



INCLUSIVE GROWTH AND INFORMAL FOOD VENDING IN NAIROBI, KENYA

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SAMUEL OWUOR

SERIES EDITORS: PROF JONATHAN CRUSH
AND DR LIAM RILEY

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PREFACE

The food retail, distribution, and preparation sector is a major component of urban informality in the Global South. The informal food economy comprises a dense and diverse network of informal markets, suppliers, transporters, mobile traders, hawkers, retailers, and street food vendors making food more accessible and affordable in low-income areas. The informal food sector is thus critical to the food security of poor urban households in rapidly growing towns and cities in the Global South. While the vibrancy of the sector is everywhere apparent, research on the structure, organization, dynamics, and impacts of informal food systems under conditions of hyper-urbanization has been limited. What is clear is that the informal food sector is both diverse and complex. By working in an interdisciplinary context with mixed methodologies and across different cities, the Hungry Cities Partnership (HCP) aims to add considerably to our understanding of common elements and differences across the Global South.

The informal food sector represents an “urban laboratory” for examining whether and how inclusive growth strategies can positively affect entrepreneurship and incomes, and help in alleviating poverty and mitigating the crisis of food insecurity. Fast-growing cities in Africa, Asia, Latin America, and the Caribbean are characterized by expanding degrees of informality. The definition of informality has been a source of debate since the 1970s. Broadly understood, informality has become the defining feature of the landscape, politics, and economy of the contemporary city in the South. As a result, efforts to secure livelihoods depend heavily on informalized activity. The Organization for Economic Cooperation and Development (OECD) has noted that “it would be misleading to address food security without taking into account a large part of the economy that provides jobs, incomes and essential services for the urban population. Despite its important role, the informal economy is still poorly defined, poorly measured and consequently poorly taken into account in food security policies” (Hitimana et al 2011: 1).

The literature on informal sector activity generally takes one of two positions. The first is a survivalist position, which suggests that unemployed individuals are pushed into the sector because they are desperate to provide for themselves and their dependants (Berner et al 2012). The corollary is that they will leave the sector as soon as formal job opportunities are available. A second, opportunistic, position is that informal sector vendors are motivated more by choice than necessity and see opportunities for economic and social advancement in the sector (Williams and Gurtoo 2012). An inclusive growth perspective asks how opportunists can maximize their outcomes and how survivalists can be supported to become more opportunistic (Knox et al 2019, Margolis 2014). As such, this perspective requires a focus on the enterprise rather than the individual and

on entrepreneurship, innovation, and job creation. Studies of the informal sector suggest that opportunities and obstacles vary considerably by enterprise size, type, and location, as well as vendors' gender, migrant status, ethnicity, caste, and access to microfinance, markets, and support programs.

National, regional, and municipal policies towards informality and informal entrepreneurship are highly variable (Young and Crush 2019). Policies towards the informal food economy span the spectrum from complete non-interventionism to draconian attempts to control and even eliminate informality. The pathologizing of the informal food sector is especially common at municipal level. Regulation through various legal and policy instruments is also a pervasive response to informality. If the informal food sector is to thrive, and provide opportunities for innovation and entrepreneurship, then an enabling policy environment is essential. The survey results presented and discussed in this report add significantly to the evidence base on which supportive policies can be constructed.

1. INTRODUCTION

This report presents and analyzes the findings of a city-wide informal food vendors survey conducted by the Hungry Cities Partnership (HCP) in Nairobi, Kenya, in October 2019. It builds on, and should be read in conjunction with previous HCP reports on Nairobi: HCP Report No. 6: The Urban Food System of Nairobi, Kenya (Owuor et al 2017) and HCP Report No. 11, The State of Household Food Security in Nairobi, Kenya (Owuor 2018). This report, which is divided into nine sections, provides an up-to-date overview of the informal food sector in Nairobi's food system. The next section describes the survey methodology and the third section analyzes the demographic characteristics of the sampled food vendors including gender, age, education level, migrant status, and occupations. The fourth section looks at starting an informal food business in terms of the reasons for entering the informal sector, when the business was started, business premises, sources of start-up capital, and business licensing. The fifth describes the types of foods sold, sources of stock, business expenses, net monthly profit, current value of enterprise, family dependence on informal vendor revenue, access to infrastructure and services, and employment creation. Section six is focused on food vendor strategies such as their locational preferences, setting of prices, business strategies, and financial inclusion, while section seven concentrates on operating challenges including competition, and threats to safety and security. Section eight explores the future plans of informal food vendors. The last section presents the summary of findings and conclusions.

2. SURVEY METHODOLOGY

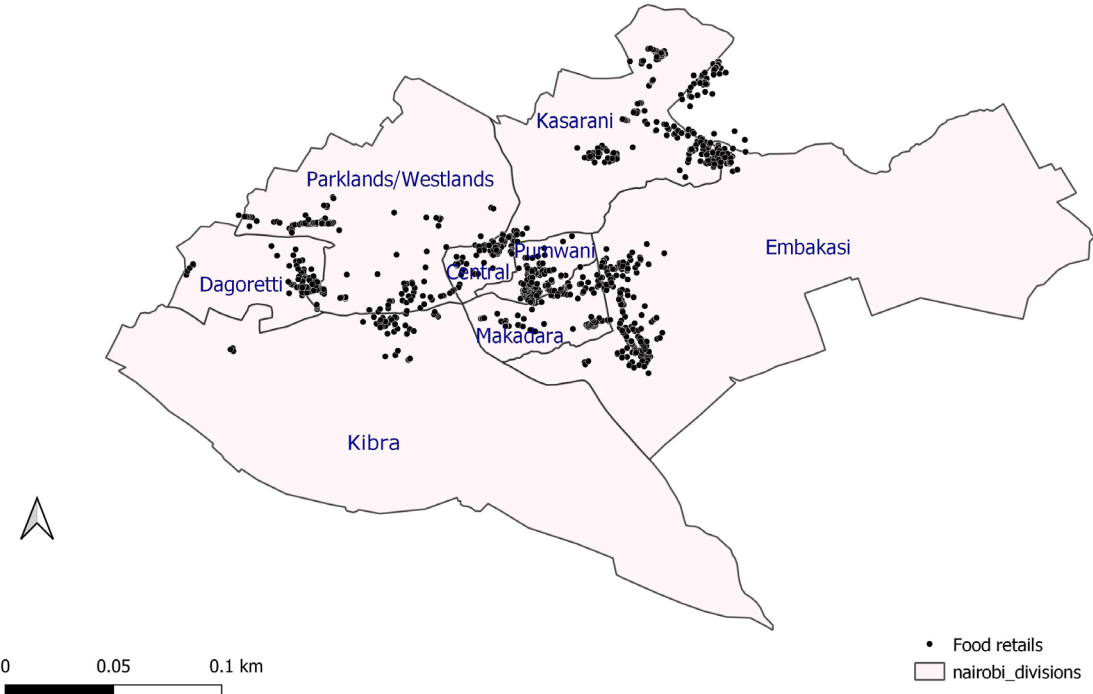
The Nairobi survey covered a total sample of 1,267 informal food vendors. To achieve city-wide coverage, the survey was conducted in all eight of Nairobi’s administrative divisions. The number of sampled food vendors was determined using a multi-stage proportional-to-geographical size random sampling procedure. First, a random sample of residential neighbourhoods in each administrative division was selected using a list of neighbourhoods generated by the research team. This was informed by the fact that residential neighbourhoods in Nairobi are served by clusters of commercial centres, shopping centres, market centres, bus termini and concentration of small shops (dukas), kiosks and street traders. Second, the research team identified the major retail clusters with informal food vendors in the selected residential neighbourhoods. Third, the number of food vendors sampled in each selected neighbourhood was proportional to the number and sizes of retail clusters in that neighbourhood. Lastly, a systematic random sampling procedure was used to select the sampled food vendors in each retail cluster. Table 1 and Figure 1 give a summary of the distribution of sampled food vendors by administrative division.

