

# Bridging Policy and Practice: Improving Working Conditions and Advancing Formalization for Informal Workers

IN NAIROBI AND KIAMBU





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IN NAIROBI AND KIAMBU, KENYA





GFI is an international NGO working in the Global South partnering with informal sector organizations and workers in Latin America, Africa and Asia for the past 20 years, to enhance economic opportunities and build sustainable livelihoods. GFI believes in an inclusive, multi-stakeholder engagement process that works with informal worker led organizations, governments, civil society organizations and the private sector to identify the barriers and opportunities for improving the social and economic conditions of marginalized workers, and extend social benefits and protection to ensure the life and livelihood success of vulnerable workers. To achieve this, GFI works with grassroots organizations through the direct implementation of solutions, collection of data and information to strengthen initiatives, policies and the voices of workers in the informal economy.



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### About Dataworld Research Limited (DRL)

DRL, is one of the fastest growing Kenyan consulting firm that has a global experience with a specialized team of professionals with competency including Project Design, Socio-economic research, Private Sector Development, Strategic Planning, Environmental Assessment, Monitoring and Evaluation, and Training.

GFI, in collaboration with KUDHEIHA and ISFEK with technical support from DRL undertook a research study on promoting decent work of informal workers in Nairobi and Kiambu Counties.

### About the Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and Allied Workers (KUDHEIHA)

KUDHEIHA is a trade union registered under the then Trade Union Act cap.233 now repealed to Labor Institution Act 2007 mandated by the same Act to represent employees engaged in both formal and informal sectors of Domestic, Hospitals, Hotels, Educational Institution either private or public owned (Universities, Polytechnics, Colleges, High and Secondary Schools, Primary and Academies and Clubs and Church owned Institutions).

### About the Informal Sector Federation of Kenya (ISFEK)

ISFEK is an umbrella body representing the Micro, Small and Medium businesses operating within the informal sector of our economy. Since 2013 when the organization was formally registered, it has continued to evolve in becoming the suitable and most credible organization in working with its membership to provide evidence-based interventions in transforming the sector and sustaining its growth in an environmentally sustainable manner.

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### Disclaimer

The views expressed in this report are those of authors. They do not represent those of GFI nor of any of the institutions referred to in the report. All errors and omissions remain the responsibility of the research team.

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# CONTENTS

<b>List of Abbreviations</b> .....	6	<b>3.0 Study Findings</b> .....	18
<b>Glossary</b> .....	6	3.1 Background Information .....	18
<b>Executive Summary</b> .....	7	3.1.1 Demographic Characteristics .....	18
<b>1.0 Introduction</b> .....	8	3.1.2 Types of Goods and Services Provided ....	20
1.1 Overview of the Informal Economy .....	8	3.2 Assessment of Working Conditions and Compliance with Principles of Decent Work .....	20
1.2 Background and Rationale of Informal Sector Study in Kenya .....	8	3.2.1 Employment Opportunities and Income. . .	20
1.2.1 Background .....	8	3.2.2 Working Hours and Job Security .....	21
1.2.2 Informal Economy in Kenya .....	8	3.2.3 Work Place Safety and Work Environment	22
1.3 Study Objectives .....	9	3.2.4 Social Protection .....	24
1.4 Rationale for Focusing on Nairobi and Kiambu Counties .....	9	3.2.5 Barriers to Accessing Social Protection . . .	24
1.5 Importance of Promoting Decent Work in the Informal Economy .....	9	3.2.6 Membership and Representation .....	25
1.5.1 Indicators for Assessing Decent Work Compliance .....	10	3.3 Awareness of Labor Rights .....	26
1.6 Existing Policies and Frameworks on Informality .	10	3.3.1 Awareness of Government Policies and Support .....	27
1.6.1 Global Frameworks .....	10	3.4 Government Actions and Their Impact on Informal Sector .....	28
1.6.2 Regional Frameworks .....	11	3.5 Formalization Strategies .....	28
1.6.3 National and Institutional Frameworks . . .	11	3.6 Long-Term Aspirations .....	29
1.6.4 County Integrated Development Plans (CIDPs) .....	12	<b>4.0 Conclusion And Recommendations</b> .....	30
1.7 Financial Inclusion Programs .....	12	4.1 Conclusion .....	30
<b>2.0 Approach And Methodology</b> .....	13	4.2 Recommendations .....	31
2.1 Research Approach .....	13	<b>References</b> .....	32
2.1.1 Mixed Methods Approach .....	13		
2.1.2 A Phased Approach .....	13		
2.2 Target Population .....	14		
2.3 Sampling and Data Collection .....	14		
2.4 Sampled Locations .....	15		
2.5 Data Collection Methods .....	15		
2.6 Training, Recruitment and Pilot-Testing .....	15		
2.7 Data Collection .....	16		
2.8 Data Processing, Analysis and Reporting .....	17		
2.9 Validation Workshop .....	17		

**TABLES**

**TABLE 2.1:** Sample Sizes and Responses Received. . . . . 15

**TABLE 2.2:** Number of FGDs Conducted. . . . . 16

**TABLE 2.3:** Number of KIIs Conducted . . . . . 17

**TABLE 3.1:** Demographic Characteristics of the Study Population . . . . . 19

**TABLE 3.2:** Areas of Occupational Health and Safety (OHS) Training . . . . . 23

**TABLE 3.3:** Barriers to Accessing Social Protections. . . . . 24

**FIGURES**

**FIGURE 2.1:** Mixed Methods Approach . . . . . 13

**FIGURE 2.2:** A Phased Approach. . . . . 13

**FIGURE 3.1:** Nature of Goods and Services Provided. . . . . 20

**FIGURE 3.2:** Period of Working in the Informal Economy . . 21

**FIGURE 3.3:** Average Monthly Income (in KES) . . . . . 21

**FIGURE 3.4:** Work Related Risks . . . . . 22

**FIGURE 3.5:** Types of Protective Gears . . . . . 23

**FIGURE 3.6:** Support Needed to Improve Safety and Health at Workplace. . . . . 23

**FIGURE 3.7:** Proportion of Informal Workers with Access to Any Type of Social Protection. . . . . 24

**FIGURE 3.8:** Membership To Any Group or Association. . . 25

**FIGURE 3.9:** Proportion of Respondents Who Are Aware of Their Rights . . . . . 26

**FIGURE 3.10:** Proportion of Respondents Who Have Experienced Violation of Rights. . . . . 26

**FIGURE 3.11:** Where Issues Were Reported. . . . . 27

**FIGURE 3.12:** Organizations Supporting Labor Rights. . . . 27

**FIGURE 3.13:** Proportion Aware of Government Policies and Reported Receiving Support from Government. . . . . 28

**FIGURE 3.14:** Priority Needs for Formalization. . . . . 29

**FIGURE 3.15:** Long Term Aspirations. . . . . 29



## LIST OF ABBREVIATIONS

<b>AFCFTA</b>	African Continental Free Trade Area	<b>MSEA</b>	Micro and Small Enterprises Authority
<b>CBA</b>	Collective Bargaining Agreements	<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>CIDP</b>	County Integrated Development Plan	<b>NGO</b>	Non-Governmental Organizations
<b>COTU-K</b>	Central Organization of Trade Unions—Kenya	<b>NITA</b>	National Industrial Training Authority
<b>DOSHS</b>	Directorate of Occupational Safety and Health Services	<b>NSSF</b>	National Social Security Fund
<b>DRL</b>	Dataworld Research Limited	<b>NYOTA</b>	National Youth Opportunities Towards Advancement
<b>ELRC</b>	Employment and Labor Relations Court	<b>OSH</b>	Occupational Safety and Health
<b>FGDs</b>	Focus Group Discussions	<b>RAs</b>	Research Assistants
<b>FKE</b>	Federation of Kenya Employers	<b>SACCOs</b>	Savings and Credit Cooperatives
<b>GDP</b>	Gross Domestic Product	<b>SDGs</b>	Sustainable Development Goals
<b>GFI</b>	Global Fairness Initiative	<b>SHA</b>	Social Health Authority
<b>ILO</b>	International Labor Organization	<b>SHIF</b>	Social Health Insurance Fund
<b>ISFEK</b>	Informal Sector Federation of Kenya	<b>SPSS</b>	Statistical Package for the Social Sciences
<b>KEPSA</b>	Kenya Private Sector Alliance	<b>UDB</b>	Uganda Development Bank
<b>KIIs</b>	Key Informant Interviews	<b>WEF</b>	Women Enterprise Fund
<b>KNHRC</b>	Kenya National Human Rights Commission	<b>WIBA</b>	Work Injury Benefits Act
<b>Ksh/KES</b>	Kenya Shillings	<b>YEDF</b>	Youth Enterprise Development Fund
<b>KUDHEIHA</b>	Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals and		

## GLOSSARY

**Table Banking** is a community-based financial model in which members—usually organized in groups—meet regularly, contribute money to a shared “table,” and immediately loan these pooled funds to members. It is a form of peer-to-peer lending designed to increase access to credit, promote savings, and strengthen financial inclusion, especially for women and informal workers.

**Merry-Go-Round** is a savings arrangement where members contribute a fixed amount of money at regular intervals, and each member receives the lump-sum payout in turns until everyone has benefited.

# EXECUTIVE SUMMARY



Courtesy of Jonathan Torgovnik/Getty Images/Images of Empowerment

The study examined the working conditions of informal workers in Nairobi and Kiambu counties to assess the existing policies and explore opportunities for formalization. The study was motivated by recognition that informal workers are a critical source of livelihood in Kenya, providing employment and sustaining millions of livelihoods.

The sector is dominated by women and youth who engage in street vending, domestic work, small-scale trading, and artisanal services as sources of income. While this sector has proven to be resilient and adaptive, it is also marked by instability, poverty, and exclusion from the protections and benefits available in the formal economy.

