

URBAN INFORMALITY IN PLANNED NEIGHBOURHOODS

A Case of Home Based Enterprises in Buru-Buru Estate in Nairobi County

By

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DECLARATION

This thesis is my original work and has not been submitted for degree in any other university.

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This thesis has been submitted for examination with my approval as the university supervisor

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DEDICATION

This thesis is dedicated to my family and my workmates

Acknowledgement

I would wish to earnestly thank my Supervisor, Mr. Charles Osengo for his invaluable guidance in undertaking this research and supervising me until the end of my thesis. My sincere gratitude to my work mates Dr. Anyango Obiero, Mr. Griffins Ochieng, and Reuel Kamau for their continuous support during the duration of this study. A special tribute goes to the M.A Planning class of 2012 (Movers), the experience wouldn't have been better without the team spirit displayed by every member.

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ABSTRACT

This research focuses on informal sector activities in planned neighbourhood. Using Buru-Buru as a case study, the research interrogates the nature and types of informal sector activities in planned neighbourhoods, their drivers, impacts, and possible planning intervention. The research made use of a holistic methodology combining both quantitative and qualitative approaches drawing from primary and secondary data sources. The key drivers of informality include various policy interventions, population growth and urbanization, and weaknesses within planning institutions. Further to this, the neighbourhood model as applied in Buru-Buru has demonstrated some weaknesses that have contributed to informality within the estate. The neighbourhood has undergone densification fuelled by low plot coverage, rising demand for residential and commercial space, as well as weaknesses in enforcement of development control. Most of the informal sector activities operate in contravention to planning regulations, zoning and building standards. The study further reveals that the informal sector is dominated with retail activities, most of which are survivalist in nature. This demonstrates the weaknesses in the economic structure of the country that has failed to adequately provide for livelihood opportunities. As a long term intervention, the study recommends the use of regional planning as a tool for generating livelihood opportunities. In the short term, the study recommends a mixture of interventions such as use of localised development control instruments to control proliferation of informal sector activities, as well as accommodation of some of the activities, within agreed upon standards to address the issue of livelihoods. This also calls for modification of the neighbourhood planning model to reflect the dynamics of our urban areas.

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Acronyms

DU	Dwelling Unit
GDP	Gross Domestic Product
GNP	Gross National Product
HBE	Home Based Enterprises
ILO	International Labour Organisation
IMF	International Monetary Fund
KII	Key Informant Interview
KNBS	Kenya National Bureau of Statistics
SAPs	Structural Adjustment Programs
UIS	Urban Informal Sector
UN Habitat	United Nations Human Settlement Programme
WTO	World Trade Organisation

CHAPTER ONE: INTRODUCTION

1.1 Background

Kenya's vision is to have secure, well governed, competitive and sustainable cities and urban areas that contribute to the achievement of the broader national development goals articulated in the Constitution and Vision 2030. However, Informality in Kenyan cities is threatening the liveability in our cities, and posing serious urban land use problems. The 2009 Global Report on Human Settlement 'Planning Sustainable Cities' identified Informality as one of the factors shaping 21st century cities. It acknowledges the economic challenges linked to the uncertainty of future economic growth, the new doubts on market led approaches and the expanding informality of urban activities as key challenges to sustainable cities. These challenges are being aggravated due to urban growth and the consequent phenomenal increase in population as well as the unstable state of the urban economy whereby more people are diverting into these informal activities for daily survival and sustenance of livelihoods (Meagher and Yunusa, 1996).

Since the early 1970s, the "informal sector" has been the focus of research into the dual character of the economies of developing countries, and recently, industrialized countries (UN HABITAT, 2006). Interest in informal economic activities has been spurred by problems in four areas: employment, economic development, urban growth and fulfilment of basic needs. Urban informality has become a widespread phenomenon posing serious social, economic, cultural and political challenges across the world; however many issues about its nature and consequences still remain largely under-explored or unresolved (Buehn & Schneider, 2012 and Elgin & Oztunali, 2012). The scope and dynamism of the urban informal economy has led to a wide range of definitions, usually based on the discipline of the author who is writing about it. Edgcomb and Thetford (2004,6) defined the informal sector as "That component of the overall market in which enterprises, employers, and self-employed individuals engage in legal but unregulated activities, while they do not comply with standard business practices, taxation regulations, and/or other business reporting requirements. Becker (2004) described the informal economy based on "place of work." Four categories were identified: home-based workers; street traders and street vendors;

itinerant, seasonal or temporary job workers on building sites or road works; and those in between the streets and home. The informal sector in Kenya encompasses a wide range of areas of informality: environmental, spatial, economic, and social, covering business activities, employment, markets, settlements and neighbourhoods.

The growth of informal sector in Kenya has been tremendous, fuelled by various policy interventions, as well as population growth and urbanisation. After independence, the Kenyan government developed and implemented a myriad of interventions aimed at addressing the country's employment challenges. During that period, unemployment and underemployment were identified as the most difficult and persistent problems (Republic of Kenya, 1969; 1983; 2008b; 2008c). The first recognition of the role of Informal sector was from a study done by the ILO Mission to Kenya in 1972. The mission identified existence of an informal or Jua Kali sector, which was considered instrumental in facilitating employment creation and income generation in the country (ILO, 1995). In 1986, the government published the Sessional Paper No 1 of 1986 on "Economic Management for Renewed Growth." The paper outlined a development strategy, which put great emphasis on informal sector development. In 1989, the "Strategy for Small Enterprises Development in Kenya: Towards the Year 2000" was published. The paper focused on removing the constraints experienced by the informal sector, subsequently forming the basis for designing fairly focused policies on the sector. By 1992, the policy focus had been refined and was published as sessional paper No.2 of 1992 on 'Small Enterprises and Jua Kali Development in Kenya'. As a result of these interventions, the Period 1990 - 1999 experienced the highest growth of the informal sector with an average annual growth rate of 27.7 per cent (Omolo, 2012). In the period 1990-2010, the informal sector employment grew at 17.40 per cent per annum compared to the formal sector's 1.97 per cent growth rate per annum (IEA, 2010)¹. Formal sector employment shrunk from 74.4 per cent of total employment in 1990 to 18.8 per cent in 2010. The informal sector is currently the largest employer in Kenya, estimated to employ about 9,272,100 persons (KNBS, 2012). As at 2013, the informal sector constituted 89.7 per cent of total employment, with the sector creating an additional 591.4 thousand jobs in the year under review (Economic Survey, 2013). Over 60% of those working in

¹ Institute of economic affairs

the informal sector are the youth, aged between 18-35 years, and 50% being women (Ouma et al, 2009). Currently, the informal sector is estimated to contribute to the GDP by over 25% (Economic Survey, 2012).

Currently, Kenya is implementing a long term National Development strategy called “Kenya Vision 2030” which envisions a globally competitive and prosperous nation with a high quality of life by 2030. The economic and the social pillars aim at achieving a just and cohesive society enjoying equitable social development in a clean and secure environment. The social pillar also aims at guaranteeing equality in accessing public services and providing income generating activities as widely as possible. However, nearly seven years since its inception, the various interventions are yet to effectively address the issues of unemployment, poverty, inequality and rising cost of living (Bujra & Keriga, 2009). The economy is characterised by imbalances that have led to: i) A critical lag between economic growth, employment growth and the rate of population growth; ii) slow range of investment in social programs as compared with investments in their economic programs and, iii) rapid deterioration of the “quality of life” in most urban areas.

The rising inequality, high cost of living, unemployment and underemployment have been major factors contributing to the high growth of informality in Kenya. According to Ferman (1973) and Paul (1997), several reasons lead to the emergence of the informal sector, ranging from poor people manoeuvring survival strategies to meet their families’ daily needs to those having access to regular wage jobs in the formal sector but willing to supplement their primary income. Many scholars have also indicated that poverty and unemployment are the main factors that lead to the formation of the informal sector (Chen, Sebstad & O’connell, 1999; Ligthelm, 2005; Morris, 1996).

The growth of the Urban Informal Sector (UIS) in Kenya has led to increased demand for suitable sites with the requisite infrastructure and services to support their activities. This has been occurring in an environment where the market led processes cannot adequately provide space for the informal sector activities. The spatial planning processes seem to be overwhelmed by informality. This has led to exclusion, as formal space becomes more expensive and out of reach to the informal sector,

leading to space contestation in most urban areas. The results have been conflicts arising between urban authorities trying to keep their cities clean and orderly and the urban informal sector operators who need space for their activities.

Urban and regional planning has a critical role in managing informality within the development processes, as it can be used to project economic, social and physical development in a given geographic area, for a given period of time. Planning is therefore concerned with creation of job opportunities, manpower, education, and transport (Stephenson, 1982). It can play a key role in stimulating economic growth, reviving depressed regions, as well as balancing growth across different regions to prevent under-development of certain regions, as well as manage development in booming regions (Ahmad & Bajwa, 2005). It also provides a framework for reconciling and integrating spatial, social, economic, cultural and environmental concerns in cities. Effective planning can ensure a region emerges as the physical, economic, social and institutional environment in which development processes can react upon each other productively and further both the development of “local economies” and “national development”. Planning can be used as an important tool for maintaining urban sustainability, as it can be used to build and manage more inclusive and socially equitable cities. To achieve this, planning instruments and regimes need to maintain vitality, be adaptive and responsive to be able to address a variety of key urban development issues, including the issue of urban informality. Nwaka (2005) argues that there is need for broad-based partnerships that fully take into account the needs and participation of the informal sector.

Planning in Kenya has over the decades been practiced within the framework of the Physical Planning Act of 1996 (Cap 286, 1996). The Act provides for the formulation of National, Regional and Local physical planning guidelines, policies and strategies. The Act forms the basis for development control through section 29 that requires the authorities to: a) Prohibit or control the use and development of land and building in the interests of proper and orderly development of an area; (b) consider and approve all development applications and grant all development permissions. The repealed Local Government Act Cap 265 also empowered the Municipal, County and Town Councils to prohibit or control the use and development of land and building in the interests of proper and orderly development of its area.

It's worthwhile to note that implementation of the Physical Planning Act in most urban areas focussed greatly on the physical aspects (functional specialisation, compatibility and basic issues of space organisation), failing to incorporate the soft issues in planning (livelihood enhancement, creation of new opportunities, equity in resource allocation and use). Failure to focus on creation of livelihood opportunities, in the face of rapid growth of the population and concentration in the urban areas has led to the rapid deterioration of the human environment. It has also contributed to the increasing gap between economic growth on one hand and population concentration on the other. The result has been cities and urban areas that are not inclusive, and are dominated by rising income inequality, poverty and proliferation of informal sector activities. These has posed serious multi-dimensional challenges (socio-spatial economic, and institutional) in managing informality in urban areas. The problem has been further exacerbated by weak planning institutions, as well as rigid planning regulations. The period of structural adjustments in the 1980s and 1990s recommended by the World Bank further weakened the employment and law enforcement capacity of the state, and contributed to the declining effectiveness of development control instruments. The Structural Adjustment Programmes (SAP'S) proposed drastic measures among them: freeze on government employment, staff layoffs, and reduction in government expenditure, leading to shortage of adequate personnel and resources for development control. The outcome has been a poorly functioning planning system that has been unable to effectively cope with the unfolding development scenarios.

Consequently, urban informality has been a major feature in most urban spaces in the country, driven by the planning weaknesses, as well as the social-economic conditions. These scenarios for proliferation of informality amidst a functional institutional and legal framework form the basis for this research interest.

1.2 Problem Statement

Poverty and inequalities remain high in Kenya, with estimates showing that nearly four in ten Kenyans still live in poverty (World Bank, 2014). Economic data show that despite economic growth, there has been widening inequality and deepening poverty (Bujra & Keriga, 2009). The rate at which job redundancy and

underemployed is growing has also greatly exceeded the rate at which industry can offer new employment opportunities. These conditions manifest in the form of a rapidly growing informal sector encompassing the unemployed, underemployed and the employed. The sector has been a major fallback to the large labour force of youths and women who are unable to get employment within the formal sector, as well as fall back for the formal sector employees who are trying to cushion themselves from the harsh and uncertain economic conditions.

No sustainable spatial solutions are in place to accommodate the growing informal sector. Consequently, businesses that comprise the informal sector typically operate on streets, neighbourhoods, and in other public spaces, concentrating in areas where the demand for goods and services are highest, while the cost for space remains low. The location dynamics and spatial challenges have further been fuelled by political interventions allowing the sector activities on any available public space. This has been happening in an institutional environment characterised by failures and weaknesses in enforcement of various planning regulations and standards. The increasing demand for urban public land and spaces for the accommodation of the ever growing need of the informal sector both to settle and trade cannot be ignored. As more people engage in informal sector activities, every “suitable” and “available” space is being converted to the use that suits the business activities. The home “residential areas” including well planned neighbourhoods has become a major provider of space for the informal sector activities. Well planned residential neighbourhoods have not been spared. Home based Enterprises have become a common occurrence in residential areas, including well planned neighbourhoods. Ghafur (2001) defined home-based enterprises as those enterprises that are carried out within a given dwelling and its broader physical context. Strassmann (1987) defined an HBE as one which occurs in or very close to the home rather than in a commercial or industrial building or area. Informality in planned neighbourhoods is driven by the increasing demand for space (residential and commercial), poorly managed densification programmes, as well as lapses in development control instruments.

Couch (1990) noted that the exponential rate of urbanisation due to an ever growing population exerts very powerful forces in urban residential areas making them undergo internal spatial restructuring in response to social and economic pressures.

Resulting social economic changes create demand for land and physical fabric inevitably leading to increased requisition for the reorganisation and restructuring of the urban fabric. With the finite land resources, the scope of choices in urban areas entail densification, infilling and intensification particularly affecting low density, and sub optimally utilised residential areas. This is the fate that faced Buru-Buru estate in Nairobi.

Despite good planning based on the neighbourhood concept, the estate has undergone a poorly managed densification process, characterised by high level of informality. Established in the 1970's, the estate has experienced an influx in informal sector activities fuelled by the rapid densification, changing social economic profile and weaknesses in enforcement of the neighbourhood plan. The informal sector activities have invaded the organised open spaces meant for recreational uses, road reserves, as well as enclaves within the residential areas. The initial character of the neighbourhood has been transformed by dweller initiated transformations in the form of housing extension for both commercial and residential use.

The estate was well planned based on the neighbourhood concept that provided for all major land uses (residential, commercial, recreation, education, transportation, public purpose and public utilities). By providing for mixed but spatially segregated land uses within the estate, the developers conceptualised a state of order within the neighbourhood. Provision for goods and services within the estate were based on the central place theory's concept of range and threshold, focusing on hierarchical approach to provision of the goods and services. The general assumption was that the different land uses will be restricted to designated spaces. The planning was also based on the assumptions that development control measures will remain effective, and residents will have respect for planning.

The estate was designed to expand in terms of phases (extensification), and not in the form of densification. Since its inception in the 1970s, the estate has experienced an influx in the number of residents, from the initial design population of 4,710 households. According to the 2009 population census, Hamza where Buru-Buru lies has a total of 16,251 households showing a sharp rise of population in the area. Generally, the population in Nairobi has been on a steady rise, with subsequent rise in

demand for space and services. The rising population number is amidst a housing stock shortage of 150,000 units per year (GoK, 2004), with other sources quoting a shortage of 200,000 per year. Weaknesses in development control, increasing demand for affordable housing, coupled with low plot coverage of 35% acted as incentives for densification in Buru-Buru. Many property owners constructed additional structures (extensions) for commercial or residential use. This resulted in increased plot densities, as well as availability of space for informal sector activities. The additional residential units further led to changes in socio-economic and demographic structures, disrupting the initial homogenous character of its inhabitants. The variations in socio-economic composition of residents in the neighbourhood have created mixed demand for various types of goods and services within the neighbourhood, providing markets for informal sector goods and services.

According to Rukmana (2007), informal sector activities are often characterised by proliferation of workshops and worksites or intensification in the use of informal economic locations. Most of them are often seen as eye-sores and undesirable activities. The challenges from the informal sector are borne out of the capacity of the sector to generate land use problems such as sprawl problem, incongruous land uses, building alterations, the menace of temporary structures, alteration of land use functions, open space conversions and land degradation (Okeke, 2000). This has been the scenario in Buru-Buru where the informal sector activities have continued to thrive in disregard to the initial neighbourhood plan of functional segregation, contravening existing planning, zoning and building regulations. Commercial facilities have sprung up within the dwelling areas. Structures to support home based enterprises have come up on the road reserves as well as the housing frontages and the open spaces within the enclaves of the neighbourhoods. This has greatly altered the character and functioning of the neighbourhood. In some incidences, home based enterprises have made structural extensions in the existing housing structures. Extensive use of temporary structures is common resulting in high nuisance value in land use development. Various studies have also shown that HBEs can be sources of environmental pollution, noise, increased pressure on infrastructure, and in the process their growth endangers the sanctity of neighbourhoods, making them susceptible to crime and insecurity (Napier *et al*, 2000).

The study recognised that the image of an all inclusive city is aptly captured as “...a place of cooperation where people work together to create collectively a dynamic economy from a diversity of operations, skills, resources, knowledge, personal drive, leadership and political will (Musyoka,R., Ngau, P., & Mwango, F 2010). Michael Mutter in Payne (2002), argues that this civic ethos naturally works best when organized efficiently with a combination of spatial and resource planning together with a respect for the component parts and contributors to the economic processes; primary and supportive, creative and enabling, producer and consumer”. Home based enterprises and other informal sector activities therefore play a vital role in the urban economy. They are hubs for innovation, and help bridge the gap in supply of goods and services in urban setups, while also contributing to the GDP. It is important to note that all households are contributors to the city economy whether or not formally employed. To capture the effect of their contribution, and to sustain and nurture it requires the certainty of security and options for growth. The households need an environment that will protect their livelihoods, by providing an opportunity for all to develop as part of the city’s own dynamic progress.

The study therefore attempts to bring to the forefront the dynamics of urban space, amidst an evolving urban land use patterns that generally have an impact on future neighbourhood planning. It sought to explore options that Home based enterprises offer in terms of urban planning, as well as in terms of striving towards an inclusive growth pattern. By studying the informal sector, the study hopes to bring out issues that can pro-actively guide and build on the contribution of the informal processes, actors and resources to city development, recognizing their contribution in the urban economy, and attempting to find solutions to their challenges. Specifically, the study sought to answer the following research questions:

1.3 Research Questions

1. What is the nature, types and location of HBEs in the study area
2. What are the drivers of informal sectors activities, specifically HBEs in the neighbourhood?
3. How has the informal sector activities affected the functioning of the neighbourhood?

4. How can planning be used to address the issue of urban informality in residential areas?

1.4 Research Objectives

1. To Establish the Nature, Type and location of HBEs in Buru-Buru
2. To establish the key drivers of informality in the study area
3. To establish how the HBEs affect the planned function of the neighbourhood
4. To recommend planning interventions to address the identified issues in regard to informality in Residential areas

1.5 Research Assumptions

The research was done based on the following assumptions:

1. Planning regulations and policies guide formal planning within the neighbourhood.
2. Neighbourhood residents understand the various planning standards, as well as the statutory planning system, to rules and standards that are stipulated in various planning regulations in Kenya
3. Respondents will be cooperative and will give accurate information to guide the study

1.6 Justification for The Study

Literature shows that HBEs occupy the largest proportion of the informal sector activities. According to Chen *et al* (1999), the proportion of HBEs in all enterprises range from 54% to 77% in Sub-Saharan Africa. In Kenya, HBEs are very common in most urban residential neighbourhoods. However, very few studies have been directed at understanding HBEs. Various studies on home based enterprises have been done, but in low income areas. Approaches to deal with informality have mostly been biased towards redevelopment of space, i.e. the built environment and physical amenities, and enforcement of development control in a planning system that focuses mainly on functional separation of space. These approaches have been framed in aesthetic terms, via a belief that an efficient neighbourhood is one that *looks* regimented and orderly in

a geometrical sense, rather than one that truly enhances people's capacities or livelihoods (Roy, 2005).

This study sought to shed more light on the social economic aspects driving the informal sector. Studies on informality have for a long time neglected the institutional drivers of informality, as well as the social structure and social interactions that support these phenomena. The existing bias in looking at informality has led to basic oversights into the real drivers and causes of informality. Consequently the approaches to address the externalities associated with informality have largely been unsuccessful. This calls for research into the core of informality, in order to really understand the drivers, as well as the implications. This will enable urban planners to come up with an integrated solution to address the negative externalities that may be associated with urban informality, while maximising the positive role that the sector plays.

The study also sought to fill in the policy gap by looking at the policy aspects affecting urban informality, and analyze how urban planning can be used to address the issue of informality. It looked at the weaknesses of the current planning practice for residential areas in addressing the urban informality. This was to help planners to understand and re-think the planning standards for residential neighbourhoods, to determine if they are compatible with our way of life, and thus to influence future planning practice for residential areas.

The outcome of this research is expected to contribute towards a regulatory framework for long term suitable settlement development that reflects the livelihood strategies of the residents, is based on empirical evidence, and is informed by both formal and informal urbanisation processes.

1.7 Scope of The Study

1.7.1 Theoretical Scope

The study looked at Home Based enterprises as defined by Ghafur (2001) and Strassman (1987). Ghafur (2001) defined HBEs as enterprises operated within a given dwelling and its broader physical context. Strassman (1987) defined HBEs as enterprises occurring in or very close to the home rather than in a commercial or

industrial building or area. “Home” on the other hand is defined as a dwelling unit and/or structure attached to a dwelling unit and/or an open area adjacent to a dwelling unit.

The study looked at the following aspects

- ***Nature of Business***: Businesses in the manufacturing sector, fabrication, Services sector such as daycares, barber shops, salons, tailoring, repair works among others and retail sector.
- ***Space Location***: The study focussed on HBEs that have taken space outside their dwelling units, its courtyard; the lane or street (immediate to a given dwelling) abode; the broader neighbourhood and, the public urban spaces within the residential area. This included HBEs that have extension of housing structure to accommodate them, structures detached from the main building, structures on road reserves and other open spaces
- ***Excluded in the study***: Housing extensions for residential purposes as this does not involve change of use from residential and so does not present the challenge to planning orthodoxy.

1.7.2 Geographical Scope

By adopting a case study approach, the study focused on Buru-Buru Estate. The estate was planned in the early 70's and based on the neighbourhood planning concept. The estate comprises of five phases. Phase one is the oldest, while phase five is the latest, completed in 1982. The study was carried out in Buru-Buru estate. This offered a good opportunity to look at informality in planned neighbourhoods.

1.7.3 Thesis Outline

This study is organized in six chapters. Chapter 1 introduces the study. The chapter lays ground for the study by looking at urban informality in context. It gives a general overview on urban informality, its origin and drivers, and how it's affecting urban planning. The chapter also lays out the problem statement, as well as the study objectives and the research questions that this study aims at answering. Chapter 2 reviews various literatures related to the study. It analyses the kind of studies undertaken on urban informality, and in home based enterprises in particular. It

summarises some of the major findings on the drivers of informality, types of informality, effects of informality, and possible planning implications of informality. A theoretical and conceptual framework of the study is developed as well in this chapter. Chapter three details the study approach and methodology applied in collecting, analysis and interpretation of the data, to prepare this report. Chapter four details the background to the study area, as well as describing the location details of the area of study. Chapters five details the study findings, guided by the study objectives. Chapter six is a summary of the key findings from the study, and a synthesis of the same. The chapter identifies the problem issues that emerged from the study, and looks at their policy implications. Chapter seven summarises the study and draws conclusions derived from it. It highlights opportunities for further research.

1.8 Study Limitations

The study was undertaken within the limitations of resources and time.

1.9 Definition of Terms

- a. Residential space includes the space within the dwelling unit, used for domestic purpose
- b. Spatial impact shall be based on outdoor space. i.e. shall exclude residential space, and focus on outdoor space only
- c. The term 'planning standards', applies to legal and technical norms defined by the statutory planning system as well as to rules and standards that are stipulated in various planning regulations in Kenya.
- d. Suitability of neighbourhoods as residential areas was defined as the long-term functionality and usability of settlements for their residents. Settlements are considered suitable when they reflect changing livelihood strategies of inhabitants, when they allow for appropriate densification and flexibility in land use while respecting the rights of neighbours. Suitability is also looked at in terms of the general environmental quality within the residential area.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives a general overview of the informal sector. It reviews the various definitions of the informal sector, as well as studies undertaken in various parts of the world on informality. The chapter begins with a review of some of the policies touching on informality in Kenya, drivers of informality, the legal, regulatory and institutional framework for planning that touches on informality, the impacts of informal sector activities, drivers of informality and possible planning interventions. The chapter also conceptualises the study laying ground for the chapter on methodology

2.2 Definition of Informality

The search for any homogenous definition of the informal sector has been elusive. In the numerous empirical studies all over developing countries a large variety of definitions have been used. Broadly one set of definitions identify the informal sector in terms of having characteristics such as ease of entry, low requirement of human and physical capital, small or tiny scale of operation, prevalence of pre-modern and labour-intensive technology, skills acquired outside formal education system, family or household ownership/operation etc. Other definitions deal more with the characteristics of the enterprise and the (lack of) regulatory environment in which they operate such as employing less than 10 persons, operation in semi-permanent or variable location, not using electric power, no access to institutional credit, no registration with government, not paying tax, full or partial illegal basis of operation, not having any formal wage contract or not following minimum wage legislation etc.

The International Labour Organisation (ILO) defines informal economy as referring to “all remunerative work both self employment and wage employment that is not recognised, regulated or protected by existing legal or regulatory frameworks and non-remunerative work undertaken in an income-producing enterprise” (ILO and WTO, 2009, p. 53). The 15th ICLS² by ILO specified that enterprises of informal employers should be defined in terms of one or more of the following three criteria: i)

² International Conference of Labour Statisticians

small size of the enterprise in terms of employment; ii) non-registration of the enterprise (defined as for informal own-account enterprises); or iii) non-registration of its employees. Paragraph 5 (1) of the 5th ICLS Resolution states: “The informal sector may be broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations where they exist are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.”

Informal economy has been identified according to the following employment categories (Amin 2002; ILO, 2002, 2003; World Bank, 2003):

- I. Self employment, including own account workers, heads of family businesses, and unpaid family workers;
- II. Wage workers, including employees of informal enterprises, casual workers without a fixed employer, home workers, paid domestic workers, temporary and part time workers, and unregistered workers;
- III. Employers, including owners and owner operators of informal enterprises.

Other definitions are based on income levels. This definition identifies the informal sector as comprising of enterprises or work with growing market demand that reflect high or low income-elasticity of demand. It classifies the informal sector into three main segments including (Oberay et al, 2001; ILO, 2002):

- I. Enterprises with the potential of becoming a significant contributor to national economy and that take up informal economic activities because of their potential for generating growth or wealth. These enterprises can be linked to organised and emerging national or international markets;
- II. Individuals or households who take up informal activities for survival purposes. Factors attracting these individuals include relative ease of entry, reliance on local resources, and minimum capital investment requirements;
- III. Individuals that devote part time to informal activities while working elsewhere, because of incidence of low and irregular salaries.

Schneider and Enste (2000) defined the informal economy to include all economic activities in unregistered enterprises that contribute to gross national product (GNP).

2.3 Informal Sector Theories

Chen et al (1999) in discussing the theoretical approaches looks at four interlinked theories as to why informal sector activities persist in developing countries. Firstly 'lack of growth': the persistence of informal activities owing to the decline in the growth of gross domestic product (GDP). Secondly 'jobless growth': a theory which assumes that capital-intensive technology and recent economic processes (privatisation, deregulation, and globalisation) have led to the decline or informalisation of certain formal sector jobs. Third is the 'growth from below' theory which attributes some of the growth in GDP to the growth of small-scale enterprises. Finally, the 'period of adjustment' theory reflects how the informal sector grows when economies undergo structural adjustment leading to marked shifts from formal to informal employment.

Yusuff (2011), in discussing the theoretical approaches to the informal economy, focuses on four theories: modernization, dependency, structuralism, and neo-liberalism. These theories feed into the four dominant schools of thought on why informality exists; the dualist school of thought, the legalist school of thought, structuralists and the voluntarists school of thought. Today, there is a growing recognition that all four theories have an element of truth and that some are more valid than others for different segments of the informal economy (ILO/WTO, 2009; Chen, 2010)

2.3.1 Dualist School of Thought

The Dualist school sees the informal sector of the economy as comprising marginal activities distinct from and not related to the formal sector that provide income for the poor and a safety net in times of crisis (Hart 1973; ILO 1972; Sethuraman 1976; Tokman 1978). The dualists initially explained informality as the result of a mismatch between labour demand and labour supply; The Dualists argue that informal operators are excluded from modern economic opportunities due to imbalances between the growth rates of the population and of modern industrial employment, and a mismatch

between people's skills and the structure of modern economic opportunities. The school of thought is fronted by proponents of modernization theory and dependency theory. The modernisation theory views informal economy actors as those who feel they have no place in the formal sector, either because of their lack of skill or level of literacy. The proponents of the theory believe that the informal economy is a means for people to get into the formal economy, and that the surplus urban labor would eventually fade away as industrialization expands. The dependency theory on the other hand inaccurately views the operators of the informal economy as poor and marginalized. This leads to the use of certain pejorative terms for the characteristics of the informal economy, such as "low technology" and "low production."

2.3.2 The Legalist School of Thought

The Legalist school sees the informal sector as comprised of "plucky" micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration and who need property rights to convert their assets into legally recognized assets (De Soto 1989, 2000). De Soto views the informal economy as a reaction to extreme state regulations, and claims that it will persist as long as complex government bureaucracies continue to be operative. He views informal economy actors as those who have refused to be handicapped by government regulations, but rather rise above their limitations, even if doing so means defying existing regulations. De Soto proposes that productivity could be increased by linking informal workers with access to capital, providing the collateral for loans through the granting of property rights.