TABLE 1: Sampled Food Vendors by Administrative Division and Neighbourhood

Division	Sampled residential neighbourhoods*	No. of sampled vendors
Central	Nairobi Central-Mamlaka	21
	Ngara	57
	Pangani-Mlango Kubwa	19
	Parklands	13
Dagoretti	Dagoretti Corner-Ngong Rd	41
	Karen-Kabiria	9
	Kawangware	23
	Kilimani-Upper Hill-Community	35
	Riruta-Kinyanjui-Mutindwa	42
	Uthiru-Thiongo Rd	20
Embakasi	Fedha	14
	Imara Daima	11
	Nyayo-Kware	17
	Pipeline-Tassia	78
	Umoja	54

Kasarani	Garden Estate-Roasters	20
	Githurai-Zimmerman	28
	Kahawa Sukari-Wendani	53
	Kahawa West	33
	Mwiki	74
	Ngumba-Kasarani Area	45
	Roysambu-Mrema	15
	Santon-Phase 3	68
Kibera	Ayany-Kianda	19
	Karanja Road	19
	Kibera Villages	16
	Olympic	12
	Woodley	17
Makadara	Bahati-Maringo-Mbotela	34
	Buru Buru	62
	Kaloleni-Makongeni	65
	Viwandani Villages	46
	Makadara-Jericho	17
	Shauri Moyo	27
	South B	29
Pumwani	California	15
	Kanuku-Kinyango Villages	17
	Majengo	9
	Old Race Course	9
Westlands	Kangemi	39
	Loresho-Mountain View	15
	Westlands Area	10
Total		1,267
<i>* As defined by the research team</i>		

FIGURE 1: Spatial Distribution of Sampled Food Vendors



At the end of the survey, the sample included mobile vendors, as well as vendors conducting business at the roadside, in a shop, at a bus terminus, from a vehicle, at home, in a market, with a handcart or wheelbarrow, at a taxi rank, at a craft market, next to an institution, in a customer’s home, and in a food court (*kibanda*) (Table 2).

TABLE 2: Type and Location of Food Vendors

	No.	% of vendors
Temporary stall on the street/roadside	697	55.0
Permanent stall on the street/roadside	234	18.5
No fixed location/mobile	177	14.0
Workshop or shop	76	6.0
Bus terminal	42	3.3
Vehicle (car, truck, motor bike, bike)	33	2.6
In my home	28	2.2
Permanent stall in a market	16	1.3
Handcart (mkokoteni) or wheelbarrow	15	1.2
Taxi (boda boda) rank	10	0.8
Craft market	10	0.8
Next to an institution	10	0.8
In customer’s home	9	0.7
Food court (kibanda)	8	0.6
<i>Note: Multiple-response question</i>		



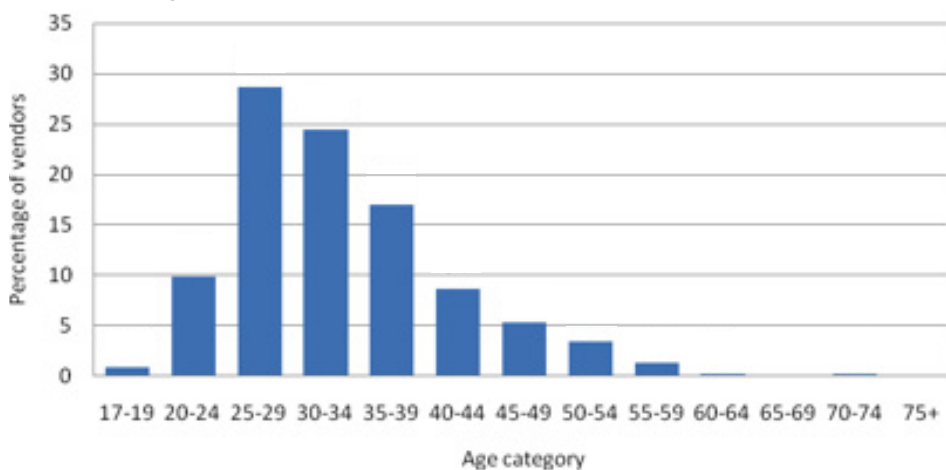
HCP/Nairobi Research Team Members

3. VENDOR DEMOGRAPHIC PROFILE

3.1 Gender and Age of Vendors

There were roughly equal numbers of men and women among the vendors, with women making up 51% of the sample. Nearly two-thirds of the sampled vendors were under 35 years of age (Figure 2). Using the Kenyan definition of youth as those under 35 (Kenya 2010), this suggests that the food sector in Nairobi is dominated by young people. Only 5% of the sample were over the age of 50. The high proportion of young people in the informal food sector is unsurprising given that the burden of unemployment in Nairobi is disproportionately concentrated on the youth.

FIGURE 2: Age of Vendors



3.2 Educational Level of Vendors

Table 3 shows the highest level of education attained by the sampled food vendors. Very few (1.8%) had no formal schooling and 20% had attended primary school. Around 42% had completed high school and 20% had advanced to tertiary education (with 11% having completed their degrees or diplomas). This suggests that those involved in the informal food sector in Nairobi are relatively well-educated and that the informal food sector is an important source of employment for educated but formally unemployed youth.

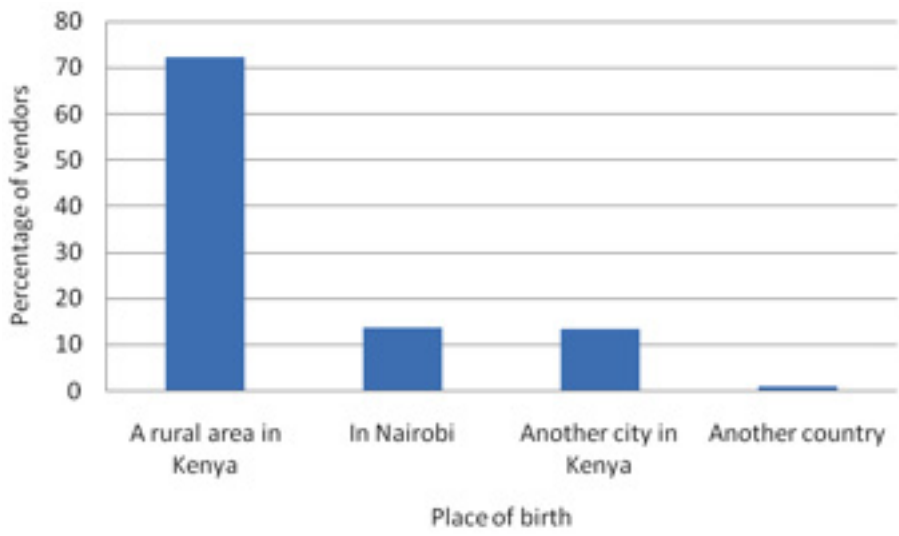
TABLE 3: Highest Level of Education of Vendors

	No.	%
No formal education	22	1.8
Some primary school	67	5.4
Primary school completed	186	14.9
Some high school	206	16.5
High school completed	523	41.8
Some university/college	114	9.1
University/college completed	133	10.6
Total	1,251	100

3.3 Migrant Status of Vendors

The other significant feature of this young and relatively well-educated cohort is that the majority are migrants to Nairobi. Figure 3 shows the migrant status of the food vendors in terms of their place of birth. Almost three-quarters (72%) of the sample came to the city from Kenya’s rural areas. The rest were either born in Nairobi (14%) or in another Kenyan city (13%). Just 12 vendors (1% of the sample) were international migrants. The migration profile of Nairobi’s food vendors contrasts with that of other African cities surveyed by the HCP. In Cape Town, for example, 52% of the food vendor sample were international migrants and 26% were internal migrants (Tawodzera and Crush 2019). In Maputo, few were international migrants but 42% of vendors were born in the city (Raimundo et al 2019). The Nairobi profile is largely due to the fact that rural-to-urban migration has been a major contributor to urban growth in Kenya in the last two decades. In sum, the informal food sector in Nairobi is highly dominated by those born in Kenya.

FIGURE 3: Place of Birth of Vendors



3.4 Other Occupations

More than half (58%) of the vendors indicated that they had a main occupation before starting their current informal food business. Table 4 shows that almost one-third had worked in the informal sector (21% running an enterprise and 11% as employees). Another one-third had worked in unskilled or low-skilled jobs. These figures suggest that most food vendors had not moved from the formal to the informal sector. However, around 25% did have formal sector jobs prior to starting their current business. Around one-quarter of these vendors (and 15% of the total number of vendors) said they had other occupations (i.e. in addition to their main occupation). About 20% of those with other occupations were involved in the informal sector as owners or employees. In sum, around 20% of the food vendors had already gained some experience in the informal sector before starting their current food business.

Only 13% of the sampled vendors were engaged in other occupations at the same time as running their food businesses. This means that a large majority of the vendors relied solely on their informal business enterprises for income. Of the small number who had concurrent occupations, around one-quarter had other informal sector businesses or were employed in this sector.

