

This work is licensed under a
Creative Commons Attribution-NonCommercial-
NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

(832)
RESERVE

THE ROLE OF THE INFORMAL SECTOR IN THE DEVELOPMENT OF
SMALL AND INTERMEDIATE-SIZE CITIES:
BACKGROUND INFORMATION ON NAKURU

By

Gichiri Ndua

and

Njuguna Ng'ethe

WORKING PAPER NO. 416

INSTITUTE OF
24 SEP 1986
DEVELOPMENT STUDIES
LIBRARY

INSTITUTE FOR DEVELOPMENT STUDIES
UNIVERSITY OF NAIROBI
P.O. BOX 30197
NAIROBI, KENYA

November 1984

Views expressed in this paper are those of the authors. They should not be interpreted as reflecting the views of the Institute for Development Studies or of the University of Nairobi.

This paper is not for quotation without permission of the authors, as specified in the Copyright Act, Cap 130 of the Laws of Kenya.

IDS/WF 416

THE ROLE OF THE INFORMAL SECTOR IN THE DEVELOPMENT OF
SMALL AND INTERMEDIATE-SIZE CITIES:
BACKGROUND INFORMATION ON NAKURU

By

Gichiri Ndua
and
Njuguna Ng'ethe

ABSTRACT

Informal Sector studies in Kenya have mainly focussed on the Nairobi, the Primate City. However, the Informal Sector plays a significant role in the economic and social life of small and intermediate sized towns. Though by Kenya's standards, Nakuru is not a small town, it is so defined in this study for purposes of cross-national comparison. Background information on Nakuru shows that the town has a fairly heterogeneous population which has been growing at a fairly moderate rate compared to other towns in her size group. The economy of the town is showing signs of sophistication as it continues to grow at a "commendable rate". With respect to urban administration, the town seems to be well managed, at least financially.

SECTION I

1.1 Introduction

I.D.S' past concern with the process of urbanization in Kenya and the role of the informal sector in this process is of long standing, going back as it does to the 1972 I.L.O mission to Kenya during which the concept of "informal sector" was virtually coined. Since then, numerous I.D.S. based studies on urbanization and the informal sector have been conducted. One main feature of most of these studies is that they have concentrated on Nairobi, the primate capital of Kenya. (See for example: House, W.J. WP 347; Mukui, J.J. in OP 25.)

The Institutes' past and on going urban research programme arises out of the conviction that urban centres, small or large, will not go away, problematic as they are. They must, therefore, be better studied, understood and consequently be made to play their role in national development. On our part, we as researchers, are convinced that in the past for real and sometimes nostalgic reasons, emphasis has been placed primarily on rural issues and rural planning, sometimes at the expense of asking some very fundamental questions relating to the possible contributions of urban centres to national development. One of the "fundamental questions", in this respect, has to do with the employment potential of urban centres, in this case, the potential of the urban informal sector.

Now, we would not like our position on the rural-urban development debate to be misunderstood, so we hasten to emphasize that we are not denying the existence of the rural-urban dichotomy in social and economic terms. Indeed we do accept that in making national investment decisions emphasis must be placed on improving conditions in the rural areas where the majority lives. However, and this is our point, increased urbanization at this time in our national development is inevitable. Moreover, the rural-urban dichotomy is only partly real, that is to say, it is also partly conceptual. In thinking about national development therefore, we cannot afford to think of the two sectors as if there was a physical barrier separating them. Morally, we can ill afford to

think of one as legitimate and the other one as illegitimate. We, therefore, overemphasize one of them at our peril.

For the above reasons, we as researchers welcome the Institute's continued initiative in looking at urbanization in relation, of course, to national development. This in itself is innovative. But perhaps even more interesting in this case is the emphasis on the development role of small and intermediate urban centres, thus shifting the attention away from primate cities. While primate cities will no doubt continue to play a very important role in national development, there are more than enough reasons to expect, indeed to demand, that, smaller urban centres play a much bigger development role in future. But before the smaller urban centres can fulfil their promise, we must first, of all ascertain the nature of the promise, if not the very existence of it. This study is an attempt in that direction.

In this Working Paper we first discuss some methodological and conceptual issues such as the concepts of "informal sector" as defined in this study. Secondly we present background information on Nakuru town where this study was conducted.

1.2 The Research Problem, Definitions and Data Requirements

As the title of this study implies, the broad aim of the study was to assess the role of the informal sector in the development of small and intermediate sized cities. We say the "broad aim" for two main reasons. First, the title of the study needed to be further analysed in order to give more operational definitions to the key words contained in the title. Second, the overall study was designed as a cross-national study and as such it was unlikely that all the countries involved would agree on a common set of definitions, let alone a common "aim" of the different studies.

The title and therefore, the meaning and aim of the study was the subject of communication between the researchers from different countries involved during most of 1983. This culminated in a conference in Berlin in November 1983 during which the final decisions on definitions and questionnaire design were arrived in

at in an attempt to clarify the aim and problem of the research. As can be seen from the title of the study, virtually every word included in the title cries out for definition. (1) What is meant by "informal sector" and how is the sector related to the formal sector? (2) What is meant by "role"? (3) What is meant by "development" of small and intermediate sized cities? (4) What is meant by "small and intermediate sized cities"? We shall take a look at each of these questions and the answers agreed upon at Berlin. We accept these answers in this study.

