces for Informal Sector Activities

In countries where the informal sector has received positive response from the authorities, there are planned spaces for the informal sector. These cities have embraced urban informality in a positive gesture through formulating policies geared towards modernizing the informal sector activities and their spaces. Informal sector entrepreneurs deserve decent working conditions. According to the ILO (2001), unless the decent work deficit is tackled, the goal of social justice will remain beyond our grasp. Formalised urban spaces for the informal sector activities include: formal markets, designated hawkers' only streets and integrated activity streets. Another approach used municipalities is the regulation of trading activities in certain streets. A study undertaken by Benson (2006) in New York showed that the use of certain streets by street vendors on weekends helped create economic spaces for the informal sector.

In Cities like Cape Town, there are canopy structures in terminal facilities for traders. Trading is intended for market activities, especially fruit and vegetable trade. The areas are designed with walkways on either side allow for possible trading or pedestrian movement or space for the general public to wait for taxis, sit and relax and meet with friends under shelter. Over time the trading areas (open spaces of 3M x 9M, 27M² or further divided into smaller trading spaces of 13.5M² or less, dependent on demand) may be formalised into secured units with roller shutter doors and partitions. This idea increases flexibility of spaces. Trading units (approximately. 3M x 4M, 12M² or divisible into smaller units) are accommodated along the edges of roads. Different levels of unit size cater for small, medium and large-scale traders, where there is a variation in secured permanent (closed) units and covered, but open temporary units. Appropriate designs allow for basic combination of floor-wall-roof incremental building process is suggested (Ewing, 2005). Benches are incorporated into the wall and floor elements. Units will have the possibility of access to electricity. Potential development allows for edge conditions to activate trading processes and the provision of appropriate shelter.

Such formalised spaces have ablutions incorporated into the trading edge shelters and appropriately designed within the structures. Water points are usually located close to open
spaces and trading areas. Lighting is located in prime pedestrian movement areas in areas where large numbers gather.

In Nairobi, the City council has designated some market areas for the informal sector e.g. Muthurwa and Ngara markets for hawkers. The jua kali artisans have not been properly accommodated in the city with their workshops being in poor state. The demand for space by the informal sector traders is also high, often exceeding the designated spaces.

Figure 4 A Sketch illustration of a flexible Informal trading space


3.7.3 Conflicts in Space Utilization

Do the informal sector activities deserve urban space? To address this question one has to clearly understand the concept of urban informality as part of urban transformation. The radical approach of eviction and harassment makes the sector more complex. There are conflicts which arise in the use of urban space as various activities compete for the precious resource.

The conflicts associated with informal sector can be categorised into four classes. First is the conflict between the informal sector entrepreneurs and the authorities. A study carried out in Nairobi by Kamunyori (2007), indicated that street vendees work under extremely uncertain working conditions due to harassment from city inspectors. She further noted that the city council of Nairobi used its ‘General Nuisance By-Law’ to evict individuals perceived to be creating ‘general nuisance’ in public spaces. The city of Nairobi has in many occasions witnessed conflicts arising from the informal sector. In the recent past the recent social conflicts in the city have been between the informal traders (hawkers) and the authorities (UN Habitat, 2003).
The second conflict is between the informal sector traders themselves. The struggle for space is high due to the limited supply of the resource in the informal sector agglomerations. Since there are no clear regulations on the allocation of space, conflicts over space arise.

Thirdly is the conflict between the formal sector and the informal sector. In many cases the informal sector traders occupy store fronts of the formal sector enterprises. The formal operators will force the informal sector trader to vacate but this is usually accompanied by resistance and tension between the two. According to Macharia and Kimuthia (2007), in October 2000, a huge fire gutted a section of Gikomba market in Nairobi, destroying millions of shillings worth of second hand clothes. The Daily Nation reported that the arsonists were linked to an investor in the formal sector, facing competition from the informal traders.

The fourth conflict is between the informal traders and organised illegal groups. The informal sector market is controlled by monopolies or mafiaï type organizations, which determine the conditions of entry whilst taking their share of income (World Bank, 1999). These groups often control the allocation of space to the informal traders.

3.8. Economic Significance of the Informal Sector

The role of the informal sector in the urban economies cannot be under estimated. This sector absorbs a large proportion of the urban labour force especially in developing countries.

According to Mitullah (2006), the informal sector comprises one half to three quarters of non-agricultural employment in the developing countries. Economists also ascertain that the informal sector helps countries cope with economic crisis, through aiding in alleviating large scale poverty in urban centres.

3.8.1 Creation of Employment

As the rate of urbanization increase, the influx of surplus labour force in the urban centres consequently increases. Barwa (1995), argue that the sub-Saharan African countries have recorded rapid growth of urban population-in access of 5 percent per annum; Nairobi is among the cities with very high growth rates. Estimates from Africa (Becker, 2004) indicate that the informal sector accounts for 78 percent of the non-ï agricultural employment. Other regions of the world have even higher estimates especially in Asia, for example in 2004, the informal sector accounted for 64% of total employment in Indonesia (Rukmana, 2007).

In Kenya, the informal sector has played a critical role in job creation. About 2 million people or 16% of the labour force are employed in almost 1 million Micro and Small Scale Enterprises (MSEs) in Kenya (UN Habitat, 2003). It is estimated that the Kenyaå’s informal
sector accounts for 72% of non-agricultural employment with 83% of women labour force from non-agricultural employment being in the informal sector (ILO, 2002). Obudho (1997) observed that in Nairobi, the rate of job creation in the formal sector does not march the pace of labour increase, with the surplus labour force being absorbed by the informal sector.

Figure 5 Trends in Kenya Informal Employment

The Kenya Economic Survey of 2008, indicate that in the year 2007, the informal sector created 426.9 thousand new jobs compared to 420.4 thousand jobs in the previous year. It was estimated that 7,475.6 thousand people were employed in the sector during the same period, with Nairobi having 1,806.0 thousand employees in the informal sector; almost a quarter of the informal jobs in the year 2007 (Republic of Kenya, 2008).

3.8.2 Dimensions of Urban Poverty
The informal sector is great significance to the urban poor. The sector absorbs labour force that is not capable of penetrating the formal sector, acting as supplementary role in employment and income generation (Reddy, 2007). Majority of informal entrepreneurs are mainly poor and marginalised people who are trying to eke a living with most of them trapped in this activity out of desperation to survive. Poverty in the informal settlements is attributed to lack of employment and low wages. The factor of economic crisis cannot also be ignored; inflation causes loss of jobs, though this is not a strong argument for urban poverty causes. Sullivan (1990) asserts that although inflation increases the poverty rate, the relation is relatively a weak one; the poor are harmed more by unemployment than inflation.

The whole concept of urban informality encompassing housing and income generation is manifested in the informal settlements. The slum settlements trend to make the epicentre of informal labour and within slums, most of the economic activity is informal (UN Habitat,
2003). The challenge of urban poverty is worsening in developing counties cities with Nairobi being no exception. The incidence of urban poverty or the share of poor as a proportion of the urban population is highest for South Asia and Sub-Saharan Africa (Baker, 2008). Limited access to income and employment opportunities is at the core of urban poverty.

Sine the informal sector is vulnerable to economic fluctuations and characterized by lack of social insurance, poor working conditions and ‘illegal’ this translates into poverty to the poor who have little savings. In Nairobi, poverty is as old as the city itself (Obudho, 1997). A large population of the city’s poor work in the informal sector and also reside in the informal settlements. By 1999, Nairobi had 5% of the nation’s poor households (Republic of Kenya, 1999). During the 1992 to 1999 period, there was an increase from 20% to 50% in the percentage of Nairobi population living below the poverty line (APHRC, 2000).

The 1998 Kenya economic survey indicated that, the informal sector was the second largest source of employment after small scale agriculture, with the majority of the poor urban population depending on this sector for their livelihood. There exist a close relationship between urban poverty and the informal sector. Underproduction and low profit returns makes informal sector households poor. The complexity of the two concepts requires deliberate policy measures to alleviate both.

3.8.3 Contribution to National Output
The informal sector is among those segments of the economy which are not adequately covered in national accounts. Several methods have been proposed to measure the informal sector though a standard formula has not been agreed on. The lack sufficient statistics on the sector and only estimates are prepared for countries with similar figures. The average share of the informal sector in non-agricultural GDP varies from a low of 27% in North Africa to a high of 41% in Sub-Saharan Africa (ILO, 2002). It is estimated that in many African countries, the informal sector accounts for nearly 30% of total income and over 40% of total urban income (Chen, 2007).

In Kenya, the contribution of women is lower than that of men. ILO statistics of 1998; indicate that women contributed 11% to non-agricultural informal sector GDP, as percentage of total non-agricultural GDP, while for men it was 16%. The total contribution of the sector as percentage of non-agricultural GDP was 25%, in the period (ILO, 2002).
3.9. Policy Impacts on the Informal Sector
The economic future for developing countries will be significantly influenced by the growth in urban economies. The level of growth will however, be influenced by the policies implemented affecting modern and the informal sectors of the economy. In sub Saharan African countries, where the informal sector of a large magnitude, a coherent policy on how to tap the productive potential of the sector is lacking. The Asian Countries like India and Hong Kong have a better policy approach compared to African countries.

3.9.1 Policy Bias
The informal sector is characterized by lack of standards and accountability. It has been observed the informal sector has a substantial and increasing amount, hence attracting the interests of researchers and policy makers. The informal sector has however not received considerable treatment from the policy makers; there by policy recommendations are blanket and not of great assistance. Policy focus in the formal economy has overshadowed the informal sector. The informal sector only received favourable policy recommendations in the 1970s but this vanished in the 1990s during the emergence of neo-liberalism era of economic policy (Chen, 2007). This absence of clear policies have led to the informal sector having fragile working environments and competitive disadvantage *vis a vis* larger formal firms in capital and product markets (Chen, 2007; Tokman, 2007; and Potts, 2008). In addition the *illegality* of the informal sector makes it to receive legal protection form the authorities. In many cities, the municipal authorities assign the handling of informal traders to those departments dealing with law and order, such as the police.

3.9.2 International Policies
Global recognition of the informal sector in 1970s was a milestone towards policy formulation development for the sector. The International Labour Organization (ILO) has been at the forefront in developing policy recommendations for the informal sector. At this level the policy regime is favourable but the domestication at the local level becomes an obstacle. The ILO in 1972 undertook a fact finding study in Kenya on employment; the subsequent publication of the study report introduced the concept of informal sector to researchers, scholars and policy makers. These acted as the catalyst for further focus into the concept.

In the year 2001, during the 58th ILO conference, declaration on *fundamental principles and rights at work* was passed. It observed that workers in the informal sector were unprotected,
unregistered and unrepresented, making them powerless, excluded and vulnerable (ILO, 2002). The Bellagio International Declaration of Street Vendors of November 1995 urged governments to develop national policies for hawkers and vendors by making them a part of the broader structural policies geared towards advancing their standards of living by giving them legal status, issuing licenses and providing appropriate hawking zones in urban areas (Mitullah, 2007).

Other than the ILO, other international organizations actively concerned with the informal sector are; the World Bank, UN Habitat, UNEP, Women in Informal Employment; Globalising and Organising (WIEGO), and International alliance of home based workers (Home Net). The ILO started the Decent work Programme to target the informal sector in improving the work conditions. Self Employed Women Organization has started a programme to improve statistics on the informal sector. The UNDP formulated the Millennium Development Goals (MDGs) which also encompass the informal sector in poverty alleviation.

