



Chapter 3
400 VOICES OF RESILIENCE
AND ASPIRATION
FROM ACROSS KENYA'S
INFORMAL ECONOMY



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About TRANSFORM

TRANSFORM unites corporates, donors, investors and academics to support visionary impact enterprises across Africa, Asia and beyond. Together, we test and scale new solutions that tackle environmental challenges, improve health and wellbeing, and build inclusive economies.

Combining grant funding, business insight and research, TRANSFORM is accelerating the development of innovative business models to help solve global challenges. It was established in 2015 and is led by Unilever, the UK's Foreign, Commonwealth and Development Office, and EY.

Disclaimer

The insights shared in this chapter do not necessarily represent the views of the individuals and organisations interviewed for this research.

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EXECUTIVE SUMMARY

The informal economy plays a vital role in Kenya's GDP¹, consistently growing over the past decade, supporting a significant portion of the population, reaching an estimated 15.3 million Kenyans in 2021². In 2022, it generated a total of 702,900 new jobs, comprising 83% of total employment in Kenya that year³. However, by late 2023, increased operational costs, reduced sales, higher taxes, and an elevated cost of living adversely affected the business environment⁴, diminishing the purchasing power of Kenyans.

Despite these challenges, certain segments, such as agri-livelihood strategies, displayed a positive future outlook in production. Abundant rains in Q4 2023 positively impacted agri-livelihood strategies, while the digital market indicated potential for increased livelihoods as businesses embraced digital platforms over physical locations as a strategy to reduce overall operational costs. Within this context, understanding the current informal economy landscape becomes paramount.

This chapter presents findings from a survey involving conversations with over 400 Kenyan informal economy business owners across Nairobi, Mombasa, and Kisumu. Conducted in October and November 2023, these 400 voices were captured through a combination of phone interviews, in-person conversations, and focus groups. Focused on the three market segments food service, creative/entertainment, and agri-livelihood strategies (as described in Chapter 2), we aimed to uncover the lived realities and experiences of Kenyan informal workers' daily lives, including their work, livelihood

strategies, needs, challenges, aspirations, and thoughts on the future of work.

This chapter delves into the lives and experiences of 400 Kenyans navigating the dynamic landscape of the informal economy. Their stories illuminate the motivations, aspirations, and challenges faced by this diverse and resilient workforce, offering valuable insights for policymakers and stakeholders.

Here we also challenge traditional perceptions of informality, showing that limited education or economic disadvantage doesn't solely drive it. Despite disparities, many we engaged with have secondary education or higher, particularly for youth and those operating within the creative segment. The COVID-19 pandemic and limited formal employment opportunities has been a catalyst driving further growth and livelihood creation in the informal economy, leading to a positive rebranding of the term "hustler" to emphasise acquired skills and economic contributions.

Motivations to enter the informal economy include necessity, convenience, opportunity, and inspiration. While many appreciate the flexibility, autonomy, and income it offers, significant challenges persist, such as lack of access to affordable and friendly capital, fluctuating customer base, and inconsistent income, with some nuanced experiences in each broad segment facing unique difficulties. For example, food service providers grapple with daily taxes, creatives endure negative stereotypes and challenging work environments, and agri-livelihood strategies struggle with seasonal climate impacts.

¹ [World economics: Kenya's Informal Economy Size](#)

² [KNBS 2022-Economic survey report](#)

³ [World Bank Document: Kenya economic update](#)

⁴ [Daily Nation: Businesses face hard times as broke Kenyans keep off](#)

⁵ [Capital business: Small businesses in Kenya find respite online amid tough economic times](#)

Empowering these essential contributors to Kenya's economy requires targeted, place based support. Access to affordable and friendly loans, inputs, markets, and skills training are crucial needs identified. Recognising their positive contributions and fostering an environment that supports their growth and resilience is paramount.

Key Takeaways include:

- **The informal economy is diverse and multifaceted, driven by a mix of motivations and challenges.**
- **Recognising the broad range of skills and positive contributions of those that create a livelihood through the informal economy is crucial.**
- **Tailored, inclusive, place-based support, addressing access to capital, markets, and training is essential for their growth.**
- **Fostering an enabling environment that empowers informal businesses is key to their long-term sustainability.**

This chapter paints a nuanced picture of the informal economy, challenging negative stereotypes and emphasising its diversity and significance. By understanding the diverse experiences and aspirations of those navigating this sector, we can create a more inclusive and supportive environment for all.

In Chapter 4 that follows, we delve deeper into specific livelihood creation strategies aka "business models" drawing on the in-depth understanding via the three broad market segments of food services, creatives, and agri-livelihood strategies. While "business model" can be used in a broad sense to describe how individuals or groups create and capture value, in this study, we do not feel it is the correct term to use and instead have opted for 'livelihood strategies'. The reason being is that many informal activities:

Exist outside 'formal sector' structures, relying on adaptability, resourcefulness and community and place based networks;

Do not solely focus on profit maximisation in comparison to traditional business models. Here informal activities include meeting basic needs, supporting family, community and networks, and provides the opportunity to generate additional income alongside other commitments; and

Are highly diverse and context-specific, with activities varying greatly across locations, individuals and segments in this economy.

By analysing these fluid non-traditional models of livelihood creation, we then provide actionable recommendations for stakeholders seeking to empower Kenya's informal economy for a better future.



Introduction

400 voices of resilience and aspiration

“ You are not employed by anybody. You are your own boss. You need to be creative. You need to make it happen. If you sleep, you won’t eat.

- Male youth creative, Mombasa

”

