

**PLANNING IMPLICATIONS OF INFORMAL ECONOMIC ACTIVITIES IN
NAIROBI SOUTH B, RESIDENTIAL NEIGHBOURHOOD.**

By

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DECLARATION

This thesis is my original work and has not been submitted in any university or any other institution for the award of degree.

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B63/63821/2013

Signed.....

Date.....

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.

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ABSTRACT

The need of this research came about as a realization that literature is extensive on the contribution of urban informal activities to the national economy without giving sufficient awareness to its associated impacts on already planned and existing land uses. Against this background, this research focuses on the planning implications of informal economic activities on a residential neighborhood in South B Estate, Nairobi County, Kenya. The research cross-examines the nature and location of informal sector activities in the residential neighborhood, their causes, their impacts and planning interventions. The study then uses a general approach method to arrive at its research verdicts drawing from both primary and secondary sources in the form of questionnaires, in depth interviews, mapping and observation undertaken in South B residential Estate. The process of appropriation of space in the residential estate are investigated through specific locations; Mariakani Road, Kapiti Road and Aoko Road, exploring the experience of informal livelihood operators and residents in the selected locations.

The research gives insights into the socio-economic uniqueness of informal operators and the transformation in the economy and plans that have contributed to their involvement in the informal economy, through analysis of findings, the study area and the body of literature. The study mapped out the location of the informal sector enterprises along transport corridors, open spaces and plot frontages, with reasons pertaining to their location including availability of high human traffic/customers, accessibility, affordability and ease of set up. Socio-economic, physical and institutional factors are also highlighted as factors for the growth of the informal sector activities in urban residential neighbourhoods, while the manifestations of informal economic activities are highlighted to include insecurity, congestion, neighbourhood devaluation and alteration, as well as nuisance effects that include noise, air and environmental pollution.

The study offers a synthesis of findings, which brings out the underlying problem issues in the study area. These include weak policy frameworks for managing the informal sector in urban areas, inefficiency of development institutions in the urban areas to direct or guide the development of the sector, and manage the externalities, inefficiency of the informal sector in terms of service delivery and sustainable wealth creation, and the

multiplicity of the negative impacts/manifestations of the informal sector enterprises. The policy recommendations are therefore informed by these underlying problem issues and majorly focus on effective policy framework that recognizes the spatiality of the informal sector business activities and provides for guidelines that govern and control the operation of the sector, improving the effectiveness of the informal sector enterprises to enhance their competitiveness in local, regional and global markets, as well as to enhance their ability in sustainable employment creation and wealth generation. The research study also proposes the adoption of an integrated approach which incorporates the informal sector enterprises in the urban areas and cities' land use structure and neighbourhood planning, as well as the adoption of localized development control that employs the inclusion of community and local institutions' rationalities, so as to help minimize the externalities of the sector's activities in the urban areas.

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ACRONYMS

BDSPs	-Business Development Service Providers
GDP	-Gross Domestic Product
GOK	-Government of Kenya
ICLS	-International Conference of Labor Statisticians
IEA	-International Economic Association
ILO	-International Labour Organization
KEPSA	-Kenya Private Sector Alliance
KNBS	-Kenya National Bureau of Statistics
MSEs	-Micro and Small Enterprises
NCC	-Nairobi City County
NCBDA	-Nairobi Central Business District Association
NISCOF	-Nairobi Informal Sector Confederation
SPSS	-Statistical Package for the Social Sciences
UN	-United Nations
UNCTAD	-United Nations Conference on Trade and Development
UNHSP	-United Nations Human Settlement Programme
USD	-United States Dollar
WIEGO	-Women in Informal Employment Globalizing and Organizing

CHAPTER ONE:INTRODUCTION

1.1 Background of the Study

Urbanization is the process whereby a group of people collectively settle in an area, eventually developing social institutions that comprise of business enterprises and government in order to support themselves as a system. Urban areas are usually characterized as densely populated thus referred to as settlements. Furthermore, it may originate from an attempt by some authorities to deliberately concentrate power, capital, or both at a particular site. Over the past few decades, cities in both developed and developing countries have emerged as the major form of human settlement. Today more people live in and around cities than in rural areas (SOFA, 2002). Urbanization is the increase in the population living in the urban areas thus a complex process of social transformation.

United nation projections indicate that more than 60% of all people will settle in cities by the year 2030. In relation to this, fifteen years ago; the urban growth rate of developing countries (3.8 %) was over four times than that of developed countries (0.9%), which had already urbanized. This urban population growth in the world, more so in the developing countries has been caused by rural-urban migration (UNCHS, 2001).In an urbanizing world, cities with all their demand and promise, attract the countryside people who can no longer endure the constraints of the rural life or who simply see urban life as presenting more options for livelihood. Rural to urban migration is naturally greater where the benefits of development have not been well-distributed over the national landscape (UNCHS, 2001).

According to Martin and Zürcher (2008), urbanization occurs because of economic and non-economic activities. Economic urbanization is due to employer recruitment or demand-pull reasons whereas non-economic urbanization is due to willingness to move to escape unemployment or persecution, or supply-push. According to Kundu (2007) urbanization is the manifestation of economic development. According to Acharya (2003) the key reasons for urbanization are wage differentials, the availability of jobs and work opportunities, and opportunities for workers to grow in the labor market. Urbanization can be used as an effective and influential tool to combat poverty. It has

direct effect in terms of higher incomes as well as some indirect effects in the form of remittances. Remittances can lead to stabilizing the household food security situation as well as creating local jobs.

Kundu (2007) argues that a great part of urbanization in less developed countries has been linked to lack of progress in agriculture and the extreme lack of diversification in agricultural economy. The agricultural production and income is very low as well as unstable in less developed countries which results in lack of livelihood opportunities in rural areas. This leads to urbanization from rural to urban area. The high concentration of the population in cities generates demand for jobs and services that the formal public and private sector cannot meet (Beall and Fox, 2009). The implication of this phenomenon is that cities increasingly become centers of poverty and inequality (Watson, 2009).

Within the global economic forces, urbanization process include the promises which urban living holds out to individuals, for instance better services in terms of both social and physical infrastructures. In addition, external forces such as international restructuring policies which have resulted in further negative than positive impacts and broadened the gap between urban and rural areas (Rakodi and Nkurunziza, 2007). As suggested by Bayat (2004) these policy restructuring measures enhance integration to the global economy as well as fostering social exclusion and informality. Furthermore, Rakodi and Nkurunziza (2007) established that the effects of globalization differ in different regions and localities, with some experiencing benefits while others continue to be marginalized. Such variation in the results of restructuring processes is consistent with Gilbert's (2004) observation that your location and who you are affect the impacts of the global restructuring processes that you experience. The experience of Sub-Saharan Africa manifests the largely negative impacts of global restructuring (UNCTAD, 2001). The difference in location as noted by Gilbert (2004) entails the level of inequality produced. As suggested by Devlin (2011) where there is extreme inequality informality is inevitable.

Due to the growing population of new urban dwellers, the formal sector might not be able to meet the employment needs of the population. Still immigration towards urban regions continues. Consequently, many of the new dwellers end up engaging in informal

activities in urban areas. Informal sector, at times also titled hidden, shadow, parallel, second, underground or black economy is defined by Hart (2008) as economic activities that takes place outside the structure of fixed public and private sector establishments. According to Ihrig and Moe (2004) informal sector is a segment which creates lawful goods, but fails to conform to government regulations. Comparable definitions are provided by other scholars namely; Schneider and Enste (2000), Schneider (2005, 2007) and Schneider, Buehn and Montenegro (2010). The change from rural to urban informal sector can be expounded by numerous pull and push factors. In several cases, the informal sector in urban areas offers better prospects than the rural sector. Earnings can be higher in urban informal engagement than in rural employments and urban areas tend to offer improved public services owing to an urban preference in policies (Lipton, 1976). Furthermore, even in the cases in which conditions between two sectors are alike, many individuals prefer the urban informal sector with the expectation of finding a job opportunity in the formal sector in the future (Banerjee, 1983).

In the developed world, more jobs are being created in the financial sector and in information management as an outcome of globalization, while on the other hand in the developing world, it is pointing towards an increasing “informalization” of the economy in urban areas. Since the formal sector fails to offer adequate employment opportunities for the number of youths seeking work, an increasing number of jobseekers have opted to engage in informal jobs.

According to the International Labor Organization, almost 85% of all new employment opportunities around the world are generated in the informal economy. Possibly of all the people involved in informal sector livelihoods, street sidewalk hawkers face further problems in the running of their activities. Every business day poses a challenge to their existence because they lack legal recognition, (United Nation Center for Human Settlement, 2006).

In African cities, informal livelihood activities have grown enormously over the past decade (Owusu, 2007). Through such activities a segment of the population, notably the urban deprived are absorbed into rewarding employment and provide cheap labour and low cost services to their fellow and the other residents of the city (Lloyd-Jones and

Carmona, 2002). For the urban poor, informal livelihood activities mostly in prime locations are the only means of earning a living, as they require minor financial input and relatively low skills (ILO, 2002). In order to deal with the challenges of unemployment in the city, urban dwellers have opted to make use of available resources such as urban spaces to conduct their informal livelihood activities to provide for their basic needs. This has contributed to the development of informal employment (Riddel, 1997).

Urban spaces constitute an important element in the economies of cities in terms of sustaining their inhabitants' informal livelihoods. Informal livelihood activities have become highly visible in the urban spaces of the developing world and have become one of the options for making a living in the face of increasing poverty (Lyons *et al.*, 2012). As a result, urban dwellers are engaged in competition to access these urban spaces to undertake trading activities. Such competition has caused operational conflicts among stakeholders which, in turn, have raised different kinds of concerns for practitioners in urban planning and management, and their respective urban local authorities (Brown, 2006). This type of competition could be categorized as competition for use of urban space on the side of the operators, and competition for its development on the side of municipal governments.

Brown and Lloyd-Jones (2002) observed that prime locations for informal livelihood activities develop in undeveloped road reserves, abandoned urban open spaces, public transport terminals, road junctions, market places and other places of high interaction with pedestrian and/or other traffic activities. Within the confines of space within homes and other public premises, the need for space in prime locations by livelihood earners becomes necessary. It is important to note that informal activities within the home are also thriving; however, here there is less pressure on the space used. Contests over these prime urban locations in supporting informal livelihood activities lead to operational encounters involving the following segments of urban dwellers: livelihood earners with designated spaces, against those without, current land users against emerging ones, landed against itinerant livelihood earners, and private developers against livelihood earners, livelihood earners against urban local authorities, location-specific livelihood earners and mobility-related road users and livelihood earners against each other,

(Bromley, 1978; Jones and Varley, 1994; Bromley and Mackie, 2009). As argued by Kamete, (2012) the excluded forms of production and consumption of space based on local knowledge have continued to be ignored as the western mode of production and consumption of space continues to be embraced.

In the beginning of the second half of the twentieth century, planning became progressively associated with the rational comprehensive model. One of the distinguishing features of this new way of thinking was the integration of assessment in the plan making process. In a specific planning situation, the decision maker would think through all possible sequences of action, as per a number of established ends, identify and assess all the consequences following from the adoption of each course of action, and then select the most preferable alternative (Oliveira and Pinho, 2010).

According to Mumford (1961) it is impossible to create a city without plan. As an essential cellular element of planning, is one of the essential steps toward reestablishing a new urban form. An additional feature, distinguishing the rational paradigm from the classical paradigm concomitant to Patrick Geddes's survey-analysis-plan, was the new way of considering the physical dimension of the city. While in the classical paradigm the prominence was on the city in the rational paradigm the focus was on the process and the method, leading to an unintended devaluation of the city as the planning object (Oliveira and Pinho, 2010).

Urban planning as a formal discipline began with the 1947 Urban and Rural Planning Act. This new concept of urban planning was developed by Geddes and Abercrombie and conceived mainly as a way to predict and shape future land use and development patterns. Thus, the service and utilities infrastructure needs of new developments could be coordinated and constructed more effectively. These land use maps were reevaluated at five yearly intervals. The philosophy underpinning this British Act suited a type of urban planning that came to be known as Comprehensive Planning (Athari, 1997; Hiraskar, 1998).

The process of urbanization and city planning are really connected and they should be considered together. Alexander (2011) refers to planning as a process of deciding that

enables individual what to do and how to do something. Different studies have attempted to investigate the issue of city planning. Sierra and Steiner (2007) in this regard claim that in order to have a successful city, its environments must be taken into consideration as well. There must be a rational balance between different needs such as environmental, social and economic needs. There are some significant issues that are necessary for having a successful city such as high security in investment sectors; infrastructure and it should fulfill the needs of its citizens in the best way possible at the forefront of all its activities. Sierra and Steiner (2007) claim that if a city cannot manage its urban planning, there will be grave results that can affect its environments, society and the economy. All these issues may result in poor health, social chaos, poverty and economic inefficiency.

Urbanization in Kenya is due to the concentration of large-scale and small scale industrial and commercial, administrative and financial set up in the cities in the numerous parts of the country. It is further accompanied by technological advancement in transport and communication, cultural and recreational undertakings. In the developing countries, a city's vital economic fate rests on the position of its country in the international political economy (Walton, 1976; Snyder and Kick, 1979). In the developing nations, cities are nodes of intersection for the international political economy and the countryside, often enticing investments that aim on taking the opportunity for the "emerging opportunities" (Smith, 1996).

Policy focus in the formal economy has overshadowed the informal sector. The absence of clear policies has relegated the informal sector to fragile working environments and competitive disadvantage vis-a-vis larger formal firms in capital and product markets (Chen, 2007). Traders trade from insecure contested spaces. In most cases the trading spaces used by informal traders lack sufficient infrastructure facilities, and are often inadequate to accommodate the high demand.

According to UNHSP-HABITAT (2006) the informal economy can barely be overlooked in Kenya, 61 percent of the 14-million labor force works in non-agricultural employment, while 35 percent of urban and 59 percent of rural households respectively are involved in small businesses. Whether rural or urban, the informal economy is comprised of MSEs

which produce and distribute basic goods and services in unregulated competitive markets that lie outside the regulatory framework of either national or municipal government. This is due to lack of effective policy implementation and ultimately of appreciation by policy-makers of the role this sector continues to play in job creation, poverty alleviation and economic growth.

The rising inequality, high cost of living, unemployment and underemployment have been major factors contributing to the high growth of informality in Kenya. 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).

Nairobi, Kenya's bustling capital city that generates more than 50% of the country's annual GDP of USD 33.6 billion. Every year economic surveys show the informal economy has been performing what the formal economy has failed to do that is creating new jobs every year. According to a report completed in 2012, six jobs were created in the informal economy for every one job in the formal economy in 2011, and the informal economy accounts for about 80% of total employment. For a city where 45% of the population is between 18-35 years of age that is higher than the country's 36% and consequently the population bracket with highest level of productivity, supporting the informal economy will be key to strengthening Nairobi as an instrument for economic growth to support any long-term development goals.

Overall Planning issues in Kenya are identified through Thematic Working Group, stakeholder meetings and public meeting and compiled from the points of view of urban planning, urban transport and socio-economy. Urban planning in Nairobi City face lack of sufficient urban infrastructure (water supply, sewage, waste disposal, power supply and telecommunication). A number of infrastructure plans have already been prepared but many are not implemented. In some cases, lack of coordination between Nairobi city and the national governments hampers the process. Since population projection that can be shared by stakeholders has not been available and land use plan that justifies the infrastructure has been weak, implementability and efficiency of the infrastructure plans was not secure.

1.2 Statement of the Problem

United nation estimates more than 60% of all people will live in cities by 2030. The key drivers of population increase have been the ascending trend in rural-urban migration and natural population growth over the years (Hope 2012; Hope 2013). The inbound population have significantly impacted on service provision with the service sector in the urban areas characterized by an increasing demand against low supply. Remarkable though, much of the Nairobi city's growth has taken place in absence of any certain urban development structure (K' Akumu and Olima 2007; Oyugi and Owiti 2007; Syagga 2011) therefore, resulting in to complex housing production and settlement pattern.

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 ever-widening gap between poor and rich is symbolized by the glaring inequality in the worth of the living environment and access to services and basic needs. This is mirrored in the divergent urban forms –high-class gated communities are developing adjacent to rundown neighborhoods' and slums. Accessing urban services and fulfilling basic needs has financial implications which cause many to resort to the informal occupation of locations as places from which to eke out a livelihood. This is evident in South B Estate, despite good planning on the neighbourhood concept; the estate has undergone a poorly managed densification process, characterized by high level of informality. Established in the 1970's, the estate has experienced an influx in informal sector activities fueled by rapid densification, changing social economic profile and weakness in enforcement of the neighbourhood plan. The informal sector activities have invaded the organized open spaces meant for recreational uses, road reserves as well as enclaves within the residential areas.

The rate at which job redundancy and underemployed is growing has also greatly exceeded the rate at which industry can offer new employment opportunities. Omolo,(2010) argues that Kenya faces five fundamental employment challenges, namely: high youth unemployment and under-employment, swiftly growing labour force, the

problem of the working poor, and gender inequality in employment. Unemployment rate increased to 40% in 2011 from 12.70% in 2006(KNBS 1999-2016). Notably, the rate of growth in formal sector employment in Kenya has been low, averaging 2.23% per annum compared to 17.22% per annum for informal sector (IEA Research Paper Series No.1/2010).

Obare, (2015) notes that among the most important challenges being faced by governments in developing nations is identifying development policies that can create new income and employment opportunities, and ease unemployment and under-employment. In Kenya, employment creation policies and programmes since independence have failed to curb unemployment in the country due to corruption and not being able to provide the required skills in a competitive and complex market environment. The major challenge has been increasing with low absorptive capacity of the formal sector vis-a vis the relatively high level of growth of the labour force. These conditions manifest in the form of rapidly growing informal sector encompassing the unemployed, underemployed and employed. The sector has been a fallback to the large labor force of youths and women who are incapable to get employment within the formal sector, thus the upsurge of the informal sector activities.

Since human activities take place in space, there is high demand for public land and spaces for the accommodation of the ever growing necessity of the sector both to trade and settle. Therefore, every “suitable” and “available” land space is converted to usage that suits the business activity hence resulting in the erection of shops, kiosks, workshops and other temporary erections without recognized approval. This situation is not weird to the already built up areas but are likewise manifest in planned residential neighborhoods where organized open spaces meant for recreational uses and way leaves for public utilities, have been intruded upon by the wave of these activities. Mainly, the consequence is felt in the urban areas because of an obvious over response to the attraction of cities. Furthermore, there has been no substantial provision for land space for these activities equivalent to the number of people involved in them. Therefore land uses have been distorted and development has become disorganized. In Nairobi city, the need for survival in an environment of growing unemployment in the formal sector

continues to draw thousands of the city of Nairobi's residents to invade the city's unplanned open-spaces, road reserves and the most preferred being an outward shift from the CBD to the residential neighbourhoods. What ensues is the 'informal' Jua kali sector within the residential neighbourhood.

Komollo, (2012) notes that one of the major problem associated with informal activities is the conflict of use, between informal economic activities and designated uses, which fundamentally stems from absence of regulation. This is the case in Nairobi South B Estate, where there has been encroaching on the road reserves along the collector streets within the estate. The consequential developments reflect a state of uncertainty to these people as to when not if they will be evicted. This has led the traders to make transitory and ugly-looking structures that are aesthetically unsightly, poorly serviced and environmentally unsound, from where they can obtain maximum economic benefits of their trade. The reason behind this is the fact that some inhabitants in the city view the structures where the informal enterprises operate as an irritation, and thus do not need to be associated with them.

According to Rukmana (2007) informal sector activities are often characterized by proliferation of workshops and worksites or intensification in the use of informal economic locations. Most of them are often seen as undesirable and eye-sores activities. The challenges from the informal sector are borne out of the ability of the sector to create land use problems such as sprawl problem, incongruous land uses, building alterations, the nuisance of temporary structures, alteration of land use functions, open space conversions and land degradation (Okeke, 2000). This has been the scenario in South B 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 regulation. Commercial facilities have sprung up within the dwelling areas, altering the character and functioning of the neighbourhood. Extensive use of temporary structures is common resulting in low values of land. Little attempt has been made to explore the possibility of accommodating them in neighbourhood planning. Because of an inhibitive regulatory climate, corruption and lack of sufficient resources to execute programmes aimed at enhancing livelihoods of the informal operators. Hence it is against

this background that a research of this nature becomes inevitable at this time since all households are contributors to the city economy whether formal or informal.

Therefore the study attempts to highlight the dynamics of urban space use and contestation, amidst an increasing urban population, growth of the informal sector and the evolving informal urban land use patterns that generally have an impact on future neighbourhood planning.

1.3 Research Questions

1. What is the nature of informal economic activities in South B?
2. What factors explain the continual growth of informal economic activities in South B?
3. What are the planning implications of informal economic activities in South B?
4. How can the informal sector enterprises be integrated into South B residential neighborhood to enhance livelihood?

1.4 Research Objectives

1. To determine the nature of informal economic activities in South B.
2. To find out factors that explains the continual growth of informal economic activities in South B.
3. To determine planning implications of informal economic activities in South B.
4. To find out how informal sector enterprises can be integrated into South B residential neighborhood to enhance livelihood.

1.5 Assumptions

This study will be based on the following assumptions:

- i) Planning regulations and policies guide formal planning within the study area.
- ii) There are different factors contributing to the continual growth of informal economic activities in South B estate.

1.6 Justification

Approaches to deal with informality have been mostly 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 appealing terms, via a conviction that an efficient neighborhood is one that looks well-organized and orderly in a geometrical perspective, rather than one that actually augments people's livelihoods or capacities (Roy, 2005).

While the informal sector has been acknowledged as a main source of employment opportunities and as well as a means of generating income it is yet to be given appropriate attention practically. There is inadequate body of individual testimony on the experience of appropriating spaces within residential neighborhood for informal economic activities. This research focuses mainly on informal operators in planned residential neighborhood, highlighting the nature of informal activities, drivers of informality, planning implications and how these activities can be integrated into residential estate to enhance livelihoods. It is vital that the investigation of informality regards the operators as dynamic agents of change in the creation, consumption and management of urban spaces in cities.

The outcome of this research is expected to contribute towards a regulatory framework for long term appropriate settlement development that replicates the livelihood strategies of the operators.

1.7 Scope of the Study

1.7.1 Geographical Scope

By adopting a case study approach, the study will be carried out in South B. residential estate, an estate based in Makadara Division in Nairobi County, Kenya. The study area is composed of middle class houses and is approximately 5km from town. The estate is composed of the following courts/estates; Mariakani, Golden Gate I & II, Riverbank I & II, Railways, Kariba, Plainsview, Hazina, Balozi, Kapiti and Zanzibar. By adopting a case study approach the study will target informal operators, the residents and key informants from the residential estate and Nairobi City County.

1.7.2 Theoretical Scope

The study will rely on the definition of the informal sector by the ILO as economic activities that are doing things characterized by labor intensive and adaptive technology, ease of entry, family ownership, reliance on indigenous resources, small scale operations, , skills acquired outside of the formal sector, and, unregulated and competitive markets.

Moreover, it will examine the contributing factors to informality; urbanization trends in both global and local contexts, unemployment and urban poverty levels, policy as well as institution failures, in terms of spatial planning strategies, monitoring and evaluation. So as to appreciate the grounding of the informal sector and its contribution towards national economic development, the study will provide an insight into the various theories and schools of thought that pertain to the informal sector, as well as the background and development of the sector in Kenya and Nairobi over the years, historical outlook of the various spatial planning strategies, economic development policies, as well as policy and legal framework that govern the informal sector growth and development in Kenya.

With focus on the urban space and the study area, the study will examine the trend of growth of the informal sector activities in the urban realm, and the sector's proliferation into the urban residential spaces, the transformation of the urban areas as a result, and the challenges posed therein.

1.7.3 Thesis outline

The research thesis is structured into seven chapters;

Chapter 1: Introduction – The chapter lays the foundation for the research, by exploring at the statement of the problem, the research questions and objectives guiding the research as well as the justification.

Chapter 2: Literature Review – This chapter analyses into depth the concept of informality, neighbourhood and other concepts linked to the growth of informality in urban areas. The chapter also provides insights into the body of theories, policies, legislation and institution frameworks that guide the informal sector enterprises in an urban neighbourhood setting.

Chapter 3: Methodology – The chapter outlines the methodological framework that guided the research study; the research design, the sampling framework and size with relation to the target population and the study location, as well as a highlight of the data collection instruments, methods and procedures for analysis and presentation.

Chapter 4: Study Area – This chapter focuses on the background of the study area, by highlighting the various locational, socio-economic, historical and physical dynamics of the study area.

Chapter 5: Study Findings – This chapter provides a comprehensive outline of the study findings, as guided by the study objectives and the various research instruments. It goes further and tries to synthesize the findings, and link them to the existing body of knowledge and literature concerning the informal sector enterprises.

Chapter 6: Problem Issues and Policy Recommendations: The chapter highlights the emerging issues and problems, based on the synthesis of findings, literature and study area background. It then goes to provide policy recommendations that address the identified problem issues.

Chapter 7: Summary and Conclusion – This is the final chapter of the research study. It offers an appraisal of the study by providing a summary and identifying the intended benefits to the various stakeholders. It also provides the concluding remarks by the researcher, and areas identified for further studies.

CHAPTER TWO:LITERATURE REVIEW

2.1 Introduction

Different scholars have carried out considerable number of studies on informal sector. In such studies, the concept, distribution among neighborhoods, role in urban economy, as well as implication of informal sector enterprises to land use planning, among other aspects have been dealt with. This chapter gives a general overview of the informal sector. It reviews literature on various definitions of informality, informal sector theories, and characteristics of informality, contributing agents of informality, impacts of informality on existing planned land uses and relevant government policies on informality and planning in Kenya.

2.2 Definition of Key Concepts

2.2.1 Informal Sector

The informal sector has been theorized from diverse perspectives leading to different definitions to reflect diverse standards upon which the definitions are based. Using the number of employers or worker, Sethuraman (1976) defines an urban informal enterprise as a firm which has employed ten or less full-time employees with an exclusion of the liberal professionals.

Becker (2004) defines the informal economy with focus on “place of work”. Four categories were recognized: home based workers, street vendors and traders, itinerant, cyclical or temporary job workers on road works or building sites, and those in between the streets and home.

Edgcomb and Thetford(2004, 6.) describe informal economy as that constituent of the overall market in which proprietors, enterprises and self-employed individuals participate in legal but unregulated activities, while they do not conform with standard business practices and taxation.

In 1993, the 15th International Conference of Labor Statisticians (ICLS) approved a method for defining the informal sector that could be applied across nations. The

resolution implemented by the 15th ICLS recognized the following set of benchmarks for defining informal enterprises (Husmanns and du Jeu 2002):

- ⌘ **Legal organization of the enterprise.** Informal enterprises are private self-governing enterprise for which no consistent set of financial records exist that would allow the economic activities of the informal enterprises to be clearly separated from those of the proprietors. In a majority of the cases, informal enterprises are owned and managed by household members, though informal enterprises and cooperatives, whose ownership organization may extend across households, are also included.
- ⌘ **Market production.** A portion of the goods and services manufactured or produced by the informal economic enterprises must be vended or bartered in market dealings. Household activities that produce solely non-market goods or services do not encompass informal enterprises.
- ⌘ **Size and /or registration.** Informal enterprises are commonly defined in terms of number of employees. On the other hand, informal enterprises may also be defined depending on their registration status with reference to national legislation and regulatory frameworks. Frequently the registration criterion and or the size criterion are the key pointers used to recognize the informal enterprises.

International Labor Organization (1972) describes informal economic activities as a “way of doing things characterized by (a) easiness of entry (b) reliance on local resources (c) family proprietorship (d) small scale operations (e) more use of labor and low level of technology (e) skills attained outside of the formal sector (g) unregulated and competitive markets (Chen, 2012:7-8). The informal sector is referred to as enterprises that are neither legally regulated nor with employment relations that are legitimately regulated or protected.

According to UNHSP, (2003), the informal sector involves units engaged in production of goods and services with the following characteristics:

- Small scale units that incorporate, firstly, of informal own-account enterprises, i.e. self-governing enterprises that are run without consistent employees and, secondly, enterprises of informal employers who employ one or more employees on a continuous basis.
- Few obstacles to entry, since initial capital and skill requirements are little.
- Informal skills acquisition, this implies that most entrepreneurs in the informal sector learn through informal trainings, while few have vocational training.
- Limited access to formal credit, the source of capital is from immediate family, friends and money lenders.
- An informal association with a comparatively flexible and informal hierarchy of roles and work.
- Informal relationships with suppliers, clients and the state or local governance; few have formal contracts or licenses, with flexible hours of operation and irregular contacts. They consequently tend to be “unseen”, unregulated and unaccounted for. Hence, labour tends to be vulnerable.
- Combinations of different activities can exist in a single unit, either concurrently or by regular change in activities, hence difficulty in organization of businesses according to industrial classification criterions.
- Predominance of an undercapitalized or labor-intensive processes of production. The inadequate nature of technology used may obstruct the ability of the business to produce incessantly, and may limit the business operator’s ability to plan for improved operation and investment.
- Consumption and production are not separated. The use of private and home assets such as vehicles, furniture and living quarters is common.

Other definitions are based on income levels. This definition classifies the informal sector as comprising of enterprises or work with growing market demand that reflect high or

low income-elasticity of demand. It categorizes the informal sector into three fundamental divisions including (Oberay et al, 2001; ILO, 2002):

- a. Enterprises with the potential of becoming an important contributor to national economy and that take up informal economic activities because of their potential for creating wealth or growth. These enterprises can be associated with organized and evolving national or global markets.
- b. Individual or household who take up informal activities for survival purposes. Dynamics attracting these persons include comparative easiness of entry, dependence on indigenous resources and minimum capital investment requirements.
- c. Individuals that dedicate part time in informal activities while working elsewhere because of existence of irregular and low salaries in order to complement their incomes.