3.9.3 Local Policies
In Kenya, the government has formulated and implemented several policies towards the realisation of optimum production from the informal sector. The policy regime at national level towards the informal sector is relatively favourable and fosters the development of the informal sector towards the formal. However, less success has been yielded, due to lack of coordination among the stakeholders. At the local authorities the sector has always been regarded as ‘nuisance’ regardless of government efforts to change the approach. The informal sector commonly referred to as the jua kali sector was first incorporated into the national development policy in 1986. In this year the government directed assistance to individuals and small enterprises, including the encouragement of the informal sector to produce cheap products (Becker, 2004).

1979-1983 National Development Plan
The government indicated that opportunities in the informal sector would be promoted rather than being discouraged. The government set a target to create 11, 000 places in the urban informal sector each year, through out the plan period. This was to be done through abolition of harassment, provision of credit facilities and extension services; and provision of essential services such as water, power and sewerage.
Sessional Paper No. 1 of 1986 on ‘Economic Growth and Management for Renewed Growth’

This policy paper paid tribute to the virtues of the sector. It recognised the sector potential to develop skills, create jobs and promote local entrepreneurship. It aided in changing the image of the informal sector from employer of last resort to that of vibrant wellbeing technological capacity and aggressive entrepreneurship (Bigsten et al, 2000). The emphasis was on rural economy and the development of the informal sector. Among its policy recommendations was the review of local authority by-laws and other regulations governing informal sector activities to create a favourable regulatory environment for the sector. It also facilitated the creation of a fund in the Ministry of Planning and National Development to assist the informal sector entrepreneurs.

1989-1993 National Development Plan

The focus in the informal sector was inspired by the Sessional Paper No. 1 of 1986 on Economic Growth and Management for Renewed Growth. Through the Plan, the government established the Small Enterprise Development Project of 1989; developed from the Centre Project of 1987.


The precursor of this strategy was the Small Enterprise Development Project. The epicentre of this strategy was addressing the constraints the sector was experiencing; enabling environment, investment and finance and promotional programmes and enterprise culture.


This paper was considered the blueprint for the future development of the informal sector. It addressed the challenges facing the informal sector and the way forward. The government expanded the funding of the informal sector and started to address the jua kali issues in a holistic approach.

Sessional Paper No. 1 of 1994 on ‘Recovery and Sustainable Development’

The paper projected that the urban informal sector growing at about 11% per annum (1996-2000) and 6% per annum (2000-2010) will generate over 1.5 million jobs. The paper emphasized on the maintenance of a facilitating environment through; simplified regulatory framework and changes to accelerate acquisition of equity rights for small scale enterprises.
access to credit and urban spaces. Introduced the concept of dual focus where Kenya were encouraged to venture in informal sector enterprises and at the same time facilitate them.

**Sessional Paper No. 2 of 2005 on ‘Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction’**

The paper reviewed the existing laws and policies on the sector. The government embarked on legislative reforms to create a responsive legal framework for the establishment of a national Council for Small Enterprises (NCSE) to advise and follow up the implementation of Micro and small Scale enterprises (MSEs) policies.

In response to these policies, the city council of Nairobi started various programmes to improve the urban informal sector. Among the programmes was the registration of street hawkers and whether they paid their fees to the city council. Relocation programmes and on street organization began though some failed miserably like the use of back alleys for the vendors. Between 1980 and 2005, 7 relocation attempts have been made by City Council.

The second to last attempt in 2004 moved hawkers to Ngara market. This relocation did not work because this location was highly undesirable due to the marginal location and there was not enough foot traffic for the vendors to make sufficient sales. In addition, the location was seen by some hawkers to be a location for “those who come from upcountry” (Kamunyori, 2007)

**Kenya Vision 2030**

This is the most recent policy paper on Kenya development and all development plans and programmes are informed by this blue print Sessional paper. In its economic pillar, the paper emphasizes on the government leading role in creating more employment opportunities across gender, social status and religion. Target will be the disadvantaged groups where provision of infrastructure will be a priority.

In the Mid-Term (2008-2012), the paper seeks to strengthen the informal trade through investment in infrastructure, training and linking it to wider local and global markets. The government plans to enumerate all informal sector operators to provide them with permanent serviced facilities, training and access to credit and markets. There will be simplification of business registration and trade licensing.
3.10. Legal Context

3.10.1. Physical Planning Act (PPA) of 1996–Chapter 286 of the Laws of Kenya
Physical Planning Act provides the legal framework for preparation and implementation of physical development plans. Section 29(d) of the Act gives the mandate of proper execution and implementation to the local authorities in order to control development.

3.10.2. The Local Government Act–Chapter 265 of the Laws of Kenya
This Act provides the legal framework for establishment of local authorities and guides their operation. Section 147 (b) prohibits obstruction in or public spaces and provides for the removal and sale for any such obstruction and the disposal of such monies. Section 163 mandates the local authorities to control, regulate or prohibit any form of trading, occupation and premises within area of jurisdiction. The other powerful section which affects informal sector is section 201 of the Act, which translates into by-laws.

3.10.3. Public Health Act–Chapter 242 of the law of Kenya
Makes provision for securing and maintaining public health. This Act ensures that premises dealing and handling food are in highest hygienic standards. The minister through the Act is mandated to formulate regulations pertaining public health in the country.

3.11. Obstacles in the Informal Sector
The realisation of full potential of the informal sector is hampered by numerous obstacles that make the operation of informal sector activities complex and quite dynamic. These problems also affect the formal sector, but their negative impacts are much felt in the informal sector due to lack of appropriate regulatory environment and the sectors marginalization in many economies. The formal sector capitalists’ interests have the ability to collude with the government to set bureaucratic rules of the game. This leaves the formal sector paralysed and more vulnerable. The obstacle faced by the formal sector could be categorised into three; institutional issues, infrastructure issues and economic issues (Becker, 2004).

3.11.1. Institutional Issues
The informal sector lack sufficient policies and incentives aimed at improving its enterprises, to facilitate a smooth transition to the formal sector. So far formulated micro economic policies have become difficult to access their exact impact due to the heterogeneity nature of
the informal sector. The informal enterprises are usually operated by use of simple technology. This is due to the lack of access to formal skill training and schooling.

The enterprises have limited access to formal baking and financial institutions. They lack the collaterals required by this institutions in order to acquire loans. This lack of collateral is attributed to the lack of land and property rights (Becker, 2004). The informal sector is often affected by the strict regulatory environment. Chen (2008) observes that the legalists have focused on excessive regulations that create barriers to working in the formal sector. This strict environment eventually affects the operation in the informal sector. Escalating antagonism against the sector is a threat to many households which rely on this sector. In Nairobi the policy makers cannot afford to ignore the sector. According to Obudho (1997) the informal sector provides a variety of goods and services, a greater part of which enter into the "consumption basket" of individual households. He adds that although large-scale public sector investment is probably not needed, appropriate support to the sector might include improved infrastructure, credit, and training.

The sector enterprises lack social protection and limited access to employers' organisation. This implies that they have limited opportunities of exercising influence in decision making (Chen, 2008). In an effort to articulate their grievances, Kenya hawkers and informal traders formed an alliance; Kenya national Alliance of Street vendors and informal traders (KENASVIT). The Nairobi alliance is the most active and largest in the country.

The local authorities have also not been much supportive to the informal sector. This sector is often viewed as a nuisance to urban management. In Nairobi the Nairobi Central Business District Association (NCBDA) has been influential in changing the Nairobi City Council (NCC) mindset on street vendors. In 2006, the Nairobi City Council (NCC) formed the NCC Stakeholders Forum to help build relationships between the informal sector and the regulatory arms of government (Kamunyori, 2007).

3.1.2. Economic Issues
The informal sector operates under limited access to technology. This impedes high levels of production in the sector. Though the enterprises require low capital investments to establish, further expansion of the sector is constrained by insufficient funds and technology, the initial capital is also gotten from informal sources, such as borrowing from relatives and friends.

In Kenya there are excessive registration and transaction costs of starting or operating a business. This discourages small scale investors, opting to go informal. In Kenya, the
government fund schemes for the informal sector has failed because every new policy comes with creation of a separate funding institution rather than strengthening the existing ones (Republic of Kenya, 1994). This has made the funds out-of-the-way for the traders.

3.11.3. Infrastructure Issues

Paucity of infrastructure is apparent in informal sector agglomerations. The informal traders and artisans operate in poor working environments. Due to the temporary nature of the premises, infrastructure services such as water and electricity are difficult to supply, limiting the technological choices available to the enterprise (Bigsten et al, 2007). The activities in many occasions illegally occupy public spaces which makes them to be unconsidered in service provision by the city council.

The enterprises face the problem of inadequate infrastructure in transportation, storage facilities, water, sewerage and power supply. The absence of some of these facilities like water and sewerage expose the workers to health hazards. Poorly developed physical markets are also a challenge. Relocation to markets from the streets has not been quite successful because of the spatial planning of the markets. At times vendors are often allocated small spaces forcing them to conflict with others as they expand spaces (Smart, 1985). Some of these markets often lack adequate infrastructure provision and characterized by poor paving, poor stall design, lack of thematic organization and inefficiency in stall allocation.

In an attempt to relocate street vendors in 2003, the NCC identified 27 back lanes east of Tom Mboya Street with 4,500 stalls planned. However, the demand for stalls outstripped the supply as the number of vendors in these lanes is estimated to be 6,000 which led to confusion (Mitullah, 2004 in Kamunyori, 2007). The streets also lacked the basic infrastructure such as, running water or toilets, and the lanes are often not tarmacked.

3.12. Modernising the Informal Sector

In terms of better planning practices for the informal sector some countries have gone a step ahead in trying to develop the best approach for integrating the informal sector in the urban system. Among such Countries include South Africa, India, Malaysia, and Singapore where planning policies for the informal sector are common in the municipal authorities. In India it is estimated that about 2% of the urban metropolis population is comprised of street vendors. The country has formulated a policy; "National Policy for Urban Street Vendors/Hawkers" which guides planning issues for the street vendors.
In Singapore there is a Hawkers' department in the government which regulates hawking activities in the state. In 1971, a national programme aimed at building food centres and markets to resettle licensed street food hawkers was established. The main objectives of this programme was to provide basic stall facilities and services such as piped potable water, electricity and garbage collection and disposal. By 1996, all street hawkers had been completely resettled into food centres and markets. However this programme was taken up and did not manage to resettle all vendors. 1988, there were 23,331 hawkers operating in 184 centres of whom 18,878 were engaged in selling cooked food, by the year 2005 almost 50,000 street vendors were operating in Singapore. It is the responsibility of this department to ensure that the hawkers keep their environment clean and do not place constraints on pedestrians. This is achieved through inspection of stalls and training programmes for vendors on public health and nutrition. Between 1990 and 1996 the department had trained more than 10,000 hawkers (Bhowmik, 2005).

In Kuala Lumpur there is a Department of Hawkers and Petty Traders (DHPT) which is charged with the responsibility of relocating street vendors, in the case of food hawkers, to food centres in buildings or to central sites. It also helps in designing vans for mobile hawking. Apart from food centres there are other sites where street vendors can carry out their business; densely populated residential areas and the industrial estates. Licensed street vendors have access to institutional credit as the government has provided funds for this. Like in Singapore, training programmes are organised regularly for these vendors in which they are taught about health and hygiene, business skills, accounts, etc. These programmes are undertaking in partnership with about 60 NGOs and the unlicensed vendors do not benefit (Bhowmik, 2005).