The study employed a multi-pronged methodological approach and utilized desk reviews, surveys, focus group discussions, key informant interviews as well as observation for study outcomes.

Key findings revealed that although frameworks and policies exist to support informal workers, there are still existing gaps in enforcement and implementation which limit their effectiveness. Most informal workers (32.1%) reported having worked for more than 6 years with a majority earning less than Ksh. 10,000, working hours typically ranging between 10-12 hours a day six days a week, and being in jobs that exposed them to fatigue, health risks, limited family time, and lack of personal development. At the same time, workplaces lacked safety standards and protective gear, further exposing workers to unsafe working conditions and occupational hazards. Access to social protection was also limited, with the 70.1% of workers unable to afford health insurance, access pensions, and work injury benefits. Although worker associations and groupings played an important role in

enhancing social support, accessing credit, and to collective bargaining, a significant proportion (58.0%) reported not belonging to any worker-led association or organization.

Sixty-five percent of the informal sector workers were aware of their rights, however, they continued to face challenges including lack of legal protection, job security and workplace infrastructure. On the issue of formalization, most workers expressed willingness and highlighted that formalizing could help them to improve their livelihood.

The study recommends an interconnected approach to improve working conditions in Kenya's informal sector as listed below:

- i. The government is urged to strengthen regulatory frameworks, enforcement mechanisms, and expand affordable social protection schemes to safeguard workers' rights and ensure compliance with occupational and labor standards.
- ii. Policy and practice need to be bridged through awareness campaigns and training.
- iii. Compliance with decent work principles should be enhanced by extending labor protection, strengthening social protection, and empowering workers through civil society and trade union advocacy.
- iv. The government, in collaboration with private sector, civil society, and development partners, should develop an integrated formalization strategy that directly addresses the priority needs identified by informal workers, including access to credit, affordable workspaces, skills training, and market opportunities.

# 1.0 INTRODUCTION

## 1.1 Overview of the Informal Economy

The informal economy comprises all economic activities and jobs that are not regulated or protected by formal legal and institutional frameworks. It includes workers and economic units that are unregistered or unincorporated and where employment relationships are not subject to national labour laws, taxation, or social protection mechanisms (ILO, 2018). In Kenya, this covers unregistered small-scale enterprises and informal employment arrangements that lack written contracts, social security coverage, and access to formal employment benefits (Kenya National Bureau of Statistics, 2023).

Although these activities substantially contribute to livelihoods they However, some of these activities may be regulated or recognized to some extent, they generally lack adequate state oversight and protection, leaving workers and businesses vulnerable and limiting their access to benefits and rights available in the formal sector (Chen, 2012). This sector encompasses a wide range of enterprises and occupations, including street vending, domestic work, construction labor, artisanal trades, mechanical services, *bodaboda* transport, and petty trading.



About 57.8% of the global workforce, estimated at over 2 billion people, are informally employed (ILO, 2018). In low-income countries, informality is even more pronounced with nearly 85% of all workers engaged in the informal economy (ILO, 2021). By gender, women are disproportionately affected, particularly in regions where informality is widespread and deeply entrenched (OECD/ILO, 2019).

In Africa, 85.8% of total employment is in the informal economy (ILO, 2018). Despite its central role in sustaining livelihoods, the informal economy is often characterized by limited access to finance, lack of social protection, precarious working conditions, and high regulatory costs. These challenges reveal that informality is not just a temporary phenomenon but rather a structural feature of African economies. While informality is strongly associated with vulnerability and poverty, it nevertheless continues to absorb economic shocks and provide a crucial safety net for millions of workers.

## 1.2 Background and Rationale of Informal Sector Study in Kenya

### 1.2.1 Background

The expansion of the informal sector dates back to the 1980s, driven largely by structural adjustment programs, rapid population growth, and the slow creation of jobs in the formal economy. As formal employment opportunities remained insufficient, a growing share of the labor force turned to informal work. This shift was further fueled by rural-urban migration, which increased labor supply in cities and peri-urban areas where formal sector jobs were scarce. For many households, informal employment emerged as a survival strategy to cope with unemployment, underemployment, and persistent poverty.

While the sector has proven resilient and plays a vital role in income generation, it continues to grapple with significant constraints. These challenges underscore the importance of undertaking comprehensive research on the informal economy to guide evidence-based decisions and policy interventions.

### 1.2.2 Informal Economy in Kenya

The informal economy plays a central role in Kenya's labor market and socio-economic development. According to the Economic Survey in 2025 (KNBS, 2025), 90% of new jobs were created in the informal sector in 2024. Historically, the informal economy in Kenya emerged as a survival mechanism for citizens excluded from formal employment opportunities

during and after the colonial period. Over time, it evolved into an alternative source of income and livelihood, driven by factors such as low entry barriers, limited access to formal jobs, reliance on family-based enterprises, and the need for flexible working arrangements. As a result, the informal sector has become a dynamic and adaptive space for entrepreneurship, providing economic opportunities for those otherwise left out of the formal economy.

Despite the informal sector flourishing, it continuously faces challenges. Many workers, more so, women and youth, engage in low paying and insecure activities which has them continually living in poverty and vulnerability.

Policymakers in Kenya have recognized the importance of the informal sector in national development and introduced programs such as microfinance schemes, simplified business registration, and the development of market infrastructure. However, consistent reinforcement and sustained support for these initiatives remain a challenge. Recent government efforts have sought to bridge these gaps through initiatives like the Hustler Fund (Financial Inclusion Fund) which provides affordable credit, savings, insurance, pensions, and financial literacy to informal sector workers and MSMEs. This program has so far reached 25 million Kenyans, and disbursing nearly Kshs. 70 billion (Government of Kenya, 2024). Other programs have spurred recognition of, and assistance to, informal sector workers such as the Women Enterprise Fund, which empowers women entrepreneurs through accessible credit and capacity-building (Women Enterprise Fund, 2024), and the Youth Enterprise Development Fund which promotes youth entrepreneurship and self-employment by offering financing and training opportunities Youth Enterprise Development Fund, 2024). Strengthening the informal sector, therefore, requires a balanced approach that safeguards informal workers' rights, enhances their access to finance and training, gradually integrates informal activities into formal structures, and ensures that government interventions like these are accessible, equitable, and sustainable.

### 1.3 Study Objectives

The study sought to investigate the nature of informal work in Nairobi and Kiambu Counties and assess strategies for promoting decent employment.

The specific objectives were:

- i. Analyze the working conditions in the informal sector, including job security, earnings, occupational safety, and access to benefits.
- ii. Assess existing policy interventions, legal frameworks, and support programs targeting the informal sector.

- iii. Evaluate the level of compliance with decent work principles as articulated by international frameworks and national labor policies.
- iv. Explore formalization strategies, including business registration, access to social protection, digital integration, and financial inclusion.
- v. Propose actionable recommendations for local governments, development partners, and other stakeholders to enhance decent work outcomes.

### 1.4 Rationale for Focusing on Nairobi and Kiambu Counties

Nairobi and Kiambu counties provide strategic entry points for interventions aimed at promoting decent work in the informal economy. In Kenya, the informal sector employs an estimated 16.7 million people, accounting for about 83.5% of total employment and generating roughly 85% of all new jobs created in 2023. In Nairobi County, an estimated 57% of workers are in the informal sector (KNBS, 2024). These range from street vending and open-air markets to *Jua Kali* artisans and service-based microenterprises. Nairobi also serves as a policy and innovation hub, making it an ideal setting for piloting regulatory reforms, skills development programs, and social protection initiatives that can later be scaled to other regions, including Kiambu County, which shares close economic and labor linkages with the capital.

Kiambu County is on Nairobi's peri-urban fringe, combining both rural and urban informal economies, with informal work as the central economic pillar of the county. Its growing population, proximity to the city, and expanding industrial and real estate sectors offers a diverse context to study informal work dynamics in semi-urban and rural settings.

Together, these counties represent the urban-rural spectrum of informal employment dynamics across Kenya.

### 1.5 Importance of Promoting Decent Work in the Informal Economy

While the informal sector offers critical income opportunities, absence of legal recognition and regulatory protection leaves workers vulnerable to exploitation, occupational hazards, and income instability. Promoting decent work as defined by the International Labour Organization (ILO) in the informal sector is essential for improving livelihoods, reducing poverty, ensuring dignity at work, and fostering inclusive economic growth. Decent work encompasses fair income, workplace security, social protection, opportunities for advancement, and equality. Without targeted interventions, informal workers risk being permanently excluded from the gains of national development and economic transformation.

### 1.5.1 Indicators for Assessing Decent Work Compliance

ILO defines decent work as opportunities for productive work that offers fair income, dignity, security, social protection, gender equality, and social dialogue (ILO, 2021). SDG 8 on Decent Work and Economic Growth aligns with ILO's frameworks to provide indicators across different dimensions which assesses decent work. These include:

- i. **Employment opportunities** which measures employment to population ratio, adequate earning, and productive work which are reflected in average wages, wage growth, productivity, and the proportion of workers with poor earnings.
- ii. **Working time**, a critical indicator that includes average working hours. According to ILO report on decent work, majority of informal workers engage in excessive work beyond 48 hours per week, with additional involuntary part time work, all of which connect to work-life balance (ILO, 2021). Balancing family, work, and personal life is also measured by gender distribution of unpaid care work, childcare responsibilities, and maternal and paternal services.
- iii. **Job security and stability** that looks at employment tenure, proportion of workers with written contracts, as well as the extent of temporary or casual employment.
- iv. **Equal opportunity and fair treatment** which assesses gender gaps experienced at workplaces such as pay gaps, employment opportunity gaps, and workplace discriminations that are more experienced by women, youth, and persons with disabilities.
- v. **Social protection** that measures health insurance, access to pension, and unemployment benefits among others, which informal workers are often excluded from.
- vi. **Workplace safety and work environment** that gauges the level of compliance to the occupational health safety standards, workplace inspection, and access to occupational health services.
- vii. **Social dialogue and representation** which assesses trade union membership, and collective bargaining as measured by social dialogue.