2.3.3 Structuralist School of Thought

The structuralist approach views the informal economy as an alternative form of labor utilization by capital, one that is usually exploitative. This places emphasis on the exploitation of informal economy operators, an aspect that is not a universal feature of the informal economy. The Structuralist school sees the informal economy as subordinated economic units (micro-enterprises) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms (Moser 1978; Castells and Portes 1989). The structuralists suggested that

informality is the result of exploitation and subordination of informal workers by capitalist firms

2.3.4 Voluntarist School of Thought

The voluntarist school focuses on informal entrepreneurs who deliberately seek to avoid regulations and taxation but, unlike the legalist school, does not blame the cumbersome registration procedures. The argument is that entrepreneurs make a calculated decision to exit the formal sector. Fields (2005) and others argue that in urban informal labour markets in developing countries there exists an “upper tier” and “lower tier”. The “upper tier” comprises the competitive part, i.e. those who voluntarily choose to be informal and the “lower tier” is the part that consists of individuals who cannot afford to be unemployed but have no hope to get a formal job. Rogerson (1996), tried to draw up a useful conceptual distinction between the two categories of informal enterprise. First are those ‘survivalist enterprises’ which represent a set of activities undertaken by people unable to secure a regular wage employment or access to an economic sector of their choice. Generally speaking, the income generated from these activities, the majority usually falls short of a minimum standard of income, with little capital investment, virtually no skills training and only constrained opportunities for expansion into a viable business (Liedholm and Mcpherson, 1991). Overall, poverty and a desperate attempt to survive are the prime defining features of these enterprises. The second category as Rogerson (1996) further noted are ‘micro – enterprises’ or ‘growth enterprises’ which are very small business often involving only the owner, some family members and at most one to four paid employees. These enterprises usually lack all the trappings of formality, in terms of business licenses, formal premises, operating permits and accounting procedures, and most have only a limited capital base and their operations have only rudimentary business skills.

2.4 Characterisation of Informality (Nature and Type)

Becker (2004) describes the informal economy based on “place of work.” Four categories were identified: home-based workers; street traders and street vendors;

itinerant, seasonal or temporary job workers on building sites or road works; and those in between the streets and home.

The Informal sector activities are mainly categorised as follows: trading and hawking, production and construction, services and illicit activities (Morris, 2004; Rogerson 1996; Rogerson and Beavon, 1981). According to Kellett (2003:3) home-based income generating activities are classified into 5 groups as follows: i) Sales ii) Commodities production for selling iii) Services iv) Activities with social character and v) Activities directly related to the lot and the open spaces.

2.4.1 Home Based Enterprises

Major studies on Nature and type of HBEs include Strassmann (1987), Gilbert (1988), Cross et al (2001), Rogerson (1991), Ghafur (2001, 2002), Mahmud (2003) Mehta (1990); Kellett and Tipple (2000) and Gough and Kellett (2001). The studies have been carried out in Ghana, South Africa, India, Nigeria and Bangladesh. According to Chen et al (1999), the proportion of HBEs in all enterprises range from 54 to 77 per cent in five Sub-Saharan African countries. From the studies, it was found that the informal sector activities tend to be concentrated in a few activities, but also spread across a wide spectrum of industries; Informal sector activities include: activities in the retail sector, manufacturing sector and service sector. Most HBEs fall in the category of retail (selling goods), offering a services and production or manufacturing activities (Tipple et al, 1996). Retail activities are the most common HBE, and include enterprises such as small shops selling a variety of household goods. Strassmann (1986) found that nearly half of the HBEs were in the retail trade. Service enterprises include enterprises such as dispensing health services, cooked food preparers, mechanics, wood workers, carpenters and electricians; hairdressers shoe repair, day care, salons and barbershops, photocopy and printing services, and electronic repair shops. Production HBEs include clothing manufacture, assemblers or finishers of knitwear, embroidery, electronic components, shoes, masks, bags, jewellery, paper packages, and stone monuments; welding and woodwork; and flour mill.

Some of the reasons that make people work from home include the fact that there are other activities, for example chores, that one can do without leaving the house or home. This arrangement also enables the owner to save rent, the money from which may be used for business (Chen, Sebstad and O'Connell 1999). Furthermore, home-based enterprises are convenient, close to family, save travelling costs to work, provide good security and reduce risks if the business fails (Gordon, Hudson and Nell, 2006).

2.5 Drivers of Informality

Several reasons have been cited as the drivers of informal sector growth. According to Okeke (2000), poverty has been highlighted as the major inducer of these informal activities while others such as rural – urban migration, increase in population growth rate, urbanization and unemployment are also crucial contributing factors. The drivers of informality can therefore be broadly classified as economic, social-demographic, and institutional.

2.5.1 Economic Drivers

The informal sector growth in Africa is seen by many labour economists as a logical consequence of the economic downturn that the continent is facing. Employment opportunities became scarce in the registered private sector whereas the public sector has practically ceased to recruit since the implementation of the structural adjustment programs (SAPs). The rising cost of living has impacted on the formally employed, who are forced to find additional means of income to survive while the unemployed take to miniature jobs just to make ends meet. According to Manning (1993), the declining capacity of the formal economy to absorb new entrants to the labour market has forced entrepreneurs to function in the informal economy 'out of necessity rather than choice'. Manning further concludes that low labour absorption in the formal economy and the dire crisis of survival are the primary factors responsible for the massive expansion of the informal economy that has taken place over the last decade. Owusu (2001) argues that rising cost of living combined with stagnating salaries in the formal sector has encouraged the formal sector employees to diversify their income sources forcing individuals and households of all socio-economic

backgrounds to rely on multiple sources of income to ensure survival and/or accumulation. The informal sector has therefore become an avenue for "part-time" employment for formal sector employees and a source of additional income for many with full-time employment in the formal sector. Portes and Walton (1981), further state that in the formal sector, the fading relevance of the "protected worker" category resulting from a combination of inadequate wages, threats of retrenchment and the disappearance of guaranteed lifetime employment have compelled them to diversify their sources of income. Mustapha (1992) documents the livelihood strategies of the middle class and the professional class, among others, in Nigeria to show that people of diverse socio-economic backgrounds do participate in multiple economic activities. First, he distinguishes between the survival strategies of the working class and livelihood strategies of the professional class, arguing that: "for most members of the latter [working] class, engagement in multiple modes activities is critical to individual and household survival. Owusu (2001; 2005) and Maxwell, et al (2000) document the widespread practice of relying on more than one source of income in Ghana. Owusu (2001) concludes that multiple livelihood strategies is becoming "the way of doing things" for many urban salaried employees.

2.5.2 Urbanisation

Africa is one of the regions experiencing the greatest rate of urbanization in the world (UN-Habitat, 2009, p. 10). Half the world's population lives in urban areas and by the middle of this century all regions will be predominantly urban. According to current projections, virtually the whole of the world's population growth over the next 30 years will be concentrated in urban areas (UN-HABITAT, 2010). Like other urbanizing cities, Nairobi is growing in size as its population increases. Population of Nairobi city was eight hundred thousand in 1980 and has since grown to 3,138,000 million accounting for 8.1% of the national population (KNBS, 2009). The average annual growth rate of the Greater Nairobi was 4.2% from the 1989 census to the 1999 census and 4.0% from the 1999 census to the 2009 census, while that of Kenya was 3.0% in both periods. The majority of the residents are between 15-64 years of age, with a median age of 18.7 (Central Intelligence Agency [CIA], 2010). The metropolitan region population is projected to grow to 7.6 million people (2012), 10.8 million (2022), and 14.3 million (2030). Due to the rapid urbanization, it is estimated

that by 2030, Kenya will be 61.5% predominantly urban population. It is also estimated that the Nairobi Metropolitan region will accommodate the bulk of this urban population.

These unprecedented rates of urbanization can be linked to massive migratory movements as well as to natural growth, challenging urban planning and thereby causing environmental problems with far reaching effects (Mutisya and Yarime, 2011). Unfortunately, the rate of population growth is not matched with the rate of economic growth. The result is decreased average per capita and household income. Nairobi metropolitan region is therefore faced with increased poverty (Ministry of Nairobi Metropolitan Development, 2008:25). Nairobi has overall poverty headcount index of 21% (KNBS, 2007: 51). The rapid urbanization generates a lot of problems and challenges economically, socially and environmentally that are often associated with urban primacy (UN-Habitat, 2009:12).

Rapid urbanization has overwhelmed many municipalities' ability to provide serviced land to accommodate the influx of newcomers. Ignoring this issue has not solved the problem. In Mumbai (India) and Nairobi (Kenya), 50 per cent of the population lives in slums, notably in Dharavi and Kibera, two of the world's largest. (UN Habitat, 2013). While cities command an increasingly dominant role in the global economy as centers of both production and consumption, rapid urban growth throughout the developing world is seriously outstripping the capacity of most cities to provide adequate services for their citizens (Cohen, 2006). National government and local authorities are faced with the serious challenge of guiding the physical growth of urban areas and providing adequate services for the growing urban population (UN-Habitat, 2008). A close link therefore exists between urbanization/population increase, poverty, employment (either through informal or formal job creation) and environment. There is also an overwhelming evidence to suggest that urban poverty and informal employments are closely related (Sethuraman, 1997; Ijaiya, 2002)

According to Feige (1990), Dickens & Lang (1992), and Portes & Haller (2002), the urban informal sector forms a landing spot for new migrants to the city, but also more generally for the poorest. It is considered a transitional sector from the traditional sector (agriculture) towards the urban formal sector. In this view, the informal

economy is mainly seen as a reservoir for the under-employed who expect (and do not necessarily get) higher revenue by eventually entering into the formal sector.

In Kenya, the highest growth rates in the informal sector were observed in the 1980s and 1990s. Nairobi's growth rate was never as high as in the 1960s (12.2% per year in 1962-69) and has since been fairly constant (ranging between 4.8% and 5.0% per year) (IEA, 2013). In Kenya, the sector is dominated by youths and women. This may be due to the challenges faced by youths in accessing the labour market, thus lowering their chances of finding rewarding employment (*ibid*). The youth faces barriers to entry into the labour market arising from lack of or inadequate work experience, and path dependence, which dictates that early unemployment increases the likelihood of subsequent unemployment (Omolo, 2010; Coenjaerts et al., 2009). Remaining out of employment for long is, especially worrying for the youth. The informal sector has been an easy entry point for the youths, and the urban poor in search of livelihood opportunities. This has been manifested in the form of informal markets in urban areas, street trading, as well as home based enterprises, with considerable socio-economic, spatial and political implications to the urban areas.

2.5.3 Institutional Drivers

Apart from the dynamics of the labour market with regard to migration, some institutional factors have also contributed to the registered growth of the informal sector. At the policy formulation level, the official government policies on informal sector have changed over the years since colonial times to date. The initial policies were more repressive (the informal sector being ruled out as illegal, or even politically threatening) and control (if not integration in the formal economy) of petty traders mainly through taxation (Robertson, 2002). The policies have evolved to support the informal sector by removing some of the barriers to informal sector activities, and creating an enabling environment for the sector to thrive. This could have led to the rapid growth of the sector in Kenya. In addition, economic crises such as underemployment, lack of governmental resources for basic services, and ineffective and cumbersome government regulations have further fuelled the situation (Urban Age, 1993).

At the service provision level, the growth of the city in size and population, has led to challenges in the provision of urban services. Service provision was mainly mandated to the local authorities, which were not able to keep pace with the demand, despite the numerous policies, plans and strategies that have been adapted to date. Most local authorities (Current county Governments) are continuously faced with increasing unresolved debts, reliance on the central government for capital investments, poor leadership and economic governance and poor service delivery. This has led to reduced capacity of the local authorities to effectively perform their roles due to shortage of resources: human, financial and technical. Development control is one key role of the local authorities.

2.5.3.1 Development Control Mechanism

Three main types of permit are needed for development: construction permit, certificate of occupancy, and development permit, all of which are executed under the Physical Planning Act of 1996. These permits form the basis for development control. Development permit is required for the land development which requires change in use of land, which is responsibility of Policy Implementation Section of Nairobi City County. Construction permit is for building construction for which Development Control Section of Nairobi City County is responsible. Certificate of occupancy is issued when the building construction is completed and is ready for use, which is under the responsibility of the Enforcement Section of Nairobi city county.

Policy Implementation Section (PIS) is responsible for land development permit. Permission is required for four cases of land development.

- I. Change of use: change in the use of land
- II. Extension of use: adding other use to the land (20% of the total land)
- III. Amalgamation: combination of the plot or use of land
- IV. Subdivision: separating the use of the land

A development application is reviewed from the point of view of zoning plan, types of facility, and minimum plot size required in the zoning policy. The process is the same for the process for construction permit, all application have to go through Technical Committee to receive an approval.

Over the years, development control has been hampered by inadequate allocation of resources, corruption, and political interference, reducing the effectiveness of such functions. This has created an enabling environment for informal sector activities to thrive in most urban areas. This coupled with political interventions supporting informal sector activities in various localities within urban space has led to increased cases of space contestation

2.6 Participants of The Informal Sector

The informal sector literature is permeated by assumptions about the social class of people that participate in informality; the poor, women and other unemployed people in urban areas (ILO, 1995). However, socio-economic characteristics of those involved in multiple economic activities reveal that the practice is not limited to the urban poor; in many cases, it includes professionals, administrators, and other highly ranked salaried employees. Rogerson (1997) points out that the informal sector is not just a refuge for new arrivals to African cities because participants often include long-term urban residents such as civil servants. In sum, informal sector participants often include formal sector employees who feel vulnerable to their socio-economic circumstances and therefore use the informal sector either to alleviate or shore them against their insecurity. The informal economy consists of both self-employment and wage employment. For some people, self-employment in the informal sector is the primary source of income. However, more often in the informal economy income from self-employment is combined with regular wage or salary employment, transfer payments such as public benefits, private investments, or savings (Raijman, 2001; Ferman & Berndt, 1981; Hoyman, 1987; Morales, 1997a, 1997b; Tienda & Raijman, 2000; Uzzell, 1980). In other words, informal self-employment is usually part-time employment that provides a supplemental income to people's primary employment (Alden, 1981). This often involves switching between economic sectors (formal and informal) during the same workday. People may respond to the lack of economic opportunities in the formal economy by creating new activities in the informal economy or by joining existing informal businesses (Raijman, 2001). Informal economic activities serve as an economic buffer while a person is unemployed or they may provide additional income in a low-wage labor market (Hart 1970; Light & Roach, 1996; Tienda & Raijman, 2000).

2.6.1 Human Resource Capacity in the Informal Sector

Many informal sector scholars indicate that most business owners in the informal sector have low level of education and some of them do not have formal education at all, and may lack relevant skills to effectively manage their products and the market. Most owners of informal businesses have low level of education (few of them manage to leave primary school) (Morris, 1996; MTC base line study, 2009). Low level of education makes it difficult for people operating informal businesses to engage with technology and to conduct researches. The level of education and qualification that business owners have, affects the management of the business resources and motivations to achieve high level of business performance (Smallbone and Wyer, 2000). High qualifications in formal education provide skills such as research skills, forward thinking, computation and communication skills, which have a huge impact on the innovativeness of the business, and growth. Morris (1996) found that most of informal businesses in Khayelisha, Cape Town (South Africa) received formal education only up to Standard Five, 23 percent had obtained some form of job training at the training centres, Technikon or formal sector companies. Informal businesses are influenced by low level of education and training of the owners in the sense that even if owners of these business are highly motivated to grow their businesses, but they lack the means (skills) to drive their motives.

2.7 Location of Informal Sector Activities

Accessing livelihood opportunities in urban areas means being well located in terms of physical proximity to opportunities or access to appropriate public transport, physical capital in the form of place to live as well as access to appropriate workspace (Musyoka,R., Ngau, p., & Mwango,F., 2010). Yankson (2000:316) suggested that the location and site selection of the operators of informal economic units is at the core of the integration issue. He maintained that the locational pattern of the units has influenced the operators' decisions to select land use configuration and to invest in them.

The locational pattern has a bearing on employment and environment relationships. In views of a number of authors, such as Weber (1929), Isard (1954), Lösch (1954) Alonso (1975), Glasson, 1978, and Hoover, (1984), Yankson further outlined the

main tenet of location theories. He stated that there are two main lines in the locational theories: the classical location models, which seek to maximise profits through the least cost approach, or via the maximisation of sales. However, Yankson (2000:316) confirmed that Location is not simply a matter of achieving maximum profits, whether through minimisation of costs or maximisation of sales. There are other variables that need to be considered: Indeed, as a result of rapid urban change, the location of commercial activities has been based more on the assessment of profitability or utility.

The pattern of urban land use reflects the competition between supply and demand especially where urban land supply for informal activities slowly reacts to dynamics of land demand. Informal activities, as is the case of retailing, often seek to maximize profits by locating as close as possible to consumers and other servicing activities, but as far as possible away from its direct competitors (Stahl, 1987). Their location is often not dictated by the various land use model theories, but by social, cultural, institutional and political environment. In most cases, the locations of informal sector activities do not conform to the optimal location theories such as bid rent theory of Alonso (1964), or even the central place theory (Christaller 1933, and Lösch 1954).

The bid rent theory model assumes that firms and individuals are rational actors in an urban land market. The bid rent curve often represents profit maximization potential for firms or satisfaction maximization for residents (Alonso and Joint Centre for Urban Studies, 1964). However, based on this model, the market process can not be able to allocate land for informal sector activities, thus they tend to adopt parasitic tendencies. The parasitic tendencies means the informal sector activities locate where the rent is almost free (public spaces such as road reserves, streets, alleys and corridors). Logan and Molotch (2007: 9) noted that the assumption that markets allocate properly and that users, buyers, and sellers have optimal information, holds true to some extent, however, land markets are far from being perfect. The approach fails to account for such factors as social, cultural, personal and political inequalities which have the potential to affect the use to which land may be put into (Davis, 1991: 57). They further observe that markets are not ordered by impersonal laws of supply and demand but are a result of cultures which are bound up with various interests. In Kenya, political interests play a key role in shaping interests over land, as witnessed

by the various political statements in support of informal sector activities in certain areas within the city. The failure of market forces to provide competitive space for informal sector activities, coupled with institutional weaknesses in enforcement of various laws and regulations, as well as political interference has seen the proliferation of informal sector activities in certain key spots that offer greatest potential for returns, such as bus stops and major transport nodes, busy streets, and residential areas. It's important to note that the survivalist nature of most of the informal sector activities imply that even if allocated space, they may not be able to compete fairly with other land uses, and may be outbid by other profitable uses.

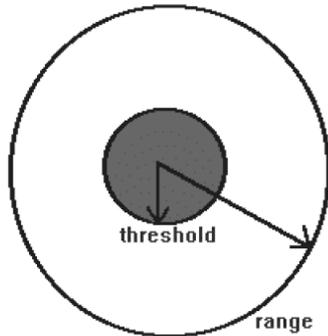
Urban Public space has therefore been an important resource for the informal sector activities that are in essence, weaker land uses in urban space. Urban public space is defined as the physical space and social relations that determine the use of that space within the non-private realm of cities (Brown, 2006). Urban public space plays an important role in the livelihoods of the urban poor. This importance remains largely ignored in development policies for low-income cities (Brown and Lloyd-Jones, 2000 cited in Brown, 2006:17). Public space has social and economic importance as a place for trade and communal activities, or as a channel for movement in cities. It is also politically important, as the control exercised over public space demonstrates state or municipal authority, reflected on restrictions on its use. For the urban poor, public space is a crucial resource as their private space is more restricted and fragmented than that of higher income groups (Lloyds-Jones, 1993). Public space is an essential form of social infrastructure for the urban poor but is ignored if there is a narrow policy focus on urban land-use. In cities of developing countries, informal economic activities are found in almost all main roads and arteries as well as in residential areas. The use of public space for personal and commercial purposes is common in cities of developing countries with the street being an asset as it provides space for commercial activities. Location thus tends to be of major importance to small scale operators. Brown (2002) states that access to the concentration of people and their assets and services are important to the urban poor.

2.8 Planning for Commercial Centres in Neighbourhoods

The planning of commercial facilities in neighbourhoods is normally guided by the Walter Christaller's central place theory. Published in 1933, the Central Place Theory

(CPT) is an attempt to explain the spatial arrangement, size, and number of settlements (central places). The theory provides an interpretation of settlement distribution over the land. For a Central place to emerge, two key concepts are a prerequisite:

Figure 0:1 Illustration of Range and Threshold



emerge, two key concepts are a prerequisite:

- Range: This defines the distance that consumers would travel to access a particular good and services
- Threshold: This is the minimum population that is required to bring about the provision of

certain good or services

Based on the concept of the range and threshold, Chrystaller came up with three principles determining the settlement distributions

1. Marketing principle (K=3 system);
2. Transport principle(K=4 system);
3. Administrative principle (K=7 system).

The marketing principle: is based on distribution of market areas, ranging in size from very large territory to many small areas based on scope and population size. The market centres are distributed and ordered on the basis of the type of services and goods provided, leading to a hierarchy of centres: auxiliary central places, lowest order centres, lower order centres, and high order centres. The different orders of settlements arrange themselves in a hierarchy. Generally speaking the higher the order, the greater the area served. In Neighbourhood planning like it the case of Buru-Buru, the town centre acted as the auxiliary centre, while the main commercial centre was higher order centre, while the corners shop unit within the cluster was the lowest order centre.

This principle maximises the distribution of goods and services with the least number of central places. Arrangement of the settlements is according to the principle $k=3$. The theoretical **number of settlements** will progressively divides the previous order by 3.

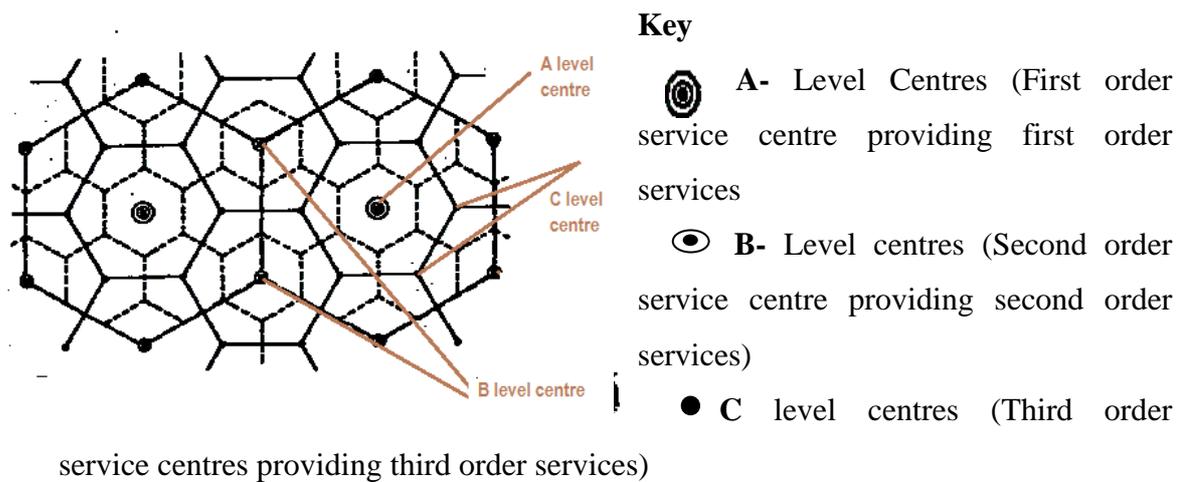


Figure 0:2 Illustration of the Marketing Principle

One high order **central place** is serving three (including itself) of the next lower order central places. The relationship of the **market area** between a lower order centre and the centres of the higher level can also be indicated by the value 3. Based on this central places emerge at the centre of a hexagon containing six lower-order places. Leading to an overlay of hexagonal urban centered market areas

The transportation principle: The second model is based on the transportation principle (K=4 system). In this model movement of goods is maximised at a minimum cost. To achieve this, as many central places as possible should be located on one traffic route between two important towns, the route being established as straight and as cheap as possible. According to the transport principle, the central places would thus be lined up on straight traffic routes which fan out from the central point.

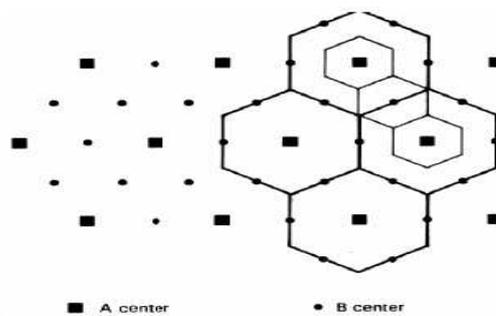


Figure 0:3 Illustration of the Transportation Principle

When Central places are arranged according to the traffic principle, the lower order centres are located at the midpoint of each side of the hexagon rather than at the corner. Thus the transport principle produces a hierarchy organized in a $k=4$ arrangement in which central places are nested according to the rule of four

2.9 Relevant Government Policies Touching on Informality and Planning in Kenya

Since independence, the government has implemented various development related policies aimed at spurring economic growth and social progress for all citizens. The policies were geared towards stimulating rapid economic growth, reducing unemployment, illiteracy, poverty and diseases. The main policy framework that laid ground for development planning was the sessional paper no. 1 of 1965 on African Socialism and its application to planning in Kenya. The policy document recognized the role of urban, regional, local and rural levels of development in the national economy. The government also embarked on preparation of comprehensive five year development plans addressing development needs in all sectors and regions. The five year plans have prepared since 1966.

2.9.1 Urbanisation Policies

Planning in Kenya has to a large extent revolved around the concept of growth centres of which there were four main types: Urban centres, rural centres, Market centres and Local centres in descending order of importance and size (matrix consultants 2012). Objectives of promoting growth centres were twofold: firstly to arrest the movement of people from rural areas to the few existing large cities and towns, and secondly, the centres were to achieve faster growth/development and have spill over effects on the surrounding areas (Obudho, 1998, Mitullah, 1993, 69).

The Sessional Paper no.10 1965 underscored the need for planning so as to address the development challenges facing the young Nation. Four types of Planning were looked at: economic planning, physical planning, social planning and fiscal planning (GoK 1965). The policy document emphasised the need for a coordinated approach in planning, by all the sectors of government, to achieve integrated planning. The policy also pointed to the need for decentralised planning at provincial and district level. The

sessional paper laid the ground for the five year national development plans to guide development in the country, as well as provincial regional development plan to be prepared by the physical planning department.

The first plan was the 1966-1970 national development plan, while the physical planning department prepared the first provincial regional development plan for Central province in 1967, followed by Eastern (1969), Nyanza (1970), Coast (1971), Rift valley (1971), and North Eastern (1971), (Maleche, 1998). The provincial plans led to the establishment of Growth Centre Policy in the 1970-1974 National Plan. On the basis of the Provincial regional physical plans, a National spatial long term policy view was drawn out under the Humans Settlements in Kenya: A Strategy for Urban and Rural development in 1978. The strategy provided an overall framework for the management of future urban growth as well as the location of physical developments in urban and rural areas in order to develop a coherent system of human settlements (GoK, 1978). It emphasized the service and growth centre policies. The service centre policy aimed at improving quality of life through provision of basic services in urban centres. The Growth centre policy focused on selected growth centres to stimulate development in the hinterland and reduce rural-urban migration into the larger cities such as Nairobi (Musungu & Kimani 2010).

2.9.2 Regional Development Policies

In 1979-1983, the national development plan emphasised the concept of rural-urban balance, recognising the role of urban areas in providing markets for farm produce from rural areas, and supplying farm inputs to rural areas. Rural development was emphasised to reduce rural urban migration (GoK, 1979). In an attempt to further spur development, the Sessional Paper No.1 of 1986, Economic Management for Renewed Growth was enacted, laying foundation for the Sixth National Development Plan (GoK, 1986). Chapter 4 of Sessional Paper No. 1 of 1986 outlines the rural - urban balance strategies, and represents a shift in regional development policies by the Government. It acknowledges the dynamic interdependence between rural and urban areas and the agricultural and manufacturing sectors. The policy recommended the establishment of the District Development Fund. The strategy also recommended the formation of Rural Trade and Production Centres (RTPC). In the 1989-1993

Development plans, the government emphasised on the importance of the Rural Trade and Production Centres (RTPC). The Rural Trade and Production Centers (RTPCs) Programme was initiated in 1986 to create centres that would act as growth centres for the regions to catalyze development of their hinterlands and as well as act as dispersion mechanisms to de-concentrate development from the main towns (Musungu & Kimani, 2010). The 1994-1996 Development plans reiterated the government's desire to achieve rural urban balance through the spatial policies to achieve even dispersion of economic and development activities in all parts of the country (GoK, 1994). Successful implementation of the regional development policies would have reduced the pressures associated with primacy of certain urban areas, and thus reduced urban informality associated with declining livelihood opportunities in the main urban centres. It's also important to note that during this period of implementation of the regional development policies, the country's economy grew by an average of 6% between 1964 and 1980 and by 4% between 1980 and 1990. During the period 1990 to 2002 the country experienced an annual GDP growth of 1.9% while the population grew at 2.9% annually (Omolo, 2012).

2.9.3 Economic Growth Policies

In 2002, Kenya embarked on a policy shift with the enactment of the Economic Recovery Strategy for Wealth and Employment Creation published in 2003 (GOK, 2003). The strategy identified the key policy actions necessary to spur the recovery of the economy as; Rapid economic growth through measures to enhance revenue collection, expenditure restructuring and a monetary policy that supports achievement of economic growth without putting price stability into jeopardy; Strengthening institutions of governance; Rehabilitation and expansion of physical infrastructure in particular roads, railway and telecommunications; and Investment in human capita especially of the poor. The strategy outlined interventions and strategies for reducing poverty aimed at enhancing access to the benefits of economic growth by the most disadvantaged members of the society. The infrastructure and manufacturing sectors were seen as playing a major role in revitalizing the economy.

