REPORT ON VALIDATION MEETING ON
INFORMAL TRADE (MICRO ENTERPRISES)
VULNERABILITY ASSESSMENT STUDY REPORT

FRIDAY 12TH OCTOBER, 2018

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Background

TISA is implementing a program dubbed “Fostering trade and urban policies responsive to informal sector especially for women, youth and vulnerable groups in Kenya.” The project seeks to empower residents and target groups 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) and to promote responsive polices in informal trade in respect to spatial planning, social protection and the elimination of Sexual Gender Based Violence (SGBV) through research and advocacy towards realization of a just and peaceful Kenya in which impoverished women, youth and other vulnerable groups realise their rights and improve their quality of life in dignity and safety.

In furtherance of the above, The Institute for Social Accountability (TISA) commissioned a vulnerability assessment study to explore factors impeding the realization of the right to trade by microenterprises in 3 sub-counties of Nairobi City County including Kibra, Westlands and Embakasi South. The study focused on regulation, economic, social and spatial planning policy aspects.

It is against this backdrop, that The Institute for Social Accountability (TISA) organized a stakeholder forum to validate the study findings and subsequently generate recommendations to be shared with the relevant authorities at the county for consideration in the development of the trade and markets policy.

The meeting, therefore, brought together participants drawn from the licensing department of Nairobi City County, trade associations from different sectors, CSOs and community representatives from target study areas of Kibra, Westlands and Embakasi South.

Introduction

Ms. Annet Majoni, from The Institute for Social Accountability, did context setting. Ms. Majoni provided a brief background of TISA that among others included an institution championing for public participation and social accountability. Participants were also introduced to the subject project that had two main objectives:

1. To Empower residents and target groups to take action and engage in governance decision-making in national and county planning and policy processes towards the promotion of responsive informal trade, spatial planning and social protection
2. To Promote responsive policies in informal trade with respect to spatial planning, social protection through research and advocacy

Ms. Majoni submitted that TISA had commissioned a vulnerability assessment study in June to explore on factors impeding the realization of the right to trade by microenterprises in 3 sub-counties of Nairobi City County including Kibra, Westlands and Embakasi South with a focus on regulation, economic, social and spatial planning policy aspects. Thus the objective of the meeting was to:
1. Share research findings from the vulnerability assessment study on informal trade (micro enterprises)
2. Provide an opportunity for the stakeholders to interrogate, input & share perspectives towards enriching the draft report.
3. Consolidate participants recommendations for sharing with County relevant authorities for consideration in the development of the trade and markets policy.

Presentation of research findings from the vulnerability assessment study

The research findings were presented by the consultant, Mr. Kenneth Okwaroh. (See the full detailed presentation in annex 1). The following were key highlights from the presentation:

The study explored small-scale traders’ vulnerability through the themes of exposure, sensitivity, and resilience.

According to the consultant this picture summarises key challenges faced by micro enterprises across study areas including:

I. Poor nature of the environment within which most of the urban poor in Nairobi city live, micro enterprise traders in the informal sector are susceptible to multiple shocks – in the form of illnesses, harm remitted by insecurity, SGBV and violent political events among others that predispose them to substantive vulnerabilities.

II. Inadequacies in spatial planning policy to factor/designate in trading areas to this component of traders as well as insufficiencies in delivery of public goods and services (like water, healthcare, drainage and waste management, energy and other infrastructure) that are crucial for the effective functioning of micro enterprises

III. Unresponsive social policies like social protection that ought to function as coping strategies or response mechanisms for dealing with micro enterprises traders’ vulnerabilities and thus During shocks, small scale traders turn to social networks for coping strategies like borrowing or savings or family support to cushion their businesses or support their expenditures

IV. That Government policy or programmes tend to fail to reach or bypass micro enterprise traders in informal sector (unregistered) to benefit those tended towards the formal sector.
Plenary session

During the session, participants shared/submitted their views based on the study presentation. The following were views and reactions from various participants:

1. **Concern:** It was noted that there was no any formally recognized market in Embakasi south and yet middlemen/ brokers continued to collect taxes’ averaging Kes 5,000 per month in order to allow traders to conduct business.

   **Response:** The response from the consultant on the above question was a recommendation to the County to construct markets which will encourage traders to pay licenses and demand provision of amenities such as security, toilets, water among others.

