Exploring Vulnerability among Small Scale Traders in the Informal Sector in Nairobi, Kenya

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**Table of Contents**

*List of Figures* .............................................................................................................. ii  
*List of Tables* ............................................................................................................. iii  
*List of Acronyms* ...................................................................................................... iv  
*Executive Summary* .................................................................................................... v  

1.0 **Introduction** ........................................................................................................ 1  
1.1 Background to the study ....................................................................................... 1  
1.2 Purpose of the Vulnerability Study ....................................................................... 2  
1.3 Research Questions ............................................................................................... 2  

2.0 **Exploring Vulnerability in the Informal Sector – A review of the Literature** ............ 4  
2.1 Introduction ........................................................................................................... 4  
2.2 Conceptualising key terms .................................................................................... 4  
2.3 Determinants of Vulnerability in the Informal Sector ............................................ 6  
2.4 Coping Strategies: Institutional and Individual/household responses to Vulnerability in Informal Sector .................................................................................. 9  

3.0 **Methodology** ....................................................................................................... 12  
3.1 Analytical Framework for the Vulnerability Study ................................................ 12  
3.2 Approaches to collecting data for the Vulnerability Study .................................... 13  
3.3 Sampling ................................................................................................................ 13  
3.4 Data Processing and Analysis .............................................................................. 15  
3.5 Ethical Considerations ........................................................................................... 15  

4.0 **Findings - Measuring Vulnerability in the Informal Sector in Nairobi City** ............ 16  
4.1 Characteristics of respondents .............................................................................. 16  
4.2 Vulnerability driven by inadequacies of the spatial planning framework ............... 16  
4.4 Vulnerability driven by shocks ............................................................................ 22  
4.5 Vulnerability driven by the regulatory regime ....................................................... 27  
4.6 Sexual and Gender Based Violence (SGBV) and vulnerability in the informal sector .... 31  
4.7 Interrogating the coping strategies against vulnerability in the informal sector ......... 33  

5.0 **Conclusion and Recommendations** ..................................................................... 46  
5.1 Conclusion ............................................................................................................. 46  
5.2 Recommendations ................................................................................................. 47  

6.0 **References** .......................................................................................................... 49  
*Appendix* .................................................................................................................... 55
List of Figures

Figure 1: Turner et al (2003) vulnerability analysis model ................................................................. 12
Figure 2: Is the space suitable for your business operations? .............................................................. 17
Figure 3: Reasons why space is not suitable for business .................................................................... 18
Figure 4: Do you face any security challenges because of the location of your business? .................... 19
Figure 5: How often do these [insecurity events] occur? .................................................................... 20
Figure 6: Do small scale traders with disability get any special support/services where you operate your business? ......................................................................................................................... 20
Figure 7: Are there infrastructures that support women to do business where you operate your business from? ............................................................................................................................................. 21
Figure 8: Livelihoods impacting shocks cited by respondents ................................................................ 23
Figure 9: Effects of rains on business .................................................................................................. 24
Figure 10: Impacts of illness on business ............................................................................................. 25
Figure 11: Effects of volatile political events on business ..................................................................... 26
Figure 12: Awareness of the composite of licences they are required of small scale traders .......... 27
Figure 13: Have you registered your businesses or got a license/permit from any relevant government institution? .................................................................................................................................................. 29
Figure 14: Do you pay any taxes? .......................................................................................................... 30
Figure 15: Some of the most cited taxes/levies paid by small scale traders ........................................ 30
Figure 16: Effects of the existing tax regime on their businesses .......................................................... 31
Figure 17: Cases of SGBV experienced/witnessed ................................................................................ 32
Figure 18: Occurrence of SGBV cases at home and at work .................................................................... 32
Figure 19: Awareness of mechanisms for dealing with SGBV .............................................................. 33
Figure 20: How did you pay for medical care over the past one year? ................................................... 34
Figure 21: Reasons for not making regular payments to NHIF .............................................................. 35
Figure 22: Proportion of respondents registered on NHIF .................................................................... 35
Figure 23: Reasons why you don’t make regular contributions pension scheme ................................... 36
Figure 24: Special support services for small scale traders with disabilities ......................................... 36
Figure 25: Confidence on efficacy of existing safety nets as coping mechanisms ................................. 37
Figure 26: Spatial planning initiatives of government for small scale traders ........................................ 37
Figure 27: Regulatory policy initiatives/incentives by government ......................................................... 39
Figure 28: Specific policy initiatives by government to improve regulatory environment for small scale traders .................................................................................................................................................. 40
Figure 29: Evidence of some policy initiatives by the county government to improve regulatory regime ................................................................................................................................................. 40
Figure 30: How much of the income from the business do you save in a month? ................................. 41
Figure 31: What method do you mostly use to save? .............................................................................. 42
Figure 32: Have you sought a loan/credit for your business? ............................................................... 42
Figure 33: Sources of credit for the business and during shocks ........................................................... 43
Figure 34: Over the past year have you been involved in a public engagement forums ....................... 44
Figure 35: Awareness of existing public participation forums and mechanisms .................................... 45
Figure 36: Preferred modalities for public engagement ........................................................................ 45
List of Tables

Table 1: Distribution of Overall Sample by Gender of the Respondents .............................................14
Table 2: Sample Distribution by Study Location and gender .................................................................14
Table 3: Targeted Key Informant Interview Respondents ........................................................................14
Table 4: Demographic characteristics of respondents .............................................................................16
Table 5: Are there designated business trade areas (like markets) where you usually do business? 18
Table 6: Challenges reported to be faced by PwDs in the informal sector ..............................................21
Table 7: Challenges regarding location of business ................................................................................21
Table 8: Frequency of occurrence of rains ...............................................................................................23
Table 9: Frequency of occurrence of an illness/sickness .........................................................................24
Table 10: Frequency of occurrence of volatile (sometimes violent) political events ...............................25
Table 11: All perceived shocks cited by respondents in the survey .........................................................26
Table 12: Some of the licenses and permits required of a small scale trader .........................................27
Table 13: Reasons for not registering business .......................................................................................29
Table 14: Registration for NHIF and contributions ...............................................................................34
Table 15: Proposals of respondents on how to improve spatial framework to assist small scale traders ..............................................................................................................................38
Table 16: Reasons for not being registered or acquiring licences or permits for their business activities ...............................................................................................................................39
Table 17: Savings and credit as coping strategies ....................................................................................43
Table 18: Frequency of attendance of public participation forums (Figures in %) .................................44
Table 19: Reliance on social capital during shocks ...............................................................................46
### List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGPO:</td>
<td>Access to Government Procurement Opportunities</td>
</tr>
<tr>
<td>CEDAW:</td>
<td>Convention on the Elimination of all Forms of Discrimination Against Women</td>
</tr>
<tr>
<td>CRC:</td>
<td>Women (CEDAW, 1979), the Convention on the Rights of the Child</td>
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<td>FGD:</td>
<td>Focus Group Discussions</td>
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<td>GDP:</td>
<td>Gross Domestic Product</td>
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<td>KII:</td>
<td>Key Informant Interviews</td>
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<tr>
<td>KNBS:</td>
<td>Kenya National Bureau of Statistics</td>
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<tr>
<td>NCPWD:</td>
<td>National Council for People with Disability</td>
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<tr>
<td>NGAAF:</td>
<td>National Government Affirmative Action Fund</td>
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<tr>
<td>NHIF:</td>
<td>National Health Insurance Fund</td>
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<td>NSSF:</td>
<td>National Social Security Fund</td>
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<tr>
<td>ODK:</td>
<td>Open Data Kit</td>
</tr>
<tr>
<td>PwDs:</td>
<td>Persons with Disability</td>
</tr>
<tr>
<td>RBA:</td>
<td>Retirements Benefits Authority</td>
</tr>
<tr>
<td>SGBV:</td>
<td>Sexual and Gender Based Violence</td>
</tr>
<tr>
<td>SMMEs:</td>
<td>Small Micro and Medium Enterprises</td>
</tr>
<tr>
<td>SPSS:</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>TISA:</td>
<td>The Institute for Social Accountability</td>
</tr>
<tr>
<td>UNECA:</td>
<td>United Nations Economic Commission for Africa</td>
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<td>VAT:</td>
<td>Value Added Tax</td>
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Executive Summary

It is now widely evident that the informal sector is a critical component of developing economies and precursor if not driver of economic development. It constitutes a substantive proportion of global production and remains a significant source of livelihoods especially in many urban settings in developing countries. Its implications for the Kenyan economy are enormous; in terms of job creation and production. It is also important because of its absorption of a significant proportion of women and other vulnerable populations who have been evidenced to face chronic inequalities, disadvantages and marginalisation.

Nonetheless, the informal sector in Kenya, as in many contexts across the world continues to receive inadequate attention in terms of policy and resource allocations that can catalyse its development and sustainability. Players in the informal sector are still largely regarded as illegal, non-compliant with regulation and least considered in distribution of public goods and services. As such, productivity in the informal sector remains low despite its enormous potential to improve livelihoods and combat poverty and contribute to economic development in the country. Where there have been some policy responses, they remain inadequate due to lack of effective implementation and lack of sufficient reliable data on the dynamics and circumstances of the people involved in the informal sector.

Essentially, informality has become one of the most daunting challenges to urban sustainability experienced in most developing countries. The informal sector remains a challenge that national and local governments grapple with as they are caught between helping the sector to promote employment and alleviate poverty, and enforcing the law. Questions therefore arise as to whether to deregulate/loosen the rules or strictly enforce laws/regulations governing informal sector. Meanwhile, these unresolved questions have led to or exacerbated vulnerability of segments of the population that participate in and rely on the informal economy for their livelihoods. Many in the informal sector therefore contend with diverse challenges that limit their ability to produce, to thrive and to improve their livelihoods.

Seeking to work with government and other stakeholders to improve the circumstances of small scale traders in the informal sector in Kenya, The Institute for Social Accountability (TISA) commissioned this study to explore the issue of vulnerability in the informal sector in Kenya and its implications on livelihoods considering how various aspects of regulation, economic, social and spatial planning policy contribute to or alleviate such vulnerability using small scale traders in Nairobi City County as a case study. The study aimed to inform interventions targeted at empowering small scale traders in the informal sector to take action and engage in governance decision-making in national and county planning and policy processes towards promotion of responsive informal trade, spatial planning, social protection and elimination of Sexual Gender Based Violence (SGBV).

The study pursued a three-pronged methodological triangulation approach entailing desk review, participatory quantitative (survey) and qualitative methods (FGDs and KIIs) involving extensive and intensive consultations with small-scale traders and key stakeholders. It sampled 388 small scale traders (272 – female and 116 – male) drawn from existing self-help groups in three sub-counties in Nairobi City County – Kibra, Westlands and Embakasi South. The sample included 61% youth, 72% women with mostly primary (39.4%) and secondary education (38.9%) and income levels lower than KSh 10,000 per month.

Overall, the study established that:

1. Typically, by virtue of the nature of the environment within which most of the urban poor in Nairobi city live, small scale traders in the informal sector are susceptible to multiple shocks – in the form of illnesses, harm remitted by insecurity, SGBV, violent political events among others that predispose them to substantive vulnerabilities.
2. Such typical vulnerabilities are exacerbated by inadequacies in spatial planning policy, insufficiencies in delivery of public goods and services (like water, healthcare, drainage and
waste management, energy and other infrastructure) and unresponsive social policies like social protection that ought to function as coping strategies or response mechanisms for dealing with their vulnerabilities.

3. There is a tendency of government policy or programmes to fail to reach or bypass the informal sector like the small scale traders considered in this study due to lack of sufficient public education on such policies/programmes. Whereas government had formulated policy targeting the informal sector and allocated resources for implementation, a lot of such effort seem to benefit those tended towards the formal sector and bypass those entirely out of the public sector radar (as in those registered or recognised by government).

4. The more effective coping strategies/response mechanisms for vulnerability amongst small scale traders in the informal sector in Nairobi City tend to be those emanating from the individual or household level rather than those initiated by government. During shocks, small scale traders seemed to turn to social networks for coping strategies like borrowing or savings or family support to cushion their businesses or support their expenditures.

5. Coping strategies initiated by government like social protection (NHIF, cash transfers for PwDs, or affirmative action programmes) appear to largely exclude this category of players in the informal sector. This is largely due to limited knowledge or misinformation, affordability challenges as they involve contributions that far outstrip their level of income, and require introduction into the formal realm like registration that many still prefer to stay away from.

Ultimately, vulnerability in the informal sector in Nairobi is the manifestation of decades of neglect and failed social and economic policy. Tackling vulnerability requires multifaceted approaches targeting alleviation of shocks and protection and improvement of endowments (in terms of productive assets). It is a daunting but necessary endeavour that requires concerted long term initiative - incremental but progressive action towards meaningful inclusion of most of the actors in the sector into the formal realm of the economy. The study urges, as recommendations, moving forward that TISA and partners:

- Lobby county government to consider reviewing the physical planning framework to allow designated spaces for small scale traders (especially the category considered in this study) to do business. This can be through built up specialised market stands/stalls or closure of particular public spaces and roads for small scale traders to sell on particular days of the week,
- Lobby county government to consider mapping areas within the city where small scale traders operate most and provide necessary infrastructure like drainage, sewer, waste collection, lighting and security services to reduce their susceptibility to shocks,
- Lobby county government to review regulations and codes to ensure humane handling of small scale traders during inspections, evictions and compliance monitoring activities,
- Lobby county government to consider working with NHIF to review the scheme’s contributions to accommodate low income earners like small scale traders. This can be either by reduction of contributions or subsidization by the county government. It could also be through designing a specialized package of care that NHIF can comfortably offer and small scale traders can afford,
- Lobby NHIF to increase education of its schemes targeting small scale traders in the informal sector and to increase outlets in informal settlements for more uptake amongst informal traders,
- Lobby county government to design a specialised package of relevant licenses and taxes for small scale traders and implement effective public education activities to increase awareness and importance of regulation and taxation amongst small scale traders,
- Encourage CSOs to work with small scale traders to increase knowledge of their rights as small scale traders and enhance their capacity to organise and engage government – demand accountability for service delivery,
- Consider implementing projects aimed at building capacities of small scale traders on: business management, savings, access to credit facilities, business registration, licencing, taxation and public participation,
- Build synergies with CSOs that are implementing projects with similar components on sexual and gender based violence, security, water, sanitation, health and enhancing capacities of small scale
traders within the informal sector. Example include “Wezesha Jamii” project being implemented by Oxfam, National Organization of Peer Educators (NOPE) and SITE Enterprise Promotion. The project focuses on improving circumstance of small scale traders living in the informal settlements of Nairobi.

- Lobby national and county government to roll out public education programmes on affirmative action programmes aimed at improve circumstances of women, persons living with disability, youth and men. Some of these programs include Access to Government Procurement Opportunities (AGPO), Uwezo Fund, Youth Enterprise Fund, Women Enterprise Fund, National Government Affirmative Action Fund (NGAAF), Cash Transfer Program and Tax exemption among others, and
- Since social networks and self-help organisation remains a cogent coping strategy for small scale traders, consider working with already established alliances of small scale traders like Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT) or develop functional groups and federations through which they can bargain with government for better policy and delivery of public goods and services.
1.0 Introduction

1.1 Background to the study

It is now widely evident that the informal sector is a critical component of developing economies and precursor if not driver of economic development (ILO, 1993; Wilems, 2006; Benjamin, 2014; Stuart, Samman and Hunt, 2018). Schneider and Enste (2003) estimate that the informal sector represents up to 20% of global output in developed countries. It contributes even more substantively to the output of developing countries accounting for about 40% of GNI in most developing countries (Benjamin, 2014). In many developing countries especially in sub-Saharan, South Asia and South America, the informal sector represents a critical source of livelihood to a majority of the poor (Tilerman, 2012; Fox and Sohnesen, 2013; Samman and Hunt, 2018). The informal sector generates opportunities for largely marginalised populations continuously excluded from the formal economy and bypassed by mainstream policies of the public sector especially where there are no functional mechanisms for social protection (Mbaye and Benjamin (2014). In fact, it is even more important in Africa where it accounts for 50 to 80 percent of GDP and as much as 90 percent of new jobs (Steel and Snodgrass (2008). According to the United Nations Economic Commission for Africa (UNECA) Kenya has the highest rate of informal sector employment at 77.9% in comparison to other countries in the East African region (UNECA, 2015). The Kenya National Bureau of Statistics Economic Survey 2017 nine out ten of the jobs the economy generated were in the informal sector.

Another reason the informal sector is important is because of its absorption of a significant proportion of women and who have been evidenced to face chronic inequalities, disadvantages and marginalisation. In fact, about 60% of working women in the developing world are in the informal sector and in Sub-Saharan Africa, about 84% of employed women are in the informal sector (Chen et al 2005; Steel and Snodgrass, 2008; Adams, de Silva, and Razmara, 2013). In Kenya, whilst the share of females in wage employment declined slightly from 34.6% in 2015 to 34.4% in 2016, women still comprise more than half of those working in the informal sector.