Further, the rights of workers at their work spaces are assessed through the ratification and enforcement of ILO conventions like harassment and unfair dismissal, prevalence of child and forced labor, and labor law violations among others. Together these indicators provide a comprehensive framework that can be used to measure progress towards SDG 8, while ensuring that sustainable economic growth aligns with dignity, inclusivity, and fairness at workplaces.

## 1.6 Existing Policies and Frameworks on Informality

In response to the multiple challenges that informal sector actors encounter, various institutions and stakeholders have developed instruments at the global, regional, and national levels to protect the rights of informal workers while enhancing their livelihoods and promoting inclusive economic growth. These institutions recognize the centrality of the informal economy in developing contexts. This section highlights some of the most relevant frameworks and instruments.

### 1.6.1 Global Frameworks

#### ILO Frameworks

The International Labour Organization (ILO) frameworks addresses the challenges faced by informal workers by promoting policies that safeguard their rights, improve working conditions, and expand access to social protection. Two key documents speak to this agenda;

- i. **ILO Recommendation No. 204 (2015)** on the transition from the Informal to the Formal Economy (ILO, 2015), which provides the first international guidance dedicated specifically to informal employment. It calls on governments and stakeholders to adopt integrated strategies that support workers and enterprises to move into the formal economy while ensuring that their rights, livelihoods, and social protections are not undermined. By encouraging inclusive policies, social dialogue, and fair labor standards, the ILO frameworks play a vital role in advancing decent work for millions of informal workers globally.
- ii. **ILO Decent Work Agenda (1999)** promotes four strategic objectives; employment creation, rights at work, social protection, and social dialogue. All are central to improving conditions in the informal economy.

There are also conventions that support informal workers including:

- i. Convention No. 130 (1969) on medical care and sickness benefits
- ii. Convention No. 189 (2011) on domestic workers
- iii. Convention No. 190 (2019) on violence and harassment which safeguards workers, particularly women, in informal and public spaces from abuse and harassment
- iv. Convention No. 87 and No. 98 on freedom of association and collective bargaining
- v. Convention No. 100 and No. 111 on equality and non-discrimination
- vi. Convention No. 102 on social protection

## Sustainable Development Goal (SDG) 8

SDG 8 (Decent Work and Economic Growth), emphasizes productive employment, entrepreneurship, and labor rights, with explicit recognition of informal workers' contribution (United Nations, 2015). Specifically, SDG 8.3 supports productive activities, entrepreneurship, and formation of micro, small, and medium enterprises which directly addresses the realities of informal workers. SDG 8.5 addresses equal pay for men and women, including youth and persons with disabilities, while SDG 8.8 protects the labor rights of workers and promotes safe and secure working environment of all workers.

### 1.6.2 Regional Frameworks

Regional institutions have established the following policies and legal frameworks to support the informal sector:

- i. **The African Union Agenda, 2063** sets long-term vision of transforming Africa into an inclusive and prosperous society through industrialization, entrepreneurship, and economic development (African Union Commission, 2015).
- ii. **The African Union Social Policy Framework, 2008** provides that member states design universal and non-discriminatory social protection measures that covers both formal and informal workers, emphasizing their rights based on gender responsive approaches (African Union, 2008).
- iii. **The African Continental Free Trade Area (AfCFTA), 2021** holds significant potential for informal workers, especially cross border trade (African Union, 2021).

### 1.6.3 National and Institutional Frameworks

- i. **The Constitution of Kenya**, specifically Article 41 of the constitution of Kenya 2010, provides that all workers have a right to fair labor practices, fair remuneration, and good working conditions. This includes the right to join trade unions and engage in collective bargaining. Article 27 of the constitution also ensures that there is equality before the law which implies that all informal workers are entitled to equal pay and opportunities (Republic of Kenya, 2010).
- ii. **National Social Security Fund (NSSF) Act, 2013** extends pension and retirement savings opportunities to informal workers, however, the uptake has been low due to the lack of awareness and voluntary nature of contribution (Republic of Kenya, 2013).
- iii. **Social Health Insurance Act, 2023**, implemented by the Social Health Authority (SHA), aims to provide universal health coverage by creating inclusive schemes that can be easily accessed by informal workers (Republic of Kenya, 2023).
- iv. **Cooperative Societies Act, 2023** provides the statutory basis for formation, regulation, and management of co-operative societies. The Act recognizes cooperative



societies as autonomous associations formed voluntarily by individuals with common socio-economic objectives such as accessing credit, pooling resources, or securing better working conditions. The Act also allows the creation of Savings and Credit Cooperative Organizations (SACCOs) which extends financial inclusion to informal workers (Republic of Kenya, 2023).

- v. **The Micro and Small Enterprises Act, 2012** was established to promote the growth and formalization of micro and small enterprises through registration, training, and access to markets and credit. Although MSEA has made progress in policy advocacy and support programs, its reach among informal workers in Nairobi and Kiambu remains limited (Republic of Kenya, 2012).
- vi. **Social Protection Bill, 2025** provides that there should be a complementary program designed to work alongside existing social protection initiatives aimed at promoting the skills and knowledge of persons to facilitate sustainable livelihood, enhance resilience, and build economic assets (Republic of Kenya, 2025).
- vii. **Employment Act, 2007**, governs the relationship between the employer and employee. It outlines the minimum standards for employment such as written contracts, fair wages, protection from discrimination, reasonable working hours, rest days, leave entitlement and termination procedures. The Act also requires employers to provide safe working environments as well as maternity and paternity leaves (Republic of Kenya, 2007).
- viii. **Occupational Safety and Health Act, 2007** ensures the safety, health, and welfare of workers in all workplaces. The Act requires employers to provide safe working environments, control exposure to hazards, and offer training on occupational safety. It also mandates that all work places to be inspected, assess risks, and report accidents and diseases (Republic of Kenya, 2007).

### 1.6.4 County Integrated Development Plans (CIDPs)

Nairobi and Kiambu counties have prioritized the informal economy in their CIDPs III (2023–2027) as a key driver of employment and business growth. For instance, Nairobi focuses on upgrading 10 modern markets, facilitating SMEs to access affordable credit such as through the *Biashara* Fund and linkage to other lending partners (Nairobi City County Government, 2023; Kiambu County Government, 2023). However, challenges such as low compliance with licensing requirements and limited availability of reliable business data—including information on sales, customers, finances, and human resources—continue to hinder effective regulation, planning, and support for informal enterprises.

Kiambu, on the other hand, emphasizes establishing industrial parks, enterprise clusters, and market-center plans, while also expanding credit facilities and public lighting to support a 24-hour economy.

Both counties highlight the critical role of the informal sector in driving livelihoods, growth, and resilience.



### 1.7 Financial Inclusion Programs

The current Kenyan administration has developed financial programs to support and ensure informal workers have access to finances at a low interest. Some of the programs put in place include:

- i. **Financial Inclusion Fund (The Hustler Fund):** designed to provide affordable credit to micro and small enterprises. The fund aims to cushion and mitigate financial shocks for the informal sector, reduce reliance on informal lending, and improve access to working capital for small traders and self-employed individuals.
- ii. **Women Enterprise Fund (WEF):** pursues incentives for women's participation in micro-finance credit and other financial support. The Fund partly addresses the barrier of limited access to credit facilities among women
- iii. **Government Affirmative Action Fund:** established in 2015 by the Government of Kenya and administered through the parliamentary caucus of female members of parliament. The Fund runs programs that target socioeconomic empowerment of youth, women, children (including the orphans and vulnerable), persons living with disabilities, and elderly persons.
- iv. **The Uwezo Fund:** *Uwezo* [ability] is a seed fund empowering woman, persons living with disabilities, and youth in groups to start businesses. A single group is eligible for up to KShs. 500,000 (USD 5,000)
- v. **The Youth Enterprise Development Fund (YEDF):** established in 2006, this initiative aims to address youth unemployment and underemployment. It intends to promote skill development, entrepreneurship, and access to affordable credit, both at individual and group level, and of reducing rising youth unemployment through initiating businesses and associated income-generating activities.

These government initiatives intend to improve access to working capital for the informal sectors workers; however, the uptake remains low. Some of the reasons for low uptake include lack of awareness, lack of financial literacy, and fear of debt obligations.



# 2.0 APPROACH AND METHODOLOGY

## 2.1 Research Approach

A two-pronged methodological approach was employed to ensure a comprehensive and reliable study outcome. Multiple data collection techniques were utilized, allowing for data triangulation and enhancing the validity and robustness of the findings (Patton, 2015). Central to this design was the adoption of a human-centered approach which combined both consultative and evidence-based methods (Creswell & Creswell, 2018). This approach placed stakeholders at the core of the process, ensuring that their perspectives, experiences, and insights were actively integrated into the research. At the same time, empirical evidence was systematically collected and analyzed to ground the findings in verifiable data.

### 2.1.1 Mixed Methods Approach

As illustrated in Figure 2.1 below, the methodology emphasized continuous stakeholder engagement throughout the study cycle—ranging from problem identification to data validation and reporting—thereby strengthening the credibility of the findings. By blending consultation with evidence-based inquiry, the approach not only enriched the quality of data but also promoted a sense of ownership among stakeholders. This inclusive process fostered transparency, accountability, and practical relevance, ensuring that the study findings reflected both lived realities and empirical evidence.