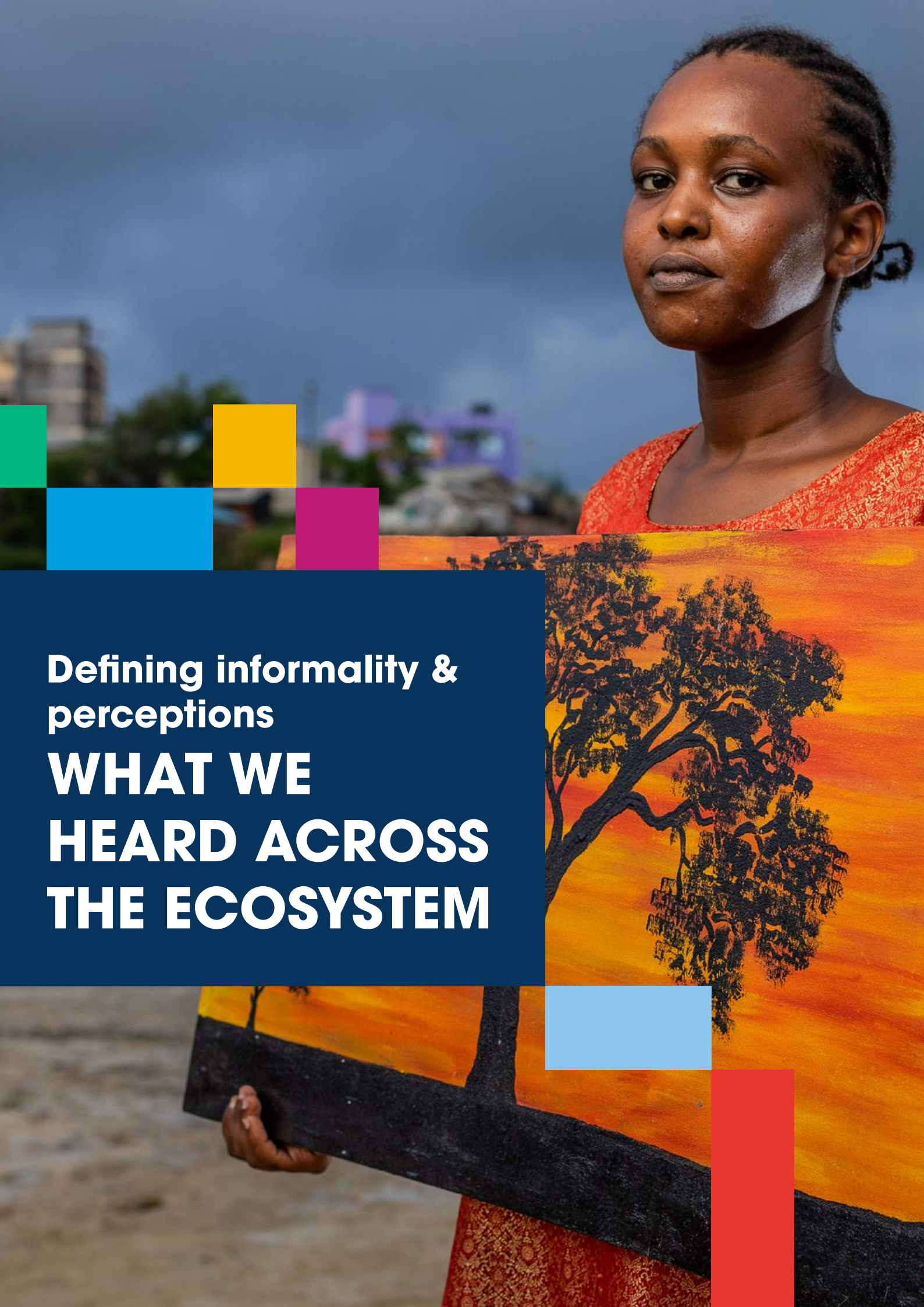
The informal economy plays an integral role in Kenya’s GDP. This economy has experienced continuous growth over the past decade, supporting a significant portion of the population, reaching an estimated 15.3 million Kenyans in 2021. In 2022, the informal economy generated a total of 702,900 new jobs, constituting 83% of total employment in Kenya that year. However, towards the end of 2023, the business environment seemed adversely affected by increased operational costs, a decline in sales, higher taxes and rising cost of living, diminishing the purchasing power of Kenyans.

Despite these challenges, certain segments, such as agri-business, displayed a positive future outlook in production, thanks to abundant rains in the last quarter of 2023. Similarly, the digital market showed great potential for more Kenyans to earn a living as businesses increasingly adopt digital platforms over physical location as a strategy to cut down on operational costs. With these shifts in the business environment, understanding the current landscape of the informal economy becomes paramount.

In this chapter, we present findings of a survey conducted in October and November 2023 involving 400 Kenyans who own businesses within the informal economy across Nairobi metropolitan

area, Mombasa County and Kisumu County. The views of these 400 Kenyans were gathered through a combination of phone interviews, in-person in-depth conversations, and focus group discussions (for more information, please refer to the detailed methodology in the Appendix). Focused on the three market segments described in Chapter 2 – food service provision, creative and entertainment, and agri-business – this primary data collection aimed to unveil the reality of the daily lives of typical Kenyan workers within the informal economy. Specifically, we sought to understand the types of work they are engaging in, their business models, their needs and challenges, their aspirations, and their thoughts on the future of work in the informal economy. This exploration is a critical step towards co-creating an enabling environment for growth, fostering resilience, and shaping a positive future for work in Kenya.

This chapter begins with an overview of how respondents define informal work. We then delve into the respondent’s socio-demographic profiles, motivations to enter the informal economy, what they enjoy about their work, and their future aspirations. Lastly, we discuss the challenges and primary needs to enhance their work, outlining differences by gender, age group, and market segment.



Defining informality & perceptions

WHAT WE HEARD ACROSS THE ECOSYSTEM

Voices of informality: We are self-employed, hard working, passionate and resilient

In our interviews, we asked respondents to define the informal economy in their own words. What emerged was a colloquial definition, focused on small-scale “hustling”, self-reliance, hard work, uncertainty of income, and trial and error. Respondents emphasised that the work either stems from passion (i.e., you love the work), convenience (i.e., it’s

what’s accessible or easy to do), or necessity (i.e., you have no other options). Only a few respondents mentioned anything to do with registration and taxation. Responses were also consistent for women and men, adults and youth, and across market segments. In the words of respondents themselves:

“You work to help yourself out so as not to depend on anyone for your personal needs. And no matter how little your income is, you use it to maintain your life. Hustlers are self-motivated to make money.”

- Female youth food service provider in Kisumu

Hustling is all about trying. Today you try this, tomorrow you try something else. If you are not getting any profit, you change or you bring the goods that the customers demand.

- Female adult food service provider in Nairobi

//

Voices of informality differs from more formal definitions

In Chapter 1, we presented numerous definitions of informal work from organisations such as ILO and KNBS, and proposed our own definition for this work, which was:

“The informal economy refers to economic activities that are not covered or insufficiently covered by formal arrangements. These activities have market value, and if they were recorded, would contribute to tax revenue and GDP.”

Comparing this definition to the perspectives of

respondents, one clear difference is on the emphasis of taxation or registration. Respondents we spoke to – even those who were not registered or licensed – had strong opinions on taxation, often feeling overburdened. Even those who are not registered or licensed are faced with forms of taxation – from city council daily fees, requests for bribes, or the rising cost of living, which is seen to be in the government’s control. Respondents view all of these costs as forms of taxation and thus view themselves as contributing tax revenue.

Voices on perception: notion of informal livelihood creation is shifting

Kenyans historically perceive informal work negatively due to stereotypes and misconceptions – an option for the uneducated or disadvantaged

We asked respondents working in the informal economy about how they felt they were perceived by other Kenyans. Many respondents felt that historically the informal economy was viewed

negatively, being conducted by the uneducated and the poor, and commonly seen as a last option when you could not find more formal 'white-collar' employment.

“ I think most people have stigmatised the informal economy to some extent. I think many of them think that it's for the uneducated, maybe people who have low literacy, or people who could not secure jobs in places like banks or government.

- Male adult food service provider in Nairobi

”

However, many respondents found this to be a misconception, and in fact were proud of working in the informal economy, believing their peers to be educated, entrepreneurial, and hard-working. Within

our sample, 14% of the respondents had completed at least a university bachelor's degree, while 22% had attained Diploma.

“ I think another misconception is that people perceive those in the informal economy as uneducated, but they are learned. From my knowledge and those I have interacted with, people in the 'jua kali' industry are educated.

- Female adult food service provider in Nairobi

”

A few respondents have feeling of shame or inferiority

From our responses, historical perceptions still linger in the minds of a few respondents, who continue to harbour shame and feelings of inferiority as a result of their work. Some respondents used words like “despised”, “hated”, and “dirty”, when describing

how this economy is perceived. Others felt that those in the formal sector looked down upon them and felt disrespected, and of a “lower class”. It is worth noting, however, that only a minority of respondents felt this way, and a larger majority felt pride in their work.