Nonetheless, the informal sector in many contexts across the world continues to receive inadequate attention in terms of policy support and resource allocations that can catalyse its development, recognition and sustainability. In many such contexts, players in the informal sector are still largely regarded as illegal, non-compliant with regulation and least considered in distribution of public goods and services. As such, productivity remains low despite its enormous potential to improve livelihoods and combat poverty and contribute to economic development. Where there have been some policy responses, they remain inadequate due to lack of sufficient reliable data on the dynamics and circumstances of the people involved in the informal sector. At the international level, the International Labour Organization, declaration on decent work and informal economy sought to provide a framework for recognition of self-employment and actors in the informal sector as workers and thus worthy of labour rights and protection. At national level, the Constitution of Kenya article 41 (1) guarantees the right to fair labour practices while part 41 (2) guarantees among other rights, the right to fair working conditions. Additionally, Article 60(a) provides for equitable land use, which can be interpreted in favour of informal traders to be included in urban spatial planning. In terms of policy, the Kenyan government has implemented policy initiatives to increase access to credit to the informal sector and to increase opportunities for sector players. Such initiatives include the establishment of enterprise funds, credit schemes, affirmative action for access to government procurement, repeal of CAP 265, development of National Trade Policy, 2016 and legal reforms in the land sector.

However, despite these actions of government (both at national and county levels), development in the informal sector – gauged by annual growth of Small Micro and Medium Enterprises (SMMEs) remains a steady half a million and their vulnerabilities persist. Additionally, national and county governments’ budget policy documents remain largely unresponsive to the needs of the micro enterprises informal traders which has left women and youths particularly exposed to livelihood, income, physical safety vulnerabilities. Further, due to the nature of the informal sector, perceived first as a failure of government in other sectors and secondly as phenomenon that would correct itself during economic growth and
expansion, the informal sector has been considerably neglected and overshadowed by policies for the creation of a conducive business environment for the formal economy.

As such many in the informal sector contend with diverse challenges that limit their ability to produce, to thrive and to improve their livelihoods. Existing literature is rich on the challenges that players in the informal sector face. These can be categorised into five main areas i) economic constraints, ii) spatial planning and urban land use challenges, iii) regulatory limitations, iv) weak social protection mechanisms, and v) cross-cutting challenges related to gender, security and disability (Mwau, 2005; Munyua, 2012) Legodi and Kanjere, 2015; Fandue, Chisoro and Karodia, 2015; Chen, Bonner and Carre, 2015).

In the context of Nairobi City County, evidence developed by civil society organisations working to improve the sector indicates that some of the most significant challenges include:

- Social protection mechanisms targeting the informal sector are inadequate and are overshadowed with provisions for the formal at the expense of the informal.
- The urban land use framework and spatial plan do not adequately incorporate informal trade activities. Therefore, informal traders invade unplanned open-spaces particularly road reserves. They operate from poorly constructed makeshift structures that are not environment friendly, making it hard for them to reap maximum economic benefits from their trade, but are still required to pay relevant taxes to the county government who do not deliver efficient services.1
- The county government considers the informal sector as illegal. This is evidenced in the licensing department that is not in a position to provide authentic license for hawking. As well, county officers view informal traders as a nuisance and frequently forcibly remove and arrest them for encroachment on streets, sidewalks and public places.
- The policy regime targeting the informal sector is uncoordinated between the national and county government and unresponsive to the challenges and needs of the informal sector particularly women and youth.

In addition, a review of the national and county governments budget policy documents indicates that there are no significant efforts to factor in micro enterprises informal traders and sexual gender based violence in policies, institutions and budgets(resources). This has left especially women and youths who are the most vulnerable groups in the informal trade sector with no/ or proper assistance from relevant institutions in relation to their right to trade and also when faced with Sexual and Gender Based Violence (SGBV) in their areas of operations.

1.2 Purpose of the Vulnerability Study

It is upon the background statement above, elucidating the key issues impacting vulnerability in the informal sector in Kenya, that this study sought to explore the character of vulnerability experienced by small scale traders in Nairobi City County. The vulnerability study aimed to inform interventions targeted at empowering small scale traders in the informal sector to take action and engage in governance decision-making in national and county planning and policy processes towards promotion of responsive informal trade, spatial planning, social protection and elimination of Sexual Gender Based Violence (SGBV).

1.3 Research Questions

Overall Question:
What is the character of vulnerability of informal traders in Nairobi City County and how are individual and policy responses working to reduce their vulnerability?

1 http://www.isocarp.net/Data/case_studies/1773.pdf
Specific Questions:
1. To what extent (in terms of magnitude, frequency and duration) are informal traders in Nairobi City County vulnerable?
2. How does the existing spatial planning framework influence vulnerability of informal traders in Nairobi City County?
3. How does the existing regulatory and tax regime influence vulnerability of informal traders in Nairobi City County?
4. To what extent are government social protection policy responses working to reduce vulnerability of informal traders in Nairobi City County?
5. How are individual responses in terms of public participation working to reduce vulnerability of informal traders in Nairobi City County?
6. How are cross-cutting issues around gender, youth, disability and insecurity influencing vulnerability of informal traders in Nairobi City County?
2.0 Exploring Vulnerability in the Informal Sector – A review of the Literature

2.1 Introduction

Informality has become one of the most daunting challenges to urban sustainability experienced in most developing countries. There is evidence to show that in fact the size of the informal economy has grown substantively large especially in Eastern Europe (averaging at about 40.2%), Africa and Latin America at 40% and 39.2% (Elgin and Oztunali, 2012; Medina, Jonelis, and Cangul, 2017). Whilst it is now established and well documented that the informal sector contributes substantively to production, employment and economic development (Bhattacharyya, 1993; Asea, 1996; Schneider and Enste, 2000), it remains unrecognised in many contexts, bypassed by public policy and largely regarded as a malady. This has led to vulnerability of segments of the population that participate in and rely on the informal economy for their livelihoods. As such it is necessary to investigate the character and dynamics of vulnerability in the informal sector. This can inform the design and implementation of social and economic policies that bolster the informal sector not only to contribute more sustainably to economic development but also to deal with some of the pressing challenges that households that depend on the informal economy for their livelihoods experience.

This is a review of the body of literature on vulnerability and the informal sector. It explores the conceptualisation of the terms ‘vulnerability’ and ‘informal sector’. It then delves into a review of previous research on determinants of vulnerability in the informal sector focusing on some of the main issues that include: spatial planning and land use management, regulation and the implications of shocks for individuals and households in the informal sector. The review also makes an attempt to consider some of the coping or response mechanisms or strategies pursued by informal sector operators at individual or household and by government and other actors at institutional or policy level.

2.2 Conceptualising key terms

2.2.1 Vulnerability

The concept of vulnerability has been widely researched and written on. The existing body of literature on vulnerability suggests that the appreciation of vulnerability of any group or community must always vary considering the diversity in their circumstances conditioned by what they do and where they live. As such, several definitions have been advanced for the term ‘vulnerability’ (Füssel and Klein 2002; Easterling 2004; Moench and Dixit 2004; Wisner et al. 2004). Vulnerability has been defined as the “diminished capacity of an individual or group to anticipate, cope with, resist, and recover from the impact of natural and/or man-made disaster” (IFRC, 2006). The World Bank defines vulnerability as “the probability or risk today of being in poverty or to fall into deeper poverty in the future. It is a key dimension of welfare since a risk of large changes in income may constrain [households] to lower investments in productive assets—when [households] need to hold some reserves in liquid assets - and in human capital. High risk can also force [households] to diversify their income sources, perhaps at the cost of lower returns. Vulnerability may influence [households] behaviour and coping strategies and is thus, an important consideration for poverty reduction policies” – (Coudouel et al, 2002:54)

Fundamentally, vulnerability takes two major forms: biophysical and socioeconomic (Füssel and Klein 2002; O’Brien 2004). The biophysical concerns the risk factors inherent in nature that threaten a community while the socioeconomic relate to the internal and external characteristics that constrain its responses and ability to adapt (Füssel and Klein 2002). The appreciation of vulnerability that is of most relevance to this study is that which focuses on social implications of shocks. This largely considers the likelihood of the occurrence of a shock on an individual or household or community (Christiaensen and Subbarao, 2001; Dercon and Krishnan, 2000; Hoddinot and Quisumbing, 2003; Hoogeveen et al. 2004).

2.2.2 Informal Sector

So far there has been limited consensus on a clear cut conceptualisation of the term ‘informal sector’. This is largely because of the diversity and dynamism of the sector across different country contexts. This is especially because of the morphing of the use the term ‘informal sector’ and continuous
“emergence of new forms of informal enterprises as a result of changes in technology, scale of production and economic structures” (CUTS, 2009). There has been renewed interest in and a great deal of research work put into defining, measuring and studying the informal economy to comprehend its reach, impact and contributions to the economy and society in developing countries (Chen, 2006; Kanbur, 2009; NCEUS, 2008). Various stakeholders – from government to civil society, academia and private sector are increasingly appreciating the need for mainstream policy and action towards facilitating the informal economy to contribute more significantly and sustainably in inclusive economic growth and development.

The first time the concept of informal sector was used internationally was in 1973 by the ILO when it was considered as “a way of doing things characterised by various factors such as “small scale, low resource base and entry barriers, family ownership, labour intensive methods of production and adapted technology, skills acquired outside the formal sector and unregulated and competitive markets” (ILO, 1973). Several scholars and practitioners have since explored and advanced various definitions of the term informal sector.

Lipton (1984) considered informal sector as that which “consists largely of “unorganised,” unincorporated enterprises, to which legal restrictions on employment (wage minimal, regulations affecting working conditions, etc.) and on acquisitions of non-labour inputs (licences, quotas, etc.) do not apply” – (Lipton, 1984:198-201). Chen (2006) argued for a broader conception of informal sector that includes “[…] not only enterprises that are not legally regulated but also employment relationships that are not legally regulated or protected (Chen, 2006:76). A more comprehensive definition was by (NCUS, 2008) that argue that “the informal sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers [and that] informal workers “consist of those working in the informal sector or households, excluding regular workers with social security benefits by the employers, and the workers in the formal sector without any employment and social security benefits provided by the employers.” (NCEUS, 2008)

Nonetheless, there still remains debate on the possibility of a perfect conceptualisation of the term informal sector. Guha-Khasnobis, Kanbur and Ostrom (2006) argue, that formal and informal are better thought of as metaphors that conjure up a mental picture of whatever the user has in mind at that time.” Kabur (2009) maintains thus that it is perhaps more prudent for each research undertaking to explicitly outline its conceptualisation of ‘informality’ but take cognisance of the diversity in definitions especially when deriving analytical or policy outcomes. As such this study will proceed with the understanding of informal sector developed by ILO (1993).

“[informal enterprises] are private unincorporated enterprises (excluding quasi-corporations), i.e. enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners, and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s). Private unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships and co-operatives formed by members of different households, if they lack complete sets of accounts” – (ILO, 1993).

This is because four major issues emerge from this definition (and from the foregoing definitions) that underscore the concept of informality especially in developing country settings that are suitable for the Kenyan context within which this vulnerability study will be conducted. These are the implications of: i) skill base/set, ii) resource baseSCALE, iii) legality, and iv) independence of the enterprise. Skill base relates to the level of skills possessed by those engaged in the formal sector that determine their ability to produce. As such individuals that lack skills or are semi-skilled (without recognised qualification) are constrained in a nature of production that defines their informality. Secondly, resource base/scale concerns the portfolio of capital injected into the productive ventures of those involved in the informal sector which determines the size or magnitude of the productive ventures. Scale here implies the status
of being mega, large, medium, small or micro-enterprises. By being largely small or micro, the resource outlays constrain such individuals and/or their enterprises to what's defined as the informal sector. Thirdly, legality covers the status of the productive ventures that those in the informal sector deal in. This concerns whether they are registered and recognised by structures of government and comply with (or are liable to) existing tax and regulatory regimes. As such, by being largely unregistered and unrecognised by institutions of government, such enterprises are defined as informal. Lastly, is the idea of independence of the individual or household from the enterprise. This relates to the issue of separation of the enterprise from its owners (individual/household that runs it). The absence of strict independence – existence of the business and its owners as separate legal entities contributes to the definition of such enterprises and their owners as involved in the informal sector.

2.3 Determinants of Vulnerability in the Informal Sector

Within the context of the informal sector, the existing body of literature indicates that three main clusters of factors determine the occurrence, magnitude, seasonality and also impact of vulnerability of individuals and households. These include: i) Spatial planning and Land-use management, ii) Regulation, and iii) Shocks. The following section explores and interrogates what the literature says about these determinants.

2.3.1 Spatial planning and Land-use management

Space is one of the most valuable resources in an urban area (Hackenbroch, 2012; Mwau, 2015; Doe, 2015). This is because economic growth and wealth creation takes a spatial dimension and without space one is unable to create income. It is also because urban livelihoods depend almost entirely on urban public space because urban poor characteristically lack private space to venture into economic activities (Hackenbroch, 2012:32). There is a rich body of literature that delves into activities and pursuits of poor urban dwellers in urban public spaces that include street vending in open squares, along roads, in road reservations, pavements, vacant lands and in open markets (Hansen, 2004; Anjaria, 2006; Brown et al., 2010).

However, public space is often not in the control of urban poor – controlled by government and influential private entities. Brown and Lloyd-Jones (2002) argue that access to urban public spaces by urban poor is easily restricted through regulation, application of prohibitive costs and other methods of social exclusion (Brown and Lloyd-Jones, 2002:188). As such, the negotiation of urban space between the formal and informal sectors of the economy has often benefited the formal sector leaving the informal sector to search for economically feasible urban spaces (Mwau, 2005). This is compounded by the fact that standard spatial planning ideas make implicit assumptions about the nature of livelihood, employment and movement patterns that may not be borne out by a closer analysis, missing out on the way informal activities organize spatially at a more local level, and how they might be supported (Enisan, 2013; Doe, 2015). As a result, the use of urban public space, by players in the informal sector (largely urban poor) is often classified or regarded as contrary to formal urban planning and land-use management ideals.

Doe (2015) notes that as a result of exclusion, informal sector businesses in most developing countries are identifiable by three characteristics that distinguish them from those in the formal sector. These include: i) unauthorised use of public or private land (Barwa, 1995), unauthorised construction of structures and buildings, and iii) reliance on low cost construction materials for developing their premises (Barwa, 1995; Doe, 2015). Rukmana (2007) argues that informal sector enterprises – largely operated in public places, are often regarded as undesirable by formal sector planning and regulatory mechanisms in many urban settings across the globe especially in the developing world. Thus, conflicts arise between urban authorities trying to keep their cities clean and the urban informal sector operators who need space for their activities. In many cases, authorities forcibly evict informal sector activities in the name of urban order and cleanliness despite evidence that such actions seldom address the problem (Rukmana, 2017). Chepkemei, (2016) studied informal sector in Nairobi and found that whilst informal sector activity generates opportunities for livelihoods of many poor, it also comes with challenges to the functionality and liveability of the urban morphology. As such urban planners and city
managers continue to grapple with how to harmonise policy to both harness the potential of informal sector while preventing and dealing with the challenges that come with it.

It is notable in the literature that a lot of spatial planning and land-use management in developing countries, like in Sub-Saharan Africa, is largely driven by neo-liberal ideals (Miraftab, 2009; Purcel, 2009; Roy, 2009; Doe, 2016). As such, spatial planning, has often regarded settlements, activities of the informal sector as ‘insurgency’ – resisting western models of urban development planning (Miraftab, 2009; Purcel, 2009; Roy, 2009; Doe, 2016). The contestation of urban public spaces between the formal and informal sector continues to deny informal sector spatial justice – fair urban spaces that proffer benefits to all without discrimination. Such spatial injustices limit ability of players in the informal sector to occupy liveable spaces and to access suitable spaces to locate their entrepreneurial activities upon which they depend on for their livelihoods. This in turn contributes to their vulnerability and furthers existing inequalities.

2.3.2 Regulation
A core element in the conceptualisation of informal economic activity is the understanding that it involves exchange of goods or services in the absence of some form of state based regulation (Bonnet and Vankatesh, 2016:11). There is a lot of literature in the legalist school of thought that speaks to the regulatory limitations and challenges that the informal sector faces. Legality is an element of the conceptualisation of informal sector. The legalists argue that the informal economy is made up of entrepreneurs who evade the regulatory obligations (like for registration) (De Soto, 1989; Chepkemei, 2016). Legalists maintain that informality is the product of rational entrepreneurs that feel hindered by non-favourable state regulatory frameworks that hinder their productivity and creativity (De Soto, 1989). As such in many contexts the existing regimes treat the informal sector as illegal, undocumented, un-regulated and are most often hostile. De Soto argues that burdensome government rules and procedures create obstacles to formalization and consequently stifle the productive potential of informal entrepreneurs (De Soto, 1989). This is further complicated by inadequate public goods and services that could facilitate growth of enterprises in the informal sector like infrastructure, technology and finance (Chepkemei, 2016).