1.21 The "Informal Sector"

After sifting through the very many definitions and characteristics of the informal sector, it was agreed that:

- (i) The informal/formal dichotomy is difficult to sustain conceptually and empirically though perhaps intuitively obvious.
- (ii) In spite of the conceptual and empirical problems inherent in the concept of informal sector, the notion of "informal" should be maintained albeit in a somewhat intuitive and modified form.
- (iii) The methodological problems of studying informal enterprises are enormous.
- (iv) In order to reduce methodological difficulties, researchers should adopt one selection criterion rather than a multiplicity of criteria as used by the I.L.O.
- (v) "Informal" should be, therefore, operationalized to small-scale activities employing nine and less people and that other characteristics of the sector be built into the activities as they emerge in the course of the research.
- (vi) The operational definition should exclude professional activities such as doctors and dentists which are obviously formal though small in employment numbers.
- (vii) The activities as operationalized, and not individual persons become the unit of analysis.
- (viii) The formal/informal dichotomy, to the extent that it is meaningful and recognisable is basically descriptive and should, therefore, not be elevated into an explanatory concept.

- (ix) The relationship between (explanation of) small and large scale enterprises must be sought in the overall socio-political set up and not in the formal/informal concepts.
- (x) The researchers should be modest, given the time and finances available and therefore the more ambitious work of trying to trace the linkages between small (informal) enterprises and large (formal) enterprises, and hence the explanation of their very existence, could perhaps constitute another phase of the research project.
- (xi) In light of the above, sections in the questionnaire dealing with linkages between formal and informal sectors and suggesting the hypothesis that some formerly informal sector enterprises had graduated to be formal, were deleted. However, it was urged that to the extent that the formal/informal dichotomy is meaningful the relationship between formal/informal enterprises could be studied for a few selected enterprises using indepth case analysis which is possible if one uses participant observation among other methods.
- (xii) Finally, there was a need to establish whether the relationship between the small (informal) and the large (formal) sector is involutinary or evolutionary in growth, and whether a benign or exploitative relationship exists between the informal and the formal sector. Clearly this would call for both longitudinal and cross-sectional research.

1.22 The "Role" of Informal Sector

The discussions in Berlin and other previous discussions led to the definition of "role" in primarily economic terms. Thus, "role" is understood as the whole process of labour absorption into the informal sector. In order to understand this process, we need first of all to have:

- (i) Total size of the informal sector in the cities to be studied.
- (ii) A breakdown of the total size of the informal sector by employment size and nature of activities.

- (iii) A sample of informal sector establishments for data collection through questionnaire interviews.
- (iv) An understanding of the growth trends in the informal sector and how this trend is related to population growth.
- (v) An idea of the changes from informal to formal sector and vice versa where this kind of data is available.
- (vi) Information on choices available to and calculations made by individuals as they enter the informal sector. This would include information on potential competition, choice of area, estimate of earnings, educational background of individuals, ideas about sources of inputs and outputs, and required investment among other things.

1.23 The "Development" of Small and Medium-Sized Cities

In this study, as agreed in Berlin, "development" is understood as a multitaceted phenomenon which entails some understanding of the following issues:

- (i) The general economic structure of the city. This would in turn entail an understanding of;
 - (ii) Sources of employment, production and income in the city;
 - (iii) How the economy of the city has changed over two time periods and how this is related to changes in population over the two time periods. This would in turn require;
 - (iv) Basic information on the city such as growth of population and age and sex composition of the city.
 - (v) Occupational shifts in population over at least two time periods;
 - (vi) Income and tax revenue of the city and the expenditure pattern of the city government.

1.24 "Small" and "Intermediate-Sized" Cities

In view of the fact that the definitions of "small" and "intermediate" between countries are not the same, it was agreed by researchers from the different countries covered in this research project that population size be the sole criterion for selecting the cities. It was agreed that as a rough guide "small" should mean cities falling within the population range 50,000 to 100,000

inhabitants and that "intermediate-sized" cities should mean cities with populations of between 100,000 and 200,000 inhabitants. The study would then be carried out in two small/intermediate-sized cities.

As a further guide, the researchers agreed that it would be necessary to select cities which have a diversified economic structure as cities with specialized economic functions such as mining or fishing were unlikely to be instructive for the research project.

1.25 The Role of the Informal Sector in the Development of Small and Intermediate-Sized Cities

What then does it mean to say that one is assessing the role of the informal sector in the development of small and intermediate-sized cities or towns? In summary it means first:

- (i) Defining the informal sector in relation to the formal sector.
- (ii) Defining "role", first in terms of labour absorption over time and secondly in terms of setting a social-profile of informal sector entrepreneurs and their criteria of decision-making.
- (iii) Defining "development" of the city.
- (iv) Relating (i), (ii) and (iii). One, and by no means the only way of relating (i), (ii) and (iii) above would be to try and answer the question: Is the informal sector an asset or a liability as the city develops? This would in turn entail trying to answer the question: What are the potentials of the informal sector activities in relation to employment, income and tax revenue of the city government?

Self-evidently, these are extremely difficult questions calling as they do for nothing short of a balance-sheet showing what the informal sector establishments give to the city in terms of revenues and services as well as what these establishments take from the city. Some of the benefits to the city could be in the form of taxes, fees, rents etc. Some of the costs to the city could be in the form of expenditure in such services as water, electricity, garbage, as well as such "social expenditure" as causing congestion, disorderly

development and general social problems. While no one can promise to fully answer these questions on costs and benefits, they non-the-less should be kept in mind at all times when discussing the informal sector in Nakuru. The answers, as we shall see, are dependent on many factors, some of which are perhaps beyond the scope of this study.