These diverse terms show that no single definition of informal economy could serve different fields. The idea of informal sector since its inception becomes indefinable because of diverse paradigms, interests, disciplines and moments in history that had transformed the meanings (Habib-Mintz, 2009). Therefore, this explains the different theorizations of the concept.

2.2.2 Urbanization

Urbanization is the process of migrating from the rural to urban areas and engaging in non-agricultural activities. Urbanization is also defined as a process of acquiring non-rural behaviour (Obudho, 2000).

In this context, urbanization is the process by which majority of people become permanently concentrated in urban areas, forming towns and cities. It can either occur due to migration of people from the rural hinterlands into the urban areas, or naturally.

2.2.3 Residential Neighbourhood

This can be defined as space designated for residential housing ranging from single family housing to multi-family housing. Galster, (2001) provides the following attributes of a residential neighbourhood:

- Environmental – topography and pollution.
- Buildings –design, type, density, material and repair.
- Proximity – location and transport infrastructure.
- Demography –class status, age profile, ethnic diversity and movement of population.
- Infrastructure – streetscape and roads.
- Social-interactive – existence of friends and family networks.
- Existence and quality of local services.
- Sentiment –historical importance, identification with place and local stories.
- Local associations, social control mechanisms and informal interactions.
- Political – local parties, resident participation and political networks.

2.2.4 Public Space

Public space is where people carry out a number of functions that are shared with all: moving from place to place; appreciating cultural opportunities and public recreational; visiting other parts of the city or other private locations; meeting others, shopping or merely promenading (UN Habitat, 2015). A public space is space accessible to all people including roads and streets.

2.2.5 Linkages

Linkages refer to the relationships between two entities; the formal and the informal economic sectors. Chen, (2012) argues that a small number of informal enterprises, excluding maybe some survival activities, operate in total segregation from formal firms and that most look for raw materials from and/or supply completed products to formal firms either directly or through transitional firms often informal. Obtaining and supplying of services or goods can take place through distinct individual transactions but are more probable to take place through a sub-sector linkage of commercial relationships or a value chain of subcontracted relationships.

Chen, (2012) further breaks down the interactions and linkages between the formal and informal sectors into the following:

- Individual transactions: Some informal enterprises or own account operators exchange goods and services with formal firms in what might be categorized as pure or open market exchange that is independent units transacting with each other. In this case, the principal firm in terms of market knowledge and power that is usually the formal firm governs the transaction or exchange.
- Sub-sectors: Many informal enterprises or own account operators produce and exchange goods and services with formal firms in what are called sub-sectors, that is, linkages of independent units involved in the production and distribution of a specific good or commodity. In such linkages, individual units are involved in a sequence of transactions with customers and suppliers. The terms and conditions of these transactions are governed majorly by the governing firm in specific transactions as above but similarly by the “rules of the game” for the sub-sector as a whole, which typically are determined by governing firms in the linkage.
- Value chains: Some informal enterprises and own account operators and, by definition, all subcontracted workers produce goods within a value chain. The terms and conditions of production of goods or commodities in value chains are determined majorly by the principal firm: in local chains, a large domestic firm and, in international value chains, a large multinational company. The main suppliers to the lead firm and often formal firms similarly aid define the terms and conditions of subcontracts to informal firms and workers down the chain.

2.3 Informal Sector Theories

2.3.1 Theories of Existence of the Informal Sector

There are studies that substantiate the persistence and growing tendency of informality in many Latin American countries and other developing nations (ILO, 1999, Gray, 1998). Different intellectuals have come up with diverse theorizations on the existence of informality. Yusuff (2011) looks at four theoretical approaches on informal economy that explains the growing tendency and persistence of informal economic activities in many Latin American Countries and other developing countries namely; modernization, dependency, structuralism and neo-liberalism. On the other hand, Martha Alter Chen

(2012) argues that, the informal sector is categorized into four main schools of thought namely; The Dualist School of thought, The Structuralist School of thought, The Legalist School of thought and the Voluntarist School of thought. All these school of thought endeavors to explain diverse causes of what contributes to the growth of the informal economy.

a) Dualist School of Thought

This school of thought was introduced by the ILO World Employment Mission Kenya 1972. The proponents focus on those business enterprises engaged in old-style and survival activities. They interpret the informal economy as self-governing activities with few links with the rest of the economy. Economic activities provide income for the poor and a safety net in times of calamity. Informal operators are omitted from contemporary economic opportunities due to (a) disparities between the growth rates of the population and of contemporary industrial employment; a key aspect is the type of education and its relevance and the leaders' capacity to generate a growing economy (b) people's skills does not match with the structure of modern economic opportunities. Characteristics include easiness of entry, small scale of operations, dependence on local resources, domestic ownership of enterprises, labor-intensive and adapted technology, skills attained outside the formal school system and free and competitive markets.

The weakness of the dualistic school of thought is that, it views informal labour organization as taking place fundamentally outside of the manipulative formal relations of production. Consequently the informal sector is regarded chiefly as a mere transposition of the rural subsistence sector into the urban environment.

b) The Structuralist School of Thought

This school of thought was majorly pioneered by Manuel Castells and Alejandro Portes 1989. The proponents focus on petty merchants and producers; sub-contracted workers and casual workers. Structuralists argue that, informality is not simply a product of extra labour supply or over-regulation but a substitute form of labour utilization and often exploitative by capital. They view informal economy as subordinated economic units that is informal enterprises and workers that aid to decrease input and labour costs of big

capitalist firms and increase their competitiveness. They argue that, informality is a result of nature of capitalism and capitalist growth: precisely, the efforts by formal firms to moderate significantly labour costs and increase competitiveness; the response of formal firms to the power of structured labour, state directive or regulation of the economy most notably, taxes and social legislation and global competition; and the process of industrialization (e.g. sub-contracting chains, off-shore industries and flexible specialization). Some of the characteristics include; emphasis is on interactions of production and activities unregulated by the institutions of society. Informality is here seen as collective heterogeneous on the rise systemically linked to formal/capitalist firms.

Structuralists are credited with their contributions to the informal economy debate. According to Castells et al, (1989) the function of the informal economy is to support capitalist structure, which is supported by globalization to sustain market effectiveness as producers endeavor to lessen production costs.

Critics argue that, industrial subcontracting is fundamental feature of informal activity in Latin America cities while relatively insignificant feature of informal activity in the developing countries (Aeroc, 1992). The major and common feature in African informality is subsistence or survival, informal economy in which economic actors are occupied on informal means of income generation (Capecchi, 1989).

c) The Legalist School of Thought

This school of thought was introduced by a Peruvian economist; Hernando De Soto. The school of thought focuses on informal enterprises and entrepreneurs. The legalists subscribe to the notion that the informal economy is made up of plucky entrepreneurs who decide to evade the onerous and unnecessary costs, time and effort of formal registration and who require legal rights to alter assets into formal property. A hostile legitimate system leads to informal economic activities and informal extralegal norms. Burdensome government rules and procedures create obstacles to formalization and consequently stifle the productive potential of informal entrepreneurs. The school of thought reasons that, the informal operator runs the enterprise tactfully to his /her advantage thereby minimizing costs out of the urge to survive. Some of the costs include:

taxes, registration and license, compliance with laws and regulations , higher rates for public utilities, evasion of fees and penalties, evasion of taxes and labour laws, lack of property rights, lack of enforceable contracts and not receiving benefits from formal.

De Soto also noted that, micro-entrepreneurs would continue to operate and produce goods informally so long as government procedures are not affordable and burdensome in terms of absence of property rights, inaccessibility to productive resources like technology and finance. He is recognized for bringing informality into the public attention in terms of its potentiality. He argues that, the informal sector has the potential of not only to generate wealth, cut cost, and democratize politics but also to push out and substitute the first economy.

The major difference between this school of thought and the voluntarists is that the informal operator's use tactful means to elude the costs of becoming formal in order to cut costs, maximize returns and survive.

d) The Voluntarist School of Thought

This school of thought was championed by William Maloney 2004. The voluntarists emphasize on the self-employed, notably entrepreneurs especially male entrepreneurs and their informal enterprises. The proponents view informal economy as consisting of entrepreneurs who decide to function informally in order to evade costs namely; taxation, rental fees and electricity, commercial protocols and other costs of operating formally. It is comprised of informal operators who decide to operate informally or even criminally after contemplating the costs Vis a Vis the benefit of informality relative to formality. Distinct feature in comparison to the legalist school, this school does not blame the burdensome registration procedures but argues that informal is a thoughtful choice by entrepreneurs to enjoy benefits of informality. Costs of formality (avoided), payroll taxes and social protection contributions. Benefits of informality that is a way to make income while avoiding costs of formality.

The above theories have broadened the understanding of informality by giving different perspectives although some do not explicitly distinguish between formality and informality or adequately deal with both. Therefore, informal economy as a whole is

heterogeneous and complex there is merit to each of the above mentioned schools of thought as each school reflects one or another.

2.3.2 Location and Organisation Theories

The spatial organization of informal activities varies across cities. Baroni (2007) categorized informal activities as those located in places that are more or less accessible, whose operators confront the different advantages and disadvantages of locating their activities in such places. There are activities which utilize the home environment and are referred to in the literature as home-based activities (Strassmann, 1987; Gilbert, 1988; Tipple, 1993). Spaces used in this case include rooms within the house, backyards and front verandas. The size of the space required by these activities varies with regard to the type of activity, which can be either production or retailing. Other informal activities locate and concentrate along the main streets within a neighbourhood where there are more potential customers.

The central place theory is defined by using two concepts of threshold population and range of goods which were originally developed by Walter Christaller (Evans, 1987; Wood and Roberts, 2011). A central place which is accessible by transport facilities reduces transport costs and travel time which results in congestion of goods, services and people.

According to Christaller central places are retail centre's where selling and buying activities are taking place (Wood and Roberts, 2011). According to this theory, production factors, namely labour, capital and transportation costs denote the keys to understanding firms' location: firms tend to locate in such a way as to maximize profits. As noted by Acho-Chi (2002), in the developing nations population thresholds and the number of clients in a location can be used to illustrate the location of informal activities. Sites are sited within cities in places where operators are enthusiastic to struggle for them, at the same time that clients are attracted to them, and discard the idea of moving to other places for the similar service. Central place theory provides an explanation on the hierarchy of Centre's and the location of various land uses within a given area. Formal retailing factors affecting the site location for a firm vary according to the set of investments that are required to take place. Gilbert (2003) suggested that consideration

should be given to consumer choice, the need for competitive advantage, trends, high investment, property assets, declining number of sites and the requirements laid down by the responsible authority on land use development. Berman and Evans (2010) also suggested that retail location should consider pedestrian traffic, vehicular traffic, parking areas, public transportation, store composition and specific site. Informal retailing would normally ignore some of the considerations its formal counterpart adheres to.

Acho-Chi claims that this behavior supports the “marketing principle of spatial competition and central place theory” (Acho-Chi, 2002:34). In this study central place theory will help us to understand the location of informal activities within the residential neighbourhood, the presence of the threshold population which demands goods and services provided by informal operators, and the minimum travel distance the customers have to travel to meet their needs. Markets for a particular product, whether formal or informal, are affected by three factors: namely locations that generate population, product supply and location of consumers (Huff, 1962; Belshaw, 1965; Berry, 1967; Dewar and Watson, 1990).

An estimated of 45 to 85 percent of the workforce is in the informal sector and street vendors represent significant share of workforce in the developing countries. (WIEGO, 2002). Urban street trade occurs in various distributive forms and includes several products. It varies from food from bikes to trays to mobile selling, stable vending practices from carts, to street table vending, for example CDs, books and clothing. The selling practices in public space differ extremely subject to a particular neighborhood, city and country, affecting the sellers’ linkages, daily routines and labor conditions. The vendors’ circumstances are mostly correspondingly varied. In the United States and Germany, the bulks either have a migrant background and/or are people of color (Graaff, 2009).

Street vending in African cities often takes place in diverse parts of roads and streets. Most vendors tend to locate themselves at premeditated points with heavy human traffic, while others walk forgone place to the other. They strategically locate themselves along main streets and roads, adjacent shopping centers or at corners where they are visible by motorists and pedestrians. Sellers settle in streets suddenly without any authorized

allocation. Most street vendors in Africa have no approved sites of operation, which results in occurrences of skirmish and brutality between street vendors and urban authorities (Mitullah, 2003).

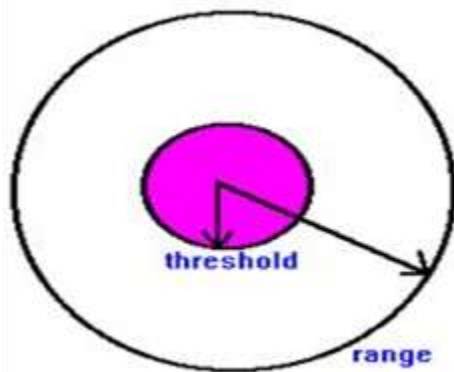
2.4 Planning for Commercial Centers in Residential Areas

The central Place Theory was framed by Walter Christaller in 1933 and attempts to explain the spatial arrangement, size and number of settlements (central places) the theory provides an interpretation of settlement distribution over land. For a central place to emerge, two key concepts are a prerequisite;

Threshold-This is the least population that is required to bring about the provision of certain good or services.

Range-This is the distance that consumers would travel to access a particular good and services.

Figure 1: showing the key concepts; threshold and range



Goods are categorized on a relative scale from lower order to higher order goods. Lower order goods are type of goods that customers require more frequently and are willing to travel shorter distances to acquire them while higher order goods are goods needed less frequently and the customer has to travel longer distances to acquire them.

A central place which is accessible by transport facilities reduces transport costs and travel time, hence congestion of goods, services and people. According to Christaller,

central places are retail centres where selling and buying activities takes place (Wood and Roberts, 2011). Based on the above mentioned concepts, Christaller came up with three principles that determine the central places distribution namely

- Transport Principle(K=4system)
- Marketing principle(K=3system)
- Administrative Principle (K=7system)

a) The Transportation Principle-The movement of goods is maximized 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 cheap as possible. According to this principle, the central places would consequently be lined up on straight traffic routes which fan out from the central point. When central places are structured to the traffic principle, the lower order centers are located at the center of each side of the hexagon rather than at the corner.

b) The Marketing Principle- This is based on distribution of market areas, ranging in size from very large territory to many small areas based on the scope and population size. The market Centre are distributed and ordered on the basis of the type of service and goods provided, leading to a hierarchy of centers; auxiliary central places, lowest order centers, lower order Centre's and higher order centres. The different orders of settlements arrange themselves in a hierarchy. The higher the order the greater the area served. In the case of south b residential area, the town center provides higher order goods while the shopping center lower order goods. This principle maximizes the distribution of goods and services with the lease number of central places. Arrangement of the settlement is according to the principle $K=3$.the theoretical number of settlements will gradually divide the preceding order. One higher order central place is serving three including itself of the subsequent lower order central places.

c) Administrative Principle- The market zones of the smaller settlements are entirely enclosed within the market area of the larger settlement. Since tributary areas cannot be fragmented administratively, they must be apportioned completely to a single higher-order place. Effective administration is the control principle in this hierarchy.

The principal assumptions of this theory are that, perfect competition exists, resources and population are homogeneously distributed over homogeneous plane, firms have unrestricted access into the market and all firms have constant returns to scale. In this model, there are three factors that are key to understanding the firm's location namely; capital, labour and transportation costs. Parr (2002) argues that central place theory does not fit in any other country apart from southern Germany. Moreover, studies that have been done earlier using the concept of threshold and range to ascertain and categorize centers, reveals that layout of the centers never conforms precisely to the expectations of the theory. There are various factors that affect the functioning and spacing of centers. According to a study done by Johnston on central places, in Melbourne, he found out that purchasing power, age and density affect the spacing of centers and hierarchical arrangement. Adequate densities for instance will permit a grocery store a lower order function to survive in a secluded setting. In addition economic status of the consumers is vital. Customers of high economic status tend to bypass centers providing only lower order goods. Based on the literature reviewed, gradual application of central place theory seems to show that the theory is not recognized as a significant planning element. This is demonstrated by Berry's affirmation that, 'the central place concept has yet to be systematically integrated in to planning models'. Central place theories like most theories have practical restrictions but present an organized framework. This theory will continue to provide a basis for understanding the location of firms and retail businesses.

Residential estates in Nairobi are spatial planning units, planned to sufficiently provided for in terms of basic community amenities bordered by principle through roads and has an identity. They should also have a service or commercial centre which forms the crucial point of the estate, and satisfies the minimum walking distance. 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, but this has not been the case, in light of the high urbanization trends in the city.

2.5 Informal Sector in Kenya.

The Kenyan informal sector usually operates on small-scale, locally and at a subsistence level, and has mainly been as a result of the high rates of urbanization, rising

unemployment trends, policy and institutional failures, as well as the demand for low cost goods and services.

The informal sector was propagated by the ILO first employment mission to Kenya in 1972, where the issues surrounding the informal commerce and industry were brought forward for public debate (Bigsten et al, 2000). The mission's recommendations that called for eradication of official harassment, development of informal technology, improved legitimacy and the promotion of linkages between the sector and the rest of the economy was the hallmark for the growth and development of the sector. Government policies have since come into existence, acknowledging the prominence of the sector in the national economy, placing strategies for its growth and revitalization.

As Gikenye, (2014) notes, informal sector enterprises in Kenya have played and continue to play a dynamic part in the economy by creating employment opportunities to a substantial number of the populace. More than seventy percent of the total number of people employed in Kenya were engaged in this sector in 2008 and contributed eighteen percent to the country's GDP. These figures however, have grown astronomically over the years, and the informal sector's role in economic development in Kenya has been exponential.

The Kenya Economic Survey 2015 notes that the informal sector had the largest share of employment in the year 2014, accounting for 82.7 per cent of the total jobs, and created 693.4 thousand new jobs in 2014. In terms of employment, the survey also notes that the informal sector has displayed an upward growth in the last five years, with the number of individuals involved in the informal sector increasing by a total 6.2 per cent in 2014, compared to an increase of 5.9 per cent in 2013. However, more persons are engaged in informal sector activities in the rural areas, accounting for 60.1 per cent of the total number of persons engaged. However, most notable is the fact that the number of persons engaged in informal sector activities in the urban areas improved by 18.9 per cent compared to a minimal decline registered in rural areas in 2014.

Urban areas and towns in the country have been the most susceptible to the proliferation of informal sector activities, due to high rural-urban migrations, as well as other socio-economic and institutional factors.

In the case of Nairobi, Muraya, (2004) attributes the high growth of the informal sector activities in Nairobi to the increased demand for goods and services by the low and mid low income groups, within residential areas in the city. Meir and Rauch, (2000), also argue that in Kenya, the low-income customers do not merely consume less, but rather, they use goods and services which serve related purposes nevertheless at a much lower price.

During the 1960s and 1970s, most of the poor and unemployed in Nairobi worked unlawfully in the informal sector in low-income regions and the Nairobi City Council often destroyed homes as well as enterprises in these neighborhoods. To inhibit rapid rebuilding, some of the corrugated iron sheets and timber from the demolished shanties were seized (Werlin, 1974, as quoted by Muraya, 2004).

In 1972, research by the International Labour Office (ILO) revealed the informal sector played an imperative role in the city's economy, and the government was urged to support the sector. However, an estimated 44,000 informal enterprises were destroyed by the City Council in various business premises and neighbourhood areas in Nairobi in 1990, resulting in the loss of homes, income and jobs.

Muraya, (2004) maintains that in Nairobi, informal small-scale enterprises can be found in low, middle- and high-income residential areas, and owners operate from their homes, in the open or from kiosks. Low and middle-income neighborhoods benefit from the informal enterprises because they offer goods and services that are frequently found in the downtown area, in malls and large supermarkets located in high income neighborhoods.

2.6 Factors for Growth of the Informal Sector

The foundations of informality in Africa are intricate but associated broadly to some key factors noticeable in African economies for the past few decades, the absence of economic development and the structural adjustment that has characterized economic policy since the 1970s.

Most of the African continent has experienced exceptionally low rates of economic growth. Therefore, employment creation in this environment has been very poor. Moreover, following structural adjustment policies execution in most African countries,

and these countries' incorporation in to the global trading system, parts of the local manufacturing economy in Africa have been weakened by low-priced imports. In addition, privatization constituents of structural adjustment programmes reduced public sector employment in government wage employment and in public enterprise.

The United Nations (UN, 2007), attribute the key reasons for the emergence of unauthorized structures to political and socio-economic conditions that lead to urbanization, to population fluxes that result into armed conflicts, and to deadly disasters. According to UN, (2007), institutional, physical, and cultural factors also influence the growth of unauthorized structures in cities.

Okeke (2005), notes that poverty has been underlined as the major inducer of these informal activities while others such as upsurge in population growth rate, urbanization, unemployment and rural-urban migration are also essential causative factors. These factors can be broadly classified as; urbanization, political, socio-economic and institutional.

2.6.1 Urbanization

Africa is a region experiencing the greatest rate of urbanization in the world (UN-Habitat, 2009, pp.10). Half of the world populace lives in urban regions and by mid of this century all regions will be generally urban. Similar to other urbanizing cities, Nairobi is growing in extent as its population rises. Population of Nairobi was eight 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 Nairobi was 4.2% from the 1989 census and 4.0% from the 1999 census while that of Kenya was 3.0% in both periods. The majority of the inhabitants are between 15-64years of age, with a average age of 18.7(Central Intelligence Agency, 2010). The metropolitan region population is projected to grow to 10.8 million people (2022) and 14.3million people (2030).Owing to rapid urbanization, it is projected that by 2030, Kenya will be 61.5% mainly urban population. It is also predicted that the Nairobi Metropolitan region will accommodate the majority of the urban population.

Urbanization processes have a direct relationship with economic development, as it leads to growth of towns and cities that are usually vibrant, growing centers for contemporary financial services, industry, production, internal commerce and external trade, government and education. The development of urban areas equally produces spillovers, external effects and external economies of scale; factors that have all become further significant with improved technical advancement, industrialization and economic development.

However, a major contemporary and widely debated challenge posed by this urbanization is the comeback of the urban informal economy. Most of these migrants are socio-economically impoverished and thus often switch over to engaging in informal economic activities to sustain their livelihood. The proliferation of informal sector enterprises in almost every section of urban space particularly close to residences has been observed to pose a serious hazard to land use organization and planning (Sarin, 1982; Dasguta, 1987; Tripple, 1993). Yet they are regarded as a dynamic economic tool or a quick recourse not only to the operators or service providers but also to consumers of the goods and services provided by this sector in the less developed countries. A close link therefore exists between urbanization/population increase, poverty, employment either through informal or formal job creation and environment. In addition there is a devastating evidence to suggest that urban poverty and informal employments are closely related (Sethuraman, 1997, Ijaiya, 2002)

In Kenya the highest growth rates in the informal sector were observed in the 1980s and 1990s, Nairobi's growth rate was never high as in the 1960's (12.2% per year in 1962-1969) and has since been fairly constant (ranging between 4.8% and 5.0% per year) (IEA, 2013). In Kenya, the sector is dominated by the youths and women. This may be as a result of the challenges faced by youths in accessing the labour market, thus lowering the chances of finding rewarding employment (ibid). The youth faces impediments to access the labour market arising from absence of or insufficient world experience and path reliance which dictates that initial employment increases the probability of succeeding employment (Omolo, 2010; Coenjaerts et al., 2009). Thus the informal sector has been an ease entry point for the youths and the urban poor in search of livelihood

opportunities. This has been manifested in form of informal markets in urban areas, street trading in residential neighborhoods with considerable socio-economic, spatial and political implications to the urban areas.

2.6.2 Socio-economic Factors

Sietching (2000) argues that many unauthorized structures in developing countries result from high rent charges and high cost of land in the cities, high immigration rate, problems of landlessness, poverty and unemployment. Kings-Amadi (2004) has observed in Port Harcourt, Nigeria, that unauthorized structures are the result of lack of education or enlightenment of the public on planning regulations, land users ignorance, reluctance to accept laid down rules and exorbitant cost of money involved in getting the right land papers. Augustijn, Flacke and Iqbal (2009) have observed that social contacts or connections are one of the socio-economic factors that influence the growth of unauthorized structures.

Manning (1993) argues that the progressive weakening of the formal economy as in the case of South Africa, has showed an outrageous decrease in its capacity to absorb new participants to the labour market; therefore entrepreneurs were operating in the informal economy 'out of need rather than choice'. Low labour absorption in the formal economy and the terrible predicament of survival are the prime factors responsible for the enormous expansion of the informal economy that has taken place over the past decade.

In the case of Nairobi, King, (1996) notes that the economic adversities have led to high inflation and a wage freeze in the formal sector, which has caused some people choosing to work in the informal sector which is growing fast and where some branches offer better wages than some jobs in the formal sector. As noted earlier in this chapter, the informal sector has displayed a rising growth in the last five years, with the number of persons involved in the informal sector growing by a total 6.2 per cent in 2014, compared to an increase of 5.9 per cent in 2013. Notably, the growth of informal sector in Nairobi city alone has been ranging from 4.8% to 5.0% annually (IEA, 2013). This has been manifested by an influx in street traders and hawkers in the city CBD and busy residential

neighbourhoods occupying open spaces and pedestrian walk paths, increase in the number of juakali clusters and informal traders markets in the city.

2.6.3 Institutional and Legal Factors

The 2002 ILC resolution highlight poor governance as a key issue underlying informality. The growth of informality can be traced to: ineffective, ill-advised, poorly implemented or inappropriate macro-economic and social policies often established without multilateral stakeholders' consultations; the absence of favorable legitimate and organized frameworks; and the nonexistence of good governance for proper and effective implementation of policies and laws. Insufficiency in governance results in populations of workers and entrepreneurs who are neither recognized nor protected by law.

Some of the factors that influence the growth of unauthorized structures include; unrealistic zoning regulations, complex legislation, excessive bureaucracy in issuing land development and building authorizations and exploitation by officials (United Nations, 2007). Magigi and Majani (2006) have observed that poor policy enforcement, obsolete laws and insufficient capacity of local authorities to provide adequate land plans are among the factors that lead to the growth of unauthorized structures. Ali and Sulaiman (2006) have linked the high growth of unauthorized structures in Zanzibar to lack of qualified urban planners and to the absence of logistics by the planning authorities.

Moreover, colonial governments prepared master plans in their respective countries to manage city growth. However, informal activities were excluded from the formal processes of urban planning. From this oversight it is evident that informal enterprises were given insignificant room during that time as everything was to be structured and planned. City managers viewed them as clear signs of disorder (Cross and Morales, 2007). In the developing countries, modernist planning was governed by top-down all-inclusive and inflexible approach (Kamete, 2008). Informal activities were viewed as being unsystematic and backward (Kamete 2008;Kamete 2012).Roy(2010)notes that, informality in African countries has greatly influenced the creation of space outside the norm of planning hence plays a vital role in shaping the image of the city. The informal operators seem to have succeeded in finding and maintaining a position for themselves in urban spaces. According to Gans (2002), the utilization of space is informally determined

but not the shape of space. Ouma (2010) found out that, in the city of Nairobi informal activities have not yet been integrated adequately in the land use framework of the city. As a result, they trade in contested spaces leading to conflicts with designated land uses.

Business licensing and registration procedures often fail to accommodate the realities of informal self-employment. These processes may be difficult and expensive leaving small scale operators no alternative but to work informally. Additionally, there is no enticement to formalize when public backing through policy initiatives, infrastructure investment and service provision does not exist. Furthermore, when the cost of formalization exceeds the benefits, informal operators whose earnings are often below the basic poverty threshold may find it impossible to formalize.

2.6.4 Political Factors

According to the United Nations (2007), political instability and inadequate housing policy of governments to provide affordable housing schemes for the poor and the middle income earners lead to the growth of unauthorized structures. Kombe and Kreibich (2000) have noted that in Tanzania, the failure of government to respond to the housing requirements of the deprived, have encouraged the poor to find their own way of putting up houses, and this has given rise to many unauthorized structures in Tanzanian cities. The UN-Habitat (2003) report shows that lack of political will by governments to implement policies aimed at stopping the growth of unauthorized structures is a contributory factor to the growth of such structures (Warah, 2003). The politicians are reluctant in finding long lasting solutions for the informal sector and have used this as a platform to win the assurance of the voters most of them who are disadvantaged promising them improved working conditions. This is evident in South B neighbourhood where NCC had initiated modern kiosks at affordable prices for the informal operators. However; the project was interfered by politicians due to greed hence stopped by the NCC since it failed to assist the informal operators as intended. As noted by (Levacic, 1991) despite efforts by the government to intervene in resource allocation, it has been subjected to challenges as a result of information problems, imperfect competition, bureaucratic self-interest and political interest. Furthermore, political interests underlie the failure of the government regulatory model, as the influence of political interest in

resource allocation hinders the government regulatory model from achieving its goal. For instance, operators' needs for prime locations, and politicians' needs to stay in office mean that in order for politicians to receive political support from operators, they need to help operators in the process of producing their own spaces, or in Lefebvre's terms, their lived space (Goodfellow and Titeca, 2012). Levacic (1991:47) emphasizes that 'political decision emerges from interaction of groups who have conflicting objectives as well as a mutually advantageous bargain to make with each other'.

2.7 Response to Informal Sector

2.7.1 Policies

From independence, the government has come up and implemented various development policies with the goal of stimulating economic growth, reducing unemployment, illiteracy poverty and diseases. The main policy framework which played a substantial role in development planning was the sessional paper No.10 of 1965 which was about African Socialism and its application to planning in Kenya. The government also embarked on preparation of comprehensive five year development plan addressing the development prerequisites in all sectors and regions.

2.7.1.1 Economic Growth Policies

In 2002, Kenya embarked on a policy change with the enactment of The Economic Recovery Strategy for Wealth and Employment Creation published in 2003(GOK, 2003). The policy recognized the significant policy actions essential to spur the recovery of the economy as; instantaneous economic growth through measures to improve revenue collection, expenditure rearrangement and a monetary policy that supports attainment of economic growth without putting price stability into threat, strengthening institutions of governance, renewal and development of physical infrastructure in particular roads. The strategy outlined interferences and plans for decreasing poverty which aimed at improving access to the benefits of economic growth by the most underprivileged members of the society.