Adame and Tusta (2017) established a negative effect between the tax burden and the informal economy. This was in contrast to earlier work (for example by Friedman et al. (2000)). They find that higher tax rates are associable with informality and a larger shadow economy (Medina, Jonelis, and Cangul, 2017). Kanbur (2009) argues that state intervention is a central variable in defining informality. As such, he argues, the ability of the state to enforce regulations impacts informality and profoundly influences the economic agents involved in the informal sector (Kanbur, 2009). He maintains that attitudes of those involved in the informal sector also plays a significant part in determining whether they stay in the informal sector and ability to thrive. Williams et al (2016) surveyed micro-enterprises in Lahore Pakistan investigating the determinants of informality in the informal sector. They established that high taxes, lack of awareness of registration and burdensome regulations were some of the most important reasons why many small scale enterprises remained informal (Williams et al 2016). Gelb et al (2009) compared productivity of formal and informal firms using surveys on the investment climate in southern and eastern Africa. They established that weak regulatory frameworks drive enterprises (with substantive growth capabilities) to remain in the informal sector and hence diminishing their prospects for growth. Benjamin (2014) argues that the informal sector is in part a symptom of institutional deficiencies and a symptom of government failure to enforce regulations that should apply to these firms, as well as the burdensome nature of regulations and taxation that inhibits compliance.

In absence or ineffectiveness of state regulatory mechanisms, what exist in the informal sector are informal institutions like community courts and third-party brokers that facilitate resolution of conflicts and some form of justice (Merry 1990; Lewicki et. al., 1992; Venkatesh 2006, Bourgois, 1996). However, such alternative mechanisms for regulation and sometimes even ‘taxation’ increase inequalities and exacerbate vulnerability of some involved in the informal economy. As such, players
in the informal sector encounter such challenges as: i) disagreements over pricing, ii) contestations over distribution of revenues amongst joint ventures, iii) disputes over property rights – for example related to access or occupation of public spaces for locating business, iv) difficult bargains regarding competition, and v) conflicts over mediation and punishment of wrong doers (Bonnet and Vankatesh, 2016:11). These have profound implications on the ability of those involved in the informal sector, especially the urban poor, to establish enterprises and profit from their businesses in a manner that can contribute to sustainability of their livelihoods. Such challenges related to regulation therefore contribute to or increase their vulnerability.

The ILO argues that if the productive potential of the urban informal sector is to be unleashed and workers’ protection improved, an enabling and supportive legal and policy environment must exist (ILO, 2000). However, regulating the informal sector remains a challenge that national and local governments grapple with as they are caught between helping the sector to promote employment or alleviate poverty, and enforcing the law (ILO, 2000). Questions therefore arise as to whether to deregulate/loosen the rules or strictly enforce laws/regulations governing informal sector.

2.3.3 Shocks
The understanding of vulnerability in this context relates to the probability of being unable to depend on informal sector work to support livelihoods in the event of occurrence of a shock (Chaudhuri, 2000; Dercon, 2001). Put differently, vulnerability refers to the predisposition of an individual or household to withstand shocks. Shocks are occasional or seasonal events that happen to households or individuals that have implications on their consumption, expenditure patterns and wellbeing.

Shocks may be categorised as internal or exogenous meaning those that derive from within the systems and processes in a household or of an individual and those that derive from the external environment. Internal shocks include, but are not limited to: i) health related problems like occasional sicknesses, chronic or terminal illnesses and death; ii) unexpected disability. Exogenous shocks may include i) events in the economy that include recession, inflation, ii) events in the physical environment like floods, droughts, landslides, earthquakes, and iii) events in the political climate of a country for example violence after or during elections, terrorist incidents. Shocks may also differ in duration and magnitude or impact. Whilst some shocks may last a short while (like fires) others may proceed for months like droughts. Amendha, Buigut and Mohamed (2014) categorise shocks as either covariate or idiosyncratic where covariate shocks are those that affect the whole community and idiosyncratic shocks that affect a particular household or individual (Amendha, Buigut and Mohamed, 2014). Günther and Harttgen (2009) estimated vulnerability of households in Madagascar to idiosyncratic and covariate shocks. They established that for urban households, idiosyncratic shocks have a relatively higher impact on their vulnerability.

As a result of poverty and chronic inequalities, many in the informal sector are characteristically vulnerable to shocks. Many work in squalid conditions resulting from inadequate delivery of public goods like water, energy, transport infrastructure, policing and health services. This is compounded by the working conditions most often involved in self-employment without proper health and safety regulations and protection. Ahmad and Aggarwal (2017) studied the consequences of health shock catastrophic expenditures on welfare of households engaged in the informal sector. They found that a significant proportion of households (27%) engaged in the informal sector spend more on health expenditures – a phenomenon that was associated with a push towards poverty. They argue that informal sector workers are highly vulnerable to health shocks and economic burden in terms of high treatment costs and low insurance coverage (Ahmad and Aggarwal, 2017). Mehotra (2009) studied the impacts of the global economic crisis on the livelihoods of urban poor in the informal sector in East Asia. He established that lack of social safety nets in the informal sector exposes households to high levels of vulnerability that was exacerbated by high export dependency exhibited by most of the economies in the region (Mehotra, 2009:116). Dhanaraj, (2016) studied economic vulnerability to health shocks and coping strategies in Andhra Pradesh, India. He established that households were unable to sustain
consumption during and after severe health crises due to substantial increase in medical expenditure and/or loss of income. His research indicates that households adopt varied coping strategies to adapt to economic costs of ill-health. Such strategies include mostly - borrowing largely obtained from informal sources (like moneylenders, friends and relatives) and reduction in consumption. He argues that there was no evidence of state health insurance schemes contributing to reduction of household welfare loss from health shocks which pointed to limitations in access, coverage and affordability (Dhanaraj, 2016).

As such those involved in the informal sector perhaps require social protection the most (ILO, 2000). For a livelihood to be sustainable, it should be able to cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future without undermining the natural resource base". However, there is evidence to show that existing social protection mechanisms do not reach, by-pass or are ineffective (Olivier, Masabo and Kalula, 2012; CMBS, 2016). Foremost because of their design to focus on the formal sector and also their narrow focus on social security, low coverage, lack of reliable statics to facilitate proper targeting (CMBS, 2016). As a result, existing social protection mechanisms remain largely weak and ineffective in dealing with the diverse and dynamic needs of the informal sector. This in essence continues to impair the ability of those involved in the informal sector to effectively produce, develop the sector and increase its contribution to livelihoods and to economic development.

2.4 Coping Strategies: Institutional and Individual/household responses to Vulnerability in Informal Sector

In order to survive and protect their livelihoods, households or individuals in the informal sector who are vulnerable to shocks take actions, mostly referred to in the literature as coping strategies or mechanisms (Skoufias and Quisumbing, 2005; Günther and Harttgen, 2009; Amendah, Buigut and Mohamed, 2014). The use of the term coping strategies has largely been to refer to ability of households to elect and pursue suitable activities to protect and/or promote their endowments in the light of eminent shocks (Bird and Prowse, 2009). Amendah, Buigut and Mohamed (2014) studied coping strategies among urban poor in Nairobi, Kenya. They found that exposure to shocks increased the probability of using a coping strategy (Amendah, Buigut and Mohamed, 2014). They categorise coping strategies as either ex-ante or ex-post. Where ex-ante strategies refer mostly to protective mechanisms or actions pursued in anticipation of a shock(s). On the other hand, ex-post strategies relate to actions or mechanisms pursued by households/individuals to deal with and mitigate the impacts of a shock (Amendah, Buigut and Mohamed, 2014).

The literature indicates that households pursue diverse coping strategies contingent on the character of their vulnerability and the nature of the shocks that they have to deal with. This is also because coping mechanisms are normally not accessible to all vulnerable in equal measure. Amendah, Buigut and Mohamed (2014) argue for example that because of lack of savings and physical assets that can be used as collateral, they may not be able to use such mechanisms as coping strategies. As such, Del Ninno and Marini (2005) contend that it is crucial to establish a better understanding of shocks and the various coping mechanisms employed by specific households in order to inform design of suitable policies and institutional response mechanisms that can reduce such vulnerabilities. This section explores some of the coping strategies, documented in the existing body of literature, employed by governments at institutional level and also by individuals or households.

2.4.1 Institutional and policy responses to informal sector vulnerability

2.4.1.1 Physical planning

As already substantively covered in the section on determinants of vulnerability, the literature indicates that unresponsive urban planning contributes a lot to many of the problems associated with the informal sector (Barwa, 1995; Rukmana, 2007; Miraftab, 2009; Roy, 2009; Doe, 2016; Chepkemei, 2016). Doe (2015) notes that most governments in Africa tend to apply a general strategy of hostility and repression
often manifested in seizure of the goods, demolitions and forceful evictions. He argues that this approach is often applied to lift the face of the urban façade and also to create more space for formal sector capital investments that most often pays little attention to the circumstances of small scale traders (Doe, 2015). In many such instances, informal sector traders lose their property, lose their preferred business locations or have to deal with authorities, sometimes meaning they have to bribe or pay to secure a space.

As such, many scholars and actors have encouraged conscious efforts to provide spaces designated for informal sector operators arguing that it is an effective measure to effectively include the informal sector in the economy and address some of the most pressing challenges that limit their productivity and threaten their livelihoods (Rukmana, 2018). For instance, Rukmana (2018) maintains that accommodating – maybe even welcoming - the informal sectors in urban spaces would not only reduce conflict between urban authorities and the informal sector, but also reduce the associated environmental problems, and eventually accelerate urban transformation and increase the quality of life in many developing urban areas. Habitat (2015) argues for prioritisation of key spatial solutions to include and promote informal sector activities. It urges that urban planning needs to be inclusive of informal workers and enterprises especially focusing on increasing access to basic services, improving transport and mobility, to make roads and infrastructure accessible to low-income settlements, and to increase specialised allocations of urban spaces for productive activities of the urban poor (like street spaces for vending and transport networks for small transport operators) (Habitat, 2015). There are several examples where such physical planning oriented response strategies have been notable.

“In several cities in India, home-based workers have received basic infrastructure services to improve their homes-cum-workplaces; street vendors have been allocated vending sites by the local municipality; and waste pickers have received contracts from the local municipality to collect, sort, and recycle waste. In February 2014, the Indian Parliament enacted a law to regulate and protect street vendors. In Durban, South Africa, over 6,000 street vendors in a central market area received infrastructure and technical support. Waste pickers in Bogota, Colombia are being paid by the municipality to collect, sort and recycle waste” (Habitat, 2015).

2.4.1.2 Social Protection

This review of literature has already established significant implications shocks have on the livelihoods of people operating in the informal sector. The literature points to the diversified nature of shocks and varied impacts of shocks depending on the nature of vulnerability and circumstances of those faced by the shocks. It also points to the necessity for effective mechanisms for social protection as one of the ways to anticipate, deal with and/or mitigate the effects of shocks on the livelihoods of those in the informal sector (Norton, Connway and Foster, 2001; Canagarajah and Sethuraman, 2001; Olivier, Masabo and Kalula, 2012; Mehrotra, 2014; Goursat and Pellerano, 2016).

The term social protection, as is widely used in the literature, refers to state-led approaches to supporting poor and vulnerable people to acquire capabilities to anticipate, mitigate the impacts of shocks and engage in productive activities that assure sustainable livelihoods (Devereux & Sabates-Wheeler, 2004; Harvey et al., 2007; Barrientos & Hulme, 2009). The most common conceptualisation of social protection categorises its approaches as either preventative (aimed at averting deprivation like social insurance), protective (concerned with relieving deprivation like state pensions), promotive (geared towards enhancing individual or household incomes and capabilities to deal with shocks like microfinance or provision of physical assets or skills development), and transformative (aimed at tackling broader issues of social exclusion and inequality like empowerment and assuming rights based approaches to policy and programmes or government) (Devereux & Sabates-Wheeler, 2004).

Mehrotra (2014) studied the impact of the global economic crisis in 2008 on the informal sector in East Asia. He argued that governments in the region needed to pursue, as response mechanisms, effective social protection modalities to mitigate the impact of the global economic crisis on the poor, address their vulnerabilities and increase incomes. He urged that such modalities should include initiating social insurance and social assistance (like conditional cash transfers) for participants in the informal sector (Mehrotra, 2014). Goursat and Pellerano (2016) explored extension of social protection to workers in
the informal economy in Zambia. They argue that there is need for specific mechanisms to progressively extend universal, state led social security coverage to the informal workers especially those that increase the short-term attractiveness of social security to informal sector operators (for example through social insurance packages that combine short term and long term benefits) (Goursat and Pellerano, 2016). Canagarajah and Sethuraman (2001) explored the challenges and opportunities of extending social protection to the informal sector in developing countries. They argue that social protection mechanisms that pursue opportunity, empowerment and security can contribute to protection of informal sector players from risks and vulnerability and assist them to realise their untapped potential (Canagarajah and Sethuraman, 2001).

2.4.1.3 Regulatory regime incentives for formalisation
A substantive proportion of the literature points to regulation (whether its absence or unresponsiveness) as one of the major issues that determine the growth of the informal sector and propensity of enterprises to remain informal (De Soto, 1989; Kanbur, 2009; Gelb et al, 2009; Benjamin, 2014; Williams et al, 2016). For instance, Benjamin (2014) argues that the public regime along with the quality of public services, governance, political privilege, state failures, and many other institutional features strongly influence the decisions of firms regarding informality (Benjamin (2014). Loayza (1994) found informality to increase where the rate of statutory corporate income tax considerably increased. Conversely, there is also evidence that has pointed to lower informality where the regulatory environment is more efficient and friendly to the circumstances especially of the urban poor involved in the informal economy (Friedman et al, 2000; Dreher et al. (2005).

As such, a critical component of efforts to respond to vulnerability in the informal sector must include policy and initiatives of government aimed at encouraging more in the informal sector to formalise. This could be through provision of incentives that make it easier and attractive for informal sector entrepreneurs and players to register, pay tax and submit to the formal regulatory regime. There is a lot of literature that argues for government policies that aim to assist informal sector players to move towards formal sector status in the long run though provision of services and extension of incentives (Benjamin, 2014). Rei and Bhattacharya (2008) explored the impact of institutions and policy on informal economy in developing countries. They argue in conclusion that combining good governance and regulation (rather than deregulation) can incentivise enterprises in the informal economy to formalise.

2.4.2 Individual responses to vulnerability in informal sector

Some of the common coping strategies at individual level in the literature include: expenditure of savings, income diversification, working longer hours, consumption reduction, support from social networks (capital), borrowing and selling assets (De Haan et al, 2002; Nelson, 2002; Leive and Xu, 2008). Further, there is a strand of the literature that explores individual or community responses to vulnerability that focus on increasing voice and championing for more social inclusion. For instance, ILO (2015) argues for provision of an enabling environment for players in the informal economy to exercise their right to organise and collectively bargain and participate in public discourse regarding transition from the informal to formal economy (ILO, 2015).
3.0 Methodology

3.1 Analytical Framework for the Vulnerability Study

There are several approaches that have been pursued by researchers in conducting vulnerability analysis (Fussel, 2006; Turner et al. 2003). They are usually categorised largely as either socio-economic or biophysical vulnerability analyses. Where biophysical analyses focus on system properties investigated by the physical sciences while socio-economic vulnerability analysis delves into that relate to economic resources, the distribution of power, social institutions, cultural practices, and other characteristics of social groups typically investigated by the social sciences and the humanities (Fussel, 2006). Existing approaches to vulnerability analysis include: i) Risk-hazard that assess biophysical issues, ii) political economy (that assess cross-scale socio-economic issues), iii) pressure-and-release (that integrate biophysical and socio-economic imperatives), and iv) resilience-based approaches.

Considering that this study sought to research the vulnerability of informal trade subsector focusing on micro enterprises, it pursued a political economy approach to the vulnerability analysis. The term ‘political economy approach’ denotes approaches that focus their analysis on people, asking who is most vulnerable, and why. We will adopt (Adger and Kelly 1999) definition of vulnerability as “the state of individuals, groups or communities in terms of their ability to cope with and adapt to any external stress placed on their livelihoods and well-being. [...] It is determined by the availability of resources and, crucially, by the entitlement of individuals and groups to call on these resources.” In the political economy approach, vulnerability refers exclusively to people, and it is based on an explanatory model of socioeconomic vulnerability to multiple stresses (Fussel, 2006).

![Figure 1: Turner et al (2003) vulnerability analysis model](image)

The Turner et al (2003) model was thus adopted to facilitate conceptualisation of the key issues around vulnerability of informal sector traders in Nairobi. The model conceptualises vulnerability as a compound of i) exposure, ii) sensitivity, and iii) resilience. As illustrated on figure above Exposure considers and defines the unit of analysis as either individual, household, business unit, a state or society; and also explores the characteristics of exposure to vulnerability – like frequency, magnitude and duration. Sensitivity explores and assesses the human and environmental conditions that drive and sustain vulnerability. It considers such issues as the quality of human and social capital endowments looking at institutions, economic structures, population characteristics, culture among others. Lastly resilience looks at modalities for coping with or responding to vulnerability that include policy, programmes and other autonomous options pursued by the vulnerable. It also assesses the impacts of such responses (like loss of livelihood, life, productivity) and explores adjustments and adaptive measures taken (like new policies, programmes).
3.2 Approaches to collecting data for the Vulnerability Study

The study pursued a three-pronged methodological triangulation approach entailing desk review and participatory quantitative and qualitative study designs entailing broad consultations with project stakeholders. Specifically, the consultations will adopt both quantitative and qualitative approaches with the former serving to provide quantification of measures to assess the study indicators and the latter approach providing a deeper analysis of study questions as well as corroborations of study findings. On one hand, quantitative methodologies by way of questionnaire survey ensured that the vulnerability study objectives were established by use of statistical data and therefore producing quantifiable results. On the other hand, qualitative methodologies utilizing focus group discussions (FGDs) and key informant interviews (KIIs) served to provide more in-depth analysis of the nuances that are normally difficult to measure through quantitative approaches.