At the expiry of the Economic Recovery Strategy for Wealth and Employment Creation policy the Vision 2030 was developed. This is the blue print for Kenya's

long term national development. It is anchored on three main pillars: Economic Pillar, Social Pillar, and Political Pillar. Vision 2030 aims to provide a “high quality of life for all its citizens by the year 2030” (GoK, 2007). The social pillar seeks to build “a just and cohesive society with social equity in a clean and secure environment.” importantly; Vision 2030 refers to equity as a recurrent principle in its economic, social, and political programming. The strategy emphasises the need to invest in communities with a high incidence of poverty, unemployed young people, women, and all vulnerable groups. The Vision committed during the first five-year period (Medium-term Plan I: 2008-2012) “to increase opportunities all-round among women, youth, and all disadvantaged groups.” The vision proposed establishment of a consolidated Social Protection Fund to finance social protection in the country (GoK, 2008). On housing, the vision for housing and urbanization is “an adequately and decently housed nation in a sustainable environment”. The vision aimed at achieving among others: Better development and access to affordable housing, enhanced access to adequate finance for developers and buyers, and Pursuit of targeted key reforms to unlock the supply potential of the housing sector. However, it’s important to note that Kenya lacks a spatial framework for implementation of the Vision 2030 since it has no National Spatial Plan.

2.10 Informal Sector Promotion Policies in Kenya

The informal Sector has experienced continuous growth due to various factors, key among them, favourable policy interventions. Government policy on medium and small scale enterprises date back to as early as 1953 (in the East African Royal Commission Report). The report noted the negative impact of restrictive regulations and official harassment on operatives in the informal sector. On one hand they were considered a threat to tax-paying traders and enterprises, thus resulting in unfair trade, but on the other hand were also considered as a possible safety net to high unemployment and poverty. In 1967, a report concerned with addressing the increasing unemployment among school graduates; (the 1967 Report on Education, Employment and Rural Development) encouraged the promotion of the productive activities of the informal sector rather than the blind promotion of all activities in the sector. However, the recommendations of these reports did not translate into any policy action by the government.

The Sessional Paper No. 10 of 1965 focused on africanisation/ indigenization of the Kenyan economy by encouraging private enterprise. The policy undertook to support the growth of “modern” small industries mainly owned by indigenous Kenyans. A number of government financial institutions were created with this specific goal. The Kenya Industrial Estates (KIE), set up in 1967, had the objective of achieving industrialization by providing infrastructure and financial support to small indigenous entrepreneurs to enter into the manufacturing sector (Ikiara, 1988)

Attention to the informal sector gained momentum with the publication of The 1972 ILO report on informal sector activities which extolled the virtues of the sector and its employment generation potential. The Sessional Paper on employment released in 1973 contained an acceptance of the ILO report, but did not translate into any programmed support for the sector. The 1974-1978 Development Plan failed to even incorporate the term informal sector to refer to policy on the sector. The 1979-1983 Development Plans still had some ambivalence towards the informal sector, with a more comprehensive support structure for both the modern small industries and informal sector enterprises. In this plan, a programming and evaluation section for rural and urban small scale industries was to be established in the Ministry of Commerce and Industry to assist District Development Committees in preparing coordinated programmes for the small scale and informal sector manufacturing sectors. Unnecessarily punitive building and health regulations were also to be removed from Local Authority statutes, and the government was to offer training programmes to small business entrepreneurs. However, there was hardly any concrete programmed support for the sector until the publication of Sessional Paper No. 1 of 1986.

The Sessional Paper No. 1 of 1986 made a firm commitment to support the growth and development of the sector. In this document, the government underscored the importance of the sector in terms of its potential to bring about balanced rural-urban development and create non-farm employment based on its unique characteristics. The paper recognized the many problems inherent in small scale enterprises and its intricate relationship with the rest of the economy. The government, therefore, proposed policies to stimulate the growth of the MSE sector. The Sessional Paper proposed to establish, a special task force to review all the policies to promote the

informal sector. The task force duties included: review of current Local Authority bylaws and other constraining regulations that govern informal sector activities; creation of healthy legal and regulatory climate for informal sector activities by eliminating unnecessary constraints; recommending an appropriate scale of license fees and charges; and eliminating police harassment of informal sector operators such as street hawkers.

In 1987 a Small Scale Enterprises Unit was created within the Ministry of National Planning and Development, to support small-scale manufacturing and crafts (popularly known in Kenya as the *Jua Kali* sector) (Robertson, 2002). In 1988, the Ministry of Technical Training and Applied Technology, nicknamed the *Jua Kali* Ministry was created (Macharia, 1997). The positive attitude towards the MSE was portrayed in the 1989 -1993 Development Plan in which the sector's potential in helping the country realize its growth and employment targets was reiterated. The strategy espoused in the Plan sought to offer direct assistance to the sector. Efforts were to be made at improving the management, handling of default problems and disbursement of loans, increasing spatial coverage, and incorporating private sector participation in the provision of help to the sector. Further, the government was to amend the rules and regulations inhibiting the development of small scale and *Jua Kali* enterprises. The government's role was to be facilitative as reflected in a three-pronged strategy: transparent policies, appropriate fiscal policies to change the cost-price relationship in favour of MSEs, and appropriate intervention to redress capital shortage.

These three strategies were translated into the Sessional Paper No. 2 of 1992 on Small enterprises and *Jua Kali* development in Kenya (Republic of Kenya, 2002b). The Paper outlined several policy recommendations which covered the three areas in the previous strategy paper namely: an enabling environment; credit for the MSEs; and non-financial promotional programmes. During this period, metal sheds were erected to hide from the 'fierce sun' in Kamukunji (an area well known for its informal sector activities), as a way to give more dignity to those activities.

The Seventh Development Plan (1994-1996), pledged continued support for the MSE sector through economic, financial and regulatory policies that would provide an

enabling environment for sustainable growth and development, as articulated in the Sessional Paper No. 2 of 1992. Kenya's plans for industrialization by the year 2020, was documented in Sessional Paper No. 2 of 1997 on industrial transformation and in the 1997-2001 National Development Plan. The blue prints were centred on the development of the MSE sector because of its labour-intensive production techniques and its use of locally available raw materials. The Sessional Paper No. 2 of 1997 also notes that if the Small scale and *Jua Kali* Enterprises (SSJKE) are to grow as desired, constraints hindering their expansion and transformation to larger enterprises must be addressed. Some attempt has been made to provide space for the sector. The Paper identified the constraints to informal sector growth to include access to *land*, amongst other challenges. To solve the problem of access to land and infrastructure, the government planned to: (i) Identify suitable, commercially viable sites that can be let, leased or allocated in block to informal enterprises as appropriate; and(ii) Provide infrastructure in terms of roads, water and power.

The National Development Plans for 1997 stated that the Government institutions will collaborate with non-public organisations to promote the growth of the informal sector. The identified constraints included access to credit, land, infrastructure, training and technical support, and access to technology and information. To solve the problem of access to land and infrastructure, the government planned to: Identify suitable, commercially viable sites that can be let, leased or allocated in block to informal enterprises as appropriate; and Provide infrastructure in terms of roads, water and power.

Kinyanjui (2008) argues that there has been a “mismatch between Policy and the political will to implement it. For example, while the government announced plans in the early 1990s to construct additional markets and worksites in Nairobi for informal sector entrepreneurs, the funds for many of these new markets never emerged, with much of the designated land stolen by political elites, particularly during the Moi administration (ending in 2002) (Muraya, 2006: 132; Moyi & Njiraini, 2005: 41-45). Of those spaces developed, many lacked critical infrastructure, such as electricity and water. Following political changes in 2002, national regulatory frameworks increasingly re-emphasized the need to support the informal sector, though the political will at the local level to implement such frameworks was still problematic

(Hendricks, 2011: 139). For example, while the Ministry of Local Government directed local authorities to establish vending sites for informal traders in 2003, in Nairobi, this resulted in a prolonged period of attempts to remove street traders from the CBD to more peripheral markets lacking space, adequate infrastructure for all displaced traders or access to income diverse customers (Mitullah, 2004: 16-17, 32; Linehan, 2008: 28-34).

The vision 2030 further acknowledges the role of the informal sector, as envisaged under the economic pillar. The contribution of the manufacturing sector to the GDP is expected to increase by 10% annually (GoK, 2008). The wholesale and retail trade are expected to undertake a number of programmes for the economy to achieve the 10 per cent growth target. These include creation of at least 10 hubs and 1000 to 1500 producer business groups with a pilot project in Maragua, building of at least 10 -tier one market, with a pilot project at Athi-River, and construction of whole and retail hawkers market in selected urban areas. Further, eight One Village One Product district committees were formed; 30 prototype welding machines developed under the 4-K MSE 2030 initiative; and 23 micro, small and medium enterprises linked with large enterprises. A prototype Constituency Industrial Development Centre has also been designed and 179 sheds are being constructed in selected constituencies (GoK 2011)

2.11 Legal and Regulatory Framework Affecting HBEs in Kenya

2.11.1 Local Government Act (Repealed)

In Kenya, the major law that touched on home based enterprises was the repealed Local Government Act. PART V of the act dealt with Development control and bestowed the powers to undertake the same, to the local authorities. It stated that subject to the provisions of the Act, each local authority had the power; to prohibit or control the use and development of land and buildings in the interests of proper and orderly development of its area, to formulate by-laws to regulate zoning in respect of use and density of development. Subsection (7) no licensing authority shall grant, under any written law, a licence for commercial or industrial use or occupation of any building, or in respect of any premises or land, for which no development permission had been granted by the respective local authority. For the purposes of subsection (5),

(a) commercial use included shops, offices, hotels, restaurants, bars, kiosks, markets and similar business enterprises and trade excluding petroleum filling stations; (b) industrial use included manufacturing, processing, distilling and brewing, warehousing and storage, workshops and garages, mining and quarrying and other similar industrial activities including petroleum filling stations. The Act stated that No local authority shall grant a development permission for any of the purposes mentioned in subsection (5) without a certificate of compliance issued to the applicant by the Director or an officer authorized by him in that behalf. Permission will be required for four cases of land development. i) Change of use: change in the use of land, ii) Extension of use: adding other use to the land (20% of the total land), iii) Amalgamation: combination of the plot or use of land, iv) Subdivision: separating the use of the land. Building construction control is also based on the Physical Planning Act but execution of building construction permit is done mainly based on Building Code. However, the enforcement of these legal frameworks has not been done to the latter, attributed to various economic, political and institutional challenges.

2.11.2 Physical Planning Act 1996

The act provides for various types of plans, key among them, the local physical development plan. A local physical development plan may be a long-term or short-term physical development or for a renewal or redevelopment. This applies to land, trust land or private land within the area of authority of a city, municipal, town or urban council or with reference to any trading or marketing centre.

The physical Planning handbook offers guidance for development. The hand book prohibits construction of any building on the open space in front of the building created by the building line, except a fence. Chapter 11 of the handbook talks of commercial land uses. Part 11.5 state that planning for kiosks and hawking needs to be considered as special feature in planning, and they should be confined to markets and bus stops. The book recommends a minimum size of 3mX3m. Part 11.6 talks of Corner shops to supplement existing shopping facilities in a neighbourhood, and discourages the establishment of corner shops at each corner plot. The corner shops should be distributed in such a way that they do not compete with planned shopping

centres, and recommends one corner shop for 50 houses, located on secondary and minor road.

2.11.3 Urban Areas and Cities Act of 2011

The urban areas and cities act of 2011 provides for integrated urban areas and city development planning, that forms the basis for development control. The ACT also provides for planning of any settlements of more than 2000 people.

2.11.4 The National Land Policy

The National Land Policy recognises the problem of informality in many parts of Kenya both in planned and unplanned areas and its importance to the economy as a source of livelihood. The policy recommends the provision of appropriate framework for preparation and implementation of national, regional and local area land use plans and ensures that the planning process is integrated, participatory and meets stakeholder needs; and Planning for Informal Sector Activities. The police recommend the provision of land and land use planning to enable the development of informal commercial activities in a more ordered and sustainable manner; as well as a mechanism to allow for informal activities in planned areas. The policy vouches for institution of mechanisms to manage rural-urban migration such as decentralizing development to rural areas and minor urban areas. The policy acknowledges the problems associated with development control to include: (a) Weak and inadequate institutional capacity; (b) Lack of harmony among the principal statutes that govern planning and enforcement; (c) Outdated planning standards and regulations; (d) The absence of a coordinating framework between and amongst the public sector agencies and the private sector; and (e) A disconnect between plan preparation, implementation and development control.

The policy further recommends (a) Review of planning and development control legislation to harmonize the governance structures, decision-making processes, planning standards and regulations (b) Enhancing of institutional and human resource capacity of planning institutions; (c) Provision for a coordinated framework enforcing planning decisions; and (d) Establishment of an effective and transparent mechanisms to resolve planning and development control disputes.

2.12 Neighbourhood Planning

The neighbourhood concept was widely applied after the World War II, during the rebuilding of existing towns and in the planning of new developments. Neighbourhood concept had a great influence on residential layout (Wright, M., 1982). In American towns, the Garden City, the Radburn Idea, and the Neighbourhood Unit were used in the Greenbelt new towns but that the applications of these three conceptions varied, often with contrasting emphases (Stein, 1939, p. 119). The neighbourhood design principle as fronted by Perry was based on key design principles that included: the size of the neighbourhood to include a population necessary to support one elementary school (3000-9000 people). Maximum distance a child could walk to school as 0.4km (Strayer and Engelhardt, 1929). Perry viewed the school as a major factor in neighbourhood development. He envisaged the school located in the neighbourhood centre along with churches, a little theatre, a fraternal hall, or a branch library. Perry mentioned Central Square, Hampstead Garden Suburb in London by Raymond Unwin and Barry Parker as a model for the design of the centre. Thirdly, Perry placed the local shopping centre at the intersection of the main streets that bound the neighbourhood unit. This would make the centre economically viable as it would serve two or more neighbourhoods as well as passing traffic. Perry's work was largely influenced by the research that showed that community trading areas at the intersection of two principal business streets helped define neighbourhoods (Burgess, 1929). Fourthly, instead of concentrating open space in one or two large parks it was to be in the form of many small parks and playgrounds scattered throughout the neighbourhood so that young children should be close to a play space. Perry's fifth principle was to create a pedestrian oriented environment by restricting foreign traffic to the arterial streets that bounded the neighbourhood. His sixth principle was to have an internal street layout that not only discouraged through traffic but provided residents with direct paths to their destinations. Not well known was Perry's concern for aesthetics: the quality of the architecture, the layout of streets, the planting along curbs and in yards, the arrangement and setback of buildings were important attributes of the neighbourhood (Perry, 1929, p. 34). Aesthetics also concerned Stein and Wright as is evidenced in the quality of their architectural projects.

2.12.1 Legal Framework for Neighbourhood Planning in Kenya

The physical planning hand book of Kenya has tried to adopt some of the concepts of neighbourhood planning. The handbook recognises an estate as a spatial planning unit, which is adequately provided for in terms of basic community facilities bordered by principle through roads and has an identity. The service centre which forms the focal point of the estate satisfies the minimum walking distance from the perimeter. The population of the estate should be able to support the services within the physical entity. It is recommended that an estate shall have 100 households on the average, and the following characteristics: Common housing design, Common services, Common entry and exit, Uniformity in plot size and design, and a Well-defined development period. A neighbourhood on the other hand is defined as a comprehensive planning unit with some of the following characteristics: Socio-economic identity, Common facilities such as schools, recreational, shopping centers, etc, an almost self contained unit, and may include several estates. The hand book specifies standards within the estate, for example, a dead-end street should be aligned such that it shall give access to not more than 8 to 10 residential plots, and should not exceed 60m in length and shall have a turning radius of at least 15m Hammerhead. Within residential estates, the distance between any two dwellings, front to front, across a street, walk or common area shall be not less than 2 times the total height of the taller buildings. No buildings should be constructed on the open space, in front of the building, created by the building line, except for a fence or wall which should not exceed 1.4m (4.6 Ft) in height, or a portico, porch, step.

2.12.2 Application of Neighbourhood Planning in Nairobi

To house the residents of the demolished structures and to maintain control and surveillance over the African urban population, the colonial administration constructed the first public housing for Africans in Nairobi in 1939 at Shauri Moyo (Macoloo 1998). This was to be the start of the exclusively African residential areas. Other housing schemes that followed during this period were Ziwani (1940), Bondeni (1942), Kaloleni (1945), Bahati (1950), Gorofani (1952), Makadara (1954), Mbotela and Maringo (1955), Jerusalem (1958) and Jericho Lumunba (1962). These were planned in a neighbourhood concept.

Under the neighbourhood concept, commercial land uses were limited to the defined locations within the main shopping centre, and the local shopping centres. Each neighbourhood was planned to have had a major shopping centre providing higher order goods and services such as banking, colleges, supermarkets, entertainment facilities etc. In addition to this, other smaller lower order centre were provided for to provide slightly lower order services. At the lowest level, the corner shop concept was implemented, providing the most basic house hold goods and services. The service centres had common sanitary facilities, shops, schools, hospitals, social halls and open spaces. The central Business district acted as the primary centre, providing highest order goods and services for residents of Nairobi.

2.13 Neighbourhood Transformations in the City

Urbanisation has come with additional demand for planning, housing, transport, business and integration of urban residents. The impact in residential areas has been in the form of densification, driven by demand for space for various land uses. The informal transformations of neighbourhoods have led to neighbourhood decay in most initial neighbourhoods in the city. In some neighbourhoods, the situation is bad such that there is no space left to accommodate and facilitate necessary development and services (Ochieng 2007).

The transformations have spatial, environmental and social impacts that have jointly contributed to the decline in liveability of the residential areas.

2.14 Impacts of HBES

Studies on impact of HBEs include Nappier Etal 2002, Tipple and Kellet 2003, and Tipple et al., 2002)]. From the studies, the main wastes emerging from HBEs, are plastic, foil and cardboard packaging, aluminium bottle tops and cans, iron cans, and glass bottles. Some of the wastes are discarded by customers, while others stay on the site where the HBE operates. These kinds of wastes are either put in dustbins for removal by the municipality or are burnt or dumped on informal, public dumps scattered around the settlements. Omuta (1986) and Sethuraman & Ahmed (1992), and Perera & Amin (1996) demonstrate that the informal sector has very little polluting impact. Light industries in HBEs recycle materials that could otherwise

become wastes, thus having positive impacts on the environment. However, in some incidences, home-based enterprises (HBEs) use hazardous and inflammable substances, such as dyes, disinfectants and detergents, leading to safety hazards in residential areas, as well as pollution into the urban environment. Negative environmental challenges emerge because environmental measures put in place are often inappropriate for the small-scale sector and this can be compounded by problems of implementation. Small-scale entrepreneurs generally lack skill and knowledge about how to deal with pollution; they have little access to suitable environmentally-sound technologies. Their small space and lack of capital tend to prevent the installation and operation of pollution control equipment.

Strassman (1986), in reviewing the effects of HBEs, confirmed that the worth of buildings in neighbourhoods with a high rate of HBEs is usually lower than those in neighbourhoods lacking them, since negative impacts, such as fumes from fish smoking, cause nuisance effects. The continued development of sheds for workshops and retail outlets results in a different physical neighbourhood character from that envisaged by planners, making such alterations a clear example of residents acting in defiance of official regulations.

2.15 Approaches in Dealing With Urban Transformations in Kenya

2.15.1 Government Led Interventions

Several efforts have been made to address the urbanisation challenges in Nairobi. The 1984–1988 Nairobi City Commission Development Plan, outlined the development needs of all sectors: housing, health and environment, sewerage, social services, transport and public works, workforce development and financial management (Nairobi City Commission 1985). The recommendations were barely implemented. In 1993, the Nairobi City Council organised a stakeholders' open forum (called the Nairobi City Convention), comprising stakeholders, professionals and ordinary citizens, to map out strategies and practical solutions for a better Nairobi, an initiative known as 'The Nairobi We Want'. The recommendations of this convention were broadly organised around four areas: issues dealing with the use of space and the physical environment; problems pertaining to the provision of services; issues relating

to the social sector; and administrative, legal and political issues (Karuga 1993). Again, many of these ideas were not taken into account in the planning of the city.

In the late 1990s and early 2000s, the Government in an attempt to boost the effectiveness of local authorities embarked on Kenya Local Government Reform Programme, aimed at implementing policy and legal changes to decentralise services. The Local Authorities Transfer Fund, introduced in 1999/2000 had the key objectives to; enable local authorities to improve and extend service delivery; secondly, resolve municipal debts; and, thirdly, improve local revenue mobilisation, accountability and financial management (Owuor et al., 2006). Within the same reform framework, in 2001, the government introduced the Local Authority Service Delivery Action Plan, which is a participatory planning and budgeting tool for identifying priority needs in the local authorities. In 2008, the government of Kenya created a Ministry of Nairobi Metropolitan Development charged with the development issues of the Nairobi Metropolitan Region. Specifically, this ministry is in charge of roads, bus and rail infrastructure; creating an efficient transport system; replacing slums with affordable low-cost and rental housing; enforcing planning and zoning regulations; facilitating efficient water supply and waste management infrastructures; and promoting, developing and investing in adequate public utilities, public services and infrastructure.

The City of Nairobi in recognition of the problem of densification in previously low density areas embarked on a rezoning programme for Zone 3, 4, and 5 in Nairobi, to facilitate sustainable densification. Currently, the county government is working on the renewal programme for Nairobi's Eastland areas that has experienced massive densification, and carries the largest share of informal sector activities.

2.15.2 People Led Interventions

Faced with the problems of poor services or lack of services in some areas city residents have resorted to self-help efforts and community-led management initiatives as a means of accessing services as well as trying to maintain order within their neighbourhoods. Participation and partnerships of all kinds have emerged to improve the urban environment more often than not leading to new forms of urban governance, and thus offering a leeway for public-private partnerships in urban management and

provision of urban services to its residents. Examples of such public-private partnership initiatives include Residential Area Associations.

2.16 CONCEPTUAL FRAMEWORK OF THE STUDY

In this study, the conceptualisation of the informal sector is based on four schools of thought discussed in this literature. This is anchored on literature review that explains the drivers of informal sector activities in Kenya, proving that the sector activities fall within the theories of the neoliberal approach, the modernisation theory, as well as in terms of the four interlinked theories stated by Chen *et al.*

Home based enterprises are conceptualised in the broader field of informality, to refer to income generation activities undertaken from a dwelling and by a household, which is the basic social unit. It refers to income generating activities carried out in spatial setting, that is, within a given dwelling and its broader physical context (Ghafur, 2001:118-119). The hierarchical arrangement of spaces that are used in home-based income generation includes: (i) Dwelling Unit meaning a house, (ii) The Courtyard (iii) the lane or street (immediate to a given dwelling) abode, (iv) The broader neighbourhood and, (v) the public urban spaces within the neighbourhood.

The study recognises the proliferation of informal sector activities, in a planned neighbourhood that took cognisance of the various land uses, and allocated space appropriately. However, despite provision for designated commercial areas, the commercial activities have spread to residential areas, as well as open spaces and road reserves. The impact has been alteration of general neighbourhood character, and neighbourhood decay. From literature reviewed, urban informality in Kenya has been fuelled by high population growth rates, declining opportunities in the formal sectors, shrinking public budgets, and policies promoting the sector. Within the study area, the informality can be linked to lack of a strategy to manage growth, failure of the initial neighbourhood plan to anticipate and create opportunities for livelihood opportunities, neighbourhood layout design focusing on low plot coverage, thus leaving space for dweller initiated transformation (densification), and weaknesses in development control. These factors have been operating in an environment characterised by

shortage in housing stock supply, higher rate of population growth coupled with slower rate of growth in the formal sector.

Informality in the neighbourhood has therefore thrived fuelled by strong backward-forward linkages supporting its growth. The supply (backward linkages) in the informal sector has led to innovation in space utilisation (construction of extensions), innovation in the location characteristics of the business (busy junctions and circulation corridors), type of goods/services traded, type of ownership of the business; and supply of labour. The Demand (Forward Linkages) on the other hand has been based on shortage of formal spaces, rising costs of living, changing shopping patterns shaped by economic status, packaging and pricing of goods and services, marketing procedures adopted; economic development levels (at the macro level) and due consideration of the purchasing power of consumers.

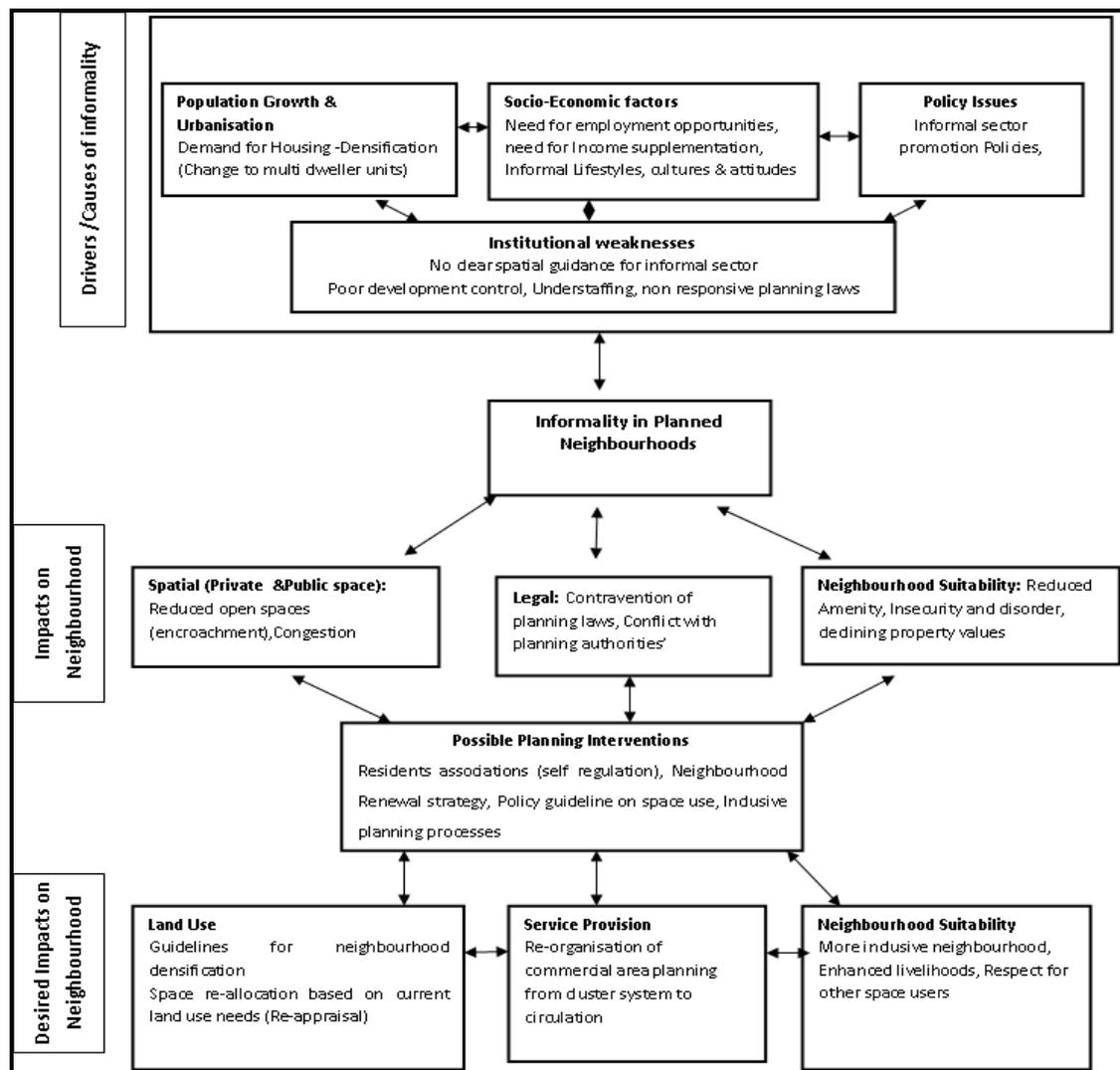
Planning interventions should focus on holistic approaches both at local and regional levels. The ad-hoc short-term decisions that neither benefit the informal sector, nor help improve the quality of life of the citizens should be replaced by long term solutions focusing on creating diverse livelihood opportunities away from informality, managing growth, urban renewal strategies to create new opportunities, localised development control to make it more effective and participatory, and regional planning approaches to guide development across the region. Interventions must aim towards regulating the urban informal sector to promote employment, productivity, and other livelihood opportunities, while at the same time ensuring a safe, healthy and socially acceptable residential environment.

In summary, the conceptual framework details the driving forces of informality, their social spatial impacts/effects, and consequently, an emergence of conflicting rationalities in contested urban spaces. The conflicting rationality is that on one hand, the government is trying to formulate and implement policies aimed at spurring growth within the sector as a source of employment. On the other hand, we have the planning agencies trying to maintain orderliness through land use planning and development control instruments. In between the two, we have the informal sector activities that are seeking to operate within the market forces that have failed to provide for adequate space to accommodate their activities. The results is conflicts

between the informal sector activities, and planning institutions, as well as an the overwhelming of compliance enforcement mechanisms being used by the state.

The dynamics around the informality in the neighbourhood is summarised in figure 2.1 below.

Figure 0:4 Conceptual Framework Summary



Source: Aurthor, 2014

2.17 Conclusion

By reviewing the literature, this chapter has provided a theoretical and empirical framework for the study. From the theoretical and empirical framework, a conceptual framework that guides the study has been developed. The conceptual framework forms the basis for the research methodology.

CHAPTER THREE: STUDY METHODOLOGY

3.1 Introduction

This chapter systematically present techniques employed in the study, as guided by the conceptualisation of the study. The chapter gives comprehensive insight into the general approach adopted during the study, the research design, research instruments used, sampling techniques employed, and data collection methodologies employed. The chapter further details the data handling procedures focusing on data management, analysis, interpretation and presentation.

3.2 General Approach

Based on the type and nature of the research problem, a case study research approach was considered more appropriate for this study. Through the case study, the research was able to explore and analyse the factors that contribute to informality in planned neighbourhoods, specifically focusing on home-based enterprises.

Research instruments were developed with intention of addressing particular objectives and research questions. The instruments were designed in a manner to ensure consistency and reduction of data redundancy, so as to ensure study reliability. All the instruments were piloted prior to the actual data collection in order to ascertain the tools' appropriateness and suitability to the targets. The pilot study confirmed the existence of HBEs within the neighbourhoods, and their spatial concentration within the different estate phase within the study area. The pilot study sampled out 15 HBE operators and 15 neighbourhood residents, and one key informant for the pre-test. Further, the pre-tested tools were revised in readiness for the actual data collection. Guidance and constant consultations with the supervisor was crucial in all stages of research design and thesis writing.