“The majority of Kenyans despise the ‘jua kali’ business. Most people despise us especially when we wear aprons in public vehicles. We face some sort of discrimination. Some people think we’re dirty or illiterate.”

- Male adult food service provider, Nairobi

“Kenyans view us as poor people. Kenyans don’t respect us. Just listen to how they talk about us – there’s no respect at all.”

- Female adult agri-livelihood strategy operator in Nairobi

”

Perceptions are changing

Despite this, there was a distinct sense in the responses that the perceptions on the informal economy were changing for the better, driven partially by the COVID pandemic, which forced many Kenyans into more informal work, and also to the rebranding of the term

“hustlers” as a more positive term. Respondents felt that hustling teaches you skills that you don’t learn in formal work and that informal work is carrying the Kenyan economy.

“It gives you the ability to depend on yourself. In Kenya, ‘jua kali’ is what grows the economy. Upon joining ‘jua kali’, you open up your view, know how to manage your business and cash, and understand the effort of getting the money. Also, it allows you to realise that before someone gets to the peak of business, they have struggled.”

- Female youth food service provider in Mombasa

“People nowadays like being their boss, and if you like being your boss, you have to do something that will propel you. So the informal economy is a positive thing that can help us all.”

- Female adult agri-livelihood strategy operator in Nairobi



WHO ARE THE INVISIBLE 400 VOICES & WHAT ARE SOME OF THEIR LIVED EXPERIENCES?

The demographic and socio-economic profile

High levels of education, with four or five dependents

Our sample of informal economy business owners has a notably high level of educational attainment, with at least two-thirds having completed secondary school education or higher. During the survey period, 9% of the respondents were enrolled in school, a substantial portion of them being youth. Significant differences were observed in education level by gender, and by age group. A higher percentage of men (79%) compared to women (58%), and youth (83%) compared to adults (43%) had attained secondary level education.

For comparison, the educational attainment among men and women are higher than national rates in the

2022 Kenya Demographic and Health Survey (KDHS) Report, where 42% of women and 47% of men in the urban areas were reported to have completed at least secondary level education. It is important to note, however, that our study sample differed from the KDHS sample in that it focused primarily on informal business owners aged above 18 years, with almost two-thirds (62%) being youth, who are generally more educated compared to adults. In contrast, the KDHS survey targeted all Kenyans aged 6 years and above. On average, 56% in our sample were married, and more than 50% had the responsibility of providing for approximately 5 dependents.

Table 2: Socio-demographic profile disaggregated by gender and by age group

	Men	Women	Youth	Adults	Total
N =	197	203	253	147	400
Completed at least secondary education ^{***} / ^{***}	79%	58%	83%	43%	68%
Currently enrolled in school ^{***} / ^{***}	12%	5%	12%	3%	9%
Currently married ^{***}	54%	58%	42%	79%	56%
Median number of dependents [*] / ^{***}	5	4	4	5	5.5

^o Kenya Demographic and Health Survey 2022

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. ^{***} represents P values <0.001; ^{**} represents P values < 0.01; ^{*} represents P values < 0.05

Creatives have more education and fewer dependents

Across market segments, we find significant variation in the education levels of participants and the number of dependents they support. Among respondents working in the creative and entertainment segment, 93% had completed at least secondary level education, contrasting with 43% of respondents in food services and 54% in agri-livelihood strategies. Additionally, respondents working in creative fields supported fewer dependents compared to those in food services and agri-

livelihood strategies, likely because the majority of individuals surveyed in creatives are younger, and unmarried. It is worth noting that 84% of respondents working in creatives were youth, while in food services, 54% were youth and in agri-livelihood strategies 47% were youth. As previously mentioned, the majority (83%) of youth were highly educated, with less than half (42%) being married. There was an approximately equal split by gender.

Table 3: Socio-demographic profile of surveyed participants disaggregated by market segments

	Food service providers	Creative & entertainment	Agri-livelihood strategies
N =	164	141	94
Completed at least secondary education***	43%	93%	54%
Currently enrolled in school***	3%	18%	1%
Currently married***	68%	22%	85%
Median number of dependants***	5	3	5

Higher income for men, agri-livelihood strategies, and creatives

Respondents were asked to estimate their gross income for the last month preceding the survey, which was September 2023⁷. This section provides an overview of the income profile of 377 out of the 400 surveyed individuals who were willing to disclose their income. We observed significant variation in income levels among respondents. Estimated gross income for the month ranged from zero to approximately KES 150,000, with half earning at least KES 15,000. In September, half of the men and adults earned at least KES 25,000 contrasting with the KES 15,000 earned by their women and youth counterparts.

Respondents working in agri-livelihood strategies and in the creative and entertainment market segments report higher income levels compared to those working in food services. Half of the respondents in food services earned at least KES 15,000 in September, in contrast to KES 25,000 for the other two segments. The income disparity can partly be attributed to many Creatives and Agri-livelihood strategy 'biz' owners

in the survey engaging in more income-generating activities compared to food service providers. Despite the two segments reporting higher incomes, some individuals reported zero income in September, whereas the lowest income in food services was KES 2,500. Notably, for creatives, some of the respondents were in the early phase of their creative ventures such as the social media content creators, and were yet to monetise their services. Our study also reveals varying income levels across regions, with significantly higher income levels reported in Nairobi compared to Mombasa and Kisumu in September.

For comparison, according to the KNBS 2022 Economic survey report⁸, an individual employed in the public sector in 2021 was earning approximately KES 68,632 per month while a private sector employee was earning approximately KES 69,103 (mean). Therefore, informal workers in our study earned less than half of the monthly income of a formal employee in Kenya – a significant disparity in earnings.

⁷ Respondents did not give exact figures for income, rather, selected from income bands (e.g., KES. 10,000 to 20,000). To calculate means and medians we used the midpoint of the income band.

⁸ [KNBS 2022 Economic Survey report](#)

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values < 0.001; ** represents P values < 0.01; * represents P values < 0.05