The expiry of the Economic Recovery Strategy for Wealth and Employment Creation policy saw the creation of the Kenya Vision 2030. This is the blue print for Kenya's long

term national development. Its main objective is to assist transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a hygienic and safe environment. It is anchored on the three pillars namely; Economic Pillar, Political Pillar and Social Pillar. Vision 20130 aims to provide a 'high quality of life for all citizens by the year 2030' (GOK, 2007). The objective of the economic pillar is to improve the affluence of all Kenyans through an economic development programme, encompassing all the counties of Kenya. It was also found essential to deal with the informal economy which is employing 75% of the country's workers. The informal sector is being supported in ways that will increase productivity and distribution and create more jobs, increase owner's incomes and public revenues at the same time. The country is continuing with the governance and institutional reforms necessary to fast-track economic growth. Others critical hitches being addressed include poor infrastructure. The objective of the social pillar is to build a fair and cohesive society with social equity in a hygienic and safe environment. It, therefore, presents broad social interventions intended at improving the quality of life of all Kenyans and Kenyan residents, and serves to ensure inclusivity of all including the informal sector. The objective of the political pillar is to realize an autonomous political system founded on issue based politics that respects the law, and defends the freedoms and rights of every individual and group. It hopes to transform Kenya into a state in which equality is embedded, irrespective of one's ethnicity, religion, race, socio-economic status or gender. A nation that respects and harnesses the diversity of its peoples' traditions, aspirations and values for the benefit of all its citizens. It is in light of this pillar that the rights and freedoms of informal sector business operators are recognized and upheld. The first medium term plan that is from 2008 to 2012 was geared towards increasing opportunities all round among women, youth and disadvantaged groups. On housing the vision is geared towards ensuring an adequately and decently housed nation in a sustainable environment. The vision aims at guaranteeing improved development and access to affordable housing, sufficient finance for developers and buyers and pursuit of targeted key restructurings to unlock the supply potential of the housing sector.

Another economic policy is the Kenya National Trade Policy 2009. The policy appreciates the existence of informal trade as the country's greatest employer. However,

it notes the challenges that are encountered by the sector such as inappropriate design of space utilized by the sector resulting to inadequate and subserviced business premises and working sites.

The overall policy orientation taken by the policy is to mainstream the informal businesses and trade to formal, through strategies and programs that include:

- Infrastructure development
- Market development
- Business skill improvement, and
- Trade financing

However, this is purely an economic policy approach, where informal trade lacks appropriate space allocation and recognition by spatial planning as a discipline. This, essentially, brings with it challenges where there is lack of a link between informal trade and space.

2.7.1.2 Urbanization Policies

Spatial planning in Kenya has to a huge extent revolved around the concept of growth Centre's of which there were four main types namely; 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 to arrest the movement of people from rural areas to the new existing large cities and towns and secondly the centres were to achieve faster growth/development and have spillover effects on the surrounding areas (Obudho, 1998; Mitullah, 1993).

Four types of planning were considered in the sessional paper No.1 of 1965; economic planning, physical planning, social planning and fiscal planning (GOK, 1965).The focus was on the need for a coordinated approach in planning, by all sectors of the government, to achieve integrated planning. In addition the policy emphasized on the need for decentralized planning at provincial and district level. The decentralization of planning functions was projected to ensure effective implementation of spatial and economic policies that would improve development from the local level. This meant consolidating the economic mechanisms at local level, from agricultural activities to informal sector enterprises in both urban and rural settings.

The 1966-1970 was the first national development plan while the physical planning department prepared the first provincial regional development plan for Central Province in 1967, followed by Eastern in 1969, Nyanza 1970, Coast, North Eastern and Rift valley 1971 (Maleche, 1998). The provincial plans led to the establishment of Growth Centre Policy in 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 Human Settlements in Kenya: A strategy for urban and Rural Development in 1978. The strategy provided a general outline for the management of the upcoming urban growth as well as the location of physical developments in rural and urban regions in order to develop an articulate system of human settlements (GOK, 1978). The emphasis was placed on the service and growth centre policies. The service centre policy targeted at improving quality of life through provision of basic services in urban centre. The Growth Centre Policy focused on selected growth centres to encourage development in the hinterland and lessen rural-urban migration into the larger cities such as Nairobi (Musungu & Kimani, 2010).

2.7.1.3 National and Regional Development policies

The National Development plan of 1979-1963 emphasized the concept of rural-urban balance, recognizing the role of urban areas in providing markets for farm produce from rural areas and supplying farm inputs to rural areas. Rural development was emphasized to reduce rural urban migration (GOK, 1979). Chapter four 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 urban and rural areas and the manufacturing and agricultural sectors. The policy recommended the establishment of the District Development Fund. The Rural Trade and Production Centers (RTPCs) Programme was introduced 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 mechanism to de-concentrate development from the main towns (Musungu and Kimani, 2010). During the period when the regional Development Policies were being implemented, the county's economic growth grew by an average of 6% between 1964 and 1980 and by 4% between 1980 and 1990. During 1990 to 202, the

country experienced an annual GDP growth of 1.9% while the population grew at 2.9% annually (Omolo, 2012).

2.7.2 Laws

2.7.2.1 Constitution of Kenya, 2010

Promulgated in 2010, the Constitution of Kenya provides the basis for physical, economic and social planning. Chapter 4 of the constitution, in which the Bill of Rights is enshrined, reiterates that every person has the right to equal protection and equal benefit from the law (Article 27). This equal treatment includes the right to equal opportunities in political, cultural and social spheres, and just as important, the economic sphere.

Article 41 of the constitution stipulates that every person has the right to fair labour practices, where every worker has the right to a reasonable working condition. However, in as much as the constitution provides for upholding of economic and social rights, the informal sector traders have faced continual marginalization and lack recognition by institutions such as planning authorities in terms of space allocation and improvement of working spaces.

In the same line, article 66 of the constitution gives the mandate for regulation of any land in the interest of among others, public safety and health and land use planning. The proliferation of informal sector activities in residential areas provides cause for regulation of land through land use planning to integrate the informal sector activities within residential areas, and provide a harmonious residential environment.

2.7.2.2 County Governments Act, 2012

The promulgation of the new constitution in August 2010, saw the creation of decentralized governance system, provided for under Article 176 of the Constitution. The counties were thus created and among its autonomous functions, is the mandate of planning at its level of jurisdiction. The county governments are mandated to integrate economic, physical, social, environmental and spatial planning.

The Act provides for the breakdown of the counties into sub-counties, and section 50 provides for the establishment of the office of sub-county administrator, in each sub-counties. Among the functions of the sub-county administrator are the roles of

management, coordination and supervision of development of policies and plans, service delivery, provision of infrastructure and developmental activities to empower the community at the sub-county level. It is therefore within the functions of the sub-county administrator that management and coordination of policies and plans regarding residential neighbourhoods and the proliferation of informal sector activities therein can be dealt with.

In section 110 of the County Governments Act, the county government is mandated with the responsibility of spatial planning, and identifying areas where strategic intervention measures can be taken (GoK, 2012). It is within the planning framework of the county government and zoning plans of towns that the proliferation of informal activities and trading zones in residential neighbourhoods can be handled.

The decentralization of planning functions to the county governments provides a suitable environment for county-wide development of policies that acknowledge and seek to develop the informal sector business activities and sustainable integration of the sector in all spheres of the urban realm, so as to maximize on the benefits and potentials of the sector while at the same time minimizing the externalities of the sector.

2.7.2.3 Urban areas and Cities Act 2011

The Urban Areas and Cities Act is an Act of parliament formulated to provide for the, organization, administration and governance of urban areas and cities; to provide for the standards of establishing urban areas, to provide for the governance and involvement of residents and for connected purposes.

Residential areas and informal trading activities are located in towns, their control and management must be guided by provisions of this act i.e., done by the respective county government. The act provides that the residents of a city, municipality or town are given powers to deliberate and make proposals to the relevant bodies or institutions on the suggested issues for inclusion in county policies and legislation and the recommended development plans of the county and of the national government.

The law also provides that all cities and municipalities should function within the context of integrated development planning which will give result to the development of urban areas and cities as required by the law. The integrated development plans are mandated to

incorporate the city's economic development goals, community desires and its determination on the affirmative action in relation to the disregarded groups' access to services. These marginalized groups comprise of among others, the informal sector business operators.

Section 13 of the Act outlines that each city shall have a management board, which shall comprise of various stakeholders that comprise of a cluster representing registered associations of the informal sector in the area and another representing registered neighbourhood associations in the area. The Act outlines important functions of the board, which include the formulation and approval of plans, policies, strategies and programmes and setting of targets for delivery of services, formulation and execution of an integrated development plan and control of land use, land development, zoning and land sub-division, by private and public sectors for any purpose including commerce, industry, shopping markets and other employment centres, as well as residential areas. This gives the informal sector and residential association's opportunity to deliberate on issues arising from informal sector business activities in residential areas and work towards finding sustainable solutions.

2.7.2.4 Physical Planning Act, 1996

Section 24 (1) of the Act provides for the preparation with reference to any government land, private land or trust land within the region of authority of a city, town, municipal or urban council with reference to any trading or marketing center, a local physical development plan by the director of physical planning. The plan involves securing appropriate provision for transportation, commercial, public purposes, utilities and services, residential, industrial and recreational areas, including open spaces, parks and reserves and also the making of suitable provision for the use of land for building or other purposes. This therefore provides a mandate for the preparation of plans that seek to promote economic growth and development of commercial zones.

The first schedule of the Act outlines the issues that should be dealt with in preparation of regional physical development plans and includes employment and incomes including features of employment, the labor force, income distribution, potential of the informal sector and their locations. This mandates the Nairobi County Government, in preparation

of a regional physical development plan, to make provisions, policies and strategies for development and growth of the informal sector.

2.7.2.5 Physical Planning Handbook 2007

The physical planning handbook offers regulation for development. Chapter six gives guidelines on residential land uses. Regarding plot frontage, all plots on which residential building are to be erected should have proper and sufficient frontage to a street such a street not being sanitary lane or passage. In addition it states that no building should be constructed on the open space, in front of building, created by the building line, except for fence or wall which should not exceed 1.4m. Chapter seven talks about industries location of light industries/jua kali should be compatible with residential areas. Should be located on the major internal routes of the township with separated access from the residential feeder roads. It should not create congestion in the residential areas i.e. an area of 10-20 small firms. Chapter eight of the handbook talks of commercial land uses. It states that the concept of corner shops at each corner plot should be discouraged. Planning for kiosks and hawking needs to be considered as a special feature in planning. The minimum size of a kiosk should be 3m x3m, designated sites to be planned for, should be located adjacent to bus parks, open air markets while designated sites for hawking should be hawking grounds and streets.

2.7.2.6 Micro and Small Enterprises Act No.55 of 2012

The legislation was enacted to provide the management and regulatory framework for the informal sector enterprises, and to address the promotion, development and regulation of the sector.

The objectives of the MSE Act include: provision of a supportive business environment, simplification of business development services; formalization and elevation of informal micro and small enterprises; encouraging an entrepreneurial culture and representative associations.

The enactment of the Act led to the establishment of Micro and Small Enterprises Authority which is domiciled in the Ministry of Industrialization and Enterprise Development. The authority was established for the purpose of promoting, developing and regulating the Micro and Small Enterprises Sector. The major players include;

manufacturing, agri-business, trade and services. Some of its function includes the following;

- a) Formulate and review policies and programmes for micro and small enterprises
- b) Organize resources for the growth of the micro and small enterprises sector
- c) Promote access to markets by micro and small enterprises
- d) Promote innovation and development of products by micro and small enterprises
- e) Formulate capacity building programmes for micro and small enterprises
- f) Promote the mainstreaming of youth, persons with disabilities and gender in all micro and small enterprises activities and programmes

The MSE Act establishes the MSE Authority, whose key function is to coordinate, expedite and harmonize activities and plans that relate to the sector given that some of the noted challenges affecting the sector include poor harmonization and implementation of policies.

Additional essential undertaking of the MSE Act is the introduction of a tribunal to settle disputes efficiently and the establishment of the Micro and Small Enterprise Development Fund to finance the promotion and development of MSEs, while also providing cheap and accessible credit which has also been an outstanding challenge for MSEs.

2.7.2.7 Trade Licensing Act (Cap 497)

This is an Act of parliament meant to provide for the licensing of certain trades and businesses, wholesale and retail are classified under regulated trades. This act requires applicants for trade licenses to state space ownership title or other evidence of permission to access and use the space for which the application is being sought for and address of space. However neither do informal operators operate on permanent address nor have documents to prove ownership of space since mostly they operate on public spaces. Before the license can be issued, the business location must be certified by the planning authority in collaboration with the health department. Obtaining a license does not give

the informal traders full rights of trading; they have to ensure that they are trading on designated spaces.

The trading license issued by the Nairobi City County is more often than not considered in practice since informal traders have been harassed and arrested by the county officials. According to Mitullah, (2003), licensing of street traders is a key issue and has contributed to the clash between street traders and urban authorities. The process of obtaining a license is burdensome and most urban authorities have a negative perception towards informal operations. Those who manage to get one either give bribe or are well connected individuals with the authorities.

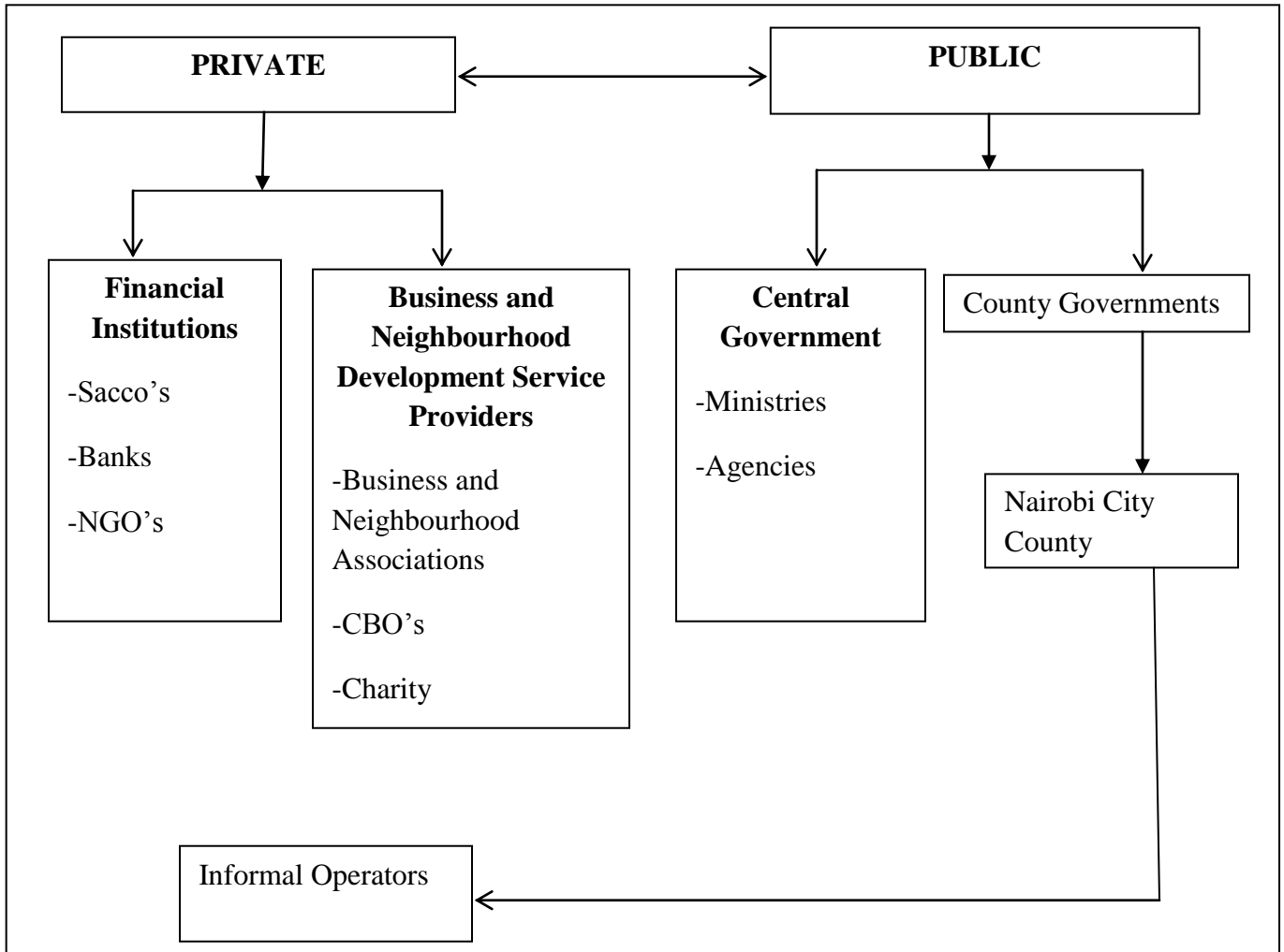
2.7.2.8 City Bylaws

Concerning the informal sector, the Nairobi city by-laws make provisions that:

- a) No persons shall participate in any business at any premises within the control of the county unless such premises are allowed for the purpose.
- b) Any individual without a legal permit or hawk in undesignated area jeopardies having their goods confiscated.
- c) Throwing away and burning of any waste in an unsuitable place is an offense
- d) Any duly authorized officer may scrutinize a residential dwelling or trade premise at any time.
- e) Dropping any type of waste on the street is a crime
- f) Any individual operating a business must obtain a business permit by the 31st March of current trading year or maybe guilty of an offense.

2.7.3 Institution Framework

Figure 2: Current Institutional Framework for Managing Informality



Source: Author, 2016

a) Private Organizations.

Private organizations are composed of financial institutions namely Sacco's, banks and NGO's which are involved in the provision of financial services and financial literacy training. The business development service providers consist of associations, charity organizations, CBO's and commercial organizations. Some of the functions of the private business development service providers include advocacy and lobbying, training and research and offering of financial services. Some of the nationally recognized private associations include; The Nairobi Central Business District Association (NCBDA), Nairobi Informal Sector Confederation (NISCOF), Kenya Private Sector Alliance (KEPSA) and The National Taxpayers Association.

b) Central Government

The public organizations that deal with informal enterprises fall under various ministries namely; trade, finance, industrialization, local government and labour as well as semi-autonomous government agencies such as the National Environmental Management Agency. However, the institutional set-up is incoherent and not well coordinated within the various responsible ministries. This puts the informal sector operators in a confusing state and without policy updates often in collision with the enforcement authorities because they lack information.

c) County Government

Nairobi governance system is composed of elected city council which operates as per the Local Government Act under the regulatory authority of the ministry of the Local Government. It is comprised of an elected council, an appointed administrative municipal service, a few civil societies resident's association included and the regulatory authority of the central government. The type of leadership structure is top-down approach which does not encourage civil participation or create accountability. Due to rapid urbanization, the county has been facing a number of challenges namely; traffic congestion, pollution, poor waste management and water shortages. As a result the county has embraced public-private partnership to solve some of the challenges that it is facing. This is evident with the beautification and street lighting projects in the county. According to the physical planning act 1996, planning should be done by the local authorities. The Directorate of City Planning is mandated to coordinate various development activities within the county. The pressure between the desired modernization of the city and the informal activities tend to determine the local authorities perception. The city planners view informality as a spatial problem of where to locate trading zones rather than as a occurrence with a multitude with socio-economic dimensions and implications.

2.7.4 Urban Planning

According to Todes, (2008), Planning has not paid much attention to the socio-spatial dynamics of cities, with focus on spatial ideas such corridors and nodes, densification and infill, have debatably drawn attention away from the need to comprehend how diverse groups of people locate and move within the city, what underpins these choices, and the consequences of these patterns for their existence and livelihoods. Yet regions and cities are progressively complex spatially, as they are multi-centred, with multiple locations of economic activity and multifaceted movements and interactions. Todes, (2008) further

notes that the standard spatial planning ideas make implicit assumptions about the nature of livelihood, employment and movement patterns that may not be borne out by a closer analysis, missing out on the way informal activities organize spatially at a more local level, and how they might be supported. It is therefore critical to understand the movement and settlement patterns in this context, and what ‘appropriate location’ and accessibility might mean for various groups of people.

Under the urban planning approach, urban planners and government policy makers are expected to offer technical information, simplify linkages between large and small enterprises, develop infrastructure, stimulate networking and develop suitable laws, standards and regulation on space use, provision and requirements. In Kenya, for instance, during the 1980s, urban planners began to set aside land for establishment and expansion of the informal sector and therefore constructed three open-air markets in Nairobi and “Nyayo Jua Kali” sheds in various urban areas in the country (Muraya, 2004). Moreover, urban planners supported the sector by constructing roads, providing electricity and financial support and sensitizing the public on the significance of the sector to the Kenyan economy.

2.8 Emerging Issues

The following issues arise from the review of literature in this chapter:

a) Weak Policy framework: The informal sector in the urban areas has majorly been seen as inferior to the formal sector, thus ignored in terms of planning standards and integration into plans. There is mere recognition of existence of the sector in the urban space, but provision of space and standards for the informal sector businesses has not been put in place, in both the urban areas policies and plans. The existing policy and legal framework for the management and control of the informal sector does not provide for space standards, development framework that outlines the policy vision for the sector’s development. The policies in place, therefore, do not provide for effective development framework for the informal sector businesses, thus leaving loopholes in the informal sector development agenda. The absence of an informal sector growth policy by Nairobi City County questions the future sustainability of the sector in the city.

b) Weak institutional framework: The review of legal and policy frameworks that govern the informal sector show the existing institutions mandated with control of the sector, revealing their inadequacies in terms of incapacity to control the sector, malpractices and oversights in terms of registration, integration and implementation of existing urbanization policies and development control.

c) Informality as a political tool: the chapter notes that the proliferation of informal sector activities in planned areas is also as a result of lack of political will by government to prevent the growth of unauthorized structures. The informal sector enterprises operators are also used as political pawns by being left to operate in planned residential neighbourhoods, in return for votes. This undermines sustainable development and growth of the sector, as well as the development and adoption of effective policies and plans for the enhancement and growth of the sector.

2.9 Conceptual Framework

In this study, the conceptualization of the informal sector is based on the theories and schools of thought discussed in literature review, and focus on the factors for informality, the resulting challenges of informality and the different response rationalities for the informal sector.

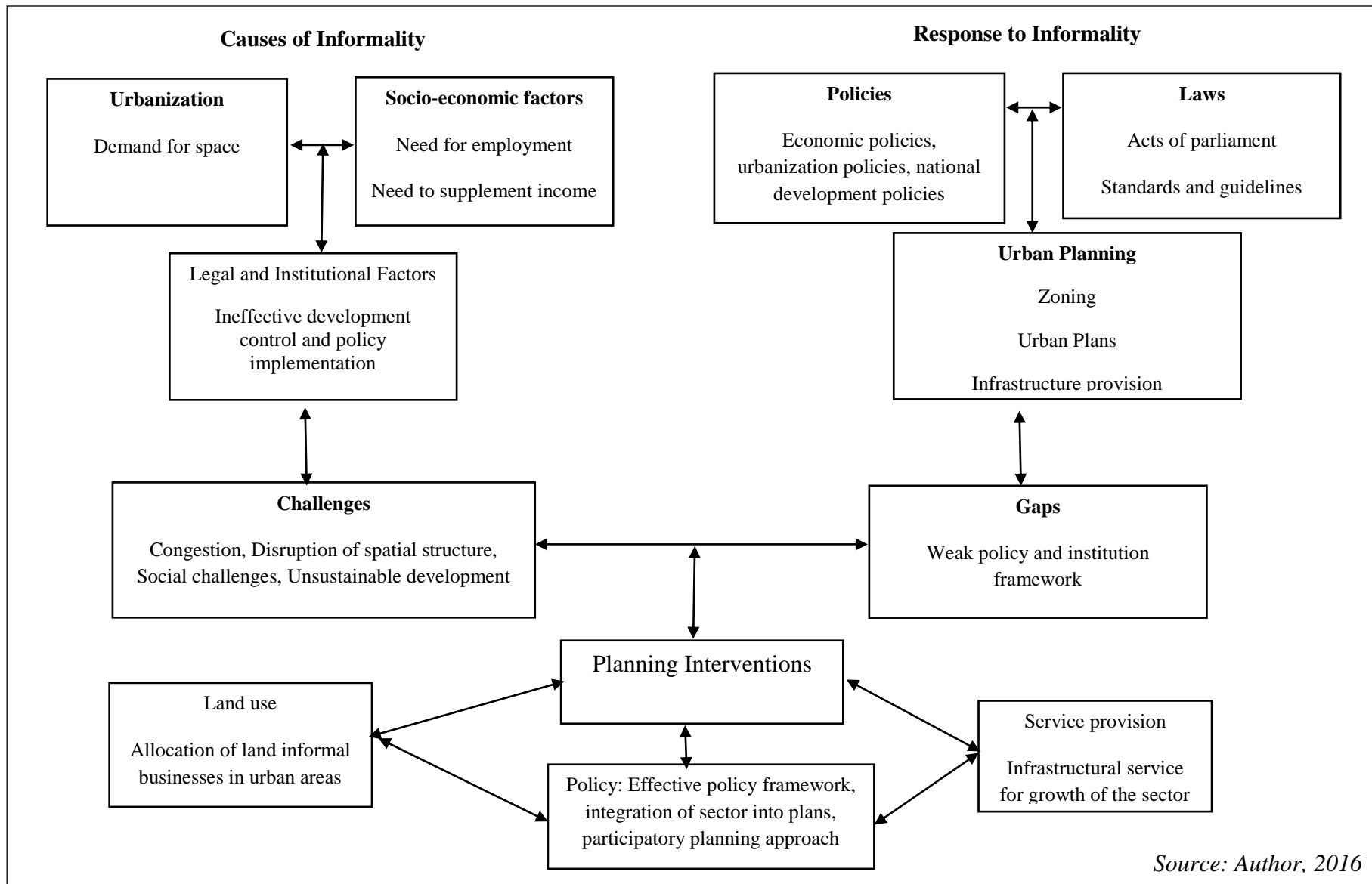
The research study recognizes the existence of multiplicity of factors that lead to the growth of the informal sector enterprises, and their inter-relationships. High urbanization rates directly lead to the demand for space and the decline of the formal sector to absorb the increasing labour population, which then creates the need for alternative sources of income to sustain livelihoods and supplement income. The legal and institutional sector fails to adequately deal with urbanization challenges, and the control of the growing informal sector and its externalities.

The study also recognizes the existence of challenges as a result of the growth and proliferation of the informal sector activities in the urban areas and cities. These include congestion, disruption of the city and urban areas' spatial structure, social challenges that are associated with informality such as crime, and, ultimately unsustainable economic and physical development in urban areas and cities.

The responses to the growth of informality that are outlined are based on the challenges of informal sector and gaps from the existing urban planning efforts, and also take into cognizance the various different rationalities for control and management of informality. These include policies and legal frameworks that guide urban land use planning and service provision by the central government, county governments and local community institutions.

In summary, the conceptual framework details the causes and drivers of informality and shows their inter-relationships, the challenges that arise from the growth of informality, the existing responses to the growth and rise of the informal sector in the country, and subsequently the preferred response and framework that is informed by the challenges arising from growth of informality, and the identified gaps from the existing response to informality.

Figure 3: Conceptual Framework



CHAPTER THREE:RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter examined extensively various literatures on informality. This chapter systematically presents the methods employed in the study. It gives a comprehensive insight into the approach that was adopted during the study to shade light on the central questions about informality in residential neighbourhood , the research design, research instruments used, sampling techniques employed, data collection methods, data analysis and data presentation .

3.2 Research Design

Cresswell et all. (2008:163) defines research design as a process of collecting, analyzing and reporting the findings in either qualitative or quantitative enquiry. Yin (2009:24) defines it as the logic that links the data to be collected and the conclusions to be drawn with regard to the initial question of the study. A research design entails the whole process which is to be followed by a researcher in order to achieve the desired objectives. It includes a set of decisions regarding the topic, sample, data collection methods, analysis and interpretations of findings (Babbie, 2008). This study adopted a descriptive research design. The main tool used to collect data for this study was questionnaires and interview schedules. The questionnaires were a combination of open-ended and close-ended questions. Both qualitative and quantitative data was collected, analyzed and findings reported.

3.3 Location of the Study

The study on assessing the planning implications of informal economic activities on residential neighbourhood was carried out in South B residential area in Nairobi, Kenya. The selection of South B residential estate was supported by the richness of the characteristics that the researcher wanted to focus on. Informal sector activities have continued to thrive in the study area mostly along the local and collector streets within the estate namely; Mariakani, Aoko and Kapiti. Along Aoko Street, the Nairobi City County has provided shades. However, there is still persistence of informal activities along the road reserves next to the shades. The major activities along these streets

include; Boda-Boda, food kiosks/vendors, general shops, Jua Kali artisans and casual workers.

3.4 Target Population

The target population for this study included the operators of informal economic activities in South B Estate, the residents, officials of residents' association, business licensing and urban planning section from Nairobi City County.

In this study, the unit of analysis for informal operators was the individual enterprise while for the household, the individual plot hosting the dwelling unit. The informal activities targeted were those located along the streets namely; Mariakani, Aoko and Kapiti. The household survey targeted residents within the estates who derive goods and services in one way or another from the informal operators; this explains the selection of the three estates namely; Bima, Golden Gate I and Riverbank I for this study.

3.5 Sampling Frame

The study focused on three streets namely; Mariakani, Kapiti and Aoko due to the richness of information that the researcher was interested in. The total numbers of informal enterprises along these streets were 115, 83 and 561 respectively.

Table 1: Summary of Sampling Frame

Road/street	Type of enterprise	No. of enterprises
Mariakani	Food Kiosks/Vendors	26
	General Shops	33
	Bodaboda	16
	Juakali	29
	Casual Workers	11
Total		115
Kapiti		
	Food Kiosks/Vendors	20
	General Shops	13
	Bodaboda	17
	Juakali	15
	Casual Workers	18
Total		83
Aoko		
	Food Kiosks/Vendors	256
	General Shops	151
	Bodaboda	31
	Juakali	96
	Casual Workers	27
Total		561

3.6 Sample Size

A sample for this purpose is a small part of the population selected for observation or analysis. By observing the features or characteristics of a cautiously selected representative sample, one can make certain inferences about the characteristics of a population from which it is drawn.