The author therefore believes that the approach and tools used during the study may be of value to other researchers in comprehending the current study.

Table 3 below provides a synopsis of specific objectives, variables that the research sought to capture during the study, as well as the methods used to collect and analyze the data to achieve the main objective of research.

Table 0:1 Summary of Objectives, Data Collected and Data Collection Methods

Objective	Data Collected	Data Collection Method and tools	Data Analysis
Establish the Nature, Type and location of HBEs	Nature of Enterprise (Retail, service, manufacturing, etc)	Observation/ interview	Descriptive
	Type of Enterprises (General shop, boutique, grocery, barbershop/salons, etc)	Observation/Interview	Descriptive
	Location of Enterprises (dwelling unit, road reserve, open space etc)	Observation/ interview	Descriptive
	Socio-demographic characteristics of entrepreneurs (education, age, sex, income etc)	Observation/ interview	Descriptive
Establish the key drivers of informality	Institutional drivers	Literature Review/ interview with HBE operator	Descriptive
	Social Economic drivers		Descriptive
	demographic drivers	Key Informant Interviews (KII)	Descriptive
Establish how the HBEs affect the planned function of the neighbourhood	Impact on Infrastructure	Observation/KII/ Household Survey	Descriptive
	Economic impact	Household Survey/observation	Descriptive
	Legal/Regulatory (planning regulations, business regulations etc)	Key Informant Interviews/Literature review	Descriptive
Recommend Interventions	Policy level interventions	Key Informant Interviews/Literature review	Descriptive
	Local level interventions	KII/Literature review	Descriptive

Source; Author2014

3.3 Research Design

A research design is a structure, in which all elements of research are bound together. Research designs details propositions (if any); units of analysis, logic of linking the data to the propositions and the criteria of interpreting the findings. These elements make the most important components of the plan (Yin, 1994:20). For this study, a non experimental research design was employed. A mixture of survey methods in the form of interviews, as well as literature review was used to collect data. Yin (2003) indicates that, interviews are the most important source of case study information and there are many forms in which interviews in a case study research may be conducted. The interviews in this research were in the form of structured questions along the lines of formal surveys. Survey questions were a combination of close-ended and open-ended questions (Creswell, 2009). In this sense, both qualitative and quantitative data was collected, analysed and interpreted.

3.3.1 Unit of Analysis

In this study, the unit of analysis was for the HBE was the individual enterprise, while for the households, the individual plot hosting the dwelling units were used. The HBEs targeted included the ones within the dwelling unit, as well as enterprises located outside the dwelling unit. Both owner occupied and tenant occupied units were studied. It is from this units that interviews were undertaken to get and analyse information on the organisation of the home based enterprise, and issues that emerge from there. The household survey generally targeted residents within the neighbourhood, who in one way or another derive goods and services from these enterprises, or experience certain form of externalities caused by the presence of the informal activities. Through numerical values, the research was able to infer the findings to make generalisations. The data was collected on different phases of the neighbourhood.

3.4 Sampling Techniques

The neighbourhood consist of five phases. Each phase had an initial design of about 950 households. All the phases within the neighbourhood are almost homogenous, based on the same layout and typologies. Phase 5 and phase 1 are located farthest

from the main shopping centre, while phase 3 and phase 2 are closest to the main shopping facility.

Phase 2 and phases five of the estates were selected for this study. This choice of phase two and phase five was based on the availability and concentration of informal sector activities.

3.4.1 Sample Size Selection

A sampling frame is the actual set of units from which a sample is drawn. It contains properties that can identify every single element to be included in the sample (Martyn, 2008). On this basis, a sampling frame was developed from a layout plan of the neighbourhood. Two sets of samples were used during the study, guided by the research design, as well as the study objectives. The first set of sample targeted the HBE operators within the study area, forming the primary sample. The second set of samples targeted the residents of the neighbourhood

3.4.1.1 Sampling for Home Based Enterprises

A combination of Google Earth maps and aerial photos were used to identify areas with many activities on streets or yards that show a high density of structures, suggesting a high density of activity. In this process, the assumption was that compactness was highlighting that there was a business activity being operated within the yards or street. Locations that were selected for the study were those with many activities on either streets or yards. It was noted that the concentration of HBES tended to be higher along busy circulation transit corridors. Based on this, the study identified the streets with highest concentration of HBES within the estate for sampling purposes.

Mumias South Road divides Phase 2, into two; Phase 2 East and West. In phase 2 East, Oldonyo Sabuk Road was selected, while in Phase 2 West, Oldonyo Rengai Road was selected. The two roads are a collector street that services the different courts within the neighbourhood, and have the highest concentration of HBES. The same applies in phase five which is split into two by Mumias South Road. Nziu Road and Katulo Road were selected for sampling. The two are also a collector street within the estate.

Within the identified streets, apart from Mumias South road, census rather than sampling procedure was used to decide on which enterprises to interview. In other words, the attempt was to interview all people conducting informal activities within the selected streets. The decision to interview all informal enterprises was based on the challenge faced when trying to randomize enterprises, considering that not all residences in the neighbourhood had Home Based enterprises, while some were not in operation. Snow balling techniques were used to identify enterprises within the courtyards, as well as the official corner shops for interviewing. Along the Mumias South road, only the portion running through the two phases was considered. The HBEs along the road were sampled systematically, focussing on every 3rd enterprise. Table 3 summarises the number of enterprises interviewed.

Table 0:2 Summary of Sampling Frame

Phase Two		Phase Five	
Road	No. of enterprises	Road	No. of enterprises
Oldonyo Sabuk Road	17	Nziu Road	8
Oldonyo Rengai Road	13	Katulo road	16
Mumias South Road	6	Mumias South Road	8
Total	36		32

Source: Field Studies 2014

3.4.1.2 Residents Sampling

For the household survey, the individual plot housing dwelling units was used as the sampling unit. Buru-Buru estate was organically planned around unit clusters that surround courtyards. The courtyards vary in dimension, surface area and number of constituent units. The phases were clustered based on circulation. On average, phase five has 7 clusters, while phase 2 had 8 clusters. Each cluster had an average of 90 plots. The courts and clusters are homogenous in nature

The study randomly selected 2 courts per phase for the household survey. This gave an average population of 160 plots per phase for the household survey. The research purposed to interview 1/3 of the household in the sampled courts, giving a sample size of 48 households per court totalling 96 households. The households were selected

using simple random sampling techniques, guided by the cadastral map of the area (see annex 2).Based on this, a total sample size of 68 HBEs were surveyed in the two phases. For the household, a total of 95 Households were also surveyed, 46 from phase 5 and 49 from phase 5.

3.4.1.3 Sampling for key Informants

Purposive sampling was used in identifying key informants to compliment and triangulate information gathered from the households and HBE operators. A total of 10 key informant interviews were undertaken with the following persons: development control officer from the City Council, business Licensing Section at the City Council, 2 practicing urban Planner in the city, 2 official of residents associations representing phase two and phase five of the estate, one original dweller of the estate, the provincial administration, one lecturer at the university of Nairobi department of urban and regional planning.

3.5 Data Collected

The study relied on both qualitative and quantitative approaches of data collection as suggested by Glesne & Peshkin (1992). The integrated approach of collecting and analyzing data was important in contextualising the issues gathered during the study. Issues that could not be gathered quantitatively using questionnaires were gathered using qualitative methods to better understand the underlying issues.

The study collected both primary and secondary sources of data, to obtain information on urban informality, and specifically on Home based enterprises.

3.5.1 Primary Data

Primary Data was mainly in Quantitative form. The data focused on the social demographic characteristic of the respondents, the nature and type of enterprises, the location of the enterprises, characteristics of enterprise location, economic data on the enterprises, and compliance with various legal and regulatory frameworks, among others. Primary data was collected from the neighbourhood residents, the Informal sector operators, and the institutions involved in the management of the neighbourhood and the city in general.

3.5.2 Secondary Data

Secondary data was collected by means of literature review. The data collected targeted the drivers of informality, the nature and type of informal sector activities, data on planning frameworks in the city, the neighbourhood and the country in general, as well as social economic data on the informal sector, and the economy of the country in general. This was achieved through objective and systematic inferences from documents. Secondary Data was collected mainly through literature review. The secondary data sources for the study included Central Bureau of statistics, Institute of economic affairs, Integrated Household Budget surveys, Jica Study team on Nairobi Urban Project, Informal sector study reports, among others.

3.6 Data Collection Methods

3.6.1 Business and Residents Survey

This data was collected using questionnaires. Data collection methods relied on personal interview survey to collect information. Questionnaires were administered by trained enumerators who understand the urban planning issues related to informality. Newman and McNeil (1998) note several advantages of using personal interview surveys as including the ability to get sensitive data, as well as opportunity for interviewer to understand why the respondent responded the way he/she did. This method also allowed the research team to administer complex and probing questions since the interviewer could elaborate such questions and the interviewees their answers.

3.6.2 Key Informant Interview

Key Informant interviews were conducted with original dwellers of Buru-Buru since its inception, Leaders of Residents association in the neighbourhood, Planners/architects involved in the neighbourhood inception and design, city county of Nairobi, licensing section officials, development control section of the city county of Nairobi, department, and seasoned urban planning professionals. This study conducted 10 in-depth interviews. According to Wright, 1996, usually 10 to 15 in-depth interviews are commonly applied in a given research enquiry.

According to Newman and McNeil (1998), the purpose of key-informant interviews is to collect information from a wide range of people, including

community leaders, professionals, or residents who have firsthand knowledge about the issue under study.

3.6.3 Observation

An observation checklist was prepared to help the research team note issues like business type, nature, location, distribution, structure type, as well as the general surrounding characteristics of the business locations. Digital cameras were used to capture some of these aspects that were considered to be significant in informing this study.

3.7 Research Instruments Used

3.7.1 Questionnaires:

Three sets of questionnaires were employed; *residents questionnaire, business questionnaire, and property owner questionnaires*(See Annex 1). The questionnaires were structured and designed based on the study themes and objectives. For questions that elicited perception based answers, Likert Scale question models were used to collect feedback. Likert-scale questionnaire, are instrumental in measuring individual perceptions on various issues. Besides the Likert-scale questions, other factors such as socio-economic, business environment and firm related questions were also included to provide a primary data source for the study.

3.7.2 Key Informant Guides

A key informant guide for each informant category was developed. This included a KII guide for development control officials, business licensing section, and for planning professionals.

3.7.3 Digital Photography

A digital camera was used to capture key features such as location of the enterprises, the type of structures, and the general features surrounding HBEs

3.7.4 GIS Tool

Aerial imageries were obtain, and supplemented with Google earth image. This were digitised and used in producing maps for the study area, using GIS tools. The information was also overlaid with cadastral information to simplify the sampling procedures.

3.8 Data Analysis

The data collected were analyzed both qualitatively and quantitatively. This was significant in examining extracting information as per the research objectives.

Quantitative data was coded (for open-ended questions) and entered into the computer using the Statistical Package for Social Sciences (SPSS) software. The software was used to generate data in the form of frequency tables, pie charts, bar charts, and tables. Cross tabulation was used to correlate factors that were considered to be interdependent on each other. Statistical techniques such as pearsons correlation were further used to test the degrees of correlation among certain variables. The data was then be organized, reduced, presented and interpreted using such summary statistics as means, percentages, tables, graphs, pie-charts and chi-square tests of significance. Cross tabulation was used in comparing differtent scenarios recorded during the data collection process.

Qualitative data resulting from interviews with officials and key informants was reduced, organized and interpreted on the basis of themes generated from the study. The data was transcribed into written texts by merging the notes taken during the interviews into coherent descriptions and analyzed qualitatively.

3.8.1 Data Presentation

The presentation of empirical work used precise descriptions accompanied by several visual images of maps, photographs and figures. Information was also presented in narrative form.

3.9 Ethical Considerations

The research shall observe all ethical considerations for similar studies and shall to the best level, operate within the required ethical standards. The research assistants used shall be mature and well trained, to ensure that data collection process is carried

out professionally, and to guarantee confidentiality of information given by respondents.

3.10 Study Limitations

The study was limited by financial resources and time that made it difficult to cover the whole neighbourhood. This was addressed through sampling techniques to obtain representative samples.

It was also not easy assessing the initial neighbourhood plans due to the time lapse between its inception, and the time of undertaking this study

3.11 Conclusion

This chapter has indicated the various techniques used in collecting and analysing information, to feed into the study objectives. The aim of this research is to cover all the gaps that it has identified. The main focus of the research is home-based enterprises in planned neighbourhoods. The methodology is therefore designed to cover the following: factors contributing to informality within the planned neighbourhood, nature and type of the informal sector activities, impact of the activities on the neighbourhood, and also to draw recommendations and solutions from the entrepreneurs, the residents, planners and other relevant agencies. The chapter has therefore highlighted the research instruments used, as well as how they were used in meeting the objectives of the study.

The next chapter will detail the study areas to give a better understanding of the research context.

CHAPTER FOUR: BACKGROUND TO THE STUDY AREA

4.1 Introduction

This chapter looks at the study area in context, to give a general understanding of the economic, social, legal and environmental conditions of the study area that may shape various factors within the study area. The chapter looks at the general location context of the study area, which is Nairobi City county, its administrative, demographic and physical characteristics, before narrowing down to the neighbourhood under study, laying ground for the chapter on findings.

4.2 Background

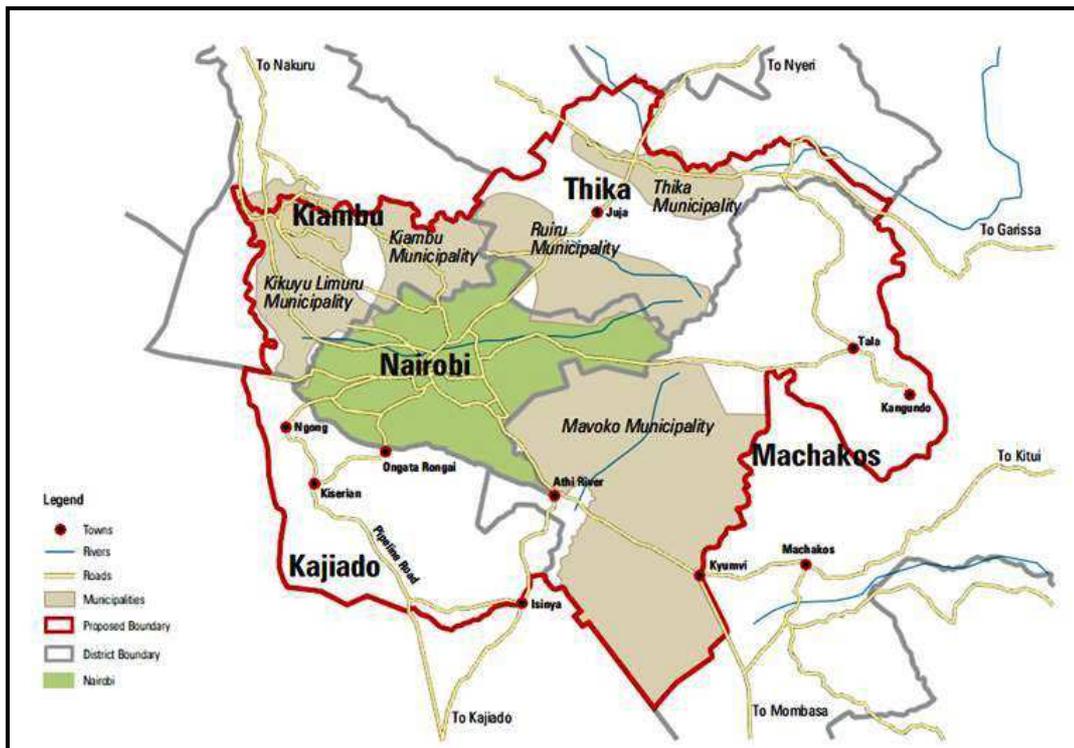
The growth of the Nairobi has for a long time been controlled only by economic forces. First attempts to structure its growth was in 1926 when the initial zoning arrangement was made (Nairobi Urban Study Group, 1973). However, little was done to curb land speculation, and development proceeded in an uncontrolled manner. The first comprehensive plan of the city (the Nairobi Master Plan for a Colonial City) was commissioned in 1948, but was never adopted fully. The plan laid down guidelines for Nairobi's future development, earmarked land for major uses and made important proposals for extensions to the road network. Nairobi was not free from rapid-urbanisation problems, which have persisted to date. Between 1962 and 1969, the population of Nairobi increased at a very high rate (12.2%), further complicating the problems and challenges of the city (Agwanda et al. 2004). Some of the earliest documented urbanisation problems in Nairobi included transport (Hake, 1977), housing (Blevin & Bouczo 1997; Obudho 1987), drainage and sanitation (Tiwari, 1981), water and sewerage (Nairobi City Council 1974), overcrowding, poor sanitation and unhealthy living conditions (Achola, 2002). As a result of these sectoral pressures, the Nairobi Urban Study Group was formed in 1973 to develop the 1973 Nairobi Metropolitan Growth Strategy to guide the growth and development of the city to the year 2000 (Nairobi Urban Study Group, 1973). The 1973 Nairobi Metropolitan Growth Strategy recommended, among others, decentralisation and development of alternative service centres; modification, upgrading and extension of the road network; formulation of realistic housing programmes; and extension of the city boundary to the west and north-east as and when required, as well as encouraging

the growth of satellite towns surrounding the city, that is, Thika, Athi River and Machakos. The City has to date grown to form larger Metropolis Area.

4.3 Location and Context of the Metropolis

Nairobi has expanded well beyond its boundaries, spilling over into adjacent jurisdictions and incorporating them into the larger municipality of the central city. The Nairobi Metropolitan Region (NMR) is the connecting point of North-South and East-West Trans African Highway (TAH). It is strategically located and can thus play a significant role in the economies of the region and Kenya as a whole. The metro region includes the city of Nairobi (32,000 sq. Km) and the surrounding 14 local authorities: 4No. County Councils: Kiambu, Olkejuado, Thika and Masaku; 6No. Municipal Councils: Ruiru, Thika, Kiambu, Mavoko, Machakos and Limuru and 4No. Town Councils: Kikuyu, Karuri, Kajado and Kang'undo. (See figure 4.1)

Figure 0:1 Map of Nairobi Metropolis



Source: Republic of Kenya 2008

4.4 Nairobi City

The city of Nairobi is situated at the southern end of the agricultural heartland of Kenya. The present administrative boundary covers an area of 696 km², which has expanded from 3.84 km² in 1910 (Owuor & Mbatia, 2009). It is the centre of administration, politics, economy and culture of Kenya. The county is surrounded by Kiambu County on the southern and south eastern side, Machakos County on the western side and Kajiado County on the Northern side

4.4.1 Administrative Areas

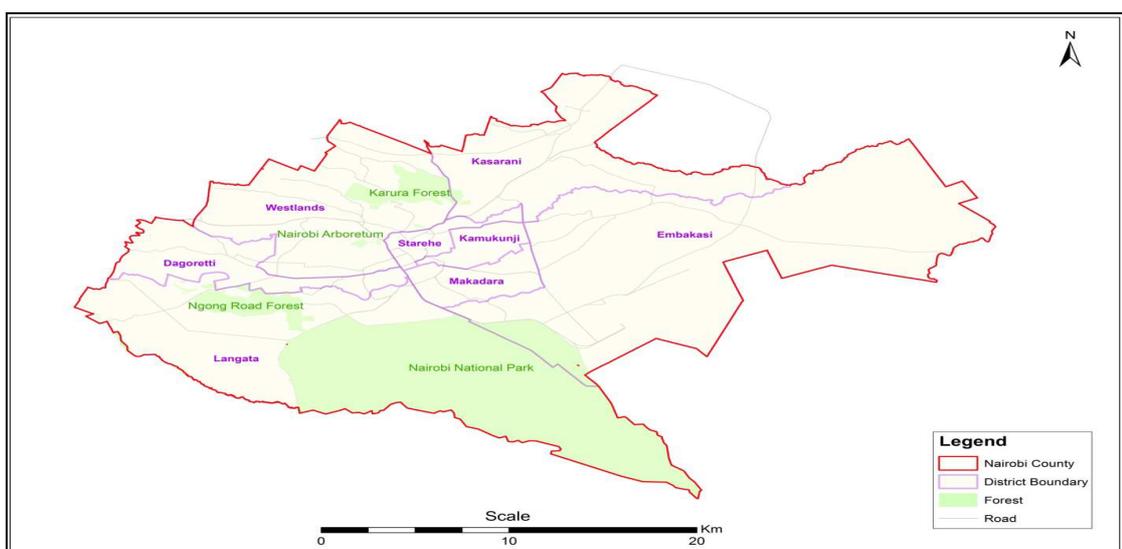
Nairobi has four main districts consisting of Nairobi West, Nairobi East, Nairobi North and wetlands. Each district consists of divisions as shown in table 4.1 below. Our study area is found in Nairobi East District, Makadara Division, and partly in Kamukunji Division.

Table 0:1 Administrative Regions in Nairobi

District/ Sub County	Divisions
Nairobi West	Dagoretti, Kibera, Langata
Nairobi East	Embakasi, Njiru, Makadara
Nairobi North	Central/starehe, Kasarani, Pumwani/Kamukunji
Westland	Westlands

Source: Draft Nairobi Urban Plan 2013

Figure 0:2 Administrative Map of Nairobi



Source: Nairobi Urban Master Plan

4.5 Physical Characteristics

4.5.1 Topography and Drainage

According to the Draft Nairobi Integrated Master plan 2013, The city of Nairobi is characterized by undulating hilly topography with an elevation in a range of 1,460 m to 1,920 m. Lowest elevation occurs at the Athi River at the eastern boundary of the city and highest at the western rim of the city. The eastern part of the city is generally flat land with black cotton soils, which was considered less attractive to residential development by the colonial government, and thus used to settle Africans.

4.5.2 Geology and Soils

The geology of Nairobi is dominated by volcanic activity whereby a thick succession of alkaline lavas and associated tuffs began accumulating millions of year ago. Almost the entire Nairobi area is covered by these volcanic rocks derived from the Rift Valley region and estimated to accumulate in volume to more than 250 cubic miles (1,042 km³) and covering an area of nearly 1,200 square miles (3,000 km²). As a result, the most prevalent geological formation from Nairobi West and South Central area and downstream through the Industrial Area and Embakasi is the impermeable Nairobi Phonolite (Wayumba, 2001, Ndede, 2002)

4.5.3 Climate

The climate in Nairobi City is usually dry and cool between July and August but hot and dry in January and February. The average annual rainfall in Nairobi is about 900mm. The first peak of monthly rainfall occurs in April and the second peak takes place in November. The mean daily maximum temperature by month ranges from 28 °C to 22°C and the minimum ranges from 14 °C to 12°C. (KMD, 2013)

4.6 Population

Nairobi city is estimated to have a total population of 3,138,000, accounting for 8.1% of the national population (KNBS, 2009). The average population density excluding Nairobi National Park is 5,429 per km². The Central Division and Pumwani (Kamukunji) Division located at the centre have a much higher density than others in excess of 20,000 per km².

Table 0:2 Population Densities

Division	Population	Area in Km2	Density per km2
Central	274,607	11	25,640
Kamukunji	261,855	12	21,623
Makadara	218,841	23	9,481
Dagorreti	329,577	39	8,532
Kasarani	525,624	86	6,081
Embakasi	925,775	204	4,546
Kibera/langata	355,188	106	3,346
Westlands	247,103	97	2,538

Source KNBS 2009

The study area falls within Makadara, giving a population density of 9,481 people per kilometre square.

4.7 Research Area (Buru Buru Estate)

4.7.1 Background to the Neighbourhood (Buru-Buru)

Buru-Buru Estate traces its origins to the 1962 Regional Boundaries Commission that advocated the eastward expansion of Nairobi for housing development. The action incorporated the former Donholm Sisal Farm into the city as a residential zone. It is now a major residential district. In addition, the Nairobi Urban Study Group in the 1973 Metropolitan Growth Strategy (NUSG, 1973), averred and further advocated eastward expansion of the city's boundaries for the same purpose (Emig and Ismail 1980).

Earmarked for the then emerging middle-income groups, Buru-Buru adopted the mortgage housing financing delivery strategy. This marked a departure from the Rental and the Tenant Purchase housing finance models, hitherto popular in urban housing delivery. In this then new direction, the government only offered guarantees for offshore funding (Anyamba, 2006:168), leaving the bulk of housing development to the private sector through mortgage loans that were to be paid over 15–25 years. This was unlike the rental model used in Kaloleni estate (Oglivie, 1946), where repayment was to last up to 40 years.

The main institutional actors were the City Council of Nairobi (CCN) (implementers), the central government (financial guarantees) and the CDC (offshore finance). The design and planning consultants for phase (I and II) were Colin Buchanan and Partners, while phase II, IV and IV was done by a local firm; Mutiso Menezes International.

4.7.2 Estate Location

Buru-Buru estate is located in Makadara Division of Nairobi East Sub County. The estate came into existence in the 1970s, and comprises of five phases. Each phase was designed to house houses an average of 943 dwelling units that vary in scale from two to four bedrooms. They also vary in form from the detached, bungalow-type, semi-detached, maisonette and terraced articulation.

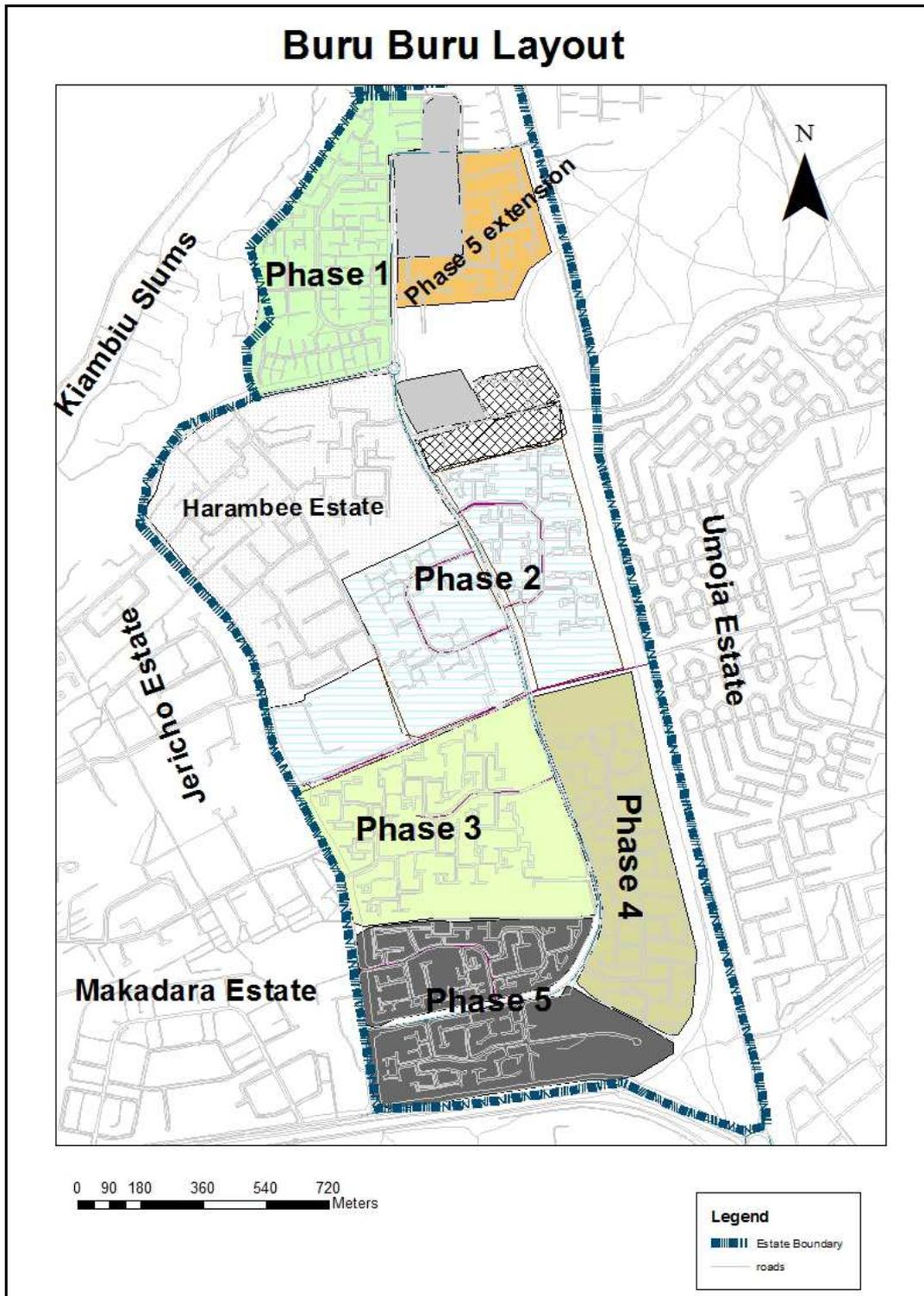
Table 0:3 Summary of Case Study Estate

Development Year	1973-1983
No. Of Units	4,715
Target Population	35,000
Tenure and Housing Access System	Owned/mortgage
Typology	Bungaloids/Maisonettes
Target Income	Middle income

Adopted from Makachia 2010

Phase one is the oldest, while phase five is the latest, completed in 1982. The estate was inhabited by business people, government officials, and professionals, belonging to the middle income category. The initiators of Buru-Buru estate envisaged a population of 25,000. Planning for the estate was done jointly with the National Housing Corporation, the Common Wealth Development Corporation and the city Council of Nairobi.

Figure 0:3 Map of Buru Buru



Source: Modified from Wiki maps, June 2014

4.7.3 Land and Land Tenure System

The estate was a mortgage system where the dwellers own the units through mortgage loans. Upon completion of payment, the ownership shifts fully to the buyer.