Table 4: Estimated Gross Income (KES) of survey respondents in September 2023

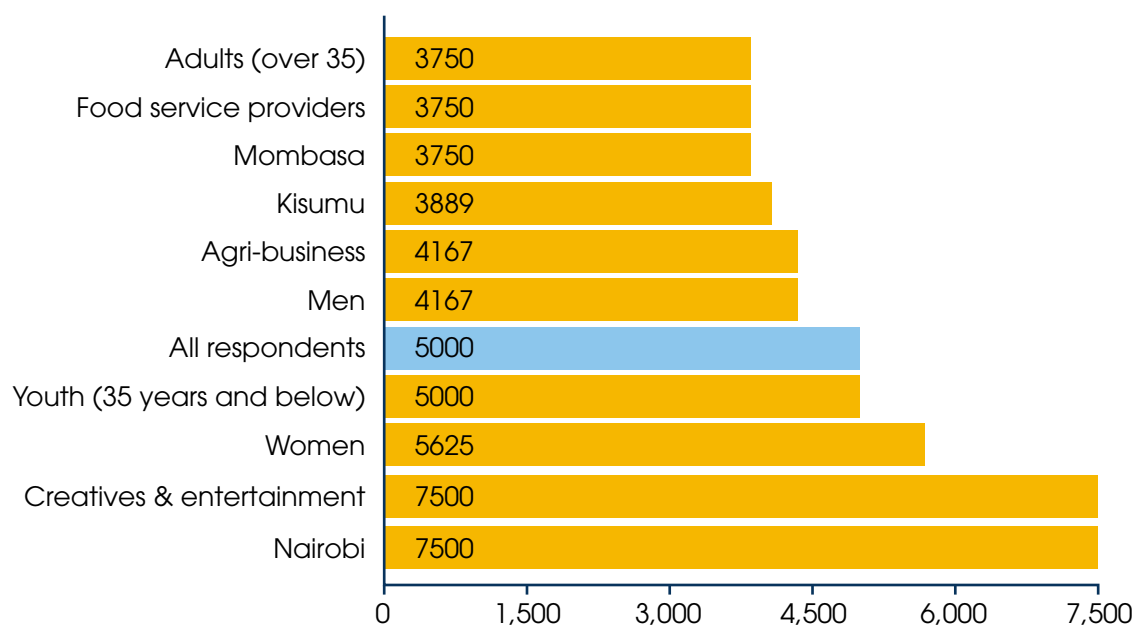
	N	Mean	Median	Lowest	Highest
Total	377	31,412	15,000	0	>150,000
Men**	187	37,433	25,000	0	>150,000
Women	190	25,487	15,000	0	>150,000
Adults	139	30,809	25,000	2,500	>150,000
Youth	238	31,765	15,000	0	>150,000
Food service providers**	161	25,171	15,000	2,500	>150,000
Creative & entertainment	130	33,481	25,000	0	>150,000
Agri-livelihood strategies	85	40,265	25,000	2,500	>150,000
Nairobi**	136	39,210	25,000	0	>150,000
Mombasa	131	25,363	15,000	2,500	>150,000
Kisumu	110	28,977	15,000	0	>150,000

Current income is not enough for half of our respondents

We calculated the ratio of gross income per dependent by gender, by age group, by market segments, and by location (Figure 1). We find that 50% of the respondents earn a minimum of KES 5,000 per dependent. Men and adults exhibited significantly lower income per dependent ratios compared to women and youth, respectively.

Individuals working in creatives and entertainment and those operating their businesses within Nairobi metropolitan area displayed significantly higher income per dependent ratios compared to their counterparts working in agri-livelihood strategies and in food services, or those with businesses based in Mombasa and in Kisumu.

Figure 1: Median gross income per dependent, by gender, age, market segment, and location



Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values < 0.001; ** represents P values < 0.01; * represents P values < 0.05

Approximately half of the respondents (48%) reported that their income was not enough to support themselves and their dependents. This was more commonly reported by women (54%), and was disproportionately reported in Mombasa (61%). Respondents reported resorting to borrowing from friends and family, from cooperatives or table

banking⁹, reducing consumption, dipping into savings, not paying school fees (and pulling children out of school), or simply going hungry in order to cope. Others mention being embarrassed by this, and going into debt in order to hide it from family and friends.

“After Corona (Covid-19), there’s not been a single good day. It’s stress, after stress, after stress. It’s so stressful. Paying rent is stressful, school fees and even food and you have dependents. So you have to move from here and there. It’s so stressful.”

- Female adult creative in Nairobi

“I had to survive. I said to myself that I usually save money in table banking, now it’s the time when it would help me. So I went and borrowed money. The most important thing was food, because school fees I usually pay once. I would take a loan and do shopping for my household. So in that season, the table banking came through for me.”

- Female youth agri-livelihood strategies in Mombasa

“So many times I do not have enough, and most of the time what I do, usually I just adapt with the little that I have, and find ways to make it work for me. That means I might have to cut other

things off based on the need. If I do not need that much, then I’m like, this can stay for now, but with this little money, I can cater for this.”

- Male youth creative in Mombasa

“I can’t say (my income) sustains me. As I stated in the phone conversation, my elder brother passed away in 2017 and left behind a 3-week-old baby and his other children. By the age of 24, I am already a father of four, and I also have my parents at home. My father was involved in an accident. So I am responsible for all those. Therefore, I can’t say that my income is sufficient because, for example, when I earn KSh. 7,000, I must send KSh. 3000 to help my children who stay with my aunt. I then send KES. 2,000 home for them to buy food, totalling KSh. 5,000. I use the remaining KSh. 2,000 for my personal upkeep as a youth. So at the end of the day, when I earn KSh. 7,000, I only remain with KSh. 300 or 400. But I can say that the little that I earn helps me a lot.”

- Male youth creative in Mombasa

⁹Table banking is a group based funding system where members of a group meet weekly and make weekly savings to form a communal pot from which members can borrow.

Income is seasonal and inconsistent for most

Almost all respondents reported that their income was seasonal and inconsistent, with some even including this in their definition of informal work. The reason for inconsistency in income depends on the type of work being conducted. For example, agri-livelihood strategies are largely dependent on the climate, earning higher incomes when there is consistent and predictable rain. Many creatives, like musicians, DJs, or dancers, are dependent on contract-based work, which can come in waves closer to festive seasons. Some food service providers

cater to certain clientele (e.g., students; football match viewers, factory workers) which come and go based on schedules, meaning there are periods with very few customers. This inconsistency in income is one of the reasons informal workers rely on multiple hustles, as it protects them from loss of income in certain periods. Regardless of the activity, many respondents noted January to be the most challenging month for sales, following the Christmas holidays, and when parents are paying school fees for the year.

“It is not consistent. There are times when income is high and there are times when income is low. During the dry season, the income goes high or between August and November, but if it rains between now and December, income will be low because when it rains, people grow vegetables in their plots even if it is in a small place and they will have their vegetables because the soils will be wet everywhere. People will plant different vegetables that they can use for their households. Therefore, the demand for green vegetables will be low.”

- Female youth agri-livelihood strategies operator in Mombasa

“There are times that we don't have a job completely; I can even earn as little as KSh. 3000 in a month. But there are also times when there is a lot of work, and we can earn up to KSh. 15,000. So it rises and falls sometimes. It is high in the festive season, in August and September, because there are several weddings during this time. In December, there are several visitors who visit hotels. So from August to December, there are more earnings, while we struggle from January to April.”

- Male youth creative in Mombasa

Informal workers juggle multiple hustles for livelihood

It was very common for respondents in our sample to have multiple sources of income, or “hustles”. In some cases, these were related activities (e.g., vegetable seller, kibanda), but in other cases, these were completely unrelated activities (e.g., chef, script writer, sale of second hand clothes). On average, youth appear to have more hustles (1.9) than adults (1.7), and men (2.0) have more hustles

than women (1.7). Creatives with an average of 2.2 hustles stood out with significantly more than the other segments, and more frequently have related hustles (e.g., musician, actress, model). The vast majority of respondents (91%) reported that all their sources of income were within the informal economy, with only 7% currently engaged in formal employment.