In addition, the study employed participatory techniques to ensure that key aspects of the investigation were relevant to the study subjects and instilled a sense of ownership on the outcomes of the research. This ensured that the study was accountable to the realities of the target respondents when measuring key dimensions of the study at the community level and therefore mobilizing real support for change. The study also adopted the BOND evidence principles to provide guidance to the standards that the study should seek to meet – especially focused on the quality of evidence. The standards are as follows: i) Voice and Inclusion, ii) Appropriateness, iii) Triangulation, iv) Contribution, and v) Transparency. The grid below provides further details on the proposed approaches.

3.3 Sampling

In order to effectively target and include the diverse populations involved in the informal sector, the sampling design involved a combination of probability and convenience sampling methods. Probability sampling entailed use of random sampling of target respondents/households while convenience sampling entailed purposive selection of target stakeholders based on their knowledge, expertise or institutional mandate related to the informal sector.

3.3.1 Quantitative Sample

The sample frame was drawn from a list of persons registered in self-help groups of small scale traders in the study locations. Since this was a project based study, the sample was designed to align with the intended beneficiaries of the project implemented by TISA. The project’s documents indicated that it directly targeted 2,100 female traders and 900 male traders living in Kibra, Westland and Embakassi South constituencies in Nairobi City County and anticipated that its spill-over effects would reach/benefit about 57,000 female traders and 43,000 male traders in the same areas. As such, in computing the sample size for the vulnerability study, the standard formula below was utilized:

\[
\frac{n}{\begin{array}{c}
\text{n is the sample size} \\
\text{N is the population size} \\
\text{e is the level of precision}
\end{array}} = \frac{N}{1 + (N)e^2}
\]

The study assumed a 95% level of confidence, and since it was not aware of the variability in the various targeted indicators, it assumed a proportion \( p = 0.5 \) which offers maximum variability and therefore sample size. The level of precision was set at ±5%. These are industry standards for computation of sample sizes of known population sizes. Using this formula and the proposed level of confidence, precision and variability, the study arrived at as sample size of 353 computed as follows:

\[
\text{Sample Size for Direct Primary Beneficiaries, } n_{dpb} = \frac{N}{1 + (N)e^2} = \frac{3,000}{1 + (3,000)(0.05^2)} = 353 \text{ Business Traders}
\]

\^ Yamane (1967:886)
Using the above calculated sample size but with the resolve to take into consideration non-response associated with surveys, the study increased the sample size by 10% [based on past experience and factoring in contextual issues]. Thus we propose to increase to assure that the actual number of interviews completed in the survey close approximates of the target sample size. Increasing the sample by 10% translated to:

**New Sample Size = 353 + (0.1*353) = 388**

Thus a total of 388 business traders were included in the study sample. Further in distributing the sample, Probability Proportional to Size (PPS) sampling technique was applied to ensure proportional allocation of samples by gender and study location. This ensured that the principle of representativeness was met to guarantee a robust sample capable of producing reliable study estimates. Using Probability Proportionate to Size (PPS), the sample was allocated as shown in the table 1 and 2 below. Tables 4 and 5 below illustrate the distribution of the sample and the response rates.

### Table 1: Distribution of Overall Sample by Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Beneficiaries</th>
<th>Ratios</th>
<th>Overall Sample for the study</th>
<th>Overall Sample distribution by gender</th>
<th>Achieved</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>2,100</td>
<td>0.7</td>
<td>388</td>
<td>272</td>
<td>262</td>
<td>96.3%</td>
</tr>
<tr>
<td>Men</td>
<td>900</td>
<td>0.3</td>
<td>388</td>
<td>116</td>
<td>98</td>
<td>84.5%</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>1.0000</td>
<td></td>
<td>392</td>
<td>360</td>
<td>91.8%</td>
</tr>
</tbody>
</table>

### Table 2: Sample Distribution by Study Location and gender

<table>
<thead>
<tr>
<th>Study Location</th>
<th>Assumed Ratios</th>
<th>Overall Sample for Women</th>
<th>Sample of Female respondents per Study Location</th>
<th>Achieved</th>
<th>Response Rate</th>
<th>Overall Sample for Men</th>
<th>Sample of Male respondents per Study Location</th>
<th>Achieved</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kibra</td>
<td>0.34*</td>
<td>272</td>
<td>92</td>
<td>90</td>
<td>97.8%</td>
<td>116</td>
<td>39</td>
<td>31</td>
<td>79.5%</td>
</tr>
<tr>
<td>Westlands</td>
<td>0.33</td>
<td>272</td>
<td>90</td>
<td>83</td>
<td>92.2%</td>
<td>116</td>
<td>38</td>
<td>33</td>
<td>86.6%</td>
</tr>
<tr>
<td>Embakasi South</td>
<td>0.33*</td>
<td>272</td>
<td>90</td>
<td>89</td>
<td>98.8%</td>
<td>116</td>
<td>39</td>
<td>34</td>
<td>87.1%</td>
</tr>
<tr>
<td>Total</td>
<td>1.0000</td>
<td></td>
<td></td>
<td>262</td>
<td>96.3%</td>
<td>116</td>
<td></td>
<td>98</td>
<td>84.5%</td>
</tr>
</tbody>
</table>

### 3.3.2 Qualitative Sample - Key Informant Interviews (KII s)

The selection of the key informants to participate in the study was done using a purposive sampling approach⁴, a non-probability sampling technique that will enable for deliberate selection of study participants based on their knowledge and involvement in the project activities as well as expertise in socio-economic empowerment of the informal economy workers particularly the poor and vulnerable informal micro enterprise traders to ensure relevance of study findings. Respondents were categorised as either **State or Non-State Actors**. The table 3 below provides the number of interviews for each group of stakeholders.

### Table 3: Targeted Key Informant Interview Respondents

<table>
<thead>
<tr>
<th>Target group</th>
<th>Target respondent</th>
<th>Proposed sample</th>
<th>Total sample</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Actors</td>
<td>County trade license department</td>
<td>1 respondent from the department</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Sub-county administration</td>
<td>1 respondent from each of the constituencies</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>County assembly trade committee</td>
<td>1 respondent from the committee</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

---

⁴ Patton states that: “The logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term purposeful sampling.” (Patton, 1990:169)
<table>
<thead>
<tr>
<th>Non-State Actors</th>
<th>Members of the county assembly (MCAs)</th>
<th>1 respondent from of constituency</th>
<th>3</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society Organizations</td>
<td>1 respondent from at least 3 CSOs</td>
<td></td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Community Gatekeepers</td>
<td>1 respondent from each of the constituencies</td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Market Administrators</td>
<td>1 respondent from each of the constituencies</td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>17</td>
<td>7</td>
</tr>
</tbody>
</table>

3.3.3 Qualitative Sample - Focus Group Discussions (FGDs)

The study conducted a total of twelve (12) Focus Group Discussions (FGD) with small scale traders across all the study locations. At least one FGD was conducted for each of the four categories - women, men, youth and PwDs in all the three study locations [Kibra, Embakasi East and Westlands]. The FGDs allowed the study team to explore in-depth the character and dynamics of vulnerability experienced by small scale traders in the areas of Nairobi City County that were considered. This was crucial for triangulation of information obtained from the quantitative survey and the key informant interviews.

3.4 Data Processing and Analysis

3.4.1 Entry, Analysis and Presentation of Quantitative Data
Quantitative data entry was carried out via mobile technology using Windows Mobile operating system. The questionnaire was programmed in Open Data Kit (ODK) to include logic and consistency checks, including ensuring that responses entered were within valid ranges, responses between questions were consistent, and skip patterns were followed as required. The application of mobile technology in collecting and processing study data achieved high levels of data quality at collection and entry level.

Statistical Package for Social Sciences (SPSS) will be the main program for data analysis. Since one of the main objectives of the baseline study is to measure current status of project outcomes against which project indicators will be assessed at midterm and end-line, a univariate or descriptive analysis of the quantitative data will form the main approach to data analysis. The analysed data will be presented in the form of single-variable and multi-variable frequency tables, pie-charts and graphs. Further, and where applicable, exploration of the relationships between two or more variables through cross-tabulation shall also be presented through frequency tables and graphs. Where applicable sex, age and group disaggregated data shall be provided at all levels of analysis.

3.4.2 Entry, Analysis and Presentation of Quantitative Data
Qualitative data was collected through interviewer notes and verbatim audio recordings using Dictaphones for both the KIIs and the FGDs. The recordings were then transcribed and cleaned before analysis. Qualitative data was mainly analysed using a combination of manual content analysis and NVIVO software. The study team adopted a thematic analysis approach in interrogating and analysing the data.

3.5 Ethical Considerations
Prior to conducting interviews with all target respondents, written and oral consents were sought and obtained after explaining the purpose of the study appropriately. Before any interview was commenced, consent was sought from the respondents. As part of addressing confidentiality issues, respondents’ names and addresses were not recorded during data collection.
4. Findings - Measuring Vulnerability in the Informal Sector in Nairobi City

This section presents the findings from the vulnerability study. It pursues the presentation of the findings along two major subsections – covering the determinants of vulnerability and the response mechanisms/coping strategies employed by individuals and households and by government at policy/institutional level.

4.1 Characteristics of respondents

<table>
<thead>
<tr>
<th>Distribution of respondents by Study Location (constituency)</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>121</td>
<td>116</td>
<td>123</td>
<td>360</td>
</tr>
<tr>
<td>Percentage</td>
<td>33.6%</td>
<td>32.2%</td>
<td>34.2%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of respondents by Age</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 35 years</td>
<td>66.9%</td>
<td>33.1%</td>
</tr>
<tr>
<td>36 - 60 years</td>
<td>56.9%</td>
<td>43.1%</td>
</tr>
<tr>
<td>61+</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of respondents by Gender</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>25.6%</td>
<td>74.4%</td>
</tr>
<tr>
<td>Female</td>
<td>28.4%</td>
<td>71.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of respondents by level of education</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>1.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Pre-school</td>
<td>0.0%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Primary</td>
<td>48.8%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Secondary</td>
<td>38.8%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Vocational Training</td>
<td>0.0%</td>
<td>5.2%</td>
</tr>
<tr>
<td>College</td>
<td>7.4%</td>
<td>14.7%</td>
</tr>
<tr>
<td>University</td>
<td>3.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Adult education</td>
<td>0.0%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of respondents by income level (KSHS/month)</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1000</td>
<td>5.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>1001 - 10000</td>
<td>76.0%</td>
<td>56.9%</td>
</tr>
<tr>
<td>10001 - 20000</td>
<td>14.0%</td>
<td>31.0%</td>
</tr>
<tr>
<td>20001+</td>
<td>4.1%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution of respondents by disability status</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>No</td>
<td>92.6%</td>
<td>95.7%</td>
</tr>
</tbody>
</table>

Table 4: Demographic characteristics of respondents

4.2 Vulnerability driven by inadequacies of the spatial planning framework

The literature suggests that the contestation of urban public spaces between the formal and formal sector leads to spatial injustices that limit ability of players in the informal sector to occupy liveable spaces and to access suitable spaces to locate their entrepreneurial activities upon which they depend on for their livelihoods. This in turn contributes to their vulnerability and furthers existing inequalities.

This study explored the implications of the existing spatial framework on the livelihoods of informal sector traders in Nairobi City. It considered whether the existing physical planning framework allowed informal sector operators (respondents) sufficient and suitable space to carry out their productive activities. It probed on the existence of designated areas for doing business like markets and specialised facilities for people living with disabilities (PwDs) and for women who are usually considered the most vulnerable. This would give an indication as to whether the existing spatial framework pays attention to the needs and circumstances of the small scale traders in these areas and the extent to which it may be contributing to or addressing their vulnerability.
4.2.1 Unsuitability of spaces for business and its implications on vulnerability

The study established that there was a significant deficiency in suitable space for conducting economic and other productive activities amongst many of the small scale traders in the informal sector in the where the study was conducted. Notably, more than half (55%) indicated that they lacked suitable space to locate and conduct their businesses. Embakasi South recorded the largest proportion (56%) of respondents that did not have sufficient space to do business. Further there was a strong indication by most of the respondents that spaces they depended on to do business were largely unsuitable.

![Figure 2: Is the space suitable for your business operations?](image)

"When it rains, it carries our business. It took my barber shop. It rains on us so we cannot continue with the business" – FGD Mashimoni – Kibra (Men)

"I have been selling eggs and 'smokies', the challenge is the environment where I do the business" - FGD Sarangombe – Kibra (Women)

"Insecurity is a one in a while thing here and we cannot do anything about it, I just have to close the business early to prevent loss of stock” – FGD Mashimoni – Kibra (Men)

The main issues that were cited as the reason for unsuitability of the spaces were poor drainage, lack of sufficient allowance for displaying goods and generally conducting the activities of their business, and insecurity. On average 69% indicated that the places where they did business had poor drainage and 18% indicated that they lacked sufficient space to display their goods. Other reasons cited as contributing to unsuitability of the business spaces included lack of toilets, proper waste disposal system and electricity.

"Customers usually find it hard to wade through the water during the rainy season hence reduced sales. At such times you cannot do anything to help” – FGD Kangemi, Westlands (Men)

"Some neighbours might just come with trash and throw it at your place of business and if you complain it may bring a lot of fights" - FGD Mashimoni – Kibra (Men)

"I would prefer to have a better space because that is the problem I am experiencing now. I am a tailor and I need people to see my work so I need a place to hang the clothes so that people can see my designs. So the space is for display and people can come and try out my clothes too but for now I got no space but I hope it will" - FGD Sarangombe – Kibra (Women)
4.2.2 Insufficiency of spaces for doing business and its implications on vulnerability

Often, where policy is friendly to the operations of the informal sector, there is evidence of conscious actions to provide spaces designated for them. This can be in the form of designated markets, streets, with specialised facilities that address the specific needs of their business activities like provision of proper drainage, water supply, lighting and even policing services. Normally such designated areas benefit from auxiliary services like access to piped water, proper drainage and waste management systems, electricity connection and modalities for urban mobility like roads and pavements/walkways. However, as illustrated on table 1 below, the study noted that in Nairobi City, in the areas where the study was conducted, there lacked any such facilities or designation of public spaces to perform such functions. 97% of the respondents indicated that there were no designated trading areas where they could locate and conduct their businesses. Most of the respondents indicated that they located their businesses on pavements, roads and in front of the structures/houses that they used for residential purposes.

Table 5: Are there designated business trade areas (like markets) where you usually do business?

<table>
<thead>
<tr>
<th></th>
<th>Kibra</th>
<th>Westlands</th>
<th>E. South</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1.7%</td>
<td>2.6%</td>
<td>0.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>No</td>
<td>98.3%</td>
<td>97.4%</td>
<td>95.1%</td>
<td>96.9%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>4.1%</td>
<td></td>
<td></td>
<td>1.4%</td>
</tr>
</tbody>
</table>

“No, there are no designated places for doing business. This always causes a lot of conflict – people just scramble for space. You know if you see some open space and make your ‘kiosk’ they might take you to the chief and may bring a lot of consequence and it can be taken down or you might end up being arrested” - FGD – Mashimoni, Kibra (Men)

“You see the old man vending water, he saw there was space beside him and decided to add another ‘kiosk’ so if I come and park in front of him he will start abusing me and me too won’t shut up and you know this hood something so little people make it huge.” - FGD – Mashimoni, Kibra (Men)

The lack of or inadequacy of space to conduct business usually remits various challenges to players in the informal sector. Some of the problems are related to the safety of their products/goods, others have health implications. Respondents indicated that without well planned spaces for doing business available to them, they face enormous challenges especially when it rains. These included loss/destruction of products (stock), inability to carryout business activities especially for those that rely on the streets and pavements for display, sales and production, low sales due to inability of customers to access their business areas amongst others challenges. These were understood to hugely impact the sustainability of the largely fragile businesses that most of the respondents indicated that they engage in. Most of the respondents in the FGDs were of the opinion that the occurrence of such events as heavy rains or fire would be less impactful on their vulnerability if the areas where they work were better planned and received necessary public goods and services.
“Rain affects me since I cannot usually sell my products and at such times I have to stay indoors” - FGD Kangemi, Westlands (Women)

“The fire burnt all my stock, I lost my customers and I took me a lot of time to get back on my feet” – FGD Kangemi, Westlands (Youth)

4.3.3 Insecurity – a manifestation of poor planning and its implication on vulnerability

In order to establish the impacts of the inadequacies in the spatial planning framework on vulnerability of informal sector traders, the study probed for some of the challenges that traders faced as a result and the extent to which they experienced such challenges. The study established that one significant impact of the inadequacies of the existing spatial planning framework was insecurity. More than half of the respondents indicated that they faced substantive security challenges remitted by the nature and location of the spaces they depended on for their productive activities. Notably, 46% of the respondents felt that the location of their business predisposed them to security challenges that risked their lives, that of members of their households and more importantly their products (goods).