4.7.4 Neighbourhood Layout

The major circulation paths that define the edges of the estate and separate it from neighbouring districts include the railway line to the south and east and Jogoo Highway to the west. These two corridors defined the wide expanse of open space to the south that ultimately fronted the Industrial Area. Rabai Road forms a loop on the eastern and northern sides. A low-income estate, Umoja Phase 1, is located to the east of Buru-Buru. The railway line and outer ring road that ran parallel to each other separated the two estates. A natural edge, the Nairobi River, defines part of the extreme northern edge. A 30 metre wide spine road (Mumias South Road) traverses the scheme and connects the various phases. It serves as the main transport corridor in the neighbourhood, and accommodates common commercial and social amenities.

4.7.5 Neighbourhood Planning and Typology

The two key planning and design morphology determinants defined Buru-Buru estate: the physical constraints and the timing defined in the phases of the scheme. The physical dimension used the plots' clustering system, the plot-based planning that accommodated the units, and the circulation networks. Buru-Buru was laid out on individually demarcated plots. The sequential planning was through the phases from Phase I to V. (Makachia, 2010). The plots varied from 6 to 10.5 m wide and 20–24 m in length. This ratio of 1:3.3 to 1:-4 for efficient services utilisation in plot subdivisions. The houses were organically planned around unit clusters that surrounded courtyards. The courtyards varied in dimension, surface area and number of constituent units.

The development control conditions that guided the planning design aimed for a density of 32 (or 260 persons) plots per hectare, a plot ratio of 0.75 and plot coverage of 35 %. Car parking requirements allowed a car per plot and a single car provision for two plots outside the plots, meant to accommodate visitors and extra cars.

4.7.6 Service Provision

The neighbourhood plan provided for mixed but spatially segregated land uses within the estate. Provision for goods and services within the estate were based on the central place theory's concept of range and threshold, focusing on hierarchical approach to provision of the goods and services. Commercial land uses were limited to the defined locations within the main shopping centre, and the local shopping centres. A major shopping centre located along the major spine road serving all the phases acted as the highest order centre, providing higher order services such as banking, colleges, supermarkets, entertainment facilities etc. In addition to this, each phase had a lower order centre that contains a community shopping centre of slightly lower order services and open spaces. At the lowest level, the corner shop concept was implemented, providing the most basic house hold goods and services.

The general assumption was that the different land uses will be restricted to designated spaces. The planning was also based on the assumptions that development control measures will remain effective, and residents will have respect for planning.

4.7.7 Transformations Within the Estate

The initial assumptions around neighbourhood planning have not worked in Buru-Buru. Like many other neighbourhoods, the estate has undergone densification. The low plot coverage of 35% amidst a shortage of housing stock in Nairobi acted as an incentive for property owners to transform their units, to create additional space for residential and commercial uses. Data from Nairobi Integrated Urban Master plan shows that urbanization has been expanding to east, and the development guidelines are not matching the development needs.

Consequently, transformations within the neighborhood have continued to thrive due to weaknesses in development control. The dweller initiated transformations in the form of housing extensions have come up in contravention of the initial neighborhood plans. The plots have experienced either change of use, or extension of use, to accommodate various emerging livelihood opportunities, an in response to demand and supply factors within the estate. Studies in the neighborhood show that about 40 percent of the property owners have constructed extensions on their plots. The

densified plots have an average of additional two structures for residential or commercial uses.

The dweller initiated transformations have had two effects i) Provision of additional dwelling units thus attracting additional households per plot (ii) provision of additional space for commercial activities, away from the designated commercial centers, thus providing space for informality. The additional dwelling units come with additional demand for goods and services. In response to this, commercial units have sprung up outside the designated commercial areas within the estate. There is a general proliferation of Kiosk, informal markets and other small scale enterprises supply various types of goods and services. The commercial facilities display a shift from the initial planning layout focusing on corner shops, as they prefer to locate in higher order circulations within the neighbourhood.

The neighborhood is surrounded by low income residential areas such as Umoja, Harambee, Makadara and Jericho. The additional commercial spaces and additional populations have been an income generating opportunity for some residents of the low income residential estates, who form the bulk of informal sector operators in Buru-Buru.

4.8 Critical Summary of the Background

From the chapter, it's evident that the initial neighborhood design has undergone a lot of transformation. The transformations are a reflection to the urbanization challenges that face the city of Nairobi, key among them supply of affordable housing, employment opportunities, and service provision.

The following key issues therefore emerge from the background chapter:

Institutional Weakness: The county government is in charge of land use planning and development control within the neighbourhood, as stipulated by the County Government Act of 2012, and the Urban Areas and Cities Act of 2011, guided by the physical Planning Act of 1996. However, from the study, it's evident that despite the changing land uses within the neighborhood, not much has been done to control the situation. These points to weaknesses in planning and development control

mechanism within the neighborhood. The impacts have been an enabling environment for the uncontrolled densification, as well as proliferation of informal sector activities within the neighborhood. The failure to revise the plans to reflect the changing scenarios within the neighborhood and the city in general points to weaknesses in ability of planning institutions to pre-empt and manage change in the dynamic society.

Innovations in Space Use: The rising cost of land, as well as shortage of supply of affordable housing in the city has led to increasing innovations in space use. The response in Buru-Buru has been in the form of infilling, as most property owners construct extensions to supply additional residential and commercial units. The extensions offer flexible and affordable use of space, while earning the property owners additional sources of income. The densification process has led to an increase in supply of residential units, as well as commercial units, within the estate. In the absence of proper plan revisions and updating to accommodate or curtail the changes, the effect has been increased plot densities, which come with increased demand for goods and services, and thus an opportunity for the informal sector to set in, as in the case of Buru-Buru. This has provided livelihood opportunities for the property owners, as well the informal sector operators in the neighbourhood cashing in on the rising demand for goods and services.

Mixed Social-economic Background: Buru-Buru estate is viewed as a middle income residential area. However, the extensions constructed in the estate have attracted people from differing social economic backgrounds. This has led to a disruption in the homogeneity of the social economic class that lived in the neighborhood, and consequently, an introduction of different lifestyles. This has partly contributed to the proliferation of “kadogo” (small scale) economy where people buy goods and services in small scale. The neighborhood is surrounded by low income residential areas, and thus attracts people from the neighboring estates in search of livelihood opportunities. This group of people has contributed to the proliferation of kiosks and other micro-enterprises to bridge the gap in supply of goods and services.

Goods and Service Provision: The proliferation of informal sector activities offering lower order goods and services outside the designated commercial areas points to weaknesses in commercial area planning within the neighborhood model. The initial plan placed the lower order commercial units inside the clusters. However, the dweller initiated transformations have focused more on the provision of commercial units along busy circulations, leading to a shift from the cluster model of service provision, and thus a challenge to the survival of original corner shops.

5 CHAPTER FIVE: STUDY FINDINGS

5.1 Introduction

The study was undertaken in the months of January 2014 to March 2014. The survey identified respondents using the sampling methodology explained in Chapter 2. The respondents were distributed as follows: 68 HBE operators, 95 residents of Buru-Buru estate, and 10 key informant interviews.

This chapter details the study findings guided by the study objectives. The first section describes the socioeconomic and demographic characteristics of sample respondents, as well as the issue of space ownership and related dynamics. The second section analyzes enterprise characteristics, focusing on the nature and type of enterprises, as well as the location dynamics of these enterprises. The third section deals with the dynamics of legal and regulatory compliance aspects of the enterprises. It analyzes what makes the enterprises informal based on the various definitions of informality. The fourth section provides an insight on the impacts of HBES. It analyzes the respondent's perception on HBES, using a Likert-scale approach. Finally, the last section provides a critical summary of the study findings, laying the ground for a detailed synthesis of the findings to come up with conclusions and recommendations.

5.2 Demographic and Socio-Economic Characteristics of Respondents

This section discusses entrepreneur characteristics related to age, sex, education, migration status, marital status and education level. These personal background characteristics are hypothesized to have a direct impact on the microenterprise success.

5.2.1 Age and Sex of Respondents

The study results show that about 52.7% of the respondents were males. The mean age of the respondents was 29 years, while the most common age was 25 years. The findings concur with the various literature sources that show that youths and women are engaged more in informal sector activities. Of the respondents sampled, majority (58.2%) were single, further consolidating various literatures that youths dominate the activities of the informal sector. The average household size for HBE operators was 3 persons. See table 4:1

Table 5:1 Sex and Age of Respondents

Sex of Respondents	
N=60	Percent
Male	52.7
Female	47.3
Total	100.0
Marital status	
N=60	Percent
Single	58.2
Married	41.8
Total	100.0

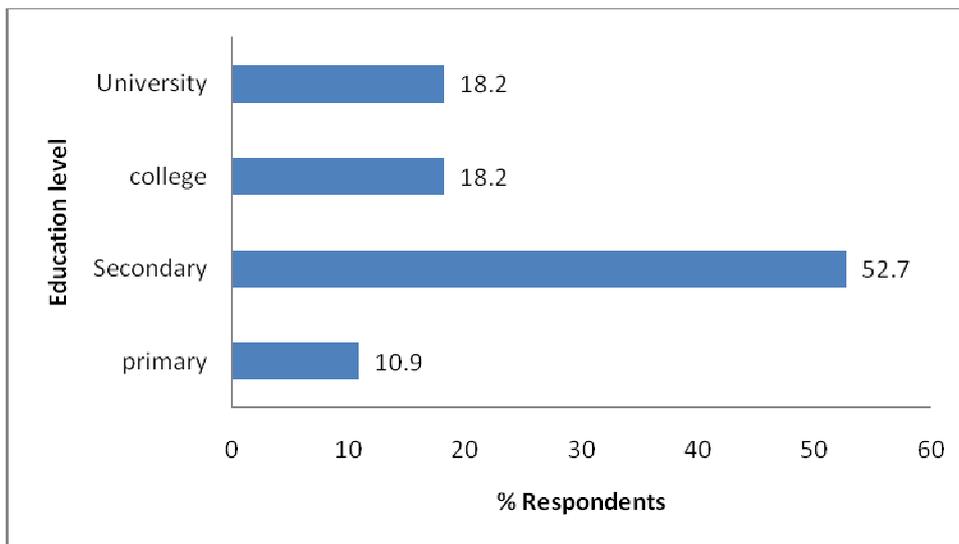
Source *Field Studies, 2014*

With an average age of 25 years, it can be argued that the more productive age group population participates in the urban informal sector. This means that proper mobilizing of the urban informal sector would mean increased productivity and hence greater efficiency which could contribute to the overall growth of the economy. Thus an emphasis on informal sector could be justified not only from poverty alleviation dimension but also from efficiency, and local economic development point of view.

5.2.2 Education of Respondents

From the study findings, majority of the respondents (53%) had at least secondary level of education while 18% of the respondents were either college or university graduates. The findings show that the actor's in the informal sector within the study area are literate and well educated. The findings show that the sector is absorbing a large proportion of educated people who should otherwise have been absorbed in the formal sector, and therefore further reiterates the importance of the sector in employment creation. Thamsanqa (2010) in his study on HBE in Privilege, South Africa found a large number of well educated entrepreneurs. He argues that people with high education qualifications are less likely to stay in the informal sector for a long time. They enter the informal sector for survival before they get a job rather than for achieving growth.

Figure 5:1 Education Level of Respondents



Source *Field Studies 2014*

Education can play an important role in enterprise development through its effect on exposure to information and processing of this new information, which has an ultimate positive impact on production and/or distribution of goods and services. Education also enables one to make good business judgments, increases exposure to new technology, exploiting opportunities well and thereby contributing to business longevity and success. A well designed education system can also be used to promote entrepreneurship, and instil good business management practices that can lead to growth of enterprises.

5.2.3 Respondents Main Source of Income

The study established that majority (69.1%) of the respondents relied on HBEs as their main source of income. Further interrogation of the HBE operators revealed that 59.3% of the operators had no other source of income, relying solely on the enterprise for sustenance.

The average monthly income from HBE varied. About 55.5% of the HBE operators earned less than Ksh 15,000 per month from their business, after deducting all expenses. About 16.7% earned more than Ksh 40,000 per month from their business.

The large number of HBE operators (41.7%) with other sources of income confirms that the informal sector participants often include formal sector employees who feel vulnerable to their socio-economic circumstances and therefore use the informal sector either to alleviate or shore them against their insecurity

Table 5:2 Respondents Main Income Source

Monthly Income N=60	from HBE	From Other Sources
	Percentage	Percentage
less than Ksh 10000	33.3	9.3
10001 to 20,000	31.5	9.3
20001 to 30000	11.1	9.3
30001 to 40000	5.6	5.6
over 40000	16.7	7.4
None		59.3

Source *Field Studies, 2014*

Further cross tabulation of main source of income and education level revealed that secondary school holders formed the bulk (40%) of the respondent who had HBE as their main source of income. The highest category of respondents who had salaried employment as their main source of employment consisted of university graduates. This shows that university graduates prefer the multiple livelihood approach as an income diversification measure.

Table 5:3 Respondents Main Income Source and Income Range per Month

	Education level				Main source of Income Total
	primary	Secondary	college	University	
HBE	7.3	40.0	12.7	9.1	69.1
Salaried Employment	0.0	7.3	3.6	7.3	18.2
Wage Employment	1.8	1.8	1.8	0.0	5.5
others specify	1.8	3.6	0.0	1.8	7.3
Total	10.9	52.7	18.2	18.2	100.0

Source *Field Studies, 2014*

The study also reveals that the 31% of the respondent other alternative main source of income, away from the HBE, showing the multiple livelihoods approach. About 18.2% of these were people in formal employment earning regular salaries.

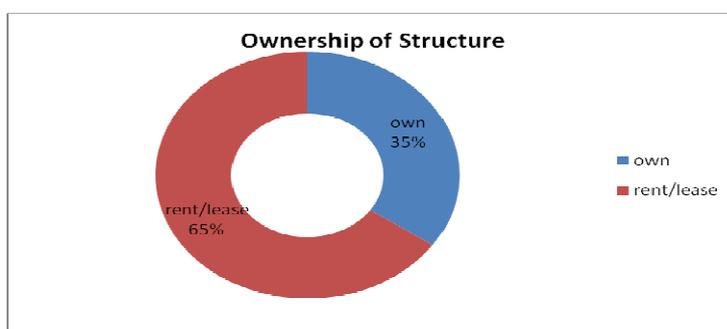
The informal sector literature is permeated by assumptions about the social class of people that participate in informality; the poor, women and other unemployed people in urban areas (ILO, 1995). Studies done in Uganda have shown that the informal sector activities are not limited to the urban poor; but also include professionals, administrators, and other highly ranked salaried employees.

5.2.4 Migration Status and Tenure of Respondents

The study sought to establish the average no of years/period that the HBE operators had been in the city. The results show that the majority of respondents have been in the city for an average of 10 years, mean period of being in the city being 15.7 years. This shows that the actors in the informal sector are not necessarily new immigrants in the city. The study therefore corroborates findings of Rogerson (1997) who points out that the informal sector is not just a refuge for new arrivals to African cities because participants often include long-term urban residents, some working in the formal sector. Various research findings have generally indicated that rural-to-urban migrants usually join the urban informal sector. They adapt to such a life and start their businesses by shoe shining, street vending, making local drinks, loading and unloading, daily labour, etc.(Van Dijk, 2006; Getinet, 2006).

The study further established that 65% of the respondents have rented the space at which the enterprise is located.

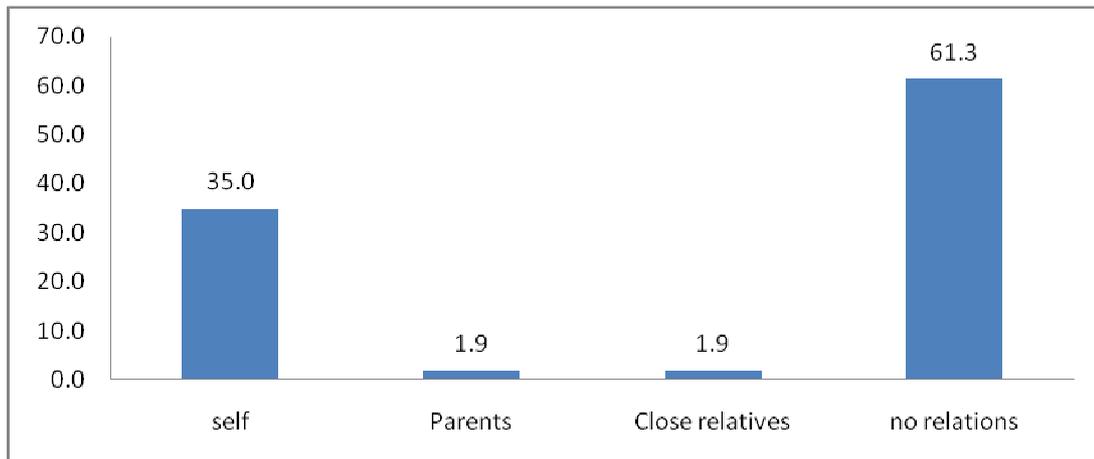
Figure 5:2 Respondents Ownership of Structure



Source *Field Studies, 2014*

The findings further show that majority (61.3% of HBE operators in the area have no blood relation with the space owner. The only relationship is that of tenant-landlord relationship based on mutual benefit where the space owner gets income in the form of rent, while the HBE operator gets space to conduct his business.

Figure 5:3 Relationship of Respondent with the Structure/Space Owner



Source *Field Studies 2014*

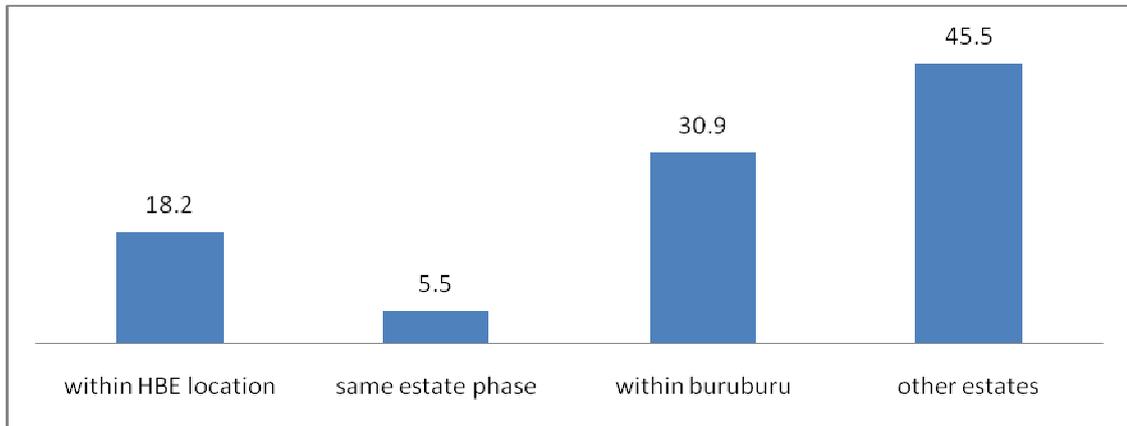
This findings show the dynamics of urban space allocation within the neighbourhood. This implies that the residents use the available space resulting from dweller initiated transformation to generate additional income by either (i) leasing out the space to entrepreneurs who want to run businesses, or (ii) using the space to run their businesses. In both cases, the property owner derives additional income. This reflects the income diversification approach adopted by the property owners in Buru Buru estate, and may partly explain the densification pattern that has taken root within the estate. It shows the new paradigm being taken by urban informality. While informality was once primarily located on public land and practiced in public space, the findings show that informality is taking a crucial mechanism in wholly privatized urban formations.

5.2.5 Residence of Respondents

The study sought to establish the current residence of the home based entrepreneurs. From the findings, 45.5% of the HBE operators did not live within the neighbourhood, but came from the surrounding low income neighbourhoods, mainly Umoja estate. Only 18.2% of the HBE operators lived within the HBE location, while

only 5.5% lived within the same estate phase where the enterprise is located. This findings show that the home based enterprises in the neighbourhood are operated by people from other areas.

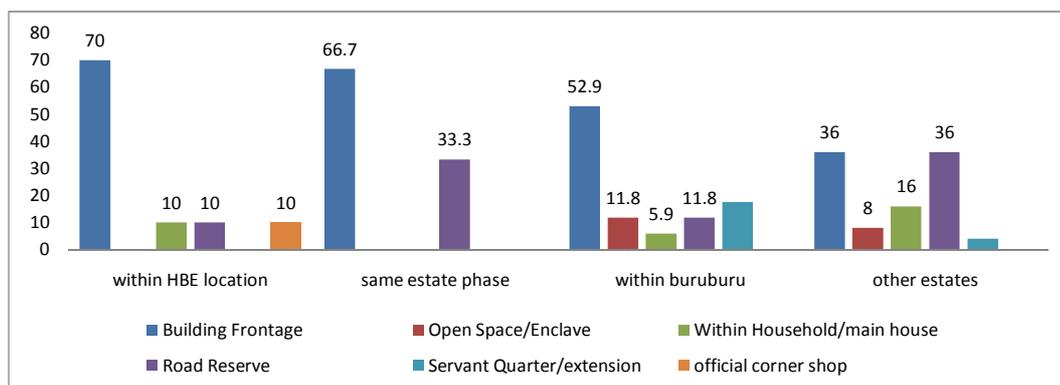
Figure 5:4 Residences of HBE Operators



Source *Field Studies 2014*

Further cross tabulation of residence and business location reveals that 70% of businesses where the owners lived within the HBE were located on the building frontage, while 10% operated within the household space. Majority of the HBE operators living outside the neighbourhood occupied road reserves and open spaces

Figure 5:5 Cross Tabulation Enterprise Location and Residence of Operator



Source *Field Studies 2014*

One of the reasons for proliferation of Home Based enterprises cited in literature is the desire to work from home, thus saving on costs such as transport, rent, and labour among others. The findings from this study are a departure from this assumption, as it shows that majority of the HBE operators (over 70%) do not live within the business

location, but commute to their place of work daily. However, it's important to note that the business operators reside in neighbouring residential estate, and therefore the cost of transport is greatly reduced.

5.3 Nature and Type of Enterprises in Planned Commercial Areas

The designated commercial areas within the neighbourhood have goods and services cutting across all the hierarchy. The commercial centres houses education institutions mainly at tertiary level, financial institutions such as banks, large retail shops such as super markets, entertainment facilities such as bars, clubs and restaurants, commercial facilities housing various types of offices. It's important to note that other lower order retail services are also found in the designated commercial centres such as general retail shops, boutiques, barbershops and saloons etc.

5.4 Nature and Type of HBE in the Study Area

In this section, the study attempted to gather information related to the enterprise that is the nature and type of business. From the findings, majority of the enterprises were in the retail sector (76.4%) and service sector (23.6%). None of the enterprises within the residential areas were involved in the manufacturing sector.

Table 5:6 Nature and Type of Business

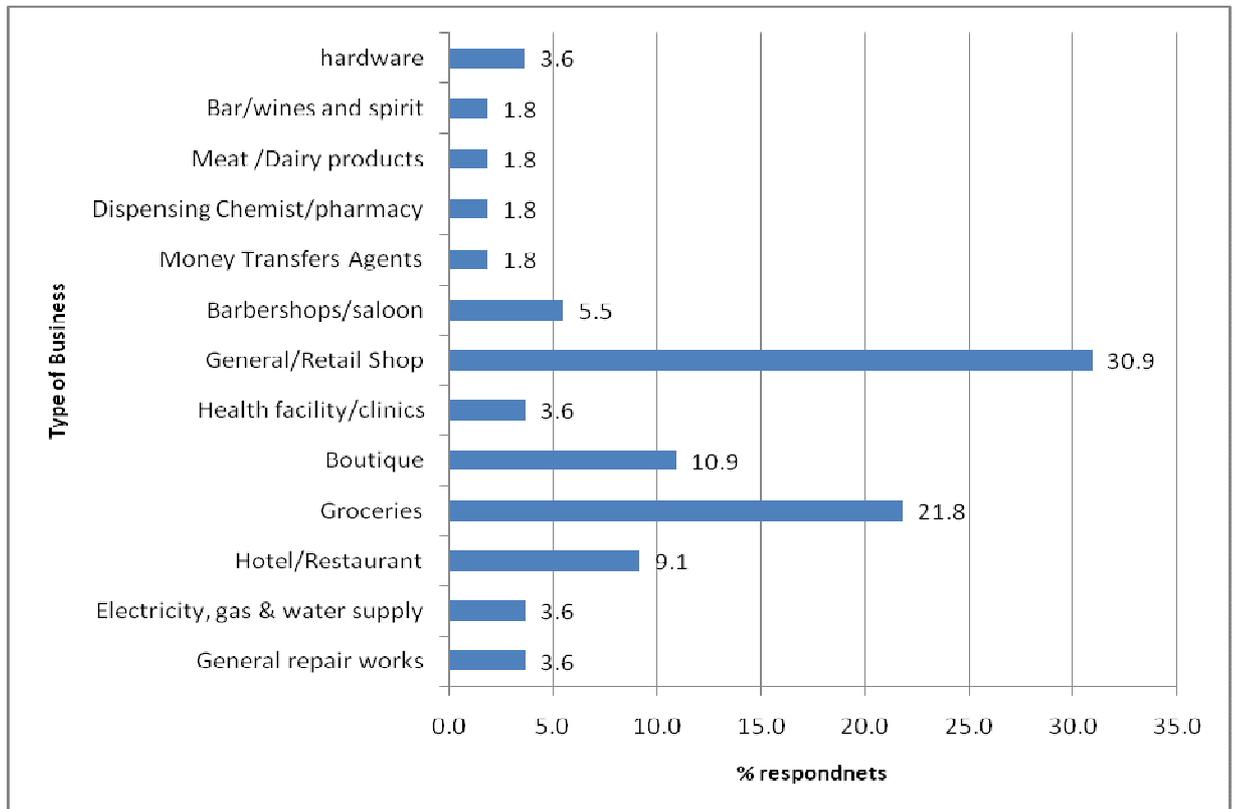
Nature	Percent
Service Oriented	23.6
Retail trade	76.4
Manufacturing	0

Source *Field Studies 2014*

The most common type of business was the retail shop (30.9%) selling quick turnover household goods. This included household goods such as sugar, salt, milk, bread, matchboxes, among others. These are the goods that are needed at the household level on a daily basis for sustenance. Grocery shops were also common among the enterprises (21.8%). The groceries were selling vegetables that form a key part of the staple food in Kenya such as tomatoes, onions, fruits and vegetables. The groceries offer value added services such as already chopped vegetables. This service appeals to

the larger population of working class who prefer buying ready to cook vegetables. Boutiques formed 10.9% of the enterprises surveyed, while hotels and restaurants (9.1%).

Figure 5:6 Types of Home Based Enterprises



Source *Field Studies, 2014*

It's important to note that there is no major variation on the products that are found within the main shopping centre, and those found at the enterprises. The main notable difference was on grocery products, where the HBEs have a flexible arrangement in terms of packaging (quantities) and value addition such as selling chopped vegetables. In the main shopping centre, the grocery items are mainly found in the supermarkets where they are sold per kilogram. Other notable activities in the shopping centre that is not common as HBEs include stationery services such as photocopy and printing works, banking services, education among others. Some uses that were mainly higher order such as social joints (entertainment facilities), banking, large retails, educational facilities among others were not common inn the residential areas.

The findings illustrate that HBE offer lower order goods and services, for which the customer is unwilling to go longer distances in search of. This was established during discussions with the customers, as well as the HBE operators. The customers expressed unwillingness to have their children cross the street in search of some goods, as well as the convenience they get by shopping very close to their residences. The HBE operators also claimed that the businesses were thriving due to the higher number of residents within the neighbourhood, thus market for their goods and services. This underscores the findings from various literatures on the important role HBEs perform in filling the gap between demand and supply of goods and services. Simone, 2004: 6 estimates that about 75% of basic needs are provided for informally in the majority of African cities. The findings further corroborate those of similar studies on HBEs such as Tipple et al, 1996, and Strassmann (1986) who found that most HBEs fall in the category of retail (selling goods), offering a services and production or manufacturing activities. Strassmann (1986) found that nearly half of the HBEs were in the retail trade. Retail activities are the most common HBE, and include enterprises such as small shops selling a variety of household goods.

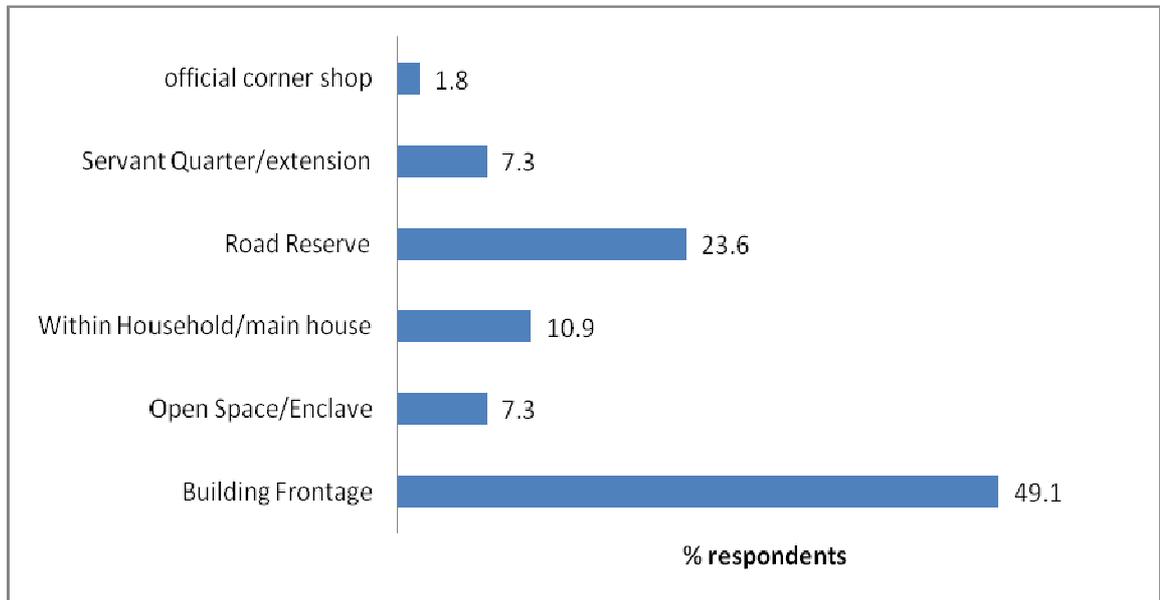
5.5 Typologies of Enterprise Location

Location of HBE determines various aspects of compliance with planning laws and regulations, as well as the impact of the HBEs on the environment, as well as space use. Planning regulations such as building lines, plot ratio and coverage, open spaces as well as public spaces are directly affected by the location of the enterprises.