The researcher used a sample size of 169 respondents drawn from the target population of the operators of informal economic activities in South B Estate, the residents, officials of residents association, business licensing and urban planning sections from Nairobi City County. Lindsey (1985) observes that the minimum permissible sample size is 30 sample units and argues that the error in basing a conclusion about an entire population on a small sample is likely to be very small. The researcher thus considered the sample

population representative enough for the study. Sampling was done as presented in table 2.

3.7 Sampling Technique

The study combined both simple random and systematic stratified sampling techniques to sample the respondents for the study. According to Coopers and Schindler (2001) systematic stratified sampling is whereby the population is first divided into stratus where study samples are then drawn from every stratum. By sampling from the strata, the researcher ensured that all the major categories of informal economic activities are studied. 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 operators of small scale informal economic activities within the study area, forming the primary sample. The second set of samples targeted the residents of the neighbourhood.

3.7.1 Sampling of Informal Operators

Systematic stratified sampling technique was used to sample the operators for the study from each street. A total of five strata was targeted based on the area of involvement in activities. The stratus entailed Food Kiosks/Vendors, General shops, Boda-Boda, Jua Kali Artisan and Casual workers. The five strata were arrived at after profiling of the informal economic activities; the five strata were dominant in the area and a sample of 21 from each strata was sampled; a sample size of 105 informal operators. This figure was based on the profile done on the informal sector activities and that all the five strata contained informal sector activities, all which portray similar characteristics. For each stratum, the researcher used simple random to reach the target population in each street. The questionnaires were distributed in a ratio of 3:2:1 along Aoko, Mariakani and Kapiti streets respectively due to variance of population of informal activities which were 561,115 and 83 to ensure representativeness.

3.7.2 Residents Sampling

Based on the availability of household members within the estates, the study sampled residents from 3 estates namely Bima Estate 1, Golden Gate Estate 1 and Riverbank Estate 1. The selection of the above estates was purposive since it is close to the vicinity where informal enterprises are practiced. The individual plot housing dwelling units was

used as the sampling unit. The courts are homogeneous in nature. Each estate was designed to accommodate 48,120 and 164 households respectively. The study randomly selected 20 households in each estate for the household survey; a sample size of 60 households.

The questionnaires were distributed in a ratio of 3:2:1 in the estates. This method is in line with the generally believed pattern of population distribution within residential areas as employed by Adeboyejo and Onyeneruru(2002)

3.7.3 Sampling of Key Informants

Purposive sampling was used to identify key informants to compliment information gathered from informal operators and the residents. A total of 5 key informant interviews were undertaken with the following persons: 2business Licensing officer-NCC and South B, Field Officer Urban Planning NCC and 2 officials of residents associations representing South B.

Table 2: Sampling Technique and Plan

Target population	Number Sampled per Category
Informal operators	
Food Kiosks/Vendors	21
General shops	21
Boda-Boda	21
Jua Kali Artisan	21
Casual workers	21
Residents	
Golden Gate Estate	20
Riverbank Estate	20
Bima Estate	20
Key Informants	
Official of residents' association	2
Business licensing officer NCC	2
Field Officer Urban Planning NCC	1
Total	169

Source: Author, 2016

OBJECTIVES	DATA REQUIREMENTS	METHOD OF DATA COLLECTION	METHOD OF DATA ANALYSIS	METHOD OF DATA PRESENTATION
To establish the nature of informal activities	<ul style="list-style-type: none"> •Types of informal business activities •Socio-economic characteristics of the informal business operators 	Questionnaires Observation Mapping & sketching Photography	Spatial/Structure/Form Analysis Measures of Central Tendencies (percentages, mean, mode) SPSS MS Excel Logical Reasoning	Frequency Tabulations Charts and Graphs Pictorial presentations Maps & Sketches
To determine the contributing factors of continual growth of informal economic activities	Socio-economic factors: Urbanization, Employment, Poverty Institutional Factors: policies, regulations, M&E, enforcement and implementation Political Factors: political will, policies and regulation framework	Questionnaires Key Informants Interview Schedules Review of Secondary Sources	Measures of Central Tendencies (percentages, mean, mode) SPSS MS EXCEL Logical Reasoning	Frequency Tabulations Charts and Graphs Report
To assess the planning implications of informal business activities in residential areas	Challenges faced by neighbourhood residents. Challenges faced by road operators Challenges to the local governance	Questionnaires Key Informants Interview Schedules Review of Secondary Sources	Measures of Central Tendencies (percentages, mean, mode) SPSS MS EXCEL Logical Reasoning	Frequency Tabulations Charts and Graphs Report
To recommend ways of integrating informal economic activities into South B residential neighborhood to enhance livelihood	Development Suggestions from informal business operators Development suggestions from neighbourhood residents/users Suggestions from county officials and umbrella association. Policy interventions Role of various stakeholders in realizing the suggestions	Business Questionnaires Key Informants Interview Schedules	SPSS software MS EXCEL software Logical Reasoning	Frequency Tabulation Charts and Graphs

Table 3: Data Needs Matrix

Source: Author, 2016

3.8 Instruments/Instrumentation

Data for the research was collected using various instruments. These included questionnaires, interview schedules, checklist and observation. One hundred and sixty nine questionnaires were prepared for the respondents.

3.8.1 Questionnaires

The study used questionnaires which were administered to the identified sample in the study area to assess the implications of informal economic activities on residential neighbourhood. According to Mugenda & Mugenda (1999), questionnaires give detailed answer to complex problems. Additionally, questionnaires are also a popular method of data collection because of the relative ease and cost-effectiveness with which they are constructed and administered. Questionnaires give a comparatively objective data, therefore most effective for collecting data.

The researcher therefore prepared questionnaires for the sampled population. The researcher used the information given by the respondents to help in understanding the problem under study. Two sets of questionnaires were used; resident's questionnaire and business questionnaire. The questionnaires were divided into different sections whereby each section addressed questions to achieve each of the specific objectives of the study. For questions that elicit perception of the respondents Likert Scale question models were used to collect the feedback. Likert scale questionnaire are instrumental in measuring individual perceptions on various issues. The questionnaires were administered randomly along the streets and within the estates identified for the study at a ratio of 3:2:1.

3.8.2 Interview Schedule

An interview schedule is a set of questions that the interviewer asks when interviewing the respondent (Mugenda & Mugenda, 1999). It involves face to face interactions or conversation between the researcher and data provider or respondent. It makes it possible to obtain the data required to meet the specific objectives of the study. An interview is a flexible and adaptable way of finding things out, thus the researcher obtains first-hand information. A total of 5 key informant interviews were undertaken with the following persons: 2business Licensing officer-NCC and South B, Field Officer Urban Planning NCC and 2 officials of residents associations representing South B.

3.8.3 Observation

The researcher also used observation in the study. Observation is the process of collecting data directly by seeing, hearing, smelling and testing things as they occur in the real life situation (Musau, 2004). Through this, the researcher obtains the information required. Observation allows the researcher to study and evaluate the behaviour of an individual in controlled and uncontrolled conditions. The researcher developed a checklist to provide information about the actual behaviour to be observed and note the observation.

The researcher can use observation method when people are unwilling to express themselves verbally. Through observation, the researcher can validate verbal reports by comparing them with the actual behaviour. However, observation is costly in terms of time and money. The researcher used observation to assess the conditions of the informality and the behavioral patterns of residents, vendors and pedestrians therein. This also helped the researcher note the following issues such as the nature of business, location, distribution, structure type as well as general surrounding characteristics of the business. Digital camera was used to capture some of these aspects.

3.8.4 Documents Analysis

This availed materials and information from literature, journals, magazines or newspapers which added more information to the study. This entailed research done previously in south B and elsewhere on informal activities and their impact on residential neighbourhoods. It helped the researcher compliment the findings as well as possible interventions.

3.8.5 Photography

A digital camera was used to capture key features such as the structures and location of the informal activities in the study area.

3.8.6 Mapping

This was used to supplement the Google earth images and assist in producing maps for the study area, and to map out various locations and concentrations of informal activities and their catchment.

3.9 Validity of Research Instruments

According to Musau (2004), validity is the degree to which an instrument measures the construct under investigation or what it purports to measure. For a data collection instrument to be considered valid, the content selected and included must be relevant to the need or gap established.

Before the actual study, a pilot study was conducted which helped in modifications of the instruments.

3.10 Reliability of Research Instruments

Mugenda & Mugenda (1999), defined reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. It refers to the consistency that an instrument demonstrates when applied repeatedly under similar situations. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time.

However, reliability in research is affected by random errors. The piloting helped the researcher identify the most likely source of errors and hence respond to them before the actual study. The questionnaire was pre –tested to a selected sample, which is similar to the actual sample to be used in the study. The pilot study was carried out to a small sample, to ensure validity and reliability of the items on the instruments as well as their relevance to the target population. The feedback from the piloting provided a check on the feasibility of the purposed procedures for coding data and show up flaws and ambiguities. It also yielded suggestions for improvement.

Reliability and validity was also checked by involvement of colleagues. The instruments were also administered to the respondents twice to check if they gave the same information. Reliability was calculated with the help of statistical package for social sciences (SPSS). A correlation coefficient greater or equal to 0.8 was accepted for the study.

3.11 Data Collection Procedures

The researcher visited the sampled corridors in south B to make appointment for the administration of instruments to the participants and create rapport. The selected areas were visited for administration of the questionnaires and interviews to the targeted respondents who were assured of strict confidentiality in dealing with their response. The researcher held interactive meetings with the respondents in order to obtain relevant information.

3.11.1 Selection of Research Assistants

This research majorly involved administering of questionnaires, in depth interviews, observation and document examinations. The amount of work to be done was beyond the capability of one researcher hence a need of research assistants to assist collect the data. A total of six research assistants were used in this study from the department of Urban and Regional Planning. The main standard for the selection of the research assistants was willingness to take part and their understanding of research tools.

3.12 Data Analysis Procedure

Both quantitative and qualitative methods were adopted for data analysis. Quantitative data from the questionnaire were coded and entered into the computer for calculation of descriptive statistics. The statistical package for social sciences (SPSS version 21) was used to run descriptive analysis to produce frequency distribution and percentages. Tables were also used to summarize data.

The qualitative data generated from interview guide was categorized into themes as per the research objectives and described in narrative form along with quantitative presentation. The qualitative data was used to reinforce the quantitative data. Descriptive statistics summarize data and describe the sample. Inferential statistics enabled the researcher to deduce the sample results to the population.

3.13 Data Presentation

After data analysis, the data was analyzed categorically and presented using tables, bar charts and pie charts with explanations on informal activities and their planning implications on residential neighbourhoods in south B, Nairobi County, Kenya.

The qualitative data generated from interview guide was categorized into themes as per the research objectives and presented in narrative form along with quantitative presentation. The qualitative data was used to reinforce the quantitative data.

3.14 Research Ethics

Before proceeding to the field of study, the researcher obtained permission to conduct the research from the relevant authorities. The research permit was obtained from the Office of the National Commission for Science, Technology and Innovation (NACOSTI). The researcher explained the purpose of the study to all stakeholders and its sole relevance to the subjects of the research.

The researcher explained to the respondents about the research and that the study was for academic purposes only. It was made clear that the participation was voluntary and that the respondents were free to decline or withdraw any time during the research period. Respondents were not coerced into participating in the study. The participants were informed to make the choice to participate or not. They were guaranteed that their privacy would be protected by strict standard of anonymity. Other principles such as autonomy, beneficence, justice and fidelity was also observed (Mugenda, 2003).

3.15 Conclusions

This chapter has looked at the relevant methodologies used in collecting and analyzing data which were useful in helping to find answers to the research question and developing a framework for understanding informal activities in residential neighborhoods. As explained in the chapter, a descriptive research design was adopted. Both quantitative and qualitative methods were used which included the use of questionnaires and in-depth interviews. Mariakani, Kapiti and Aoko streets were used as study areas within these streets three estates were of interest namely; Bima estate, Golden Gate I estate and Riverbank estate.

The next chapter examines in-depth the study area; the geographic location, demographic characteristics, socio-economic characteristics, infrastructures and natural features.

CHAPTER FOUR:STUDY AREA

4.1 Introduction

This chapter will look at the study area in the context of the wider Nairobi County. Some of the issues to be highlighted in this section include; the geographic location, demographic characteristics, socio-economic characteristics, social infrastructure, physical infrastructure, natural, physical and geological features and climatic characteristics.

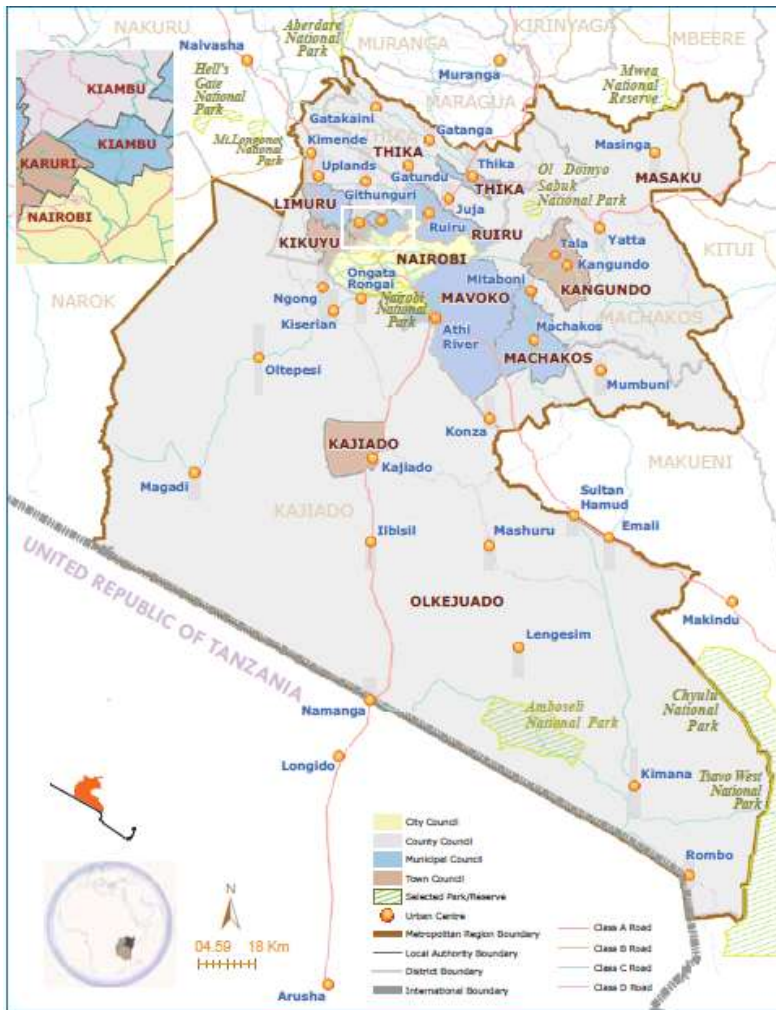
4.2 Location and Context of the Study Area

4.2.1 Regional Context

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 (see figure 1). The metropolitan local authorities are grouped in the following main groups:-

1. Core Nairobi comprising the City Council of Nairobi,
2. The Northern Metro comprising the Municipal Council of Kiambu, Municipal Council of Limuru, the Municipal Council of Limuru; the Municipal Council of Ruiru; the Municipal Council of Thika, Town Council of Karuri; Town Council of Kikuyu; and County Council of Kiambu;
3. The Southern Metro comprising of the Town Council of Kajiado and the County Council of Olkejuado;
4. The Eastern Metro comprising of the Town Council of Tala/Kangundo, Municipal Council of Machakos, the Municipal Council of Mavoko, and the County Council of Masaku.

Map 1: Nairobi Metropolitan Region



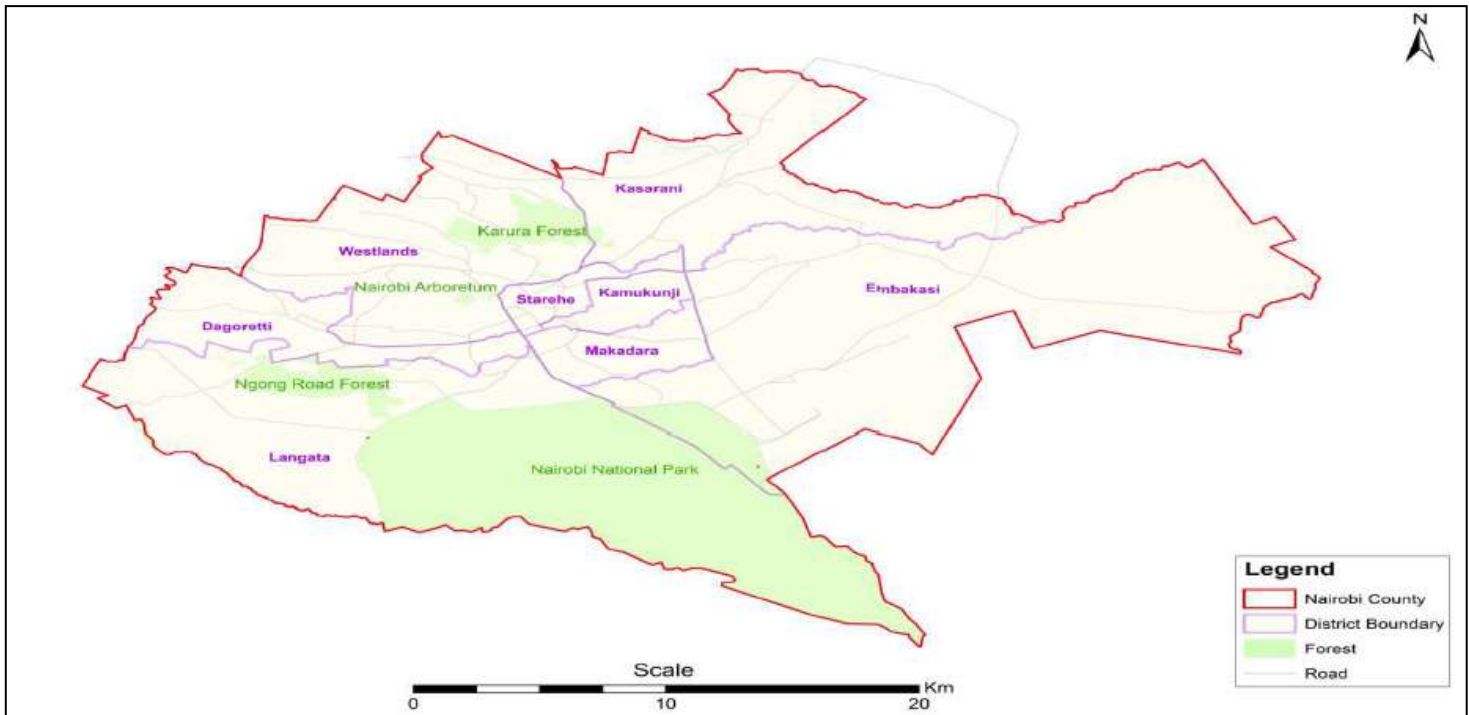
(Source: NAMSIP, 2011)

4.2.2 Local Context

Nairobi City County is one of the counties established under the Constitution of Kenya, 2010, and is the capital city of Kenya. The county is surrounded by Kiambu County on the Southern side and south eastern side, Machakos County on the western side and Kajiado County on the Northern side. In terms of the position of the County in relation to Kenya, Nairobi occupies an area of about 700 km² at the south-eastern end of Kenya's agricultural heartland.

Administratively, the county is divided into eight administrative divisions which include Central, Dagoretti, Embakasi, Kasarani, Kibera, Makadara, Pumwani, and Westlands (see map 2).

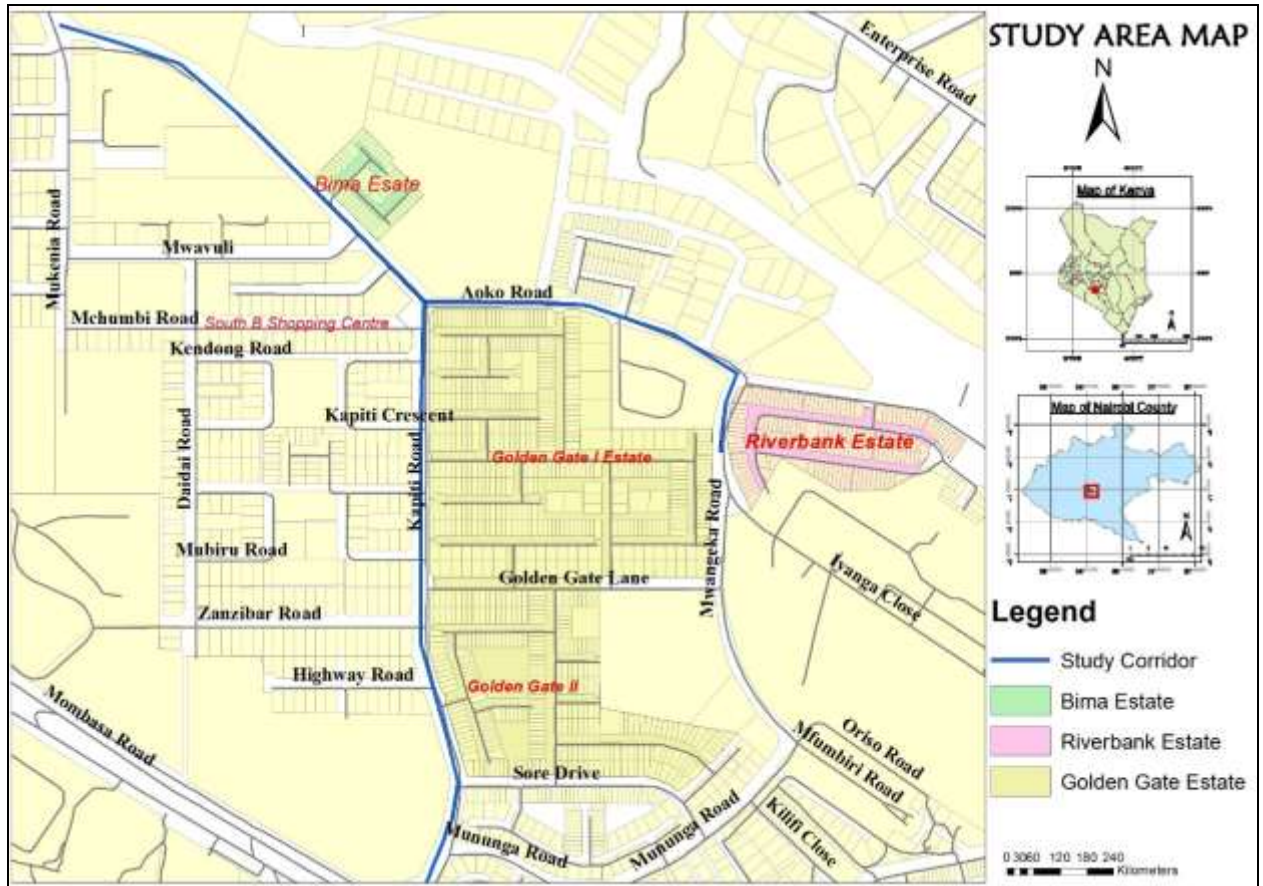
Map 2: Nairobi City County Administrative Districts



Source: NIUPLAN, 2013

The study area is located in South B residential estate in Makadara division, in the southern part of Nairobi County, approximately 5km from the city centre. The study area is shown by map 3.

Map 3: Study Area Map



Source: Author, 2016

The study area stretches between Mariakani, Aoko and Kapiti road corridor, which are flanked by Bima, Riverbank and Golden Gate I and II residential estates.

4.3 Physical Environment

4.3.1 Topography and Relief

According to the Nairobi Integrated Master Plan 2013, Nairobi County is characterized by undulating hilly topography with an elevation in a range of 1,460m to 1,920m. 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 flat land with black cotton soils, which is considered less attractive for residential development by the colonial government, and thus used to settle Africans.

4.3.2 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 years ago. Almost the entire of Nairobi is covered by these volcanic rocks derived from the Rift Valley region. 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).

4.3.3 Hydrology/Drainage

Several streams with steep-sided valleys covered with vegetation are a dominant landscape feature of the Nairobi City County. The main rivers in the County are Nairobi River, Ngong River and Kabuthi River. The Nairobi River traverses near South B estate in the neighbouring Mukuru informal settlements.

4.3.4 Vegetation

The study area is along transport corridors, which are made of impervious concrete. The estate has little scattered vegetation in form of grass, mainly as a result of pavement of streets, roads and pedestrian walk paths.

4.3.5 Climate

At 1,600 to 1,850 m above sea level, it enjoys tolerable temperatures year round (CBS 2001, Mitullah 2003). There is more rainfall in the winter than in the summer. This climate is considered to be classified according to the Köppen-Geiger climate classification. The temperature here averages 19.0 °C. The average annual rainfall is 869 mm. (Climate-data.org).

4.4 Population and Demographic Characteristics

Nairobi County is estimated to have a total population of 3,138,000, accounting for 8.1% of the total 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. Nairobi has experienced one of the highest growth rates of any city in Africa. Since its foundation in 1899, Nairobi has grown to become the second largest city in the African Great Lakes, despite being one of youngest cities in the region. The growth rate of

Nairobi is currently 4.1%. It is estimated that Nairobi's population will reach 5 million in 2025(World Bank Fact book retrieved 4th April, 2015)

Table 4: Showing 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 KBBS, 2009)

Table 5: Population Projection of Makadara Division

Year	2009	2015	2030
Population	218, 841	278, 505	508, 855

(Source: Author, 2016)

The population projection for Makadara shows that the division will have exponential growth by 2030, with population reaching 508, 855.

4.5 Historical Development of the Study Area

4.5.1 Historical Development of Nairobi

Nairobi is in many ways an archetype of the African colonial city, having purely colonial origins, which shaped its structure and management at the time of Kenya's transition to independence. As Olima, (2001) notes, by 1900, a racially segregated Nairobi measuring 18 kilometres in the area had been created. The origins of Nairobi lay in the need to accommodate people of different races and ethnic origins. The major influence that set the frame of the city was racial segregation, a practice of the colonialists that prevailed as late as the early 1960s.

Although the Europeans never formed much more than 10% of the total population in Nairobi, the colonial administration maintained a tight control of the city through a

combination of pass laws and zoning restrictions. Racially distinct areas of town were built into the original design, with the railway officers' quarters clearly separated from the "native" housing, which was also distinct from the Indian Bazaar area.

The early planning commissions; the Williams Report of 1907, the Simpson Report of 1913 and the Feetham Report of 1926, all recommended explicitly racial segregation as the basis for city planning. As Nairobi grew, a strikingly polarized residential pattern developed, with spacious white areas in the North and West, the dense populated African sections to the South and East, and the Asian areas serving as a sort of buffer in between.

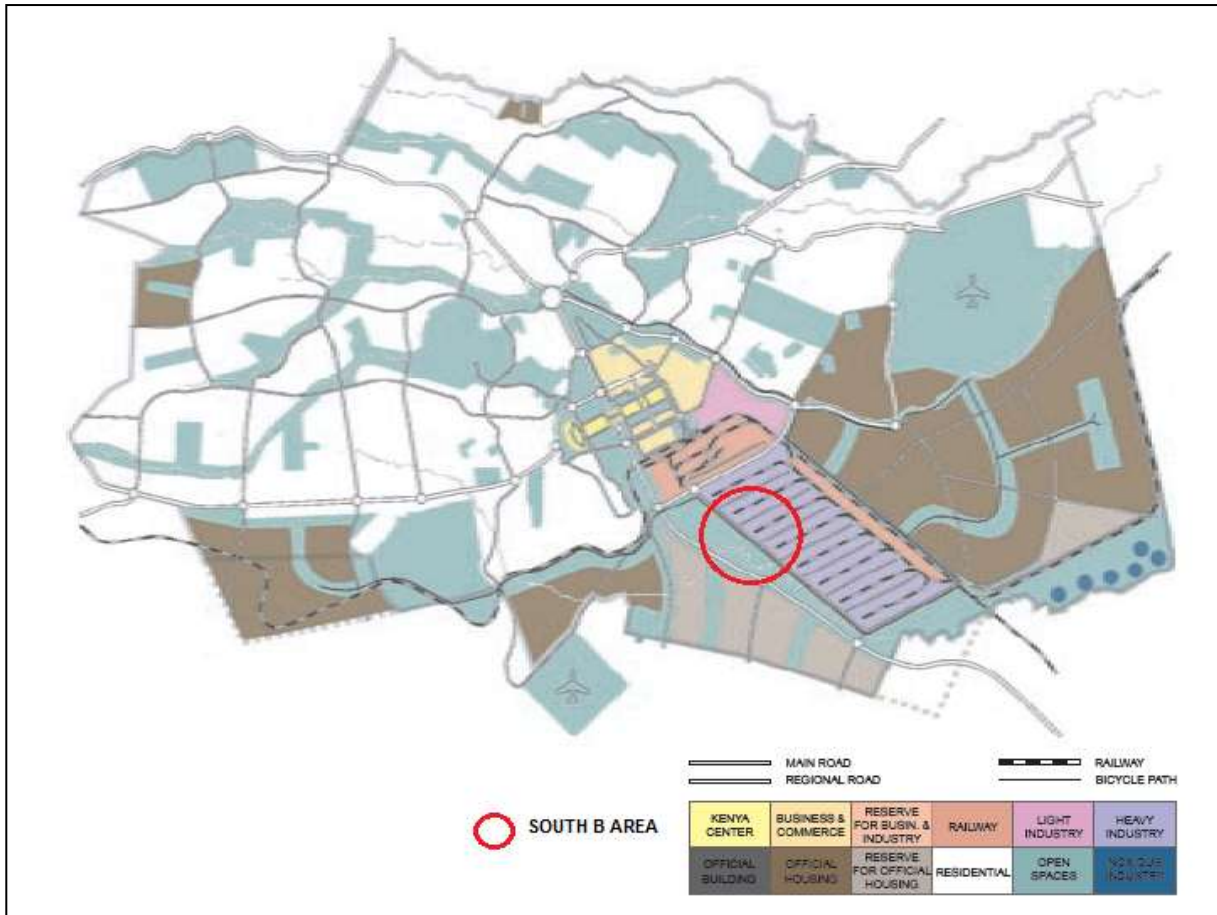
The 1927 plan for a settler capital extended the city's borders to 77 square kilometers, and saw the change from racial segregation to class segregation, where 90% belonged to the Europeans, 10% to the Asians, and for the Africans, the only way to live in the city was in the squatter settlements.