There is need to shift focus; hostility to acceptance, restriction to tolerance, restraining to enabling and capturing the benefits of harnessing the efficiencies of urban informality (Valencia, 2000). The informal sector should be understood as part of urban transformation. The sector employs a large portion of the urban labour force, and policies developed should be aimed at improving it. The informal sector has been inadequately conceptualized and under-investigated in the research literature of the urban economy.

Before the 1970s little efforts were being made to modernize the informal sector. At this period, the informal sector was perceived as backward. In the developing countries, the laws formulated (inherited from the colonial administration) rendered the sector 'illegal'. This scenario changed in 1972 after the ILO published a report on Kenya, where the term
The informal sector was coined. In the 1980s the implantation of SAPs shifted focus from modernization to a focus on export oriented production (Potts, 2008).

At the turn of the century, the sector suffered a desperate blow; policy recommendations become once again unfair to the sector. Nevertheless several countries and cities have embarked on modernizing the informal sector rather than condemning it. Among such cities is Nairobi, where the perception of the informal sector has been shifting towards inclusion as all stakeholder try to find a tenable solution. This process of modernizing the informal sector is through different but complimentary means; for providing support to foster the productive development of enterprises. The Kenya government has formulated several policies towards the development of the informal sector. The second involves the welfare of the informal workers and lastly is through adjustments in the regulatory environment.

The role of the government is vital, as this is the institution which is constitutionally backed to formulate national policies. The government need to strike a balance in the allocation of resources for both sectors of the economy. In the past the NCC have had oversight campaigns targeting the informal sector activities, justified by the need to widen the taxi base, cut down evasions and punish illegality. This notion of illegality is perceived as a critical obstacle towards formalization of the informal sector.

According to Tokman (2007), the extension of formalization is not warranted from the point of view of organized sectors; rather, for the benefits that access to formality may bring about to foster development of informal activities and the people occupied in this economic sector.

### 3.12.1 Merits of formalizing the informal sector

First, this will widen the tax base, cut down evasion and punish illegality. This will culminate into increased government and local; authorities revenue. Secondly, the traders will acquire property rights and security of trade. This will facilitate the expansion of enterprises through access to credit facilities. The guarantee of security of trade will propagate the will to pay licence fees by the informal sector operators, if they were to receive the benefits of formality (Chen, 2007).

The other merit is that the traders in the informal sector will be able to escape from extortion and harassment by monopolies, illegal groups and council enforcement officers. A study carried in Nairobi on hawking activities (Kamunyori, 2007) revealed that it was even more expensive for hawkers to pay the mandated Kshs. 25 to the NCC rather than an annual licence fee. The study further revealed that even paying the fee did not protect the hawkers.
from the council *askaris* plus the tedious process of acquiring the licence was also not a

guaranteed as a ‘change of guard’in the executive usually comes with new regulations.

The sector’s modernization will also aid in solving the urban management problems

associated with the sector. The informal sector is usually associated with environmental

problems due to lack of infrastructure facilities and services in their areas of operation

(Rukmana, 2007); the formalised spaces for trade will come with infrastructure and services.

The NCC has recently constructed a formal market for hawkers and street vendors in

Muthurwa and there is a similar on going project in Westlands. Apart from the markets there

have been various attempts to accommodate the informal traders on road reserves and back

lanes

3.13. Case Studies

3.13.1. Mitchells Plain Public Transport Interchange Management (Cape Town)

Introduction

The project was undertaken in Mitchells Plain in Cape Town. This is a small centre in Cape

Town which had traffic congestion arising from high traffic volume and increasing number of

informal traders in the terminal facilities. This project was geared towards spatial

organization of the traffic interchange to accommodate both traffic and the formal and

informal trading activities. The interchange was formally characterised by congestion and

poor environmental standards.

Plan Preparation

This involved all stakeholders; Town centre steering committee, Informal traders task team,

taxi task team, ad Hoc community meetings and Sub-council meetings. The team was geared

towards producing a facility to be used by commuters, passengers, hawkers and shoppers.

Provision of Services and Facilities

After the completion of the facility, traders were allotted adequate trading space. The areas

were well paved and provided with storage and sanitation facilities. The lighting was properly

installed which improved security and enabled the traders to work for long hours. Each

vendor was allocated a trading space measuring 2M x 2M. A section of area was roofed and

the other left open.

Lessons Learnt

- Stakeholder participation is vital in informal sector formalization
Kangemi having a similar problem, the centre can significantly benefit from the terminal facility if proper planning is practised.

Plate 1 Informal trading area in Mitchells Plain public Transport


3.13.2 Nairobi City council; Nairobi Hospital Kiosks project
This project was undertaken as pilot project in the city of Nairobi. The project targeted fruit and flower vendors sited opposite Nairobi hospital. The project targeted the formalization of the informal sector, improve the aesthetics of the area and bring the private sector into city planning and development.

Planning and Design
The planning activity was undertaken by the city council in collaboration with, Ministry of Roads, the Coca Cola Company and Nairobi hospital. The private sector participated through funding of the project. Since the kiosks are on road reserve, the city council negotiated temporary lease agreements with Ministry of Roads. After planning and completion of the project, the outcome was a well landscaped site, proper storm water reticulation, appropriate waste disposal and well paved services. A sanitary facility, lighting, electricity and water connection were provided for the traders. The activities were separated from the vehicle traffic through guard rails and a zebra-crossing provided for access. Each kiosk measure 2.4M x 2M with an in designed storage facility.
Lessons Learnt

• Use of road reserves to accommodate the informal sector harmoniously without affecting the capacity of the road

• Giving relevance in formalization of informal sector. The fruits and flower business targets the staff, patients and visitors of the hospital

• Involving the private sector in informal sector formalization programmes

3.14. Summary and Conclusion

The informal sector has not been of great concern to policy makers and municipal authorities. It is evident that despite the sector’s contribution to the economy, very few urban authorities have developed a concise policy for the informal sector development. The Nairobi City Council (NCC) lacks guiding policy for urban informality. The relation between the informal economy and informal settlements seems to have been overlooked by the focus on slum housing upgrading while ignoring the economic base of majority of the slum residents.

There is as need for further research in urban informality in totality without concentrating on just one aspect of urban informality. The increasing number of high school and midlevel college leavers is a matter of concern while this seem not to improve the average earnings in the informal sector despite their better education status.
CHAPTER 4

BACKGROUND TO THE STUDY AREA

4.1. Overview
The chapter focuses on the physical characteristics of the study area. The city of Nairobi accommodates the largest share of urban informal sector in the country. These activities are highly concentrated in the informal settlements, where they have become the source of livelihood for many. The rapid urbanization of the city has its implications to the urban economy.

4.2. Nairobi-Site and Situation
The city of Nairobi is situated at an elevation varying between 1,600 and 1,850 metres above sea level in the highlands of the southern part of the country. Its geographical coordinates is 1°17' S 36°49' E-1.283, 36.817. It is within the administrative region of Nairobi province. The city occupies an estimated 684 km². The city is located 1.19 degrees south of the Equator and 36.59 degrees east of meridian 70.

The city is located at the south-eastern end of the agricultural heartland of Kenya and most of its energy and food requirements can be obtained within a short distance of the city. The city’s hinterland comprise of the productive highland area extending northwards and westwards to embrace the rich farming lands of the Rift Valley (Obudho, 1997).

Nairobi is Kenya's principal economic, administrative, and cultural centre and is one of the largest and fastest growing cities in Africa.

4.2.1. Historical Development of Nairobi
The rate of urbanization in Kenya is among the highest in the world. The city of Nairobi is also growing rapidly as the prime city. Urbanization in Nairobi took a tremendous pace after the 1960s. In 1962, for example, only one Kenyan out of every 12 lived in urban centres; where market centres, towns, municipalities and cities with a minimum population of 2000 people are classified as urban centres. However, by 1999, the proportion of the urban population had increased to 34.5 per cent affirming that one out of every three Kenyans currently live in urban areas. By 2015 the urban population is projected to be 50% of the country population (UN Habitat, 2007).

The word Nairobi comes from a Maasai word meaning cool waters. The city evolution dates back in the colonial period. The area used to be place of pasture for the Maasai herders.
before the coming of the Britain colonial Administration. The British colonial administrators started to construct a railway line from Mombasa to Uganda. The led to the establishment of a railway depot at Nairobi, from where the city grew. However in the colonial period, the rate of urbanization was slow as result of African immigration restriction (Obudho, 1982). In 1905, Nairobi replaced Mombasa as capital of the British protectorate.

By 1907, the city had a population of about 10,000 people and was made the capital of the country, and later in 1919 a municipality. The boundary of Nairobi was extended in 1927 to cover 30 square miles (77 km²) as a result mainly of the rapid growth of the urban centre both in terms of population and infrastructure. In 1948, the Colonial administration prepared a master plan for the city. At this time the population had increased from 8000 in 1901 to 118,579 (Obudho, 1997). Further boundary expansion took place in 1963; the boundary of Nairobi was extended to cover an area of approximately 266 square miles (686 km²). There have not been any boundary changes since then (Mitullah, 2003).

Rapid urbanization in the city came after independence. This was at the time when no restrictions were being imposed on rural-urban migration. The structure of the city has continued to change. In 1973, a metropolitan growth strategy was prepared for the city to guide its growth. However the implementation of the plan failed and with the expiry of the plan, very little was achieved if any.

Table 2 Population of Nairobi between 1906 and 1999

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (Hectares)</th>
<th>Population</th>
<th>% increase in Population</th>
<th>Density (persons/Hectare)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>1,813</td>
<td>11,512</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>1926</td>
<td>2,537</td>
<td>29,884</td>
<td>159.4</td>
<td>12</td>
</tr>
<tr>
<td>1931</td>
<td>2,537</td>
<td>47,919</td>
<td>60.5</td>
<td>19</td>
</tr>
<tr>
<td>1936</td>
<td>2,537</td>
<td>49,600</td>
<td>3.5</td>
<td>20</td>
</tr>
<tr>
<td>1944</td>
<td>2,537</td>
<td>108,900</td>
<td>119.6</td>
<td>43</td>
</tr>
<tr>
<td>1948</td>
<td>8,315</td>
<td>118,976</td>
<td>9.3</td>
<td>14</td>
</tr>
<tr>
<td>1963</td>
<td>68,945</td>
<td>342,764</td>
<td>185.1</td>
<td>5</td>
</tr>
<tr>
<td>1969</td>
<td>68,945</td>
<td>509,286</td>
<td>48.6</td>
<td>7</td>
</tr>
<tr>
<td>1979</td>
<td>68,945</td>
<td>827,755</td>
<td>62.5</td>
<td>12</td>
</tr>
<tr>
<td>1989</td>
<td>68,945</td>
<td>1,324,570</td>
<td>60.0</td>
<td>19</td>
</tr>
<tr>
<td>1999</td>
<td>68,945</td>
<td>2,143,254</td>
<td>61.8</td>
<td>31</td>
</tr>
</tbody>
</table>


The centralisation of industries in the city has contributed to its rapid growth owing to net immigration. The 1999 census recorded Nairobi's population as 2,143,254. In 2007 the urban population was 21.3% of the total population, with Nairobi having 3.76 as annual rate of change between 2005 and 2010 (UN DESA, 2008). The primacy of Nairobi city is evident,
though other centres are growing; the continued growth of the city has been taking place in
the face of renewed strategies towards decentralized planning, which focus on the promotion
of small and intermediate urban centres (Obudho, 1992 in Obudho, 1997). Today the city’s
growth rate is very high, estimated to be 7% (APHRC, 2000). The current projected
population of Nairobi is 3,363,000 (UN, 2007).