From the study findings, three typologies are evident in the location of home based enterprises within the neighbourhood. Firstly, we have the enterprises that are located within the left over spaces in the front and at times the back of the dwelling units, in the form of extensions. Secondly we have the single storey blocks especially in phase five, where commercial activities dominated ground floors (see plate 1). Thirdly we have the temporary kiosks fronting the buildings, or on road reserves outside the dwelling units. Majority of the HBEs (49.1%) were located on building frontages, while 23.6% are located on road reserves. Only 10.9% of the HBEs were located within the main household dwelling unit. Most of the structures on the road reserves

are temporary type of structures made using unplained timber and metal sheet materials (see plate 2 & 3).

Figure 5:7 Locations of HBES



Source; field studies, 2014

The location of HBES demonstrates that most of the enterprises are the HBES are in direct contravention of various planning laws relating to development control. In phase five of Buru-Buru, most of the HBES were located on the ground floor of the dwelling unit, while the upper floor was reserved for residential purpose. The conversion of the residential units to commercial facilities has led to mixed use developments within the neighbourhood. To facilitate the change of use, conversion of the initial building design has been undertaken to create a frontage on the side facing the main spine road, so as to accommodate the commercial activities. Discussions with the operators revealed that some additions did not follow any planning guideline.

However, it was not easy getting official statistics on the conversions that had undergone clearance from development control agencies. However, it was evident that in most cases, those involved saw no need in seeking for approval of their plans by the local council and were actually ignorant of the city hall regulations that guided approval of additions to existing blocks.

Plate 1 Photo Showing Building Combining Home Based Enterprises (Ground floor) and Residential Functions (upper floor), Phase 5, Mumias South Road



Plate 3 Photo Showing HBEs on Road Reserve (Phase 5, Katulo Road)



Plate 2 Home Based Enterprises on Road Reserve Within the Residential Areas (Phase 2, Oldonyo Rengai Road)



Photos taken during field studies 2014

5.5.1 Spatial Distribution of HBEs

The study further analysed the spatial distribution of HBEs within the neighbourhood. It was observed that the location of businesses seemed to be influenced by infrastructure hierarchy. Enterprise concentration tendencies seemed to favour higher order streets or major secondary streets within the neighbourhood. The positioning of the businesses revealed the existence of highly localised forces of demand, with the businesses responding through provision of services in close walking distance to people's homes. It was noted that the HBEs tended to be concentrated in the collector streets serving the neighbourhood clusters, with very few enterprises located along the access roads within the cluster. The spatial distribution of HBEs shows that enterprises tend to locate in roads with higher traffic flow (both human and vehicular). Transport routes play a major influence on business location, especially where they are able to attract significant pedestrian traffic. Roads that do not sustain pedestrian movement, but serve simply as conduits for the motor vehicle, tend to have lower concentration of businesses. Instead there is evidence of enterprises clustering along pedestrian routes and in specific locations where there is a long tradition of engagement in particular activities. This was evident in both phase 5 and phase 2 where the main mass transit corridors had higher concentration of businesses.

The spatial distribution of the enterprises show a shift from the cluster system used in the location of corner shops, to preference of location based on higher order circulations systems. This illustrates a shift from the target population, of just residents within the neighbourhood courts, to include passersby, as well as people from neighbouring estates. The implication has been the outcompeting of the corner shops that are located within the clusters. By locating in higher circulation routes, the enterprises are able to increase their threshold by targeting both the neighbourhood residents, as well as those from the surrounding estates.

Figure 5:8 Map Showing Spatial Distribution of HBES in Phase Two



Source: Author, 2014

Figure 5:9 Spatial Distribution of HBES in Buru Buru Phase 5



Source Author, 2014

The research also revealed that certain retail businesses especially groceries were spatially located within the heart of the residential areas (enclaves), and that their distribution is remarkably even. Within the core of residential areas, business clustering tendencies was evident. Although the study noted that the cluster consisted of business offering different services. These businesses coexisted because they do not compete for customers. See plate 4 and plate 5, showing business clustering tendencies

Plate 4 HBE Location in Relation to Building Line, Phase 5, Along Katulo Road



Plate 5 Business Clustering at a Junction Entering a Residential Court, Buru Buru Phase 5, Katulo Road



Source; field studies, 2014

5.6 Business Location Dynamics

In businesses, micro-enterprise very often consider locations that either possess the needed customer threshold, or at best, generate and attract the effective customers needed to sustain the enterprise in business. This study sought to establish the location determinants of Home based enterprises within the estate. Respondents as well as own observation method helped reveal data on the location of enterprises. A question on why they are located at their present place was also asked. HBE operators were requested to rank-order eight commonly cited factors that influence entrepreneur's location decisions from one (1) to eight (8) so that the most important factor is ranked 1 while the least factor is ranked 8. These factors included available space for business, location of residence, local contact and familiarity with a given location, traffic of people around an area, availability of similar enterprises in the area, ease of business setup, affordability of rent, and lineage factors i.e. inheritance. (See table 5.5)

Table 5:4 Location Determinants of Business Location

reason for current location			
N=60	1st choice	2nd choice	3rd choice
enough customer threshold)	25	25	14.6
Less Competition	18.8	18.8	19.5
Affordable rent	18.8	18.8	24.4
Availability of space	14.6	14.6	14.6
Local contacts/familiarity	14.6	14.6	9.8
Proximity to residence	6.3	6.3	12.2
Ease of Business setup	2.1	2.1	4.9

Source; field studies, 2014

Customer threshold was listed as the most important factor for business location. About 25% of HBE operators listed it as first determinant of location choice, with an equal percentage listing it as a second determinant. It was observed that businesses were concentrated on residences along spine roads near junctions and bus stops, so as to tap on the population of people making way to their houses.

Competition was also an important factor in determination of business location (18.8%) of HBE operators quoting it as a second determinant and another equivalent percentage (18.8%), as a third determinant.

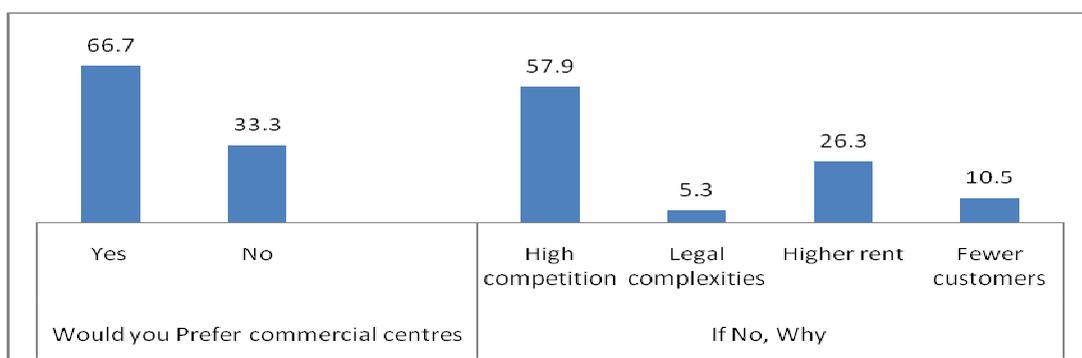
Rent was another important factor in determining location of enterprises. About 18.8% ranked it first while 24.4% ranked it 3rd. Availability of space was as the most important consideration by 14.6% of HBE operators, another equivalent percentage listing it as second and third most important consideration respectively.

Factors such as ease of business setup and proximity to residence were ranked lowly as determinants of business location within the estate. However, it is important to not that there is generally free entry of business, based on availability of space. No regulations are followed by the entrepreneurs in locating their businesses.

To further corroborate the findings on location determinants, the study further sought to establish if the operators of HBEs would prefer having their businesses located in designated commercial areas. Those who said no cited higher competition at the designated commercial centres (57.9%) as the main deterrence, followed by higher rent at 26.3%.

This shows that the cost of space in designated commercial centres could be a hindrance to some of the enterprises locating in designated areas. Corroborating this with the earnings derived from the businesses, majority of which are survivalists, implies that the formal spaces have failed to cater for the need of smaller enterprises, and thus point to the weaknesses of market spaces in guaranteeing the right to space in urban areas.

Figure 5:10 Preferences for Having Business in Designated Commercial Area



Source; field studies, 2014

According to Liedholm (2002) enterprises located near competitors face stiff competition and may experience lower profits compared to those enterprises located further away from competitors. Stahl (1987) notes that Informal activities, as is the case of retailing, often seek to maximize profits by locating as close as possible to consumers and other servicing activities, but as far as possible away from its direct competitors.

5.6.1 Comparative Advantages Offered by Current Location

The study established that customer threshold is key in business success and thus a key location determinant of any business. About 28.1% of respondents said that the current location is giving them comparative advantage in the form of higher human traffic. It also emerged that competition is key in determining location of a business. 22.8% of respondents said that the current location offers them comparative advantage in form of less completion.

Table 5:5 Comparative Advantage Based on Current Location

Comparative Location Advantages	
N=60	Percent
Savings on transport cost	17.5
Security	15.8
Savings on Rent	15.8
Less competition	22.8
Higher traffic of people	28.1

Source; field studies, 2014

It's important to note that in the initial neighbourhood plan, corner shops were planned for to offer lowest order services. However, looking at the location of the corner shops verses the location of the enterprises; it's evident that the corner shops are greatly disadvantaged. The corner shops were located inside the courtyards, while the most of the HBEs are located in higher traffic corridors, thus attracting more people alighting from the public service vehicles, or transiting through the estate to neighbouring estates. With this competitive advantage in terms of location, the corner

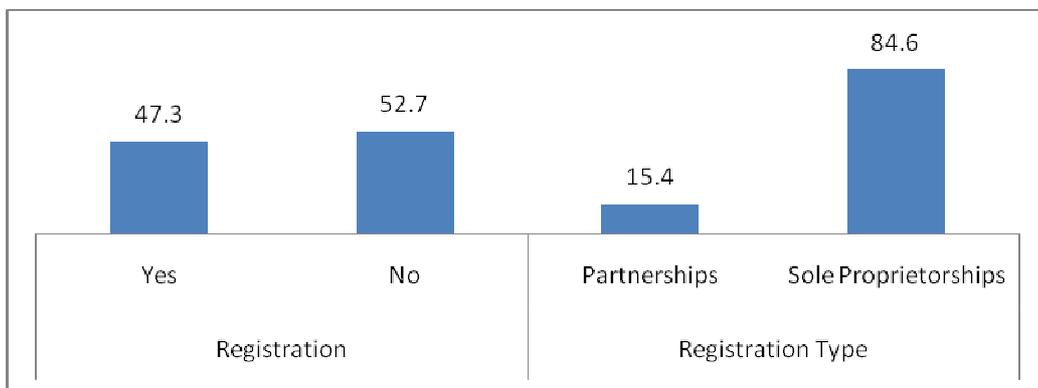
shops are being out competed as most people would have done their shopping by the time they enter the court yards.

5.7 Informal Aspects of the Enterprises

5.7.1 Registration of Business

The study established that majority of the enterprises (52.7%) were not registered and so were operating informally. Of the registered enterprises, 84.6% were registered as sole proprietorship.

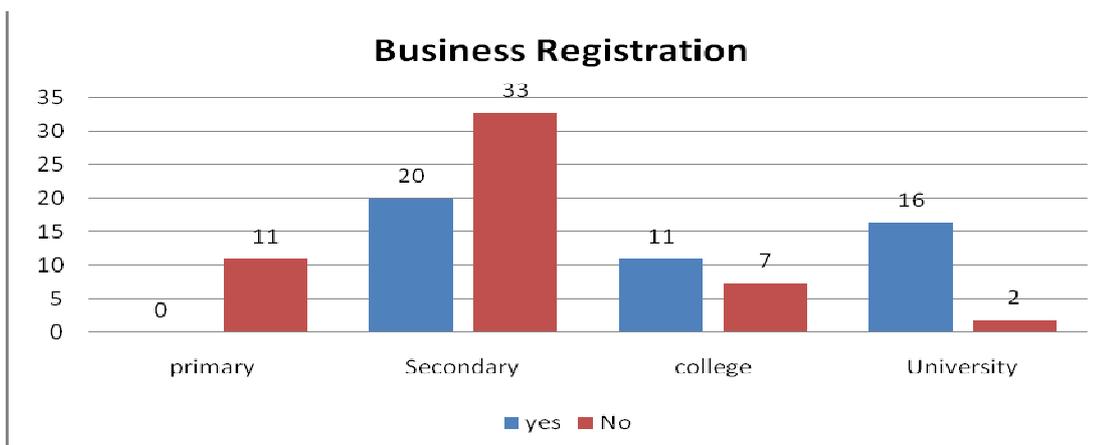
Figure 5:11 Registration Status and Type as Established During Field Study



Source; field studies, 2014

Cross tabulation of education levels and business registration status showed that no business owner with primary level of education had registered his/her business.

Figure 5:12 Cross Tabulation of Education Level and Business Registration Status

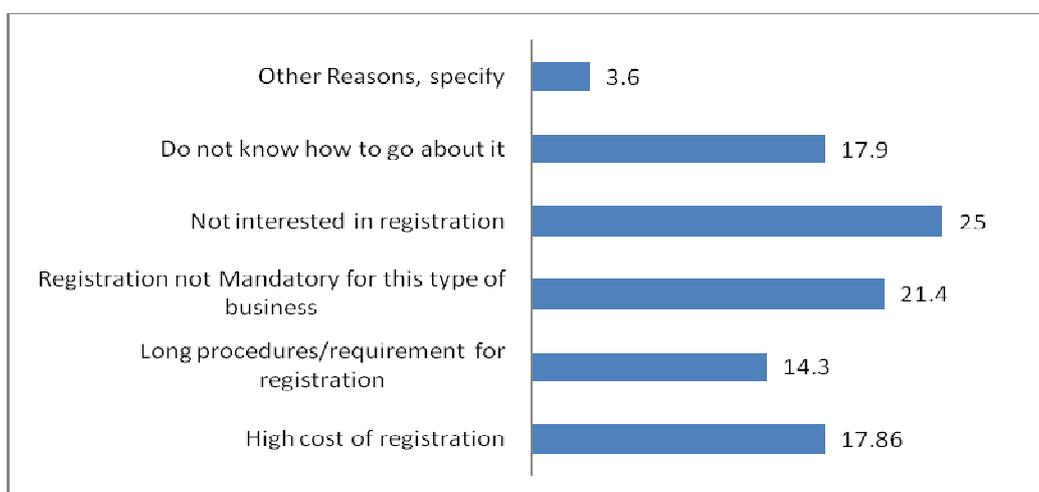


Source; field studies, 2014

5.7.2 Reasons for Not Registering (Remaining Informal)

The study sought to establish the key reasons why the businesses were not registered. Several reasons were given by HBE operators for non registration. About 25% of the respondents said they were not interested in registration while 21.4% said registration was not mandatory for their businesses. Another group of HBE operators (14.3%)sd cited the long procedures for registration and the cost implications as their main reason for operating informally.

Figure 5:13 Reasons for Business Non Registration



Source: field studies, 2014

This findings show that majority of the HBE operators had chosen to remain informal thus falling in the category of voluntary informality. In-depth discussions with some of the entrepreneurs revealed the deliberate attempt to remain informal, citing huge legal and regulatory implications of formalisation. They cited the numerous compliance obligations associated with formalisation as a motivation for remaining informal.

Government data shows that the average cost for registering a sole proprietorship costs Kenya shillings one thousand and takes about one week. Upon registration a medium trader, shop, or retail service from five to 20 employees and / or premises 50 to 300 square metres requires a business permit charged at Kshs 5,000 annually. Registering a Limited liability company requires the services of an advocate, and the costs range from Ksh 15,000 upwards depending on the advocate contracted.(for detailed legal cost breakdown see Annex 3. The Licensing Laws Act, 2006, amended

the Local Government Act (Cap.265) by reducing the number of business permits required for a distributor of goods or provider of services to carry on its business activities. This is then followed by registration with the National Social Security Fund (NSSF) and registration for Pay as You Earn (PAYE). Every month, the enterprises are required to file monthly tax returns for V.A.T as well as for PAYE, as well as make contributions such as

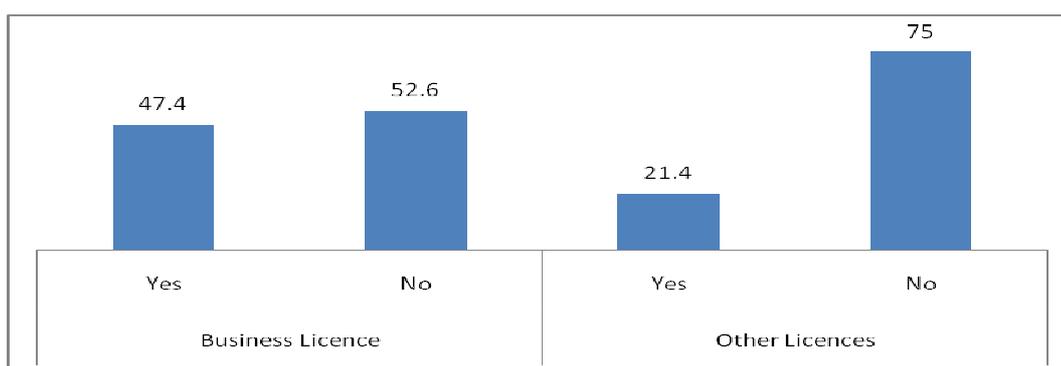
Fransen and Van Dijk (2008) in a study of informality in Addis Ababa describe two forms of informality: exclusionary and voluntary. According to the scholars, exclusionary informality is the kind of informality that arises due to exclusion by institutions that force firms or small businesses to become involuntarily informal. They argue that these kinds of firms are usually survival oriented and need policy interventions with a poverty alleviation orientation. Voluntary informality is associated with deliberate stay in the informal sector mainly to escape from government bureaucracies and other regulations. It is a kind of informality by choice.

The findings therefore agrees with the legalist school of thought popularized by De Soto in the 1980s and 1990s based on the notion that micro entrepreneurs choose to operate informally in order to avoid the costs of operating in the mainstream economy. According to this school of thought, firms will continue to operate informally as long as government procedures are cumbersome and costly. These studies assume that government rules and regulations are stifling private enterprise development (Loayza, 1997; Djankov et al., 2002).

5.7.3 Business Licences

Apart from legal registration, businesses are required to have various forms of licences for their operation. During the study, it was established that majority of the businesses (52.6%) do not have a valid business licence. Only 21.4% of the businesses have various forms of licences for their operation

Figure 5:14 Business Licensing



Source: field studies, 2014

Further cross tabulation of the findings show a correlation between education levels and business registration and licensing. The frequency of registration increased with the rising education level of operators. For instance 90% of HBE operators with University level of education had licensed their enterprises, compared to 60% of operators with College education, and 37.9% of operators with secondary level education. No HBE operator with primary school level of education had registered his/her business. (See table 12).

Table 5:6 Cross Tabulation Between Respondents Education Levels and Business Registration and Licensing Status

	Business Registration		licences/business permits	
	yes	no	yes	no
Primary	0.0%	100%	0.0%	100.0%
Secondary	37.9%	62.1%	44.8%	55.2%
college	60%	40%	60.0%	40.0%
University	90.0%	10.0%	80.0%	20.0%

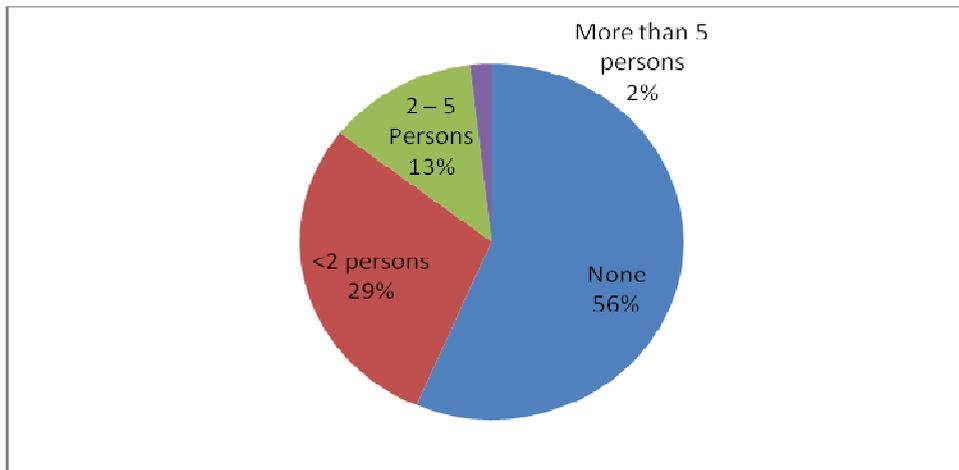
Source: field studies, 2014

According to Abuodha and Bowles (2000), in their assessment on the impacts of licensing reform for business in Kenya, the tight legal regulatory and planning standards are a contributing factor to informality. Smaller enterprises find regulation and taxation more burdensome than larger firms. Prior to the license reforms in 2000, a firm needed 15 licenses a year that costs about one month in processing time. For larger firms, there were 49 licenses, taking about three months (World Bank Private Sector Strategy Paper, 1992).

5.7.4 No of Staff Employed

From the study, majority of the respondents (56.4%) did not have any employees, while 29.1% of the surveyed enterprises had less than two employees. This therefore shows that all the businesses in the area will fall under the informal category if definition according to number of workers is used.

Figure 5:15 No of Employees in HBEs



Source: field studies, 2014

The statistics corroborate various definitions of informal sector that are including total workforce in their definitions. In recognition of the size criteria, many scholars (Van Dijk, 1996; Mead and Liedholm, 1998; Gebreeyesus, 2009) use the term ‘microenterprises’ rather than ‘informal sector operators’ to refer to informal sector operators that employ fewer than 10 workers in line with the preceding definition. Various definitions of informal sector have based it on a certain threshold in terms of number of persons employed. Some scholars who have set a certain cut-off for workforce employed in informal sector include Arimah (2001), Tokman (2001), and MOTI (1997). Tokman (2001) described informal sector as comprising firms with limited ownership, that is, self employed that utilize unpaid family members, domestic servants, less-educated employees and have less than *five* workers including the owner. MOTI (1997) defines informality based on size criteria and deals with businesses employing fewer than 10 workers, while Arimah (2001) also places a figure of 10 workers. Prugl & Tinker, 1997; Gurstein, 1996; Good & Levy, 1992

argue that generally, Home based enterprises do not employ more than five people and, therefore, remain small enterprises.

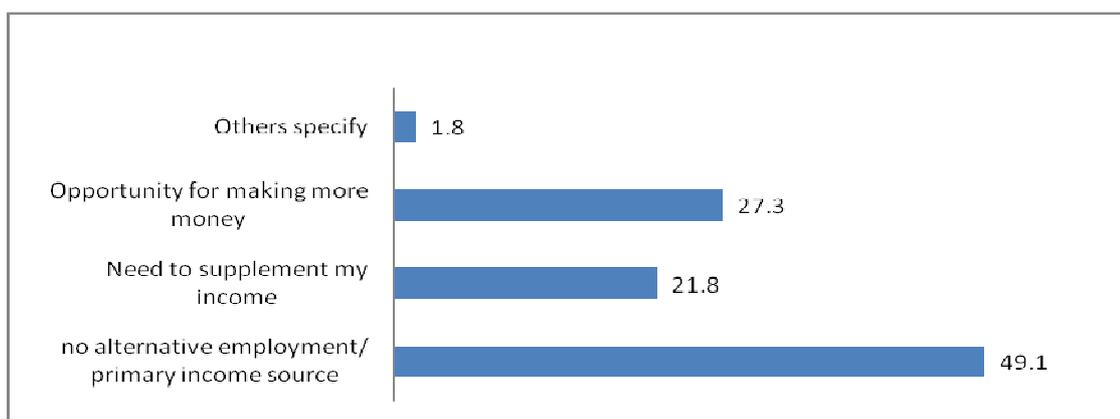
5.8 Drivers of Informality

Urban populations and the demand for jobs, goods and services are typically growing more quickly than national averages and too rapidly for the formal job market to absorb.

5.8.1 Motivation for Joining Urban Informal Sector

A question on the key reason for engaging in the enterprise was asked to the HBE operators. From the study findings, 49.1% of the respondents said that they were engaged in the enterprises because they had no alternative source of livelihood to sustain them. About 27.3% of the HBE operators were entrepreneurs who had identified an opportunity to make money and made use of it while 21.8% said they were looking for means of supplementing their income. During the indepth discussions with the HBE ooperators, reasons cited for engaging in the enterprises included the desire to do what businesses they are passionate about, the desire to be self employed, identification of an opportunity to make more money due to existing gap in goods and service provision within the estate among other reasons.

Figure 5:16 Key Reason for Engaging in Informal Enterprise



Source; field studies, 2014

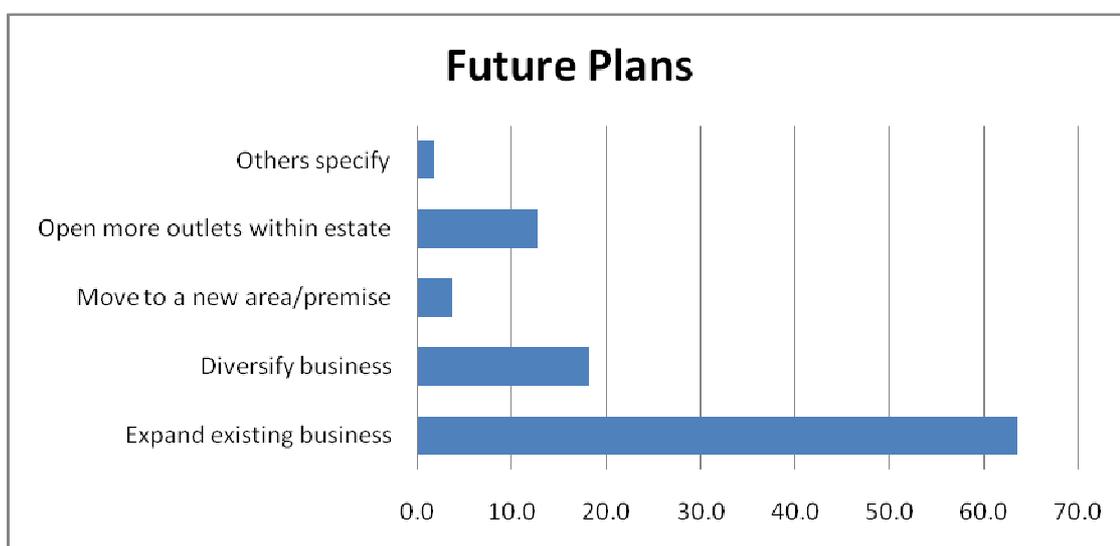
The findings reflect the different categories of people engaged in informal sector activities. The findings are in line with the schools of thought explaining the informal sector activities, especially the legalist and voluntarists schools of thought. The legalist school of thought assert that informal workers are micro-entrepreneurs

avoiding the costly regulations and hostile legal environments, while the voluntarists argued that entrepreneurs make a calculated decision to exit the formal sector.

Unlike entrepreneurship in advanced countries where entrepreneurs join businesses largely for profit motives, entrepreneurship in developing countries is driven by other goals such as life sustenance (Rogerson, 2001).

Majority of the HBE operators (60%) had plans for expanding their businesses, showing that with improved business environment, HBEs can be a major source of employment, as the people are not just there for survival, but have plans for growth

Figure 5:17 Future Plans of HBE Operators

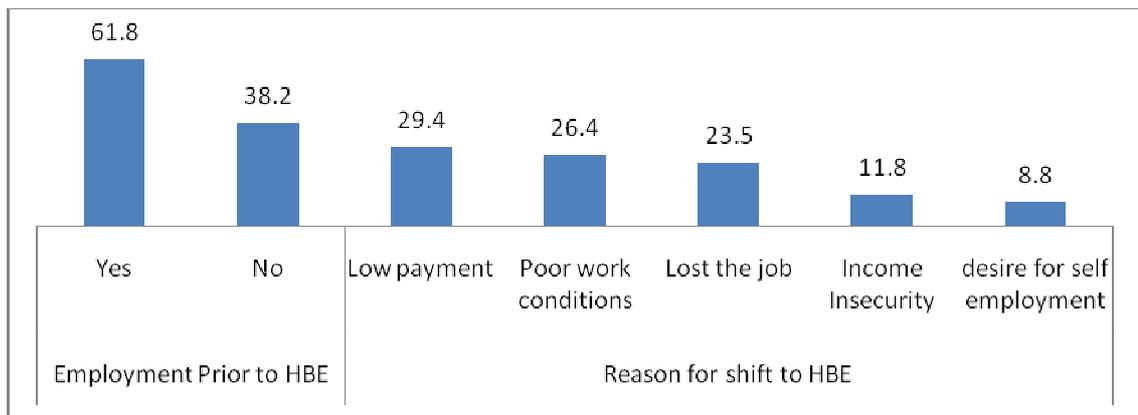


Source; field studies, 2014

The study further established that majority of the HBE operators (61.8%) had been engaged in some form of employment prior to establishing the business. Reasons given for diversification into the enterprise included low payment (29.4), poor work conditions (26.4%) and job loss (23.5%). Other reasons included income insecurity and desire to be self employed. (See figure 5.16.)

The findings show that the informal sector is a fall back option for the urban worker. It also shows that the informal sector served as a better opportunity sector compared to their previous activity and hence it is not employment of last resort.