The 1948 master plan for Nairobi city was centred on functionalism as the main principle, and classified the city into zones; Kenya centre, official buildings, business and commerce, industry, railway, residential, official housing, open space, and also forest reserve and park zones. The main spatial structure of the plan establish neighbourhood units for the working class (ETH Studio Basel, 2008).

4.5.2 Historical Development of South B

South B, located in Makadara Constituency falls in a backyard of an area largely zoned for heavy industries in the 1948 master plan, with South B majorly being a reserve for official housing.

Map 4: Historical zoning of Nairobi



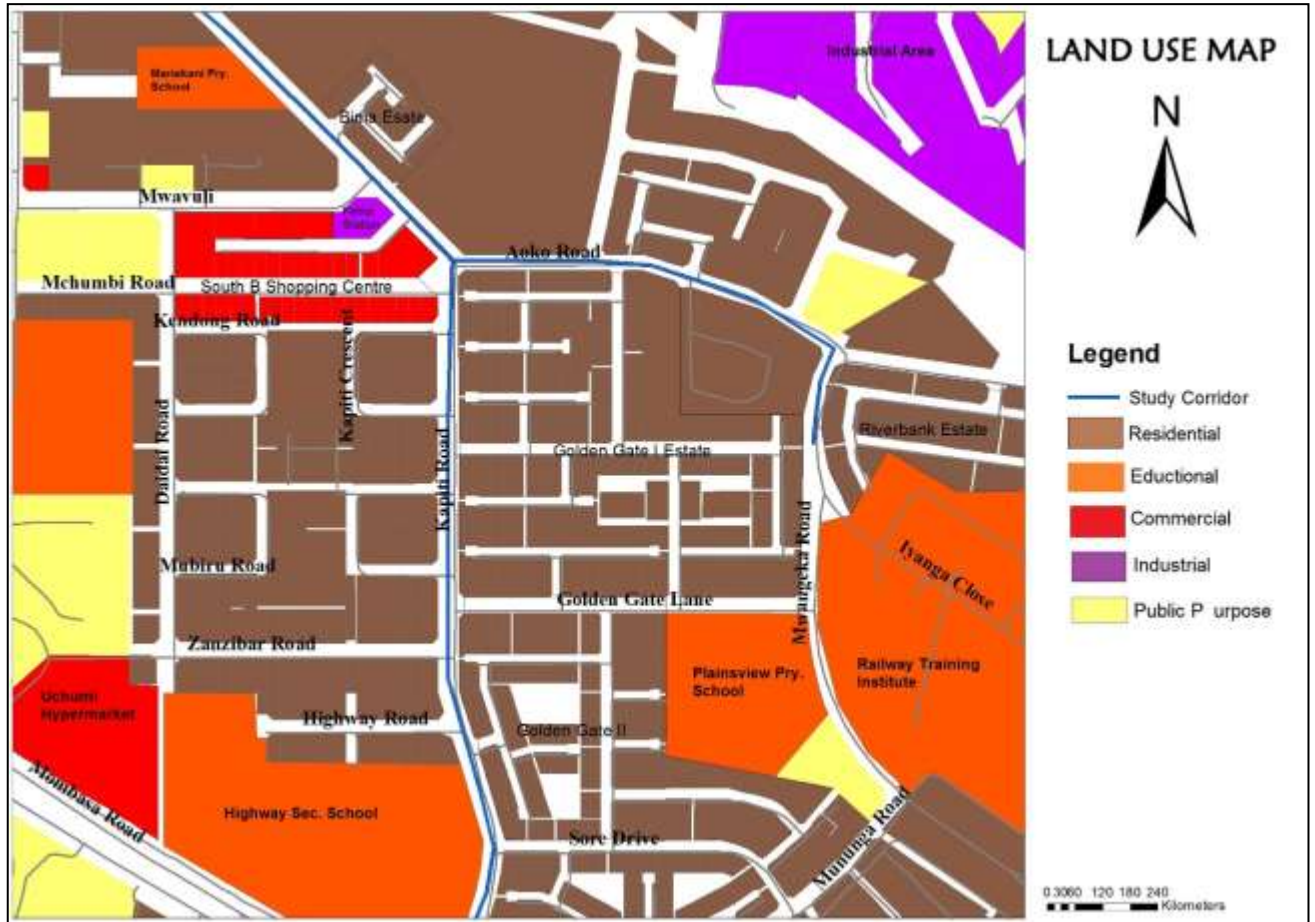
(Source: Adapted from ETH Studio Basel, 2008).

The Metropolitan growth strategy of 1973 zoned the area for new housing developments, for the mid-income working population in Nairobi. The 2004 Nairobi zoning ordinances classified the area high density residential development for mixed residential development, flats, maisonettes and bungalows.

4.6 Land Use

The study area is located in a predominantly residential neighbourhood. However, the area is well served with educational institutions, ranging from primary schools to tertiary education institutions. These include Mariakani primary school, Highway secondary school, Plainsview primary school, and Railway Training Institute. South B shopping centre is the main commercial hub of the area, with Uchumi hypermarket also located to the south west. The industrial to the north east of the study area.

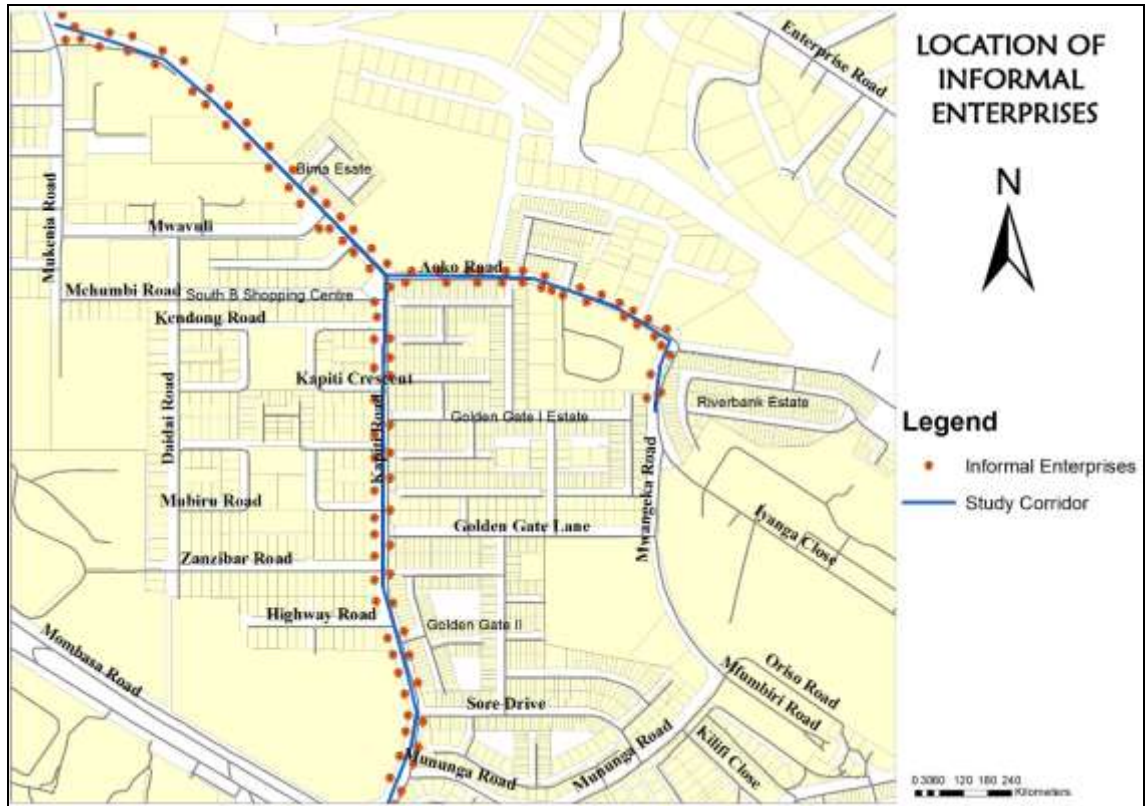
Map 5: Land use map



Source: Author, 2016

The neighbourhood is also characterized by informal commercial zones, arising from informal business enterprises, mainly along the streets and roads.

Map 6: Location of Informal Enterprises



Source: Author, 2016

4.7 Institutional Issues

The study area is located in Makadara sub-county of Nairobi City County. It is therefore under the county government jurisdiction, with neighbourhood planning and the informal businesses being a function of the Physical Planning Department within the county. This includes approval of space use within the neighbourhood, as well as provision of infrastructural services within the neighbourhood. The institutions however, are not localized at ward/estate level for efficient service delivery, monitoring of planning policies and guidelines, and evaluation of the existing planning standards at neighbourhood level.

4.8 Infrastructural Services

4.8.1 Physical Infrastructure

South B has a good transport network within the estate, with a well-connected streets and roads. The houses within the estate are in high demand due to its closeness to the Nairobi

Central Business District. In terms of infrastructural service provision, there is adequate provision of electricity. However, sewerage facilities and water have not been sufficient to meet the rising population in the area this is depicted by water vendors strategically located at the entrance of residences and sewage that is flowing freely by the roadside.

4.8.2 Social Infrastructure

Social infrastructure refers to the community facilities, services and networks which assist families, individuals, communities and groups meet their social needs, maximize their potential for development, and enhance community wellbeing. They include: 1) universal facilities and services such as education, training, health, undeveloped space, sport and recreation, emergency and safety services, religious, arts and cultural facilities, and community meeting places, 2) Lifecycle-targeted facilities and services, such as those for children, young people and older people and 3) Targeted facilities and services for groups with special needs, such as families, people with a disability and Indigenous and culturally diverse people.

Investment in social infrastructure is essential for the health, wellbeing and economic prosperity of communities. It plays a significant role in bringing people together, developing social capital, maintaining quality of life, and developing pliability and the skills indispensable to strong communities. In terms of health facilities, The Mater Hospital and The Mariakani Cottage Hospital are most salient in the area although there are dispensaries and private clinic within the estate including South B Hospital. Some of the schools in the area include: Primary Schools- Nairobi South Primary, Plainsview Primary School and St. Catherines School. Secondary Schools-Our Lady of Mercy Secondary School and Highway Secondary School are in South Moreover there is a famous mall Capital Centre which houses Uchumi Supermarket and Naivas Supermarket.

4.9 Summary

The following issues arise from the background of the study area chapter:

4.9.1 Strategic Location and Importance of Nairobi

Being the capital city, the county is the core of the country's economy and administration. It is also well linked by strategic satellite towns and municipalities that

form the Nairobi Metropolitan Region, thus enhancing functional connectivity and significance of the county as an economic pinnacle.

4.9.2 Changing Land Use Structure of Nairobi

The chapter brings out the evolution of Nairobi from a settler capital and a major transport hub to the capital city with a myriad of land uses and functions. South B estate has also evolved from an area zoned for official housing, to new residential developments for medium income population and to high density residential area. It is also clear that the initial neighbourhood design has undergone a lot of transformation, which have been brought by urbanization challenges which planners failed to incorporate in their initial plan.

4.9.3 Mixed Social-economic Background

South B estate is viewed as a middle income residential area. However, the proliferation of informal business enterprises within the estate, especially along transport corridors such as Aoko, Mariakani and Kapiti roads has 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.

4.9.4 Invasion of Public Space

Public space is defined as one which serves multiple functions and is accessible to all. However, in the case of South B, the proliferation of informal sector business enterprises on public spaces such as road reserves, streets and open spaces has curtailed the freedom of other users; pedestrians, motorists and residents within the estate to freely access these spaces.

4.10 Conclusion

This chapter has explored the study area in detail to give an in-depth understanding of the economic, social, physical and institutional conditions and background of the area. Furthermore, the chapter has provided the general location context of the study area, laying ground for the next chapter on findings of the study.

CHAPTER FIVE: STUDY FINDINGS

5.1 Introduction

This chapter reports on study findings guided by the research objectives. In this chapter, the findings are presented in form of charts, pictures, and maps and explained through detailed descriptive texts, to bring out the various relationships and characteristics of the study area. The first section describes the socio-economic and demographic characteristics of the respondents. The second section analyzes informal enterprises characteristics focusing on the nature of the enterprises as well as location dynamics of these enterprises. The third section focuses on the factors that explain the continual growth of these enterprises. The fourth section deals with the dynamics of legal and regulatory compliance aspects of the informal enterprises. The last section provides a summary of the study findings laying the ground for a detailed synthesis of the findings to come up with the conclusion and recommendations.

5.2 Demographic and Socio-Economic Characteristics

This section will examine the demographic and socio-economic features of the respondents in the study area.

5.2.1 Gender and Marital Status of Respondents

From the findings the majority of informal operators are married, this implies that informal livelihood activities are important livelihoods for families. The gender distribution of respondents was 52% male, and 48% female, as shown in table 6. Previous studies affirm the dominance of male in informal sector (ILO, 1972), while other studies of informal sector have indicated that women dominate in the sector this is the case of Benin, Chad and Mali where it was found out that 95% of the women are engaged in informal activities (Charmes 2000). From this statistic, conclusion is drawn that both male and female have a responsibility of providing for their families whether immediate or extended. That makes them look for any means possible to make ends meet.

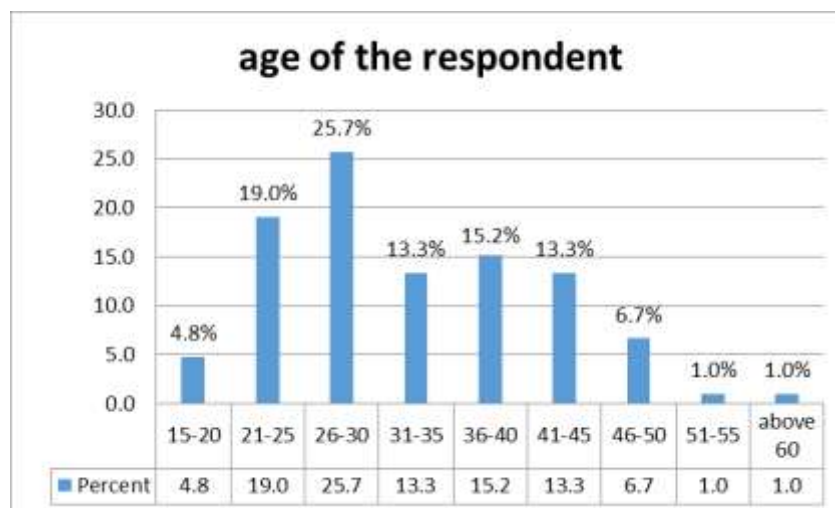
Table 6: Gender and Marital Status of Respondents

Sex of respondents	
N=105	Percent
Male	52
Female	48
Total	100
Marital status	
N=105	Percent
Single	31
Married	68
Widowed	1
Total	100

(Source: Fieldwork, 2016)

5.2.2 Gender and Age of the Respondents

Chart 1: Respondents' Age Distribution

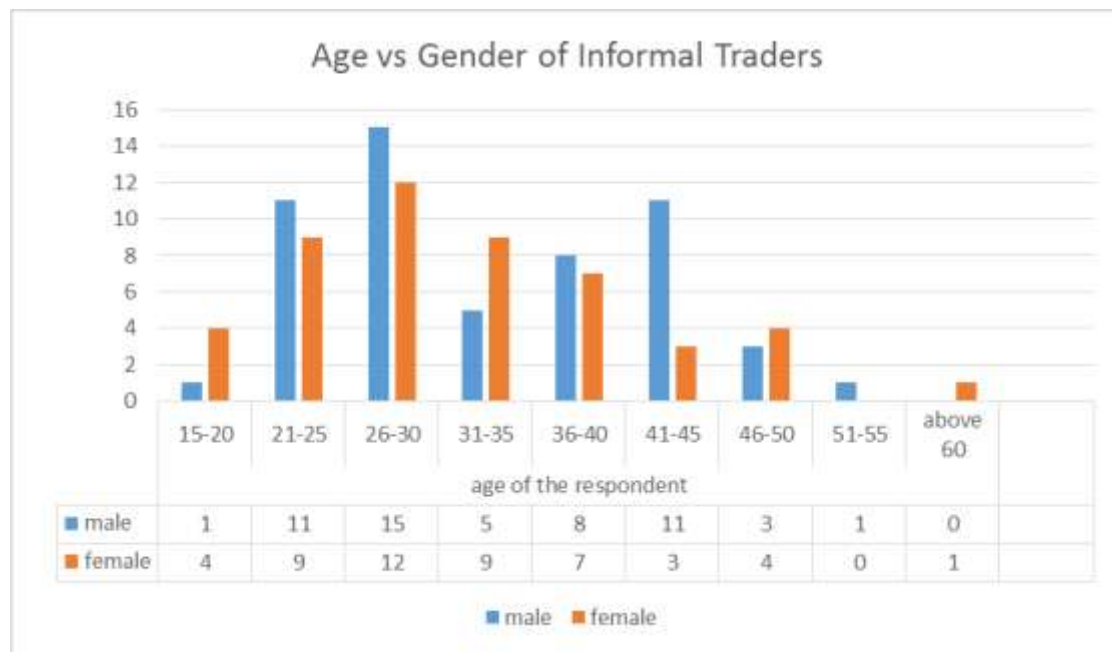


(Source: Fieldwork, 2016)

Chart 1 shows that majority of the sampled population, lie between ages 26-30. The reason could be that this is the age most individuals are separating themselves from their parents and would like to be independent and take responsibility of providing for their families. This is followed by ages 21-25, 36-40, 41-45, 46-50 and 15-20, respectively.

Only 1% of the respondents were between ages 51-55, same number as those above 60 years of age. The findings correspond with the various literature sources that show that youths are engaged in informal sector activities. The participation of the youth is high since they are energetic and have ability to respond to harassment. This means that proper mobilizing of urban informal sector would mean increased productivity and hence greater efficiency which could contribute to the overall growth of the economy.

Chart 2: Age and Gender of Informal Traders

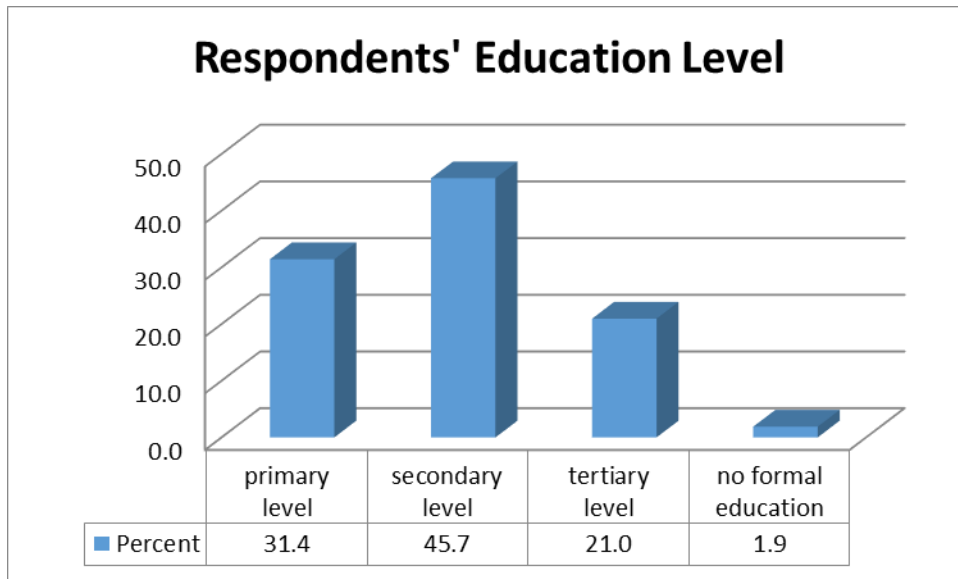


(Source: Fieldwork, 2016)

5.2.3 Respondents' Education Level

The findings revealed that a high number of the respondents have received formal education. As illustrated in chart 3, 45.7% of the respondents having attained secondary level education, and 21% tertiary level education. Also, 31.4% have attained primary level education, with only a lowly 1.9% having no formal education. 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 reiterate the importance of the sector in employment creation.

Chart 3: Respondents' Education Level

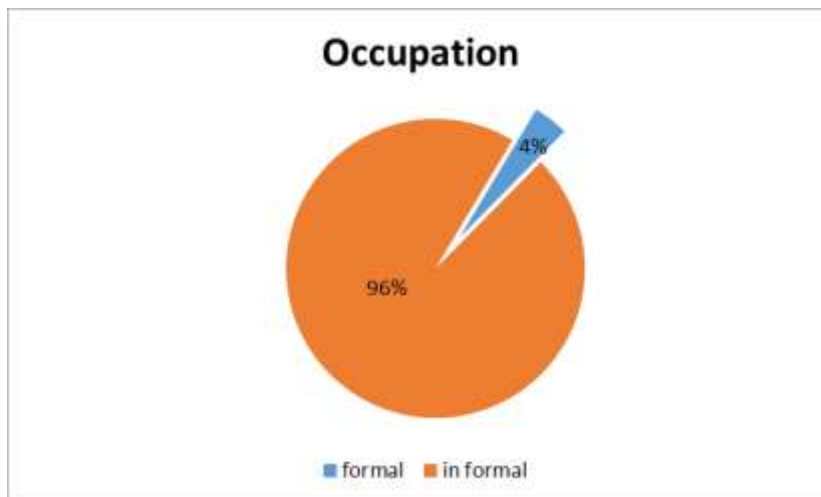


(Source: Fieldwork, 2016)

5.2.4 Occupation

From the findings, an overwhelming 96% of the respondents find their source of livelihood through informal employment, against only 4%, who are formally employed. This is shown in chart 4. This greatly underlines the importance of the informal sector enterprises in sustaining urban communities and livelihoods.

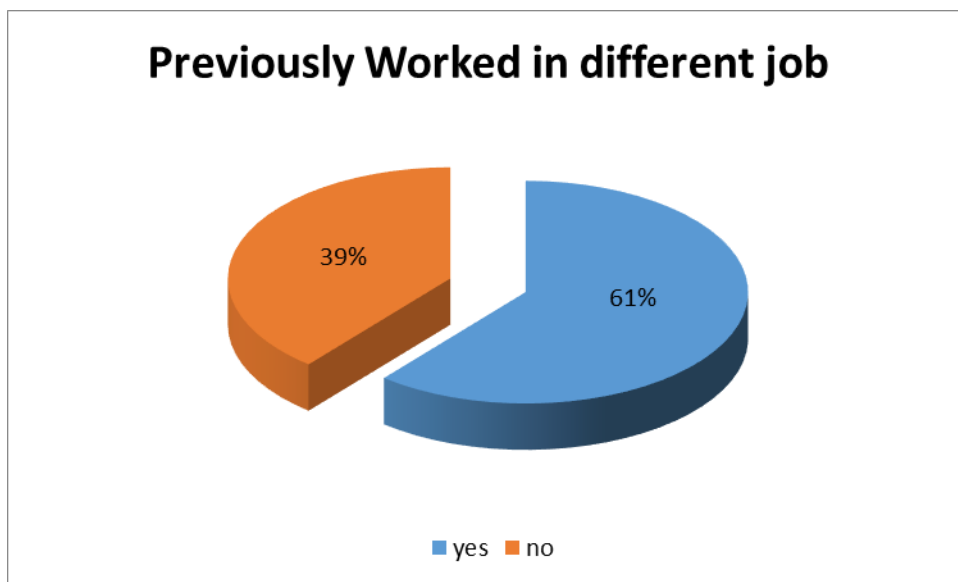
Chart 4: Respondents' Occupation



(Source: Fieldwork, 2016)

Chart 5 shows that out of the sampled informal sector operators, a larger 61% have previously worked in different jobs, as opposed to 39%, who have been operating the same business over time. This finding agrees with literature on the factors for growth of the informal sector; that the informal sector enterprises have emerged as a result of failures of the formal sector, which includes insufficient wages, retrenchment, loss of jobs and retirement. The need to sustain livelihoods or supplement income in the harsh urban setting therefore leads to entry into informal sector businesses by those affected. Most of the respondents ventured into informal sector due to low payment in the previous job (16.2%), poor working conditions 4.8%, and loss of job 12.4%, increase income 18.1%, inheritance 1% and desire to own business 6.7%.

Chart 5: Previously Worked in Different Job



(Source: Fieldwork, 2016)

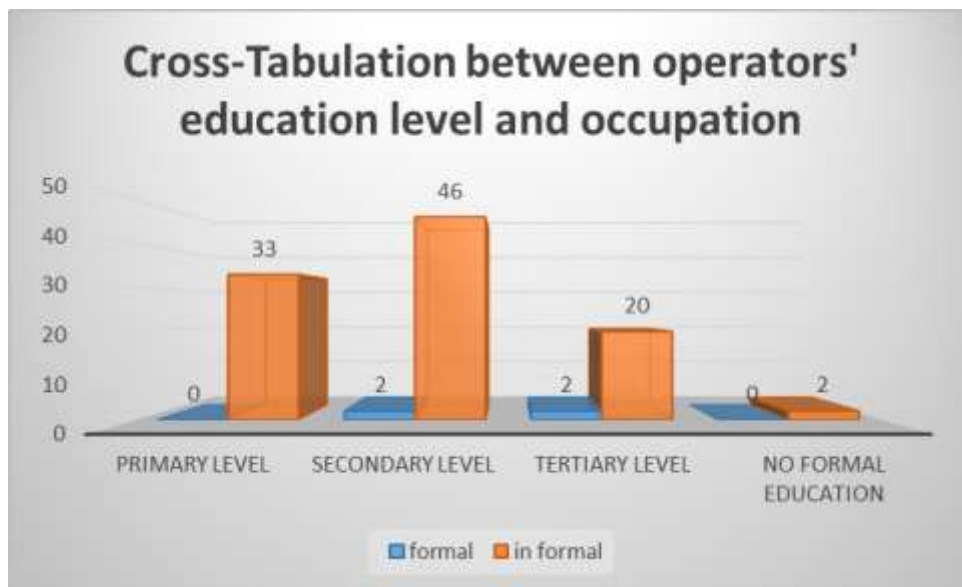
5.2.5 Education Level and Occupation.

The analysis in chart 6 show the level of education does not correspond with the type of occupation. As Bigsten et al, (2000) notes, a professional diploma and higher education level of the entrepreneur significantly reduces the probability of being informal. Thamsanqa (2010) argues that, people with high education qualification 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

Ongile and McCormick, (1996) also agree that urban informal employment also results from the limited formal sector employment opportunities and the presence of young graduates from vocational training institutions, whose curriculum is conventional and offers little specialized skills and therefore limited opportunity for penetrating the formal labour market. The graduates end up picking up apprenticeships in the Jua Kali sector to develop specific skills necessary for direct employment in the sector. The sector is also attractive for skilled persons who either lose formal sector jobs or are newcomers into self-employment, taking advantage of the failures of the formal sector to offer some goods and services on competitive terms. This is evident in the study area.

Chart 6: Cross-Tabulation between Operators' Education Level and Occupation



(Source: Fieldwork, 2016)

5.2.6 Respondents Main Source of Income

The study revealed that a majority of the respondents rely on informal activities as their main source of income (72.6%). Moreover; the study established that informal operators had other sources of income to supplement their incomes.

The average monthly income from the informal activities varied, 63.8% of the informal operators earn less than Ksh.15, 000 from their businesses, 33.3% earn more than

Kshs.15, 000 per month from their businesses as depicted in table 7. The informal operators consider their ability to generate income from their businesses very important regardless of how little the income is.

Table 7: Respondents Main Source of Income

Monthly income	Percentage
N=105	
less than Kshs.10,000	41.9
Kshs.10,001-Kshs.20,000	40
Kshs20,001-Kshs.30,000	5.7
Kshs30,001-Kshs.40,000	5.7
over 40,000	6.7
Total	100

Source: Fieldwork, 2016

5.3 Nature of Informal Business Activities in South B

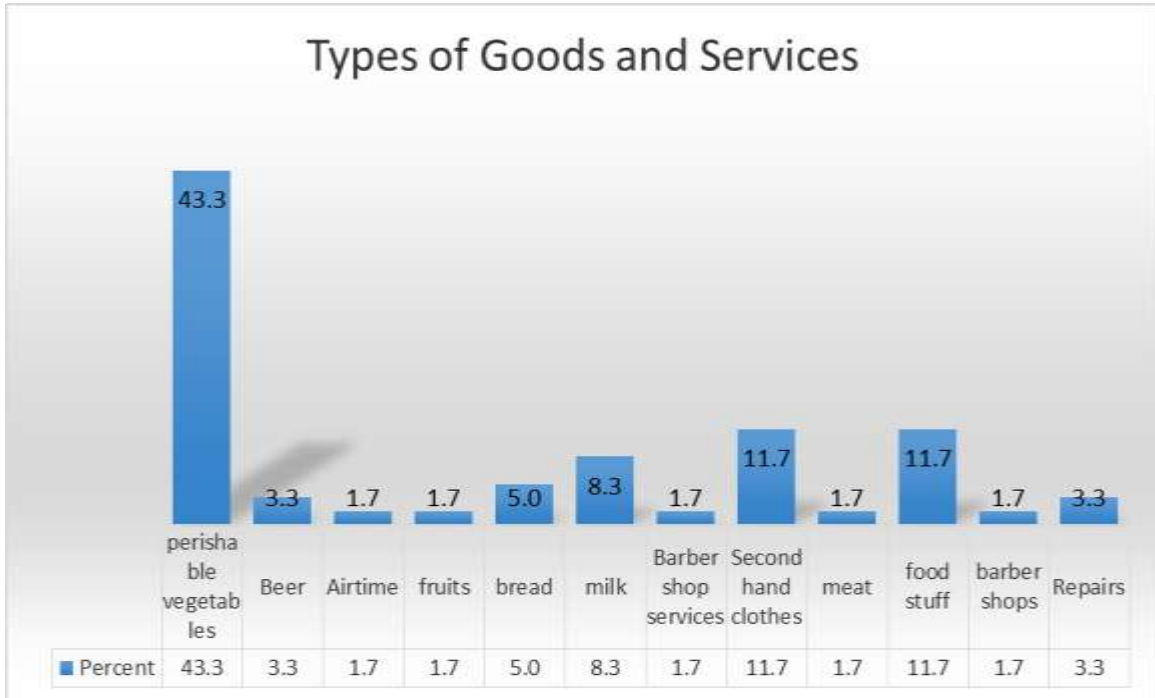
In this section, the study attempted to gather information related to the nature of the informal business enterprises in the study area. The most common varieties of goods were high turnover household goods namely vegetables, second hand clothes, salt, milk, groceries, charcoal, cereals among others. The designated commercial centre within the estate offers goods and services that cuts across all the hierarchy. The commercial centre has financial institutions, education institutions, supermarkets, entertainment facilities such as bars, clubs and restaurants, large wholesale and retail shops. There is presence of few informal operators within the planned commercial centre. It is important to note that the major variation on the products that are found within the main shopping centre and the informal traders is in terms of packaging/quantities. For instance vegetables are packed in kilograms in the supermarket while for the informal operators in terms of money that one has and it is chopped and packed. Informal operators offer low order goods and services for which a customer is unwilling to go longer distances in search of.