Another way of assessing the role of the informal sector in the development of cities would be to ask the question: is the nature and consequently the function to the city, of the informal sector in any way related to the size of the city? Clearly this is a question which calls for a comparative analysis of the informal sector in the cities of different sizes, something which is again beyond the scope of this study, based as it is in one town. A comparative study of cities of different sizes would undoubtedly provide, not only the dynamics of urbanization over time but also the role of the informal sector within this dynamics. In this respect, several hypotheses are possible, indeed there is empirical evidence to support some of the hypotheses. One hypothesis tries to relate city size to the informal sector. The argument here is that the economic share of the informal sector decreases as the size of the city increases. Presumably as the city grows in size, so does the sophistication of the city economy and the demand for specialization, thus leading to a declining demand for informal sector products in relation to the formal sector. An interesting hypothesis to say the least, and one worth testing in the future.

Finally, it would be interesting to find out whether there is any significant relationship between the size of the city, the distance from the primate city like Nairobi which is the centre of economic activity in the country, and the size and sophistication of the informal sector. In our case this would entail studying the nature of the informal sector in a town like Mombasa at the coast which is nearly 500 kilometres from Nairobi compared to Nakuru which is only 160 kilometres from Nairobi.

1.3 Data Needs and Research Methods

As we have already indicated, we have basically accepted the conclusions and definitions adopted at the conference in Berlin,

with some modifications because of financial and other considerations. The main modifications were in the choice of city, and the definition of informal sector. Other than that the data requirements were dictated by Berlin conclusions.

1.3. Choice of city

Originally, the study design called for a study of two cities. However, one of the major conclusions to emerge at the Berlin conference was that the researchers should be modest given the time and finances available. This meant primarily a modification of the draft questionnaire which meant that those sections of the questionnaire which were aimed at tracing the linkages between the informal and formal sector were, by agreement, deleted. On our part, we agreed that the finances available did not allow for a study of two towns/cities. Thus, we agreed to study one town, Nakuru. Originally, the choice was between Nakuru Town and Machakos Town. Machakos was rejected because:

- (i) It is only 40 miles from Nairobi, and thus too near.
- (ii) It is too rural based and most of the population is due to recent boundary extension (6,300 in 1969: 84,300 in 1979).
- (iii) It is rather poor in informal activities. Field visits revealed about 8 types of activities. These were shoe-repair and shoe making, metal works, dress repair, furniture industry, repair garages, watch repair, basket making, and transport industry.
- (iv) The economy is mainly agricultural. i.e. no major manufacturing industry.
- (v) The town is dominated by one ethnic group.

Nakuru was chosen because of:

- (i) It is 100 miles from Nairobi and, therefore, not unduly influenced by Nairobi.
- (ii) Size of population fits the UNCRD criteria (47,000 in 1969: 93,000 in 1979).
- (iii) Has diversified economy with a good manufacturing base.

- (iv) The town is multi-ethnic in composition.
- (v) The town has a rich informal sector, as revealed by preliminary visits.

1.32 Data Needs in Nakuru

In order to complete this research three different types of data were required. First we needed basic background information on Nakuru. This information was inter alia, on the history of the town, the demography of the town, the general economy, and the general profile of the town. This information was gathered primarily from secondary data, interviews with town officials and in some cases computer tapes at the Central Bureau of Statistics, (C.B.S.) Ministry of Finance and Planning. The basic background information on Nakuru is reported in section II of this Working Paper.

The second data requirement was on the informal sector in Nakuru. The already existing information on the informal sector in Nakuru was not quite reliable for our purposes. Therefore we decided to generate our own basic information. This took two surveys. One a baseline survey to obtain the universe and two, sample survey using the questionnaire agreed upon at Berlin.

1.33 Baseline Survey

As we have already mentioned, a baseline survey was necessary in order to obtain the universe of the informal sector establishments in Nakuru. In order to carry out this initial survey we adopted the definition of the informal sector which was worked out at Berlin with one modification. In addition to excluding professionals such as doctors and dentists who were obviously formal but had less than 9 employees, we also excluded such "main street" activities which Nakuru town administrators regarded as obviously formal though in some cases employing less than 9 employees. The principal activities excluded by this definition were Retail and Wholesale Shops and Stores, Restaurants, Bars, and Boarding and Lodgings.

The Baseline Survey, in addition to obtaining the universe, was also meant to provide information on type of enterprise, and size of enterprise as measured by number of employees and trainees. The data on type of enterprise was necessary for sampling purposes while the data on size of enterprise was crucial to the whole

research project.

In order to carry out this initial survey enumerators were recruited and trained to recognise the informal sector establishments as the first step. The enumerators were recruited in Nakuru on the basis of their knowledge of the town, among other things. The second step was to map out Nakuru into "enumeration units". This was done by the principal researchers together with the enumerators. By literally walking every inch of the town, the town was divided into 26 enumeration units primarily named after what the local residents call the area. Sometimes the units were given a new name by the principal researchers. The enumerators were then instructed to enumerate the type and size of the informal sector establishments unit by unit. They were instructed to enumerate the establishments in a recognisable pattern and to label the establishments for purposes of future recognition in those circumstances where the establishments had no name or any other identification. The data on types and numbers of enterprise i.e. the universe as obtained through this survey is reported in Appendix I attached to Working Paper 417 while the data on types and size of enterprise is reported in Working Paper 417.

1.34 Sample Survey

Having obtained the universe, the enterprises were then all grouped into specific types e.g. kiosks, shoe-shine boys, second hand clothes' sellers and sampling was stratified on the basis of these specific types. The objective was to investigate at least a 5% sample of the universe. Therefore a 5% sample of each specific type was randomly selected. The sample is summarized in Table 1.1. The same enumerators who had carried out the initial baseline survey were used for the sample survey. Due to their accumulated knowledge of the field they could easily locate the sample.