Figure 5:18 Respondents Previous Employment and Reasons for Diversification to HBE



Source; field studies, 2014

5.9 Reasons for Proliferation of HBEs- Residents Perspective

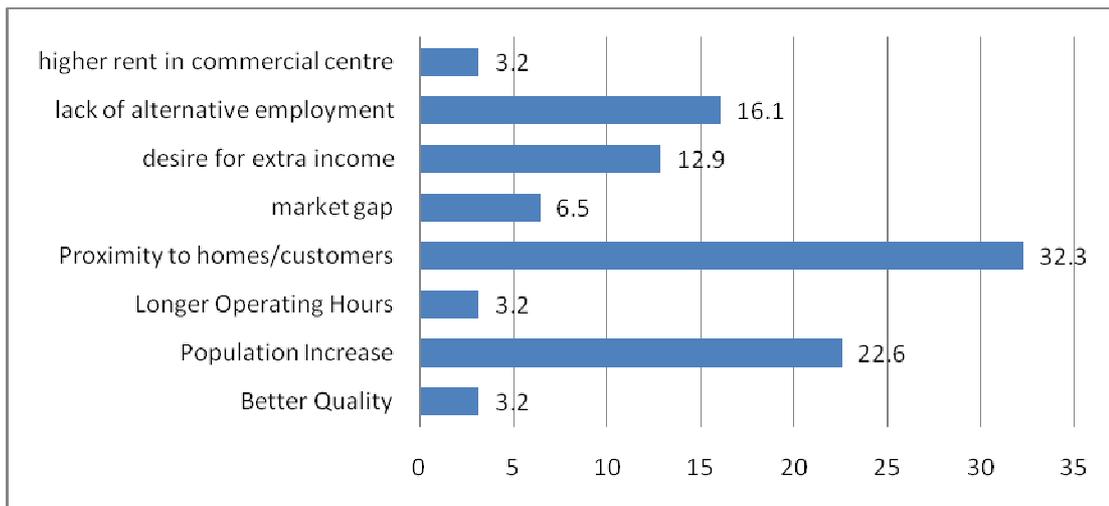
From the neighbourhood residents perspective, the informal sector activities have thrived due to a combination of factors, the main reason being being the issue of convenience due to business location near homes (32.3%). This shows the oversight in terms of designation of commercial facilities, bearing in mind the range- i.e. the maximum distance a person is willing to travel to access certain services. The HBEs have capitalised on this aspect to provide lower order services within the shortest distance possible from the dwelling units.

Another aspect cited was the issue of population increase (22.6%). The neighbourhood has undergone densification. The development control conditions that guided the planning design aimed for a density of 32 (or 260 persons) plots per hectare, a plot ratio of 0.75 and plot coverage of 35 %. The ultimate target population for Buru-Buru was 35,000 people. (Makachia, 2010). However, the housing units have been transformed through additional structures in the form of housing extensions both for commercial and residential functions. Studies in the area show that about 40% of plots in the area have undergone densification, and currently host an average of 3 households, up from the design population of a single household. The dweller initiated transformations serve as additional income source to the property owners, who lease them out for commercial or residential functions. Tipple(2000) argue that dweller initiated transformations like has happened in Buru-Buru in the form of extensions appear to be strongly influenced by the availability of space around the original dwellings. Makachia (2010) also argues that initial design providing space

around the dwelling unit was a motivating factor for the construction of extensions, in an attempt to create more space for residential and commercial purposes, to serve as additional sources of income to the property owners. The transformations have effectively increased the density within the neighbourhood. This extra population come with extra demand in goods and services provision. It is this extra demand that the enterpreneurs operating HBEs saw and came to fill in. This also accounts for the 12.9% figure cited as desire for extra income. As entrepreneurs saw the gap in service and goods, provision, they saw this as an opportunity to generate extra income by engaging in such businesses.

About 16.1% of the respondents cited the dwindling employment opportunities in the formal sector as a cause of the HBE proliferation. The increasing number of unemployed are engaging in informal sector activities within the neighbourhood, to try and earn a living. Various statistics show that the informal sector has been growing at a faster rate than the formal sector. The Institute of Economic Affairs estimates the growth of the informal sector at 17.40 per cent per annum compared to formal sector's 1.97 per cent. In 2012, the formal sector created 68 thousand new jobs, compared to a massive 591.4 thousand jobs new jobs by the informal sector. (KNBS, 2013). This shows the role the informal sector is playing in employment creation. Various literature state that HBEs constitute between 50-70% of the informal sector enterprises. The proliferation of HBEs within the neighbourhood can therefore be viewed as a reflection of the vibrancy of the informal sector. The weaknesses in the enforcement of development control within the estate has further made it easy for property developers to construct extensions, that further make space readily and competitively available for the informal sector activities.

Figure 5:19 Reason for Proliferation of HBES



Source; Field studies 2014

5.10 Impact of HBES

The study sought to understand the respondent's perception of the home based enterprises within the neighbourhood. The objective was to get the residents view about the enterprises, their impacts, as well as what can be done to address the raised issues. Perceived impacts were classified as spatial, environmental, social, and impact on infrastructure.

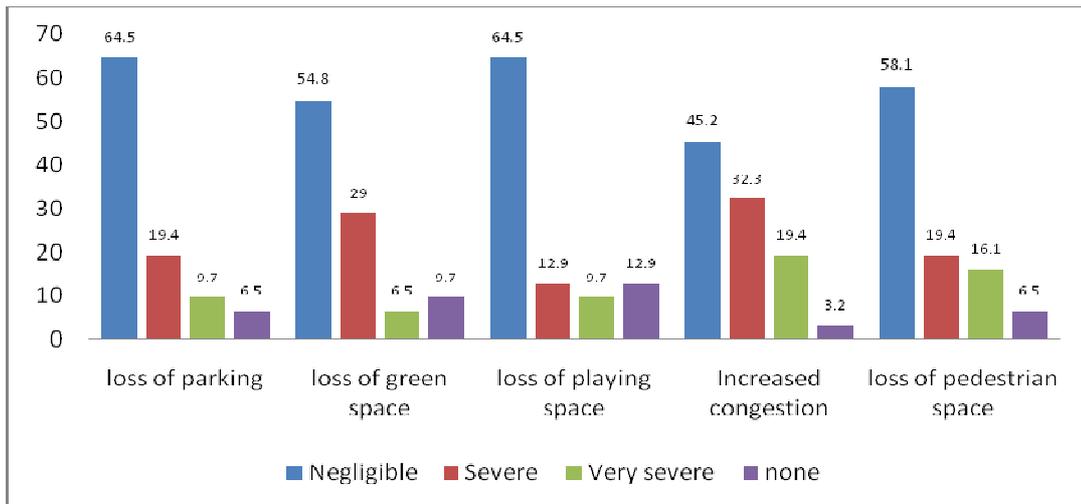
5.10.1 Impact on Space

Generally, the residents of the neighbourhood thought the spatial impacts of the Home based enterprises were negligible. Impact was analysed in terms of loss of parking space, loss of green space, loss of playing ground for children, loss of pedestrian space and congestion. About 32.9% thought that congestion had become severe due to HBE presence, 29% of respondents thought that there was sever loss of green space, while 19.4 percent thought the loss of parking as well as loss of pedestrian space was severe.

However, over 50% of the respondents thought that the spatial impacts such as loss of parking, green spaces, playing space and pedestrian space was negligible.

This shows that the residents of the neighbourhood see the enterprises as having low impact on spatial aspects. (See figure 5.19)

Figure 5:20 Residents Perception on Impact of HBE on Space



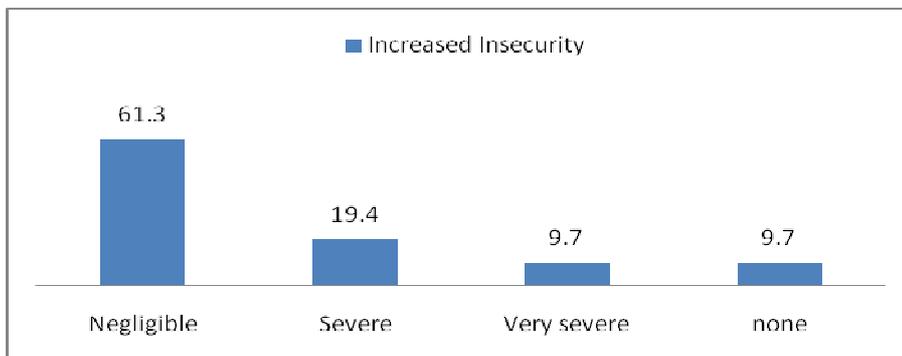
Source; field studies, 2014

The impact on space has been mostly brought about by the shift from the cluster system of corner shop location, towards preference of higher class circulation. Since, this was not provided for in the initial designs, the enterprises have led to encroachment on road reserves, as well as non compliance to regulations such as building line.

5.10.2 Social Impact of HBEs

Social impacts looked at the issue of insecurity, as well as moral decay within the estate. From the study, 63% of respondents thought that the issue of increased insecurity brought about by HBEs was negligible, compared to 19.4% who said the issue of insecurity was severe. Other issues that emerged were related to increased idling by the youths, especially in HBEs selling alcoholic beverages, mainly wines and spirits

Figure 5:21 Social Impacts of HBEs



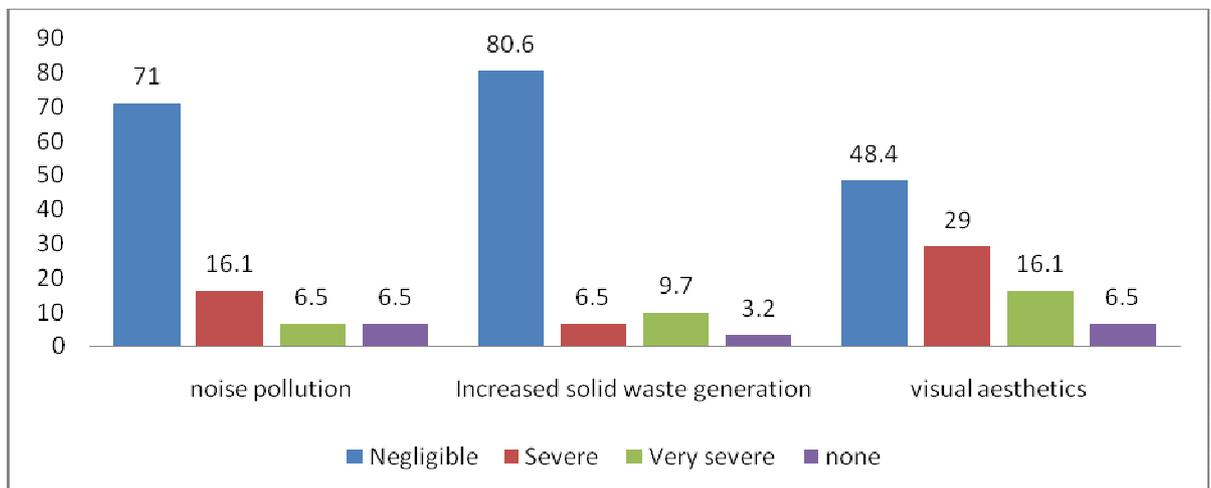
Source; field studies, 2014

5.10.3 Environmental Impact of HBEs

On environmental impacts, three aspects were looked at; noise pollution, increased solid waste generation and visual aesthetics. Apart from visual aesthetics, over 70% of respondents said the aspects of noise pollution and increased solid waste generation was negligible. About 29% of the residents think that visual aspects has been severely affected, while 16.1% think the impact on visual aesthetics is very severe. During the study, it was noted that the main wastes emerging from these types of businesses, are plastic, foil and aluminium bottle tops and cans, iron cans, and glass bottles. Some of the wastes are discarded by customers, either by littering, or in waste bins, while others stay on the site where they are collected by the contracted waste collectors for the neighbourhood. These findings concur with the findings of Nappier *et al* on a study of impact of home-based enterprises on health and the biophysical environment in South Africa.

The findings also show that visual aesthetics is the most significant impacts that was raising some concern amongst the estate residents. The issue of dumping waste in drainage leading to blockages were also mentioned by some residents during the study.

Figure 5:22 Respondents Perception on Environmental Impacts of HBEs



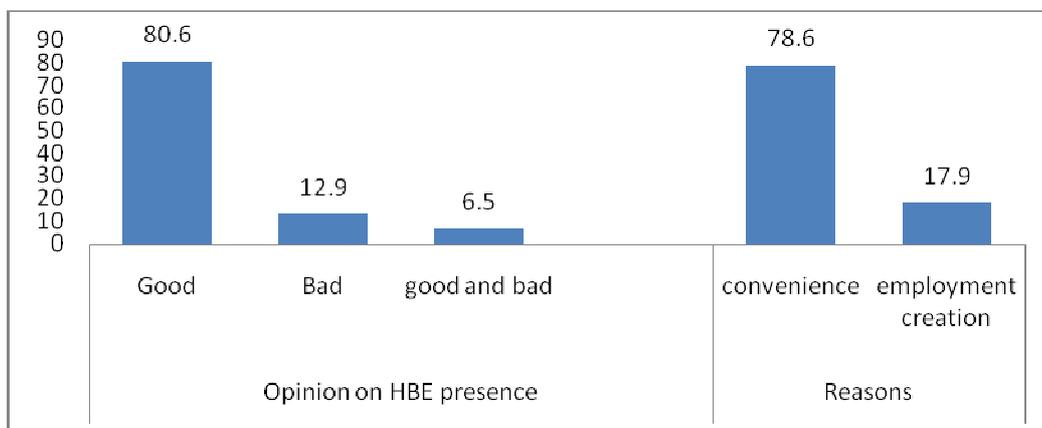
Source; field studies, 2014

Generally, it can be argued that HBEs have an insignificant impact on the environment. This can be because of several reasons. One is that as much as the HBEs are common, they remain to be low scale. Second, the study did not come across any production/manufacturing HBEs, which naturally would have much higher impacts.

5.10.4 Residents Opinion on HBEs

Majority of the residents (80.6%) think that the enterprises are good for the estate. This was because of reasons such as convenience (78.6%), and employment creation (17.9%). The residents thought that the HBEs save them time that is required in accessing goods and services, as most of them are close proximity to their homes. This means that even if sending out children to the shops, they don't have to cross any busy streets to access shops, and thus it's relatively safe for them. This is an important planning view from the residents, in terms of neighbourhood friendliness and safety of kids

Figure 5:23 Residents Opinion on Presence of Enterprises Within the Neighbourhood



Source: field studies, 2014

5.11 Planning Conflicts By HBEs

The majority of the identified micro-enterprises operate in conflict with planning as well as city county regulations, especially on land use. The first conflicts arise from the dweller initiated transformations from the original housing design. It should be noted that most major transformations contravened planning conditions, including plot coverage, plot ratio and the building line. Majority of the HBEs (49.1%) were located on building frontages, while 23.6% were on from street pavements or road reserves, showing non compliance with planning regulations such as building lines. According to Makachia 2010, most major transformations in Buru-Buru are in contravention to planning conditions. Despite this reality, the dwellers are unremorseful about this due partly to the breakdown of formal control over building development, but more fundamentally due to the legitimacy of the extensions. The

legitimacy is in the fulfilment of the functional needs that the provided dwelling units did not bridge.

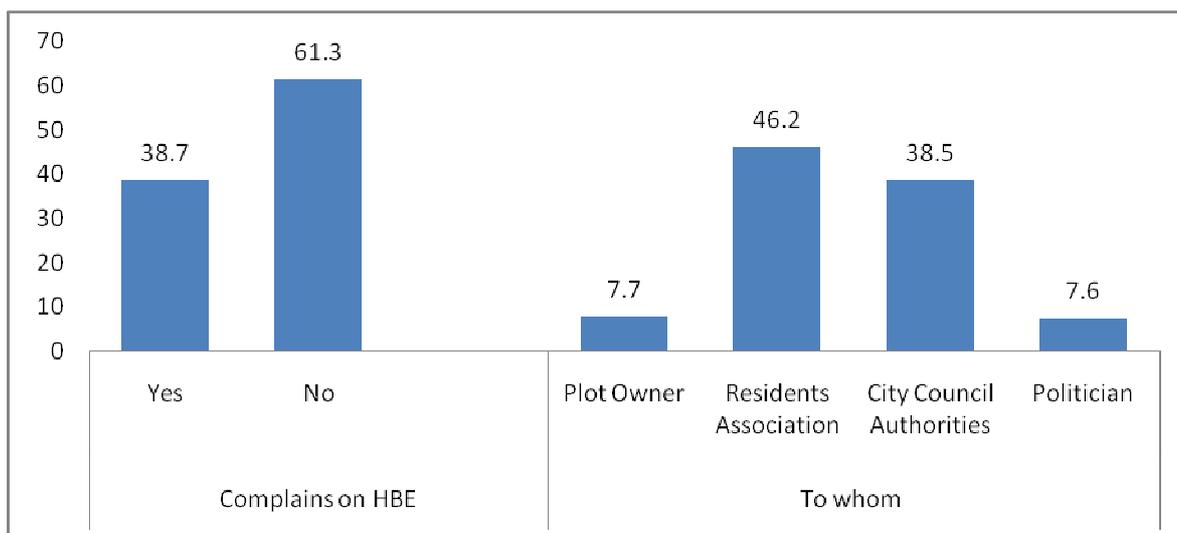
The businesses within the residential areas also operated without obtaining change of use from residential to commercial or multiple uses. The research faced challenges in trying to obtain the statistics on developments that have been approved by the authorities, as most of the HBE operators were tenants who knew nothing about such requirements. Getting information from the development control office also proved to be a difficult task.

5.12 Conflict Resolution

Based on the discussed impacts, the study probed further to try and analyse if the residents have raised any complaints in regard to the enterprises location within designated residential areas.

Majority of the residents (61.3%) had not made any complaints regarding the perceived impact of the enterprises on the planned residential functioning. Of those who had made any complains, 46.2% had done so to the residents association, while 38.5 had complained to the city council officials. Of all the complaints made, no action was taken in 84% of the cases. This implies that follow up on any raised issues is very low, further showing enforcement challenges.

Figure 5:24 Complains Against HBEs, and the Body Complained To.



Source; field studies, 2014

5.13 Summary of Key Study Findings

From this chapter, the following key issues emerge from the findings

5.13.1 Nature and Type of Informality

The informal sector activities are dominated by youths and women. The participants include people from all levels of education ranging from primary to university level. Unlike in typical HBE scenarios, majority of the HBE operators are not residents of the estate, but come from the neighbouring low income neighbourhoods such as Umoja estate and Jericho. Being a middle income neighbourhood, the estate has attracted the entrepreneurs who are trying to tap into the emerging market driven by densification.

The informal sector activities are dominated by the retail sector, selling lower order goods and services. There is no major variation on types of goods and services sold by the HBEs, and those found in the designated commercial areas. This has led to unhealthy competition that is eating into the profit margins of the enterprises, both formal and informal.

The study reveals that over 55% of the enterprises are survivalists, with an average income of less than Ksh 15,000 per month. The key reasons for the low earnings are unhealthy competition, as well as low levels of operation. This is an indication that the informal sector is becoming saturated, and may just be quickly becoming a form of “poverty traps” for vulnerable groups. According to KIPPRA 2013, about 65% of households earn their living from informal and self-employment activities but, on average, their incomes are just about half of those earned in the formal sector.

5.13.2 Drivers of Informality

Under-employment and Un-employment: Majority of the respondents (49.1%) were engaged in the enterprises because they had no alternative source of livelihood, while 21.8% were looking for means of supplementing their income. This is a pointer to economic factors as a major driver of informality in Kenya. According to the 2009 census, the unemployment rates for the age group 15-35 and 15-24 age groups are 10.4 per cent and 14.2 per cent (KNBS, 2009). Employment in this age group is

characterised largely by (i) high levels of under-employment; and (ii) high levels of employment in the informal sector (KIPRRA, 2013). According to the Kenya economic outlook, unemployment rate has increased to 40 per cent in the last two years from 12 per cent in 2006, while 70 per cent of the employed lot are under paid hence unable to take care of day-to-day needs. In terms of the number of poor people in the population, it was estimated at 18.2 million in 2007 and the number soared to 19.5 million and later 20.1 million in 2008 and 2010, respectively (KIPRRA, 2013). This concurs with the study findings: the informal sector in Buru-Buru consists of two main categories of participants: Those who have no alternative sources of employments (survivalists category), and those with other forms of employment, but seeking income diversification opportunities. HBEs and other informal sector activities seem to offer the easiest option for youths and other unemployed persons to gain meaningful source of income. HBEs also offer an opportunity for the employed to further diversify their income source as a cushion against the rising cost of living, and the vulnerabilities caused by unstable employment environments.

Weaknesses in Development Control: Despite most of the HBES contravening various planning standards and development control regulations, enforcement of planning and business regulations in the neighbourhood is less than perfect. The institutional weakness mainly in development control section of the county government has led to manifestation of dweller initiated transformations within the estate. The failure of the county government (former City Council) to update plans to reflect changing scenarios and manage change has further contributed to the problem of informality. Most plots have undergone either change of use or extension of use in response to market forces. This has been partly facilitated by weaknesses in development control within the neighbourhood. The result has been manifestation of informal sector activities within the neighbourhood, purely dictated by market forces in the absence of planning controls.

The weaknesses in planning and development control could be attributed to capacity challenges, as well as other social political factors that make enforcement of planning regulations a difficult task. There is little doubt that non-conformity to regulations leaves HBE operators open to extortions from some of the enforcement agents.

Housing Stock Shortage: The key issues include the shortage of affordable housing in the city, thus generating a housing demand for lower middle and low income groups. The problems of shortage and quality in the housing stock are a direct consequence of the increasing urban population density. Government statistics show that 150,000 housing units are required annually, and yet only 35,000 (23.5 %) are produced (Republic of Kenya, 2008). Further, this production favours the more affluent against the poorest, with under-investment in low- and lower-middle income housing. Thus, only 6,000 (about 20 %) of the houses produced target the low-income class, and yet the shortage disproportionately affects the group who require 48 % more dwellings (Republic of Kenya 2008, p. 115). The housing shortage has served as an incentive for the property owners in Buru-Buru to put up additional structures, to tap into the emerging housing market opportunities. Based on the initial neighbourhood planning guidelines focusing on low plot coverage, the system has favoured densification as property owners move to maximise on space use by constructing extensions. The extensions range from ‘owner-dweller’ to ‘tenant-dweller’ and ‘commercial-dweller’. According to Makachia (2010), the open space on the plot and the location in relation to major circulation arteries were the first major driver for extensions. The open spaces on plot provided space for additional dwelling units through extensions, while location in relation to circulation provides opportunities for commercial units. The additional population caused by densification further provided a broader market base consisting of people of different social economic status, with varied demand for goods and services, and thus informal sector has stepped in to bridge the gap.

Weaknesses in Neighbourhood Planning Model: The planning framework used for Buru-Buru works based in highly organised, stable and formal societies. This is not the case with Nairobi where the economic and social conditions are different and dynamic. This is characterised by the now famous “kadogo economy” (small scale economy) where people shop for goods and services in smaller quantities, on a need based basis, unlike in setups where people invest in one off monthly shopping. This has fuelled the proliferation of informal enterprises within the neighbourhood. The designated commercial facilities work best for one off monthly/ or planned shopping practices, while the HBES target the daily shopping experiences and impulse buying

practices. Informal discussions with the customers revealed a consumer habit and preference to purchase daily requirements after alighting at various passenger drop-off points, prior to walking to the house. This partially explains the spatial distribution of informal sector activities along busy transport corridors.

The neighbourhood planning model focussed on location of commercial units inside the clusters. However, the study notes that location of enterprises is a key determinant of its success. The main reason why Informal enterprise is performing better than the corner shops is based on their spatial location. The HBEs are concentrated along high traffic corridors such as main arteries, and key junctions unlike corner shops that are mainly within the residential courts. This means the HBEs target both the residential people, and those on transit to other estates through Buru-Buru. This is an important observation that can be used in guiding planning interventions.

Legal and Regulatory Business Environment: Majority of the enterprises are not registered citing cost and time factors. The choice to remain unregistered seems to be a calculated move based on cost benefit analysis of registration versus informality. The decision to remain formal is based on (i) the costs and benefits of staying informal or formalising, (ii) the costs and benefits of complying with regulations, and (iii) knowledge and awareness of implications of being formal or informal. According to respondents interviewed during the study, the benefits of being informal for the small enterprises exceed the benefits of being formal. Data from the various literatures further indicate that the current standards and procedures for operating businesses formally are unfriendly for informal sector entrepreneurs trying to maintain an economic advantage by working from home. This is a challenge in terms of planning for unregistered businesses, and thus the legal and regulatory frameworks for business registration and licensing, especially for small scale enterprises and start-ups.

5.13.3 Impact of Informality

The HBE activities are located on building frontages, as well as road reserves within the estate. Their location gives them comparative advantage to the designated corner shops, thus out-competing the existing corner shops. This has contributed to unhealthy competition among the various enterprises, and thus limits growth of both formal and informal businesses. The plots have either undergone change of use, or

extension of use, thus signalling land use changes. However, most of these changes have not been done legally.

The non registration/non licensing of businesses leads to losses in revenue for the county government. This revenue is what can be used by both the national and county government in enhancing service delivery to the residents. This therefore affects the government's ability to effectively discharge its mandate.

Of particular importance for planning, is that urban growth and socioeconomic change has impacted on socio-spatial character of the neighbourhood. The major impact has been experienced on aesthetic value of the neighbourhood, and on social issues such as security. The proliferation of the informal sector activities has disregarded the various planning regulations within the neighbourhood. The nature and magnitude of the informal sector activities has posed challenges in development control within the estate, as agencies struggle with conflicting rationalities, between the need to protect livelihoods, and the need for orderliness. The nature of the HBES shows that they are not problematic as most activities do not generate danger such as excessive noise, smoke, dust, odour, etc. Most of the residents surveyed expressed no issues with the presence of the HBES, to some extent terming their presence as beneficial in bridging gap in the supply of goods and services. The restriction of HBES would therefore clearly be contrary to the opinions and priorities of their neighbours.

SYNTHESIS OF KEY FINDINGS, PROBLEM ISSUES & POLICY IMPLICATIONS

6.1 Introduction

According to Roy, 2005; Al-Sayyad and Roy, 2003; Yiftachel and Yacobi, 2003, urban informality is reaching new scales and new forms in urban areas in all parts of the world. Informality is manifested in forms of income generation, settlement and housing and forms of negotiating life in the city. Urban informality has therefore become the dominant mode of behaviour in many urban centres. Understanding the role of informal sector therefore becomes increasingly important as concern continues to grow over global inequalities and the size of the “working poor”. Embracing informality or making it work requires the knowledge of the nature of urban informal sector, and the drivers of urban informal sector. By understanding the informal sector, planners and policy makers are better placed to derive possible planning interventions that can be used to manage urban informality. Any proposed intervention needs to embrace a workable approach that is both pro-poor and inclusive, and that places the creation of livelihoods at the centre of planning efforts.

This informed the rationale behind this study. The purpose of this research was to try and understand the urban informality concept, basing it on a case study of a planned residential neighbourhood. The study was grounded on the fact that in most cities of developing countries, informality is a major source of land use conflicts, thus the need for the urban planning profession to come up with ways addressing informality challenges. In this way, the study has addressed three important issues; analysis and characterization of the informal sector, analysis of the drivers and the impacts of urban informal sector, and review of several interventions for moving forward.

This research therefore had several intended benefits to the planning professionals, the development control agencies, the academia, the residents of the neighbourhoods, and the general government structures.

To the planning professionals, the research aimed at generating information that can enable planners to have an in-depth understanding of urban informality in cities of developing countries, as well as the drivers of informality in these cities. Based on this, planners can be able to plan for informality, so as to reduce the externalities

associated with the sector activities, especially in relation to land uses and land use allocations in residential areas. This can help guide future residential area planning.

To the planning and development control agencies, the research points into the weaknesses/failures that have resulted to proliferation of urban informality even in planned neighbourhoods. This can be used in designing effective planning response strategies and development control aimed at addressing the challenges of urban informality.

To the academia, the research looked at the various theories that have shaped the planning practice, and how this has played in cities of developing country. The research analyses the neighbourhood planning model, pointing at some of its weaknesses/assumptions that may have contributed to the deterioration of neighbourhoods planned using this concept in African cities. This offers a platform for re-thinking the application of the model in residential area planning, or adjusting the model to suit the context of developing countries.

To the government agencies, the research has pointed out the informality as a bigger social economic factor that needs structural transformation to manage. The research points at the various drivers of informality, all of which indicate weaknesses at various governance levels.

6.2 Synthesis of the Findings

Based on the analysis of the findings, the study attempts to critically analyse the dynamics behind the key findings, to synthesis the study and establish the key underlying issues. The following key issues can be deduced from the findings.

6.2.1 Neighbourhood Planning Model and Its Application in Kenya

The neighbourhood model was successfully applied in the cities of the European countries. Based on its success there, the model was tried out in African cities. The neighbourhood model focuses on functional segregation of space, by locating commercial land and institutional uses on hierarchical order. However, application of neighbourhood planning model in Buru-Buru exposes various weaknesses within the model, and its application in cities of developing countries. Despite the clear

allocation of land uses, the informal sector activities have managed to thrive outside designated commercial areas. The most affected commercial land uses are the lowest order components comprising of the corner shops;

From these developments, the following key issues emerge:

- I. The model works best where the economic conditions are stable. This is not the case in most African cities. The economic situation is very dynamic characterised by inequalities and poverty. This has been a key challenge in application of the model in Kenya, as illustrated in Buru-Buru. The desire for income diversification to cushion against economic shocks has led to dweller initiated transformation
- II. The model works best in regions with strong institutional structures. This is not the case in most African cities. Planning and development control faces major technical, financial and political challenges, thus reducing the effectiveness of the institutions. Failure of planning to reflect on the changing social economic conditions in Buru-Buru and devise a plan for managing growth has led to the uncontrolled growth in the neighbourhood. This has happened amidst weaknesses in development control, thus failure to control the dweller initiated transformations, as well as encroachments in public space within the neighbourhood. The institutional weaknesses have contributed to the neighbourhood decay.
- III. The hierarchy of centres as envisioned in the neighbourhood plan faces practical challenges in Africa cities. The study reveals a shift by commercial uses from the cluster unit, towards higher circulation streets, organised by market forces. The shift to higher circulation offers a wider range and higher threshold for supply of goods and services, targeting both the residents and non residents of the neighbourhood. Based on this, the corner shop facilities as placed in the model are ill placed spatially to compete with the informal sector enterprises, leading to the collapse of the majority. The higher circulation streets have therefore been characterised by mixed land use, supporting various commercial activities of medium and low order services. This raises critical questions in regard to planning for commercial activities in residential areas. The shopping patterns of the residents also seem to favour

HBES as most people tend not to buy goods in bulk. Other transformations point to the domination of the main commercial centres by land uses supporting leisure and entertainment.