TABLE 4: Occupation before Starting Current Informal Food Business

	Main prior occupation		Other prior occupation		Other concurrent occupation	
	No.	%	No.	%	No.	%
Informal sector						
Operated own informal sector business (different activity)	126	17.2	20	10.7	39	17.7
Employed in informal sector	79	10.8	10	5.3	6	2.7
Operated own informal sector business (same activity)	26	3.6	6	3.2	12	5.5
Lower-skilled						
Manual worker (unskilled)	113	15.5	15	8.0	25	11.4
Hotel/restaurant worker	78	10.7	17	9.1	22	10.0
Agricultural worker	43	5.9	21	11.2	21	9.5
Domestic worker	41	5.6	9	4.8	3	1.4
Higher-skilled						
Manual worker (skilled)	51	7.0	9	4.8	15	6.8
Business person (self-employed)	41	5.6	42	22.5	46	20.9
Office worker	38	5.2	4	2.1	1	0.5
Professional (e.g. lawyer, doctor, academic, engineer)	31	4.2	3	1.6	1	0.5
Police/military/security	13	1.8	3	1.6	2	0.9
Teacher	4	0.5	1	0.5	1	0.5
Employer/manager	1	0.1	1	0.5	0	0.0
Health worker	1	0.1	0	0.0	0	0.0
Mine worker	1	0.1	0	0.0	1	0.5
Other						
Scholar/student	33	4.5	23	12.3	21	9.5
Other	11	1.5	3	1.6	4	1.8
Total	731	100	187	100	220	100

4. STARTING AN INFORMAL FOOD BUSINESS

4.1 Reasons for Entry into Informal Sector

In seeking to find out whether informal food vendors in Nairobi are survivalists or opportunists or a combination of the two, the HCP adapted a scale from the small-business literature that focuses on the reason(s) why individuals start a business. This scale – labelled an entrepreneurial motivation or orientation scale – presents respondents with a set of possible reasons or motivations and asks them to rate each on a Likert-scale from 1 (no importance) to 5 (extremely important).

Mean scores for the sample as a whole are then calculated for each reason or motivation.

Table 5 presents a summary of the entrepreneurial motivations of sampled food vendors in Nairobi. It is evident that economic survival is a major motivation for entry into informal food vending, as shown by the relatively high means of needing money to survive (4.19), giving the family greater financial security (3.87), and being unemployed or unable to find a job (3.27). Other economic motivations (including support of relatives in rural areas and having unsatisfactory jobs) were less important. A desire to provide employment, products and services to others ranked very low (with 5 of the 6 indicators scoring less than 2.00). Although these results suggest that most vendors are survivalists who enter the informal food sector because they have no choice, various entrepreneurial and business experience motivations come into play and should not be dismissed. These factors include wanting to be their own boss (3.96), wanting to run their own business (3.87), and having the right personality to run a business (3.05).

TABLE 5: Reasons for Starting Informal Food Business

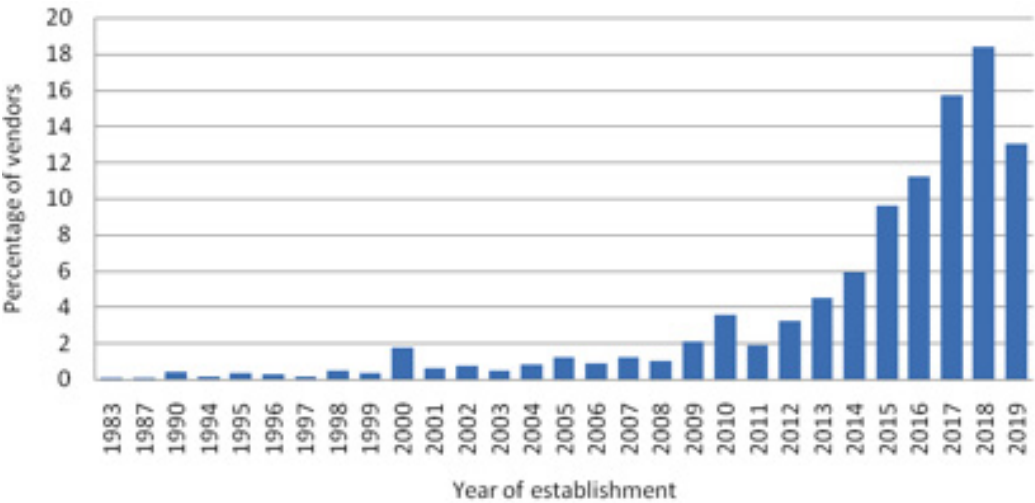
Motivation	Mean score
Economic survival and financial support of dependants	
I needed money just to survive	4.19
I wanted to give my family greater financial security	3.87
I was unemployed and unable to find a job	3.27
I wanted to make more money to send to my family in my home area	2.63
I had a job but it did not pay enough	2.40
I had a job but it did not suit my qualifications and experience	1.43
Providing employment, product and/or service	
I wanted to provide a service/product to consumers in my neighbourhood	2.52
I wanted to contribute to the development of this country	1.92
I wanted to provide a service/product to consumers in other parts of this city	1.67
I wanted to provide employment to members of my family	1.48
I wanted to provide employment for other people	1.30
I wanted to provide employment for people from my home area	1.25
Business experience or appeal	
I wanted more control over my own time/to be my own boss	3.96
I have always wanted to run my own business	3.87
My family has always been involved in business	1.70
Support and help in starting my business was available from other people	1.68
I decided to go into business in partnership with others	1.20
Entrepreneurial orientation	
I have the right personality to run my own business	3.05
I wanted to do something new and challenging	2.58
I like to challenge myself	2.53
I like to learn new skills	2.44

I enjoy taking risks	2.36
I wanted to increase my status in the community	2.11
I wanted to compete with others and be the best	1.41

4.2 Year of Starting Business

One of the surveyed businesses had been in operation since 1983, but this was one of only 28 (2%) that were established before 2000 (Figure 4). Another 11% were established from 2000 to 2009. Most of the vendors had started their businesses in the last decade, with more than half (58%) having been in business for less than five years (i.e. 2016–2019). While this start-up profile is related to the relatively young age of most vendors and ease of entry, it may also reflect high business turnover as a result of intense competition and challenges.

FIGURE 4: Year of Starting Business



4.3 Tenure Status of Business Premises

Regarding tenure status, similar numbers of vendors fell into three categories: 32% were owners or part-owners of the premises on which they did business, 30% paid rent to the owner, and 33% conducted their businesses without paying rent (Table 6). Although the survey did not probe further on ownership, the last figure may be due to the significant number of vendors operating temporary and/or permanent stalls on the street or roadside. Very few (less than 4%) paid rent to the local government. These are vendors that operate from Nairobi City County designated stalls and markets. Lastly, sharing spaces with others was rare.

TABLE 6: Tenure Status of Business Premises

	No.	%
I own it/I am part owner	400	31.8
Pay rent to private owner	375	29.9
Rent-free without permission	257	20.5
Rent-free with permission	154	12.3
Pay rent to council/municipality	46	3.7
Share space/premises with others	18	1.4
Other	6	0.5
Total	1,256	100

4.4 Sources of Business Start-Up Capital

The respondents mentioned a wide range of sources of business start-up capital. The most common was personal savings, mentioned by 83% (Table 7). Some of the surveyed food vendors also obtained funds from relatives (8% gifts and 4% loans). Loans from financial institutions were rare, with less than 2% relying on banks and micro-finance institutions. Loans from other sources, such as informal financial institutions, religious institutions, government agencies and non-relatives, were used by less than 3% of the vendors. Slightly more (but still only 6%) opted to borrow money from informal money lenders (usurers).