Table 1.1: Survey Sample

<u>Enterprise Type</u>	<u>Universe</u>	<u>Sample Size</u>
Kiosks	385	19
Fruits and Vegetables	308	14
Matatus	272	13
Clothing	97	5
Tailoring	60	3
Shoemakers	59	3
Charcoal Dealers	58	3
Others	<u>443</u>	<u>25</u>
TOTAL	<u>1662</u>	<u>85</u>

1.35 Data Analysis

The data obtained from the sample survey was analysed at two stages. The first stage dealt with what might be called "soft data". This is the data which dealt with such issues as perceptions, and attitudes. We found it unwise to subject this kind of data to statistical manipulations. Hence only frequency distributions were calculated from this data. The second type of data was the "hard data" i.e. to the extent that one can obtain really hard data from an informal sector survey. This data dealt with such variables as years of formal education, years of training after school, investment and income, and number of employees, to name a few. With this type of data, we tried to calculate functional relationships using correlation and regression analysis. The results from both types of data are presented in Working Paper No. 417..

1.36 Data Limitations

Data from the informal sector is usually limited in many ways. Here we shall want to mention just a few of the limitations. First the specification of the models used in the functional relationships is not the best because specifications were done with an in-built bias of a formally operating economy i.e. it was assumed that the traditional economic variables would be important in determining the growth of incomes and employment in the informal sector.

Two, the fact that the study had to cover the entire informal sector could not allow an indepth study of some major sub-sectors like kiosks or fruit and vegetable selling. Thus, in this case, the transportation sub-sector which is dominated by unatatus unduly affects the capital component - it also affects the income component. This is likely to have raised both ~~the~~ means and the capital labour ratio.

Third, some variables such as political and administrative attitudes are impossible to quantify though they might explain a great deal of what is taking place in the informal sector income generation.

SECTION II

NAKURU TOWN

2.1 Historical Background

Nakuru town is situated approximately 160 kilometres North-West of Nairobi, the primate capital city of Kenya (figure 2.1)

Nakuru like most urban centres in Kenya, owes its origins to colonial settlement. It grew not only as a service centre for the colonial administration but, being along the line of rail, also became the nodal point for the clusters of European settlements which began to form in the early 1900s around the Mau Escarpment, between the rivers Molo and Njoro.

These two factors account for much of the rapidity of Nakuru's growth both in status and jurisdiction during the colonial period. By proclamation dated 28th January, 1904, it was declared a township, a status that enabled the administration to levy rates and taxes on buildings and other activities for municipal purposes. With increased European settlement, especially after 1915, Nakuru expanded quickly and was declared a municipality in 1929. As a municipality the area was placed under the administration of a Municipal Board and its boundaries were vastly extended. Further extensions to the boundaries and/or minor changes in the legal organization of the municipality were made in 1931, 1952, 1963, 1974 and 1979.

Nakuru is the provincial capital of the Rift Valley Province and also accommodates the County Council of Nakuru District and the Municipal Council of Nakuru. With approximately 100,000 inhabitants, Nakuru is the fourth largest town in Kenya. Its catchment area population is estimated to be almost 700,000.

2.2 Nakuru Town in Kenya's Urbanization

Nakuru, as already stated, is the fourth largest town in Kenya after Nairobi, Mombasa and Kisumu. As such, Nakuru is an important urban centre since most of the urban centres in Kenya have a population of under 10,000 inhabitants. However, as Table 2.1 shows these small urban centres have been growing, in absolute numbers, much faster than the larger towns of which Nakuru is one.

Table 2.1. Urbanization Trends In Kenya

Size-Group of Cities	Urban Population					
	1962		1969		1979	
	Number of Towns	Popula- tion	Number of Towns	Popula- tion	Number of Towns	Popula- tion
Less than 5,000	16	48900	26	66100	41	125300
5-10,000	11	69900	11	71200	22	156300
10-20,000	3	44000	7	90700	11	149800
20-50,000	2	61700	2	97600	9	271000
50-100,000	0	0	0	0	4	299500
100-200,000	1	179600	0	0	1	150400
200-500,000	1	266800	1	247100	1	341500
500-1,000,000	0	0	1	509300	1	834500
More than 1,000,000	0	0	0	0	0	0
Total Urban Population		670900		1082000		2205000
Per Cent of Total Population		7.8		9.98		14.61

NB. We have used 1962, 1969 and 1979 instead of 1960/61, 1970/71 and 1980/81 because they were the census years in Kenya. We shall use the census years whenever population figures are required unless otherwise specified.

In the context of urbanisation trends in Kenya, Nakuru's population growth rate has been modest compared to the growth rates of other towns within the population size-group 30,000 to 200,000. In this category, only Nairobi and Mombasa have shown lower growth rates in the last ten years, or so as shown in Table 2.2

Table 2.2. Population and Population Growth Rates of All Towns in Size-Group of 30,000-200,000

Name of the Towns	Population 1979	% Growth Rate 1969 - 1979	Distance from the Nearest Largest City of the Country (Nairobi)
Nairobi	827775	5.0	0 Kilometres
Mombasa	341148	3.3	498 "
Kisumu	152643	16.8	372 "
Nakuru	92851	7.0	164 "
Machakos	84320	29.4	70 "
Meru	72049	31.7	280 "
Eldoret	50503	10.8	324 "
Thika	41324	8.4	40 "
Nyeri	35753	13.6	164 "
Kakamega	32025	17.8	441 "

Though Nakuru experienced considerable occupational shifts for the ten year period of 1969 - 1979, the shifts were not as dramatic as in a few other towns in the Size-Group 30,000 to 100,000. Such towns as Machakos, Meru and Thika experienced more occupational shifts. Table 2.3 summarises this information.