Table 5: Total income sources for respondents

	N	Mean	Median	Lowest	Highest
Total	400	1.8	2	1	7
Men***	197	2.0	2	1	7
Women	203	1.7	1	1	6
Adults*	147	1.7	1	1	7
Youth	253	1.9	2	1	6
Food service providers***	164	1.5	1	1	5
Creatives & entertainment	141	2.2	2	1	6
Agri-livelihood strategies	94	1.9	2	1	7
Nairobi	154	1.9	2	1	7
Mombasa	133	1.8	2	1	6
Kisumu	113	1.8	2	1	6

“I have done all kinds of hustles. After I finished high school, I came to Nairobi to hustle. I have done plumbing and painting, I paid my school fees for seven years and I did community development. I have worked with NGOs, I have worked in a hotel, I have sold vegetables, and so many things. After that, I took a loan and bought some equipment for the studio.”

- Male youth creative in Nairobi

“I’m a chef by profession. I have a diploma in hotel management and catering. Later on, I did film production because that was my passion. I’ve been in the acting industry and have been acting. I’ve also directed and I do script writing. However, I shifted to small business since that other sector wasn’t economically good for me. I was selling second-hand clothes and at the time new clothes. Right now, I need to open a kiosk for selling foodstuff.”

- Female adult creative in Nairobi



Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values <0.001; ** represents P values < 0.01; * represents P values < 0.05

THE INVISIBLE YET SIGNIFICANT MOTIVATIONS, ASPIRATIONS, AND JOYS

We asked respondents in the focus group discussions what they dreamed of becoming when they were a child. We heard dreams of being a lawyer, doctor, journalist, intelligence officer, teacher, pilot and many more. Many youth, especially creatives, hold on to some of these dreams, of becoming an international actor or musician. Many others, however, now find contentment in their informal work.

Key factors that drive Kenyans to join the informal economy in the three market segments

Respondents were asked to share the story of how they started their informal business and what motivated them. Generally we found that motivations came in four categories: necessity, convenience, opportunity, and inspiration

Necessity is a major driving factor

Necessity was a common answer, with respondents mentioning they had no option for formal work, and needed a source of income to feed themselves and their families, send their kids to school, or make ends meet. There are also several stories of illness or death

in the family, requiring youth to take up extra work to provide for their siblings. Livelihood strategies started from necessity were mostly food service provision and agri-livelihood strategies.

“My mother passed on when I was young. I had to work for myself so that we could eat, so I started then. Now my children get school fees from it.”

- Female adult food service provider in Mombasa

“It’s the pressure or challenge to bring up my children; you have to work for them.”

- Female adult agri-livelihood strategies in Nairobi



Convenience enables opportunities

Several respondents mentioned that their business was convenient to start, either because it did not require large start-up capital, or that they felt they

already had the skills to do it, or that they wanted to do something rather than staying idle and bored.

“Being idle is sometimes difficult. That is why I decided that instead of just sitting I can cook mandazis, so that even though I might just be at home at least I can be making some money when people passing around buy the mandazis.”

- Female adult food service in Kisumu

“I found myself in business not necessarily because of poverty. Most of us women in this business, just found ourselves starting a business, perhaps due to some pressure.”

- Female adult agri-livelihood strategies in Nairobi

Opportunities enable creation of livelihood strategies not possible in the formal economy

Other respondents felt they identified a good opportunity for business, either due to some capital they had available from family or savings, equipment

or skills they possessed, an underserved market, or a feeling they could save themselves money if they undertook the business.

“I saw that I should do farming because my brother had a water pump so I can plant anytime even without rain.”

- Male youth food service in Kisumu

“I love vegetables, instead of using the little I had to buy vegetables, I'd rather farm myself so that I don't end up buying from another person. I thought farming vegetables was simple and cheaper than buying them. It was raining and yet I was buying vegetables so I went and bought a jembe and planted vegetables.”

- Male adult agri-livelihood strategies in Mombasa

Inspiration and passion to never give up

One of the most common stories was that respondents felt inspired – either by a passion they had, by observing someone else, or by an experience they had which gave them the idea and courage

to take up the business. These stories commonly came from creatives, but also commonly came from agri-livelihood strategies as well. It was a much less common story for those in food service provision.

“I started because I used to be overweight and after I overcame that, I wanted people to learn those ways. So I asked myself how the information can reach people at once so instead of using WhatsApp I decided to use other social media platforms.”

- Female youth creative in Kisumu

“I love farming. Since I was a child, I have always enjoyed farming. Initially, I used to do farming during rainy seasons just for fun. I used to have a small plot here in town where I used to cultivate vegetables just for my household, and I used to have bumper harvests and people would tell me, you have good vegetables, please sell them to me. So I would sell to them. I had never thought of it as a business or a job.”

- Female youth urban agri-livelihood strategies in Mombasa



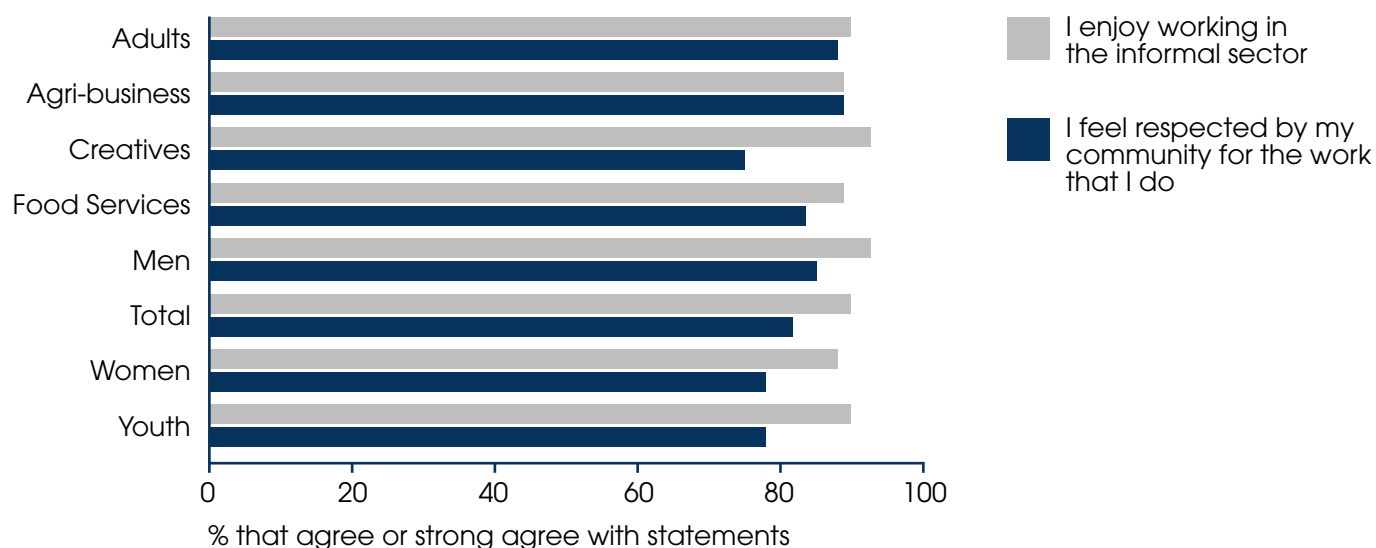
Factors that make work in the informal economy rewarding

Most feel enjoyment in their work and respected by community

During the phone survey, respondents were presented with statements that were read aloud, prompting them to express their agreement or

disagreement. The statements were structured to capture the respondents’ perceptions regarding their engagement in the informal economy.