5.3.1 Types of Goods and Services

Chart 7 shows that the informal business enterprises in South B estate offer a wide range of goods and services, with the most common good being perishable vegetables. Others, in order of frequency, include second hand clothes (11.7%), food stuffs (11.7%), milk (8.3%), bread (5%), beer (3.3%), repair services (3.3%), barber shop services, meat, airtime and fruits, all at 1.7%.

The types of goods and services offered by these informal business enterprises greatly influence the type of structures for business operation, and the type of ownership of business premises.

Chart 7: Range of Goods and Services



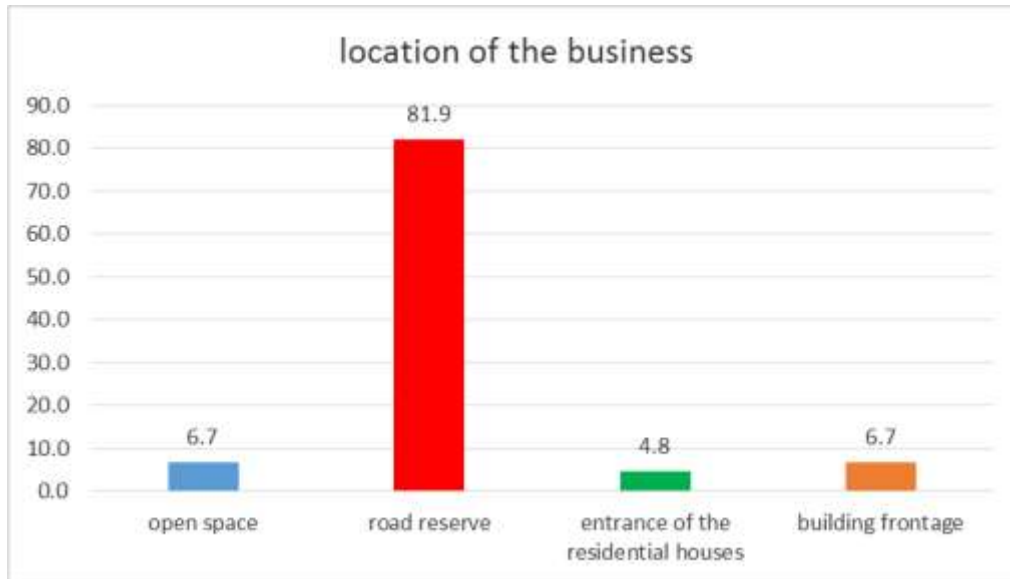
(Source: Fieldwork, 2016)

5.3.2 Location of Informal Businesses

Location of informal operators businesses determines various aspects of compliance with planning laws and regulations as well as their impacts on the environment and space use. From the study finding as shown on chart 8, majority of the informal businesses in South B are situated on road reserves (81.9%). About 6.7% of the informal businesses are located on open spaces, while those located on building frontages equally make up 6.7% of the informal businesses in South B. Only 4.8% of the informal businesses are located at the entrances of residential houses. The location of these enterprises demonstrates that most of them are in direct contravention with the various planning laws relating to development control occupying road reserves meant for motor vehicles and passengers leading to congestion. The choice of these spaces is due to its availability and accessibility for the customers to buy merchandise. The choice by a majority of the

informal operators to locate their businesses on road reserve is mainly due to high human and vehicular flow, this enables them to easily get customers for their merchandize.

Chart 8: Business Location



(Source: Fieldwork, 2016)

Enterprises are concentrated in the collector streets with a few located along access roads within the neighbourhood. The spatial distribution of these enterprises shows that enterprises tend to locate in roads with high traffic flow both human and vehicular. Transport routes play a major influence on business location especially where they are able to attract significant pedestrian flow. There is evidence of enterprises clustering along pedestrian routes. This is evident along Aoko and Kapiti streets.

Plate 1: Location of Informal Businesses Along Aoko Road

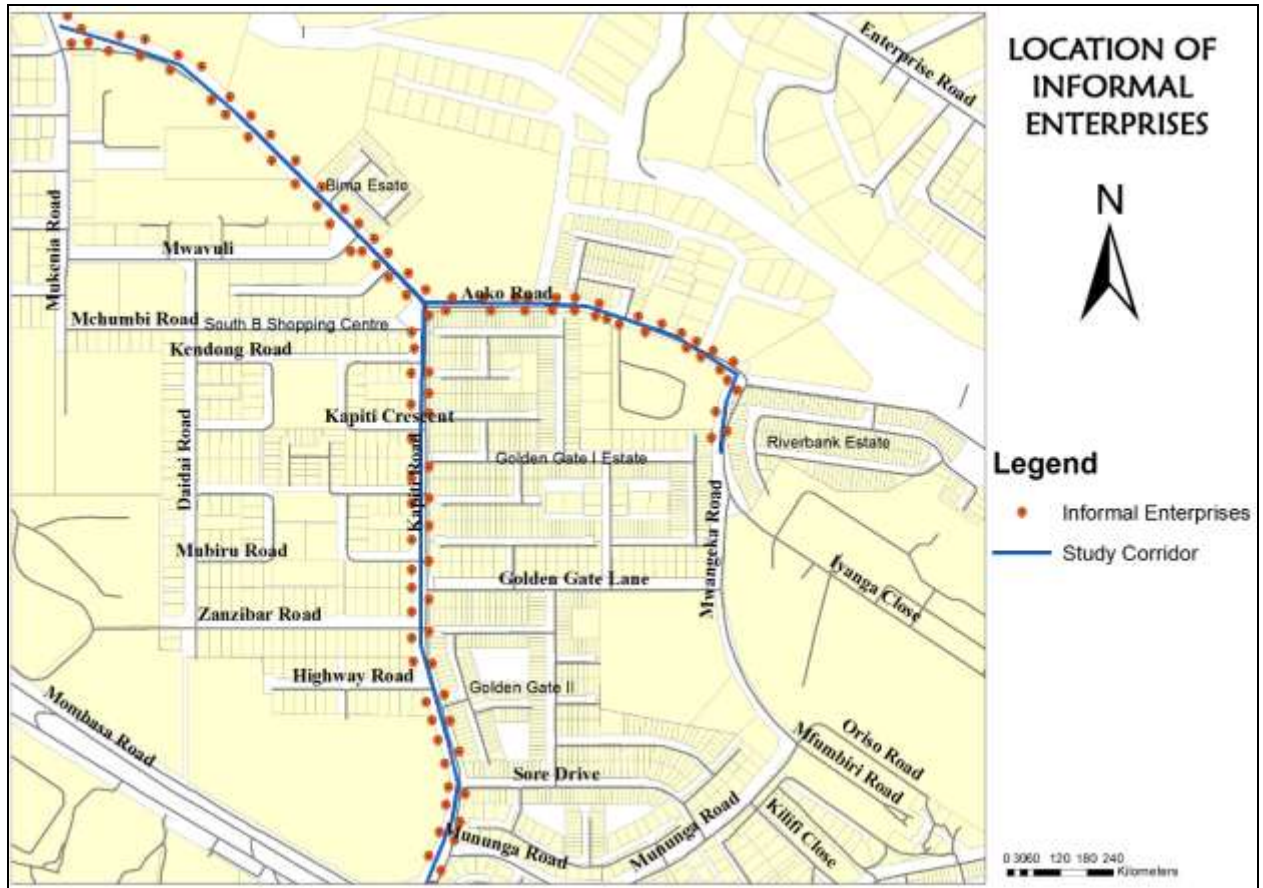


(Source: Fieldwork, 2016)

5.3.3 Spatial Distribution of Informal Operators

The study analyzed the spatial distribution of informal activities within the study area. It was observed that the location of informal businesses was influenced by infrastructure hierarchy. These activities are mainly found along major streets within the estate. The spatial distribution shows that, the informal activities are located in streets with higher flow of traffic both human and vehicular. Transport routes play a significant role in the location of businesses, especially where they are able to attract significant traffic flow. Map 7 shows the manifestation of informal business enterprises along transport corridors within the estate.

Map 2: Location of Informal Enterprises



Source: Author, 2016

5.3.4 Business Location Dynamics

The study examined the location determinants of informal operators within the estate.

Table 8: Location Determinants of Business Location

Reasons for current location	
N=105	Percentage
Availability of ready market	27.6
Affordable rent	11.4
Desire to work close from home	17.1
Easy to set up the business	8.6
Identified a gap in the provision of goods and services	3.8
High human traffic flow	27.6
Accessibility	1
No response	2.9
Total	100

Source: Fieldwork, 2016

Customer threshold and high human traffic flow were the most important factors for the location of the business both 27.6%. It was observed that informal businesses are concentrated near junctions and bus stops so as to tap on the people who have alighted and are on their way to their houses.

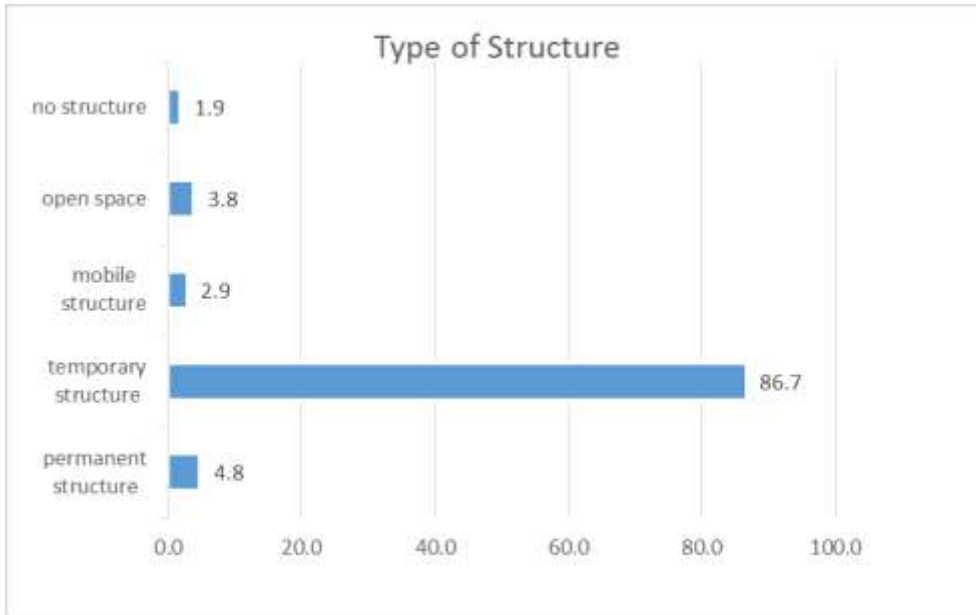
Desire to work close from home was another factor that is 17.1%; this enables them to do household chores and attend to their family while at the same time run the business. Affordable rent was another important factor in determining the location of informal enterprises (11.4%). Moreover, easy to set up business at the current location 8.6%, there is a free entry to the business, based on the availability of space. No regulations are followed entrepreneurs while setting up their businesses. Other operators cited a gap in the provision of goods and services 3.8% which is suitable for that location and accessibility of the location at 1%.

5.3.5 Structures Typology

Chart 9 represents findings from the field which revealed that a high of 86.7% of the informal businesses in South B operate in temporary structures. This is against 4.8% who operate in permanent structures, 3.8% operate in open space, 2.9% in mobile structures and 1.9% have no structures at all. As per the interview conducted at NCC with the Field Assistant- Urban Planning, there are no approvals for temporary structures, mobile structures or conducting business on public space in residential neighbourhoods. The approvals that exist are for formal businesses in designated areas within the neighbourhood. This explains the structures that are used to carry out these businesses, there is a lot on uncertainty since the businesses are illegal. Most of the time there are demolitions, temporary structures become an easier option because it is cheaper to put it up again and continue with the business.

Plate 2 also shows a pictorial representation of examples of typology of structures for informal business enterprises in South B.

Chart 9: Structures Typology



(Source: Fieldwork, 2016)

Plate 2: Types of Structures

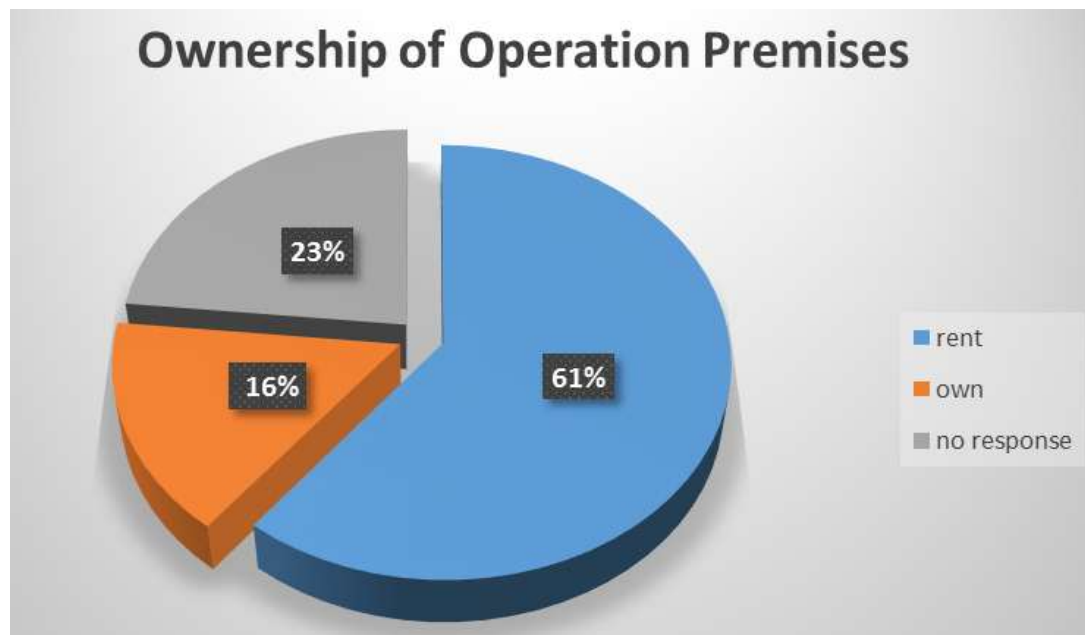


(Source: Fieldwork, 2016)

5.3.6 Ownership of Business Premises

The findings show that, only 16% of the informal business operators in South B estate own the business premises in which they operate. The majority of operators (61%) rent the premises they operate in, as shown by chart 10. The amount paid for rent varies 74.3% pay less than Kshs.10, 000, while 2.9% more than Kshs.10, 000 per month which is dependent on the type of structure. The remainder of the informal operators that is 23% neither rent nor own, they have invaded the space due to its availability and mostly operate in the evening selling regularly second hand clothes and shoes.

Chart 10: Ownership of Business Premises



(Source: Fieldwork, 2016)

5.3.7 Legality of the Businesses

The study established that, 88% of the business enterprises sampled are not registered and so were operating informally, against only 12%, which are registered. This therefore means that majority of the businesses operate illegally.

Chart 11: Business Registration



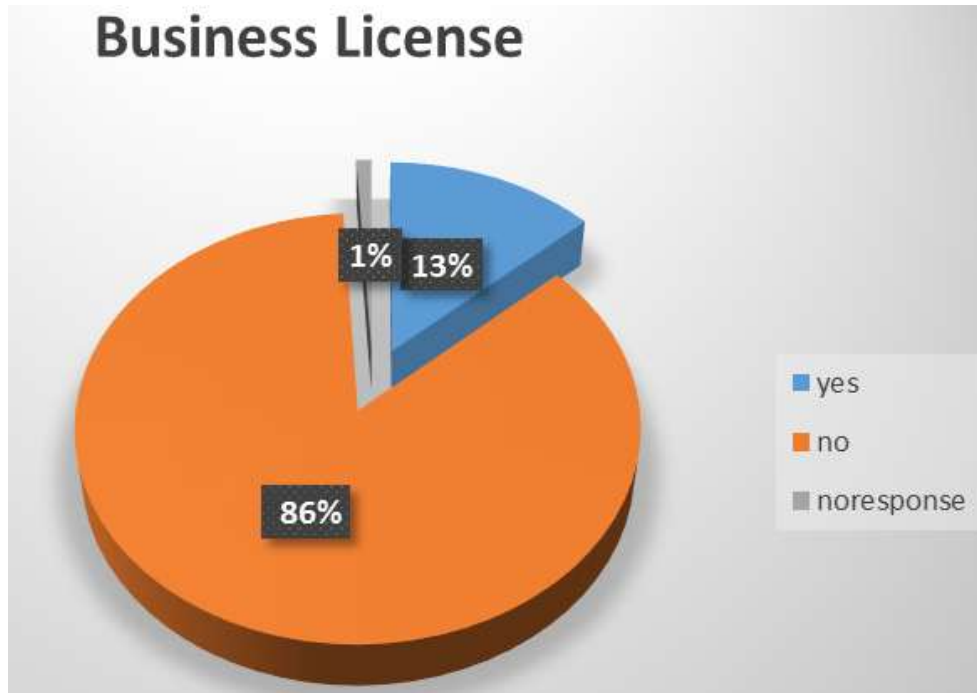
(Source: Fieldwork, 2016)

Of the registered businesses, 86% have business licenses, as opposed to 13% who do not have as shown in chart 12.

Bigsten et al, (2000) agrees that most informal business operators avoid registration since it involves costs both pecuniary and time related, and these costs form part of the motivation for starting informally. Informal operators who avoid paying licenses operate their business late in the evening when the licensing officers from NCC have closed for the day this means loss of revenue to the county.

Business registration and licensing is important as it entitles a business operator to access to basic and fundamental services from the local authorities, as well as access to credit facilities that help in the growth of businesses.

Chart 12: Respondents with Business Licenses

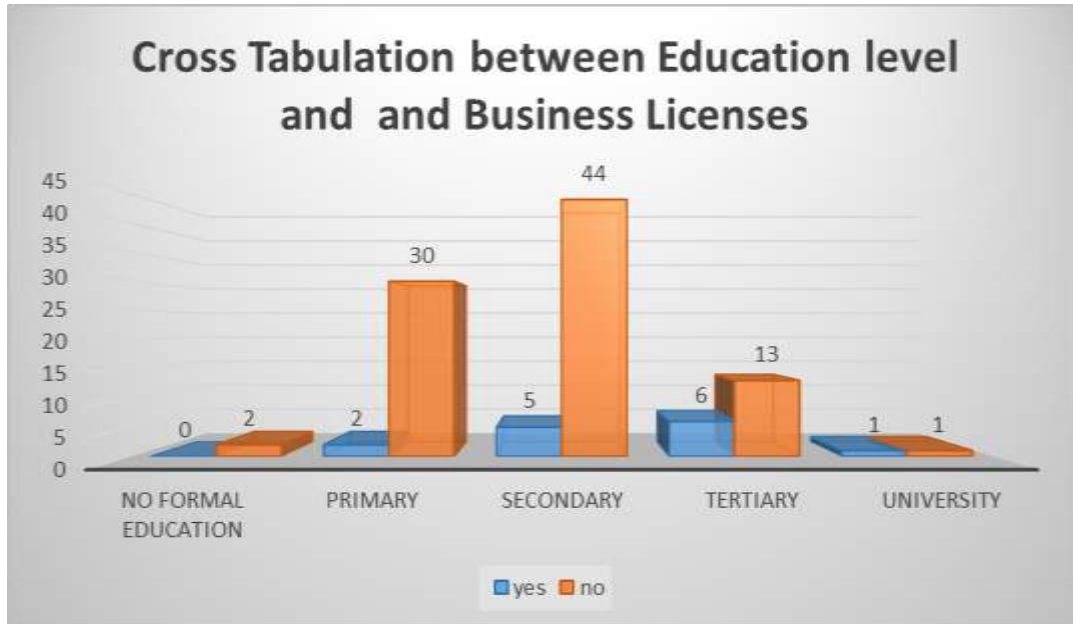


(Source: Fieldwork, 2016)

The cross-tabulation between the informal trade operators' education level and acquisition of business licences revealed that the level of education has an impact on registration of business, as majority of those who had licences for their business enterprises were those who had attained secondary and tertiary/university level of education.

This finding tallies with Bigsten's views that a professional degree or higher education certificate seems to stimulate the owner to register an enterprise as well as stimulate the preference for being official and 'secure' so as to establish better relationships with the authorities.

Chart 13: Cross Tabulation between Operators' Education Level and Business Licenses

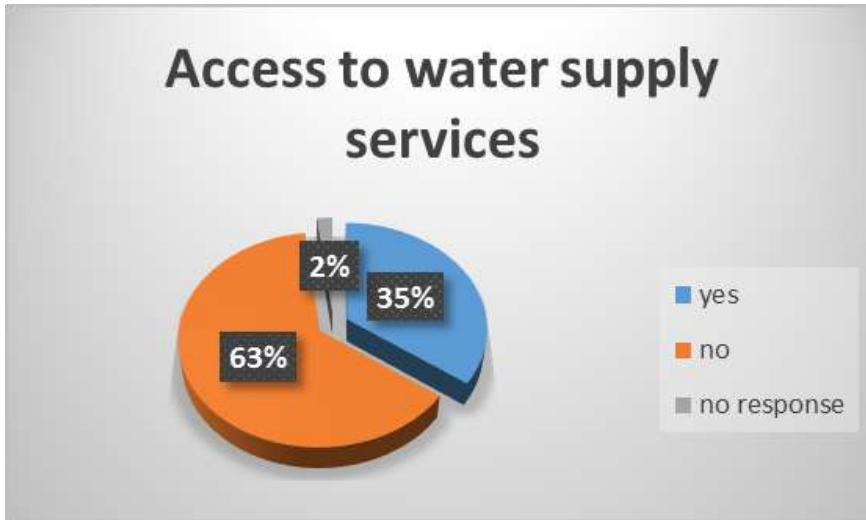


(Source: Fieldwork, 2016)

5.3.8 Access to Services

Findings reveal that the informal businesses in South B have inadequate access to basic services such as water supply, waste disposal, storage facilities, parking services and credit and banking services. The charts below show the informal businesses' position in terms of accessing basic services.

Chart 14: Access to Water Supply Services



(Source: Fieldwork, 2016)

Only 35% of the informal traders have access to water supply services, as compared to 63% who do not have access.

Chart 15: Access to Garbage Collection Service



(Source: Fieldwork, 2016)

Although a majority of 62% have access to garbage collection service, a substantial 36% do not have access to the service.

Chart 16: Access to Storage Facilities



(Source: Fieldwork, 2016)

Over half of the informal businesses (54%) do not have access to storage facilities, with 44% having access, despite the nature of products that the informal enterprises offer, such as perishable vegetables and milk.

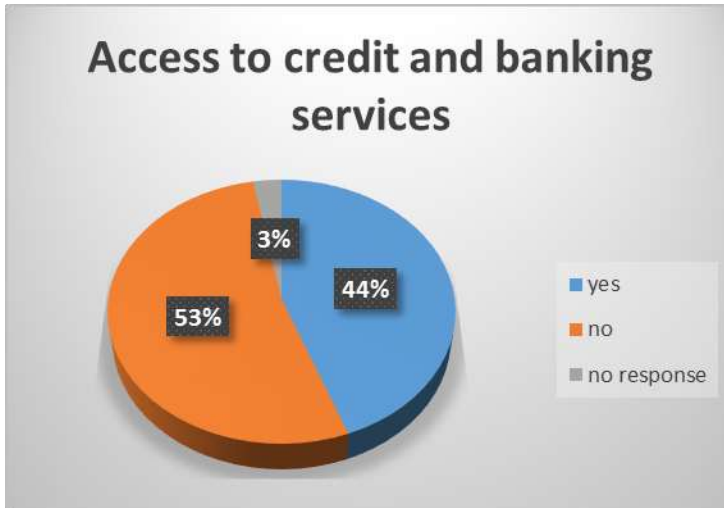
Chart 17: Access to Parking Services



(Source: Fieldwork, 2016)

Majority of the informal enterprises (86%), as shown by chart 17, do not have access to parking services. This is mainly due to their nature in terms of location of operation, mainly along road reserves.

Chart 18: Access to Credit and Banking Services



(Source: Fieldwork, 2016)

Over half of the enterprises (53%) do not have access to banking and credit services. This curtails their growth and capacity to offer quality services to the residents of South B estate.

The above findings tally with Bigsten et al, (2000) observations that informal sector businesses lack access to basic services due to their nature, in terms of lack of permanent premises, location along transport corridors and lack of licenses or registration.

5.3.9 Number of Employees

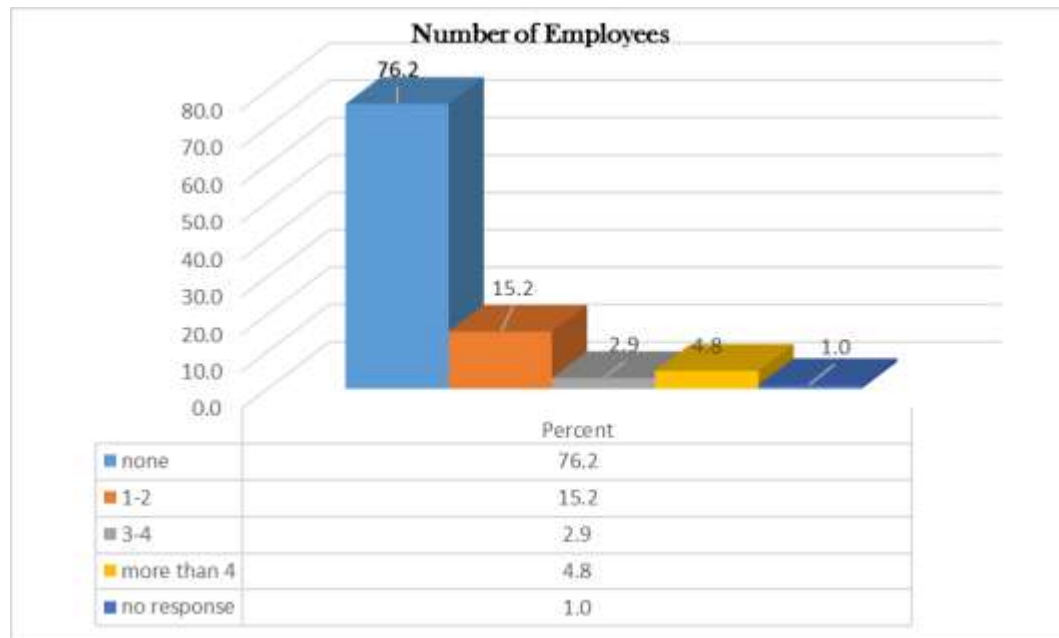
Majority of the informal business are operated by the owner. This is evidenced by 76.2% of the businesses that have no employees, as opposed to 15.2% of the businesses having between 1-2 employees, 2.9% having between 3-4 employees, and 4.8% of the businesses having more than 4 employees as shown in chart 19. This therefore shows that all the businesses in the area fall under the informal category, this is distinguished by the number of workers.

Tokman (2001) described informal sector as comprising of firms with limited ownership, that is, self-employed that utilize unpaid family members, domestic servants, and less-educated employees and have less than five workers including the owner. The nature of

the informal enterprises; the operation premises as well as lack of registration and licenses also do not allow hiring of employees.

This brings to question the issue of stability and sustainability of the informal sector, in terms of employment creation vis-à-vis the nature of the enterprises.