Table 2.3

Occupational Composition and Shifts in Occupations
of All Towns in Size-Group 30,000 - 100,000 in Kenya

NAME OF THE TOWN	YEAR	PRIMARY ¹	SECONDARY		TERTIARY		OTHERS ELECTRICITY & WATER
			MANUFAC- TURING	CONS- TRUCTION	TRADE & COMMERCE ²	SERVICE S ³	
NAKURU	1969	368	3345	1508	2631	6606	235
	1979	62	6025	1636	5253	7427	470
	%SHIFT	(83.15)	80.12	8.49	99.66	12.43	100.00
MACHAKOS	1969	2	825	0	330	834	14
	1979	115	311	60	1822	2280	0
	%SHIFT	5650.00	(62.30)	--	452.12	173.38	--
MERU	1969	44	85	116	244	3657	0
	1979	939	178	263	2523	2997	11
	%SHIFT	2034.09	109.41	126.72	934.02	(18.05)	--
ELDORET	1969	375	3003	225	1002	5019	1505
	1979	354	5300	956	3739	4254	90
	%SHIFT	(5.60)	76.47	324.89	273.15	(15.24)	(41.94)
THIKA	1969	249	3309	207	683	1924	115
	1979	28	10638	211	2664	2268	0
	%SHIFT	(88.76)	221.49	1.93	290.04	17.88	--
NYERI	1969	448	285	306	552	3720	85
	1979	146	638	1160	1663	3774	6
	%SHIFT	(67.41)	123.86	279.08	201.27	1.45	(92.94)
KAKAMEGA	1969	0	72	13	226	724	83
	1979	4	513	429	1292	2660	110
	%SHIFT	--	612.50	3200.00	471.68	267.40	32.53

(): Negative growth

¹ Primary: Agriculture, forestry; Mining quarrying

² Trade and Commerce: Wholesale and Retail trade, Restaurants and Hotels, Finance Insurance, Real Estates and Business Services.

³ Services: Transport and Communications, Community Social and Personal Services.

Sources: Republic of Kenya, Ministry of Economic Planning.

2.3 Population

In 1962, the population of Nakuru was 40,000. This increased to 47,000 in 1969 and to 94,000 in 1979, partly due to boundary extensions in 1979. Following the 1979 extensions, the town size is currently 78 sq. kilometres.

Approximately 20% of the population live in un-planned housing areas. This average, however, obscures the high densities in specific settlements, especially Bondeni, Gilani and Lanet Hill. Table 2.4 summarises the population and population growth rates for Nakuru Town, Nakuru District and Rift Valley Province where Nakuru is located.

Table 2.4 Population, Population Growth Rates of Both Nakuru Town and District

Case Study City/Region	Population		Annual %Growth Rate
	1969	1979	1969 - 1979
Nakuru Town	47200	93900	7.0
Nakuru District	290853	522709	6.0
Rift Valley Province	2210289	3240402	3.9
Kenya	10942705	15327061	3.4

The estimated number of in-migrants to Nakuru during the ten year period is 25,000, comprising roughly 25% of the total population in 1979. The age and sex composition of the Nakuru population during the two time

periods is summarised in Table 2.5. The table indicates clearly that the majority of the population are of working age.

Table 2.5 Age and Sex Composition of Population:

Nakuru Town

Age Group (Years)	1969		1979	
	Male	Female	Male	Female
Less than 9 years	7783	7812	14224	14547
10 - 14	2296	2373	4869	4358
15 - 49	14789	10082	30389	20951
50 and above	1248	168	2230	1147
Not stated	-	-	100	36
Total	26116	21035	51301	41550

2.4 Social Services

It would appear that Nakuru is well-supplied with schools, health clinics and other community facilities. Each new housing scheme, and some of the unauthorised settlements as well, have been provided with an adjacent primary school and health centres, generally located within a reasonable walking distance.

Altogether there are over 30 primary schools within the municipality with a total enrolment of 25,000 pupils,

and 10 secondary schools with a total of 12,000 students. Five of the latter are privately operated and five are state schools.

The Provincial General Hospital is a large complex in the centre of Nakuru, providing specialist medical treatment for the entire province. In addition, three health centres are strategically located at the extremities of the town in Langa-Langa, Nakuru West and Lanet Centre. Several community centres, social halls, markets and other community resources are also dispersed throughout Nakuru.

2.5 Infrastructure

2.51 Water Supply

Nakuru receives its water supply from intakes on the Melawa and Mereroni Rivers, and from boreholes. The Melawa River source lies 35 kilometres south-east of Nakuru from where water flows for eight kilometres to the Gilgil treatment works before flowing by gravity the 43 kilometres to Nakuru. The scheme, constructed in 1956, has a design capacity of 1730 m³/day but now only delivers 980 m³/day because of operational difficulties. After abstraction, the raw water passes through a silt trap and then into 200mm, 225mm and 250mm diameter pipes for transmission to Gilgil treatment works where it receives conventional treatment through upward flow sedimentation tanks and filters. Chemical dosing with alum for coagulation, soda for pH correction and chlorine for disinfection is undertaken at the works. A 250mm diameter main conveys the treated water to Nakuru.

The Mereroni River provides some 6850 m³/day of water to Nakuru under gravity from an intake 14 kilometres east of the town. Full treatment at the Nakuru treatment works is undertaken prior to introduction to the distribution system. Chemical dosing is also undertaken at this works.

At present, seven boreholes, producing a total of 6780 m³ over 16 hours each day, supply Nakuru with the remainder of its water. Since the present water supply system in Nakuru is unable to meet the demands without major improvements, it is unlikely that any new housing project could be provided with the necessary reliable water supply. However, with improvements the provision of supplies to any planned project could be undertaken without difficulties.