![Figure 4: Do you face any security challenges because of the location of your business?](image)

The aspects of the urban spaces that they used that remitted security challenges that were significantly mentioned by respondents included lack of proper street lighting, narrow and non-motorable pathways, and lack of designation for security services like police posts.

“I sell ‘chapatis’ and ‘mandazis’. These are breakfast things. People buy mostly early in the mornings between 5am and 7am. I have to wake up early as 4am to reach where I make and sell them. I have been attacked by boys in the dark demanding money” – FGD – Sarangombe, Kibra (Women)

“Many of us sell groceries, like ‘sukuma wiki’ [kales], tomatoes etc. We have to get to the market at Muthurwa very early like 4am to get the best product. Navigating our neighbourhoods at that time is very risky especially for us women. Some have been attacked, others extorted. I think it is because we do not have proper services like lights, good roads and police” – FGD – Mukuru Kwa Njenga, Embakasi South (Women)

An important aspect of measuring vulnerability involves considering the frequency of occurrence of events that contribute to or exacerbate vulnerability. The study probed respondents on the frequency of occurrence of insecurity events that were related to their location. It emerged that traders experienced cases of insecurity that they considered detrimental to their business at least once every month. 40.2% indicated that they experienced insecurity at least once a month, 14.6% weekly, 16.5% weekly, 12.2% quarterly and 9.1% annually. This gave the indication that the absence of suitable and sufficient spaces for doing business predisposed most of the traders to insecurity challenges that risked their livelihoods and lives in a sense that stifled their earnings and also exposed them to other problems that would impair their health and wellbeing.
“Such insecurity cases are rampant. In fact, it reached a point where women had to send money via M-Pesa to avoid walking with cash because when you get to the railway line you are mugged and you could not pass there in the morning. I can remember just recently two women were raped and there was a gentleman who was robbed and cut. You understand if you are selling groceries you have to get up early to get the fresh ones. So when they reached ‘Bombolulu’ [on the way to market] they were attacked. Unfortunately, the man couldn’t run fast because he had a broken leg so he was cut and his valuables stolen including his cell phone. The same day near the railway line women were raped. So such cases are normal in this area” – FGD Kibra, Sarangombe (Women)

“Sometime back security was so poor. Sometimes you get that they have broken the door and they have taken everything so it forces you to look for other capital to bring new stock. Those days you could not even open an Mpesa shop. But it has improved” – FGD Kibra, Mashimoni (Men)

**4.3.4 Inadequate spatial planning for Disability and its implications on vulnerability**

The literature also indicates that a significant aspect of vulnerability in the informal sector relates to people with disabilities (PwDs) who are engaged in various productive economic activities. As argued by Tissi (2000) people living with disabilities encounter substantive challenges that contribute to and in many cases exacerbate already existing vulnerabilities. The study established that PwDs in the informal sector in Nairobi City encounter many challenges due to lack of a spatial planning framework that recognises and addresses their differentiated needs. The study noted that there lacked specialised social amenities and auxiliary support services and infrastructure that can help them cope with their disability as they work in the informal sector. About 86% of respondents were of the opinion that small scale traders with disabilities in the areas that were sampled lack specialised infrastructure, facilities, amenities and other support/services that can facilitate their operations.

This gave the indication that PwDs contend with limitations to the number of hours they can work, the nature of business activities that they could engage in and operating hours within which they can comfortably do business. The study also established that due to their disabilities and lack of effective planning mechanisms to deal with them, PwDs depend on support for their business operations from family or invest in assistants that sometimes can be expensive and unsustainable. Table 5 illustrates
some of the challenges reported to be faced by PwDs in the informal sector that were associated with the inability of the existing planning framework to take cognisance of their needs.

**Table 6: Challenges reported to be faced by PwDs in the informal sector**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Kibra</th>
<th>Westlands</th>
<th>E. South</th>
<th>Total Count</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack specialised social amenities like toilets and market stands</td>
<td>32.2%</td>
<td>43.1%</td>
<td>35.8%</td>
<td>133</td>
<td>36.9%</td>
</tr>
<tr>
<td>Lack specialised business support services for PwDs</td>
<td>31.4%</td>
<td>49.1%</td>
<td>33.3%</td>
<td>136</td>
<td>37.8%</td>
</tr>
<tr>
<td>Limitations on the types of business activities to conduct</td>
<td>31.4%</td>
<td>46.6%</td>
<td>38.2%</td>
<td>139</td>
<td>38.6%</td>
</tr>
<tr>
<td>Limitations on man working hours they can operate</td>
<td>31.4%</td>
<td>42.2%</td>
<td>35.8%</td>
<td>133</td>
<td>36.9%</td>
</tr>
<tr>
<td>Limitations on business operating hours</td>
<td>33.1%</td>
<td>42.2%</td>
<td>49.6%</td>
<td>140</td>
<td>38.9%</td>
</tr>
<tr>
<td>Dependence on people for support in business operations</td>
<td>33.1%</td>
<td>33.6%</td>
<td>49.6%</td>
<td>140</td>
<td>38.9%</td>
</tr>
</tbody>
</table>

"Moving my product usually becomes a challenge and at such times I have to hike my prices to compensate. During rainy days I have to close shop and relax until the rain ends because I do my business out in the open" – **FGD (PwDs) – Mashimoni, Kibera**

**Figure 7: Are there infrastructures that support women to do business where you operate your business from?**

The study also established that a significant proportion of sampled small scale traders had encountered cases of non-procedural (sometimes violent) treatment regarding the spaces where they located. This included forceful eviction, eviction without notice, harassment, verbal and physical abuse, arrests and requests for bribes. As illustrated on table 7, 21% indicated that they had been harassed, 14% evicted without notice, 15% verbally abused by authorities in the process of executing planned evictions and some 7% impressed upon to pay a bribe or some form of corrupt deed to secure the spaces they depended on for doing business. This was consistent with (Rukmana, 2017) that argues that in many cases, authorities forcibly evict informal sector players from public spaces in the name of urban order and cleanliness despite evidence that such actions seldom address the problem.

**Table 7: Challenges regarding location of business**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Kibra</th>
<th>Westlands</th>
<th>E. South</th>
<th>Count</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have been harassed</td>
<td>21.50%</td>
<td>17.20%</td>
<td>24.40%</td>
<td>76</td>
<td>21.1%</td>
</tr>
<tr>
<td>I have evicted without notice</td>
<td>7.40%</td>
<td>23.30%</td>
<td>12.20%</td>
<td>51</td>
<td>14.2%</td>
</tr>
<tr>
<td>I have been physically assaulted</td>
<td>5.00%</td>
<td>11.20%</td>
<td>4.90%</td>
<td>25</td>
<td>6.9%</td>
</tr>
<tr>
<td>I have been verbally abused</td>
<td>13.20%</td>
<td>15.50%</td>
<td>15.40%</td>
<td>53</td>
<td>14.7%</td>
</tr>
<tr>
<td>I have been arrested</td>
<td>4.10%</td>
<td>10.30%</td>
<td>3.30%</td>
<td>21</td>
<td>5.8%</td>
</tr>
<tr>
<td>I have been requested for sexual favours</td>
<td>0.80%</td>
<td>0.90%</td>
<td>4.10%</td>
<td>7</td>
<td>1.9%</td>
</tr>
<tr>
<td>I have requested to pay bribe</td>
<td>5.80%</td>
<td>6.90%</td>
<td>6.50%</td>
<td>23</td>
<td>6.4%</td>
</tr>
<tr>
<td>My goods have been stolen</td>
<td>14.00%</td>
<td>5.20%</td>
<td>12.20%</td>
<td>38</td>
<td>10.6%</td>
</tr>
<tr>
<td>My goods have been destroyed, damaged</td>
<td>9.10%</td>
<td>4.30%</td>
<td>13.00%</td>
<td>32</td>
<td>8.9%</td>
</tr>
</tbody>
</table>
“I used to have a house [from which I lived and did business] but it was brought down. Now I got no place to sleep, work. I am living with a friend. They came without communication and people did not remove their belongings from the houses since there were notices given. The tractor came and started demolishing houses and that’s how we lost very many things” – FGD Kibra, Sarangombe (Youth)

“I am a youth, I had a stall [business space] and it was brought down. The house I used to live in next to the railway line was also brought down. At the end of the day I need to survive so where do I get the money now? That means if I get anywhere or anything that can bring me money that’s the way. That’s why youth cause insecurity in our neighbourhood” – FGD Kibra, Sarangombe (Youth)

4.3.5 Discussion on implications of inadequate spatial planning on vulnerability

We have established from the literature that space is an important element in determining vulnerability of people involved in productive activities in the informal sector. The literature emphasised on the competition for space especially in the urban areas between the formal and informal sectors indicating that most often the formal sector benefits more. As such, the spatial planning framework has profound implications on the endowments and capabilities of those involved in the informal sector. Its inadequacies or merits thus determine the extent to which individuals and households and enterprises that operate in or depend on the informal sector are able to deal with shocks and in turn the extent of their vulnerability.

The study has established that a great deal of activities of the people involved in the informal sector in the areas of Nairobi City where the study was conducted are substantively hamstrung by inadequacies of the existing spatial planning framework. Where inadequacies refer to its inability to avail sufficient, suitable and accessible spaces for conducting business. It also refers to the inability of physical planning modalities to attend to some of the most vulnerable populations – like people with disabilities and women. Some of the key issues leading to or exacerbating vulnerability identified by the study include insecurity leading to loss of endowments, limitations in suitability and sufficiency of space that reduces turnover and in return incomes, environmental shocks (like heavy rains) whose impacts are magnified by lack of proper planning/infrastructure.

4.4 Vulnerability driven by shocks

Shocks are events that can reduce an individual or household’s wellbeing (Marques, 2003). They are risks that manifest and cause significant negative welfare effects. They include illness, unemployment, drought, major income loss (Heitzmann, Canagarajah, & Siegel, 2002; Hoogeveen, Tesluc, Vakis, & Dercon, 2005). The review of literature has already established the profound implication of shocks on vulnerability and wellbeing on individual and households that depend on the informal sector for their livelihoods.

This study explored various shocks and their implications on livelihoods and wellbeing of those involved in the informal sector in Nairobi in the areas surveyed. It established that five main shocks are prominent – sickness, extreme weather – rains, volatile political activity, incidences of insecurity, and downturns in the national economic outlook. As illustrated on figure 51.9% of respondents indicated that extreme weather conditions – mainly rains leading to floods was one of the main shocks that affected their businesses most, followed by incidences of illness at 43.6%, violent political activities at 35.8%, bad transport network at 32.5%, hardships remitted by slow growth in the economy at 20.8% and inadequate provisions for neighbourhood security at 19.7%. 
4.4.1 Occurrence of livelihoods impacting rains and its implication on vulnerability

Considering rains as a shock, there is evidence from previous research on poverty and vulnerability in urban areas especially in developing countries to show that extreme weather conditions especially heavy rains can cause significant shocks to individuals and households. They can cause loss or destruction of property, affect the health of household heads and impair their human capital and ability to produce. They can also occupy spaces for enterprise and prevent people from carrying out productive activities. The study established that such heavy rains had been experienced by respondents quite frequently. Most of the respondents (67.4%) indicated that they had experienced such livelihood impacting rains more than three times in the past one year. It emerged that when such rains occurred, most of the experienced reduced profits and sales. Their property was destroyed or lost and the rains rendered their places of business unsuitable either because of inaccessibility or flooding. See figure 9.

**Table 8: Frequency of occurrence of rains**

<table>
<thead>
<tr>
<th></th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Count</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>5.4%</td>
<td>5.2%</td>
<td>8.2%</td>
<td>12</td>
<td>6.4%</td>
</tr>
<tr>
<td>Twice</td>
<td>8.9%</td>
<td>12.1%</td>
<td>12.3%</td>
<td>21</td>
<td>11.2%</td>
</tr>
<tr>
<td>Thrice</td>
<td>12.5%</td>
<td>13.8%</td>
<td>17.8%</td>
<td>28</td>
<td>15.0%</td>
</tr>
<tr>
<td>More than three times</td>
<td>73.2%</td>
<td>69.0%</td>
<td>61.6%</td>
<td>126</td>
<td>67.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>187</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Such significant reduction in sales, profits and in turn incomes normally have substantive impacts on the livelihoods many urban poor. Most of the participants in the FGDs indicated that sometimes after the occurrence of such heavy rains and flooding, they lost incomes that led to some going out of business or reducing the size of the business. As such, the occurrence of such shocks remitted significantly destabilising effects on the economic activities of those in such areas. This sometimes meant that some business simply fell, others had to mobilise supplementary resources to inject in their business. For others it meant that they ran businesses that were largely unsustainable and not economically sound – mostly used for subsistence.
Figure 9: Effects of rains on business

4.4.2 Occurrence of an illness and/or death and its implications on vulnerability
The implications of sickness or ill health on the livelihoods of urban poor is exhaustively covered in the literature. Sickness impairs human capital which is one of the major endowments that those living in urban areas depend on for their survival – either for labour or for participation in various entrepreneurial activities. When a household head or a business person falls sick, they are rendered unproductive and their incomes reduced. Where such illnesses proceed for longer periods, they may lose their possessions (capital) either sold out to mobilise resources for medical care or for household consumption when household heads cannot work. For those involved in business, like small scale trade – it might mean that they sell out their stock/business, or fail to show up for daily trading activities and in turn harm the business.

As illustrated on figure 8, 43.6% of those surveyed in this study indicated that the occurrence of an illness/sickness represented a significant shock that profoundly affected their livelihoods and impacted their vulnerability. And, most of the respondents (57.3%) indicated that they had experienced an incidence of livelihoods impacting illness more than three times in the past year.

Table 9: Frequency of occurrence of an illness/sickness

<table>
<thead>
<tr>
<th></th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>3.9%</td>
<td>2.0%</td>
<td>5.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Twice</td>
<td>3.9%</td>
<td>4.1%</td>
<td>8.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Thrice</td>
<td>37.3%</td>
<td>34.7%</td>
<td>28.1%</td>
<td>33.1%</td>
</tr>
<tr>
<td>More than three times</td>
<td>54.9%</td>
<td>59.2%</td>
<td>57.9%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

"My wife got sick and she had to be taken to the hospital, the money for treatment was got directly from the business account and as such stock reduced. This had a massive effect on my business as most of the money used was from the business" – FGD, Westlands, Kangemi (PwDs)

"There was this time when my mum was sick, I had to sell one of my kiosks and close the other to attend to her." – FGD, Westlands, Kangemi (Men)

It emerged that occurrences of illness had three major impacts on the sustainability of economic activities of small scale traders in the areas surveyed in Nairobi. These were: closure of business which led to reduction in sales volumes and declines in profits. See figure 10. Other impacts included loss of life and psychological stress. The overall impression was that the occurrence of an illness and its increased frequency had substantive negative effects on the businesses that the small scale traders were engaged in.

"During such cases of illness or death, you have to close the business and coming back to find your customers is usually a problem. It takes a while before you can get your customers back" – FGD,, Embakasi South, Mukuru Kwa Njenga (Women)
“When you are sick you can’t work or when your family member is sick you can’t be calm, you are just stressed up and it’s not good for business. It can force you to close up the business to go back and check on your family member who is sick” – FGD, Kibra, Mashimoni (Men)

“The funeral expenses literally brought my business to a halt, I had to close the business for a while and look for extra savings to inject into the business” – FGD, Westlands, Kangemi (Men)

![Figure 10: Impacts of illness on business](image)

4.4.3 Occurrence of volatile (sometimes violent) political events

Some shocks are categorised as covariant. This refers to those that emanate from the external environment. They are argued to affect groups, households, communities, regions or even entire nations. These may include violent conflict, financial crises or economic recessions, volatile political events, social unrest, extreme climatic conditions like droughts amongst many others.

Politics, especially that which is related to elections, was identified as a significant phenomenon that impacted the livelihoods of many of the small scale traders surveyed in this study. It is typically a covariant shock. About 35.8% of the respondents surveyed in this study indicated that they had experienced political events that had impacted their businesses in profound ways in the past year. Most of them were of the opinion that such political events like the elections period in 2017 had remitted substantive negative effects on their businesses that sometimes had threatened their sustainability, led to collapse of some and destabilised others. Most of the respondents indicated that they had experienced such political events at least once in the past year.