Table 5: Total income sources for respondents



The study revealed a positive outlook among respondents, with a majority enjoying working in the informal economy (91%), and feeling a sense of dignity in their work (93%). In terms of respect, 82% of the respondents felt respected by their community for the work that they engage in. We observed a

significantly lower percentage of creatives feeling respected compared to other market segments mostly attributed to social stigma where creative work is not considered 'real work'. Women and youth were also less likely to report feeling respected, where women experience harassment on the job.

Income, flexibility, and serving the community are key values

Respondents were asked to share what aspects they appreciate about their work within the informal economy. Good income was the most crucial aspect, reported by 46% of the respondents. Other frequently mentioned benefits included the flexibility of their work (31%), the opportunity to serve their community (25%), being their own boss (23%), and

the freedom from many rules (18%). For women (15%) and adults (16%) in particular, their work plays a vital role as a means of supporting themselves and their families. Youth recognize the significance of their work as an opportunity to network, or gain fame and exposure (11%).

Table 2: Socio-demographic profile disaggregated by gender and by age group

	Men	Women	Youth	Adults	Total
N =	197	203	253	147	400
Good income	49%	44%	44%	50%	46%
Lots of flexibility	32%	29%	30%	31%	31%
I serve my community**	31%	19%	27%	22%	25%
Nobody is my boss	26%	20%	23%	24%	23%
Not a lot of rules	22%	15%	20%	16%	18%
Source of livelihood for family or self	10%	15%	10%	16%	12%
Networking, fame, opportunities**	8%	8%	11%	3%	8%
Low taxes	3%	1%	2%	1%	2%
Personal growth & purpose	2%	2%	2%	1%	2%

¹⁰ From a broad market segment perspective, less than 10% of respondents across the 3 segments, gender groups, and age groups had negative responses. The same pattern is exhibited across sub-segments. Only two categories stood out with a slightly higher percentage of negative responses: Mama mboga - 12% of 75 respondents do not enjoy their work; and sale of urban plants - 22% of 23 respondents do not enjoy their work

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values < 0.001; ** represents P values < 0.01; * represents P values < 0.05

Across market segments, good income remains the most common aspect that respondents value about their work, followed by the work flexibility. We observed variations in the aspects of work that respondents valued, depending on their market segment. Creatives find satisfaction in their work through the opportunity to serve their community (30%), and the opportunities for networking, fame

and exposure (21%). Within the agri-livelihood strategies segment, a considerable percentage of respondents place value on the opportunity to serve their community (31%), being their own boss (32%), and freedom from rules (24%). Independence as their own boss (26%) and the means to support themselves and their families (23%) were highlighted as valuable aspects of work in the food services market.

Table 7: Main benefits of the informal work to the respondents by market segment

	Food service providers	Creatives & entertainment	Agri-livelihood strategies
N =	164	141	94
Good income	43%	43%	56%
Lots of flexibility	30%	29%	34%
I serve my community**	17%	30%	31%
Nobody is my boss	26%	14%	32%
Not a lot of rules	17%	16%	24%
Source of livelihood for family or self	23%	1%	10%
Networking, fame, opportunities**	1%	21%	1%
Low taxes	2%	1%	3%
Personal growth & purpose	1%	2%	2%

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values <0.001; ** represents P values < 0.01; * represents P values < 0.05

// On income and independence

“I like this job because it generates my income. Income from individual effort that is not coming from elsewhere. It makes me independent.”

- Female youth agri-livelihood strategies in Mombasa

On flexibility and not having a boss

“The good side of this work is that I am the boss. No one is harassing or instructing you to

do this or that. When you wake up, you will open the work, push through the day, and later decide when you close, depending on how tired you feel.”

- Male adult food service provider in Mombasa

On serving the community

“I love the fact that I serve the community since they buy my vegetables.”

- Female adult agri-livelihood strategies in Nairobi

//

Creatives and agri-livelihood strategy operators also mentioned that their work is their passion, and that through their work, they can motivate others.

// “What I love about it as well is the fact that people have admired my business. They have learned that you don’t have to own a piece of land for you to do farming. As we speak, I have influenced people to start their own. I have also been invited to a youth group to educate them about kitchen gardens. So I love the fact that I get to motivate a lot of people.”

- Female youth agri-livelihood strategies in Mombasa

“When I motivate someone – sometimes when I post a video, it helps someone and they comment positively.”

- Female youth creative in Kisumu

//

THE KNOWN YET INVISIBLE LIVELIHOOD CREATION CHALLENGES AND NEEDS

Lack of capital, customers, and inconsistent income

Respondents were asked about the main challenges they face in their work. Lack of capital or finances is the most common challenge (74%), and is approximately evenly felt by women, men, adults,

and youth. Lack of customers and fluctuating sales were the second and third most common challenges. All other challenges were much less common, with less than 10% of respondents mentioning them.

Table 8: Main challenges faced by respondents in their work

	Men	Women	Youth	Adults	Total
N =	197	203	253	147	400
Lack of capital or finances	73%	75%	73%	76%	74%
Lack of customers	41%	44%	44%	39%	42%
Fluctuating sales / overall income	50%	43%	43%	52%	47%
Dangerous work or working conditions	6%	5%	6%	5%	6%
Lack of business licence/permit	8%	3%	4%	7%	6%
Lack of necessary skills/knowledge	7%	3%	6%	3%	5%
Challenges with debt collection	3%	5%	3%	7%	4%
Increased cost of operation / production	5%	3%	4%	4%	4%
Lack of respect from community	2%	3%	4%	1%	3%
Demolition / eviction / fire	3%	2%	2%	3%	3%

Negative outlook on current economic situation in Kenya

With only a few exceptions, respondents have a very negative outlook on the current economic situation in Kenya, which directly impacts the informal economy. Most respondents attribute this poor economic state to the government, and believe it is within the government's power to fix. These challenges mainly

involve high taxation, increased fuel prices, general inflation, and depreciating Kenyan Shilling. Despite this, many respondents still had hope for the future and that with some government intervention, it could change for the better.

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values < 0.001; ** represents P values < 0.01; * represents P values < 0.05

“It’s pathetic. I can tell you things are not looking good. From the cost of production, it’s quite high... You are producing at the highest, to people who don’t have income. That’s a challenge. Our economy is doing badly so to say, but it can improve.”

- Male adult agri-livelihood strategies operator in Nairobi



Many respondents report the current economic situation having direct impacts on their business. These impacts include reduced demand, fewer customers, higher cost of production, reduced production, lower

profits, angry customers, and more wasted goods. All market segments reported these negative impacts, but for creatives, the challenges centred more so on reduced demand and increased production costs.

“We are struggling to make ends meet... Our customers do not understand why they must continue doing business with us. Chapatis have moved from costing us KSh. 10 to KSh. 20, not even worth the hiked price. Unfortunately, the customers who understand are few... You find that you had ten daily customers and have now been left with five. You are forced to reduce the total amount of flour you cook.”

- Female youth food service provider in Mombasa

“The sales of most of my customers that I depended on have declined. Initially, I would sell 20 bunches that I sell at KSh. 10 each to my customers daily. Now the same bunch takes 3 days to finish... This has forced me to reduce my production because there is no need to produce more and it will not sell and would translate to wastage. Even if I produce more, I will waste time looking for new customers because the existing customers have enough stock.”