Chart 19: Number of Employees



(Source: Fieldwork, 2016)

5.4 Factors for Growth of Informal Economic Activities

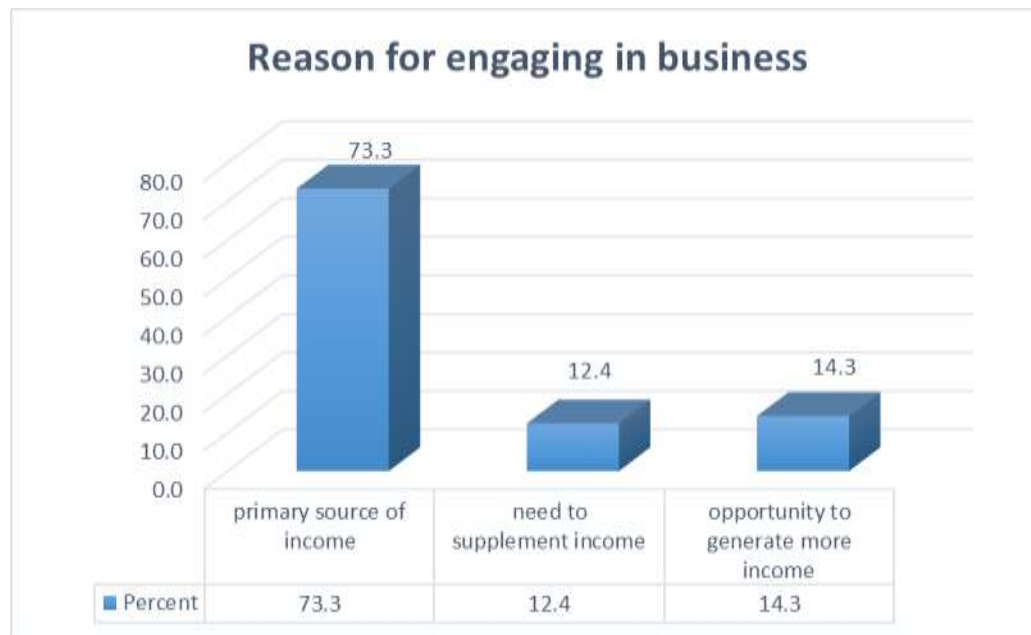
Urban population and the demand for jobs, goods and services are growing more quickly than the formal sector can absorb. The following are some of the generating factors for informal activities as per the findings in the study area.

5.4.1 Socio-Economic Factors

From the study findings, 73.3% of the respondents engage in informal sector activities as their only source of income, while 12.4% engage in the informal business activities to supplement the income from other endeavors, and 14.3% who also see the informal sector activities as an opportunity to generate more income.

The fact that the informal business activities is a primary source of income for majority of the respondents, indicates the dependency on the sector to sustain urban livelihoods particularly for the lower skilled and unskilled people, as well as the decline in the formal sector employment, thus the growth of the informal business enterprises in urban residential neighbourhoods. Rogerson, (2001), notes that 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.

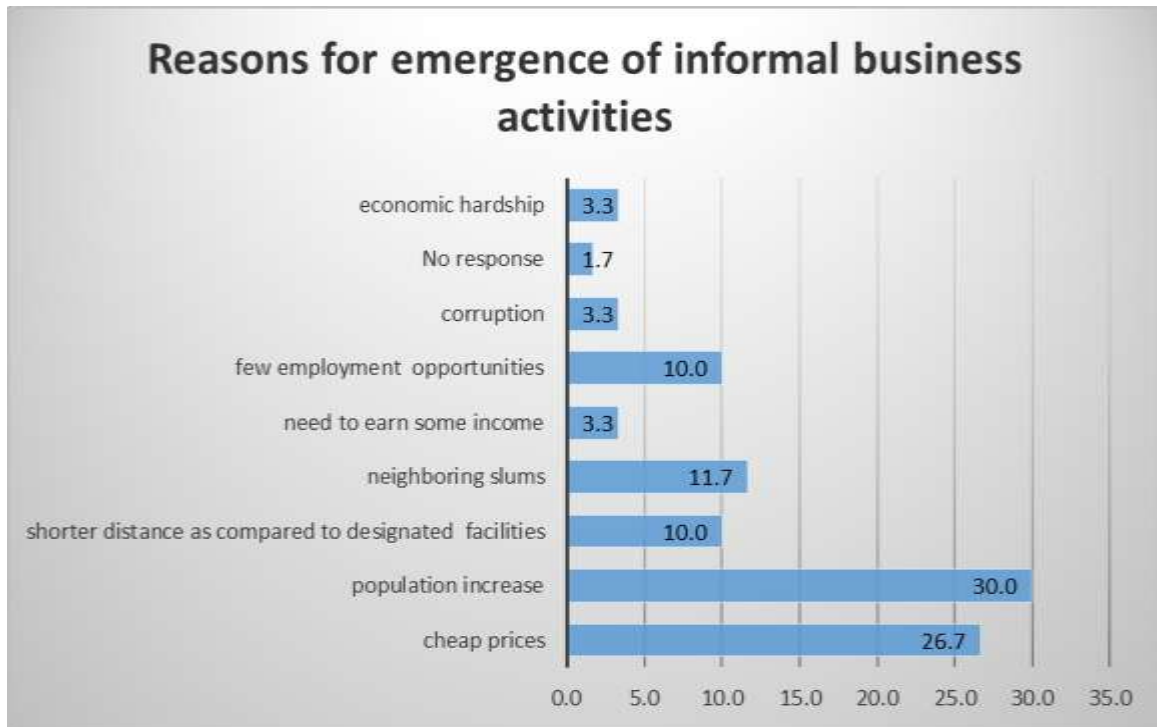
Chart 20: Reasons for Engaging in Informal Business



(Source: Fieldwork, 2016)

From the residents perspective, the informal activities have thrived due to a number of factors, the main reason being population growth in the city, 30% of the residents of South B neighbourhood attribute the growth and emergence of informal business enterprises to population growth in the city, while 26.7% think that the informal enterprises have grown as they have cheaper prices as compared to registered businesses. A further 11.7% attribute the growth to the neighbouring slums, while notably, 3.3% attribute the growth of the informal business enterprises to corruption in the city institutions and politicians. In addition convenience due to business location near homes (10%).

Chart 21: Proliferation of Informal Business Activities



(Source: Fieldwork, 2016)

This reveals an oversight in terms of designation of commercial facilities that is the range of goods and services. Due to this the informal operators have capitalized on it. Few employment opportunities is another factor supported by 10% of the respondents. Various statistics have shown that the informal sector has been growing at a faster rate than the formal sector. According to the Institute of Economic Affairs estimates the growth of informal sector is at 17.40% per annum against the formal sector's 1.97%. In 2012, the formal sector created sixty eight thousand new jobs compared to five hundred and ninety four point four thousand jobs in the informal sector (KNBS, 2013). This reveals clearly the role of the informal sector in creating more jobs.

This brings to question the role and effectiveness of local authority's mechanisms for control and management of the urban residential areas, more so the urban planning institution, in approval and issuance of development permissions. As per the interview conducted with the Field Assistant-Urban Planning at NCC, there are no approvals for informal operators in neighbourhood, the NCC The neighbourhood was planned to incorporate all the land uses including the commercial centre. However, the planners did

not envisage population growth leaving little room for expansion of the infrastructure and further development in the study area. The NCC had introduced modern kiosks for the informal operators which were not successful due to political interferences thus failing to assist the informal operator.

5.4.2 Location Factors

The location of the informal business enterprises in an urban residential neighbourhood context, offers a variety of factors that provides for the growth of the informal businesses. Majority think that the location offers a ready market for the goods and services, as well as the presence of high human traffic flow provides a market opportunity for goods and services.

Findings as presented by chart 22 revealed that, 17.1% think that the proximity of the work place to their homes offers a good condition for business growth, while 11.4% think that the location offers affordable rent, as compared to other localities. Moreover, 8.6% of the respondents consider that the location of informal businesses in residential neighbourhood was due to ease of entry and business set-up. Other factors include existing gaps in goods and service provision, availability of space as well as accessibility. All these factors provide a conducive environment for the growth of the informal business enterprises within residential neighbourhoods.

Chart 22: Reason for Business Location



(Source: Fieldwork, 2016)

5.4.3 Institution/Regulatory Factors

Earlier findings, as shown on chart 11 revealed that 88% of the informal business enterprises are unregistered. Out of these, about 50.5% of the business operators offered that the reason for not registering their businesses is because registration is not mandatory. The study further established that registration is associated with high costs(18.1%), while 6.7% said that the registration process has long procedures and many requirements, same number as those who do not know how to go about registering their businesses, as shown on chart 23.

This exposes weaknesses in the institutions in charge, and provides an ease of entry and operation of the informal business enterprises, thus making them thrive, under little/no regulations. It also questions the informal businesses operator's knowledge of the importance of registration of business enterprises as a source of business security, and access to basic utility services that enhance the capacity of the enterprises and ensures effective service delivery.

Chart 23: Reasons for not Registering Business



(Source: Fieldwork, 2016)

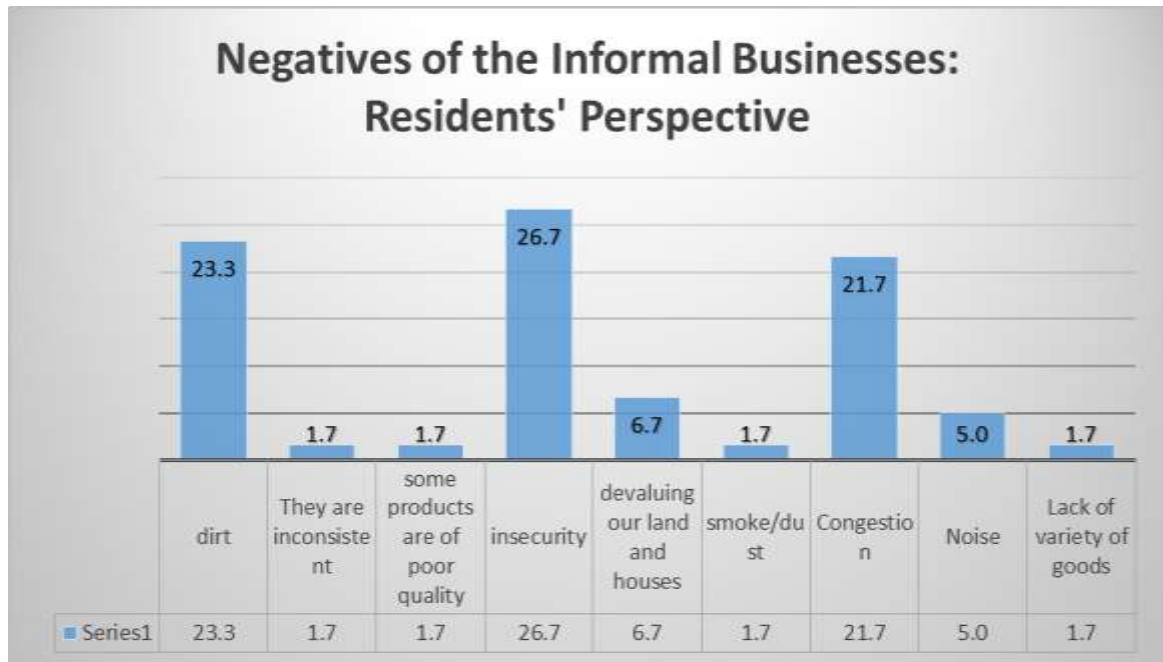
5.5 Planning Implications of Informal Economic Activities

The following are some of the planning implications of informal activities in the study area.

5.5.1 Insecurity in the Neighbourhood

The study findings reveal that, 26.7% of the sampled residents attribute insecurity in the neighbourhood to the emergence of the informal sector enterprises as depicted on chart 24. Most of the youth's idle especially where informal operators are selling alcoholic drinks. Since they are not regulated, it is therefore difficult to distinguish the informal enterprise operators to the agents of insecurity in the neighbourhood.

Chart 24: Negative Impacts of Informal Businesses.



(Source: Fieldwork, 2016)

5.5.2 Congestion in the Neighbourhood

Chart 24 shows that about 21.7% of the residents of South B estate attribute the increasing congestion to the informal business enterprises in the neighbourhood. This is mainly due to the fact that most of these enterprises are carried out along road reserves as depicted in plate 1. The physical planning handbook provides standards that access roads within residential neighbourhoods should be 9 metres wide, with reserves for drainage channels and pedestrians walk paths. However, the informal businesses occupy these reserves, coupled with customers shopping either through buying or checking the products' display, generating unnecessary traffic congestion in the neighbourhood.

The following plate shows congestion of informal activities coupled with movement of pedestrians along Aoko road. The informal activities have occupied the pedestrians walk paths as a result the pedestrians have to use the road meant for motor vehicle interfering with its flow leading to congestion.

Plate 3: Congestion Caused by Informal Businesses on Kapiti Road



(Source: Fieldwork, 2016)

5.5.3 Neighbourhood Devaluation

The informal enterprises present an introduction of commercial and industrial/service industries into residential estate, resulting in a disharmonious urban spatial organization of incompatible land uses. This in turn, devalues the land and houses within the neighbourhood. This is evidenced by about 6.7% of the residents, as shown by chart 24, who feel that the presence of the informal businesses in the neighbourhood devalues the land and houses within the neighbourhood. This is mainly due to introduction of makeshift structures, and waste generation from informal business operators into the neighbourhood.

Plate 2 shows emergence of informal makeshift businesses structures in South B residential estate, which brings informality to an otherwise organized residential neighbourhood.

Plate 4: Spatial Disharmony Caused by Informal Structures



(Source: Fieldwork, 2016)

5.5.4 Building/Neighbourhood Alteration

The informal businesses tend to change the building/neighbourhood and brings out a different physical neighborhood character from that envisaged by planners of the estate. A majority of the informal enterprises operate in conflict with planning and county regulations. The alterations made by the informal operators are not approved. Most of the informal enterprises are located on street pavements or road reserves and building frontages, as indicated in chart 8 showing noncompliance with planning regulations such as the building lines.

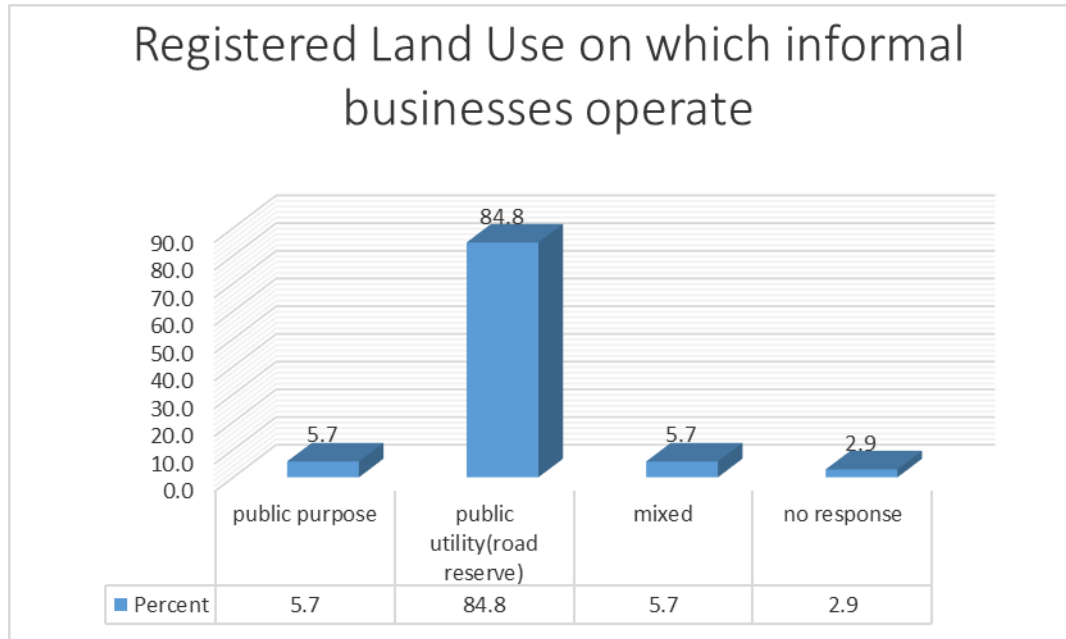
Chart 25: Spaces Planned for Informal Trade



(Source: Fieldwork, 2016)

Chart 25 shows that a majority 75% of the informal business operate in sites not planned for informal businesses, or commercial use, with 84.8% of these operating on land planned for public utilities, 5.7% on public purpose land, and also 5.7% on mixed use land, as shown on chart 26. The informal activities have occupied space meant for alternative uses, such as residential, transportation and provision of utility services. This therefore, creates a disharmony and an alteration of the desired land use pattern of the neighbourhood.

Chart 26: Registered Land Uses of Occupied Spaces



(Source: Fieldwork, 2016)

5.5.5 Nuisance Effect in the Neighbourhood

Findings as presented on chart 24 show that 23.3% of the residents sampled think that the informal businesses bring about dirt in the neighbourhood, while 5% think that the informal enterprises generate too much noise in the neighbourhood. Also, about 1.7% of the residents in South B think that the enterprises are source of air pollution, through dust and smoke, which is generated from their day to day activities.

Chen, (2005) notes that control of informal trade is an uphill task, and this can be attributed to lack of regulation or control of the informal sector enterprises. Also the nature of premises and location of premises for business operation provides limited access to waste disposal services, leading to manifestation of heaps of waste generated from informal businesses.

5.6 Integration of Informal Enterprises in Planned Residential Neighbourhoods

This is based on suggestions from the informal business operators and the residents of the three sampled estates in South B; Golden Gate estate, Riverbank estate and Bima estate. Some of the integration issues that were arising from analysis of findings include:

5.6.1 Improvement of the Sector

The study finds indicate that, 77% of the residents prefer to shop in planned areas and facilities, against only 23% who shop in un-planned areas, as presented by chart 27. The informal business enterprises within the neighbourhood are such un-planned shopping areas. The existing South B shopping centre, which service/commercial zone for the estate, was planned to provide retail shops and service areas such as petrol station and parking. Urbanization has brought a different use in the form of office blocks and apartments within the shopping centre. In terms of service provision, the centre has also failed to efficiently serve the residents of the sector in terms of affordability, availability and wide range of goods and services, unlike the informal enterprises. This provides a ground for the improvement of the sector, to match up the residents' preferences.

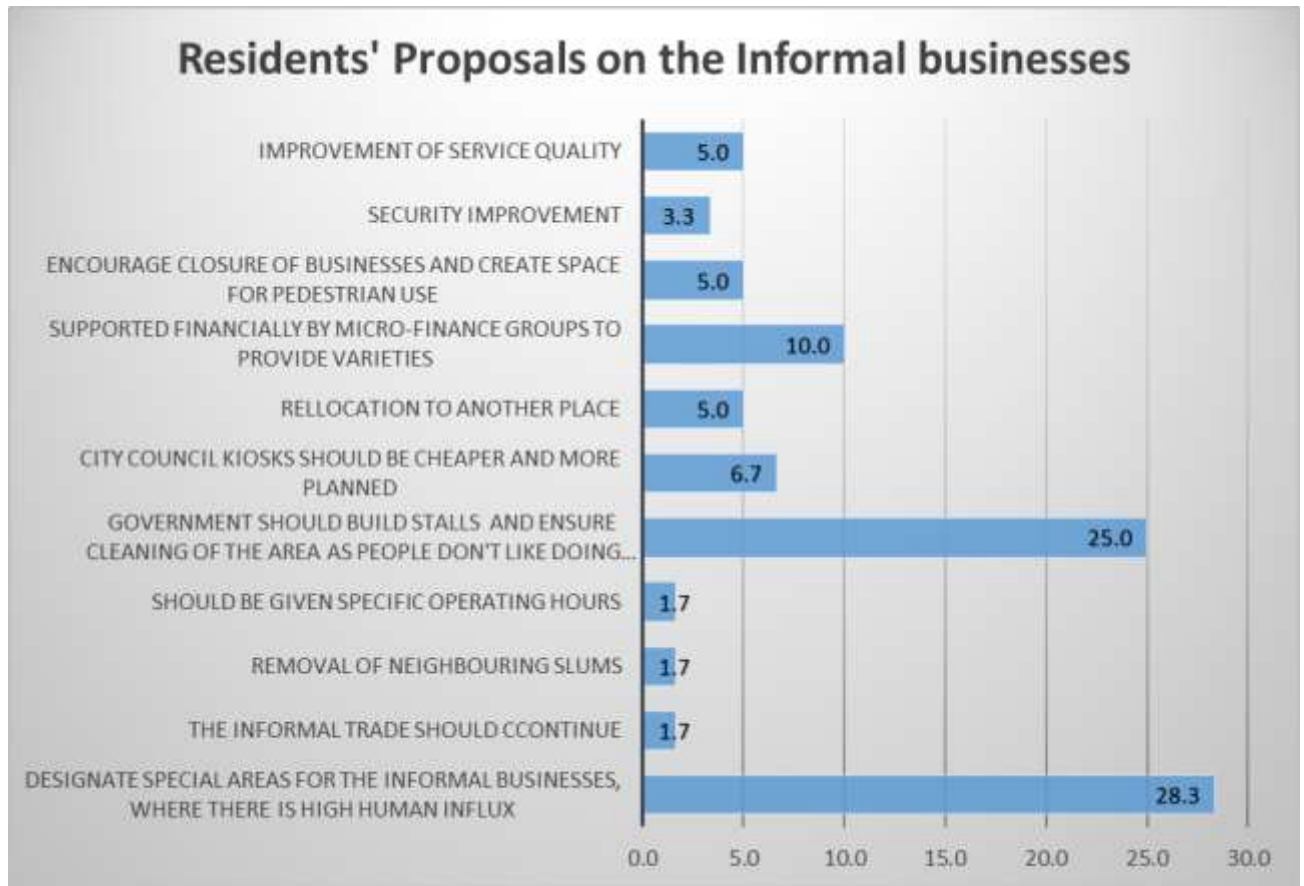
Chart 27: Preference of Shopping Areas



(Source: Fieldwork, 2016)

Chart 28 shows some of the proposals given by the residents of South B estate. These include designation of special areas for informal enterprises, building of stalls for the informal enterprises by the government, provision of cheaper operating kiosks by the county government, financial support by micro-finance institutions (10%), improvement of quality of service as well as security, relocation of informal traders to other places, and, regulation of operating hours.

Chart 28: Residents' Proposals on Informal Businesses



(Source: Fieldwork, 2016)

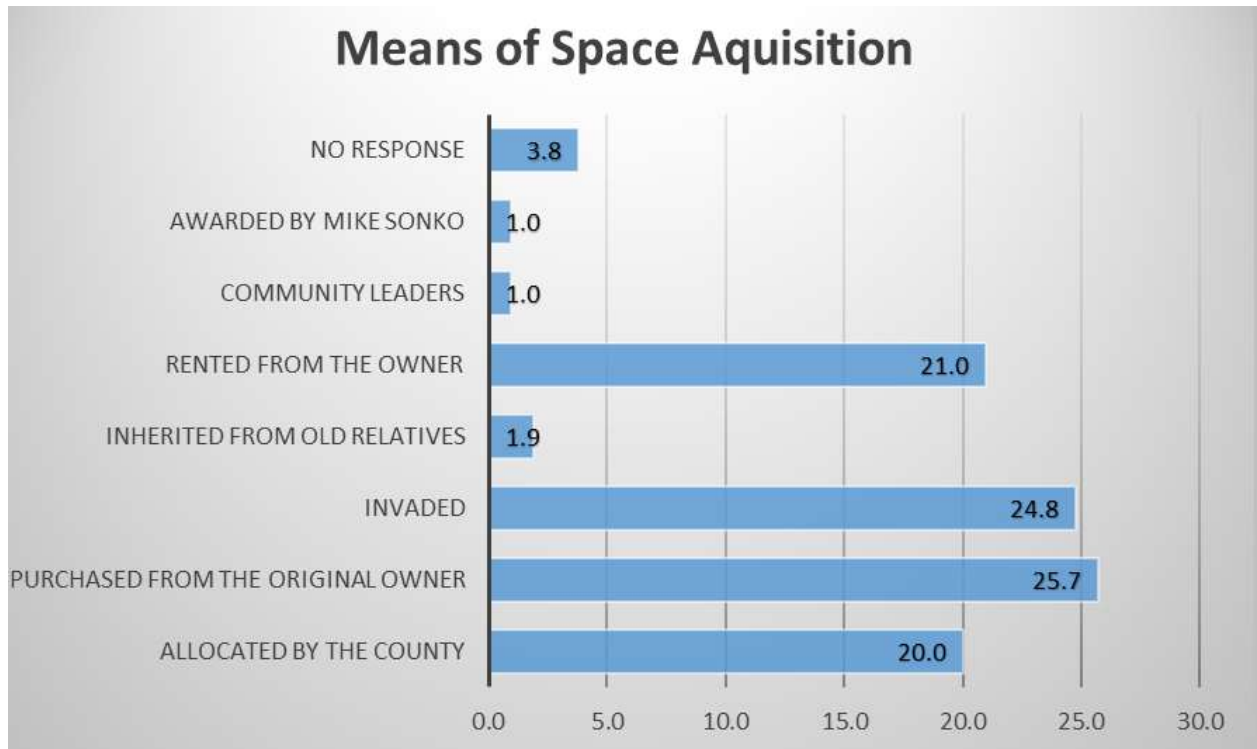
5.6.2 Proper Space Allocation

Chart 29 shows that 25.7% of the informal business operators acquired space through purchase from previous informal enterprise operator, 24.8% of the traders invaded the space on which they operate, 21% rent space from owners, with 21% being allocated space by the county government. Others acquired space through community leaders and the Nairobi Senator, Mike Mbuvi Sonko. As per the study findings, space allocation was not done according to any order, thus the proliferation of the informal enterprises along transport routes, open spaces and building frontages, where basic infrastructural services such as drainage, power and sewer lines should be located.

This shows that space allocation is irregular, and the right channels of allocation are not adhered to. Space allocation for commercial activities and zoning of land uses is a

function of the county governments. This warrants the introduction of proper channels and means of space allocation for informal enterprises in residential neighbourhoods.

Chart 29: Means of Space Acquisition

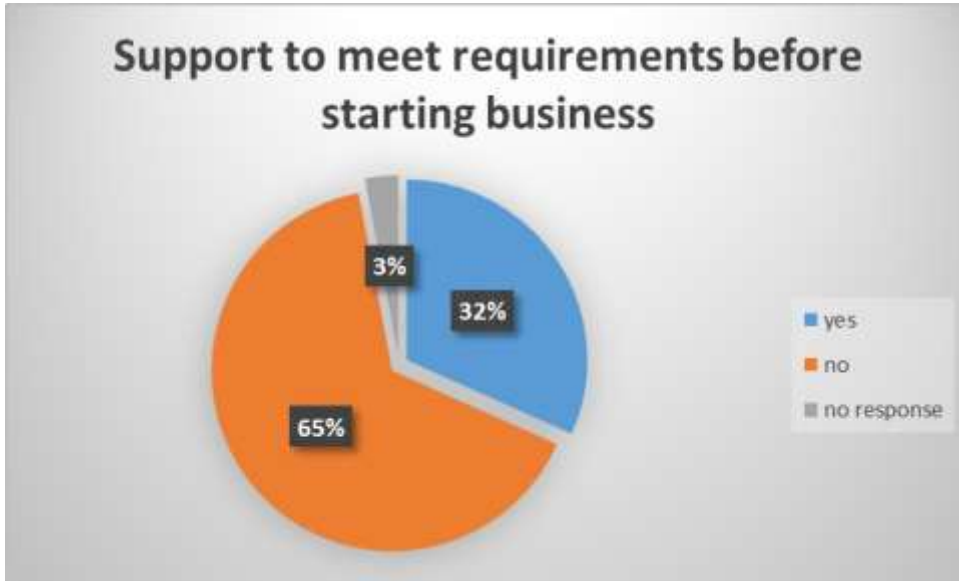


(Source: Fieldwork, 2016)

5.6.3 Support of the Informal Business Enterprises

Study findings revealed that majority of 65% of the informal enterprises in the estate were set up without any form of support, as shown by chart 30. This includes financial support in the form of banking and credit services, and technical facilities in terms of assistance in business set up, registration and operation. This therefore, creates a necessity for support of informal enterprises in the estate, so as to help embetter their service provision, as well as ensure effective integration into the neighbourhood.

Chart 30: Support of Informal Business



(Source: Fieldwork, 2016)

5.7 Summary of Key Study Findings.

The following are key aspects that emerge from the detailed findings.

5.7.1 Nature of Informal Activities in South B

The informal sector are dominated by men and youths in the study area. The participants level of education ranges from lack of formal education to tertiary level. Majority of the informal operators are from within the estate with a few coming from other areas such as Embakasi, Githurai and Kariobangi South.

The informal enterprises within the study area offer lower order goods and there is major variation on the goods and services being offered by them in comparison with the designated commercial center.

From the study, it was noted that most of the informal operators are trying to survive in the harsh economic conditions in the country with more than 63% earning less than Kshs.15,000 from the business per month. The main reason for low earnings are unhealthy operation and low levels of operation.

5.7.1.1 Location

The findings revealed that the majority of informal business enterprises in the neighbourhood were situated along road reserves, with some located on open spaces, entrances to buildings and building frontages as well. These are not areas demarcated for informal businesses therefore impacting on the social and physical character of the neighbourhood.

5.7.1.2 Structure Typology

The informal enterprises operate mainly in temporary structures, with a few operating with no structures at all, or mobile structures. This underlines the element of informality, and also impacts on the social and physical character of the neighbourhood.

5.7.1.3 Legality of the Businesses

The findings showed that majority of the informal business operators have not registered their businesses or have business licences. However, the findings noted that those with higher education level (secondary and tertiary), are the frontliners in seeking for licensing of the informal business enterprises.

5.7.2 Factors for Growth of the Informal Businesses in South B

The study revealed a variety of factors that contribute to the growth of the informal business activities in South B residential neighbourhood. The most notable is the need for sustenance and maintenance of livelihood in an urban setting with a decrease in formal employment. Location factors also play an important role, in that the business enterprises within the neighbourhood are buoyed by the high human traffic within the neighbourhood which is the market base for the business activities, affordable rent, proximity of location of business enterprise to the informal operators' homes, as well as accessibility of the South B neighbourhood.

The study also revealed the relationship between the growth of the informal business activities and the ease of entry and operation of the informal businesses due to oversight on the part of administrative institutions charged with management, control and enforcement of policies on informal sector enterprises and residential neighbourhood policies as well.

5.7.3 Planning Implication of the Informal Economic Activities

The study revealed several challenges that arise from the emergence, and, operation of the informal business activities in South B neighbourhood. These include social impacts on the residential neighbourhood, such as insecurity, environmental impacts that include air and noise pollution and dirt and waste generation by the informal enterprises. Findings also showed that the business enterprises' location within the neighbourhood's road reserves is a source of traffic congestion, while the businesses' structure typology and emergence has also had a negative impact on the character of the buildings within the neighbourhood, as well as served to decrease the value of the neighbourhood.