4.3. Informal Settlements in Nairobi
Informal settlements are widely located throughout the city. During the colonial period,
informal settlements were located in the low lying areas, where African population was
concentrated. Slums represent the legacy of neglect. During this period, the colonial
government had formulated a deliberate policy of provision of housing to Africans; this led to
housing deficit hence the growth of informal settlements. Such settlements developed in
Pumwani, Kariokor and Donholm areas.

The slums account for a substantial city population; an estimated 50\% of Nairobi population
reside in the informal settlements that occupy only 5\% of the total residential land area
(APHRC, 2000). The informal settlements growth could be attributed to the forces of rural-
urban migration as well as the income differentials in the city (Syagga, 2001 in Mitullah,
2003). Lack of in depth survey and adoption of the ‘wait and see’ approach has led to the
growth of informal settlements in number and population. In Nairobi it is estimated that there
are an estimated 1,116,971 people living in the informal settlements. Among this Kangemi
informal settlement is located in wetland division amidst high income residential
neighbourhoods.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of settlements</th>
<th>Informal Population</th>
<th>Units</th>
<th>% of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>50</td>
<td>167,000</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>1990</td>
<td>78</td>
<td>2,000,000</td>
<td>74,165</td>
<td>40-50</td>
</tr>
<tr>
<td>1993</td>
<td>36</td>
<td>748,991</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td>1995</td>
<td>134</td>
<td>1,886,166</td>
<td>77,600</td>
<td>60</td>
</tr>
</tbody>
</table>


4.3.1. Kangemi Settlement
Kangemi is located in Westlands Division, Kangemi location administratively and in
Westlands constituency, Kangemi ward politically. The shopping centre is located along
Waiyaki way; a major arterial of the city that links it with the Rift valley and western Kenya.
The centre serves the informal settlement as well as other residents of the adjoining
neighbourhoods. The settlement rely on mainly informal employment in the centre and in the
neighbouring estates where many work as home cleaners, gardeners, guards, masons, carpenters, plumbers and drivers as well as casual labour in the CBD and industrial area.

The population of the location is about 82,964 people, with 60-70% of the population living
below the poverty line (CDF, 2006). The estimated number of poor individuals in the location
is 61,000. The central sub location were the centre is located has a poverty gap as percentage
of poverty line of 20-25% (CBS, 2003). The settlement is characterised by poor
infrastructure, high densities, haphazard physical layout, and low levels of education,
unemployment, poor housing, environmental pollution and poor sanitation.

The physical location of the study area is shown in Maps 1 and 2.
Map 1 Location of study area in its national and regional context

Source: Obudho, 1997
Map 2 Study Area
4.4. Physical Environment Characteristics

The physical environment characteristics of Kangemi compare with those of the wider Nairobi city.

4.4.1. Rainfall and Temperature

Nairobi has two distinct wet seasons—the main rainy season in April–June and the secondary rainy season in October–December. Average annual rainfall is about 900 millimetres and the average annual temperature is about 20 degrees centigrade. The temperature ranges from 21°C to 26°C.

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average high °C (°F)</td>
<td>24.5 (76)</td>
<td>25.6 (78)</td>
<td>25.6 (78)</td>
<td>24.1 (75)</td>
<td>22.6 (73)</td>
<td>21.5 (71)</td>
<td>20.6 (69)</td>
<td>21.4 (71)</td>
<td>23.7 (75)</td>
<td>24.7 (76)</td>
<td>23.1 (74)</td>
<td>23.4 (74)</td>
</tr>
<tr>
<td>Average low °C (°F)</td>
<td>11.5 (53)</td>
<td>11.6 (53)</td>
<td>13.1 (56)</td>
<td>14.0 (57)</td>
<td>13.2 (56)</td>
<td>11.0 (52)</td>
<td>10.1 (50)</td>
<td>10.2 (50)</td>
<td>12.5 (55)</td>
<td>12.5 (55)</td>
<td>13.1 (56)</td>
<td>12.6 (55)</td>
</tr>
<tr>
<td>Precipitation mm (inches)</td>
<td>64.1 (2.52)</td>
<td>56.5 (2.22)</td>
<td>92.8 (3.65)</td>
<td>219.4 (8.64)</td>
<td>176.6 (6.95)</td>
<td>35.0 (1.38)</td>
<td>17.5 (0.69)</td>
<td>23.5 (0.93)</td>
<td>28.3 (1.11)</td>
<td>55.3 (2.18)</td>
<td>154.2 (6.07)</td>
<td>101.0 (3.98)</td>
</tr>
</tbody>
</table>


4.4.2. Topography and Drainage

The slope in Kangemi rises towards the eastern direction. This slope has consequently directed the flow of the drainage in the area. The storm water drainage in the shopping centre flows towards the Lavington area through the informal settlements housing. The map below shows the contour levels of the study area.

4.4.3. Soil and Vegetation

The soils in the study area are the volcanic red type soils. The area has a stable geology made of the Nairobi phonolite. The vegetation cover in the study area is mainly of exotic tree species such as the grivellia robusta, blue gum and grass cover.

4.5. Population and Demographic Characteristics

The continued growth of Nairobi has led to the rapid growth of its suburbs. Kangemi growth is largely affected by the growth of Nairobi population. Kangemi is main centre of new immigrants into the city from the rural areas. The 1999 Population census indicated that
Nairobi had a growth rate of 4.8%, however, it is estimated that currently the growth rate is 7%, one of the highest in the developing world.

4.5.1. Population Size
The population of Nairobi was 2,143,254 in the 1999 population census. Currently the population is estimated to be 3,138,295 based on 1999 projections (CBS, 1999). The population of Kangemi location is estimated to be 82,964 people. The settlement being a slum settlement it is difficult to establish the exact population size. The unemployment rate of the settlement is 40% (Republic of Kenya, 2006).

4.5.2. Population Projection
Projecting the population of Kangemi based on the 1999 population census figure, the current projected population is 63,727. The growth rate used is 7% which is the estimated growth rate of the Nairobi region. The increasing population in the settlement have a direct implication in the informal economy of the centre.

Formula \( P_n = P_o \times (1+r)^n \). Where \( P_n \) =Projected population; \( P_o \)= Initial population before projection \( 1= \) constant \( r= \) rate of growth=7.0 \% \( n= \) period projected

Figure 6  Population Projection of Kangemi
4.5.3. Population Structure and Composition
The population of Nairobi is dominated by the male sex. The informal settlements also reflect
the male dominance. The youthful population is the highest as represented in the population
pyramid at national level to the local level. A survey carried out in Nairobi’s informal
settlements observed that the majority of the population is in the age cohorts between 0-45
years (Figure 7). The population of Kangemi is composed of 17,469 males and 14,927
females (CBS, 1999).

The figure below shows population pyramids for the City of Nairobi, national level and
Nairobi Cross-Sectional Slums survey (NCSS).

Figure 7 Age-Sex Structure of Population

Source: CBS, 1999; Centre for Population and Health Dynamics in Nairobi informal Settlements

Figure 7 Population composition of Kangemi Sub-Location

CHAPTER 5
RESEARCH FINDINGS

5.1. Overview
The research findings in this chapter are based on the field survey carried during the study. From the study, the informal sector was found to be the epicentre of Kangemi shopping centre economy. The sector however faces numerous challenges where there seem to be less effort to combat these challenges.

5.2. Kangemi Shopping Centre Profile
The centre relies on the informal sector to a large extent than the formal sector. The main streets in the centre are Hinga Drive which starts from the flyover to the junction of Muratha road. Muratha road is the major road that connects the shopping centre and the residential area of Kangemi informal settlements. The other major road is Malenga road which connects the centre to Mountain View estate. These roads are the main venues for informal sector activities in Kangemi.

Plate 2 Hinga Drive: From the Flyover towards Malenga Road Junction

5.3. Nature of Urban Economy in the Centre
The economy of Kangemi is rooted in the informal sector which relies mostly on the informal settlement for sales. The centre is characterized by dominance of the informal sector. Interviews conducted revealed that the informal settlement of Kangemi has greatly...
contributed to this situation, with 46% of the customers arguing that they rely on the informal sector for cheap products and services. 72% of these customers reside in adjacent Kangemi informal settlement. The strategic location of the centre also makes it thrive in the informal sector especially the sale of groceries. The centre is located in an area with high agricultural production and along a main arterial of the Nairobi Metropolis. The rate of unemployment and under employment in the city has contributed to the growth of the informal sector in this centre. About two thirds of the entrepreneurs attributed unemployment to their involvement in the informal sector (Figure 9).

5.3.1. The Nature of the Informal Sector
From the study, the informal sector activities in Kangemi can be divided into 3 categories, namely:

i. Street vending and hawking (45%) -these deal with clothing, groceries, and household ware
ii. Small scale enterprises (46%) (-include food and fruit stalls, kiosks, services like salon/barber, electronic repair, carwash, shoe shining, and light transportation tyre repair , and
iii. Light manufacturing (9%) -these comprise of welding and metal works, and furniture enterprises. Table 5 shows the type of activities that entrepreneurs interviewed, were engaged in.
<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Goods/services</th>
<th>Percentage share in the Informal sector</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>second hand wear</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Vegetables and Fruits</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>cheap electronics</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Household ware</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>confectionary</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Electronic repairs</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Fresh Fruit juice</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Music &amp; Movies</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Salon/Barbers</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>shoe shine/repair</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>food Stall</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>metal work/welding</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>taxi</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>Tyre repair/car wash</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009

### 5.3.2. Linkages between Formal and Informal Sectors

The formal and informal sectors are linked through various aspects such as employment, production and space utilization. The informal sector in Kangemi sources some products from the formal sector. 51% of the traders travel to Nairobi (33% CBD, 7% Eastleigh, 11% Kamukunji and 15% Gikomba) to purchase their trade commodities from large scale enterprises. Traders dealing with groceries and food commodities source their goods from Limuru (4%), Kangemi (26%) and Wakulima Market (4%) as shown in figure 10. It was revealed that there were sub contracting elements in the sale of goods. There is spatial relation between the two sectors in Kangemi; 85% of formal enterprises had informal activities fronting their premise.

Contrarily to arguments advocated by the policy makers, about 70% the informal traders are permitted by the formal traders to occupy their shop fronts but at an agreed cost. This indicates that the informal sector is being extorted by the formal sector in Kangemi. Contrarily to Kimuthia and Macharia (2007), formal entrepreneurs in Kangemi allow the informal traders to operate on the shop frontages.
5.3.3. Operation Hours

The informal sector traders in the centre work for long hours, outstretching the normal working period of 8 hours. The hours of operation range a low of 4 hours to a high of 13 hours (Figure: 11). With low returns form the sector, the jua kali sector is quite complex. 66% of the traders attributed the long working hours to the flow of customers. They had to operate in the morning and evening when the traffic volume is at peak, which forces them to operate full time. The average working hours per day is 10 hours. The 17% who operate for less than 6 hours are part time operators. Operating under the poor working conditions for this long is against the ILO fundamentals of decent work.

The figure below shows the working duration for the respondents interviewed during the study.

Source: Compiled by the Author, 2009
5.4. Levels of Education Gender and Age Distribution in the Informal Sector

The informal sector is heterogeneous in nature; there are differences in aspects like education attainment, gender involvement and age distribution. It emerged that in Kangemi, this feature of heterogeneity was evident but it also determined the type of activities.