- Female youth agri-livelihood strategies operator in Mombasa



Livelihood creation segment specific challenges

In this section we share examples of the common challenges faced by each market segment, as shared in the in-depth interview and focus group discussions. As you will see, challenges differ widely across segments, which emphasises the need to look at market segments individually, rather than collectively at the entire informal economy.

Table 9: Challenges faced by Food Service Providers

<p>Food service providers</p>	<p>Daily or weekly taxes to pay city council</p> <p>Respondents commonly reported needing to pay a daily or weekly fee of KSh. 50 to city or county council for operating their business.</p> <p>“I need to pay KSh.50 to the county council officers, they come once or twice a week.”</p> <p>– Female adult food service provider in Nairobi</p>	<p>Precarious working environment</p> <p>Respondents report difficult working conditions, including high heat, no lighting, rain, exposure to theft, all while needing to keep up hygiene.</p> <p>“The kitchen heat is not tolerant to my body and one time I fainted and was taken to hospital.”</p> <p>– Female youth food service provider in Mombasa</p>
<p>Profits dependent on the cost of ingredients</p> <p>Inflation has caused the price of cooking essentials to increase, eating away at profits.</p> <p>“Cooking oil has increased massively. Charcoal has doubled. I have been forced to increase the price and reduce the size to make a profit.”</p> <p>– Female youth food service provider in Mombasa</p>	<p>Selling perishable goods adds pressure and losses</p> <p>Unlike other goods, food spoils, so there is high pressure to sell quickly or risk losing.</p> <p>“Last week I had two sacks of carrots that got spoiled. I had to buy other ones to recover the loss.”</p> <p>– Female youth food service provider in Nairobi</p>	<p>Paying on credit, unruly, or non-paying customers</p> <p>Respondents complained of some customers who pay on credit, don’t pay, pay late, or are unruly due to drunkenness.</p> <p>“Your customers will have a problem and will be forced to buy on credit. You might find three customers requesting to purchase on credit but because they are my daily customers I cannot refuse them.”</p> <p>– Male youth food service provider in Kisumu</p>

Table 10: Challenges faced by Creatives and Entertainers

<p>Creatives & entertainment</p>	<p>Negative social perceptions of some creative work</p> <p>Some respondents report social stigma and pressure from parents and society to do different work. Others do not feel respected.</p> <p>“Dancing also has negative parts. I have a friend who ran away from home because of dancing. I used to think my mother didn’t like me. She was always telling me what not to do.”</p> <p>– Female youth creative in Nairobi</p>	<p>Equipment is expensive and tough to access</p> <p>Cameras, software, phones, studios, and instruments can all be expensive and are required for many activities.</p> <p>“The most difficult thing about running my business is the fact that I have to outsource almost all the equipment that I use.”</p> <p>– Male youth creative in Mombasa</p>
<p>Not getting paid in full</p> <p>Several respondents reported agreeing on a price for their performance, but never receiving payment in full afterwards.</p> <p>“You find that they are not paying you instantly... The problem is you wait for the money for months until you get frustrated.”</p> <p>– Male youth creative in Kisumu</p>	<p>Harassment from city council for permitting</p> <p>City council staff ask for permits and bribes for shooting video content or photography, and often harass creatives.</p> <p>“So long as you pay to avoid colliding with the City Council, it’s a good business.”</p> <p>– Female adult creative in Nairobi</p>	<p>Sexual harassment for women</p> <p>Numerous women, especially dancers and musicians, mentioned they are sexually harassed, objectified, and shamed for their work.</p> <p>“Females face difficulties since men make sexual demands, making us step back.”</p> <p>– Female youth creative in Mombasa</p>

Table 11: Challenges faced by agri-livelihood strategies owners

<p>Agri-livelihood strategies</p>	<p>Unpredictable weather patterns</p> <p>From persistent drought to flooding – climate change is impacting agri-livelihood strategies.</p> <p>“Change in weather patterns. That one is beyond human effort and one cannot control. If the rains are too much, there is nothing you can do about it, and also when there are no rains, one cannot control the situation.”</p> <p>– Female youth agri-livelihood strategies in Mombasa</p>	<p>Poor quality produce and spoilage</p> <p>Unpredictable rains produce lower quality produce, and the struggling economy leads to low demand and spoilage. Perishable goods tend to rot.</p> <p>“Products are going bad a lot. Products like tomatoes and onions have fungus.”</p> <p>– Female youth agri-livelihood strategies in Nairobi</p>
<p>Customers not paying or paying late on credit</p> <p>Numerous respondents complained of customers buying produce on credit and never paying it back.</p> <p>“Usually we give produce on credit in the morning then customers pay later during the day, but upon calling my customers, all were off. I had to close my business for a week.”</p> <p>– Female adult agri-livelihood strategies in Nairobi</p>	<p>Selling perishable goods adds pressure and losses</p> <p>Transportation of produce from rural areas to urban areas is a difficult challenge, requiring more than a bodaboda.</p> <p>“Fare and any transport-related costs are expensive. You require transport from the farm to the market, and it’s costly.”</p> <p>– Male youth agri-livelihood strategies in Mombasa</p>	<p>Paying on credit, unruly, or non-paying customers</p> <p>All inputs, including day labourers, pesticides, fertiliser, water, and seedlings have increased in price recently, leading to lower profits.</p> <p>“I am expecting seedlings. We used to pay KES. 800, unlike today when I paid KES. 1600. Can I be happy?”</p> <p>– Female youth agri-livelihood strategies in Kisumu</p>

Support needed for livelihood strategies in the informal economy to thrive

Friendly and affordable loans, affordable inputs, access to markets, and training

Respondents were asked to describe their preferred support to ease their work in the informal economy and we've disaggregated the responses for women and men.

A vast majority of women expressed need for assistance in accessing loan facilities (88%), to address the capital or financial needs to cover their business startup and operational expenses (Table 12). Notably, there were significant variations in the ranking of support needs among women across the

three market segments. Women involved in food services commonly expressed additional needs such as facilitating access to inputs at an affordable cost (37%), and support in establishing business premises (27%). In the creatives segment, women prioritised support in accessing markets or customers (34%), obtaining inputs at an affordable cost (19%), and receiving skills training (15%). In agri-livelihood strategies segment, women prioritised support in accessing inputs at an affordable cost (63%), followed by access to markets or customers (37%).

Table 12: Support needed for women, by market segment

	Total	Food service providers	Creatives & entertainment	Agri - livelihood strategies
N =	203	113	47	43
Access to friendly credit / loans*	88%	94%	72%	91%
Access to inputs at affordable cost***	38%	37%	19%	63%
Access to market / customers*	26%	19%	34%	37%
Set up business premises**	19%	27%	9%	7%
Skills training	8%	6%	15%	7%
Acquiring equipment, supplies, facilities	5%	3%	9%	9%
Support acquiring business license	3%	4%	2%	0%
Support registering business	2%	2%	2%	2%
Emotional / social / mental support	1%	0%	6%	0%

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values < 0.001; ** represents P values < 0.01; * represents P values < 0.05

Similarly to women (Table 12), men rank gaining access to loan facilities (79%) as the most important need to enhance their work in the informal economy (Table 13), with a notably higher emphasis among those in food services (90%). This is followed by other needs such as facilitating access to markets or customers (49%), and obtaining inputs at an affordable cost (47%). Unlike women, a

substantial proportion of men highlighted the necessity for support in setting up business premises, especially those working in food services (25%) and agri-livelihood strategies (24%). Additionally, a considerable proportion mentioned the need for accessing skills training, particularly among men engaged in creatives (29%) and in agri-livelihood strategies (24%).