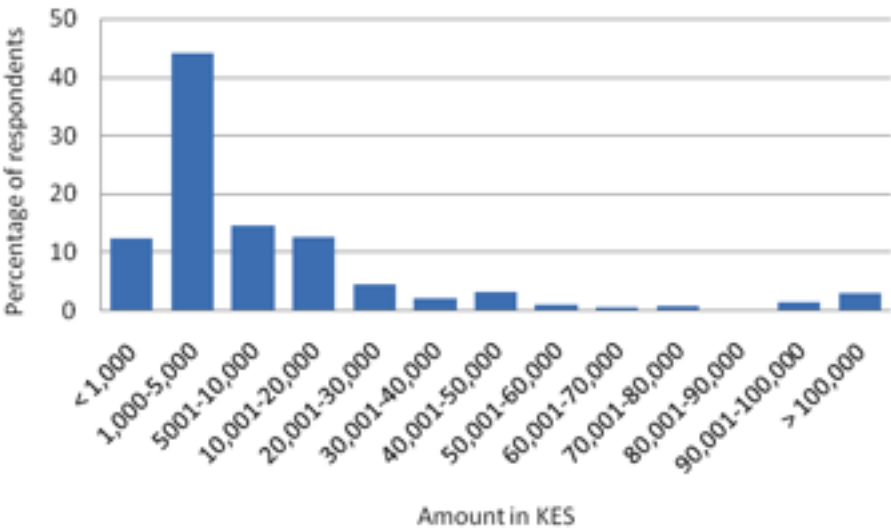
TABLE 7: Sources of Start-Up Capital

	No.	% of vendors
Personal savings	1,046	82.6
Gift from relatives	98	7.7
Usurers (money lenders)	72	5.7
Loan from non-relatives	50	3.9
Loan from relatives in Kenya	44	3.5
Loan from informal financial institution	30	2.4
Loan from bank	23	1.8
Loan from micro-finance institution	19	1.5
Loan from religious institution	3	0.2
Loan from government agency	3	0.2
Money from relatives in another country	2	0.2
Goods on credit	2	0.2
Other	18	1.4
<i>Note: Multiple-response question</i>		

Other sources of capital included the sale of assets, money from merry-go-round groups (chamas), gifts from non-relatives, loans from phone-based facilities (such as KCB Mtaani, Tala, M-Shwari), loans from Savings and Credit Co-operatives (SACCO), and money from well-wishers.

The vast majority (over 90%) of the informal food vendors reported that they started their vending business on their own or purchased it. The rest inherited or were given the business. As many as 1,117 vendors disclosed the amount of their start-up capital. Most started with small amounts. Over half had less than KES5,000 (USD47) to start their enterprises and 12% had less than KES1,000 (USD9) (Figure 5). Fifteen percent had between KES5,001 and KES10,000 (USD47-94), while 13% used between KES10,001 and KES20,000 (USD94-188). Only 16% had more than KES20,000.

FIGURE 5: Amount of Start-Up Capital



4.5 Business Licensing

The most common business permit in Nairobi is the Single Business Permit issued annually by the Nairobi City County. The Nairobi City County Trade Licensing Act of 2019 lists categories of trade licences. According to Section 10 (1) of the Act, “no person shall trade as a hawker or a street vendor unless he or she is in possession of a valid hawker or street vendor’s licence granted to him or her for that purpose by the Directorate unless they operate a business exempted from licensing under this Act”. Where applicable, other permits may include health certificates and a food hygiene certificate.

The licensing categories that affect informal sectors traders are:

- small trader shop or retail service: up to 4 employees/less than 50m²/far away location;
- kiosk: light or temporary construction less than 5m²;

- other general merchant shop and retail service;
- one hawker with a motor vehicle in a designated area;
- one hawker without a motor vehicle;
- one vendor at Uhuru Park;
- small informal sector trader/service provider, e.g. street vendor;
- semi-permanent informal sector trader, up to 2 persons in verandah or temporary building; and
- other informal sector.

The fee for these annual single business permits range from KES2,000 (USD19) to KES15,000 (USD142) per year. The Act also lists monthly fees for hawkers (KES500 or USD5), weekly fees for kiosks (KES250–500 or USD2–5), and daily fees for hawkers outside the Central Business District (KES30 or USD0.3).

Despite this regulatory framework, only 15% of the sampled vendors indicated that they paid trade licences and permits to Nairobi City County to operate their businesses. More than three-quarters of these opt for the annual single business permit.

5. RUNNING AN INFORMAL FOOD ENTERPRISE

5.1 Types of Foods Sold

The informal food vendors surveyed in Nairobi sell a wide range of products. Broadly categorized, these are (1) fruits and vegetables; (2) cereals, roots, and tubers; (3) meat, fish, chicken, and eggs; (4) cooked meals and snacks; and (5) processed foods. These categories are not mutually exclusive or exhaustive. Table 8 shows the types of food sold in the month prior to the survey.

It is clear from the results that most of the surveyed informal food vendors sold fruits and vegetables. Nearly one-quarter stocked fresh fruits, followed by leafy and other fresh vegetables. These are all fast-moving foodstuffs, bought by many households on a daily basis (Owuor 2018). Foods sold by more than 10% of the vendors included eggs, cooked snacks, cooked meals, and processed foods. Ready-for-eating cooked snacks and meals are emerging as a significant alternative to cooking at home in Nairobi. These meals are also bought by workers as reasonably-priced lunches. Other food items sold by between 5% and 10% of the vendors included roots and tubers, fresh milk, bread, maize, wheat flour, beverages, and condiments such as sugar.

TABLE 8: Types of Food Sold by Informal Vendors

	No.	% of vendors
Fruits and vegetables		
Fresh fruits	314	24.8
Fresh other vegetables	218	17.2
Fresh leafy vegetables	201	15.9
Cereals, roots, and tubers		
Roots and tubers	126	9.9
Dry cereals	69	5.4
Meat, fish, chicken, and eggs		
Eggs	161	12.7
Fish (fresh, fried, dry)	53	4.2
Meat (excluding organs)	37	2.9
Chicken (live, slaughtered)	36	2.8
Livers, kidneys and other meat organs	27	2.1
Cooked meals and snacks		
Cooked snacks (e.g. <i>smokies</i>)	183	14.4
Cooked meal (e.g. <i>githeri</i>)	173	13.7
Chips or <i>bhajia</i>	69	5.4
Processed food		
Other processed food	167	13.2
Fresh milk	123	9.7
Bread	123	9.7
Maize, wheat flour	97	7.7
Beverages (e.g. tea)	94	7.4
Condiments (e.g. sugar)	89	7.0
Sour milk	38	3.0

Note: Multiple-response question



A temporary stall on the roadside selling fruits



A stall at an open-air market selling leafy vegetables



A stall at an open-air market selling tomatoes



A small shop selling processed food products



Cooked meals kiosk

5.2 Sources of Stock

Nairobi's informal food vendors obtain their stock from several formal and informal sources. Table 9 shows where vendors normally purchase a range of products and demonstrates the following patterns:

- Factories are not a major source of stock for informal food vendors, although a few (less than 10%) source items such as milk, maize, wheat flour, bread, beverages, condiments such as sugar and other edible processed foods this way. The 15% who obtain meat organs from factories do so from abattoirs.
- Wholesalers are a significant source of dry cereals, eggs, meat, and ingredients for cooking snacks and meals. Wholesalers are the primary source of all processed food products including condiments (75%), flour (69%), bread (59%), and milk (55%).
- Supermarkets are not a popular source of stock for the surveyed vendors. The only products that more than 10% source from supermarkets are beverages, chips, bhajia, and ingredients for cooked snacks.
- Small shops and retailers are a popular source for eggs, beverages, and ingredients for cooked snacks and meals.
- The city's formal markets are the preferred source of stock for fresh fruits (80% of the vendors), leafy vegetables (76%), other fresh vegetables (78%), roots and tubers (73%), dry cereals (46%), fish (47%), meat (35%), chips, *bhajia*, and ingredients for cooked meals.
- Although farms were a source for most fresh produce, they were the main source for only chicken.
- While few vendors reported sourcing their stock from other informal sector producers and retailers, between 15% and 20% sourced chicken and fish in this way.

TABLE 9: Sources of Food Stock

	Facto- ries	Whole- salers	Super- markets	Small shops	Formal markets	Farms	Informal sector	Other
% of vendors for each food item								
Fruits and vegetables								
Fresh fruits	0.0	9.9	0.6	1.3	79.6	8.6	4.5	1.0
Fresh leafy vegetables	0.0	10.9	0.5	0.5	75.6	9.0	7.5	1.0
Other fresh vegetables	0.0	12.8	0.5	0.5	78.4	4.1	6.4	0.5
Cereals, roots and tubers								
Roots and tubers	0.0	14.3	1.6	0.8	73.0	12.7	4.0	0.0
Dry cereals	0.0	43.5	0.0	5.8	46.4	7.2	1.4	0.0

Meat, fish, chicken and eggs								
Eggs	0.0	54.7	1.2	18.6	8.1	15.5	7.5	1.9
Fish	5.7	26.4	0.0	1.9	47.2	7.5	15.1	0.0
Meat	2.7	40.5	0.0	0.0	35.1	13.5	2.7	5.4
Chicken	0.0	13.9	0.0	2.8	22.2	47.2	19.4	0.0
Meat organs	14.8	29.6	0.0	3.7	29.6	3.7	14.8	3.7
Cooked meals and snacks								
Cooked snacks	2.2	39.3	12.6	21.9	24.0	1.1	7.1	3.3
Cooked meals	0.0	31.2	5.8	26.6	46.8	0.6	6.9	0.0
Chips or bhajia	0.0	14.5	11.6	10.1	59.4	2.9	20.3	0.0
Processed food								
Other processed food	3.0	75.4	3.6	9.0	7.2	0.6	7.8	1.8
Fresh milk	6.5	54.5	0.8	5.7	6.5	11.4	9.8	4.9
Bread	8.1	59.3	0.8	9.8	5.7	0.0	9.8	5.7
Maize, wheat flour	5.2	69.1	2.1	9.3	14.4	2.1	3.1	0.0
Beverages	2.1	47.9	10.6	16.0	16.0	0.0	8.5	2.1
Condiments	2.2	75.3	4.5	11.2	6.7	0.0	3.4	0.0
Sour milk	5.3	42.1	5.3	5.3	2.6	0.0	13.2	10.5
<i>Note: Multiple-response question</i>								

In sum, what this survey shows is that informal food vendors in Nairobi tend to source most of the food they sell from other retailers in the city, especially wholesalers and formal markets, rather than directly from producers. They are thus intermediaries in the movement of food along national and international supply chains. What is also significant is that while informal food vendors are connected to various formal sector suppliers, this does not include supermarkets, which play a minimal role in the procurement strategies of these vendors.