**FIGURE 2.1:** Mixed Methods Approach



### 2.1.2 A Phased Approach

The study followed a phased approach as illustrated in Figure 2.2 below. Phase One focused on inception, where a report and study tools were developed interactively with the project team (GFI, KUDHEIHA, ISFEK, and DRL). Phase Two involved fieldwork through the use of the data collection tools. Phase Three covered data analysis, report writing, and validation, with findings shared for stakeholder feedback before finalizing the report.

**FIGURE 2.2:** A Phased Approach



## 2.2 Target Population

The study targeted the informal workers (about 80% women) in Nairobi and Kiambu Counties with specific focus on the following categories:

- i. **Micro-Manufacturers:** Small-scale producers engaged in activities such as tailoring, metalwork, carpentry, and handicrafts, typically operating with limited machinery and workforce.
- ii. **Service Providers:** Individuals offering personal or professional services, for example, domestic workers, mechanics, hairdressers, electricians, repair technicians, and transport operators.
- iii. **Traders:** Informal sector participants involved in buying and selling goods, including market vendors, street hawkers, and small retail shop owners.
- iv. **Agro-Based Informal Workers:** Workers whose livelihoods depend on agricultural and related activities, such as urban farming, poultry rearing, dairy production, and small-scale food processing.

## 2.3 Sampling and Data Collection

### Sampling Design

The study employed a purposive stratified sampling design to capture the diversity of informal sector activities across Nairobi and Kiambu Counties. This approach ensured representation from key sub-sectors that reflect the economic heterogeneity of the informal economy while remaining practical for field implementation.

The sampling domain consisted of informal sector economic units and workers operating within selected urban and peri-urban areas in both counties. The unit of analysis was the individual informal worker or business owner.

### Sampling Frame and Units

The sampling frame included informal enterprises and self-employed individuals drawn from:

- i. Local markets, street vending areas, and roadside trading zones,
- ii. Jua Kali clusters and micro-manufacturing hubs,
- iii. Service-based enterprises such as salons, garages, and repair workshops,
- iv. Urban and peri-urban farming and small-scale food processing enterprises.

Sampling was informed by mapping exercises conducted in collaboration with County Labour Offices, trader associations, and community-based organizations (CBOs). Within each county, sub-locations with a high concentration of informal activities were identified, and respondents were selected proportionally from four main domains:

- i. **Micro-Manufacturers:** Small-scale producers engaged in tailoring, carpentry, metalwork, and handicrafts.
- ii. **Service Providers:** Individuals offering services such as mechanics, hairdressing, electrical repair, or local transport.
- iii. **Traders:** Informal sector participants involved in buying and selling goods, including market vendors, street hawkers, food vendors, and small grocers who sell agricultural and non-agricultural products.
- iv. **Agro-Based Informal Workers:** Individuals whose livelihoods depend on small-scale agricultural production or agro-processing, such as urban farmers, poultry and dairy producers, and home-based food processors.

### Sample Size and Selection Procedure

A total of 1,033 (689F, 344M) respondents were interviewed, with 599 (394F, 205M) from Nairobi and 434 (295F, 139M) from Kiambu. Respondents were purposively identified as active participants in informal economic activities. Within each domain, simple random selection was used to avoid bias. Equal weighting was applied during analysis, as the study aimed to provide exploratory insights rather than statistically representative estimates. A random sampling approach was applied to enhance the representativeness of the data and minimize bias. Initially, a total sample of 900 informal workers was targeted, with equal sample sizes allocated to each of the two counties to ensure balanced representation. This sample size was adequate to ensure statistically reliable estimates of key indicator with acceptable precision at the 95% confidence level.



**TABLE 2.1:** Sample Sizes and Responses Received

Domain	Nairobi County		Kiambu County	
	Sample	Response	Sample	Response
Micro-Manufacturers	150	178	150	147
Service Providers	150	183	150	152
Traders (including food vendors and grocers)	100	169	100	94
Agro-Based Informal Workers	50	69	50	41
<b>Total</b>	<b>450</b>	<b>599</b> (394F, 205M)	<b>450</b>	<b>434</b> (295F, 139M)

## 2.4 Sampled Locations

The study was conducted in the following locations:

Nairobi County	Kiambu County
Dandora Market	Githurai
Gorogocho Market	Ruiru, juja up to Thika (Thika Road)
Ngara Nyanyo Market	Ruaka
Kenyatta Market	Muchatha
Kariakor Market	Banana up to Kiambu town (Kiambu Road)
Githurai Market	Muthiga
	Kinoo, Kikuyu up to Wanginge (Waiyaki Way)

## 2.5 Data Collection Methods

Data for the research was gathered from both secondary and primary sources, using a range of methods including document reviews, key informant interviews (KIIs), household surveys, focus group discussions (FGDs), and direct observations. The key data collection tools employed are as follows:

- Document Review:** DRL conducted a systematic review of various secondary data sources, including, but not limited to, policy documents, labor laws, ILO conventions, the constitution of Kenya, county development plans (Nairobi and Kiambu), and prior research on Kenya’s informal economy, among others.

- Structured Survey Questionnaire:** Surveys of project participants sampled in each of the project counties were used to collect quantitative information on challenges and opportunities for promoting decent work in the informal sector in Nairobi and Kiambu County.
- Key Informant Interview Guide:** Researchers facilitated structured conversations with key stakeholders.
- Focus Group Discussion Guide:** Researchers supported in-depth discussions with targeted informal workers in the targeted locations.
- Observations:** Observations were made and photos taken to illustrate the story.

## 2.6 Training, Recruitment and Pilot-Testing

A total of 12 Research Assistants (RAs), (6 in Nairobi and 6 in Kiambu), were engaged to support data collection for the study. To prepare them for this activity, DRL organized a two-day virtual training session and a three-day in-person training session in Nairobi County. The in-person training involved two days of in-house sessions covering the use of the digital data collection software—KoboCollect—and data tools including the survey methodology, sampling procedures, research ethics, and interview techniques, followed by one full day of pilot testing.

The pilot exercise was conducted in Muthurwa market, Nairobi County in May 2025 to assess the enumerators’ understanding and application of data collection procedures and tools, while also testing the clarity and functionality of the data collection software. Insights from this pilot testing exercise were collectively reviewed by the trainers and DRL team leading to revisions and finalization of the data collection tools.



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## 2.7 Data Collection

Sampling for representation was undertaken in the following ways:

- i. **Surveys:** The study employed a structured survey questionnaire as a primary data collection tool. The survey was designed to capture both quantitative and qualitative aspects of respondents' experiences, including their economic activities, challenges, and opportunities within the informal sector.
- ii. **FGDs and KIIs:** To complement the survey data, the study employed Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) as qualitative data collection methods. Participants for both methods were purposively sampled, ensuring that representatives from diverse categories of informal workers and stakeholders in both counties were included. This approach allowed the study to capture context-specific insights and perspectives that could not be fully obtained through surveys alone. The combination of FGDs and KIIs strengthened data triangulation by validating, explaining, and expanding upon the survey findings.

Focus group discussions (FGD) involved a group of between 6-8 participants. Two RAs facilitated each session: one responsible for moderating and asking questions, and the other serving as a dedicated note-taker to ensure accurate documentation.

**TABLE 2.2:** Number of FGDs Conducted

County	No of FGDs Conducted	No. of FGD Participants
Nairobi	6	48 (38F, 10M)
Kiambu	6	48 (42F, 6M)
<b>Total</b>	<b>12</b>	<b>96 (80F, 16M)</b>



**TABLE 2.3:** Number of KIIs Conducted

KIIs Category/Area	Nairobi	Kiambu	National	Total No. of KIIs Participants
Ministry of Cooperatives and SMEs			1	1 (F)
Assistant Director Min. of Trade		1		1 (M)
Workers Association Chair	2	1		3 (1F, 2M)
Kenya Private Sector Alliance (KEPSA)	1			1 (F)
Central Organization of Trade Unions-Kenya (COTU-K)			1	1 (M)
Ministry of Labour and Social Protection	1	1		2 (M)
National Social Security Fund (NSSF)	1	1		2 (M)
Micro and Small Enterprise Authority	1			1 (F)
<b>Total</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>12 (4F, 8M)</b>

Collectively, the research study was administered to a total of 1,141 (773 Female, 368 Male) participants.

## 2.8 Data Processing, Analysis and Reporting

During fieldwork, all the e-forms submitted via the mobile application were adequately checked for accuracy and completeness before analysis, and any inconsistencies noted were promptly addressed by the field teams. After receiving all the data, the second step of analysis involved generation of syntax commands to ensure that variables are transformed appropriately for ease of analysis. The data was analyzed using the Statistical Package for Social Sciences (SPSS). Exploratory analysis was performed first to ensure that the output is free from the effects of outliers and the effect of missing responses. Descriptive statistics was the principal data analysis technique applied in this study.

For qualitative data, the transcribed texts were transferred to Nvivo 15 qualitative analysis software for analysis. Following coding of the transcripts, a full list of themes was available for categorization within a hierarchical framework of main and sub-themes. The thematic framework was then systematically applied to all of the interview transcripts. Patterns and associations of the themes were identified and compared and contrasted within and between the different groups of respondents to enhance triangulation of data. Where appropriate, data was disaggregated by sex and any other relevant criteria.

## 2.9 Validation Workshop

A draft of this report was shared with key stakeholders for review and feedback. A validation workshop was conducted where all the stakeholders were invited to gather comprehensive feedback, valuable insights, and additional information, and ensure alignment and inclusivity. Input from these stakeholders were incorporated into the final report.



# 3.0 STUDY FINDINGS

## 3.1 Background Information

### 3.1.1 Demographic Characteristics

#### i. Distribution of Sex and Age of the Respondents

The study findings revealed that the majority of respondents were female, accounting for 66.7% of the total sample, with a slightly higher representation in Kiambu (68%) compared to Nairobi (65.8%). Male respondents constituted 33% of participants, highlighting the predominance of women in informal sector activities across both counties.