Table 13: Support needed for men, by market segment

	Total	Food service providers	Creatives & entertainment	Agri - livelihood strategies
N =	203	113	47	43
Access to friendly credit / loans*	88%	94%	72%	91%
Access to inputs at affordable cost***	38%	37%	19%	63%
Access to market / customers*	26%	19%	34%	37%
Set up business premises**	19%	27%	9%	7%
Skills training	8%	6%	15%	7%
Acquiring equipment, supplies, facilities	5%	3%	9%	9%
Support acquiring business license	3%	4%	2%	0%
Support registering business	2%	2%	2%	2%
Emotional / social / mental support	1%	0%	6%	0%

Generalised linear regression was used to assess variations in socio-demographic profile indicators across market segments. In the table, asterisks denote significant differences observed across market segments. *** represents P values <0.001; ** represents P values < 0.01; * represents P values < 0.05

// **On need for capital:**

“Mostly capital. In business, capital is the main issue. Like for now the capital I’m running the businesses with is a bank loan, so you need to eat and pay up the loan. I’d say I have capital for now but it’s not mine, I have to pay it back. Whether you have money or not you must pay the loan. If we could get non-refundable capital or even a boost from somewhere non-refundable, we could be relieved. We take loans because we are stuck but if we could manage who would take a loan?”

- Male adult agri-livelihood strategies in Mombasa

On the need for access to markets:

“Marketing our products is a challenge because of corruption even in the broadcasting stations. If only we could find a market for our productions like movies, we could easily find financiers.”

- Female adult creative in Nairobi

On the need for training and capacity building:

“I need capacity building. Of course, I have gone to school and I have studied, but education has no limits. I talked with someone and I told them that next year I want to go back and add education on production and storytelling.”

- Female youth creative in Nairobi

“I wish to learn more about computers. My kids have laptops, but I don’t know them that much or how they can help me. My kids are on TikTok to show how others rear chickens. The application has shown me much advancement, such as how chickens are fed or given cost-effective water. I learned to use jerry cans with holes to provide chicken food.”

- Female adult agri-livelihood strategies in Mombasa



CLOSING COMMENTS

The 400 voices in this chapter shed light on the dynamic nature of the informal economy in Kenya, through which individuals make a living in the face of economic challenges. The narratives shared provide valuable insights into the daily lives, aspirations, and challenges faced by Kenyans in the informal economy. These respondents challenged the very definition of informality, emphasising the small-scale “hustling”, self-reliance, hard work and uncertainty of income, rather than taxation and registration.

Historically, informal work has been perceived negatively, portrayed as an option for the uneducated or economically disadvantaged. However, our findings reveal a changing perception, partly driven by the COVID-19 pandemic and limited formal employment prospects, which forced many Kenyans into informal work. The term “hustlers” has also been rebranded positively by many, with respondents highlighting the skills gained and the significance of the informal economy in the Kenyan economy.

Socio-economic profiles of the respondents reveal the diversity within the informal economy, with a notable percentage having completed secondary education or higher. Creatives, in particular, stand out with higher education levels, are younger, and have fewer dependents. Income disparities within the informal economy are observed, with many respondents facing financial challenges, inconsistent

earnings, and struggle to support themselves and their dependents.

Motivations to enter the informal economy vary, driven by necessity, convenience, opportunity and inspiration. Many respondents appreciate the flexibility, autonomy, and income generated from their work. They however, face a number of challenges such as lack of capital, customers, equipment and inconsistent income. The chapter also highlights the unique challenges faced by each market segment, including daily taxes for food service providers, difficult working conditions, and negative stereotypes for creatives, and seasonal climatic conditions impacts for agri-livelihood strategies.

Addressing the needs of workers in the informal economy requires tailored support such as improving access to affordable loans, inputs, markets, and skills training. The findings emphasise the importance of recognising the contributions of those in the informal economy, and fostering an environment that supports their growth and resilience. In Chapter 4, we dive deeper into specific livelihood strategies within the three market segments, using the same survey data, and provide recommendations based on the insights gained.

APPENDIX

Friendly and affordable loans, affordable inputs, access to markets, and training

Respondents were asked to describe their preferred support to ease their work in the informal economy and we've disaggregated the responses for women and men.

A vast majority of women expressed need for assistance in accessing loan facilities (88%), to address the capital or financial needs to cover their business startup and operational expenses (Table 12). Notably, there were significant variations in the ranking of support needs among women across the

three market segments. Women involved in food services commonly expressed additional needs such as facilitating access to inputs at an affordable cost (37%), and support in establishing business premises (27%). In the creatives segment, women prioritised support in accessing markets or customers (34%), obtaining inputs at an affordable cost (19%), and receiving skills training (15%). In agri-livelihood strategies segment, women prioritised support in accessing inputs at an affordable cost (63%), followed by access to markets or customers (37%).

Table 1: The 400 survey respondents by market segment, county, sex and age

	Youth women	Adult women	Youth men	Adult men	Total
Nairobi					
Food service providers	14	14	6	2	36
Creative & entertainment	22	5	48	7	82
Agri-livelihood strategies	5	12	14	5	36
Total Nairobi	41	29	43	22	133
Mombasa					
Food service providers	28	21	15	16	79
Creative & entertainment	6	5	23	1	35
Agri-livelihood strategies	5	4	4	6	19
Total Mombasa	39	29	43	22	133
Kisumu					
Food service providers	20	17	6	6	49
Creative & entertainment	7	2	12	3	24
Agri-livelihood strategies	6	11	10	12	39
Total Kisumu	33	30	29	21	113
Total	113	90	140	57	400

Our data collection approach

The data was collected through a mixed method approach - that included a primary quantitative survey followed by qualitative interviews and in-depth discussions.

Quantitative survey

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Quantitative survey

We followed up with in-person interviews with 33 respondents...

Following the phone survey, we selected 33 participants (comprising 16 women and 17 men; at least 11 from each county) to participate in the in-person interviews. All 33 participants had already completed the telephone survey and were purposely chosen for equal representation across the

counties, market segments, by gender, and by age.

These in-person interviews sought to delve into the personal journeys of the respondents within the informal economy, exploring their motivations for entering, day-to-day experiences, and future plans. The interviews were conducted at the respondent's convenience, with a preference for their respective business premises.

We also held six focus group discussions with 31 additional respondents

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TRANSFORM is an impact accelerator that unites corporates, donors, investors and academics to support visionary enterprises. Together, we test and scale new solutions that support low-income households by tackling environmental challenges, improving health and wellbeing, and building inclusive economies.

We combine grant funding, business insight, practical experience, resources and networks. Our tailored approach creates evidence which we share widely to help leaders across the world solve global challenges.

TRANSFORM is based on a desire to address urgent issues by learning from each other. Established in 2015 and led by Unilever, the UK's Foreign Commonwealth and Development Office and EY, we have a proven model and an ambition to increase our impact across Africa, Asia and beyond.

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