5.3 Business Expenses

Table 10 shows the informal food vendors' business expenditures in the month prior to the survey. Most frequently mentioned was the purchase of food to sell at the enterprise (incurred by 95% of the vendors). Nearly one-third of the vendors incurred utilities expenses and just over one-quarter paid rental fees. Only 12% paid for telecommunications, which suggests that Nairobi's informal food vendors are yet to integrate ICT in their enterprises. Only 11% incurred expenses paying employees. Expenditure on taxes, licences, permits, insurance, subcontracts and financial services was extremely limited. Other expenses mentioned by the vendors included transport, security, storage, and bribes.

TABLE 10: Business Expenditure Items

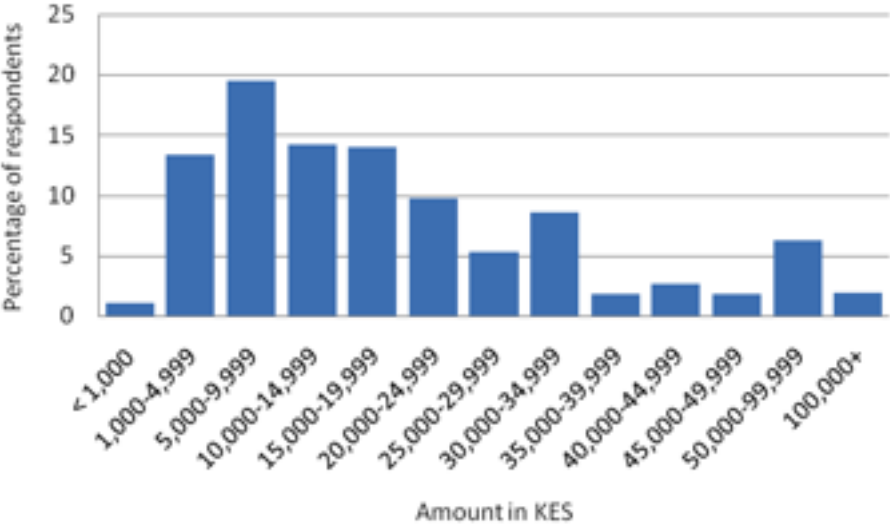
	% of vendors	Average ex- penditure (KES)
Cost of food sold at this business	95.4	12,637
Utilities (water, electricity, heating)	31.8	801
Rental fees (land, building, cart)	26.2	957
Telecommunications (internet, mobile phone)	12.1	208
Employment costs and expenses (salaries, wages, benefits)	11.0	5,385
Business taxes, licences and permits	6.0	1,543
Insurance	0.9	2,354
Subcontracts (services of other businesses)	0.4	5,240
Financial services (account fees, tax brokerage)	0.4	9,550
Other expenses	5.8	3,268
<i>Note: Multiple-response question</i>		

More than 1,000 vendors provided estimates of how much they had spent in the previous month on each category of expenditure. The mean expenditure on each is shown in Table 10. The vendors spent most on the purchase of food items (KES12,637 or USD120). Average expenditures on utilities and rent amounted to less than KES801 (USD7.50) and KES957 (USD9), respectively. Average expenditures on most other items (except telecommunications) were higher but, as noted above, were incurred by only a few vendors.

5.4 Net Monthly Profit

The informal food vendors were asked to estimate their net profit in the previous month. Only 15% reported very low monthly profit margins of less than KES5,000 (USD50) (Figure 6). One-third of the vendors earned between KES5,000 and KES14,999 (USD50-USD150), 29% made between KES15,000 and KES29,999 (USD150-USD300), while 15% managed to make between KES30,000 and KES49,999 (USD300-USD475). The highest net profit earners (making KES50,000 (USD475) or more constituted 8% of the sample.

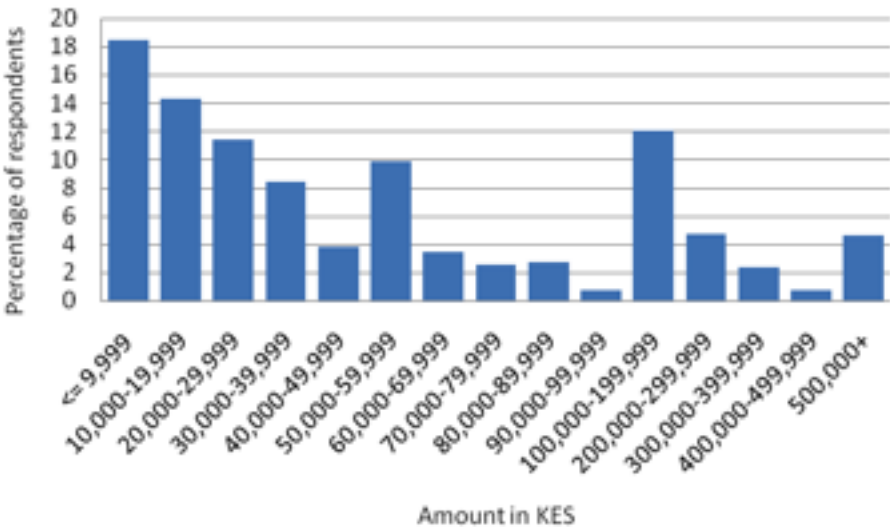
FIGURE 6: Net Profit



5.5 Current Value of Enterprise

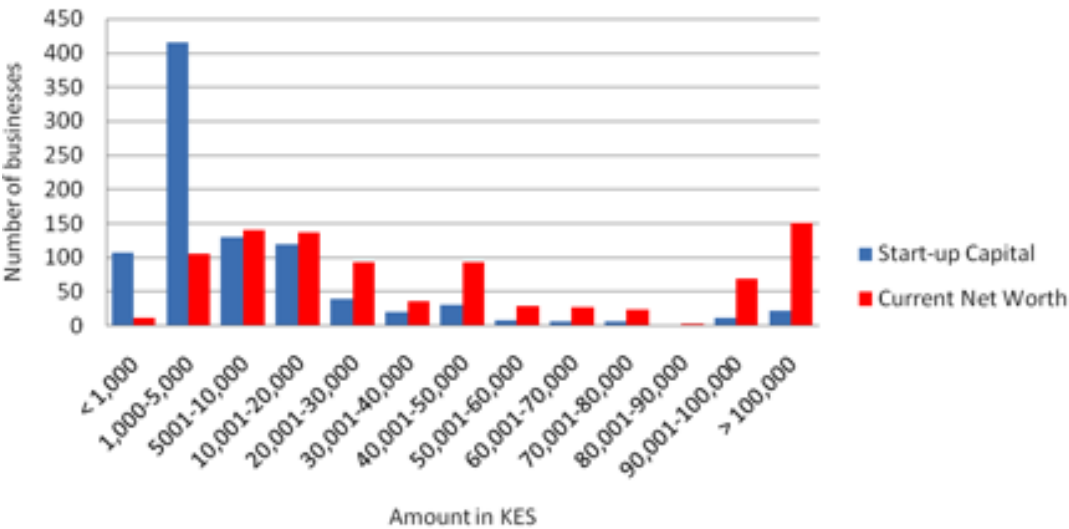
The respondents were asked to estimate the current value of their business. One-third (33%) valued their enterprises at less than KES20,000 (USD190) (Figure 7). Another 24% indicated a value of between KES20,000 (USD190) and KES49,999 (USD475), and 19% between KES50,000 (US475) and KES99,000 (USD950,000). Those with relatively higher values included 20% between KES100,000 (USD950) and KES499,999 (USD4,760), and 4.6% for above KES500,000 (USD4,760).