In terms of age distribution, the largest share of respondents fell within the 25–34 age group (33.2%), closely followed by those aged 35–44 years (32.8%). This indicates that the informal economy is primarily driven by individuals in their productive and economically active years, underscoring its role as a critical source of livelihood for working-age populations.

#### ii. Education Level of the Respondents

In terms of education level of the respondents, majority had attained secondary education (50.7%), followed by those with post-secondary education (25.5%) and primary education (23.1%). This distribution suggests that the project engaged a relatively well-educated population, with most participants having at least basic literacy and skills to engage in informal economic activities. Only a small proportion (1.2%) reported having no formal education, highlighting that complete lack of schooling was rare among those in the informal sector.

#### iii. Marital Status of the Responders

The study also revealed that nearly half of the respondents (48.4%) were married, while about four in ten (39%) reported being single. A smaller proportion (12.6%) were separated, divorced, or widowed. This distribution highlights the diversity of marital status among informal workers, reflecting varying household responsibilities and social dynamics that may influence their economic participation.

#### iv. Types of Employment Within the Informal Workspace

The study findings show that a majority of respondents (70%) identified as self-employed, while 29.9% reported being employed within the informal sector. This finding aligns with the national estimates where 70% of informal sector workers are self-employed (Ministry of Labor and Social Protection, 2020). Among the self-employed,

62.2% were engaged as street vendors, followed by 13.4% working as waste pickers, hawkers, or cleaners, and 8.1% as artisans or mechanics.

Among those employed in the informal sector, 37.5% were casual laborers, 25.9% domestic workers, 17.8% street vendors, 6.1% artisans or mechanics, and 3.9% waste pickers. These findings highlight the diversity of livelihoods within the informal economy, with street vending emerging as the most dominant activity.

#### v. Types of Disability

A small proportion of respondents (2.6%) reported living with a disability, ranging from physical, visual, and hearing to other forms, highlighting the limited, but notable, representation of persons with disabilities within the informal sector. Nationally, the 2019 Kenya Population and Housing Census reported that about 2.2% of Kenyans aged five years and above live with a disability (KNBS, 2019). Among respondents with disability, 59.3% indicated that their disability limits their participation in daily activities, underscoring the barriers that continue to restrict their full inclusion in socio-economic development.



**TABLE 3.1:** Demographic Characteristics of the Study Population

Characteristics	Category	County		Overall
		Kiambu	Nairobi	
Sex	Male	32.0%	34.2%	33.3%
	Female	68.0%	65.8%	66.7%
Age Group	18-24 years	14.1%	13.2%	13.6%
	25-34 years	32.5%	33.7%	33.2%
	35-44 years	34.8%	31.4%	32.8%
	45-54 years	15.9%	16.9%	16.5%
	Over 55 years	2.8%	4.8%	4.0%
Marital Status	Single	40.3%	38.1%	39.0%
	Married	45.6%	50.4%	48.4%
	Separated	6.7%	6.2%	6.4%
	Divorced	3.7%	1.5%	2.4%
	Widowed	3.7%	3.8%	3.8%
Education Level	No formal education	0.7%	1.5%	1.2%
	Primary incomplete	5.5%	11.5%	9.0%
	Primary complete	14.3%	14.0%	14.1%
	Secondary incomplete	13.4%	13.4%	13.4%
	Secondary complete	41.9%	33.9%	37.3%
	Vocational training	19.4%	19.4%	19.4%
	University degree	4.8%	6.3%	5.7%
Livelihood	Self-employed	71.0%	69.4%	70.1%
	Employed	29.0%	30.6%	29.9%
Self-Employment	Street vendor	60.1%	63.7%	62.2%
	Artisan/mechanic	9.1%	7.5%	8.1%
	Waste picker/hawkers/cleaners	14.0%	13.0%	13.4%
	Other (specify)	16.9%	15.9%	16.3%
Employment	Casual laborer	34.1%	39.9%	37.5%
	Street vendor	11.9%	21.9%	17.8%
	Artisan/mechanic	8.7%	4.4%	6.1%
	Waste picker	3.2%	4.4%	3.9%
	Domestic worker	32.5%	21.3%	25.9%
	Other (specify)	9.5%	8.2%	8.7%
Disability	Yes	1.4%	3.5%	2.6%
	No	98.6%	96.5%	97.4%

### 3.1.2 Types of Goods and Services Provided

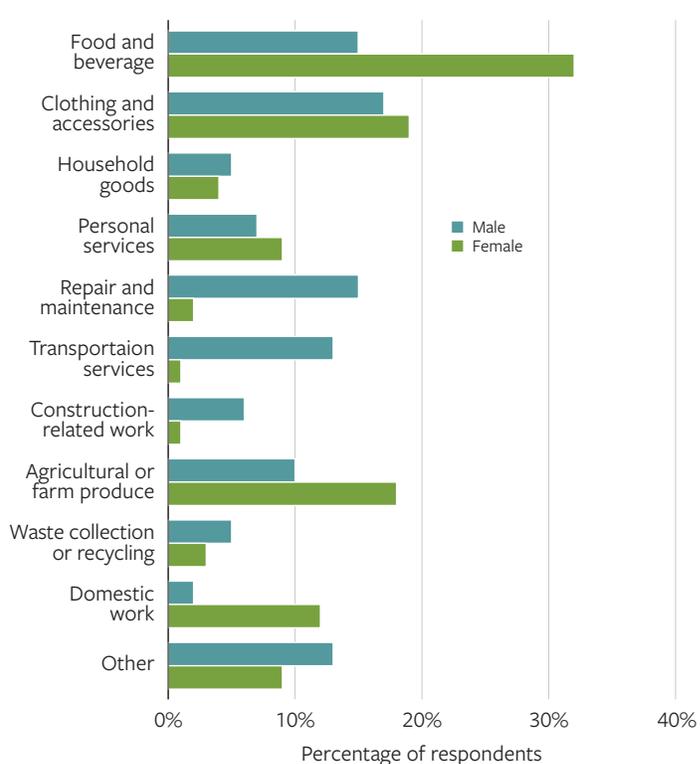
The informal sector provides a wide range of services including trade and commerce, domestic services, agribusiness, informal transport services, and food and hospitality services. Employment within this sector takes various forms such as self-employment, casual employment, and seasonal employment. According to key informants, the informal opportunities depend on the level of urbanization in the city. From the findings, food and beverage vending emerged as the most common activity overall (26.1%), with women dominating at 31.8% compared to 14.8% of men. Similarly, women were more represented in agricultural and farm produce sales (18.3%) and domestic work (11.8%), highlighting their concentration in service-oriented and household-related activities. Women also played a slightly larger role in personal services such as hairdressing and beauty (8.7%) compared to men (7.0%).

In contrast, men dominated in technical and physically intensive activities, for example, repair and maintenance services engaged 14.8% of men and only 2.3% of women, while transportation services (*Boda boda*, *Cart pulling*) employed 12.5% of men compared to just 0.9% of women. Similarly, construction-related work attracted 6.1% of men against 0.7% of women, pointing to gendered occupational segregation in the sector. Other areas such as clothing and accessories (18.2%) and household goods (4.6%) showed a relatively balanced distribution across both genders.

The majority of respondents reported lacking formal training in the areas relevant to their services and daily activities. As a result, they primarily relied on peer consultation and informal knowledge-sharing to navigate their work. Among those who had received training, most noted that it was short-term, irregular, and largely facilitated by non-governmental organizations (NGOs).



**FIGURE 3.1: Nature of Goods and Services Provided**



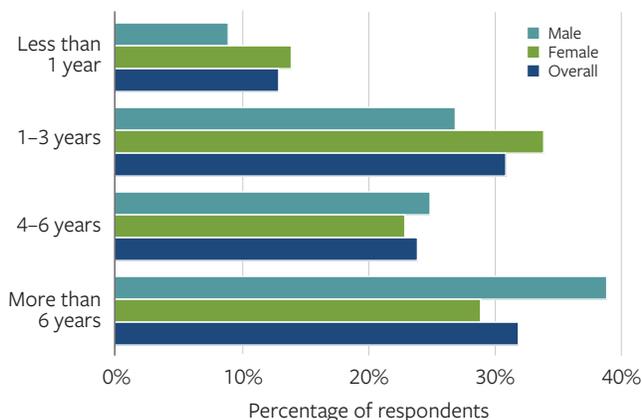
## 3.2 Assessment of Working Conditions and Compliance with Principles of Decent Work

This section describes the working conditions and the extent to which informal workers in Nairobi and Kiambu Counties comply with the principles of decent work that are outlined by the International Labor Organization (ILO). The assessment highlights both progressive and persistent gaps in achieving productive and decent employment, with a special attention to employment opportunities and income, working hours and job security, work place safety and work environment, social protection, and membership and representation.

### 3.2.1 Employment Opportunities and Income

The study examined the employment opportunities, duration of respondents' engagement in the informal sector, and their income. Results showed that the largest share (32.1%) had worked for more than six years, with male respondents (38.7%) outnumbering their female counterparts (28.9%). About 31.4% of respondents reported between one and three years of experience, with women accounting for the highest proportion at 33.5%. A further 23.9% had been engaged in the sector for four to six years, while 12.6% were relatively new entrants, having worked for less than a year. The gender differences highlighted that women are more likely to enter the sector in the short-to-medium term, which may point to differences in job stability, opportunities, and responsibilities within the informal sector.

**FIGURE 3.2: Period of Working in the Informal Economy**



The payment of informal workers is also a vital aspect of labor and economic systems, particularly in developing countries where the informal sector employs a large share of the workforce. Unlike formal workers who often receive fixed wages, informal workers are typically paid irregularly, either on a daily, weekly, or task-based basis. The study revealed that most informal workers (65.5%) were paid on a daily basis, while 19.7% received monthly wages, and 11.6% were paid per task. This trend is consistent across both Kiambu and Nairobi counties.