<table>
<thead>
<tr>
<th></th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Total</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>52.2%</td>
<td>53.5%</td>
<td>52.5%</td>
<td>52.7%</td>
<td>68</td>
</tr>
<tr>
<td>Twice</td>
<td>23.9%</td>
<td>20.9%</td>
<td>27.5%</td>
<td>24.0%</td>
<td>31</td>
</tr>
<tr>
<td>Thrice</td>
<td>13.0%</td>
<td>18.6%</td>
<td>15.0%</td>
<td>15.5%</td>
<td>20</td>
</tr>
<tr>
<td>More than three times</td>
<td>10.9%</td>
<td>7.0%</td>
<td>5.0%</td>
<td>7.8%</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>129</td>
</tr>
</tbody>
</table>

*Politics means lack or slow business because you fear your bike might be set ablaze hence you sit back. During such days I usually close my business for fear of loss of goods or destruction of goods. During such times customers flee from the urban centres to the rural areas hence loss of customers* – FGD – Westlands, Kangemi (Youth)

*Politics helps me support my business since I am able to sell my goods at political gatherings on the other hand my goods have also been destroyed and stolen by the rowdy youth. Usually I cannot do anything* – FGD – Westlands, Kangemi (Men)

Most of the respondents indicated that the most prominent effects of politics on their livelihoods were: loss or damage of goods/property, reduced sales and profits. Figure 11 illustrates some of the other effects identified that included injury, loss of life, psychological stress.
“During such seasons, customers stay at home hence we get low sales and profit. Politics brings tribalism, tribalism is not good from my business as people from different tribes do not want to buy from me since I am from a different tribe. During such times inflation goes up which brings the issue of lack of disposable income hence low sales” - FGD – Westlands, Kangemi (Women)

“Political season comes with its fair share of challenges, at such times there’s lack of understanding and most of the suppliers usually close shop due to fear of their goods being stolen hence reduced sales and profits, besides that inflation also heightens and people do not have disposable income hence reduced sales profits” - FGD – Westlands, Kangemi (Youth)

4.4.4 Economic hardships

It also emerged from analysis of study findings that a significant proportion (20.8%) of those surveyed indicated that occurrence of hardships in the economy impacted their businesses in many ways that most often were detrimental. From the literature, it was established that some covariate shocks related to the macro-economic environment in a country like economic recession, significant inflation, financial crises remit significant challenges to small and medium enterprises. Some of such covariant shocks sometimes lead to constriction of businesses or even closure.

Most of the respondents (69.3%) indicated that they had experienced such economic hardships more than three times in the past year. Further, the analysis indicated that whenever such economic shocks occurred, the most significant impact was reductions in their sales volumes and in turn profit margins. 86.7% of the respondents cited reduced sales volumes and 81.3% cited reductions in profits as challenges attributable to the occurrence of economic hardships in the economy over the past year.

Put into context, Kenya experienced slower economic growth over the period considered in this study (the past year - 2017 into 2018). The 2018 Economic Survey by the Kenya National Bureau of Statistics (KNBS) indicates that the economy slowed down in 2017 from 5.9% GDP growth in 2016 to 4.9% in 2017 with Key sectors of the economy recording significant deceleration in 2017 (KNBS, 2018). The Gross value added decelerated to 7.3% from 7.8% in 2016. Financial sector recorded a decelerated growth of 3.1% in 2017 compared to 6.7%. The construction sector recorded a slower growth of 8.6% in 2017 compared to a 9.8% in 2016. It is important to note that some of these are critical for livelihoods in the informal sector like manufacturing, construction, transportation and agriculture. The table below illustrates all the perceived shocks that respondents cited in the survey.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Count</th>
<th>Aggregate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rains</td>
<td>46.30%</td>
<td>50.00%</td>
<td>59.30%</td>
<td>187</td>
<td>51.9%</td>
</tr>
<tr>
<td>Politics</td>
<td>38.00%</td>
<td>37.10%</td>
<td>32.50%</td>
<td>129</td>
<td>35.8%</td>
</tr>
<tr>
<td>National holidays</td>
<td>5.00%</td>
<td>3.40%</td>
<td>4.10%</td>
<td>15</td>
<td>4.2%</td>
</tr>
<tr>
<td>Sickness</td>
<td>42.10%</td>
<td>42.20%</td>
<td>46.30%</td>
<td>157</td>
<td>43.6%</td>
</tr>
</tbody>
</table>
4.5 Vulnerability driven by the regulatory regime

4.5.3 Licensing

Business trade licences are essential documents issued by relevant authorities duly granting one permission to carry on a particular trade within a specified location. Revenues generated from issuance of such trade licences and other streams of revenues are then used by the relevant authorities to provide public goods like water, energy, transport infrastructure and policing among other services that supports business trade operations. Business trade licences exists in various forms depending on the type of business one intends to operate. To acquire the right business licence(s), it is vital for one to understand all the type of licence(s) he/she is required to poses depending on the type of business one is operating or intends to operate. Assessment of respondent’s awareness levels with regards to the composite of business trade licences they are required to poses in order to trade, revealed that a considerable proportion (74.1%) of surveyed were not aware. This is illustrated on figure below.

![Figure 12: Awareness of the composite licences they are required of small scale traders](image_url)

Further examination of the study results highlighted four types of business trade licences that were mostly cited by the surveyed respondents who indicated that they are aware of trade licences they are required to poses in to legally run their business operations. These include: single business permit, Health Certificate, Food Hygiene Certificate, and Fire Clearance. Notably, 76.9% indicated that they were aware of the single business permit, 13.5% - Health Certificate, 13.5% - Food Hygiene Certificate, and 12.5% - Fire Clearance Certificate. Table 11 illustrates all the possible licenses and permits that a small scale trader may need to acquire in order to operate legally and comply with the existing regulatory regime.

<table>
<thead>
<tr>
<th>Type of Licence</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakazi South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single business permit</td>
<td>92.9%</td>
<td>70.4%</td>
<td>71.4%</td>
<td>76.9%</td>
</tr>
<tr>
<td>Health Certificate</td>
<td>14.3%</td>
<td>14.8%</td>
<td>12.2%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Food Hygiene Certificate</td>
<td>7.1%</td>
<td>14.8%</td>
<td>16.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Fire Clearance Certificate</td>
<td>7.1%</td>
<td>14.8%</td>
<td>14.3%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Table 12: Some of the licenses and permits required of a small scale trader
Can't recall the name | 0.0% | 0.0% | 14.3% | 6.7%
Music Copyright Society of Kenya licence | 3.6% | 3.7% | 8.2% | 5.8%
Advertising Signage - 300mm by 600 mm or less - Certificate | 3.6% | 3.7% | 2.0% | 2.9%
Unified business permit | 0.0% | 3.7% | 4.1% | 2.9%
Kenya Film Censorship Board licence | 0.0% | 0.0% | 4.1% | 1.9%
Liquor licence | 0.0% | 0.0% | 4.1% | 1.9%
Kenya Bureau of Standards licence | 0.0% | 3.7% | 0.0% | 1.0%

Failure to pose business trade licence normally expose businesses/traders to unwarranted harassment and punitive measures, including confiscation of goods from law enforcement officers drawn from different institutions of government. Some of the inspection visits sometimes result into ugly confrontation between trader(s) and law enforcement officers, that in turn leads to cause of bodily harm, lose or damage of goods and in worst cases some lead to death. As such, considerable proportion of business traders who indicated that they don't pose business trade licences are prone to be exposed to such shocks that at times force some business traders to close their businesses after losing their capital/goods.

4.5.4 Business Registration

Business registration plays an important role in providing protection and recognition to businesses that are legally formalised under a particular jurisdiction. To the informal sector trader's, business registration as a requirement further aids business traders to access other business support services like (i) access to credit facilities from formalised financial lending institutions, (ii) access to empowerment initiatives being sponsored by state and non-state actors and (iii) provides linkages with formalised business enterprises that prefer doing business with registered business institutions. However, study results show that nearly all (95.3%) small scale traders surveyed indicated that they had not registered their businesses with any relevant government institution (See figure 13). This was despite governments efforts to introduce 'one stop shop' citizen service centres called “Huduma Centres”, which provide various public services and information that includes registration of business names, applications of business licences and many other services in one place.

Absence of business registration with relevant authorities therefore demonstrate that a significant proportion of business traders who were consulted in the study are restricted from accessing the aforementioned business support services that would otherwise improve their businesses and function as effective coping mechanisms. This also exposes such small scale traders to such non-procedural treatment as harassment from enforcement officers and punitive measures, including confiscation, damage and lose of goods. These have profound implications on the livelihoods of such individuals and their households. As such, where the regulatory system fails to assist or facilitate the informal sector, it may in many ways contribute to their vulnerability, as may be the case amongst many of the small scale traders surveyed in this study.
When asked to cite reasons that had hindered them from registering their businesses, a significant proportion of the study participants mentioned four reasons among others that include (i) failure to establish the need/importance of registering their businesses (37.3%), (ii) lack of knowledge on the set procedure for registering businesses (27.1%), (iii) lack of money to facilitate registration of business (26.2%) and (iv) lack of awareness that one needs to register his/her business as shown in Table 12 below.

Table 13: Reasons for not registering business

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t see the need/importance of registering my business</td>
<td>43.5%</td>
<td>33.0%</td>
<td>35.3%</td>
<td>37.3%</td>
</tr>
<tr>
<td>I don’t know the procedure of registering the business</td>
<td>29.6%</td>
<td>24.8%</td>
<td>26.9%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Lack of money to register the business</td>
<td>27.8%</td>
<td>25.7%</td>
<td>25.2%</td>
<td>26.2%</td>
</tr>
<tr>
<td>I am not aware that I should register the business</td>
<td>12.2%</td>
<td>10.1%</td>
<td>28.6%</td>
<td>17.2%</td>
</tr>
<tr>
<td>High registration fees</td>
<td>10.4%</td>
<td>10.1%</td>
<td>7.6%</td>
<td>9.3%</td>
</tr>
<tr>
<td>I don’t have time to go and register the business</td>
<td>5.2%</td>
<td>8.3%</td>
<td>9.2%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Corruption tendencies among registration officials</td>
<td>3.5%</td>
<td>11.0%</td>
<td>3.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Bureaucratic delays in registering business</td>
<td>4.3%</td>
<td>0.0%</td>
<td>1.7%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

4.5.5 Taxation

Every person with income or who anticipates earning some as well as a person who intends to carry out certain transactions in Kenya are required to pay tax to relevant government authorities. The taxes collected are then used by the government to provide public goods & services and administrate the running of the government. Nonetheless, despite their tax obligations, it emerged from study findings that a majority of small scale traders in the areas surveyed (aggregate seven out of ten - 77.5%) do not pay taxes. See figure 14. As such, failure to remit taxes as required by law exposes such small scale traders to a number of stringent actions by the government against tax defaulters that may render a person susceptible to shocks. Such actions may lead to (i) limitation from accessing gainful employment opportunities from government and non-state agencies, (ii) limitation from doing business with government and non-state actors, (iii) limitation from accessing credit facilities from formalised financial lending institutions and (iii) exposure to possible prosecution for criminal penalties and imprisonment. One of the focus group participants had this to say:

“Getting time to go and register my business is always not available. In addition, I have never seen the need of even registering my business or having Kenya Revenue Authority (KRA) pin. In fact, what is KRA?” FGD – Kibra, Mashimoni (Youth)
Figure 14: Do you pay any taxes?

There was evidence of government action (at county) level to ease the tax burden on small scale traders in order to facilitate compliance. The Governor of Nairobi County issued a directive on 14th September, 2017 to abolish charges for city small-scale traders through a memo that was directed to the county chief officers. Further in his maiden speech when officially opening the county assembly on September 28, 2017, he reiterated his intention to cut down payments on certificates and licenses such as those charged on food and rental markets as well as cess (tax) by 20% through amendments to the Finance Act of 2013. Nonetheless, it emerged from the study that, amongst the study participants who indicated that they pay taxes/levies, majority (85.2%) were still remitting market fees/levies as the main form of tax to Nairobi County Government either on daily, weekly or Monthly basis. Other forms of taxes that were identified include levies being charged by cartels (11.1%) and Value Added Tax (4.9%) as illustrated on figure 5 below.

In as much as (22.5%) of study participant mentioned that they pay taxes and provided examples of taxes they remit, the study results nonetheless clearly demonstrated that compared to all the streams of taxes they are expected to remit to the national and county governments, nearly all the study participants have very limited knowledge regarding bundle of taxes they are obligatory to remit hence rendering them susceptible to stiff penalties in the form of fines or capital confiscation.

Figure 15: Some of the most cited taxes/levies paid by small scale traders

In its efforts to spur growth and development of small and micro enterprises owned by people living with disability, the government introduced a tax exemption for businesses/organizations generating an annual income of Ksh. 1,800,000 and below. In order to benefit from such exemptions, one is required to register with the National Council for People with Disability (NCPWD) where all tax-relief applications are reviewed before they are forwarded to the Kenya Revenue Authority for implementation. It however emerged from the FGDs with PwDs that nearly 80% were not registered with NCPWD. This gave the
impression that a significant proportion of PwDs are not taking advantage of the available tax exemptions for PWDs and other forms of affirmative action programs being implemented by the government like Access to Government Procurement Opportunities (AGPO) that facilitates persons with disability, youth and women to participate in 30.0% of government tenders, Uwezo Fund, Youth Enterprise Fund, Women Enterprise Fund and National Government Affirmative Action Fund (NGAAF), only if they are tax compliant. Below is an excerpt from one of the FGD respondents.

“I never knew that I need to register as someone with disability in order to enjoy government services aimed at supporting people living with disability like me, I now know that if I register with NCPWD I will not be liable to pay tax, I will try my level best to register by next week if I get time”

FGD – Embakasi South, Mukuru Kwa Njenga (PwD)

Review of literature materials shows that the regulations and tax policies are reported to be one of the constraints to growth and expansion of businesses in the informal sector in Kenya. With the meagre revenues being generated from such enterprises coupled high household consumption burden, majority of the entrepreneurs find themselves incapable of honouring their tax obligations because in most instances their businesses tend to be accrue loses or minimal profits that subject them to vicious cycle of poverty. Notably, most of the study participants who indicated that they are remitting tax cited three main effects of the existing tax regime on their businesses and thus livelihoods is (i) low sales (24.4%), (ii) low profits (43.9%) and (iii) high operation as illustrated in figure 16 below.

<table>
<thead>
<tr>
<th>Area</th>
<th>They contribute to low profits</th>
<th>They contribute to low sales</th>
<th>They contribute to high operation cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate</td>
<td></td>
<td>24.4%</td>
<td>42.7%</td>
</tr>
<tr>
<td>Embakasi South</td>
<td></td>
<td>35.7%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Westlands</td>
<td></td>
<td>32.4%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Kibra</td>
<td></td>
<td>11.8%</td>
<td>47.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>52.9%</td>
</tr>
</tbody>
</table>

Figure 16: Effects of the existing tax regime on their businesses

4.6 Sexual and Gender Based Violence (SGBV) and vulnerability in the informal sector

Sexual and gender-based violence (SGBV) refers to any act that is perpetrated against a person’s will and is based on gender norms and unequal power relationships. It includes acts that inflict physical, mental, or sexual harm or suffering, threats of such acts, coercion and other deprivations of liberty, whether occurring in public or in private life (United Nations, 1993). SGBV is largely ingrained in individual attitudes that tolerate violence within the family, the community and the nation. There are arguments in the literature to the effect that SGBV, like in other spheres of life, profoundly impact the ability of persons operating in the informal sector to operate and to thrive. The study thus probed for cases of SGBV both at the business location and household since both normally have significant implications on the victims.

The study established that on average, across the three study locations, a considerable proportion of respondents (33.3% and 16.7%) had experienced or witnessed cases of SGBV where they conduct their businesses and at the household level respectively. Of these respondents, over half (57.5% and 51.7%) indicated that cases of SGBV that they experienced or witnessed at home or where they do business profoundly affected the way they do business.
Both at the business and household level, cases of SGBV that were pronouncedly mentioned by the study respondents include physical and verbal abuse respectively. Cases of sexual abuse were cited mostly at business establishment level or in the process of conducting business activities. It emerged, especially from FGDs, that women were the major victims of the aforementioned forms of violence. One of the focus group respondent had this to say:

"Me as a mama mboga, I have to wake up very early in the morning by 4.30am I need to at Marikiti Maket to get stock for the day, walking at such time very dangerous. There incidences where my fellow Mama Mbogas have been robbed and raped at the same time. Nowa days we opted to send money upfront to our supplier. When leaving at night we leave as group of women in company of men."  
FGD - Embakassi South, Mukuru Kwa Njenga (Female)

The government of Kenya has made tremendous strides in enacting a number of laws, policies and regulations on response, prevention and management of SGBV. Examples of these legal frameworks include Constitution (2010), the Sexual Offences Act (2006), the Children’s Act (2001) the Penal Code (2009), the Prohibition of Female Genital Mutilation Act (2011), the National Gender and Equality Commission Act (2011), among other key national legislations and international instruments including the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW, 1979), the Convention on the Rights of the Child (CRC, 1990), and the Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa (Maputo Protocol, 2003). To provide the necessary support required to operationalize the above legal frameworks, the government has
endeavoured to establish mechanisms for the protection, treatment and care of victims of SGBV as well as the treatment, supervision and rehabilitation of sexual offenders among other things. For an individual to be able to seek for appropriate redress against perpetrators of SGBV, it vital for one to be aware of the existing legislative frameworks and reporting mechanisms that have been put in place to address SGBV cases by the government and non-state actors. The study however established that very few (16.9%) study respondents were aware of the laws that prohibit SGBV. When the study further explored existence of sufficient mechanisms to prevent and deal with cases of SGBV, (12.8%) of the respondents confirmed in affirmative that such mechanisms exist. This finding pointed to significant vulnerability to SGBV exacerbated by limited knowledge on existing legal framework and reporting mechanism on sexual and gender based violence.