The findings also revealed a number of advantages and benefits of the informal economic activities in urban areas. Informal activities are a major source of livelihoods for the informal operators. Due to the dwindling opportunities in the formal sector, and the need to survive and make end meet a majority of the populace have ventured into the informal business which is easy to start. This is evident in this study, 72.6% rely entirely on the informal business for their livelihoods. In addition it is a source of employment for a majority of the population who are not able to secure employment in the formal sector.

To the neighbourhood, the analysis shows that a marginal 13.3% of the residents argue that the informal operators offer goods and services at affordable rates. The informal operators are able to repackage in terms of the needs of their customers and add value. Moreover, their location is convenient that is along the roads which becomes easier for them to acquire goods and services. The location for their operations makes daily goods and services accessible to the residents instead of going to the designated commercial center within the neighbourhood.

To the local authorities, the informal economy plays a significant role in employment provision and creation and serves as a buffer zone between employment and unemployment in the county. In developing countries, an half to three quarter of non-agricultural labour is in the informal sector (Martha Alter Chen and Marilyn Carr, 2001). According to 2016 Kenya Economic Survey data, the economy generated a total of 841.6thousand jobs of which 128.0thousand were in the modern sector while 713.thousand were in the informal sector. Informal sector employment rose by 6.0

percent to 12,559 thousand persons, and accounted for 82.8% of total persons engaged in informal sector during 2015. From the study findings, 15% of the respondents have between 1-2 employees, 2.9% between 3-4 and 4.8% more than four employees. The informal sector plays a significant role in absorbing unemployed persons in the labour force. The ease of entry and exit into the sector coupled with the use of low level or no technology makes it an easy avenue for employment creation. Furthermore, the county collects revenue from the operators in terms of CESS as much they are operating illegally.

5.7.4 Possible Interventions

Findings revealed proposals from both residents of South B and informal business operators, on how the informal sector can be effectively integrated in the neighbourhood to enhance livelihood. These ranged from improvement of the sector in terms of quality of service, allocation and designation of trading areas and zones within the neighbourhood, technical and financial support of the informal business enterprises, as well as providing fundamental services to the informal business, such as water supply, waste management services, storage facilities and parking facilities so as to enhance quality service delivery to the residents of South B neighbourhood.

5.8 Synthesis of Findings

The analysis of findings reveals the following issues:

The unsustainability of the formal economy as a source of employment in urban areas, despite the high urbanization levels. The findings reveal that the informal business operators have previously worked in the formal sector, but engaged in informal activities due to loss of employment, poor pay and the need to supplement income. This underlines the unsustainability of the formal sector economy, and further reinstates the informal sector's importance in creation and absorption of employment.

A review of the informal sector activities in South B reveal a number of negative manifestations within the neighbourhood, that questions the role of the sector activities in maintenance and enhancement of the urban structure, and preservation of the urban environment. The informal sector activities also highlight the inefficiency and

unreliability of informal sector activities in meeting the economic needs in the neighbourhood. This is in light of the residents' preference of planned shopping areas, as opposed to informal businesses.

The proliferation of informal businesses in residential neighbourhood also brings out the changing urban space as a result of high urbanization rates. In light of these changes to urban spaces, the incapacity of urban policies to deal with urban challenges of urbanization and its physical and socio-economic manifestations in the urban areas is brought out. These include urbanization policies and urban development planning policies and concepts.

The manifestations of the informal business activities in areas where they are not planned for; transport corridors within residential neighbourhoods, highlights the inadequacies within the institution and governance frameworks to respond effectively to the changing urban situations and challenges. This includes the inability of the physical planning department in charge for guiding development, to effectively and efficiently incorporate the informal sector activities into the urban land use system, through integration and provision and allocation of space within the urban space. The development control agency within the planning department has also been unable to enforce development control guides and regulations that do not allow for proliferation of informal sector activities along streets and residential neighbourhoods.

5.9 Conclusion

The characteristics, working mechanisms and manifestations of the informal sector business enterprises that are brought out in the chapter highlights the importance contribution of the informal sector in employment and entrepreneurship creation, and the means of survival for a vast majority of the urban population.

While this chapter provides the intrinsic mechanisms of the sector, the next chapter will seek to synthesize the findings to highlight the gaps, potentials and planning implications of the findings to planning as a discipline. This will then inform the policy recommendations that will serve to address the gaps and potentials of the informal businesses proliferation, over space and time.

CHAPTER SIX: PROBLEM ISSUES AND POLICY RECOMMENDATIONS

6.1 Introduction

This chapter highlights the problem issues, through a detailed description of synthesized findings, and seeks to propose policy interventions for the identified issues.

6.2 Purpose of Research

The purpose of this research was to try and understand the implications of the emergence of the informal sector business in urban residential neighbourhoods. 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 intervention, to come up with ways addressing informality challenges in urban residential neighbourhoods.

As Agwa, (2014) notes sustainable development requires that each part of the policy and decision making process be carried out in a holistic manner. Planning decisions and policies should therefore, reflect the need for economic development, as well as the desire for order.

6.3 Problem Issues

From the analysis and synthesis of findings, the following are the key problem issues that emerge:

1. Weak policy framework for managing the growth of the informal sector and inefficiency of institutions in managing the informal enterprises and controlling the externalities of the sector's activities, as well as the factors that lead to growth of the informal sector.
2. Inefficiency and unreliability of the informal sector enterprises in meeting the needs of urban residents.
3. The informal sector generates negative impacts in urban the urban realm, that greatly undermine the positive contributions of the sector.

6.3.1 Weak Policy Framework

Urbanization policies such as growth centres policy and rural development policies have failed to control the influx of population in urban areas. The concentration of developments in urban areas and promises of better living standards in urban areas have served to attract rural-urban migrations. Similarly, macroeconomic policies, including economic restructuring, structural adjustment and privatization policies, were not adequately employment engrossed, have failed to create sufficient numbers of new jobs or reduced jobs in the formal economy. Development policies, zoning regulations and urban plans have also excluded the informal sector, by lack of provisions for space allocation, space use regulations, integration or informal sector growth strategies.

A major policy challenge is how to effectively manage and promote the informal sector as a source of employment and an important contributor to urban development, while at the same time ensuring sustainable urban areas in terms of safe, healthy and socially acceptable urban environments.

6.3.2 Inefficiency of Development Institutions

The proliferation of informal sector enterprises in virtually every segment of urban space particularly near residences has been observed to pose a serious threat to land use classification and planning. The emergence of informal sector businesses in South B; a residential neighbourhood in Nairobi City County questions the effectiveness of development control policies as well as the institutional and regulatory framework for businesses in the city. Similarly, the plight of the informal business operators in survival and need to sustain livelihood, and the importance of the informal businesses in employment creation creates a necessity for integration of the informal businesses in land use structure of the city, as well as the integration of planning policies with other development-oriented policies so as to effectively address externalities that result from the informal sector activities. However, the existing development institutions have failed to effectively integrate the informal sector into the land use structure of urban areas, leaving them on the fringes. The lack of space use and allocation guidelines for informal enterprises, ineffective control, management and regularization all point towards weak institutional framework.

As noted by Jelili and Adebibu, (2006), the problem of spatial disorder and its attendant issues of unsustainable urban growth and environmental inadequacies are a clear manifestation of the failure of land use planning and planners to recognize and incorporate certain aspects of urban complex into the land use allocation process, and device specific tools of administering or managing them. The informal sector is one such aspect of urban complexities that require the attention of land use planning and planners in its management, administration and control, for an efficient and sustainable urban growth.

6.3.3 Inefficiency of the Informal Sector Businesses

South B residential estate was planned for medium income populace of Nairobi City. This highlights the residents' preference of planned shopping areas as opposed to unplanned shopping areas that include the informal sector businesses within the neighbourhood. This therefore, questions the effectiveness and reliability of the informal sector enterprises in satisfying the needs, tastes and preferences of the residents in the neighbourhood. The location of the informal enterprises and the premises in which they operate undermines the ability of the enterprises to access basic services and amenities, thereby bringing their effectiveness and efficiency into question.

6.3.4 Negative Manifestations of the Informal Sector

The study reveals the existence of a significant positive relationship exists between the incidence of informal sector enterprises and land use intensity. This is in addition to the fact that certain land use types are more generators of informal enterprises than the others, with residential and transportation land uses observed in the study. While the importance of the informal business enterprises in South B in terms of employment creation and ease of services cannot be ignored, it is the spatial, social and economic costs of the enterprises that outweigh the positive contributions.

The study shows a myriad of challenges posed by the proliferation of informal sector business enterprises in urban residential neighbourhoods. These include social impacts on the residential neighbourhood, such as insecurity, environmental impacts that include air and noise pollution and dirt and waste generation by the informal enterprises. Findings also showed that the business enterprises' location within the neighbourhood's road

reserves is a source of traffic congestion, while the businesses' structure typology and emergence has also had a negative impact on the character of the buildings within the neighbourhood, as well as served to decrease the value of the neighbourhood.

These have served to greatly undermine the efficiency and effectiveness of the informal sector enterprises in service delivery, as well hindering the enterprises' ability to acquire basic services and infrastructure necessary to ensure their efficiency and growth.

The emerging problem issues highlight the inefficiency of the informal enterprises are not efficient in service provision, while the institutional arrangements and policy frameworks for managing, control and development of the informal sector activities and city planning are weak and ineffective. However, growth and development of the informal sector should endeavour to create a sustainable sector in terms of employment creation, wealth generation and contributing to a sustainable urban structure, that promotes livability, adequate service provision by the sector enterprises and minimal negative manifestations.

6.4 Policy Recommendations

The problem issues highlighted above formed the basis of the policy recommendations as outlines below:

- I. **Effective policy framework:** This is brought about by the existing weak policy framework for management and administration of urban areas and the complexities therein. There is need for policies that ensure effective regulation of the informal sector businesses. While the country's development blueprint; Vision 2030 recognizes the informal sector businesses as fundamental in achieving the country's economic growth targets, it does not lay conclusive strategies for directing their growth. The existing policies on informal sector provide fail to recognize the spatiality aspect of the informal businesses, thus there are no specific guidelines that govern the informal sector businesses. Effective policies are those that recognize the dynamic nature of the sector, and its spatial manifestations, therefore laying down strategies for the control of the sector's externalities, spatial guidelines for the informal business activities, and strategies for management of future growth of the sector.

- II. Increasing the efficiency of the Informal Sector activities: The inefficiency and unreliability of the informal sector business enterprises in terms of service delivery was highlighted. The study established the preference of planned shopping areas to informal business enterprises in South B neighbourhood. Increasing the enterprises efficiency involves strengthening of the informal businesses capacities to improve their competitiveness in domestic, regional and global markets. This will include encouraging and supporting private sector enterprises and associations to be able to provide data on standards and markets, advice on strategies, and access to technology and innovation together with suitable financing support. Also, there is need to promote tools, such as value chain analysis, which enable entrepreneurs in the informal sector to see what problems and challenges they need to address within and outside their own borders and the nature of partners they need to help them.
- III. Integrative Approach: This is brought out by the negative manifestations of the informal sector businesses in residential neighbourhoods. There is therefore, the need to effectively integrate the informal business enterprises within the city's land use structure and system. In order to achieve optimal integration of businesses in residential neighbourhoods and the urban space as a whole, while avoiding aesthetically offensive alterations, urban planners and other professionals in environmental management need to integrate informal economy into their designs and urban development guidelines and policies. Integration of the informal sector activities will entail:
- i. Recognition of the informal sector activities in the Nairobi City County's by-laws, stipulating the areas where they may be allowed, including residential neighbourhoods, some allowed road reserves and public streets, for periodic or permanent (albeit as long as the spaces continue to exist).
 - ii. Land Use Allocation: development of land use guidelines and standards for informal businesses, including location, space, tenure systems, amenities and services standards. This will entail revision of the existing plans and standards for the city's residential neighbourhoods to take into account the existing enterprises and future projections.

- iii. Access to services: for effective integration of the informal business enterprises in residential neighbourhoods and the urban sphere as a whole, there needs to be efficient access to services by the enterprises. Alongside space standards, the city planning department should make provision for services such as security, water supply, and waste management to ensure effective service delivery as well as environmental sustainability.

Efficient Institution Framework through building partnerships. Actions and policies intended to address the informal sector should be based on partnerships among urban authorities, informal sector workers, enterprises and their representatives and residential or neighbourhood associations, building on management processes that already exist. Considering that a number of decisions that affect the urban informal sector are taken at the county levels, the local authorities should also seek to reach out to national actors to seek complementarity.

Effective institutional framework should provide for inclusion of the informal sector. The informal sector's operator's voice is very crucial at all the stages of planning. Integration of informal operators in planning by treating them as legitimate and fundamental part of the urban distribution system is very crucial. Such efforts would in turn encourage self-compliance among informal traders and would minimize the instances of nuisance, environmental pollution and obstruction. Mandates need to be sought from various stakeholders in and outside the local government before implementing any regulation. This ensures that all activities targeted at the informal sector are effective and aligned.

- IV. Localized Development Control. Local land use and development control should be passed down to the local level. The appropriate agent of control may include the chief and the neighbourhood associations. This can be actualized if planners work closely with the local institutions to guide them on the process

CHAPTER SEVEN: SUMMARY AND CONCLUSION

7.1 Introduction

This chapter provides an appraisal of the research study, highlighting its intended benefits to various stakeholders in the society. It also provides for the conclusion to the study, and proposes areas for further studies.

7.2 Appraisal of the Study

The study has the following intended benefits to various stakeholders:

To the government: The study will give guidance to develop suitable policies and engage with competent business development agencies (BDS) to help micro and small enterprises improve their technological capabilities and become innovative in improving the quality of their products in order to survive. This will also enable the MSEs to move to the next level in industry and assist in the achievement of Kenya's vision 2030.

To the academia: The study will provide insights into the working of the informal sector, which includes the background of development of the informal sector, the various legal, policy and institutional framework that govern the sector, the spatiality of the sector and its externalities. The study will also assist in understanding the role of the sector and mechanisms for improvement of the sector for sustainable urban growth.

To the County Government: The research findings will be of importance in highlighting the functional and dis-functional structures of urban growth and service delivery. As well, the study will form an important basis for improvement of existing government structures in efficient service delivery and undertaking of development processes. The study will also be of importance in solving the challenges identified in the findings that relate to the informal sector, through participatory and integration approaches.

The study was done guided by the following objectives:

1. To determine the nature of informal economic activities in South B.
2. To find out factors that explains the continual growth of informal economic activities in South B.
3. To determine planning implications of informal economic activities in South B.

4. To find out how informal sector enterprises can be integrated into South B residential neighborhood to enhance livelihood.

7.2.1 Nature of Informal Economic Activities

The study revealed various characteristics of informal business enterprises in residential neighbourhoods. These include:

Location: most informal enterprises locate along road reserves, with some located in open spaces, building frontages and entrances to residential houses. Location of these enterprises is influenced by customers, with enterprises locating in places where there is high catchment of customers, such as along road reserves. The implication of this is creation of bottlenecks along the neighbourhood streets and increased traffic congestion.

Structure Typology: The study found that the informal business enterprises operate in temporary structures, mobile structures and in the open. This has resulted in disruption of the neighbourhood character and aesthetics residential neighbourhoods.

Ownership of Operation Premises and Legality of Enterprises: Majority of the operators rent the premises on which they operate on. Similarly the study revealed that majority of the enterprises are not registered. This means that the informal business operators have no security of tenure or operation, which affects the quality and efficiency of their service.

Employment: One of the characteristics of informal sector enterprises is that it comprises of firms with limited ownership, more specifically, self-employed that utilize unpaid family members, domestic servants, and less-educated employees and have less than five workers including the owner. The study revealed that the informal enterprises in the neighbourhood employed a range of 1-4 employees. This justifies the informal sector as an employment creation sector to both the skilled and un-skilled labour force.

The study reveals that the location of informal business enterprises along the road reserves of the neighbourhood has created traffic bottlenecks that result in traffic flow challenges and congestion. Similarly, the businesses have generated nuisance effect in the neighbourhood, in form of noise, air and environmental pollution and degradation. The

structure typologies have also contributed to the alteration of the neighbourhood character and value.

The policy recommendations highlighted the need to improve and enhance the efficiency of the informal business activities, to enhance their reliability and effectiveness in service delivery to the urban residents, as well as improve the enterprises' ability to compete in the domestic, regional and global markets.

7.2.2 Generating Factors

The study highlighted some of the growth factors for informal business enterprises in residential neighbourhoods. These include:

Economic Factors: Some of the informal enterprises are primary source of income to the informal operators, while some indulge in informal businesses to supplement income from other sources. This points that the need for sustenance in the city drives the emergence of the sector.

Location Factors: The study revealed that the informal business operators are attracted to locations that offer proximity to customer base or the target market, ease of business set up, accessibility and are affordable.

Institutions and Governance factors: The study showed the link between the emergence of the informal business enterprises in residential neighbourhoods and the gaps in the local governments' institutions in terms of control, management and regularization of the informal sector businesses, thus providing an ease of entry and operation.

The policy recommendations identified the need for both effective policy and institutional and governance framework in the urban areas. This included effective policies that focus on addressing urbanization challenges, as well as economic policies that provide strategies for sustainable growth of the informal business enterprises in the urban realm. Effective institution and governance frameworks, capable of dealing with control and regularization of informal enterprises was also proposed.

7.2.3 Incorporation of Informal Activities

The study highlighted proposals from data collection and synthesis of findings that sought to provide solutions to the externalities of the informal sector, while at the same time maximizing on the contributions of the sector. These included:

1. Improvement of the service quality of the informal business enterprises to change the neighbourhood residents' preference to other shopping zones.
2. Space allocation within the residential neighbourhoods.
3. Technical and financial support to the informal business enterprises to help improve the quality of their service delivery.
4. Access to basic services such as water supply, waste management services, electricity supply, and adequate parking.

The policy recommendations therefore, focused on developing an integrated approach towards management and administration of urban areas and cities. These included recognition of the informal sector business enterprises, land use allocation for the informal sector activities, and access to services for the informal enterprises. The recommendations also proposed localized development control that entails the use of local leadership and neighbourhood resident association in effectively addressing urban challenges at local level.

7.3 Conclusion

The informal sector in developing countries has received increased attention over the last couple of decades. 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

The traditional views of the informal sector as a menace and disruption to the existing structures of urban development has changed, to the modern perception and acceptance of the informal sector as a functional and important aspect of the economy. There is also

increased awareness within the governance structures of the role of the sector in economic growth.

In light of recent changes in governance structures and the devolution of functions and powers, the county governments are better placed to maximize on the contributions of the informal sector through effective policy and planning interventions.

7.4 Recommendation for Further Research

In order to maximize on the potential of the informal sector, their needs to be efficient integration of the sector's business enterprises in the urban management and development policies. Studies on strategies for integration of the sector can therefore be singled out.

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APPENDICES

Appendix A: Survey Questionnaire

University of Nairobi

Department of Urban and Regional Planning

School of Built Environment

Research Project

Planning Implications of informal economic activities in south B residential estate

Data collection questionnaire

<p>Date of interview.....</p> <p>Name of interviewer.....</p> <p>Start time.....</p> <p>End time.....</p>

<p>Questionnaire Number</p> <p>.....</p> <p>.....</p>
--

SOCIO-DEMOGRAPHIC CHARACTERISTICS

1. Gender of the respondent

1	Male
2	Female

2. Marital Status of the respondent

1	Single
2	Married
3	Widowed
4	Separated
5	Divorced

3. Age of the respondent

1	15-20
2	21-25
3	26-30
4	31-35
5	36-40
6	41-45
7	46-50
8	51-55
9	56-60
10	Above 60

4. Educational Level

1	Primary level
2	Secondary level
3	Tertiary level

5. Household level

1	None
2	2 or less
3	3 and more

6. Age distribution of household

1	0-5 years
2	6-10 years
3	11-15 years
4	Above 16 years

7. Occupation status of the respondent

		Which One?
1	Formal	
2	Informal	

8. Have you worked before in different job?

1	Yes-specify
2	No-Specify

9. If yes, what are the reasons for starting this informal business?

1	Low payment
2	Poor working conditions
3	Lost the job
4	Increase income
5	Other reasons (specify

10. How long have you operated this business?

1	≤1year
2	2-5years
3	≥5years

11. What is your current residence?

1	Within South B Estate
2	Other estates-specify

12. Highest level of education of the respondent.

1	No formal education
2	Primary
3	Secondary
4	Tertiary
5	University

13. Average monthly income from the informal business.

1	≤ 5,000
2	5001-10,000
3	10,000-15,000
4	15,001-20,000
5	20,001-25,000
6	25,001-30,000
7	30,001-35,000
8	35,001-40,000
9	40,001-45,000
10	≥45,000

Household Characteristics

14. Household size

15. Household members' age set

1	1 -10
2	11 -20
3	21 -30
4	31 -40
5	41 -50
6	41 -60
7	≥ 60

16. Nature of business

1	Salon/Barber shops
2	Groceries
3	Hotel
4	Repairs of motorvehicle,bicyclesetc.
5	Tailoring
6	Clothes
7	General/retail shops
8	Others-specify

17. Where do the majority of your clients come from?

1	Within the estate
2	Neighbouring estate-specify

18. Who are your major clients?

1	The main house
2	The extensions
3	Both

19. Does the existing customer base adequately support your business?

1	Yes
2	No

20. What are the challenges in terms of customer base do you experience?

1	Unhealthy competition from the other informal businesses
2	Unhealthy competition from the formal businesses
3	Others specify

21. Where did you work before moving here?

1	Another estate-specify
2	Village-specify

22. How did you know about this space?

1	Friends/relatives
2	Advertised
3	Others(specify)

23. Do you own or rent the structure from which you operate?

1	Yes-specify
2	No-specify

24. If you pay rent, how much?

1	$\leq 5,000$
2	5001-10,000
3	10,000-15,000
4	$\geq 15,000$

25. How did you acquire this space?

1	Allocated by the county
2	Purchased from the original owner
3	Invaded
4	Others specify

26. Location of the business.

1	Open space
2	Road reserve
3	entrance of the residential houses
4	Building frontage
5	Others

27. Type of structure

1	Permanent structure
2	Temporary structure
3	Mobile structure
4	Others-specify

28. How many employees do you have?

1	None
2	1 -2
3	3 -4
4	≥ 4

LEGAL STATUS

29. Is your business registered?

1	Yes
2	No

30. If yes, please indicate the type of registration?

1	Limited Company
2	Partnership
3	Sole proprietorship
4	Societies
5	Others-specify

31. If no, what are the reasons for not registering?

1	High costs
2	Long procedures'/requirements
3	Registration is not mandatory
4	Not interested
5	Do not know how to go about it

32. Do you have a license to operate this business?

1	Yes
2	No

33. If no, what are the reasons?

1	High costs
2	Long procedures/requirements
3	License is not mandatory
4	Not interested
5	Do not know how to acquire one

CAUSES/AGENTS OF INFORMALITY

34. What is your main objective of engaging in this business?

1	Primary source of income
2	Need to supplement income
3	Opportunity to generate more income
4	Others-specify

35. What are the reasons for choosing the location for your business?

1	Availability of ready market for the goods and services
2	Affordable rent
3	Desire to work close from home
4	Ease of business set up at the current location
5	Identified a gap in the provision of goods and services
6	High human traffic flow/

36. Would you be willing to move to another place in the future?

1	Yes
2	No

37. If yes, what sort of space would you prefer to move into?

38. If no, what are the main reasons for not moving?

1	I have permission to work here
2	There are no customers in other places
3	It is easy to get merchandize here
4	security
5	I have the loan to pay
6	Others-specify

39. Does your enterprise have adequate access to the required service?

1	Garbage collection
2	Water supply
3	Storage for goods
4	Parking facilities
5	Credit and banking facilities
6	Security supply
7	Energy supply

COMPLIANCE ISSUES

Development control

40. What is the current registered use for the land?

1	Public purpose
2	Public utility (road reserves etc)
3	Mixed

41. Is the place in which you are operating planned for the informal trade?

1	Yes
2	No

If yes, where is the plan? _____

If No, what is the planned use of the space? _____

42. How did you acquire the space for business?

43. Was the allocation according to some order of type of activities?

1	Yes
2	No

44. If yes, please explain the order _____

45. Were you supported to meet some requirements or conditions before starting your business?

1	Yes
2	No

46. If yes, which ones _____

1	Yes
2	No

47. Did you get formal approval from the authorities to use this space?

48. If yes, please indicate the type of approval.

Have you had the following problems in your current working space?			Not at all	A little	A lot
49.	Dispute between fellow operators	1			
	Dispute with space owner/shop owners	2			
	Dispute with the county	4			
	Dispute with service providers	4			

50. What was the main reason/s for dispute?

1	The need for the same space
2	Late payment
3	Competition
4	Waste disposal
5	Others-specify

51. How did you resolve the disputes? _____

52. Were you satisfied?

1	Yes
2	No

53. If no, why were you not satisfied?

54. What do you think should be done to resolve the dispute?

RESIDENTS QUESTIONNAIRE

55. Where do residents go for their shopping needs?

56. Is the place they go to within or beyond the estate?

1	Within
2	Beyond

57. Why do they shop at the place they go to?

1	Cheaper prices
2	Proximity and convenience
3	Variety of goods
4	Smaller packaging
5	Longer operating hours

58. What are the types of goods and services you get from the planned shopping center?

1	Vegetables
2	Salons/Barber
3	Repairs
4	Second hand clothes
5	Others-specify

59. Which is your preferred area of shopping?

1	Planned
2	Unplanned

60. In your opinion is the presence of informal economic activities within the estate a good idea?

1	Yes
2	No

If yes explain.....

If no explain

61. What do you think has led to the emergence of informal business activities?

1	Cheap prices
2	population increase
3	Longer operating hours
4	Shorter distance as compared to designated facilities
5	Neighbouring slums
6	Others -specify

62. What in your opinion is good about these activities in the residence?.....

.....
.....

.

63. What in your opinion is not good for such activities to be within the estate?

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

64. What should be done to deal with the issue of informal trade?.....

.....
.....

Appendix B Interview Schedule

a) Questions for Urban Planning Authority

1. Are informal activities planned for in residential areas? Give reasons.
2. What do you think are the reasons for the proliferation of informal activities in residential areas?
3. Is it possible to meet the demand for space for these activities in residential areas?
4. How are spaces for informal livelihood activities controlled in residential areas?
5. And is it effective?
6. What steps have you taken to address the intensification of informal activities in planned residential neighborhoods?
7. What actions are in place to address the issue of impacts of informal activities in residential areas?
8. To what extent do you think that the present regulations and standards for informal livelihood activities are appropriate, given the social economic characteristics of the people Nairobi County?
9. Which regulations do you think are unsuitable and need to be reconsidered?
10. Based on your experience what areas are more suitable for informal livelihood activities?
11. Based on your experience what do you think is the best way to address the issues concerning informal livelihood activities in residential areas?
12. According to your experience and expertise, how can we integrate it into the already existing plan?
13. Which new residential neighbourhoods have you designed that includes provisions for informal operators?

b) Questions for business officer/licence Registry

1. What is the procedure for a business person to acquire a licence?
2. How many licences do you offer to the informal trading operators within a month?
3. Which type of licence do you offer and which policy offers support to this provision? What is your role in the control and management of informal business operators?

4. Do you still offer hawking licence? Under what provision?
5. How do you relate with the informal operators organisations?
6. What are the requirements for one to get a business licence?
7. Is it same for both formal and informal?
8. If not, what are the requirements for informal businesses?
9. What type of licence?

c) Questions for residents association

1. How many members are there in your association?
2. What services do you provide to your members?
3. How are you involved in the management team?
4. What is your view on the proliferation of informal economic activities in the Estate?
5. What do you think are the contributing factors?
6. What do you think is the solution?

Appendix C: Observation Checklist

Corridor	Informal Business Activity	Check (tick if observed)
Mariakani Road	Food Kiosks/Vendors	
	General shops	
	Boda-Boda	
	Jua Kali Artisan	
	Casual workers	
	Others (specify)	
Kapiti Road	Food Kiosks/Vendors	
	General shops	
	Boda-Boda	
	Jua Kali Artisan	
	Casual workers	
	Others (specify)	
Aoko Road	Food Kiosks/Vendors	
	General shops	
	Boda-Boda	
	Jua Kali Artisan	
	Casual workers	
	Others (specify)	

Appendix D: Letter of Authorization from the University



University of Nairobi
Department of Urban and Regional Planning
School of The Built Environment
P.O. Box 30197, 00100 GPO Nairobi, Kenya
e-mail: durp@uonbi.ac.ke

16th February , 2016

**NACOSTI - KENYA
TO WHOM IT MAY CONCERN**

RE: LUCY CHEPKEMEI MURGOR – B63/63821/2013

This is to confirm that the above named is a student in the Department of Urban & Regional Planning, University of Nairobi.

As part of the continuous assessment culture in the Masters of Arts in Planning Programme our students are encouraged to acquire some experience through training in the field of Urban and Regional.

We wish to request you to allow her collect data from your institution/households for her research project. "Planning Implications of Informal Economic Activities in a Residential Neighbourhood" A case study of South B Residential Estate, Nairobi County.

A handwritten signature in black ink, appearing to read 'M. Karanja', written over a circular official stamp.

DR. KARANJA MWANGI MKIP FKIP
CHAIRMAN
DEPARTMENT OF URBAN & REGIONAL PLANNING

KM/pk

Appendix E: Research Permit



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213473,
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When replying please quote

9th Floor, Fairview House
L. Boini Bldg/room
P.O. Box 30621-00100
NAIROBI-KENYA

Ref. No.
NACOSTI/P/16/75119/9807

Date:

29th February, 2016

Lucy Chepkemei Murgor
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Planning implications of informal economic activities in a residential neighbourhood: A case study of South B Residential Estate*" I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for a period ending **26th February, 2017**.

You are advised to report the **County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


DR. S. K. LANGAT, OGW
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

COUNTY COMMISSIONER
NAIROBI COUNTY
P. O. Box 30124-00100, NBI
TEL: 341866

The County Director of Education
Nairobi County.