*“My income is not predictable because it depends on availability of customers. There are days we will get an income and other days [we] don’t get at all.”*

FGD PARTICIPANT, Nairobi County

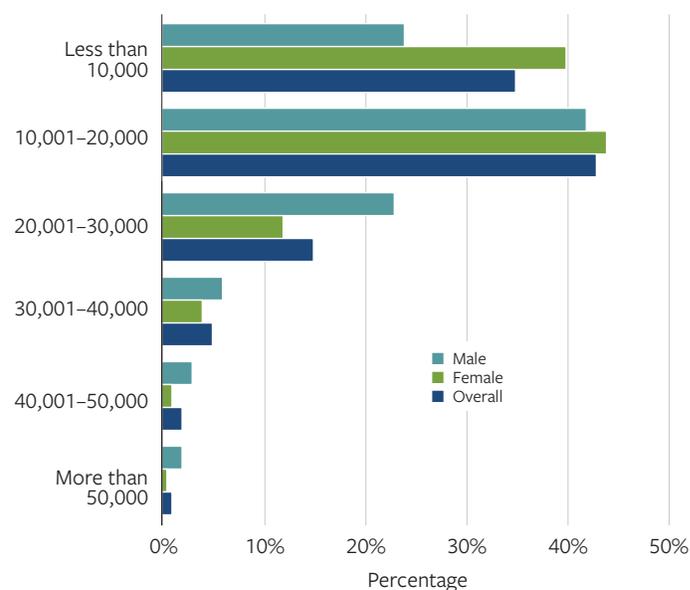
Focus Group Discussions revealed that participants’ incomes were highly unpredictable, and fluctuated due to several external and internal factors. These included the nature of employment, the absence of a permanent selling spot, and the unpredictable flow of customers. Other critical determinants were the quantity of goods sold, the number of hours worked, and prevailing weather conditions, which often disrupted business operations. Together, these dynamics created a volatile income environment that left many informal workers economically vulnerable and unable to plan effectively for their financial security.



The findings on income further showed that most informal workers are largely paid in cash (92.3%) and in-kind (7.3%). Those being paid in cash earn modest incomes, with 43.3% earning between Ksh. 10,001 and 20,000, with a higher range in Nairobi (48.6%) compared to Kiambu (35.9%). This corroborates findings of the Ministry of Labour and Social Protection Report. About three in ten (34.6%) of the respondents reported earning less than Ksh. 10,000. Meanwhile, 15.4% fell within the Ksh. 20,001–30,000 bracket, and only a small proportion earned above Ksh. 30,000 (4.5% between Ksh. 30,001–40,000 and 1.5% between Ksh. 40,001–50,000). These results indicate that low-income earnings remain predominant within the informal economy.

Income levels by gender revealed a significant gap, with 39.9% of women earning less than KES 10,000 compared to 23.8% of men. The findings also show that many women received payments in-kind such as food, shelter, or clothing rather than cash.

**FIGURE 3.3: Average Monthly Income (in KES)**



### 3.2.2 Working Hours and Job Security

The study revealed gender disparities in working conditions within the informal sector. Although women generally worked fewer hours than men, they were less likely to be given breaks during working hours, reflecting unequal treatment in daily labor practices. Moreover, only 4.2% of women reported having a written contract compared to 6.4% of men. The absence of formal contracts not only exposes workers—particularly women—to heightened job insecurity, but also contravenes both local and international labor laws and standards that underscore fair and decent working conditions. Nearly all the focus group participants mentioned working up to approximately 10–12 hours a day.

***“I normally work from 5:00 a.m. to 9:00 p.m. from Monday to Saturday because I stay at my boss’s homestead and sometimes, I wake up at night to serve my boss [when he] arrives in case he comes home late.”***

DOMESTIC WORKER, FGD, Kiambu County

A striking example emerged among domestic workers residing in their employers’ homes, where exploitative practices were evident. They reported working excessively long hours, often from as early as 5:00 a.m. until 9:00 p.m., Monday through Saturday, without additional compensation. The lack of regulated working hours and absence of overtime pay highlight the vulnerability of these workers and the exploitative conditions under which much of the informal sector operates.

***“I don’t have a contract and my income is based on how many hours I have worked on that day.”***

DOMESTIC WORKER, FGD, Nairobi County

These conditions and the lack of written contracts illustrate that without oversight of the informal economy, there is limited legal obligation or incentives to issue contracts and hence employment relationships are unregulated, low-cost, and often based on short-term, trust-based or exploitative arrangements. This limits protection for informal workers and reinforces their economic vulnerability.

### 3.2.3 Work Place Safety and Work Environment

Work place safety refers to the prevention and management of workplace risks that threaten the health, safety, and well-being of workers. Respondents were asked whether they were exposed to specific occupational risks, and the results showed significant vulnerabilities across both genders. The most commonly reported risk was fatigue, affecting 70.2% of women and 68.9% of men, highlighting the long and strenuous working hours common in the informal economy. Noise and air pollution were also widely reported, with 63.7% of women and 59.6% of men, followed closely by extreme weather conditions (57.2% of women and 54.1% of men).

***“My work environment is very poor because of noise pollution and harsh weather conditions. And we are too exposed to injuries and hazardous risks.”***

DOMESTIC WORKER, FGD, Nairobi County

Physical injuries were reported by 58.7% of men compared to 52.7% of women. In particular, key informants in the manufacturing or mechanical service sector reported that the workers face occupational hazards because most of them lack basic safety protections. Women, however, reported slightly higher exposure to poor hygiene (48.3%) compared to men (45.3%), especially in domestic work, vending, and food-related services. Finally, exposure to chemicals and waste was noted by 32.6% of men and 29.6% of women.

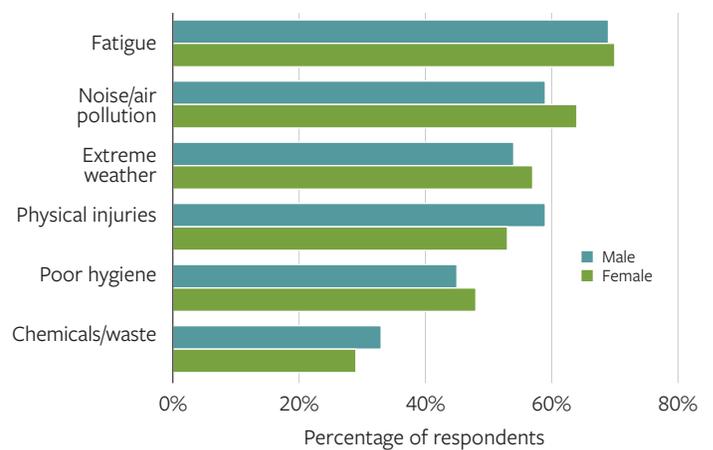
Poor workplace infrastructure also emerged as a critical concern. Almost half of the workers (45.9%) cited poor sanitation and hygiene facilities, while others reported lack of access to clean drinking water and limited availability of basic tools or equipment necessary for their work.

***“My work environment is not favorable because when it rains there are a lot of floods which makes it unbearable.”***

FGD PARTICIPANT, Nairobi County

Additionally, respondents from the key informant interviews reported that most informal workers operate under poor working conditions with some relying on temporary shelters and being exposed to harsh weather conditions. Focus group participants further highlighted the lack of proper sanitation facilities, limited access to clean drinking water, inadequate storage spaces, poor security at the market places, and lack of proper waste management. These risks were heightened by the lack of adequate protective gear or safety equipment, which affected over 40% of respondents, further exposing them to accidents and long-term health complications. These challenges not only compromise workers health and safety, but also negatively affect their productivity and ability to sustain their livelihoods.

**FIGURE 3.4: Work Related Risks**



**“I don’t have access to healthcare services since the change of NHIF to SHA because I have no idea on how to register and I also don’t have faith with our government system.”**

FGD PARTICIPANT, Nairobi County

When asked whether they had undergone any training on occupational health and safety (OHS), the vast majority of respondents (87%) reported that they had not received any form of training. This finding is consistent with the qualitative data gathered from focus group discussions, where participants similarly noted that they had never been trained on the use of protective equipment. These findings highlight a critical gap in knowledge and preparedness among informal workers, leaving them exposed to workplace hazards and risks.

Out of 1,033 respondents, 134 (13%; 82 Female, 52 Male) had received some form of training. The topics covered in these trainings were: basic occupational health and safety awareness (70.1%), first aid and emergency response (64.2%), fire safety and prevention (47.8%), personal protective equipment usage (43.3%), hazard identification and risk assessment (29.9%), workplace ergonomics (33.6%), chemical safety and handling (45.5%), and manual handling and lifting techniques (13.4%) as shown below.