2.52 Sewerage

The sewerage system of Nakuru is relatively well.

The overall level of service in the town and standard of health in low income areas could, however, be greatly improved by connecting such low income areas as Majengo, located inside the drainage area, to the municipal system.

In 1956, a separate sewerage was commissioned to serve Nakuru. This system and a conventional treatment plant, that is, the Town Treatment Plant located south-east of Nakuru, served the developed area of the town, south of the railway, with an extensive trunk sewer network and reticulation. In 1961 the treatment plant was extended by the construction of several experimental lagoons.

In the early 1970's, development took place in residential and industrial areas on the western side of the town and the sewerage system was extended to serve these areas. To cope with the projected flows from this extension, a system of waste stabilisation ponds, the Njoro River treatment plant, was commissioned in 1974. However, in the late 1979's it had become apparent that development was not proceeding as planned since plot owners were not taking up their option to connect to the sewage system. As a result, the Njoro River plant was under-utilised, whereas the Town plant was overloaded. Therefore an interceptor sewer was commissioned in early 1980 to divert flows from the Town plant to the Njoro River Plant, which is still operating below full capacity.

Although the greater part of Nakuru is served by the sewerage system, there are residential areas, especially north of the railway, that rely on septic tanks. In addition, none of the areas of uncontrolled housing is served by the sewage system.

2.53 Refuse Collection

The local authority operates a refuse collection service four times a week. Refuse is collected from individual plots in galvanised tin baths which are subsequently emptied into the collection vehicle for disposal in the municipal tip. Apart from isolated cases, this service appears to be operating well except in low income and newly settled unplanned areas.

2.54 Communications and Power

The A104 Nairobi - Uganda Trans-Africa highway passes through Nakuru forming its main distributor road. This artery and the greater part of Nakuru's extensive internal road network, are surfaced providing all-weather access throughout the town.

Approximately 300 matatus* operate from the main matatu station and there are extensive bus service to Nairobi, Eldoret, Kisumu and Western Kenya in general. The Rift Valley Peugeot Services also operate through the town to Kitale, Kisumu and Nairobi. Moreover, Nakuru is served by the Kenya Railway Nairobi - Uganda and Kisumu lines which has both passenger and freight services. Within the town a cooperative bus service operates efficiently.

Nakuru is also supplied with electricity from Kenya Power and Lighting Company. It also has a good telephone service though few people actually have telephones.

2.6 Low Cost Housing

The housing supply record of Nakuru Municipal Council during the last ten years indicates considerable initiative with a number of successful housing schemes. In 1969 the Council sponsored several site and service schemes in Langa-Langa, with the houses constructed on a self-help basis. Type plans and intermittent site supervision were provided by the Council at no charge, with Phase I of the project comprising 104 houses.

*Informal Taxis

Each house accommodated four dwelling units, one for owner-occupation and three for sub-letting. A common toilet block containing three aqua - privies and two showers was also provided. This four-unit house could be built at a total cost of KSh 20,000/- with self-help effort.

Three years later, the council embarked on a second phase consisting of 96 units, with slightly modified standards. Each house contained three dwelling units and the toilets were connected to a septic tank. The last of these Langa - Langa schemes, consisting of 96 units, featured individual toilets with waterborne sewer connections. However, these houses became rather expensive, each costing about KSh 150,000/-. The Langa - Langa schemes were followed by a site and service core housing scheme in Pangani. In this project, each unit contains one room, a toilet, and an individual water connection, with the tenant expected to build a second room within 18 months. Phase I consisting of 50 units, has been completed and 70 units for Phase II are under construction. The current unit cost is KSh 22,000/- with loan repayment of KSh 165/- per month and land rent of KSh 80/- per year.

Finally there is the USAID tenant - purchase scheme of 120 houses in Pangani. The house type design was provided by the National Housing Corporation and the standards are slightly higher than in the previous Pangani scheme. The project comprises 40 one-room units including kitchen, toilet and shower, costing KSh 32,000/- each, together with

80 two-room units with identical services costing KSh 43,000/- each.

The ability of Nakuru Municipal Council to provide low costing seems to be hampered by an absence of good physical planning policies and plans. The most striking change with regard to physical planning has been the extension of the municipal boundary in 1974. The previous boundary, dating from 1963, covered a municipal area of 32 sq. kilometres and with the incorporation of additional 46 sq. kilometres in 1974, the town has more than doubled in geographic area. This extension has added greatly to the responsibilities of the municipality, consequently undertaken with little physical development planning.

The absence of planning has led to considerable unauthorised settlement just outside the old boundary. With the exception of Bondeni area all 'potential upgrading areas' are located in the belt between the old and new boundary. Some "Farming Cooperatives" have acquired land in this belt for "agricultural use", sub-divided it and issued plots to individual members. Some plot-holders converted these into "shambas" (intensive horticulture) whereas others decided that it was more profitable to erect temporary structures and let rooms, thereby supplementing their income. These subdivisions together with the "land use" decisions were carried out without knowledge of or consultation with the municipal engineer or the planning officer. As a result, the actual living conditions in these settlements are substandard.

2.7 Land Tenure, Ownership and Availability

In general, as the municipality grew, the land ownership patterns within it began to reflect much of the system of tenure which supported the surrounding European agriculture. Consequently, instead of a municipal area comprising mainly government land, as was generally the case during the colonial era, substantial areas of private agricultural land were drawn into the jurisdiction of the town. This land was subdivided and converted into urban uses and has since then either been sold to the Municipality or rented to private developers.

With the advent of independence and the ensuing pressures for the Africanisation of settler farms, the extensions to Nakuru's boundaries resulted in new, more serious, tenure implications.