FIGURE 7: Current Net Worth



An indication of business growth over time is presented in Figure 8. This is achieved by comparing the number of business enterprises in the same category of start-up capital and estimated current net worth. In total, only 926 vendors provided information on both the amount of start-up capital they invested and the estimated value of their business at the time of the survey. The general trend is that many vendors have been able to grow their net worth over time in varying degrees. The number of business enterprises with an estimated current value above KES10,000 (USD95) is relatively higher than that of business enterprises with the same category of start-up capital.

FIGURE 8: Business Start-Up Capital and Current Net Worth



5.6 Family Dependence on Informal Vendor Revenue

The amount of profit that can be re-invested in the business is limited by the fact that these enterprises are a major source of household income and of household food for those involved. Figure 9 shows that 95% of the vendors have at least one dependant who is reliant on their food vending business. Just over two-thirds have between one and four dependants, while one-quarter reported five to 10 dependants. Fourteen enterprises had more than 10 dependants.

Table 11 shows the proportion of household income derived from food vending business profits. More than one-quarter (29%) of the vendors derived all their household income from their business. Another one-quarter were getting between 70% and 99% of their income from food vending. A further 27% of enterprises contributed between 50% and 69% of household income. In other words, 80% of the food vending enterprises contributes more than half of household income.

FIGURE 9: Number of People Dependent on Food Vending Business

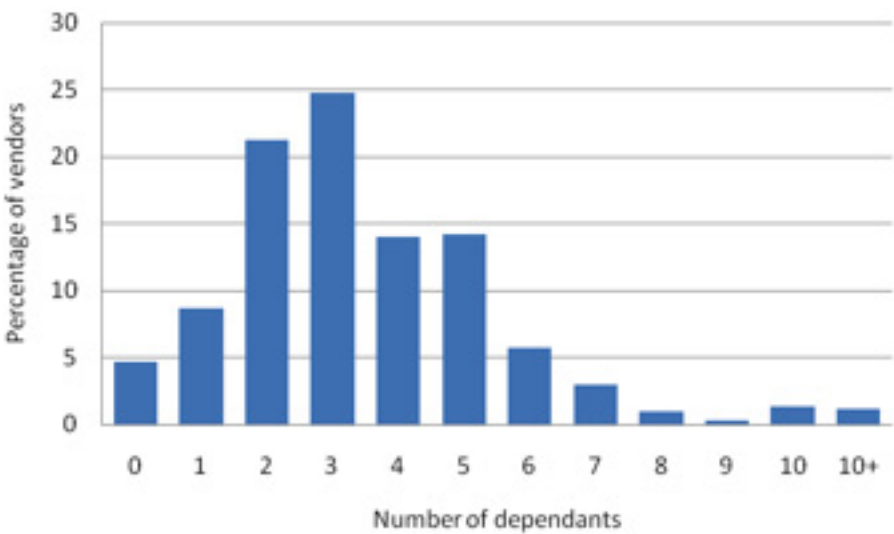


TABLE 11: Proportion of Household Income from Food Vending Business

% contribution to household income	No.	%
0-19	49	4.2
20-29	53	4.5
30-39	48	4.1
40-49	85	7.2
50-59	165	14.0
60-69	148	12.6
70-79	92	7.8
80-89	124	10.5
90-99	75	6.4
100	339	28.8
Total	1,178	100

Only 208 vendors (16%) said that the food sold at their retail outlets was wholly consumed by their customers. As shown in Table 12, the food was also consumed by the vendors themselves (75%), their families (65%), neighbours (13%), other people (8%), and their employees (7%).

TABLE 12: People Consuming Food from the Business

	No.	% of vendors
Myself	951	75.1
My family	828	65.4
My neighbours	158	12.5
Other people	106	8.4
My employees	88	6.9
Note: Multiple-response question		

5.7 Access to Business Infrastructure and Services

Because so many vendors sell fresh produce, they inevitably have unsold produce to dispose of. Asked how they did this disposal of spoiled food, respondents told of methods including taking waste to a dump site away from the retail outlet (54% of vendors), using waste collection points at the retail outlet (34%), and/or selling the products at a reduced price (11%) (Table 13). Other methods of waste disposal included using their own dustbin; using, giving or selling the food waste as animal feed; collection by urban farmers; open dumping; consumption by animals; and using it at home.

TABLE 13: Methods of Disposing of Spoiled Food

	No.	% of vendors
I dispose at a dump site away from this retail outlet	688	54.3
I dispose at this retail outlet	433	34.2
I sell to customers at a reduced price	142	11.2
Other	101	8.0
<i>Note: Multiple-response question</i>		

Less than half (40%) of the informal food vendors indicated that they store their food items at the business location or enterprise. This means that most have to transport their stock to the place of sale on a daily basis. Those who store food on-site have access to a limited number of food storage facilities including locked boxes (53%), refrigerators (24%), and freezers (11%). Other innovative ways of food storage include using nearby on-site rented stores; covering the products with sacks and polythene papers; and taking the goods home. Those with shops, lockable kiosks and business premises secured these simply by locking them up.

Only 40% of the surveyed vendors had access to electricity at their business premises in the previous year. And for these businesses, the supply was not always consistent. Only 7% said there were never interruptions in electricity supply (Table 14). As many as 41% had gone without electricity more than 10 times, while another 38% had experienced interruptions between three and 10 times.

TABLE 14: Interruptions in Electricity Supply

	No.	%
Never gone without electricity in the last year	36	7.3
Gone without 1 to 2 times in the last year at this location	72	14.1
Gone without 3 to 10 times in the last year at this location	193	37.9
Gone without more than 10 times in the last year at this location	207	40.7
Total	509	100

5.8 Employment Creation

Most of the informal food vendors surveyed were single-person operations. Only 201 food vendors (16%) had staff at the time of this survey. Of these, most employed only one person. In total, there were 271 persons employed by these vendors. Majority of the employees were male (53.9%); youth aged below 35 years (91.5%); and who were not related to the vendor (69.7%) (Table 15). In addition, they were engaged on full-time (68.3%), part time (22.5%), and on casual (9.2%) basis with a most of them (80.1%) taking home a monthly income of more than KES5,000 (USD50). Some of the part-time and casual employees (n=56) are working in another part-time job (44.6%), enrolled in university (33.9%), or running another informal sector business (17.9%).

TABLE 15: Characteristics of Persons Employed by the Food Vendors

		No.	%
Gender	Female	125	46.1
	Male	146	53.9
Age (in years)	17-34	236	91.5
	35+	22	8.5
Is employee vendor's family member	No	189	69.7
	Yes	82	30.3
Type of engagement	Casual wage work	25	9.2
	Full-time wage work	185	68.3
	Part-time wage work	61	22.5
Monthly pay (in KES)	Less than 5,000	44	19.9
	5,000-10,000	127	57.5
	More than 10,000	50	22.6

6. FOOD VENDOR STRATEGIES

6.1 Locational Strategies

The major locational strategy of informal food vendors in Nairobi is to operate in a place that attracts the most customers. Eight out of every 10 food vendors surveyed said this was the primary reason for their current location (Table 16). This helps account for the high numbers of temporary and permanent stalls on the streets or roadsides, as well as mobile vendors. In residential neighbourhoods, informal food vendors tend to be in strategic places, such as at a bus terminus, to capture the attention of people returning from work. Proximity to home, which reduces daily transport costs, is an important locational factor for 40%. Other

strategies related to access to customers include being near passing traffic (37%) and close to public transport (26%).

TABLE 16: Reasons for Business Location

	No.	% of vendors
Place with greatest number of customers	1,065	84.1
Close to home	504	39.8
Due to passing traffic	465	36.7
Close to public transport	331	26.1
Distant from other competitors	165	13.0
Safer than other locations	153	12.1
Rents are cheaper	151	11.9
Close to other enterprises	122	9.6
Always done business there	120	9.5
Access to services such as water/electricity	111	8.8
Few or no police	81	6.4
Have a permit to operate there	48	3.8
Own/rent the land	46	3.6
Cheap land	13	1.0
<i>Note: Multiple-response question</i>		

The vendors were asked how often they had moved their food enterprises from one location to another in the previous year. Around 80% had not moved at all from their current location. Of the rest, 35% changed location at least once every day, and 16% at least once per week (Table 17). They constitute the mobile vendors in the survey.