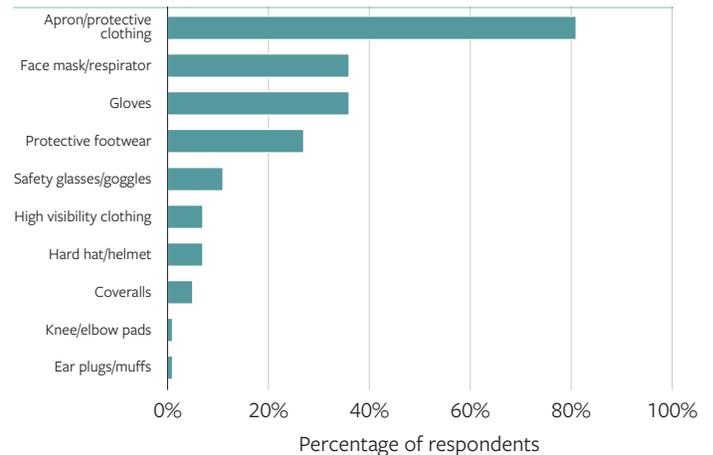
**TABLE 3.2: Areas of Occupational Health and Safety (OHS) Training**

OHS Training	Percent
Basic Occupational Health and Safety Awareness	70.1%
First Aid and Emergency Response	64.2%
Fire Safety and Prevention	47.8%
Personal Protective Equipment (PPE) Usage	43.3%
Hazard Identification and Risk Assessment	29.9%
Workplace Ergonomics	33.6%
Chemical Safety and Handling	45.5%
Manual Handling and Lifting Techniques	13.4%

About 61.1% of the respondents reported wearing protective gear while performing their duties or work. Some of the protective gears include gloves, aprons, face masks, protective footwear, goggles, reflective vests, knee pads, and earplugs. However, one respondent in Kiambu County narrated that, “I handle washing detergents with bare hands

and also walk on slippery floor barefooted. I requested my employer to provide the protective gears but he was reluctant, so I had to purchase them with my own money.” This account highlights lack of employer responsibility in ensuring occupational safety of their workers, and the financial burden placed on the informal workers to secure their own protective gear and equipment.

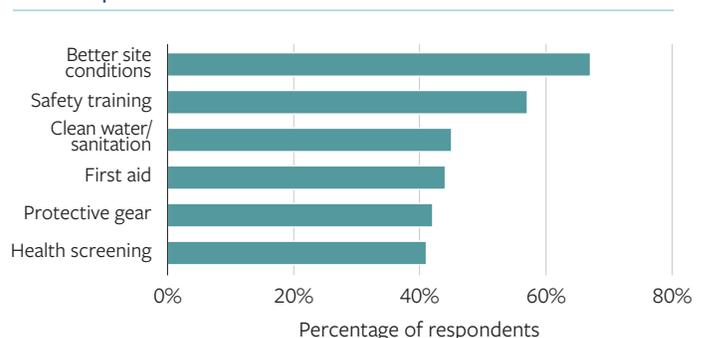
**FIGURE 3.5: Types of Protective Gears**



When asked about management of injury or illness at work and whether they receive medical care or compensation, only 22.8% reported receiving medical care at work. Focus group participants further explained that in such cases their colleagues provide them with first aid and facilitate their transfer to hospital for specialized treatment before informing close family members. However, the affected worker was responsible for covering the hospital bills as the employer rarely took responsibility.

In order to improve their working conditions, respondents highlighted these areas as a priority: improving worksite condition, training on workplace safety, accessibility of clean water and sanitation, provision of first aid service and protective gears, as well as health screening.

**FIGURE 3.6: Support Needed to Improve Safety and Health at Workplace**



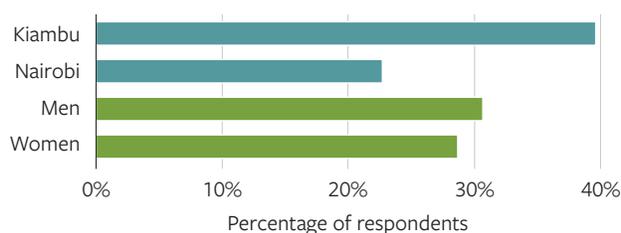
Respondents from the KIIs further reported that there were a number of initiatives that governmental and non-governmental organizations have put in place to support informal workers' Occupational Safety and Health (OSH). These organizations include; National Industrial Training Authority (NITA), County Government OSH Initiatives, Directorate of Occupational Safety and Health Services (DOSHS), and the Ministry of Labour and Social Protection, AMREF Health Africa & Kenya Red Cross Society, ILO (International Labor Organization), and Trade Unions and Worker Associations. The initiatives by these organizations are still limited in scope, but provide an important platform towards improving workplace safety in the informal economy.

### 3.2.4 Social Protection

Respondents were asked whether they had access to any form of social protection—such as health insurance, pension, or paid leave—and a striking 70.1% (out of 1,033) reported having none. When disaggregated by gender, 70.8% (488) of women and 68.6% (236) of men indicated they lacked access, pointing to widespread exclusion across both groups.

Focus group participants further explained that they had limited awareness of available options, while key informants observed that informal workers often rely on voluntary or subsidized schemes that provide only minimal coverage. Despite these efforts, uptake remains extremely low, leaving the majority of informal workers excluded from meaningful social protection. This exclusion is driven by structural, economic, and awareness-related barriers and underscores the vulnerability of the sector, where most workers remain without mechanisms to safeguard their health, income security, and overall well-being.

**FIGURE 3.7: Proportion of Informal Workers with Access to Any Type of Social Protection**



Among respondents who reported having some form of social protection, the majority indicated that they were registered for social health insurance (SHIF) (91.9%), pension schemes (30.4%), or Work Injury Benefits Act (WIBA) insurance (4.5%). Even fewer respondents reported benefiting from livelihood or cash assistance programs (3.2%), maternity or paternity benefits (2.6%), and disability support (1.9%). While, participants reported registration with some form of social protection, they still lack trust with the government system.

### 3.2.5 Barriers to Accessing Social Protection

Respondents highlighted several challenges that prevented them from accessing social protection benefits. The most common barrier was the high cost of contributions or premiums (55.2%) - minimum monthly premium of Ksh. 300, which make these schemes unaffordable for many informal workers with low or irregular incomes. This was echoed by the focus group participants who explained that they often default on payment or pay late due to lack of a stable income. The second major challenge was lack of awareness (37.6%) about available benefits. Additionally, 33.5% of respondents reported lack of trust or confidence in the system.

Structural and administrative barriers were also noted, with 23.4% citing ineligibility due to informal work status and 21.5% pointing to complicated registration or application processes. Other obstacles included limited benefits (16.2%), lack of necessary documents for registration (14.3%), and benefits not being offered in their sectors (13.0%). Only 10.9% of the sampled population indicated that they lacked the time to apply or complete paperwork. There was no significant difference between age, gender, and barriers to accessing social protection.

**TABLE 3.3: Barriers to Accessing Social Protections**

Barriers	Responses
High cost of contributions or premiums	55.2%
Lack of information or awareness about available benefits	37.6%
Lack of trust or confidence in the system	33.5%
Ineligibility due to informal work status	23.4%
Complicated registration or application process	21.5%
Benefits are too limited or not useful	16.2%
Lack of necessary documents (e.g., identification, proof of income)	14.3%
Benefits are not offered in my area or sector	13.0%
No time to apply or complete paperwork	10.9%
Discrimination or exclusion from social protection schemes	8.9%
Other	2.3%



The study further revealed that in the event of misfortunes such as illness, theft, or loss of stock, informal workers primarily rely on informal social safety nets rather than formal mechanisms. The majority of respondents (73.4%) reported turning to family support, followed by friends (48.8%). A smaller proportion reported receiving help from religious groups (21.8%), colleagues (20%), and local support groups (17.7%).

**“Yes, I belong to chama and we support one another in things like sickness, school fees, etc.”**

FGD PARTICIPANT, Nairobi County

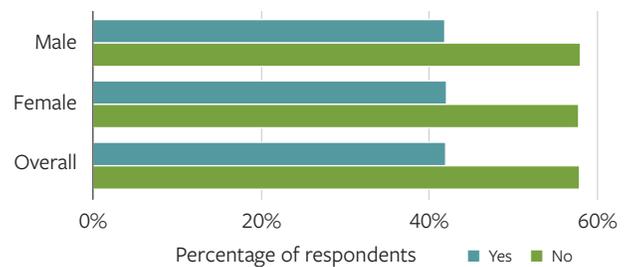
### 3.2.6 Membership and Representation

Group membership is often considered an important mechanism for enhancing social support, access to credit, and collective bargaining power among informal sector workers. The study explored whether informal workers in Nairobi and Kiambu counties were members of any group or association, such as trade unions, workers associations, savings groups, welfare associations, or trade cooperatives. Findings revealed that 42.0% of respondents reported belonging to a group or association, while the majority (58.0%) were not affiliated with any. Gender differences were minimal, with 41.9% of men and 42.1% of women reporting membership. In a study undertaken in 2021 by Federation of Kenya Employers (FKE) and ILO (2021), it was established that only 34% of the informal owners belonged to an association which corroborates findings of this study.

Majority of focus group participants reported to belong to *merry-go-round*, and SACCOs, while some belong to associations and workers union. Statistically, for those who were members, 48.8% reported being in welfare associations; 44.5% in SACCOs, which often serve as key avenues for financial security and mutual assistance; 16.1% were associated with worker associations; 14.7% in Cooperatives; 13.7% in trade unions and 6.5% in table banking and *merry-go rounds*.

When asked whether they belonged to any group that supports them during times of crisis, less than half of the respondents (46.5%) reported being members of support groups. Membership was slightly higher among women (47.8%) compared to men (43.9%), suggesting that mostly women rely more on organized community or welfare groups for support. Nonetheless, the overall low level of participation indicates that a significant majority of informal workers lack access to structured support systems, leaving them vulnerable to shocks such as illness, theft, or loss of income. There is no difference between age, gender, and their belonging to any association membership.

**FIGURE 3.8: Membership To Any Group or Association**



Among respondents who reported not being members of any worker’s group or association, several key reasons were highlighted. The most common barrier was high membership fees (39.6%) for new-members, suggesting affordability remains a critical challenge in joining such organizations. Another 32.9% indicated they were simply not aware of the existence of worker groups or unions, reflecting gaps in outreach and sensitization. FGD respondents who reported to belong to groups said they lacked confidence and the associations offered limited support.

Those who were not members of any groups mentioned that the associations were weakly structured and lacked the capacity to effectively advocate for the members rights.