   **Response:** Participants were informed of the following initiatives by the county in a bid to redress the problem of limited markets;
   - That New wakulima in Eastlands was being constructed thus encouraged traders to apply for spaces/stalls.
   - That a Market marshal plan was being prepared.
   - That Trade and market policy development was underway
   - That Uhuru market traders have been very proactive in the management of the market and encouraged other traders to emulate the same
   - Mukuru declared spatial planning area – pilot to be scaled to other areas.

2. **Concern:** Clarification was sort on the approach taken by consultants in administering the question on economic hardships under section 4.4.4 of the detailed report.

   **Response:** The consultant responded indicating that the economic hardship questions were multiple choice, where respondents chose more than one issue.

3. **Concern:** One participant sort clarity on the language used in crafting recommendations within the report ‘Lobbying’. According to him, recommendations should target various stakeholder and expound on how they will be engaged.

   **Response:** It was clarified that the recommendations were directly targeted to TISA in working with partners in advocacy and championing of trade related agendas/matters of interest.

4. **Concern:** It was noted that there is looming conflict between the national and county government around market constructions, for instance National government developing markets without stakeholder consultation, leaving no spaces for provisions for social amenities. The question arose on what are the distinct functions for the two levels of government around the subject sub-sector

   **Response:** According to one of the county official’s, to date the role of various authorities both at the national and county remains undefined thus the same remained one of the reason the sector continues to experience numerous challenges
5. **Question:** What was the targeted respondents number for PLWD in the study? From the findings the number appeared to be low.

**Response:** The consultant submitted that the study was not only targeted to PLWD but concurred that a bigger sample of respondents would have provided greater evidence to support the findings even though as is the findings to the study remain accurate.

6. **Concern:** There is inadequate consideration of PLWDs in planning for and/or existing social amenities in trading areas/markets, for example PLWDs were sometimes forced to move from Muthurwa to CBD to find washrooms) and those that exist within there reach were designed in a manner that do not favour use by PWDs

7. **Concern:** Licenses/taxation – it was pointed out that microenterprise traders undoubtedly pay more than other businesses under the small-scale category. Traders in the microenterprise category pay a total of Kes.50 daily, when this is summed up, it totals to approximately Kes. 20,000 which is high compared to what is paid by other business categories. There is also observed double taxation of traders in the markets – products delivery rates and for parking, all these on one product thus the traders end up incurring a lot of losses.

8. **Concern:** There is limited knowledge of taxation/ filing returns – when and how? Thus there is need for more tax literacy targeting informal traders.

9. **Proposal:** Oxfam implemented Wezesha Jamii a program that supported trader organizations to establish associations. There is therefore a need to explore how these associations can be strengthened prior to establishing new ones and also for a stronger voice.

10. **Concern:** Some counties are subsidizing NHIF to support their residents, what is the plan by Nairobi City County towards supporting its traders and residents at large?

**Recommendations**

The following were recommendations from the meeting

1. Trade department should be the point of contact at the county, and at the National level point of contact also identified.
2. The trade department should digitize licensing and other trade issues to facilitate ease of conducting business in the county.
3. In the future, any projects on markets construction and traders must have a strong stakeholder engagement to enable effective planning, monitoring, transparency, and accountability.
4. Environmental sustainability in relation to informal traders should be incorporated/addressed in the proposed Nairobi city-county trade and markets policy and subsequent legislation.
5. Micro and Small Enterprise Authority (MSEA) should be restructured to conform with the constitution. It meeting proposed that the same be combined with other funds to form the Bashara fund.

6. There should be abridged bureaucracy county processes including procurement.

7. There is a need to find ways to manage conflict/competition between medium, small and micro-enterprise traders as well as to ensure micro enterprises benefit from national and county planned projects and programmes.

8. There was suggested/recommended a need to bring associations together to speak with one voice for greater impact on different initiatives. TISA was tasked with holding a meeting with likeminded CSOs to plan for the same.

9. There is a need to conduct a census of PLWD before developing markets and other amenities to ensure inclusion.

10. Lastly, the county was urged to enhance Access to Information to enable effective participation of the citizen in governance processes.

In addition, there was an off-the-cuff conversation with county official(s) from the trade department aimed at exploring possible opportunities and collaboration areas for TISA on the subject project. From the discussion, TISA was advised to invest heavily in data collection (census) on informal traders. The county official pointed out that the lack of informal traders’ census data remains a major impediment for the county in both planning and budget execution. TISA and other relevant CSOs were thus urged to invest in the same moving forward. It was therefore agreed that TISA will deliberate on the above matter internally thereafter officially reach out to the county for further discussions.