TABLE 17: Changing Location of Food Enterprise

	No.	%
At least once every day	86	35.0
Every week but less than once per day	40	16.3
Every month but less than once per week	13	5.3
Every 6 months but less than once per month	22	8.9
At least once in the last year	85	34.6
Total	246	100

The main reasons for relocation include the need to access more customers (82%) and to find different kinds of customers (47%). Other reasons given for moving include security concerns, to compete with other retailers, conflict with city county police and other law enforcers, trying to avoid harassment, seeking lower rent, being nearer home, and being forced out by construction and demolition.

6.2 Pricing Strategies

Price-setting is an important aspect of everyday business activity. Prices need to be affordable for customers, yet also yield a meaningful profit. With the clustering of food vendors in the same location, informal agreements are usually reached to ensure similar prices for the same food items sold in each cluster. Table 18 shows the most common pricing strategies deployed by informal food vendors in the Nairobi survey. Over 80% set a standard mark-up across all items purchased for resale. As a way of minimizing open competition, prices are clearly displayed on each item. Only 20% of the vendors said they negotiate prices, while 17% give discounts to regular customers. Few vendors (less than 5%) keep their prices lower than those of their competitors or offer prices based on the apparent wealth of the customer. Other strategies included using the average market price; setting prices according to production costs, operational costs, purchase price, and/or profit margins; comparing prices with those of other vendors; seasonality; and setting prices according to the size, amount and weight of a food item.

TABLE 18: Pricing Methods for Food Enterprises

	No.	% of vendors
Set a standard mark-up across items	1,057	83.4
Negotiate with customers	255	20.1
Give discounts to regular customers	211	16.7
Keep prices cheaper than competitors	61	4.8
Offer prices based on the apparent wealth of the customer	47	3.7
Other	102	8.1
<i>Note: Multiple-response question</i>		

Striving to keep regular customers is a common practice among informal food sector operators. A large proportion (85%) reported that they had regular customers. Regular customers, in turn, influence the items stocked by the food vendors. Nearly three-quarters of the vendors with regular customers indicated that they stock items especially for them. Around one-third claimed that their regular customers would follow them if they moved their business location. Another strategy for keeping customers is to offer credit facilities, especially to regular customers. More than half (59%) of the vendors let their customers buy on credit.

6.3 Other Business Strategies

The respondents were asked if they used any business strategies on a predetermined list while operating their food enterprise (Table 19). The most common strategy, used by nearly two-thirds of the vendors, is extending operating hours, especially to cater for customers who come home late from work. It is common

to see informal food vendors operating as late as 10pm. And to serve customers starting their day early, some shops and outlets open at 6am. Also, half of the vendors purchase their stock in bulk. They do this as individuals rather than in groups, and ensure that they have the exact quantities needed at the required times for their customers. Other significant business strategies include negotiating prices with suppliers (35%) and operating the business only during peak hours (32%), especially in the early morning, lunch time, evening, and weekends when the demand for food products tends to be high.

TABLE 19: Business Strategies

	No.	% of vendors
I extend my hours of operation	829	65.4
I purchase stock in bulk myself	635	50.1
I negotiate prices with my suppliers	437	34.5
I open my business only during times of the day when I have more customers	399	31.5
I use mobile phones to receive payments from customers	343	27.1
I use mobile phones to coordinate with suppliers/other vendors	282	22.3
I keep records of my business accounts	222	17.5
I use mobile phones to take orders from customers	218	17.2
I look for cheapest prices of goods by asking other entrepreneurs	129	10.2
I look for cheapest prices of goods by calling suppliers	129	10.2
I pay for security guards	85	6.7
I sell goods more cheaply than my competitors	67	5.3
I charge different prices for different customers	43	3.4
I purchase stock in bulk together with others	28	2.2
I sleep on my business premises	22	1.7
I change what I sell at different times of the year	17	1.3
I look for cheapest prices of goods by consulting the media	7	0.6
I engage in shareholding	5	0.4
I partner with other businesses to distribute risks	4	0.3
I pay the police for protection	4	0.3
I purchase insurance	3	0.2
I pay community leaders for protection	2	0.2
I keep weapons for self-protection	1	0.1
Other	37	2.9
<i>Note: Multiple-response question</i>		

Of importance is the increased use of mobile phones by informal food vendors. Some have embraced the use of mobile phones for payments from customers (27%), to coordinate with suppliers and other vendors (22%), and to take customer orders (17%). More than 10% of the vendors use other strategies including keeping business records (18%), looking for the cheapest goods by asking

other vendors, and looking for the cheapest goods by calling suppliers. Other strategies mentioned by some respondents include making sure that they stock fresh and high quality products, good customer service, doing home deliveries, maintaining proper hygiene, honesty, and (online) marketing of products.

6.4 Financial Inclusion

As noted above, very few of the informal food vendors had access to start-up capital from formal financial institutions. The vendors were also asked if they had applied for a bank loan while operating their business. Only 11% had done this, and 80% of them had been successful in obtaining the loan. Those whose applications were rejected said it was because they had insufficient guarantees/collateral, or that their enterprise was deemed unviable by the bank.

The vendors were also asked whether they had borrowed money for their business operations in the previous 12 months. Nearly one-quarter (24%) had done so. Table 20 shows the sources of the loans. More than half (53%) of those who had borrowed money used informal money lenders (usurers). Other sources of loans included non-relatives, informal financial institutions, and personal savings. Again, borrowing money from formal financial institutions was uncommon. Other sources of loans included merry-go-round groups (chamas), generous customers, and Savings and Credit Co-operatives (SACCO).

TABLE 20: Source of Borrowed Money

	No.	%
Usurers (informal money lenders)	160	53.0
Loan from non-relatives	57	18.9
Loan from relatives in Kenya	34	11.3
Loan from informal financial institution	33	10.9
From own personal savings	27	8.9
Loan from a micro-finance institution	21	7.0
Loan from a bank	18	6.0
Getting goods on credit	3	1.0
Other	20	6.6
Note: Multiple-response question		

To assess why so few vendors approached banks for loans, the respondents were asked whether they thought banks were reluctant to lend to informal traders. Only one-quarter (27%) of the food vendors take the view that banks are reluctant to give loans to informal sector business operators, while the rest either did not (59%) or were not sure (14%). Those who said banks were reluctant were provided with a list of possible reasons and asked to agree or disagree with each statement (Table 21). Most agreed with the various propositions, especially that

banks lacked certainty of repayment (92%), that vendors had insufficient guarantees/collateral (80%), that banks do not consider informal enterprises to be viable (76%), that banks only lend money to formal businesses (71%), and that informal traders have insufficient initial capital (70%). Other reasons given include that banks do not value informal traders; that they have high interest rates; that most informal businesses are not registered; and that many informal businesses do not have bank accounts.

TABLE 21: Vendor Perceptions of Lack of Access to Bank Loans

	Agree (%)	Disagree (%)	Neither agree nor disagree (%)
The banks think that the loan will not be repaid	91.7	1.8	6.5
Because of insufficient guarantees or collateral	79.6	9.7	9.7
They only loan money to formal businesses	71.1	12.1	16.8
The banks believe informal enterprises are not viable	75.8	5.9	17.7
Because they have insufficient initial capital	69.9	16.5	13.6

Lastly, only 25 (2%) of the informal food vendors had accessed government support schemes, such as the Youth Fund, Uwezo Fund, Women Enterprise Fund, and M-Akiba.

Despite the lack of loan support from banks, nearly 40% of the respondents deposited their daily earnings in a bank account (Table 22). Others keep the funds at their homes (59%), use them to purchase stock or supplies (57%), or transfer the earnings to other people (7%). Only 5% keep the money on the business premises. Other practices include depositing the money in M-Pesa or M-Shwari (mobile phone) accounts, merry-go-round (*chamas*) accounts, and Savings and Credit Co-operatives (SACCO) accounts.

TABLE 22: Disposal of Daily Earnings

	No.	% of vendors
Transfer earnings to my home	750	59.2
Purchase stock/supplies for the store	727	57.4
Deposit earnings in a bank	480	37.9
Transfer earnings to other people	83	6.6
Keep on business premises	61	4.8
Other	222	17.5
<i>Note: Multiple-response question</i>		

7. OPERATING CHALLENGES

Nairobi’s informal food operators face several challenges. In this survey, they were asked how often in the previous 12 months they had experienced specific problems. These challenges were categorized into five groups: competition, operational challenges, crime, policing, and threats (Table 23). This analysis focuses on the combined responses of “often and sometimes”, i.e. those informal food vendors who had experienced the problem in the previous 12 months.