Figure 19: Awareness of mechanisms for dealing with SGBV

4.7 Interrogating the coping strategies against vulnerability in the informal sector

4.6.1 Institutional/Policy responses/mechanisms

Social Protection
The study has established substantive vulnerabilities among most of the small scale traders in Nairobi City involved in the informal sector. It has also established how a lot of their vulnerabilities are driven by livelihoods impacting shocks and an insufficient physical planning framework that contributes to or exacerbates the inability of such populations to deal with such shocks. As discussed in the literature review, a lot of people operating in the informal sector work in squalid conditions resulting from inadequate delivery of public goods like water, energy, transport infrastructure, policing and health services. This is compounded by the working conditions most often involved in self-employment without proper health and safety regulations and protection. Therefore, as noted by ILO (2000) those involved in the informal sector require social protection as an important coping strategy for such shocks as sickness that usually have significant implications on their ability to produce.

The study explored social protection, as a response mechanism or coping strategy at institutional level, and the extent to which it is accessible, affordable and utilised by small scale traders in the informal sector in Nairobi City. It was notable that government both at national and county level had made significant pronouncements with regards to ensuring universal access to health care guaranteed by public sector health insurance. There was substantive policy pronouncements and investment of public resources into increasing coverage of health insurance – mainly the National Health Insurance Fund (NHIF). Nonetheless, it emerged that most of the respondents did not rely on health insurance to cater for their medical care needs. About 70% indicated that they paid in cash for healthcare services over the past year and only about 20% indicated that they had used NHIF, which is the main public sector health insurance mechanism targeting such populations.
Figure 20: How did you pay for medical care over the past one year?

The study probed for information on registration and contributions to NHIF in order to establish the extent of access affordability and use of NHIF. It established that more than half (56.7%) of the respondents were not registered into NHIF. When probed for reasons why they had not been registered or were not making regular contributions to NHIF, it emerged that a significant challenge related to affordability of the scheme. About 85% of the respondents indicated that they failed to make regular contributions to NHIF because of the high cost of monthly instalments.

Table 14: Registration for NHIF and contributions

<table>
<thead>
<tr>
<th>Are you registered on NHIF?</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>47.9%</td>
<td>37.9%</td>
<td>43.9%</td>
<td>43.3%</td>
</tr>
<tr>
<td>No</td>
<td>52.1%</td>
<td>62.1%</td>
<td>56.1%</td>
<td>56.7%</td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do you make regular contributions to NHIF?</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>56.9%</td>
<td>50.0%</td>
<td>50.0%</td>
<td>52.6%</td>
</tr>
<tr>
<td>No</td>
<td>41.4%</td>
<td>47.7%</td>
<td>50.0%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1.7%</td>
<td>2.3%</td>
<td>0.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Some of the other reasons that were cited by respondents as impediments to their effective utilisation of NHOF as a coping strategy for shocks related to illnesses include: economic hardships within the households that did not permit such health expenditures and procedural limitations like distance to the nearest NHIF outlet to secure registration or to make payment. As such the study got the impression that whilst a lot of public expenditure has been put into increasing coverage of health insurance, a substantive proportion of the vulnerable populations in the informal sector that need it most seem to still left out. This exacerbates already existing vulnerabilities since without effective coping strategies the likelihood of loss of livelihood is high and could lead to deeper and/or chronic poverty.
The other notable mechanism for social protection was pension schemes managed by government. The most cited was the National Social Security Fund. The study probed for access, affordability and use of pension schemes (NSSF, RBA). It was notable that uptake of NSSF and other pension schemes was very low amongst the small scale traders in the areas of Nairobi City that were surveyed. Only about 24% indicated that they had been registered on a pension scheme. This was however in tandem with most of the arguments in the literature that alluded to the fact that many public sector led social protection mechanisms focus a lot on social security that are largely oriented towards the formal sector targeted people in formal or wage employment. As such they tend to exclude most of the poor and vulnerable populations.

Like was the case with health insurance, it emerged that the greatest limitation to uptake and use of social security was the costs of subscriptions. This was compounded by significant misinformation and misconceptions about social security. It emerged from many of the FGDs that many did not understand the essence of social security and pension schemes and questioned why they would spend limited household/business income on a scheme that would not benefit their lives in the short or mid-term when they need it most. Figure 20 below illustrates some of the other reasons indicated by respondents as the causes of low uptake of social security.
Retarding PwDs, whilst most of the respondents (87.8%) were not aware of any special support from government for PwDs, there was also indication that PwDs receive some sort of a cash transfer operating as a form of social protection. A significant proportion of the respondents indicated that people with severe disabilities received a monthly stipend from government that they used to supplement their incomes. It also emerged from the FGDs with PwDs that they were allowed an exemption by government regarding monthly subscriptions to NHIF. They indicated that once they made the first instalment they were not required to make any other but continue to access NHIF services. However, it was notable that most of the PwDs and other respondents consulted in this study were not aware of these social protection mechanisms specifically targeting PwDs. As such, the study got the impression that their uptake and use amongst PwDs could be significantly low. For those that accessed and used them, they indicated that those was a significant form of help albeit quite meagre and that a lot more could be done to improve the sustainability of their livelihoods.

In general, it emerged that most of the respondents in the areas surveyed did not see the existing social protection mechanisms by government – health insurance (NHIF), social security (NSSF and RBA pension schemes) and the cash transfers for PwDs as sustainable and effective ways for dealing with their vulnerabilities. Whilst a lot of them considered NHIF as an effective way of relieving the household burden for health expenditures, its inaccessibility and unaffordability ensured that a lot of them did not take advantage of it as an effective coping strategy especially for health related shock. In fact, a significant proportion indicated that they didn’t feel that the existing social protection mechanisms were sustainable ways for dealing with eminent shocks at the household and business levels.
Spatial Policy/planning initiatives

Several polices and initiatives of government have been implemented geared towards attending to some of the issues affecting the informal sector and how to improve the physical environment within which they work. For example, the Sessional Paper No.1 of 1994 on Recovery and Sustainable Development emphasized on a facilitative environment through: simplified regulatory framework and changes to accelerate acquisition of equity rights small scale enterprises access to credit and urban space (ref). Also, in the Vision 2030, through the small operator retail markets strategy, the government aimed to create organized retail market outlets for small scale operators who will graduate from the informal sector. More recently, the physical planning act seeks to overhaul the outdated Physical Planning Act of 1996 with a more progressive framework. There is however concerns that the bill still does not pay significant attention to the informal sector. The National Land policy of 2009 however spells out some specific intentions of government that pay attention to the informal sector. These include: provision of land for development of spaces for informal commercial activities, deliberate consideration of informal activities in spatial planning, and designation of areas where informal sector activities can operate.

Nonetheless, it emerged from the survey of small scale traders in Nairobi that a lot of these policies and programmes have done very minimal in regards to improving the spatial framework within which they operate. As such, a large proportion of small scale traders feel that government both at county and national level have done little in terms of policy to ensure that they have suitable and sufficient space to operate. Nearly 90% of the respondents were of the opinion that government had done nothing. However, there were respondents that indicated that the government had endeavoured to build support infrastructure like toilets and other auxiliary infrastructure like drainage, sewer, lighting and roads.
Overall, it appeared as though some of the policy, legal and institutional initiatives that have been put up by government have mostly targeted or reached the more formal sector and largely by-passed most of the informal traders in the sector. As already established in the study, a large proportion of these traders still lack designated areas for doing business, mostly squatting on public spaces and private properties to do their business. These gave the impression that physical planning policy had largely failed to attend to or deal with some of the pressing needs of small scale traders like the need for suitable sufficient space. Most of the respondents were of the opinion that some of the most important actions that government can take to improve the physical environment within which they work include building market sheds for traders, fixing the drainage and sewer systems, collection of garbage more effectively and building of more toilets. Table 14 below illustrates some of the actions proposed by respondents.

Table 15: Proposals of respondents on how to improve spatial framework to assist small scale traders

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Count</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build/rebuild market sheds, stall</td>
<td>46.3%</td>
<td>19.8%</td>
<td>52.8%</td>
<td>144</td>
<td>40.0%</td>
</tr>
<tr>
<td>Build/rebuild the drainage system</td>
<td>15.7%</td>
<td>20.7%</td>
<td>30.1%</td>
<td>80</td>
<td>22.2%</td>
</tr>
<tr>
<td>Build/rebuild sewer system</td>
<td>14.0%</td>
<td>25.0%</td>
<td>36.6%</td>
<td>91</td>
<td>25.3%</td>
</tr>
<tr>
<td>Build/rebuild garbage collection system</td>
<td>14.9%</td>
<td>17.2%</td>
<td>24.4%</td>
<td>68</td>
<td>18.9%</td>
</tr>
<tr>
<td>Build/rebuild toilet facilities</td>
<td>13.2%</td>
<td>9.5%</td>
<td>16.3%</td>
<td>47</td>
<td>13.1%</td>
</tr>
<tr>
<td>Provide/Improve cleaning services</td>
<td>21.5%</td>
<td>4.3%</td>
<td>13.8%</td>
<td>48</td>
<td>13.3%</td>
</tr>
<tr>
<td>Provide/Improve market management services</td>
<td>6.6%</td>
<td>4.3%</td>
<td>12.2%</td>
<td>28</td>
<td>7.8%</td>
</tr>
<tr>
<td>Provide reliable water connection</td>
<td>9.1%</td>
<td>7.8%</td>
<td>8.1%</td>
<td>30</td>
<td>8.3%</td>
</tr>
<tr>
<td>Provide reliable electricity connection</td>
<td>4.1%</td>
<td>6.0%</td>
<td>18.7%</td>
<td>35</td>
<td>9.7%</td>
</tr>
<tr>
<td>Charge affordable market fees</td>
<td>12.4%</td>
<td>7.8%</td>
<td>9.8%</td>
<td>36</td>
<td>10.0%</td>
</tr>
<tr>
<td>Build access roads</td>
<td>5.8%</td>
<td>17.2%</td>
<td>6.5%</td>
<td>35</td>
<td>9.7%</td>
</tr>
<tr>
<td>Install security lights</td>
<td>2.5%</td>
<td>1.7%</td>
<td>0.8%</td>
<td>6</td>
<td>1.7%</td>
</tr>
<tr>
<td>Enhance security surveillance</td>
<td>1.7%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Regulatory policy initiatives/incentives

The government of Kenya has formulated and implemented various policies that pay attention to the development of the informal sector economy. These include: i) Sessional Paper No 2 of 1992 on Small Enterprises and Jua Kali Development, ii) Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction, iii) Private Sector Development Strategy (PSDS) Kenya, and iv) the vision 2030. There have also been laws enacted like the Micro and Small Enterprises Act No. 55 of 2012. Most of these policies and laws have intended and endeavoured in their implementation to implicitly or directly improve the environment within which small scale traders operate in order to facilitate and protect them.

Nonetheless the study established that a lot of the economic activities and enterprises in the informal sector remain unregistered and largely unregulated. As illustrated on figure 24 most of the respondents (93.9%) in the areas of Nairobi City county covered in this survey indicated that they were not aware of any policy initiatives or incentives by government (both at county and national levels) to assist small scale traders with registration, licensing or taxation issues.
Some of the major reasons that respondents cited for not being registered or acquiring licences or permits for their business activities included: i) bureaucratic delays in registration, licensing and taxation services, ii) corruption tendencies amongst government officials, iii) high cost incurred to access registration, licensing and taxation services, and iv) lack of advisory information on registration, licensing and taxation services. Other reasons are highlighted on table 15. These give the impression that government policy and initiatives are yet to reach or effectively deal with the issues that prevent or disincentivise small scale traders in the informal sector from wanting to formalise or gradually move towards compliance with the regulatory regime.

Table 16: Reasons for not being registered or acquiring licences or permits for their business activities

<table>
<thead>
<tr>
<th>Reason</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakassi S.</th>
<th>Count</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureaucratic delays in registration, licensing and taxation services</td>
<td>21.5%</td>
<td>16.4%</td>
<td>7.3%</td>
<td>54</td>
<td>15.0%</td>
</tr>
<tr>
<td>Corruption tendencies amongst government officials</td>
<td>28.9%</td>
<td>47.4%</td>
<td>28.5%</td>
<td>125</td>
<td>34.7%</td>
</tr>
<tr>
<td>High cost incurred to access registration, licensing and taxation services</td>
<td>34.7%</td>
<td>31.0%</td>
<td>35.0%</td>
<td>121</td>
<td>33.6%</td>
</tr>
<tr>
<td>Lack of advisory information on registration, licensing &amp; taxation services</td>
<td>15.7%</td>
<td>5.2%</td>
<td>31.7%</td>
<td>64</td>
<td>17.8%</td>
</tr>
<tr>
<td>Limited payment points for registration, licensing and taxation services</td>
<td>6.6%</td>
<td>6.0%</td>
<td>4.9%</td>
<td>21</td>
<td>5.8%</td>
</tr>
<tr>
<td>Too much time required for registration, licensing and taxation process</td>
<td>2.5%</td>
<td>3.4%</td>
<td>9.8%</td>
<td>19</td>
<td>5.3%</td>
</tr>
<tr>
<td>Long waiting lines</td>
<td>5.0%</td>
<td>5.2%</td>
<td>3.3%</td>
<td>16</td>
<td>4.4%</td>
</tr>
<tr>
<td>Poor customer care</td>
<td>6.6%</td>
<td>5.2%</td>
<td>3.3%</td>
<td>18</td>
<td>5.0%</td>
</tr>
<tr>
<td>Lack of technology to facilitate registration, licensing &amp; taxation services</td>
<td>0.0%</td>
<td>1.7%</td>
<td>5.7%</td>
<td>9</td>
<td>2.5%</td>
</tr>
<tr>
<td>I don’t know where to register</td>
<td>10.7%</td>
<td>5.2%</td>
<td>6.5%</td>
<td>27</td>
<td>7.5%</td>
</tr>
<tr>
<td>Requirement of too much documentation</td>
<td>0.0%</td>
<td>0.9%</td>
<td>0.0%</td>
<td>1</td>
<td>0.3%</td>
</tr>
<tr>
<td>Lack of funds to facilitate registration process</td>
<td>0.0%</td>
<td>1.7%</td>
<td>0.8%</td>
<td>3</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

For the respondents (6.1%) that indicated that they were aware of some government activities/initiatives to support small scale traders in the areas of regulation and taxation cited: i) scrapping off of fees for small scale traders, and ii) development of unified business permits as some of the key initiatives. See Fig 25. To corroborate this, the study noted media reports of the County Government declaring that it had scrapped off levies for small scale traders. It was however not able to verify the extent of implementation of this policy.
The study was also able to obtain official communication from the County government in public domain in the form of advertisements popularising its policy on unified business permits. See Fig 29. However, it was also notable, from FGDs, that the category of small scale traders considered in the study were largely micro and small scale traders whose business activities and turnover would rarely invite the need for such permits as for fire clearance, advertising, health and food hygiene that constitute the unified permit. As such, perhaps this policy incentive would benefit the established small and medium enterprises more than most of the largely rudimentary entrepreneurial activities that a lot of the small scale traders surveyed in this stayed were engaged in.

The study also noted that government (national) had made significant effort to make government services especially those related to setting up businesses more accessible and affordable to citizens. One notable case example was the ‘one stop shop’ citizen service centres called “Huduma Centres”. These provide various Public Services and information that includes registration of business names, applications of business licences and many other services in one place. Nonetheless, the findings from this study in terms of registration and regulation reveal significant coverage limitations that may point to the possibility that these initiatives and policies of government, both at county and national level, are not necessarily reaching or are bypassing the category of small scale traders considered in this study.

This could be because already covered reasons that relate to low levels of income and low levels of awareness on such services. It could also be due to deliberate avoidance as argued by many in the legal school that maintain that many choose to remain informal because entering the regulated or formalised realm of business for them poses more disadvantages than merit.
5.6.1 Individual response mechanisms/coping strategies

In the review of literature, the study established that households pursue diverse coping strategies depending on the nature of shocks that they have to deal with and their endowments (in terms of capital). Some of the common coping strategies suggested in the literature include: borrowing, expenditure of savings, income diversification, consumption reduction, support from social networks (capital), liquidation of physical assets and also increasing voice and championing for more social inclusion like through community organising and public participation. This section discusses some of the coping strategies cited by respondents as most prevalent in their approaches to dealing with vulnerability.