This was brought about primarily by the emergence of Land Purchase Co-operatives as a vehicle for the acquisition of settler farms. A considerable area of land, particularly in Nakuru West and North, was purchased by these co-operatives, which were registered as companies and thus held the land in their corporate names, but which were in fact comprised of numerous "shareholders". Consequently, unauthorised subdivisions have become very common in Nakuru, with parcels of land distributed to shareholders and used for mixed agricultural and urban purposes. This is the case in Ronda Estate, Gachura, Menengoi and Lanet Hill, among others.

Land tenure categories within Nakuru Municipality fall roughly into three concentric zones. The municipal

centre, as is usually the case with most Kenyan towns, is primarily government-land held generally on 99 year leases. Much of this includes land originally held by railway authorities which has since been surrendered to the government. The boundary extensions of 1963 brought to the municipality a considerable area of land which was individually owned, and some of this has since been surrendered to the municipal authorities in exchange for land elsewhere. However, some has been sub-divided and sold to numerous other individuals, with the remainder existing as undeveloped pockets within the municipality. The result is therefore a zone of generally private land inter-mixed with public, that is central government and municipal land. Since 1974, more land has come within the municipality which technically speaking is privately held, but to which a multiplicity of individuals and families have access.

In relative terms, land availability is low in Nakuru when compared to other towns, primarily, because there is a shortage of Government land which is normally most accessible for public development. Moreover, the existence of private land in the outer zone, under multiple ownership, makes acquisition for public purposes rather difficult, because these companies are generally comprised of ordinary, former landless, people. This especially applies to estates such as Ronda and Gachura. In addition, due to the expansion constraints of the Municipality and the general land pressure around Nakuru district, land values have increased substantially. In fact, the

1974 and 1979 boundary extensions were accompanied by very high increases in urban land values.

2.8 The Economy

The occupational composition of Nakuru town best explains the transformation of her economy between the periods 1969 and 1980. We know that structural transformation between sectors namely traditional and modern is a good measure of economic growth. A move from traditional to modern or market economy is a measure of economic progress. In case of Nakuru, we can argue that a move from primary production to secondary or otherwise is a step in the right direction i.e. towards development. The rate of growth (deceleration) of primary sector between 1969 and 1980 is 7.56 per cent per annum. This can be explained by the growth of other sectors namely secondary and tertiary.

In urban centres and mostly so in Kenya, primary production is on the decline because urbanization has to a great extent been as a result of boundary extension, with the resultant allocation of building and recreational plots. Building plots are for residential, industrial, commercial and recreational purposes. All these are undertaken at the expense of primary production namely agriculture, forestry, mining and quarrying. An evaluation of construction equally supports this fact. We notice from table 2.6 that construction grew at a rate of 0.77 per cent per annum between the years 1969 and 1980.

Table 2.6 Occupational Composition, and Shifts in Occupations of both Nakuru Town and District

Occupational Composition	Nakuru Town		Nakuru District	
	1969	1980/81	1969	1980/81
PRIMARY	368	62	31885	33830
SECONDARY				
Manufacturing	3345	5525	5830	9846
Construction	1508	1636	1152	2066
TERTIARY				
Trade & Commerce	2633	5253	3404	7485
Services	6606	7437	15392	21641
Others (Electricity & Water)	235	470	263	671

Economic growth is at times seen to be synonymous with industrialization. Table 2.6 shows that the level of industrialization as proxied by the contribution of manufacturing sector in wage employment rose from 3345 to 5525 persons between 1969 and 1981. On the assumption that growth in employment is not at the expense of labour productivity, besides manufacturing firms in the formal sector are not likely to be philanthropic, the rate of growth of this sector is commendable. However, most of the industries are agro-based and are concerned with the processing of agricultural commodities.

The development of the town entails both growth in physical sense and growth in the sophistication of the urban economy and population. Between the two years trade and commerce sub-sector has more or less doubled. This is generally to service the increased population and industries. Industries will require repairs and spares notwithstanding day to day servicing. The services sector has equally broadened its tentacles. The lion share of the services sector is likely to be dominated by civil servants and professionals who are likely to converge in a fast growing town.

There has as well been growth in the water and electricity departments mainly to serve the increased industries together with the subsequent employees and the population at large. Though the contribution of the services sector to Gross National Product (GNP) of a developing country is likely to decline given increased industrialization, its absolute importance can not go undetected.

As for the Nakuru district, the same trend though with different rates is depictable. However, the rationale might be different. We note for instance, that in primary production, the number engaged would have gone up as a result of population growth and given that under-employment or disguised-unemployment is the rule rather than the exception i.e. productivity considerations rarely prevail (recall the diminishing marginal product of labour and at times its equality to zero) even the subsequent failures in the formal job lottery will be accommodated. We can neither rule out rural to rural

migration given the plentiful fertile land.

In short, Nakuru town has and continues to enjoy rapid rates of economic growth, mainly because it is the provincial headquarters of the largest province which is also agriculturally very rich. The province carries the "granary of Kenya" and Nakuru will thus remain to gain from "Vent for Surplus" because the resources of her hinterland were not tapped long way back. In a sense, Nakuru is a farmers Stock Exchange room. Our optimism in this regard is supported by a look at the municipal budget of Nakuru.

In Kenya, a balanced budget is tantamount to wishful thinking on the part of most municipalities and town councils. Nakuru, however, has had more or less balanced budgets. In 1972 expenditure stood at K£ 907493 compared to a revenue figure of K£ 810129. Thus expenditure was 112 per cent of the revenue. Ten years later in 1982, the expenditure figure stood at 97.98 per cent, implying a surplus for the municipality. The surplus budget can be explained by good policing, increased efficiency on the part of revenue collectors and increased incomes resulting from expansion and growth of new businesses.