5.4.1. Gender Distribution in the Informal sector

Gender involvement in the informal economy is very critical. ILO statistics indicate that the informal employment is relatively of much significance to men than women, but more women are in the sector than men. The number of men was 66% and women 33%, half of the men; contrarily to ILO (2002). This trend is attributed to the complex nature of the informal sector in this centre and obstacles facing the sector discourage more women from venturing into the informal sector. The cartel control of spaces compromises the notion of easy of entry in this centre, which has been advanced by ILO and other researchers.

The following table indicates the gender activity cross tabulation. From the table the activities seem to be relatively balanced except for electronic repairs, metal work, tyre servicing, taxi, shoe shining and food kiosks which are dominated by men. Women seem to control groceries and confectionaries. Gender variation is evident in the various activities as indicated in the table below.

<table>
<thead>
<tr>
<th>Type of goods or services</th>
<th>Gender of respondent (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>female</td>
<td>male</td>
</tr>
<tr>
<td>salon/barber</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>second hand wear</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>food kiosk</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Fresh Fruit juice</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Electronic repairs</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>shoe shine/repair</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Vegetables and Fruits</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Music</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>confectionary</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>cheap electronics</td>
<td>66.6</td>
<td>33.4</td>
</tr>
<tr>
<td>Household ware</td>
<td>66.6</td>
<td>33.4</td>
</tr>
<tr>
<td>metal work/welding</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Tyre repair/car wash</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>taxi</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>66.6</td>
<td>33.4</td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009
5.4.2. Age Distribution in Informal Sector Activities

The informal sector has absorbed part of the labour force in Kangemi. There is a relationship between education attainment and the age of traders. 50% of the traders had attained secondary level education; this comprises the 33% of traders aged between 21-25 years (Figure 12), implying that the sector absorbs secondary school leavers who do not continue with tertiary education. The sector has 60% of the traders aged between 20 and 30 years. This is a very active part of labour force which has not penetrated formal employment in the city.

Figure 11: Age Distribution in the Informal Sector

5.4.3. House Hold Size

The average household size among the informal traders is 4.1. This is close to the average household size of Nairobi which is 4.3. 41% of the traders were from households with 3 to 5 members. Those from household size above 3 earned Kshs. 9,000 and Kshs. 12,000. The income generated from their activities is insufficient to cater for their needs which make it even difficult to expand the business because the profits are not easily ploughed back.

Table 7 House hold Size

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>6.7</td>
</tr>
<tr>
<td>3</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>16.6</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>6.7</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Average House Hold size is 4.1

Source: Complied by the Author, 2009
5.4.4. Education Attainment of the Entrepreneurs
The informal sector has been attributed with low literacy levels and deficiency in skills. However according to the study, 77 percent of the entrepreneurs had attained at least secondary education, 13 percent and 14% of this had acquired vocational training and tertiary education respectively (Figure 13). However skill training was inadequate in the sector, the 13% vocationally trained is a low percentage. This is contrarily to what many policy makers attribute the sector with; hence a shift in perception is called for. It is emerging that the inadequacy of the formal sectors to absorb all labour force, compelled them into the informal sector. Contrarily to Bigsten et al (2000), formal schooling is not rare in the informal sector.

Figure 12 Education levels of Informal Traders

Source: Compiled by the Author, 2009

5.5. Economic Significance the Sector in Kangemi
Only 10 % of the traders owned more than one enterprise meaning that increasing the number of enterprises is limited. 70% of enterprises established between 2003 and 2008 which suggests that this is a transitional livelihood for many. 80% the respondents were self employed and owned their enterprises (Figure 14) with the remaining percentage having between 2-3 workers, indicating that autonomy in control of business is predominant.

The average daily income is 430 Kshs after working for at least 12 hours, this mean that the returns are low in the sector compared to the hours of work. This income is however better compared to those engaged for 8 hours in factories and earning Kshs. 200 per day.
The estimated number of traders occupying the Waiyaki way road reserve is 1500 while along Hinga drive is 200, and Muratha road is 800. The informal sector is major source of employment for the labour force in the adjacent Kangemi informal settlement. During the study it was however difficult to establish the exact number of traders because of the dynamic manner in which the informal sector operates in Kangemi; most traders are not full time and not stationary in a specific position. The sector employ an estimated 2, 500 people directly in the study area.

The City Council of Nairobi collects revenue from the Informal sector enterprises; estimates obtained from Kangemi Ward Offices indicated that the revenue collected amounts to Kshs. 32 000 per week. This figure however fluctuates depending on the number of traders and also deviance from some of the traders to pay. The collection is carried two times a week.

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Enterprise</th>
<th>Fee Charged (Kshs. Per week)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hawkers and Street Vendors</td>
<td>50 (25 x 2 Days)</td>
</tr>
<tr>
<td>2</td>
<td>Small scale Enterprises (Kiosks, and stalls)</td>
<td>50 (25 x 2 Days)</td>
</tr>
<tr>
<td>3</td>
<td>Light manufacturing, those in semi-permanent structures, relatively large retailers</td>
<td>100 (50 x 2 Days)</td>
</tr>
</tbody>
</table>

The city council however does not however utilize this revenue effectively to maintain the infrastructure of the sopping centre; services like waste collection are limited along the Waiyaki way.
5.5.1. Capital Source
The main source of capital for 66% of the traders is through own saving and the other main source is informal borrowing (25%). The acquisition of loans was limited and only 9% of the traders had access to credit facilities. The medium and small scale enterprises, which were able to access loans, comprised the 9% while the street vendors and hawkers, who form the bulk of informal traders in the area, were unable to access loans because they lack collateral for such loans. This is an indication that expansion of enterprises is constrained by the inaccessibility to financial resources.

5.6. Spatial Organization and Space Standards
The working space for the traders is not organized orderly. This is the case because the traders have varying space needs. Some have made makeshift stalls while others simply display their products on the street, walls or hold their wares while trading. The medium scale traders like salons, juice stands and the jua kali artisans occupy the makeshift stalls; mainly located along the road reserve.

The spaces are poorly paved and dusty; this forces the traders to incur extra costs in trying to keep the dust under control. The spaces are also not protected from direct sunlight and precipitation; only umbrellas are used but are not effective. Stalls lack any standard measurement and design, with very narrow access circulation spaces. Materials used for construction of structures are waste timber and metal. The stalls are made using polythene bags, used iron sheets, sacks and waste timber.

Plate 3 Spatial Organization of activities

The plate shows a woman street vendor selling fried peanuts in the midst of shoe shiners near the ‘matatu’ terminus. This indicates that there is no relevance of location in reference with activities. In this section traders occupy tiny spaces measuring about 3 feet x 2 feet. There lacks also proper structure; the woman had to take her stool from the house to use it for item display.

Source: Author, 2009
5.6.1. Informal Sector Agglomerations

The informal sector in the centre are not evenly distributed, there are section with high concentration of traders than others. The highly concentrated sections have high levels of environmental pollution, congestion and poor sanitation due to poor waste disposal and negligence from the council. These agglomerations are found at the matatu terminus, the two junctions of Hinga Drive and along Waiyaki way service lane (Kinare open air market).

Hinga drive-Muratha road and Malenga road junction, and Kinare open air market next to the matatu terminus; these are points of intense trading during the evening hours. Hawkers and part-time operators tend to station at these areas as they trade to the pedestrians. The problem created by these focal points is traffic congestion and poor solid waste disposal.

The plate below shows different activities in the agglomeration areas. Some of the street vendors sell standing, while others have structures to display their wares. The traders selling while standing are temporal and not full time street vendors.

Plate 4 Areas of Intense activities during peak hours

Source: Author, 2009

The informal sector activities tend to concentrate in certain focal points of the centre. The matatu terminus is an area of intense activities especially during the evening. The junction of Hinga Drive and Muratha and Malenga roads has many informal sector activities. Hinga drive is also an area of intense informal sector activities. These points could be attributed to their strategic locations and the availability of space. The traders in these points attributed their site selection to the high volumes of pedestrians and the availability of space.
5.6.2. Location Factors of Enterprises

The informal sectors activities in this centre mainly occupy the road reserves. The street vendors along the centres streets display their ware on the roads reserve. 83% of the enterprises in this centre occupy the road reserves. The traders choose to occupy the road reserve due to the lack of adequate space, low costs and access to pedestrians.

The main factors are the availability of space and nearness to customers with 39% and 41% respectively of the respondents having sited their enterprises owing to these factors (Figure 15). These imply that informal sector activities grow in strategic areas, were the spaces are economically viable.

Figure 14 Factors affecting location of enterprises

![Factors determining the Choice of location](image)

<table>
<thead>
<tr>
<th>Factors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nearness to customers</td>
<td>41%</td>
</tr>
<tr>
<td>Space availability</td>
<td>39%</td>
</tr>
<tr>
<td>Parking lot near</td>
<td>2%</td>
</tr>
<tr>
<td>Security</td>
<td>2%</td>
</tr>
<tr>
<td>Relocation from another area</td>
<td>5%</td>
</tr>
<tr>
<td>Nearest to matatu stage</td>
<td>7%</td>
</tr>
<tr>
<td>Power availability</td>
<td>2%</td>
</tr>
<tr>
<td>Cheap to operate here</td>
<td>2%</td>
</tr>
<tr>
<td>Relocation from another area</td>
<td>5%</td>
</tr>
<tr>
<td>Near to matatu stage</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009

Plate 5 Display of items on the road surface

The plate shows how mobile traders utilize space. The traders in the photograph are operating from the middle of the road, obstructing traffic. In adequate space during the evenings makes them to operate from these locations.

Source: Author, 2009
5.6.3. Space Allocation and Control

Space is resource in Kangemi. Like any other resource this space is scarce and limited. The ability to acquire a viable economic space in this centre is determined by several factors. 45% of the traders acquired their trading spaces through self acquisition. As the population of traders increased other space controllers emerged. 7% and 28% of the informal entrepreneurs obtained trading space from illegal market groups and the formal traders respectively. Cartels within the informal sector are common. These cartels take form by the type of items sold or particular spatial colonies in the informal sector. They decide who operates in their colony and under what terms. It also emerges that the formal sector in this centre joins the club of informal traders’ extortion. The spaces allocated to these informal traders by the formal traders are part of the road reserve and not private land. This conflicts ILO’s description of the informal sector, as characterised by ease of entry.

In the allocation of space, it emerged that there were informal traders who were extorting money from fellow traders. In relation to this, 7% of the traders were allocated space by illegal groups linked such cartels to fellow traders in the same agglomeration. The city council which is supposed to control urban space controlled only 14% of the space allocation. This implies that the institution responsible for controlling space allocation and standards was inefficient in undertaking its duties.

Figure 16: Control and Allocation of Trading Space

![Control and Allocation of space for the Informal sector enterprises](source)

The Informal traders along the Waiyaki way were organised and the control of space is currently being undertaken by the traders association; Kinare-Kangemi open air market. The association however was formed recently and its control over space is about 3% though the traders in the association were collaborative in regulating space utilization.
Kinare-Kangemi open-air market
Traders cause traffic obstruction
Along this highway

A cluster of informal traders

Toilet project developed by Kinare Youth Self Help Group

This space is used by jua kali welders

Formal enterprises along Hinga Drive complain of obstruction, congestion and unfair competition from the informal traders

Informal trading activities on the flyover bridge. There is no sectoral organization of activities

Main Agglomeration areas

NCC - Kangemi Ward Offices

Informal activities

Map 3: Spatial Distribution of Informal sector activities

Map: Informal sector activities

Informal trading activities on the flyover bridge. There is no sectoral organization of activities

A Cluster of women dealing with groceries

Light industry along Hinga Drive

A Cluster of women dealing with groceries
5.6.4. Size of Spaces and Adherence to Standards
The informal sector enterprises occupy different space areas. These spaces are not uniform or standard due to the unregulated allocation of spaces. The traders displaying wares on the street occupy spaces ranging from $9\text{ft}^2$ (3x3) to $35\text{ft}^2$ (7x5). The service enterprises, kiosks and food stalls operate in structures measuring; 3 feet x 3 feet 5 feet x 5 feet and 7 feet x 7 feet. The spaces are not decent and lack basic attributes such as appropriate paving, drainage, and protection from weather elements such as rain and scorching sun radiation. The area of space occupied is determined by the area allocated and other factors like enterprise size and number of traders in a locality.