Action points

- Upon request for support by various association leaders, TISA undertook to organise a meeting with other like-minded organisation to agree on approach and areas for support

- TISA will reach out to relevant county officials and like-minded CSOs to discuss on the best approach for engagement on identified areas including data collection on the census
1. Exploring Vulnerability among Small Scale Traders in the Informal Sector in Nairobi, Kenya

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

**Specific Questions:**
1. To what extent (in terms of magnitude, frequency and duration) are informal traders in Nairobi County vulnerable?
2. How does the existing spatial planning framework influence vulnerability of informal traders in Nairobi County?
3. How does the existing regulatory and tax regime influence vulnerability of informal traders in Nairobi County?
4. To what extent are government social protection policy responses working to reduce vulnerability of informal traders in Nairobi County?
5. How are individual responses in terms of public participation working to reduce vulnerability of informal traders in Nairobi County?
6. How are cross-cutting issues around gender, youth, disability and insecurity influencing vulnerability of informal traders in Nairobi County?

**Methodology**

**Method**
Qualitative

**Rationale**
To develop an understanding of the vulnerability of different targeted informal traders esp. youth and women and what can be done to reduce their vulnerability.

**Approach**
Vulnerability Analysis

**Tools**
Nairobi vulnerability Analysis Framework
Data Analysis

i. QUANT data entry via mobile tech using Windows Mobile Mobile system. Questionnaire Mobile programme in OpenDataKit (ODK).

ii. QUANT data analyses using SPSS

iii. QUAL data transcribed then analysed through NVivo. Main method – thematic/content analysis

Characteristics of respondents

<table>
<thead>
<tr>
<th>District</th>
<th>Western</th>
<th>Eastern South</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>133</td>
<td>833</td>
<td>966</td>
</tr>
<tr>
<td>Kiambu</td>
<td>358</td>
<td>232</td>
<td>590</td>
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<td>Machakos</td>
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<td>190</td>
<td>500</td>
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<tr>
<td>Meru</td>
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<td>207</td>
<td>573</td>
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<td>Tharaka Nithi</td>
<td>152</td>
<td>123</td>
<td>275</td>
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<td>Kitui</td>
<td>315</td>
<td>217</td>
<td>532</td>
</tr>
<tr>
<td>Machakos</td>
<td>310</td>
<td>190</td>
<td>500</td>
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<tr>
<td>Nyahururu</td>
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<td>118</td>
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<td>Embu</td>
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<td>160</td>
<td>400</td>
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<td>Kericho</td>
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<td>90</td>
<td>240</td>
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<tr>
<td>Uasin Gishu</td>
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<td>349</td>
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<tr>
<td>Trans Nzoia</td>
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<td>104</td>
<td>284</td>
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<tr>
<td>Bomet</td>
<td>110</td>
<td>60</td>
<td>170</td>
</tr>
<tr>
<td>Kakamega</td>
<td>150</td>
<td>90</td>
<td>240</td>
</tr>
</tbody>
</table>

Characteristics of respondents (contingency)

- Gender: Male 51%, Female 49%
- Age: 18-24 25%, 25-34 25%, 35-44 20%, 45-54 20%, 55+ 10%
- Education: Primary 30%, Secondary 40%, Tertiary 30%
- Occupation: Agriculture 50%, Business 20%, Services 30%
- Income Level: Low 50%, Medium 30%, High 20%
- Mobile Access: Yes 80%, No 20%
- Health Status: Good 70%, Bad 30%
- Knowledge of Climate Change: Low 40%, High 60%
- Attitude Towards Climate Change: Positive 50%, Negative 50%
- Influence of Climate Change: Small 30%, Large 70%
- Adaptation Strategies: Diversification 20%, Technology 30%, Policy 50%

Overall Findings
No. 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 etc that predispose them to substantive vulnerabilities.

No. 2

Vulnerabilities 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.

No. 3

– Government policy or programmes tend to fail to reach or bypass small scale traders in informal sector
– This is because a lot government policy targeting informal sector benefit those tended towards the formal sector and bypass those entirely out of the public sector radar (unregistered).
– Also due to lack of sufficient public education on such policies/programmes.

No. 4

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

No. 5

– Coping strategies initiated by government like social protection (NHIF, cash transfers for PwDs, or affirmative action programmes) appear to largely informal sector small scale traders.
– This is 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.

