

Executive Summary

Street Vendors in Nakuru, Kenya

Recent advancements in official statistics show that informal employment accounts for as much as 80 per cent of total non-agricultural employment in most of sub-Saharan Africa. Though some studies offer theories to explain the persistence and growth of informal employment, few have evaluated the grounded realities of work in the informal economy. The Informal Economy Monitoring Study (IEMS) seeks to fill this gap, providing credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the informal economy over time in 10 cities across nine countries. This report examines street vending – one of three sectors (along with home-based work and waste picking) explored as part of the IEMS – in Nakuru, Kenya. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis.

Both qualitative and quantitative methods are used in this study. The qualitative component consists of a participatory informal economy appraisal (PIEA), an innovative method designed to capture systematically the perceptions and understandings of 75 informal workers, in their own words, in a focus group setting. The quantitative component consists of a survey questionnaire administered to the focus group participants, plus another approximately 75 workers for a total of about 150 per city-sector. The questionnaire is designed to supplement the data collected through the focus groups by collecting

information on the household profile and income sources of the workers; the asset profile of the workers' households; detailed information on the workers' enterprises; and linkages between the informal economy and the formal economy. The sample is comprised of women and men who are members of the Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT) and who trade in the Central Business District, both within and outside "the stage" – a confluence of bus stops/ stages with heavy foot traffic in central Nakuru.



Photo: P. Mburu

Findings

The study found that 9 in 10 street vendors in Nakuru rely on informal work as the main source of household income, whether from street vending or from the informal activities of another household member. About 91 per cent of men and 74 per cent of women (83 per cent overall) live in households for which their work as a street vendor is the main source of household income, and another 10 per cent rely on earnings from informal work by other household members. Just four per cent name formal employment as the primary source of household income; only 14 per cent have a formal worker in the household. Two per cent access government grants and less than one per cent have access to a pension. This heavy reliance on income from informal work does not reflect extremely low levels of education, however; over half the sample has at least some secondary education, and 13 per cent have post-secondary education.

The location of the street vending enterprise has a significant influence on working conditions for street vendors in Nakuru. Inside the stage, vendors are more likely to be mobile hawkers, with less stock, lower turnover, and fewer expenditures than vendors outside the stage. Vendors outside the stage are six times more likely than those inside the stage to have paid helpers who can manage the enterprise when the vendor is unable to work. Vendors inside the stage have stronger linkages to formal enterprises: nearly half of vendors inside the stage use formal enterprises as their suppliers, compared to 37 per cent of vendors outside the stage; the latter are more likely to produce their own goods or source them from other street vendors.

Driving Forces

The study found value chain dynamics to be the most significant driving force in Nakuru's street vending sector. Above all, a lack of capital was identified as the most common and significant problem in the sector. Street vendors related the lack of capital both to low and decreasing demand for goods and to difficulty accessing or repaying loans. Without sufficient capital, vendors are unable to maintain stock levels and keep customers; several reported that they are unable to meet their own daily needs as a result. Nearly 78 per cent of vendors said there were too few customers for their goods; the same percentage reported low profits as a problem, and two thirds complained of large variations in their income.

Urban policies and other driving forces related to the city also influence street vendors' working conditions. Harassment on the part of city authorities and a lack of space for vending accounted for more than half of the mentions of city-related factors in focus groups. Vendors reported that harassment often entails or leads to arrests, confiscations of merchandise, and demands for bribes, which reduce the earnings on which their households rely. Basic



Photo: P. Alburu

workplace amenities are also lacking for many vendors; two-thirds do not have access to running water and one-third lack access to a storage facility. Although high prices and a slow economy were also cited as negative macroeconomic forces, 62 per cent thought they would be able to increase their sales in the next year, and nearly two-thirds of vendors thought harassment had gone down in the past year.

In response to the challenges associated with low and falling revenues, four out of five street vendors reported that their response is simply to cut down on personal expenses. Yet institutional interventions, such as more favourable interest rates, less asset repossession, better workplace infrastructure and more affordable licences, were viewed as potentially helpful support mechanisms. Vendors' contributions to the urban economy – as buyers from formal enterprises (including modern, multinational firms), informal firms and farms; as distributors of goods to the general public; as generators of jobs for carriers, porters, security guards, and storage space operators; and as taxpayers – call for a policy framework that can help mitigate the many sources of income loss and thereby help protect the earnings on which vendors' households rely.

Recommendations

The following policy recommendations build on the key findings of the IEMS study of street vendors in Nakuru:

- 1. Inclusive policy environment:** Given its significant role in the urban economy, the street vending sector in Nakuru should be provided with a statutory bargaining forum in which structured dialogue with local government can address deficits in working conditions that undermine livelihoods and limit household income. This forum should address, in particular, fairness and transparency in licensing schemes; the elimination of everyday harassment of vendors, especially women, e.g.

through an identity card programme and/or training of local security forces; and improvements in basic workplace infrastructure.

2. **Productive formal-informal linkages:** The terms on which street vendors engage in transactions with private banks and formal sector suppliers should be monitored and regulated so that small and micro enterprise stability, productivity and growth are supported.
3. **Access to grants, pensions, and small business support:** Households of street vendors and other informal workers should be targeted in eligibility and registration drives for government grants, pension schemes, and small business support facilities.
4. **Participatory urban design:** Street vendors and their membership-based organizations (MBOs) should work collaboratively with local government to design more appropriate vending zones and facilities inside the stage and at other natural markets where vendors and pedestrians congregate.
5. **Local economic development partnerships:** Local government should identify mechanisms for local economic development partnerships with street vendors and other business actors, e.g. to support collective wholesale purchases by street vendors and boost overall demand for goods and services.



Photo: P. Alburu



Inclusive Cities: Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

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