**Saving**

The study examined savings as a way of anticipating and coping with shocks and overall vulnerability. Most of the traders indicated that they were saving some of their incomes, however small. Study results show that, despite the meagre incomes of most of the small scale traders, a significant proportion (90.0%) were saving. Figure 27 indicates that most of the respondents saved on average less than Ksh 5,000 per month with most of them saving amounts below Ksh 1000.

![Figure 27: How much of the income from the business do you save in a month?](image)

When the study further sort to interrogate platforms through which the study participants are using to save returns earned from their businesses, it was established that the three platforms that were pronouncedly mentioned by the study participants include Chama/groups (55.8%), Mobile Money/Mswari (36.4%) and Commercial Banks (14.7%).

The study established that table banking was a popular modality for savings and credit that was embraced by majority of respondents. The literature indicates that table banking has been extensively utilised amongst self-help groups within rural, peri-urban and informal settlements that include women groups, youth groups and male groups among other groupings. Table banking introduced a group funding mechanism where members of self-help groups meet within a specified period of time, place their savings, loan repayments and other contributions on the table then borrow immediately either as long term or short term loans to one or a number of interested members. There was a strong indication from most of the respondents especially in the FGDs that table banking (as a mode of saving and credit) provided effective safety nets to group members with limited options when faced with shocks by helping them enhance their financial capacity to respond to emergencies, invest in protective or productive assets, diversify or augment income, or strengthen social support systems.

This finding was in tandem with arguments in the literature to the effect that many low income players in the informal sector prefer saving through non-formalised platforms as they provide quick and reliable safety nets when they are faced with shocks, since they are certain of accessing their savings when they are in need.
Access to credit

Credit plays an essential role in enhancing a business, household or individual's financial capacity to respond, withstand and recover from shocks. This is because people use credit to cushion businesses during economic hardships when sales are low, or when shocks happen that lead to destruction or loss of stock for example. As such credit forms an integral coping strategy whose access to usually determine how businesses, households or individuals anticipate, respond to or deal with vulnerabilities. As illustrated on figure The study noted that over half (52.8%) of the study participants indicated that they normally seek for credit facilities as one of the coping mechanisms when faced with shocks like ill-health, fires, floods among others.

Access to credit facilities is normally determined by a number of factors that include credit worth, collateral security, cost of credit and knowledge/awareness of procedures for accessing credit among other factors. Normally, small scale traders in the informal sector have very limited access to credit facilities from formalised financial lending institutions because in most instances they fail to meet conditionality required for one to access credit from such institutions. Consequently, this normally leaves them with the option of relying on unformalised financial lending institutions like self-groups, instant money lenders/shylocks, friends and family. Analysis of the study findings revealed that the most common options that study participants relied on to access credit were: i) Chama/groups (58.9%), ii) Mobile Money platforms (like Mshwari, Tala, Branch) (27.9%), iii) instant soft loan money lenders/shylocks (20.0%) and iv) commercial banks (15.3%) as illustrated in figure 29 below.
When the study further explored the extent to which study participants used savings and credit facilities when faced with shocks like rains, politics, ill-health, economic hardship and insecurity, it was evident that both savings and credit facilities from non-formal modalities play an important role in cushioning informal sectors business traders from the aforementioned shocks. Table 17 illustrates how savings and credit was significantly cited by respondents as a means of dealing with various shocks.

Table 17: Savings and credit as coping strategies

<table>
<thead>
<tr>
<th>Type of Shock</th>
<th>Response Mechanism</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rains</td>
<td>Sought a loan to inject back to the business</td>
<td>1.8%</td>
<td>6.9%</td>
<td>8.2%</td>
<td>5.9%</td>
</tr>
<tr>
<td></td>
<td>Saved money to inject back into the business</td>
<td>33.9%</td>
<td>20.7%</td>
<td>6.8%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Politics</td>
<td>Sought a loan to inject back to the business</td>
<td>32.6%</td>
<td>14.0%</td>
<td>15.0%</td>
<td>20.9%</td>
</tr>
<tr>
<td></td>
<td>Saved money to inject back into the business</td>
<td>23.9%</td>
<td>25.6%</td>
<td>22.5%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Sickness</td>
<td>Sought a loan to inject back to the business</td>
<td>25.5%</td>
<td>20.4%</td>
<td>24.6%</td>
<td>23.6%</td>
</tr>
<tr>
<td></td>
<td>Saved money to inject back into the business</td>
<td>41.2%</td>
<td>36.7%</td>
<td>31.6%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Economic hardships</td>
<td>Sought a loan to inject back to the business</td>
<td>33.3%</td>
<td>36.8%</td>
<td>40.0%</td>
<td>37.3%</td>
</tr>
<tr>
<td></td>
<td>Saved money to inject back into the business</td>
<td>33.3%</td>
<td>26.3%</td>
<td>17.1%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Insecurity</td>
<td>Sought a loan to inject back to the business</td>
<td>8.0%</td>
<td>11.1%</td>
<td>10.8%</td>
<td>9.9%</td>
</tr>
<tr>
<td></td>
<td>Saved money to inject back into the business</td>
<td>8.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Public Participation

There is substantive literature that explores individual or community responses to vulnerability focusing on increasing the voice of people involved in the informal economy, increasing their capacity to demand accountability for service delivery from government and responsive policy. This includes facilitating an enabling environment for actors in the informal economy to exercise their right to organise and collectively bargain and participate in public discourse regarding some of their most pressing challenges like those that contribute to or exacerbate their vulnerability. The study noted that one of the key pillars in the Constitution of Kenya 2010 is Public Participation. Various provisions in the constitution require that public participation be undertaken at all levels of government through open, accountable and structured processes where citizens interact, exchange views and meaningfully inform/influence government decisions.
Viewing public participation as a viable avenue for increasing the voice and capacity of small scale traders in the informal sector to demand accountability for service delivery from government and responsive policy, the study probed respondents on their involvement in public participation forums over the past year. It emerged that most of the small scale traders had not participated in forums where citizens engage government (both county and national). As illustrated on figure 31 only about 18% indicated that they had participated in a public participation forum of some sort where they could engage the county government on issues affecting them as small scale traders.

Figure 34: Over the past year have you been involved in a public engagement forums

Further, examination of the study results shows that a significant proportion of the study participants who indicated that they had attended a meeting(s) to engage the county government, had done that only once in the past year. See table 18 This further evidence the poor level of public participation amongst small scale trader sin the areas surveyed in this study. This meant that most of small scale traders tend to leave government officials with the sole discretion to make critical policy, legal and resource allocation decisions that may fail to address some of their most pressing problems/needs. As such, the study noted that public participation was not being exploited effectively by small scale traders in the informal sector as a response mechanism to some of the many challenges that they eloquently elucidated (like inadequacies of physical planning policy and ineffective social protection mechanisms). Many were thus left to grapple vulnerabilities on their own through individual coping strategies.

Table 18: Frequency of attendance of public participation forums (Figures in %)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Aggregate</th>
<th>Once</th>
<th>Twice</th>
<th>Thrice</th>
<th>More than Thrice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attended a meeting of association of business people in your area</td>
<td>39.7</td>
<td>30.2</td>
<td>36.6</td>
<td>35.6</td>
<td>46.9</td>
<td>26.6</td>
<td>11.7</td>
<td>14.8</td>
</tr>
<tr>
<td>Got together with others to raise an issue affecting your businesses</td>
<td>41.3</td>
<td>42.2</td>
<td>40.7</td>
<td>41.4</td>
<td>47.0</td>
<td>22.8</td>
<td>12.1</td>
<td>18.1</td>
</tr>
<tr>
<td>Attended a county government meeting about rights, services of informal traders</td>
<td>17.4</td>
<td>15.5</td>
<td>16.3</td>
<td>16.4</td>
<td>79.7</td>
<td>20.3</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Attended capacity building training (public participation, social accountability, conflict resolution etc.)</td>
<td>19.8</td>
<td>18.1</td>
<td>17.9</td>
<td>18.6</td>
<td>72.5</td>
<td>20.3</td>
<td>7.2</td>
<td>0.0</td>
</tr>
</tbody>
</table>

To be able to engage constructively there must be spaces and legal frameworks to guide how stakeholders involved engage. In so doing, though not all-inclusive the county government of Nairobi has created mechanisms and laws on how to engage the general public with regards to influencing critical development and legal decisions. Examples of these structures and frameworks include Office of the Governor, Ward Administrators Office, Sub-County Administrators Office, County Website, Hotline, Nairobi Public Participation Act (2015) and The Nairobi City County Community &
Neighbourhood Associations Engagement Act (2016) among others. Despite existence of such mechanisms for engaging the county government, majority - 84.7% (see figure 32) of the study respondents cited that they are not aware of mechanisms the county government has instituted for reporting cases affecting them as informal business traders. This pointed challenges on information and capacity to engage. It could also be because of apathy for public engagement evidenced by largely negative attitudes and perceptions of respondents (in FGDs) about capacity of government to deal with their issues.

![Figure 35: Awareness of existing public participation forums and mechanisms](image)

Of all the frameworks for engagement that were explored, the most preferred mechanisms of engagements by respondents were significantly mentioned by study participants were: Ward Administrators Office (43.6%), County Government Offices (21.8%), Office of the Governor (20.0%) and Sub-County Administrators Office (18.2%). Figure 33 illustrates responses on the other mechanisms for engagement. These could be avenues for intervention to improve public participation amongst small scale traders in the informal sector as a coping strategy.

![Figure 36: Preferred modalities for public engagement](image)

**Support from family social networks**
Social capital (family or friends) plays an important role in providing the much needed support to one another when one is faced with shocks. Social support has for a long time been acknowledged in many societies to be one of the most instrumental mechanisms for cushioning individuals and households especially in urban settings. It usually guarantees a holistic set of support that include emotional, psycho-social, financial and physical support that has helped cushion many from shocks like ill-health, fire outbreaks, death and floods among others. The study explored social capital as a coping strategy that small traders could be exploiting to deal with shocks and their vulnerabilities in general. It
established that financial and material support from family, friends and neighbour(s) were instrumental in providing support to victims when faced with shocks. As illustrated on table 19, 95.4% of respondents indicated that they depended on social capital during fire outbreak, 72.7% indicated they depend on it during forced evictions, and 30.8% indicated they depend on support from family and friends during cases of death of household members.

<table>
<thead>
<tr>
<th>Type of Shock</th>
<th>Kibra</th>
<th>Westlands</th>
<th>Embakasi South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Outbreak</td>
<td>85.7%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>95.7%</td>
</tr>
<tr>
<td>Forced evictions by County Officials</td>
<td>75.0%</td>
<td>100.0%</td>
<td>66.7%</td>
<td>72.7%</td>
</tr>
<tr>
<td>Death</td>
<td>50.0%</td>
<td>33.3%</td>
<td>20.0%</td>
<td>30.8%</td>
</tr>
<tr>
<td>Forced evictions by Cartels</td>
<td>0.0%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Changes in consumer consumption patterns</td>
<td>20.0%</td>
<td>12.5%</td>
<td>14.3%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Sickness</td>
<td>7.8%</td>
<td>12.2%</td>
<td>3.5%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Economic hardships</td>
<td>14.3%</td>
<td>0.0%</td>
<td>2.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Insecurity</td>
<td>4.0%</td>
<td>11.1%</td>
<td>0.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Politics</td>
<td>6.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Rains</td>
<td>3.6%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

The study got the impression therefore that traditional coping strategies at individual, household level remain some of the most effective and relied upon mechanisms for dealing with shocks and addressing vulnerabilities amongst small scale traders in the areas of Nairobi that were surveyed in this study. Nonetheless there appeared to be sufficient scope of government policy to work to effectively support small scale traders to alleviate some of their vulnerabilities and to assist them to protect their assets. There is also significant scope for small scale trader in the formal sector to organise and engage government to attend to some of the typical issues that contribute to or exacerbate their vulnerability.

5. Conclusion and Recommendations

5.1 Conclusion

The contribution of the informal sector to economic development in developing countries can no longer be gainsaid. There is evidence to show that the informal economy constitutes a substantive proportion of global production and remains a significant source of livelihoods especially in many urban settings in developing countries. Its implications for the Kenyan economy are enormous; in terms of job creation and production. Nonetheless, as it is in many contexts across the globe, the informal sector in Kenya has over the years received inadequate attention in terms of policy and resource allocation. A lot of the activities in the sector remain regarded as illegal, non-compliant with regulation and sometimes frowned upon in endeavours of policy makers to lift the façade of the urban fabric in many towns in Kenya. As such many in the informal sector contend with diverse challenges that limit their ability to produce, to thrive and to improve their livelihoods. And the sector remains underproductive, unable to be fully exploited to contribute substantively to economic development, and continues to remit profound challenges to urban management that have negative implications on the liveability and sustainability of many such urban settings in the country.

This study sought to explore the issue of vulnerability in the informal sector in Kenya and its implications on livelihoods considering how various aspects of regulation, economic, social and spatial planning policy contribute to or alleviate such vulnerability. It did so through interrogating the circumstances of small scale traders in informal settlements in Nairobi City.

The study has established how typically, by virtue of the nature of the environment within which most of the urban poor in Nairobi city live, they are susceptible to multiple shocks — in the form of illnesses, harm remitted by insecurity, violent political events among others that predispose them to substantive vulnerabilities. It has also established how such typical vulnerabilities are exacerbated by inadequacies in spatial planning policy, insufficiencies in delivery of public goods and services (like water, healthcare,
drainage and waste management, energy and other infrastructure) and unresponsive social policies like social protection that ought to function as coping strategies or response mechanisms for dealing with their vulnerabilities.

An important finding has been the tendency of government policy or programmes to fail to reach or bypass the informal sector like the small scale traders considered in this study due to lack of sufficient public education on such policies/programmes. Whereas government had formulated policy targeting the informal sector and allocated resources for implementation, a lot of such effort seem to benefit those tended towards the formal sector and bypass those entirely out of the public sector radar (as in those registered or recognised by government). A lot of the more effective coping strategies appear to be those emanating from the individual or household level rather than those initiated by government. During shocks, small scale traders seemed to turn to social networks for coping strategies like borrowing or savings to cushion their businesses or support their expenditures. Coping strategies initiated by government like social protection (NHIF, cash transfers for PwDs, or affirmative action programmes) appear to largely exclude this category of players in the informal sector. This is because they involve contributions that far outstrip their level of income and/or require introduction into the formal realm like registration that many prefer to stay away from.

Ultimately, vulnerability in the informal sector in Nairobi is the manifestation of decades of neglect and failed social and economic policy. Tackling vulnerability requires multifaceted approaches targeting alleviation of shocks and protection and improvement of endowments (in terms of productive assets). It is a daunting but necessary endeavour that requires concerted long term initiative - incremental but progressive action towards meaningful inclusion of most of the actors in the sector into the formal realm of the economy.

5.2 Recommendations

- Lobby county government to consider reviewing the physical planning framework to allow designated spaces for small scale traders (especially the category considered in this study) to do business. This can be through built up specialised market stands/stalls or closure of particular public spaces and roads for small scale traders to sell on particular days of the week,
- Lobby county government to consider mapping areas within the city where small scale traders operate most and provide necessary infrastructure like drainage, sewer, waste collection, lighting and security services to reduce their susceptibility to shocks,
- Lobby county government to review regulations and codes to ensure humane handling of small scale traders during inspections, evictions and compliance monitoring activities,
- Lobby county government to consider working with NHIF to review the scheme’s contributions to accommodate low income earners like small scale traders. This can be either by reduction of contributions or subsidization by the county government. It could also be through designing a specialized package of care that NHIF can comfortably offer and small scale traders can afford,
- Lobby NHIF to increase education of its schemes targeting small scale traders in the informal sector and to increase outlets in informal settlements for more uptake amongst informal traders,
- Lobby county government to design a specialised package of relevant licenses and taxes for small scale traders and implement effective public education activities to increase awareness and importance of regulation and taxation amongst small scale traders,
- Encourage CSOs to work with small scale traders to increase knowledge of their rights as small scale traders and enhance their capacity to organise and engage government – demand accountability for service delivery,
- Consider implementing projects aimed at building capacities of small scale traders on: business management, savings, access to credit facilities, business registration, licensing, taxation and public participation.
- Build synergies with CSOs that are implementing projects with similar components on sexual and gender based violence, security, water, sanitation, health and enhancing capacities of small scale traders within the informal sector. Example include “Wezesha Jamii” project being implemented by
Oxfam, National Organization of Peer Educators (NOPE) and SITE Enterprise Promotion. The project focuses on improving circumstance of small scale traders living in the informal settlements of Nairobi.

- Lobby national and county government to roll out public education programmes on affirmative action programmes aimed at improve circumstances of women, persons living with disability, youth and men. Some of these programs include Access to Government Procurement Opportunities (AGPO), Uwezo Fund, Youth Enterprise Fund, Women Enterprise Fund, National Government Affirmative Action Fund (NGAAF), Cash Transfer Program and Tax exemption among others, and

- Since social networks and self-help organisation remains a cogent coping strategy for small scale traders, consider working with already established alliances of small scale traders like Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT) or develop functional groups and federations through which they can bargain with government for better policy and delivery of public goods and services.
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Appendix