6.2.2 Role of Planning Institutions in Managing Informality

Effectiveness in planning depends greatly on the efficacy of planning and development control institutions. The weaknesses in development control provide the right institutional environment for informality to thrive. The case in Buru-Buru estate displays the weaknesses in enforcement of planning standards applied within the estate, for varied reasons. This enabled some property owners to add structures within their plots, leading to densification. The lack of control and enforcement has seen the estate gradually degenerated, as more people put up various extensions in utter disregard to the set planning standards. It's important to however note that some courts within phase five, have managed to remain highly organised with little transformations, courtesy of a strong neighbourhood association that has managed put in place checks and balances to control informal sector activities.

6.2.3 Role of Planning in Managing Informality

The case of Buru-Buru displays the spill over effects of urbanisation, amidst an economic growth that is not in tandem with employment growth. The subsequent demand for housing and for livelihood opportunities arising from urbanisation is reflected in the informality within the neighbourhood. This brings to the fore, the role of planning in managing growth. Planning is a tool for guiding decision makers to manage urban growth and change, as well as provide a platform for the formation of community consensus about land use issues. Chapin's concept of land use plan was a blue print to guide government decisions on public facilities, zoning, subdivision control, and urban renewal, other regulations and development measures, as well as informing private developers about the proposed future pattern of urban development (Chapin 1957, 280-3). This aspect has been ineffective in the case of Buru-Buru. The neighbourhood lacked a clear strategy for managing growth within the estate, apart from the provision for extensification. No efforts were made to constantly revise and update plans to reflect the changing social economic factors. The plan also failed to

provide for livelihood options for the residents, by restricting land uses within the residential areas. The desire to diversify the livelihood options, as well as growth within the households in the neighbourhood has contributed to the dweller initiated transformations that formed a recipe for informality. It's also important to note that the city of Nairobi has until 2014, operated for without a comprehensive development plan. The lack of a plan at the macro level has also contributed to the general disorders around the city that tend to spill over into residential areas.

6.2.4 Structural Factors Contributing to Informality

The growing informal sector is a reflection of failures in macro-economic policies that have failed to generate employment opportunities. Liedholm (2002) argues that the size of Urban Informal sector is the result of how well the economy is performing at macro level. He argues that weak macroeconomic performance lead to rapid growth of informal sector. Economic growth in Kenya has not been matched with growth in employment especially in the formal sector. Income inequalities have also grown in most urban centres. Micro enterprises mostly informal in nature have developed as a means to respond to growing unemployment, under employment and poverty, and as a strategy for employed households to supplement their household income.

To a larger extent, the government policies and programs have facilitated or constrained the sector in one way or another. In terms of facilitation, the government has over the last 20 years formulated policy guidelines that have promoted the growth of informal sector, in an attempt to create more employment opportunities. However, the policy guidelines have been sectoral in approach, not incorporating spatial aspects, and not integrating them with other policies for poverty reduction, or for raising the incomes of the rural population.

The legal and regulatory framework has been discriminative in that no effort was made to create a friendly legal framework for survivalist category of informal sector. The business, planning and registration standards have disfavoured the small enterprises. The sector has not been progressively supported to enable it upgrade and integrate it into urban development frameworks.

6.2.5 Role of Informal Sector in Economic Growth

So far, the informal sector has played a vital role as employment and livelihood source for the urban poor, the seedbed of local entrepreneurship, and a potent instrument in the campaign to combat poverty and social exclusion. However, from the analysis of the income levels among informal sector operators, majority of the enterprises are categorised as survivalists. Most of the informal sector activities are in low productivity areas, are low income earning, and employment security is not guaranteed. The survivalist nature of informal sector raises a key concern if the country is to achieve a middle income economy by the year 2030. An expanding informal economy may not be consistent with economic transformation required to support high standards of living. If the country is to achieve a middle income economy status, there is need to modernize the economy to use the best techniques available to allow the individual to earn an income, and to enforce the rights of employees and workers.

6.3 Implications of Findings to the Planning Profession

The observed spatial pattern of home based enterprises within the neighbourhood points to planning oversights in the initial neighbourhood plan. The concentration of the enterprises along the major transit corridors shows that the HBES not only target residents of the neighbourhood, but also the population using the routes to connect to neighbouring estates such as Umoja and Makadara estates. Yankson (2000:316) suggests that the site selection of operators of informal economic units is at the core of the integration issue. He maintains that the pre-existing location pattern of the units influences the operators' decisions to select land use configuration and to invest in them. Yankson further outlines the main tenet of location theories. He states that there are two main lines in such a classical model: the first seeks to maximize profits through the least cost approach; the second seeks to increase profits via the maximisation of sales. However, Yankson (2000:316) confirmed that: Location is not simply a matter of achieving maximum profits, whether through minimisation of costs or maximisation of sales. There are other variables that need to be considered: locational interdependence, the difficulty of evaluating the relevant variables,

especially costs in different locations, market conditions and the policies of rival firms, and whether firms indeed seek to maximise their profits or not.

It's important to note that in absence of favourable macro-economic policies favouring growth in employment activities, and with continued enforcement challenges for development control, the informal sector activities will continue to thrive. Planners therefore need to be able to pre-empt such scenarios in planning, to minimize any externalities that may be caused by informal sector activities. This location theories and presumptions can be used by planners in neighbourhood planning, to strategically allocate space commercial centres as well as corner shops, in areas that are prone to high traffic generated from people on transit. The same applies to any future plans for relocating, or allocating space for informal sector activities in urban areas.

6.4 Policy Implication of the Findings

The main policy challenge is how to support and regulate the urban informal sector in order to promote employment, productivity, and income for the urban growing populations, while at the same time ensuring a safe, healthy and socially acceptable environment. This raises the following questions

- I. How do we contain the negative impacts of the activities of the urban informal sector without disrupting livelihoods, and causing social distress?
- II. How do we promote awareness on benefits of observing planning standards in the city, while guaranteeing the right to the city, and protecting the vulnerable groups in the informal sector, especially women, children, and apprentices, from harm and exploitation?
- III. How do we use planning as a tool to manage growth in urban areas, as well as provide for livelihood opportunities in urban space?

The implication is that for urban planning to succeed in addressing any externalities arising from the informality, interventions have to be integrated with other growth oriented policies. Yiftachel and Yacobi (2003) argues on the need to find a way in which planning can work with informality, supporting survival efforts of the urban

poor rather than hindering them through regulation or displacing them with modernist mega-projects. The central concern of planning is therefore to locate itself relative to conflicting rationalities between, on the one hand, organisations, institutions and individuals shaped by the rationality of governing (and, in market economies, modernisation, marketisation and liberalisation), and, on the other hand, organisations, institutions and individuals shaped by (the rationality of) the need and desire to survive and thrive (broadly the ‘poors’ and the ‘informals’).

Sustainable development requires that each part of the policy and decision making process be carried out in a holistic manner. Planning decisions should reflect the need for economic development, as well as the desire for order. The issues exposed by HBEs vividly demonstrate the complexity of informality, and displays no single solution to its management. In the light of this study, the author would argue that the decision making process affecting neighbourhoods should always take account of the need for households to make a living and, for many the dwellings present the only available space for them. However, the need to make a living should not be at the expense of law and order within the neighbourhood environment.

6.5 Recommendations

6.5.1 Neighbourhood Level Intervention

Revised Land Use Allocation: Based on the observed spatial preference of enterprise location, the planning agencies should review the concept of corner shop, and revise the plans appropriately to ensure that such facilities are located based on circulation. This can also inform future neighbourhood plans that should allow for provision for mixed use, in properties fronting higher circulation streets.

Localised Development Control: Planning failures discussed in this study point to weaknesses in enforcement of existing development standards. The study therefore recommends that local land use and development control should be passed down to the local level. The appropriate agent of control can be transformed to include local level institutional structures such as neighbourhood associations, or even the chiefs, depending on what is validated at the neighbourhood level and congruent with local norms. How their decisions are made should be locally valid but one approach would

be based on whether a majority of immediate neighbours were content that a use should go ahead.

Localised development control can be actualised if planners work closely with the local institutions to guide them in the process, help build consensus on conflicting issues, as well as arbitrate for the varying interest groups, so as to achieve adequate public participation, environmental protection, growth management, fiscal responsibility, and effective implementation of agreed standards. Localised development control can be implemented through instruments such as:

- I. **Allowable Land Uses:** Allowable use can be based on acceptable levels of external impacts that can be linked to common residential sources. A more general approach would be for the localised development control agencies to prohibit nuisance impacts that are “objectionable” or “obnoxious” or that exceeds the levels normally found in a residential neighbourhood. For example, issues like traffic concerns can be addressed by requiring that activities of the home-based business may not significantly reduce availability of parking for residents and controlling the operating time for the businesses. Productions systems that generate lots of waste, or noise, can be restricted within residential areas.
- II. **Application of Quasi Zoning:** Prohibition of certain activities in the lease/purchase agreements can have the effect of zoning. Covenants that are drawn up by the developer can be used as conditions of purchase/ lease of the property. Because they are part of contract law or real estate law, however, they are not subordinate to local zoning codes. They can only be changed by members of the homeowner association.

Densification Plans: Upon realisation of the desire for additional income leading to dweller initiated transformations, there is need to manage the process of transformation so as to maintain to some level, the residential character of the neighbourhood. The recommendation is to guide the possible growth patterns within the neighbourhood, by giving guidelines for densification.

This can be achieved by harmonising the typologies and construction materials for structures accommodating the home based enterprises. The most effective, efficient

and preferable way would be to adapt to the characteristics of individual courts within the neighbourhood. The existing residential characteristics of the neighbourhood can be used as a benchmark for setting standards for any additional structure. For example: Instead of prohibiting exterior physical changes, any remodelling for a home-based business enterprise can be required to conform with the neighbourhood's residential character and/or architecture. The physical proposal assumes that the legal and social frameworks that provide the enabling environment are operational and that they rely on covenants that facilitate the administration of common and boundary areas. The technical framework will thus define the extents through the cadastral and topographical authorities of individual and shared spaces and service lines. The physical model would be operationalised at the scale levels of the Dwelling unit, and may be replicated within the estate.

Reappraisal of The Estate: Amidst the rising challenges posed by densification due to increasing demand for space, there is need to re-appraise the initial planning standards applied in the neighbourhood, to see if they reflect the current requirements and demands. These should be done in a participatory manner, with the aim of preparing a sustainable framework for densification within the neighbourhood.

6.5.2 Policy Level Interventions

- i. Need for an Integrated Policy Approach to informality issues: To address the issue of economic drivers of informality, the Government needs to consider policies on MSE as part and parcel of a broad economic policy framework, encompassing macroeconomic policies. This should be done in an effort to transform the structure of the economy away from the informal economy. The policies and efforts towards promotion of the informal sector and poverty reduction should go hand in hand with other policies of raising the incomes of the rural population, or of promoting rural development to reduce the rural urban migration patterns in search of opportunities. The devolved government system has an opportunity for implementing these changes, by engaging in regional planning to spur balanced development across the county's, and reduce the primacy of the few urban centres. This has substantial benefits in

raising incomes and alleviating poverty, and consequently, reducing the role of informal sector in generating employment.

- ii. The informal sector policies failed to adequately provide for spatial guidelines for the sector. This therefore calls for a review of all the informal sector policies to come up with an inclusive policy guideline that takes cognisance of the challenges and opportunities that the sector faces. The policy should include spatial guidelines for the sector, as well as self-regulating mechanism that can be put in place to reduce the spatial challenges. To reduce the number of survivalists within the sector to ensure higher productivity, there is need for separate policy interventions to cover the separate segments—that is the survivalist and the growth-oriented segments because of their different needs.
- iii. Policies need to be sensitive on characteristics and aspirations of HBEs. The policy options should not degrade their income earning opportunities. For example, if the government plans to provide alternative works, they should be easy enough to start and be operated, and that the jobs should be suited to knowledge and skills of the operators. If the policies are to provide alternative sites, then the best location to attract customers and easy availability of access roads should be amongst the most important considerations. Other considerations that should be taken into account are that they should be harassment free from security officers, and that the operator should have proximity to house.
- iv. Government authorities and urban planners should recognize the need to accommodate the UIS in the urban policy-making process. Rather than excluding them from the urban economy, there is a need to shift the policy paradigm from locational evictions to educational and structural integration. However, this will require government efforts to register the participants of the sector, as a first step towards recognising them and their roles.
- v. In sum, a policy that specifically addresses and is responsive to the interests of the UIS is of particularly paramount in the urban policy making. That the informal sector must be supported rather than undermined by official policy is no longer in doubt. (Tipple, G., and Kellet, P. 2002). The study established that the main reason for non formalisation of businesses was because the costs of being legal were prohibitive thus making it cheaper to remain informal. The

county government should review its business environment to create an environment where there are clear benefits to becoming formal. This may include new incentives for young businesses. It would seem important, for example, to distinguish between regulations that are essential for public health and safety, and those that are less important and place unnecessary obstacles to the operations of HBEs (UNCHS/ILO, 1995). Directed support programmes can focus primarily on improving the economic performance of home-based and settlement-based enterprises (e.g. through diversification of activities), training on good business practices, as well as access to credit facilities. This will enable the survivalist enterprises to grow and play a greater role in the urban economy, while facilitating the growth oriented enterprises to perform better, generating more wealth for the nation.

- vi. At both the national and county levels, government must continue creating the supportive and enabling environment by reviewing and updating existing legislation with respect to urban planning, building standards, infrastructure, and environmental regulations in order to make them more realistic, attainable, and compatible with local conditions. Research has shown that the path to urban sustainability lies in greater realism in building and managing more inclusive and socially equitable cities. This would involve continuously reviewing legislative and administrative activity in order to allow planning to be more responsive. Regular updating of plans should also be undertaken to respond to the dynamic nature of the urban environments. This also calls for efforts to strengthen urban local governance through broad-based partnerships that take the needs and participation of the informal sector fully into account. Professional associations such as Kenya Institute of Planners, and AAK should act more forcefully as intermediaries in policy dialogue and through networking promote the exchange of ideas, experiences, and resources.

7 CHAPTER SEVEN: SUMMARY AND CONCLUSIONS

7.1 Appraisal of the Research

The overall goal of urban planning is to build better functioning, more inclusive, healthier, and socially sustainable cities. For planning to remain relevant, it is a requirement that it should be more flexible, adaptive, more advisory and promotional, and seeks to mediate conflicting interests and values, rather than adhere to the traditional preoccupation with zoning, regulations, and controls to preserve the sanctity of public and private property.

This study has brought out the dynamics of the informal sector in Kenya, and has illustrated that to address the issue of informality, what is needed to address the informality challenge is not less government, less control, or mindless deregulation of economic and planning activities, but rather a more enlightened, more participatory, and more holistic approach to interventions. These interventions should be curved towards elimination of needless restrictions, and provision of more appropriate and flexible regulatory framework that is compatible with local conditions and yet reasonably efficient and environmentally sustainable.

Based on the study objectives, the research has the following conclusions

Nature Type and Location of HBES: Majority of HBEs fall under the service category, mainly dealing with the retail sectors focusing on low order goods. The implication is that the concentration of the informal sector activities is in the sectors considered less productive, and thus has lower returns. Spatially, the HBES are most concentrated along busy transport networks within the neighbourhoods. Most of the enterprises contravene regulations such as building lines, or are located on road reserves. Policy interventions should focus on two Key aspects:

Strengthening Compliance Enforcement: Best approach is a shift towards decentralised system, or self regulation mechanism. This could be achieved through use of local institutional structures such as residents associations or chiefs. The process must be participatory manner where the residents set their own minimum thresholds of activities to be allowed in the neighbourhood.

Supporting the Informal Sector Growth: Policy intervention should be focussed on promoting and supporting the growth oriented segment of the informal sector, through interventions such as access business counselling, training and reducing their cost of registration among other incentives. The aim is to spur growth in the sector thereby driving economic growth and revenues upwards.

Key Drivers of Informality in Buru-Buru: The main drivers of informality are the weaknesses in enforcement of development control, desire for additional livelihood opportunities by property owners, and design layout of the estate that left open spaces liable to transformations. This is happening in the midst of a growing urban population, low supply of housing stock, rising cost of living, and declining employment opportunities in the formal sector. The demand for space amidst weak development control has led dweller initiated transformations through construction of extensions for both residential and commercial purposes. This has provided space for informal activities, as well as market, from the population expansion caused by the additional dwelling units. The ease of entry into the informal sector as the employment of last resort has led to majority of the enterprises being survivalist in nature. The implications are that the survivalist nature of informal sector is a key concern if the country is to achieve a middle income economy by the year 2030. The expanding informal economy may therefore not be consistent with economic transformation required to support high standards of living. Policy interventions should thus focus on stabilising the macro-economic environment to spur growth in the formal sector and reduce the need for engaging in survivalist strategies. Enhance the capacity of the informal sector by offering facilities like; business counselling, training and reducing their cost of registration among other incentives. The aim is to spur growth in the sector thereby driving economic growth and revenues north.

Impact of HBES on Planned Neighbourhood Functions: Most of the enterprises are in contravention of planning regulations. The use of unstandardised construction materials, encroachment on road reserves and open spaces has affected the aesthetic value of the neighbourhood. The HBES have flouted most planning regulations leading to disorder and neighbourhood decay. However, the nature of the HBES shows that they are not problematic as most activities do not generate danger such as excessive noise, smoke, dust, odour, etc. Most of the residents surveyed expressed no

issues with the presence of the HBES. Policy interventions should therefore focus on curbing some of the externalities arising from the HBES. This could be achieved through localised planning standards where the community based institutions such as residents association sit and establish minimum standards upon which HBES must adhere. For example, structure supporting HBES can be approved if their construction is not out of character with the building upon which they are located. The concept of Local Agenda 21, promoted by the Earth Summit in Rio and by ICLEI–Local Governments for Sustainability, is based on the premise that decentralised governments are better placed than distant central or regional authorities to broker and harmonize the new partnerships among various stakeholders.

Recommendations for Planning: Planning has a key role to play in managing growth in urban areas. Planning should focus more on generating sustainable livelihood opportunities for urban dwellers, while maintaining order, and managing the various conflicting rationalities between different actors in urban space. Planning approach in managing informality must be holistic in approach. Spatial policies have to be implemented hand in hand with other regional development policies, employment and poverty reduction policies as well as urban management policies.

7.2 Conclusions

In the light of urban informality, decision-making process affecting residential area planning should always take account of the need for urban communities to make a living. For the majority, their dwellings and the space around it are the only places available to them. Decisions relating to planning issues must acknowledge the interrelationships between different processes and the way in which they impact upon the sustainability of livelihood strategies.

The devolved governance system offers a window of opportunity in planning for urban informality. The constitution has given the people more power and authority to participate in decision making processes for matters touching on the lives and livelihoods. The county government which are currently in charge of planning therefore have an opportunity to mobilize support and resources, taking everybody's needs and views into account in formulating and implementing development policies and programs. The county governments therefore need to take advantage of

devolution to achieve improved technical, administrative, and financial capacity through genuine decentralization of functions. They have a chance to increase the level of local participation by allowing the poor more scope for their own initiatives, and greater influence on public policies and service provision.

7.3 Recommendation for Further Research

In order to increase understanding of the sector and therefore enhance the development of a better policy mix for the sector, the study proposes comprehensive studies on factors that contribute to growth of firms. Because of the importance of education, training and technology in success of enterprises, research on the education-enterprise initiatives in Kenya is singled out

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Annex 1: Research Tools

Questionnaire

UNIVERSITY OF NAIROBI

DEPARTMENT OF URBAN AND REGIONAL PLANNING

RESEARCH PROJECT

URBAN INFORMALITY AND THE NEED FOR INCLUSIVE

NEIGHBORHOOD PLANNING IN BURU-BURU

DATA COLECTION QUESTIONNAIRE

Estate Phase:	
Date of Interview	Name of interviewer.....
Start time.....	End Time.....

QUESTIONNAIRE NUMBER

SECTION 1 SOCIO-DEMOGRAPHIC CHARACTERISTIC

1. Age of the Respondents	[] [] Years
2. Sex of the respondent	Male [] 1 Female [] 2
3. Current marital status	Single/ never married [] 1 Married [] 2 Divorced/ separated [] 3 Widowed [] 4
4. How long have you operated this business	≤ 1 year [] 1 2-5 years [] 2 ≥5years [] 3
5. Current Residence	Within the HBE location [] 1 Same Phase where HBE is located [] 2 Within Buru Buru Estate [] 3 Other Estates [] 4
6. highest level of education of the respondent	No formal education [] 1 Primary [] 2 Secondary [] 3 Tertiary [] 4 University [] 5
7. Main Source of Income	HBE [] 1 Salaried Employment [] 2 Wage employment [] 3 Others specify [] 4
8. Average Monthly Income From HBE	Less than Ksh 7000 [] 1 Ksh 7001 - 10,000 [] 2 Ksh 10,001 – 15,000 [] 3 Ksh 15,001 – 20,000 [] 4 Ksh 20,001 – 30,000 [] 5 Ksh 30,001 – 40,000 [] 6 Above Ksh 40,000 [] 7
Household Characteristic	
9. Household Size	
10. Household members age set	0-4 () 5-10 () 11-18 () 19-24 () 25-30 () 31-40 () 41-50 () 51-60 () 61- 65 above 65 ()
10.1.No. Of HH members in @ pre-school level	
10.2.No of HH members in Primary school	
10.3.No of HH members in Secondary school	

Section II: General HBE information

11. Type of Business

- | | |
|---|--------|
| General repair works | [] 1 |
| Electricity, gas & water supply | [] 2 |
| Repairing motor vehicle, motorcycle, electronics etc. | [] 3 |
| Guest House | [] 4 |
| Hotel/Restaurant, | [] 5 |
| Groceries | [] 6 |
| Boutique | [] 7 |
| Education & Training | [] 8 |
| Real estate / Housing Agency | [] 9 |
| Health facility/clinics | [] 10 |
| General Shop/Retail Shop | [] 11 |
| Barbershops/saloon | [] 12 |
| Banking Agent/Mobile Money Transfers Agents | [] 13 |
| Urban Agriculture | [] 14 |
| Dairy products outlet | [] 15 |
| Bar/wines and spirit | [] 16 |
| Others | [] 17 |

12. Where do majority of your customers come from

- | | |
|---------------------------------|-------|
| Within the estate (same Phase) | [] 1 |
| Within the neighbouring estates | [] 2 |

13. In your opinion, who constitutes the bulk of your customers

- | | |
|-------------------------|-------|
| People from Extensions | [] 1 |
| People from Main Houses | [] 2 |
| Combination of the two | [] 3 |

14. Does the existing customer base adequately support your business

- Yes () 1 NO () 2

15. What challenges in terms of customer base do you experience?

- | | |
|---|-------|
| Unhealthy competition from other HBEs | [] 1 |
| Unhealthy competition from the designated shopping facilities | [] 2 |
| Low purchasing power | [] 3 |
| Others specify | [] 4 |

16. What are your plans 5 to 10 years from now?

Expand business [] 1

Move to a new area/premise [] 2

Open more branches within estate [] 3

Others specify [] 4

17. If you were to expand your business, what would be your preference?

Same site/location [] 1

Different phase [] 2

Shopping centre [] 3

Qn 21 and 22 to be observed by interviewer

18. Location of Business

Building Frontage [] 1

Open Space/Enclave [] 2

Within Household/main house [] 3

Road Reserve [] 4

Servant Quarter [] 5

Others [] 6

19. Type Of Structure

Permanent Structure [] 1

Temporary/Makeshift Structure [] 2

Mobile structure [] 3

20. Do you own or rent the structure from which you operate Own () 1 Rent () 2

21. Who owns the structure

Self [] 1

Parents [] 2

Close relatives [] 3

Your are just a Tenant [] 4

Other (Specify) [] 5

N/A [] 6

22. Rent Paid for the Shop

Less than Ksh 7000 [] 1

- Ksh 7000 - 10, 000 [] 2
- Ksh 10,000 – 15,000 [] 3
- Above Ksh 15,000 [] 4

23. Number of Employees working in this HBE

- None [] 1
- <2 persons [] 2
- 2 – 5 Persons [] 3
- More than 5 persons [] 4

24. Have you ever been engaged in other type of employment Yes ()1 NO ()2

25. If yes, what was the reason for starting this Home Based enterprise?

- Low payment [] 1
- Poor work conditions [] 2
- Lost the job [] 3
- Increase income security [] 4
- Other reasons, specify [] 5
- N/A [] 6

LEGAL / REGISTRATION STATUS

26. Is your Business registered? Yes ()1 NO ()2

27. If yes, type of registration

- Limited company [] 1
- Partnerships [] 2
- Sole Proprietorships [] 3
- Societies [] 4
- Other, specify [] 5

28. If No above, what are the reasons for not registering

- High cost of registration [] 1
- Long procedures/requirement for registration [] 2
- Registration not Mandatory for this type of business [] 3
- Not interested in registration [] 4
- Do not know how to go about it [] 5
- Other Reasons, specify [] 6

29. Apart from Registration, does the business have/require any other Licences/business permits for operation

Yes () 1 NO () 2

DRIVERS OF INFORMALITY

30. Describe your main objective for engaging in this business

- I. Primary source of income/ No Alternative Employment [] 1
- II. Need to supplement my income [] 2
- III. Opportunity for making more money [] 3
- IV. Others specify

31. What are your reasons for choosing the location of your business?

- Availability of ready market for goods/services [] 1
- Affordable rent [] 2
- Desire to work close from Home [] 3
- Ease of Business setup at current location [] 4
- Identification of Gap in goods/service provision [] 5
- Reduction of Business overhead cost [] 6
- Higher human traffic in current location [] 7

32. Would you prefer having your business in designated commercial areas

Yes () 1 NO () 2

33. If no, what are your reasons?

- High competition [] 1
- Legal complexities [] 2
- Higher rent [] 3
- High service charges [] 4
- Fewer customers [] 5

34. Do you find any comparative advantages from this Location concerning your business?

- Savings on transport cost [] 1
- Security [] 2
- Savings on Rent [] 3
- Less competition [] 4
- Higher traffic of people [] 5
- Others specify [] 6

35. Does your enterprise have adequate access to the required service (multiple answer)

- Garbage collection/waste disposal [] 1
- Water and sanitation [] 2
- Storage for goods [] 3
- Parking Facilities [] 4
- Credit and Banking Facilities [] 5
- Security Services [] 6
- Energy Supply [] 7

COMPLIANCE ISSUES

A. Development Control

36. What is the current registered use for the land

- Residential () 1 Commercial () 2 Multiple/mixed use () 3

37. Did you get any clearance/ approval from the authorities to put up the structure

- Yes () 1 NO () 2

44.1. If Yes, type of approval

Type of Structure	Type/Nature of structure Extension (1) Temporary(2), Detached (3)	Type of Approval Building plans approved (1) NEMA approval (2) Other specify (3)
Location		
Building Frontage		
Main Building		
Road Reserve		

45. For those with No approval, what reasons prevented you

- Do not own structure 1 ()
- Applied for approval but was denied 2 ()
- Complicated process 3 ()
- Lacked resources 4 ()
- No need for approval 5 ()
- Others reasons specify 6 ()

46. What suggestions would you have on making the development control issues more practical?

.....

B. Friction points

47. Have you ever experienced any conflicts in running your business

Yes ()1 NO ()2

48. If Yes, with Whom

Building owners [] 1

Residents Association [] 2

City Council Authorities [] 3

Kenya revenue Authorities [] 4

Others specify [] 5

49. Nature of Conflict

Related to licensing issues [] 1

Related to payment of Rates/Taxes [] 2

Related to space use [] 3

Related to security concerns [] 4

Related to competing business interests [] 5

CUSTOMER QUESTIONNAIRE

1 Does the designated shopping centres/facilities adequately supply your requirements in terms of goods and services: Yes ()1 NO ()2

2 If no Give your reasons

Distance [] 1

Cost [] 2

Inadequate supplies [] 3

Time for opening and closure [] 4

Convenience [] 5

Others specify [] 6

3 Where do you shop/ access goods and services more often within this neighbourhood?

Buru-Buru Shopping centre [] 1

Other Enterprises within the neighbourhood [] 2

Corner shops [] 3

4 What are your reasons for the preference of your shopping site?

Cheaper prices [] 1

Value addition [] 2

Proximity & Convenience [] 3

Variety of goods [] 4

Smaller packaging [] 5

Longer operating hours [] 6

5 What type of goods and services do you prefer buying from the shopping centre

Immediate supplies (vegetables) [] 1

One stock supplies [] 2

Day care services [] 3

Salons/barbershops [] 4

Education services [] 5

6 What type of goods and services would you prefer buying from the HBES

.....
.....
.....

7 In your opinion, is presence of the enterprises within residential areas a good or a bad idea/concept?

Good [] 1

Bad [] 2

8 Give reasons for your answer above

.....
.....

9 What do you think has led to proliferation of HBES within the estate? (multiple answers)

Cheaper Pricing 1 ()

Better Quality 2 ()

Population Increase 3 ()

Longer Operating Hours 4 ()

Shorter distance to HBES compared to designated facilities 5 ()

Others, specify 6 ()

Thank you

Annex 2: Topo Cadastral Maps of the Study Area

Phase 2



Source: Survey of Kenya 2014

Phase 5 Cadastral Map



Source: Survey of Kenya 2014