Plate 6 Display of Items

Some of the traders display items on the street surface while others have constructed make-shift stands for placing of items.

Source: Author, 2009

5.6.5. Type of Structures and Adherence to Building Standards
The informal traders and artisans operate in poor working conditions. The structures they use are of low quality and material standards. The design of the structures does also not conform to any given design code but directed by the need to occupy the maximum space.

The structures compromise the health standards especially for the food stalls and groceries. Along Waiyaki way, traders dealing with groceries display their products on the road surface.

The situation is made worse during the rain season. The lack of proper drainage system in the centre coupled with shoddy structures renders the street vendors temporary out of business. Some traders above Hinga Drive have erected structures above storm drains.
Building standards and codes have not been adhered to, by the traders. Structures are located on road reserves and no reference to height standards and surface standards.

Plate 7: structures used by traders on the road reserves

These women trade on the edges of a petrol station next to the matatu terminus. They use their laps to display items of sale due to the restrictions on putting up structures on site.

The woman operates a pop corn selling enterprise along Hinga Drive. She uses an umbrella to protect herself and the small machine from extreme solar radiation. The machine is placed on a table.

Source: Author, 2009

Figure 16 Typical Space organization and structure size

Source: Author, 2009
5.6.6. Sectoral and Spatial Organization of Activities

The informal activities lack sectoral and spatial organization. The traders along the road reserves are highly heterogeneous in their activities. The scenario is that a trader of clothing is next to a trader of groceries or shoes and on the back is welding activities. This lack of spatial and thematic organization makes the activities loose relevance to their locations. It has also resulted into poor working conditions; the welders on the street pose a danger to the adjacent traders and pedestrians. Only traders along Waiyaki way have tried to organize themselves with the type of item. The uncoordinated space allocation is a factor in this phenomenon.

Plate 8: Poor spatial organization

5.6.7. Conflicts in Space Utilization

In the struggle for urban space in the centre between the formal sector and urban sectors and also within the sector, conflicts are evident. The formal sector and informal sectors are competing in business with 24% of the formal traders accusing the informal sector of unfair competition. This is because they sell cheap products owing to their low operation costs and easy access to customers. 21% of the formal traders complained of customer obstruction to their premises by the street vendors. The formal sector accused the informal traders of unfair
completion because they occupied road reserves where customers are easy to access and that they do not pay licence fees to the government and city council.

Lack of sanitation facilities for the traders has forced the formal premises to share their private facilities with the informal sector. The figure below shows the areas of conflict between the two sectors. All of these issues are space related which implies that the struggle for urban space is existent in Kangemi.

The plate (Plate 9) shows traders displaying their ware at the frontage of other premises with very narrow access paths left for the premise customers.

**Figure 17** Formal entrepreneurs Relations with informal traders

<table>
<thead>
<tr>
<th>Conflicts between formal and informal enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unauthorized use of my facilities 3%</td>
</tr>
<tr>
<td>no conflict 7%</td>
</tr>
<tr>
<td>loose of aesthetics 3%</td>
</tr>
<tr>
<td>visual obstruction 4%</td>
</tr>
<tr>
<td>occupied parking spaces 14%</td>
</tr>
<tr>
<td>Attracted customers to my premises 10%</td>
</tr>
<tr>
<td>unfair competition 24%</td>
</tr>
<tr>
<td>obstruction of customers 21%</td>
</tr>
<tr>
<td>Environmental pollution 14%</td>
</tr>
<tr>
<td>no conflict 7%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009

Plate 9: Traders occupying building frontages

Source: Author, 2009
5.7. Environmental Standards and Services
The level of sanitation and hygiene in Kangemi is very low. The NCC has failed in maintaining this centre clean with some of the basic facilities like public toilets and waste collection being inaccessible or non existent. The food vendors along the roads are not trained on public hygiene.

5.7.1. Solid Waste Management
17.5% of formal traders complained of littering caused by the informal traders. 32% of customers connected environmental pollution to the informal traders. 47% used pit latrines, 23% used city council toilets but their location is difficult to access, while 13% had no access to any facility. The Nairobi City council has not located waste bins in the area, making it inconvenient for traders to properly dispose their solid waste. Traders in Kinare open air market have benefited from a toilet project by Kinare Self Help Group (KSHP).

Plate 10: Solid waste Disposal

Source: Author, 2009

5.7.2. Sanitation-Water and Sewerage System.
The centre lacks a proper network of the sewerage system. Only a section of the centre is served with a sewerage system. Waste water from hotels and open air food stalls drain along the roads, posing a health risk to both customers and the operators.
5.8. Infrastructure and Services

5.8.1. Transportation
Transportation in the centre is adequate. The centre is served by a major highway (Waiyaki way). There is a traffic interchange (fly over) which was constructed to make the access of the centre and its adjacent residential neighbourhoods convenient and safe. The terminal facility for matatu is on the fly over. There is a clear link between transportation and the informal sector. The informal sector activities are located along the road reserves. The proliferation of these activities along the road reserves have led to traffic congestion in the peak hours. A sufficient number of customers (32%) attributed the informal activities with congestion, with the formal entrepreneurs (21%) complaining of customer obstruction by the sector activities.

5.8.2. Parking Facilities in the Centre
The centre has adequate parking spaces though most of them are utilized by the informal activities. It emerged that the formal premise owners control the use of road reserves along Hinga drive. The formal entrepreneurs rented the parking spaces to the informal traders. 28% of the informal traders acquired space from the formal traders, while the formal traders benefited from renting space to the informal traders. The space charges range from 50-100 per day.
The occupation of parking spaces by informal traders has created congestion and difficult to access the blocked properties.

5.8.3. Street Paving and Storm Drains
The roads in Kangemi are poorly paved characterized by pot holes and dusty sections. The pedestrian paths are not paved. The plot owners in the centre have also not adequately paved their building frontages. During the rain season the traders are unable to trade due to improper articulation of storm drain and muddy conditions in the centre. Where there are storm drains, they have been blocked by solid waste disposal and negligence by the city council.
5.8.4. Street Lighting

The centre is not sufficiently lighted with only sections of the centre having functioning street lights. The section along Waiyaki way is well lighted and the matatu terminus area. Currently there is an ongoing street lighting project by the City Council to light the main streets in the centre, namely; Hinga Drive, Malenga Road and Muratha road.

The lack of sufficient street lighting has contributed to the rise in insecurity in the centre. 27% and 9% of the customers attributed the informal sector to insecurity and black market respectively. This could not be the straight picture owing to the fact that the high population in peak hours, coupled with lack of street lighting acts as a thriving environment for criminals.

5.8.5. Water Supply

The centre is served by the city main water supply. However there are no adequate water points for the traders in the centre. 83% of the traders had access to water and the average costs on water were Kshs. 350 per month. Car wash, salons, food stalls, groceries and Fresh juice stalls were the activities requiring constant access to adequate water.

5.8.6. Electricity

Electricity is major component of infrastructure to the jua kali sector. Activities such as light manufacturing (welding and furniture), services (salon, barber, electronic repair and street entertainment) and stalls dealing with juice and telecommunication kiosks in Kangemi are
served by electricity. The challenge is that the costs are high as they source the facility from the adjacent premises connected to the main grid. 69% of the traders in need of electricity had access to the main power supply while 31% had no access, and were forced to use portable power supplies such as generators and portable batteries.

Figure 19: Access to main power line

5.8.7. Storage Facilities
Storage is major challenge facing the informal sector in the centre. Lack of storage facilities has forced the traders to hire the facilities from the formal enterprises which are expensive. Others found it cheaper to carry their goods on daily basis from the houses to the centre. Half of the traders (53%) lacked access to any form of storage in the centre while 43% opted to carry their items home after working. The traders were charged Kshs. 200 to Kshs. 3000 per month for storage.

5.9. Management
The management of the centre is under the City Council of Nairobi through the Ward management office of Kangemi. The management has not been effective in meeting the growing urban challenges in the centre. The adjacent Kangemi slum settlement has a very high population relying on the centre.

5.9.1. Management of the centre
The city council collects waste along Waiyaki way and not within the centre. Information obtained from the ward office revealed that the waste management in the centre is the obligation of premise owners. The council ceased these services due to the increased waste disposal from the slum settlement households to the centre, who evade paying the service fees. The organization of traders along Waiyaki way (Kinare-Kangemi open air market) manages that section. Poor management of the centre has consequently led to environmental pollution, congestion and poor working conditions.
5.9.2. Legal Framework and Regulations
There seems to lack clear policy guideline from the city council regarding the operation of informal sector activities in the centre. The only regulations imposed on the informal traders is the payment of trading fees which range from Kshs.25 to Kshs.100. Street vendors and hawkers pay Kshs. 25 while the medium and small scale enterprises within stalls pay Kshs. 50 or Kshs. 100 depending on the scale of the enterprise.

The city council regulations have however not impacted positively on the informal sector. 19% of the traders complained of harassment and threats of eviction. There were also others complaining of extortion (15%) and high fees charged (15%) by the council. The council on the other side complained of traders who resist or evade paying the charges. Only 6% percent of the traders credited the City Council.

5.9.3. Institutional organization of the entrepreneurs
The informal traders in the centre lack a forum where they can articulate their issues. Only the traders along Waiyaki way have formed an organization with an estimated membership of 900 traders. The traders’organization name is Kinare- Kangemi open air market; the word kinare is slug Swahili word meaning confrontation or fire. This group was formed in the year 2007 by the traders after tension between the traders in Kangemi Harambee market and the traders along Waiyaki way road reserve intensified. The traders in the Harambee market complained of unfair competition and obstruction of customers to the market.

The Kinare traders have also a youth enterprise group (Kinare Self help Youth Group). The group has benefited from the government youth fund; where they have constructed a toilet facility charged Kshs. 5 for the traders use. They have also constructed a gate to the abutting Primary school and employed two guards to protect the children from outsiders and market activities.

The traders along Hinga Drive, Muratha and Kangemi Road are not organized and only groups of cartels control trading in these sections. In view of improving the informal sector in Kangemi, the traders suggested the availability of more space, construction of decent stalls for them, access to credit, spatial reorganization of the streets and licensing to control extortion, among other opinions. So far no quantifiable efforts have been undertaken to improve the informal sector in Kangemi. The traders still, find it difficult to access financial assistance from the micro finance institutions, due to the lack of collateral.
5.10. Synthesis of Research Findings
The informal sector in Kangemi experience a number of challenges which inhibit its realisation of optimum production which has translated into it having low income returns. The centre has not yet gotten the full benefits of the informal sector and while some view it as indecent, others and especially the operators take it as their livelihood. This discourse calls for the rational approach towards improving the status quo.

The main challenges facing the informal traders in Kangemi are; lack of security of trade, inadequate space to operate, poor infrastructure, environmental problems and congestion. These problems have not been addressed; the study shows that the informal sector itself lack the capacity to undertake programmes towards improving their status in the centre. The tangible government intervention is absent, likewise with the NCC which the centre falls under its jurisdiction.