TABLE 23: Operating Challenges

	Often (No.)	Sometimes (No.)	Often + sometimes (%)
Competition			
Insufficient sales	133	1,000	89.4
Too few customers	124	1,000	88.7
Too many competitors around here	440	534	76.9
Competition from supermarkets/ large stores	92	150	19.1
Operational challenges			
Suppliers charge too much	71	850	72.7
Customers do not pay their debts	64	539	47.6
Storage problems	126	367	38.9
Lack of access to credit	74	339	32.6
No refrigeration	148	127	21.7
Restricted by lack of relevant training	47	164	16.7
Crime			
Crime/theft of goods/stock	9	153	12.8
Crime/theft of money/income	2	86	6.9
Policing			
Harassment/demand for bribes by city county police	53	205	20.4
Confiscation of goods by city council police	16	122	10.9
Arrest/detention of yourself/employees	8	72	6.3
Physical attack/assault by city council police	5	23	2.2
Threats			
Verbal insults against your business	30	123	12.1
Conflict with Kenyan entrepreneurs	7	70	6.1
Prejudice against my gender	10	55	5.1
Physical assaults by citizens of Kenya	0	16	1.3
Conflict with foreign entrepreneurs	0	11	0.9
Prejudice against my nationality	1	5	0.5

7.1 Competition

There is competition between the vendors themselves and between the vendors and other retailers, such as supermarkets. More than two-thirds of the vendors said there were too many competitors in the neighbourhood and that this had reduced their number of customers and led to insufficient sales. Of these, competition with other vendors for customers' money was experienced most frequently. Competition from supermarkets or other large stores was not seen as a major challenge in Nairobi. Only 19 of the vendors experienced this problem often/sometimes.

7.2 Operational Challenges

The major operational challenge, mentioned by nearly three-quarters (73%) of the vendors, was that suppliers charge too much for stock. This is definitely related to the high prices of many items, which can be attributed to erratic weather conditions and high cost of production. These high prices are likely to be passed to the consumers, affecting the vendors' income and profit margins. Some vendors experience non-payment of debts by customers (48%), storage problems (39%), lack of access to credit (33%), and lack of refrigeration (22%). Less than 20% felt that they were inhibited by a lack of relevant training.

7.3 Threats to Safety and Security

Crime is not a major problem for the sampled informal food vendors. Only 13% had experienced theft of goods or stock and 7% theft of money/income in the previous year. However, almost one-third (31%) had experienced harassment, demands for bribes, and confiscation of goods by city county police (see Dragsted-Mutengwa 2018). A few had been arrested, detained or assaulted by police.

7.4 Other Operating Challenges

Other challenges mentioned by the food vendors include occupational health and hazards; extreme weather conditions; high costs of transport and electricity; seasonality of some food products and resultant fluctuating prices; rude and demanding customers who bargain too much; poor-quality stock and delays from suppliers; unconducive environmental conditions; food spoilage and contamination; inadequate access roads; demolition of, and eviction from, business premises; competition for space; fire outbreaks; fatigue, especially for mobile vendors; and lack of water, street lights and toilets.

8. FUTURE PLANS

The informal food vendors were asked about their business aspirations over the next three years. Almost three-quarters (71%) intend to expand and own several other businesses (Table 24). The rest intend to expand their businesses to other locations within Nairobi. Formalization was not a very popular aspiration, with only 17% of the vendors aiming to move their enterprises into the formal economy. Only 8% wanted to leave their businesses for formal employment. Very few vendors look forward to retiring from the informal sector, returning to their rural homes or relocating the business to another city or country. Preferred cities of relocation for those who do are Mombasa, Kisii, Kisumu, Machakos, Muranga, and Nakuru, while Dubai is the preferred country of relocation.

TABLE 24: Food Vendor Aspirations

	No.	% of vendors
I intend to expand my business operations and own several businesses	898	70.9
I intend to expand my business to other locations in the city/area	308	24.3
I intend to move my business into the formal economy	216	17.0
I intend to be working in formal employment instead	103	8.1
I intend to retire from running a business	61	4.8
I intend to return to my home area to live	27	2.1
I intend to relocate my business to another city	14	1.1
I intend to move to another country to live	2	0.2
Note: Multiple-response question		

9. CONCLUSION

This survey of informal food vendors in Nairobi has confirmed the importance of the sector in providing livelihoods, income and employment opportunities while at the same time coping with a number of challenges. The main findings emanating from the survey are:

- The informal food sector in Nairobi is dominated almost equally by both males and females; youth aged below 35; relatively well-educated but formally unemployed entrepreneurs; and Kenyan migrants from the rural parts of the country. Given their relatively young age and ease of entry into the informal sector, most of the vendors had started their businesses in the last decade, with more than half having been in business for less than five years.
- Economic survival is a major motivation for entry into informal food vending. The most cited economic motivations are the need for a source of income to

survive, greater financial security, and being unemployed or unable to find a job. Although most vendors are survivalists who enter the informal food sector because they have no choice, various entrepreneurial and business experience motivations such as the desire to “be-my-own-boss” come into play and should not be dismissed as unimportant motivators.

- The business premises were either owned by the vendors, or rented at a fee, or freely occupied. Most vendors started their business with relatively small amounts of money from their personal savings. Loans from financial institutions were rare, with less than 2% relying on banks and micro-finance institutions. Despite the Nairobi City County Trade Licensing Act of 2019, only 15% of the vendors indicated that they paid trade licences and permits to operate their businesses.
- The vendors sampled sell a wide range of fresh produce, cereal staples, cooked and processed food. Even then, most vendors prefer stocking fast moving fresh produce, especially fruits and vegetables. These are fast-moving fresh produce, bought by many customers on a daily basis. The stock of food sold is largely sourced from other retailers in the city, especially wholesalers and formal markets, rather than directly from producers.
- The vendors reported a mixture of business expenditure patterns (besides buying stock for sale), net monthly income, estimated current value of enterprise, and access to infrastructure and services. The findings indicate that there is little integration of ICT in informal food vending enterprises; many vendors have been able to grow their net worth over time; food vending is a major source of household income for those involved; food vending enterprises lack access to essential infrastructure and services; and most of the informal food vendors are single-person operations.
- Informal food vendors have adopted a number of locational, pricing, and business strategies in a bid to attract and reach as many customers as possible, as well as to deal with increased competition in the sector. Most of them operate in places that attract the most customers, maintain good business relations with their regular customers, and extend their business operation hours. This increases the supply of food in the residential neighbourhoods.
- However, informal food vendors face a number of challenges that affect their operations and optimal role in the urban food system. Very few of have access to loans from formal financial institutions due to insufficient guarantees/collateral and the perception that their businesses are not viable for a bank loan. In addition, very few of those sampled had accessed government support schemes, such as the Youth Fund, Uwezo Fund and Women Enterprise Fund. Other challenges are largely operational such as increased business competition, lack of essential infrastructure and services in business locations, high cost of operations, and harassment from city county authorities.

In conclusion, the informal food sector is an important source of food, and as such making food more accessible and affordable in low-income areas and to food-insecure households in Nairobi. It is also a major source of employment and income for the vendors involved. The sustainability of the informal food economy will help to maintain food prices that are affordable for the urban poor and achieve an increased level of food security. There is therefore an urgent need to pay particular attention to the role of the informal food economy in the urban food system and urban food and nutrition security. City governments and authorities should provide an enabling environment and regulatory frameworks that support the sector's inclusive growth, innovation and entrepreneurship. This will contribute to alleviating poverty and mitigating the crisis of food insecurity in urban areas.

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This report presents and analyzes the findings of a city-wide informal food vendors survey conducted by the Hungry Cities Partnership in Nairobi, Kenya. The survey findings demonstrate that the informal food sector makes food more accessible and affordable in low-income areas and to food-insecure households in Nairobi. It is also a major source of employment and income for the vendors involved. The food retail, distribution, and preparation sector is a major component of urban informality in the Global South. The informal food economy comprises a dense and diverse network of informal markets, suppliers, transporters, mobile traders, hawkers, retailers, and street food vendors. Through making food more accessible and affordable to poor urban households, the informal food sector is critical to food security in rapidly growing towns and cities in the Global South. While the vibrancy of the sector is everywhere apparent, research on the structure, organization, dynamics, and impacts of informal food systems under conditions of hyper-urbanization has been limited. What is clear is that the informal food sector is both diverse and complex. By working in an interdisciplinary context with mixed methodologies and across different cities, the Hungry Cities Partnership aims to add considerably to our understanding of common elements and differences across the Global South.