The surplus, however, is not reflected in all areas. This is certainly true of education and health. Between 1972 and 1982 revenue accruing from education fell by 9.46 per cent per annum while expenditure rose by 38 per cent per annum. This is as a result of abolition of payment of school fees and building fund while the municipality has continued to build more schools and to pay more teachers,

not to mention the maintenance of other facilities. In other words the Council has continued to face increasing development and recurrent expenditures. Public health had a similar picture in the ten year period because revenue rose by 14.91 per cent per annum while expenditure rose by 31 per cent per annum. A net deficit of 16 per cent per annum was therefore experienced by the Municipality in this area of public expenditure.

In summary then, between 1972 and 1982, revenue rose by 35.21 per cent per annum while expenditure rose by 30.80 per cent per annum. If this trend continues, Nakuru town will remain one of the few towns operating with a surplus budget - a commendable achievement in the context of urban financial affairs in Kenya.

2.9 Conclusion

Nakuru is a medium - sized town by the definition used in this study. However, going by Kenya's extent of Urbanization, Nakuru is a large town, being the fourth largest town in the Country after Nairobi, Mombasa and Kisumu. Her population is fairly heterogeneous and has been growing at a fairly moderate rate compared to other towns in her size group. In spite of the fairly common problems of urbanization, such as paucity of good low-costing housing and good future-oriented plans, Nakuru can be described as being in a fairly good state of health which is more than can be said about other urban centres of her size in the country. In this respect, the

Municipality seems well managed particularly financially as reflected by the budget figures. The economy, though "young" and originally agro-based is showing signs of sophistication and has recently been growing at a commendable rate. This is mainly due to Nakuru's agriculturally rich hinterland and the town's administrative status as a provincial headquarters.

REFERENCES

- 1 Child, F.C., "An Empirical Study of Small-Scale Rural Industry in Kenya" Working Paper No. 127 Institute for Development Studies, University of Nairobi.
- 2 Gichiri, N. and Njuguna Ngethe, "Education, Training and Welfare in the Informal Sector: An Analysis of Metal Work and Carpentry Sub-Sectors in Selected Areas of Nairobi, Institute for Development Studies, University of Nairobi: 1984
- 3 Green, T.W.J. House, and D. Kabagambe, "The Potential for Income and Employment Generation in Kenya's Urban Informal Sector: A Proposal Survey" Working Paper No. 310, Institute for Development Studies, University of Nairobi.
- 4 Harvie, C.H., "Some Basic Ideas on the Informal Sector in Kenya" in Westley, S.B. (ed.) "The Informal Sector in Kenya", Occasional Paper, No. 25, Institute for Development Studies, University of Nairobi.
- 5 Henning, P.H., "The Popular Sector: A Framework for the Analysis of Urban Employment Problems in Kenya", Working Paper No. 140, Institute for Development Studies, University of Nairobi.
- 6 House, W.J. "Nairobi's Informal Sector: A Reservoir of Dynamic Entrepreneurs or Residual Pool of Surplus Labour?", Working Paper No. 347, Institute for Development Studies, University of Nairobi.
- 7 _____ "The Urban Informal Sector: Its Potential for Generating Income and Employment Opportunities in Kenya" in Westley, S.B. (ed.) "The Informal Sector in Kenya", Occasional Paper, No. 25, Institute for Development Studies, University of Nairobi.
- 8 International Labour Organization, Employment, Income and Equality: A Strategy for Increasing Productive Employment in Kenya, Geneva, 1972.
- 9 Kabwegyere, T.B. "Institutional Bottle-Necks and the Growth of the Informal Sector in Kenya" in Westley, S.B. (ed.), "The Informal Sector in Kenya", Occasional Paper No. 25, Institute for Development Studies, University of Nairobi.

- 10 Kinani S.M. A and D.R.F. Taylor "The Role of Growth Centres in Rural Development: Conclusions and Recommendations", Working Paper No. 117, Institute for Development Studies, University of Nairobi.
11. Mazundar, D. "The Urban Sector" in International Bank for Reconstruction and Development, World Development, Vol. 4 No. 8, 1976
- 12 Mukui, J.T. "Anatomy of the Urban Informal Sector: A Study of Food Kiosks and Shoeblacks in Nairobi", in Westley, S.B., (ed.), "The Informal Sector in Kenya", Occasional Paper No. 25 Institute for Development Studies, University of Nairobi.
13. Municipal Treasurer, Municipal Council of Nakuru Annual Budget For the Year Ending 31st December, 1973.
14. Municipal Council of Nakuru, Estimates For the General Rate Housing and Water Funds For the Year Ending 31st December, 1982, 1973.
- 15 Ogundo O.O., Data Collection on the Urban Informal Sector "in Westley, S.B. (ed.) "The Informal Sector in Kenya", Occasional Paper No. 25, Institute for Development Studies, University of Nairobi.
16. Reupel, H., "The Informal Sector", Paper Presented at the Interdisciplinary Urban Seminar held in Nairobi in March, 1974.
17. Republic of Kenya, Economic Survey, Government Printers Nairobi Various Issues.
18. National Development Plan, Government Printers Nairobi, 1978/83 and 1983/88.
- 19 Population Census 1979 (1969). Government Printers, Nairobi 1969 and 1979.
- 20 Statistical Abstract, Government Printer, Nairobi, Various Issues.
- 21 Sethuraman, SV (ed.) The Urban Informal Sector in Developing Countries, International Labour Organisation Office, Geneva, 1981
- 22 World Bank, Kenya in the Second Decade, John Hopkins University Press, 1975.