5.9.1. Spatial Issues
Space is the most valuable resource in the urban area. Economic growth and wealth creation takes a spatial dimension and without space one is unable to create income. The negotiation of urban space between the two sectors of the economy has often benefited the formal sector leaving the informal sector to search struggle for economically feasible urban spaces. The informal sector in Kangemi is no different; the traders have been forced to occupy the road reserves as the only available space. The road reserves are not even adequate for them, which has forced some to be hawking their wares and occupying parking spaces.

The allocation of these informal spaces is not at all times for all willing to trade. There are inner cartels within the informal traders who often control market activities at their clusters. Such groups were observed along Hinga Drive, along Waiyaki way and at the *matatu* terminus; these are the most clustered sections of the centre. The available spaces are not in favourable standards, the spaces are characterized by poorly paving, poor drainage, and makeshift stands. These informal trading areas make the traders to operate under uncertainty due to the continuous harassment from the NCC enforcement officers and other traders.

5.9.2. Supporting Infrastructure
The traders are unable to access most of the infrastructure services and facilities. Water is inadequate in the centre and its accessibility is further constrained by costs. The centre lack evenly distributed water points. Street lighting is an issue in the centre. Lack of street lighting has increased crime levels in the area, an aspect being blamed on the informal trading
activities. The NCC has also failed in waste collection, which forces the traders to burn their solid waste on street causing air pollution. Others prefer dumping it on the road drains. The storm water reticulation is a big challenge. This forces the informal trading activities to grid into a halt during the rainy season. Waste water from the food kiosks is also not drained in the mains sewer, but drains on the road sides posing a health disaster in waiting.

5.9.3. Institutional Issues
There is no policy framework in the NCC concerning the spatial planning guidelines for the informal sector. The City council has contributed to the low productivity in the informal sector through harassment, eviction and negligence of infrastructure provision in informal sector agglomerations. The strict regulatory system from the urban authorities has led to lack of trading security. The informal traders are also not well organized, which has weakened their capacity to articulate their rights to the authorities. Government policies targeting the informal sector have not performed well in Nairobi, owing to poor coordination in the implementation phases, which have consequently led to increased urban informality. It is apparent from the study that slum settlement upgrading programmes cannot be successful without the incorporation of economic dimensions of the residents.

The study revealed that there is an increasing level of formal schooling in the informal sector. However the informal sector has not greatly benefited from this due to the existence of the numerous challenges facing it, especially the inadequacy of skill empowerment.

Table 9: Constraints and Opportunities

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>High population provides market for the informal sector</td>
<td>Inadequate infrastructure</td>
</tr>
<tr>
<td>Available space for expansion</td>
<td>Lack of a policy framework for spatial organization of Informal sector</td>
</tr>
<tr>
<td>Licensing the informal traders will increase revenue</td>
<td>Poor organization of traders</td>
</tr>
<tr>
<td>High demand for cheap goods and services</td>
<td>Absence of stakeholder consultation</td>
</tr>
<tr>
<td>Strategic location of the centre links properly with the CBD</td>
<td>Environmental pollution</td>
</tr>
<tr>
<td>Cartels within the informal sector</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the Author, 2009
Figure 20: Summary of research findings

**Institutional**
- strict regulatory environment
- harassment and eviction
- lack of financial support

**Planning**
- inadequate spaces
- territorial defence of space
- lack of adherence to standards
- poorly paved spaces

**Infrastructure**
- inadequate facilities
- lack of storage facilities
- inaccessibility of public toilets
- Poor storm water reticulation
- poor street lighting

**Formal-Informal Relations**
- Conflict in space utilization
- extortion of informal traders by formal ones
- unfair business competition

**Kangemi Informal Sector challenges**

Source: Author, 2009
CHAPTER 6
RECOMMENDATIONS AND CONCLUSIONS

6.1. Overview
The importance of the Kangemi informal sector cannot be in any form be overlooked. There is a need to shift perception and differentiate informality and ‘illegality’ when analysing the informal sector. The failure by the Nairobi formal sector to cope with the increasing labour supply has led to unemployment and underemployment. The informal sector has chipped in to reduce the employment deficit and absorb the surplus labour force, and alleviation of urban poverty. The modern focus to urban informality in many developing countries is how to integrate the informal sector in the urbanisation process with the least inconveniences. Policies have been formulated at national and at city wide level in Nairobi, to solve the informality dilemma. If the informal sector is regarded *ipso facto* as illegal, future urban plans in the city will not succeed without accommodating this sector in the urban space.

Nevertheless, little success has been recorded, largely attributed to the absence of shared strategic vision among the stakeholders, hence hindering effective implementation of programmes. The NCC programme to allocate street hawkers and vendors back lanes, aborted at its inception stages, due to complain from the retailers. The recent construction of Muthurwa market has to an extent recorded tangible success, though the goal of the project is yet to be fully achieved. Projects of on-street accommodation of informal retailers have been well embraced by the retailers, the public and other stakeholders. An example of such projects is the Nairobi Hospital kiosks and Globe Cinema round about terminus.

However in Kangemi, a centre rapidly urbanizing, the NCC has not initiated planning programmes to accommodate the informal retailers who operate on road reserves and in poor working conditions. The informal sector in Kangemi is vital for the livelihood of many households in the adjacent informal settlement. The government and the NCC need to come up with a coherent informal sector development policy, planning regulations and financial lending schemes targeting the modernization of the informal sector in the city. It is in connection to this that, the study recommends the following:

6.2. Institutional and Legal Framework
As the city grows the cost per unit of urban spaces appreciates. These forces continue to push out the poor and open spaces, making planning decisions even more complex and significant.
Poor spatial arrangement hinders good growth. The NCC has not been on the fore to match the phase of the city dynamics, plans prepared become expired before formalities and logistics are worked on. The successful modernisation of the informal sector lies within a comprehensive policy frame from the authorities. The government and the NCC need to come up with a coherent policy under which the informal sector will be regulated through. Such policy should be formulated in collaboration with all stakeholders. Involving all stakeholders will cultivate the culture of self regulation within the informal sector.

Registration and issuing of licenses to informal traders in Kangemi is necessary. This will guarantee the traders, security of trade and also generate more revenue to the City Council. This revenue should be ploughed back in the centre to improve service delivery in Kangemi. The licences will also regulate the number of traders at certain locations; hence help reduce the problem of congestion. A transparent and rational method of issuing the licences should be followed to avoid displacement of traders or cause of conflict. Methods like balloting and auctioning can be applied to issue spaces in the centre. However each method has its own merits and demerits and none if perfect in allocating spaces, rationality and collective decision making should be applied.

The establishment of training institutions to develop skills among the informal sector retailers is important in increasing the level of technology in the sector. The study found out that the majority of traders lacked skills in entrepreneurship, production and marketing of their goods and services. Developing skills will facilitate the expansion of enterprises hence the hastened transition to the formal economy. Such institutions should be established at Kangemi, where the traders can easily access.

The informal sector in Kangemi deserves representation and voice in decision making. The existing Kinare-Kangemi Open air Market organization should be strengthened. Traders and artisans along Hinga Drive, Murata road and Malenga road need to establishment their organization to voice their issues to the authorities. This will minimize conflicts and increase participation in decision making. Through the organizations traders are able to mobilize resources from the government, NGOs and other possible funding institutions for financing projects.

The government, as articulated in Kenya Vision 2030 should hasten the process of reducing the stringent business registration requirements. By lowering the costs, many small scale enterprises can register and move from informality to formality.
Threats and harassment of traders by the authorities should cease. The eviction of traders from the Waiyaki way road reserve should only be done in a pragmatic approach, where relocation to appropriate sites is recommended. Considering the number of traders along the Waiyaki way road reserve, the government should come up with effective relocation programmes within the centre and restriction on the road side activities to control loss of livelihoods. The City Beautification programme should encompass the informal traders who use streets and road reserves as part of the programme. The eviction of traders in justification of city beautification should be minimized.

The recognition of property titles as a mechanism to access of credit facilities is fundamental. Collateral requirements by lending institutions present further hurdle in a sector where property ownership is not formalised. The separation of property between the individual and the entrepreneur is usually conducted by creating firms of a diverse legal nature and diverse degrees of complexity. Requirements associated with this simple process entail a fiscal cost, as well as conformity with a series of rules that render this enfranchising step towards formality a complex one. Simplification of the process could be through conferring legal status to the Kangemi entrepreneurs along with the business licence.

6.3. Urban Planning and Development

The task of spatial accommodation of the informal sector is difficult to urban planners and policy makers. There have been projects of planning for the informal sector in the city, where some have failed while others have yielded success. The planning success for the informal sector activities lies on the approach used and the space standards applied in allocating traders for working. In Kangemi the traders lack formal planned spaces for trade, inadequate infrastructure, and scarcity of space which has compelled them to the task of territorial defence, which is even made more complex by extortion from different quarters.

Two approaches need to be used to accommodate the informal sector in Kangemi, the first approach is spatial reorganization of the streets to accommodate compatible on street activities; food kiosks, shoe shining, mobile phone kiosks, and mobile vendors. The second approach is through relocation to a defined site within the centre. In this second approach the redevelopment of the existing Harambee Market is recommended to accommodate more traders. The light manufacturing, garages and carwash need to be accommodated in their own cluster.
The above process should be done through participatory planning. The planners need to bring aboard all stakeholders in the centre; informal sector task team, formal traders’ task team, NGOs, and the Ministry of Roads. Through this, the input of every interest group will be discussed and a consensus arrived at. It is during such forums, where the stakeholders will agree on the best approach, best method of allocating space to reduce future conflicts.

The centre has a major transport infrastructure along the Waiyaki way; a traffic interchange which if well managed can greatly contribute to the development of the centre. This can be achieved through proper planning to reduce traffic congestion and increase trading activities. Transportation facilities are usually associated with informal trading activities like the case in Kangemi. Integration of traders and the other road users should be approached consciously.

Special treatment through implementation of a strategy capable of reconciling the public’s right to enjoy public spaces and the right of the informal traders to generate income. Future Development plans for Nairobi should consider allotting spaces for the informal activities. The design and layout of stalls should maximize economic gains. One of the reasons why formal markets have not successfully solved the informal sector dilemma is because the design and layout of stalls is not according to the preference of the traders. Cases of traders returning in their old areas, extending spaces and crushing over spaces are common in such projects. The design should consider that varying activities in the informal sector have varying space requirements. Designing uniform spaces for all traders is not recommended, but variance in space design.

To reduce visual informality in Kangemi, an aesthetic design of mobile stalls and pushcarts vital. This will include the provision of protective covers to the traders to reduce the effects of extreme weather such as sun and rain.

**6.4. Infrastructure facilities and Services**

Kangemi lack adequate infrastructure to support the centre’s population. The available infrastructure was developed many years back with a target population much lower than the current size. Water is not easily accessible to the traders especially the food stalls and groceries that have high demand for the commodity. Water points need to be sited at strategic locations along the streets to increase accessibility. Another infrastructure issue which require immediate development is the strategic construction of toilets and expansion of the sewerage network to serve the centre. This will increase the level of hygiene in the informal sector activities dealing with foods.
Power supply is a major concern to the light manufacturing activities and garages. This has made those activities to be located at the core of the centre posing a risk to the pedestrians. A new site, fully developed with infrastructure is required for them in order to reduce the risk of accidents to the pedestrians. Street lighting should go hand in hand with power supply. The ongoing project should be hastened and extended to all roads within the area to reduce crime.