Specific Findings
4.2.1 Insufficient and Unsuitable spaces for business increasing vulnerability of SSTs

1. More than half (55%) indicated they lacked suitable space to locate and conduct their businesses.
2. Spaces unsuitable because of poor drainage, lack of sufficient allowance for displaying goods and conducting the activities of their business, and insecurity.
3. 97% indicated that there were no designated trading areas/markets or public spaces where they could locate and conduct their businesses.
4. Most of SSTs indicated they located their businesses on pavements, roads and in front of the structures/houses that they used for residential purposes.
5. Inadequacy and insufficiency of space remits challenges including: safety of their products/goods, less/destruction of products (stock), inability to carry out business activities.

"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 Sarangambe – Kitra (Women)

"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 - Mashimani, Kitra (Men)

9.2.1 Unresponsive physical planning exacerbates insecurity that increases vulnerability of SSTs in informal sector

1. 46% of respondents felt that location of their business predisposed them to security challenges that risked their lives and their products (goods).
2. Lack of proper street lighting, narrow and non-motorable pathways, and lack of designation for security services like police posts cited as major inadequacies of physical planning that increased vulnerability.
3. Most of SSTs indicated they experienced cases of insecurity that they considered detrimental to their business at least once every month.
4. Absence of suitable and sufficient spaces for doing business predisposed 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.
"I sell ‘chapattis’ and ‘mandarins’. These are breakfast things. People buy mostly early in the mornings between 5am and 7am. I have to wake up early at 5am to reach where I make and sell them. I have been attacked by boys in the dark demanding money." —Fdo — Sarangomtka, Kibra (Women)

"Many of us sell groceries, like ‘sukuma viti’ [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 stormed. I think it is because we do not have proper services like lights, good roads and police." —FGD Muthurwa, Kibra (Women)

"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. [...] 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. [...] So such cases are normal in this area." —FGD Kibra, Sarangomtka (Women)

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

<table>
<thead>
<tr>
<th>Kilifi</th>
<th>Westlands</th>
<th>E. South</th>
<th>Total Count</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PwDs lack specialised social amenities like toilets and market stands</td>
<td>32.2%</td>
<td>41.1%</td>
<td>35.8%</td>
<td>133</td>
</tr>
<tr>
<td>Lack specialised business support services for PwDs</td>
<td>31.4%</td>
<td>31.7%</td>
<td>41.5%</td>
<td>135</td>
</tr>
<tr>
<td>Limitations on the types of business activities to conduct</td>
<td>31.4%</td>
<td>49.1%</td>
<td>33.3%</td>
<td>136</td>
</tr>
<tr>
<td>Limitations on number of working hours they can operate</td>
<td>31.4%</td>
<td>46.6%</td>
<td>38.2%</td>
<td>139</td>
</tr>
<tr>
<td>Limitations on business operating hours</td>
<td>31.1%</td>
<td>42.1%</td>
<td>31.0%</td>
<td>133</td>
</tr>
<tr>
<td>Dependence on people for support in business operations</td>
<td>33.1%</td>
<td>36.6%</td>
<td>49.0%</td>
<td>140</td>
</tr>
</tbody>
</table>
4.3.4: Vulnerability Driven by Shocks

1. Some of the major shocks cited by respondents included: rains, illnesses, volatile political events, and hardships in the economy.

2. 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.

3. 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.

4. 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.

5. 20.8% of those surveyed indicated that occurrence of hardships in the economy impacted their businesses in many ways that most often were detrimental.

**Figure 6: Livelihoods impacting shocks cited by respondents**

“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?” – GD – Kibra, Mashinoni (Youth)

“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” – GD – Embakasi South, Mukuru Kwa Njenga (PwD)

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

1. 33.3% had experienced or witnessed cases of SGBV where they conduct their businesses and at the household level respectively.

2. More than half (57.5%) indicated that cases of SGBV experienced or witnessed at home or where they do business profoundly affected the way they do business.

3. physical and verbal abuse – most cited cases of SGBV

4. Most cases cited at business establishment or in the process of conducting business activities

5. Women were the major victims of the aforementioned forms of violence.
Conclusion & Recommendations

1. 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 that predispose them to substantive vulnerabilities.

2. Vulnerabilities are exacerbated by inadequacies in spatial planning policy, insufficiencies in delivery of public goods and services and unresponsive social policies like social protection that ought to function as coping strategies or response mechanisms.

3. Government policy or programmes fail to reach or bypass the informal sector due to lack of sufficient public education on such policies/programmes.

4. A lot of policy effort seem to benefit those tended towards the formal sector and bypass those entirely out of the public sector radar (as in those not registered or recognised by government).

5. 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.

6. Tackling vulnerability requires multifaceted approaches targeting alleviation of shocks and protection and improvement of endowments (in terms of productive assets).