There is an urgent need for improved solid waste management through the collection of garbage in the shopping centre. The NCC need to lower the charges for waste collection, in order to encourage informal traders to properly dispose their waste. Another approach could be the formation of environmental youth management group in the centre; which will collect solid waste at profitable fees. This venture will create more employment and keep the centre clean. The construction and rehabilitation of storm water drains is urgently needed. The blocked drains pose a health hazard, while areas without drains become difficult to trade during the rain season.

The NCC need to collaborate with partners such as NGOs and CBOs, in the provision of infrastructure services in Kangemi.

6.5. Management and Coordination
The sustainability of Kangemi lies in the manner of management in the centre. Currently the numerous challenges experienced in the centre are as a result of poor management and coordination among agencies.

6.5.1. Role of Nairobi City Council
The research recommends that the management of Kangemi be very strong at the NCC ward level. The decentralization approach in managing the development of the centre is highly recommended. The city council need to initiate a collaborative approach in managing and coordination activities and space utilization in Kangemi. The fees charged from traders should be utilized to ensure that environmental standards are adhered to in the centre through provision of services and infrastructure facilities.

The NCC should employ more staff to increase the personnel at the ward officers other than just having revenue collectors in the offices. The implementation of projects in the centre should be properly coordinated and ensure that all partners are involved.

Partnership with the traders is vital for the success of any programme initiated in Kangemi. This partnership should include all interest groups within the informal sector, formal sector and the community. This approach is entrenched in the Millennium Development Goals and
it also facilitates empowerment in the community. The city council should be at the fore front of initiating development projects towards modernisation of the informal sector in Kangemi.

6.5.2. Role of Kangemi Informal Sector
The largest contribution by the informal sector is through formation of strong union that will represent them in decision making forums concerning development in the centre. The research recommends that the traders through this organisation embrace the virtual of self regulation and self compliance.

The entrepreneurs should develop land use ceiling and develop specifications. Through an association such specifications can be effectively agreed on. Such regulation should include the number and type of trade allowed and where, environmental standards through practising appropriate waste disposal, and hygiene and quality control in food handling activities.

Figure 21: summary of Study Recommendations

6.6. Areas of further research
The low income generation in the informal sector is significant. Considering that the informal traders work for long periods even at times without a vacation, it still is not clear why
majority are still poor. It needs further investigation to reveal the forces lying behind this. This information will be very essential in establishing which ventures are the most profitable and what are their requirements in terms of space and capital.

The study recommends further investigation in the formal informal relations in the space. The control of urban space by the formal sector especially in the small centres require further investigation to reveal how it has affected the informal sector. Still there is no clear method of measuring the informal sector in Nairobi. This information is very important in formulating policies and development programmes for the informal sector in Nairobi.
Select References


**Internet**


Www.Infochangeindia.Org


Rukmana, D. 2007. *Urban Planning and the Informal Sector in Developing Countries* - 9/12/2008; 18.00 Hours


Westlands Constituency Development Fund 2006-9/12/2008; 18.00 Hours


Appendices

Appendix 1. Informal Entrepreneurs Questionnaire
UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B.A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN KANGEMI

Questionnaire for Informal sector Entrepreneurs

Declaration: This information is confidential and will only be used purely for academic purposes. Your assistance will be greatly appreciated.

Study Area: Kangemi

Date of Interview.................................
Name of interviewer..............................Questionnaire No..............................

(In the boxes tick where appropriate)

Part one: background information

1. a). Gender
   i). Male          ii). Female

   b). Marital Status
   Married      Single      Divorced      Separated

   c). How many are you in the household?........................................................................

   d). what is your age?
   □ 15-20 □ 21-25 □ 26-30 □ 31-35 □ 36-40 □ 41-45 □ 46-50 □ over 50

2. Nature of business ownership?
   i). Sole proprietorship         ii). Partnership
   iii). Family owned         iv). Other (specify)..........................

3. Education attainment
   i). No education       ii). Primary         iii).Secondary
   iv). Tertiary          v). Vocational training

4. Where do you live?
   Kangemi      Uthiru      Kabete      Westland      Other (specify)

Part two: Nature of business

5. Nature of Enterprise by the Good/Services

<table>
<thead>
<tr>
<th>Type of Good/Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
</tbody>
</table>

6. Where do you source your goods?

7. a). Do you own any other business enterprise?

    b). If Yes where..........................................................
8. When did you start the business? (Year)..............................
9. What made you start the business?
   □ Unemployment
   □ Generate extra income
   □ Other (specify).................................................................
10. Where did you get your capital to start the business?
    Own saving □ Informal borrowing□
    Loan □ Other (specify)......................................................
11. How many workers do you have?...........................................
12. Are you licensed to operate the business? Yes □ No □

Part 3: Space and security of Trade
13. Do you have an ownership document for the space you occupy?
    Yes □ No □

b). How is space allocated to traders in Kangemi?
   City council □ Traders Association □ Illegal groups □ Self allocation □
c). What made you choose this location for your business?
...............................................................................................................................

14. What is the approximate income you make per month/per day?
   Per day-Kshs..................per month-Kshs...................
15. For how long do you operate the business in a day?
..........................................................................................................................

Part 4: Infrastructure Services
16. How do you dispose human waste?
   □ Septic tank □ Pit latrine □ other (specify)

b). How do you dispose solid waste?
   □ City council collection □ Incineration □ Hire waste collectors □ other (specify)
17. Do you have access to?

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
<th>Costs per/month (Kshs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part 5: Policy
18. Do you receive support from?
   a). Government Yes □ No □ b). City Council Yes □ No □ c). NGOs Yes □ No □

19. How has the City Council regulations affected the ōua kaliōsector
.................................................................................................................................

20. What do you think should be done to improve the ōua kaliōInformal Sector in Kangemi?
.................................................................................................................................

Thank you
Appendix 2: Formal Sector Traders Questionnaire
UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B. A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN KANGEMI

Questionnaire for Formal sector Entrepreneurs

Declaration: This information is confidential and will only be used purely for academic purposes. Your assistance will be greatly appreciated.

Study Area: Kangemi

Date of Interview...........................................................
Name of interviewer.....................................................
Questionnaire No..........................................................

(In the boxes tick where appropriate)

PART ONE

1. Gender Male □ Female □

2. Nature of Business Premise Ownership?
   Sole proprietorship □ Partnership □ Family □ Other (specify) □

3. Type of Business?
   Hardware □ Wholesale □ Chemist □ Supermarket □ Retail shop □ other (specify) □

4. Number of employees?......................................................................................................

PART TWO

5. Do you benefit from the informal sector activities in this centre?
   Yes □ No □

b). If Yes How?
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

6. Are there informal sector vendors fronting your premise?
   Yes □ No □

b). If yes how have they affected your business?
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

7. What do you think is the best solution for informal sector activities in Kangemi?
   Re-location □ Spatial re-organization of the streets to accommodate them □
   Eviction □ Remain the way it is □

Thank you
Appendix 3: Informal sector Traders Questionnaire

UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B. A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN
KANGEMI
Questionnaire for Informal Sector Customer

Declaration: This information is confidential and will only be used purely for academic purposes. Your assistance will be greatly appreciated.

Study Area: Kangemi

Date of Interview...........................................................
Name of interviewer........................................................Questionnaire No.................................

PART ONE
1. Gender
   Male   Female
2. Place of residence
   Kangemi   Westlands   Mountain view   Uthiru   Other (specify)................

PART TWO
3. Why do you prefer buying goods from the informal traders/ hawkers?
   Cheap products   
   Easy to access the traders   
   Boost their income
4. Do you think the Jua kali/Informal traders have been a benefit to the people?
   Yes   No
   b). If yes how?
   ...............................................................................................................................
   .............................................................................................................................
   .............................................................................................................................
   .............................................................................................................................
5. Have the Jua kali/Informal traders caused problems in Kangemi?
   Yes   No
   b). If yes How?
   Congestion   Environmental Problems   
   Insecurity   Other (specify)........................................
6. What is your opinion on how to improve the development of informal sector/Jua kali sector in Kangemi?
   .............................................................................................................................
   .............................................................................................................................
   .............................................................................................................................
   .............................................................................................................................

Thank you
Appendix 3. NCC-City Panning Department Interview schedule

UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B. A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN
KANGEMI

Interview Schedule to the City Planning Department

Declaration: This information is confidential and will only be used purely for academic purposes. Your assistance will be greatly appreciated.

Study Area: Kangemi  Interviewer: Mwau Baraka  Date of Interview: ......................

1. What factors have contributed to the development of informal settlements in Nairobi?
2. How did Kangemi informal settlement come up?
   b. What is the estimated population of the settlement?
3. In slum upgrading programmes do you consider the informal economic activities of the people?
4. The shopping centre located in Kangemi is a major agglomeration of the urban informal economy, have you taken any measures to improve the shopping centre to assist the informal traders?
5. What do you consider to be the planning challenges associated with the proliferation of informal sector activities?
6. What planning guidelines has the council formulated to address the challenge of urban informality?
7. What do you consider to be the relation with informal settlements and the growth of Informal sector activities in Nairobi?
Appendix 4. Informal traders Representative-Interview Schedule

UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B. A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN
KANGEMI

**Interview Schedule to Kangemi Traders Representative**

**Declaration**: This information is confidential and will only be used purely for academic purposes. Your assistance will be greatly appreciated.

**Study Area**: Kangemi

Date of Interview: ........................................

1. When was the centre started?
2. What factors has led to the development of Informal sector/jua kali in Kangemi?
3. Are the informal sector entrepreneurs in Kangemi licensed?
4. How much do they pay to the council as trading fee and service fees?
5. What is the total number of informal enterprises in Kangemi?

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th>Number of Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

6. What guidelines doe in allocating space for the informal sector entrepreneurs?
7. How do you resolve conflicts of space occupation and utilization in Kangemi?
8. What are the problems being faced in Kangemi as a result in the expansion of the informal sector/jua kali sector?
9. Where do majority of the Informal sector traders come from?
10. What do you think is the way forward for the informal sector in Kangemi?
Appendix 5. Checklist

UNIVERSITY OF NAIROBI
DEPARTMENT OF URBAN AND REGIONAL PLANNING
B. A PLANNING IV 2008/2009: PLANNING RESEARCH PROJECT
PLANNING CHALLENGES FOR INFORMAL SECTOR ACTIVITIES IN
KANGEMI
Checklist

1. Encroachment to circulation spaces
2. Nature of stalls and structures

*Space Occupation*

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th>Measurement (M)</th>
<th>Area (M²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Condition of storm water drainage
4. Interaction between traders and customers
5. Variation in activities

<table>
<thead>
<tr>
<th>Morning</th>
<th>Noon</th>
<th>Evening</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Existing thematic and spatial organization of space
7. Circulation and the informal Sector activities
8. Space Utilization relations between informal and informal activities
TO WHOM IT MAY CONCERN

RE: MWAU CHARLES BARAKA - B65/0403/2008

The above named person is a bona fide undergraduate student in the Bachelor of Arts Programme (Urban and Regional Planning) here at the University of Nairobi.

He is currently collecting data for his research project, and is therefore desirous of your assistance in this exercise.

Any assistance accorded, to enable him fulfill his degree requirement will be highly appreciated.

[Signature]

Prof. Peter M. Ngau
Chairman,
Dept. of Urban and Regional Planning

University of Nairobi
Department of Urban and Regional Planning
Faculty of Architecture, Design and Development
P.O. Box 30197, Nairobi, Kenya
Telephone 254-2-2718548
e-mail: dudr@uonbi.ac.ke

DATE: 10th Dec 2008