**“I am not satisfied with the representation because we never meet as members and they don’t address our grievances at all.”**

FGD PARTICIPANT, Nairobi County

Other notable reasons included perceptions of limited benefits or support associated with membership in such groups (24.9%) and a lack of interest in joining (23.0%). Additionally, 21.5% of respondents reported they did not trust or feel comfortable with trade unions or associations, while 28.2% felt that such groups were not necessary for their

line of work. Time constraints were also a factor, with 12.7% noting they did not have time to join or participate, and 8.2% stating they did not qualify for membership. A smaller portion expressed fear of job loss or retaliation (7.7%) if they join.

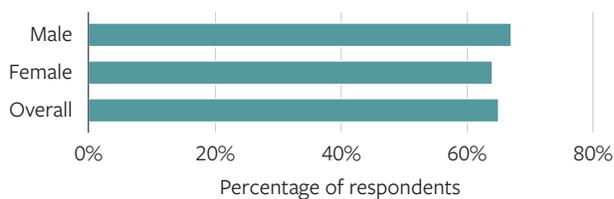
### 3.3 Awareness of Labor Rights

*“Yes, I am aware of my rights for example; regular working hours, overtime, holidays, off-days and regular rests during working hours.”*

FGD PARTICIPANT, Kiambu County

Awareness of labor rights is a critical component for workers in the informal economy as it enables them to demand fair treatment, decent working conditions, and protection under the law. When respondents were asked about their knowledge of rights, approximately 65% (out of 1,033) reported that they were aware of their rights as informal workers. However, gender differences emerged: 66.6% of men indicated awareness compared to 63.7% of women, suggesting that women are slightly less likely to be informed about their entitlements. Focus group participants also mentioned that they were aware of their rights such as the right to protection from abuse and harassment, access to fair wages, safety and health in the workplace, and the right to join a union.

**FIGURE 3.9: Proportion of Respondents Who Are Aware of Their Rights**



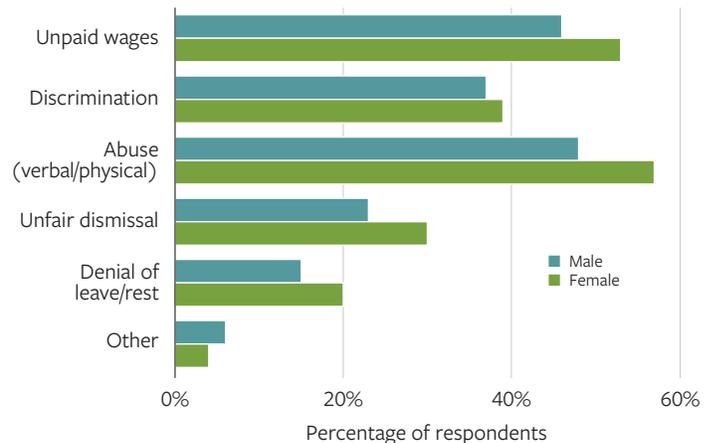
Respondents from KII further noted that the labor rights in the informal sector are partially upheld. They attributed this to weak enforcement of labor standards, inadequate access to social protection, and the widespread lack of written contracts, resulting to multiple forms of labor rights violations, with women consistently reporting higher levels of abuse compared to men. The study findings revealed that the most common issue was abuse (verbal or physical), affecting 56.7% of women and 48.0% of men. Similarly, unpaid wages were reported by over half of the women (53.1%) compared to men (46.3%).

*“County officials always take our products when we fail to pay the daily fee and they never return them.”*

FGD PARTICIPANT, Nairobi County

38.7% of women and 36.7% of men reported to have experienced discrimination, while unfair dismissal was reported by 30.3% of women compared to 23.1% of men. In addition, denial of leave or rest days was highlighted by 20.3% of women and 15.3% of men. A small proportion of respondents cited other violations such as harassment, poor work environment with 5.7% among men and 4.1% among women. FGD participants added that they faced frequent harassment from county officials along other violations such as salary delays and working extra hours without compensation.

**FIGURE 3.10: Proportion of Respondents Who Have Experienced Violation of Rights**

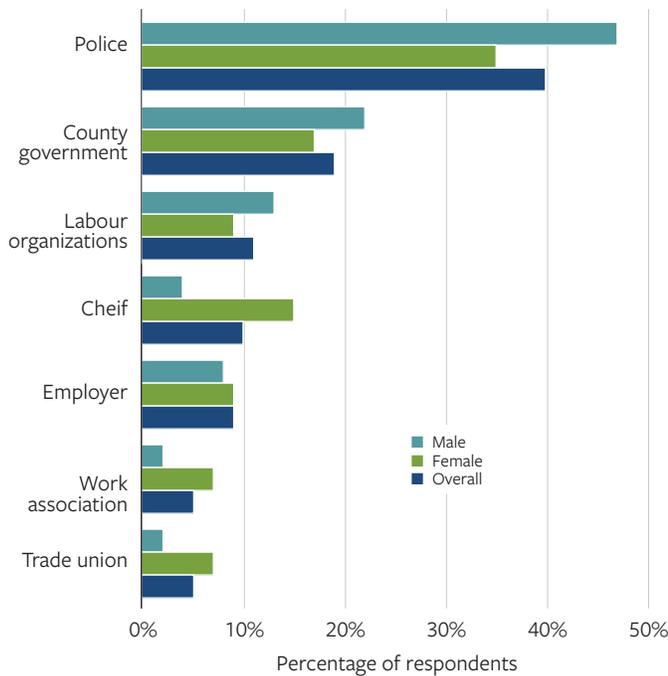


When asked whether they knew where to report labor-related grievances, 56.4% of respondents were aware, with a negligible gender difference (56.7% of men and 56.3% of women). Focus group participants similarly noted that they were aware of existing reporting channels, however, they expressed mistrust highlighting that in many cases, the officials who are mandated to support them are the very ones who were perpetuating harassment and abuse. This perception explains why respondents who were probed on whether they had ever reported any labor-related issue, only 10% confirmed having done so, with a higher proportion of men (13.4%) compared to women (8.3%).

Among those who reported grievances, the majority took their cases to police (40.4%), County Government (19.2%), labor offices (11.1%), and area chief (10.1%). A smaller proportion sought help from worker association and trade union representatives. Notably, fewer women reported cases

compared to men. These findings suggested a clear gap between awareness of reporting mechanisms and the actual utilization of these avenues.

**FIGURE 3.11: Where Issues Were Reported**



When asked whether they were aware of any organization they could contact for legal or labor rights support, about 48% of respondents reported they knew. Among those, the frequently mentioned organizations were the County Government (56%) and the Ministry of Labor and Social Protection (36%), reflecting the visibility of government institutions at both county and national levels. Other organizations cited included the Kenya National Human Rights Commission (KNHRC) (29%), the Central Organization of Trade Unions - Kenya (COTU-K) (24%), and the Federation of Kenya Employers (FKE) (19%). Non-governmental organizations (NGOs) were identified by 15% of respondents, while religious organizations were mentioned by 12% of the respondents.

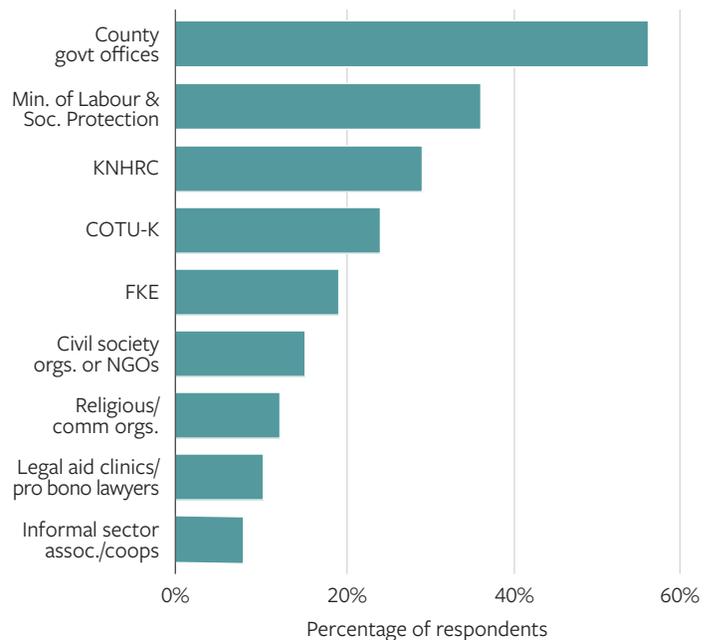
*“I can report the grievances in the market committee or the county government offices.”*

FGD PARTICIPANT, Nairobi County

Respondents from KII further indicated that both the government and non-governmental organizations are mandated to address workers grievances for instance, labor offices handle unpaid wages, sexual harassment, unfair termination, and discrimination. The Employment and Labor Relations Court (ELRC) is mandated to hear cases involved

in unfair termination, discrimination, underpayment, and violation of constitutional labor rights. Trade Unions and Worker Associations represent employees legally, and the Collective Bargaining Agreements (CBAs) negotiates to safeguard workers’ rights and improve their working conditions.

**FIGURE 3.12: Organizations Supporting Labor Rights**



### 3.3.1 Awareness of Government Policies and Support

The Constitution of Kenya, 2010 gives direction on how the rights of workers needs to be protected. Specifically, Article 41 guarantees the right to fair remuneration, reasonable working conditions, safe and healthy work environment, and freedom to join a trade union for every worker. The Employment Act, 2007 recognizes both formal and casual employment relationships and provides legal protections such as: right to wages, leave entitlements, and protection against unfair termination. Section 37 allows casual workers to enjoy certain benefits if employed continuously for 3 months or more. The National Social Protection Policy (2022), on the other hand, recognizes the need to extend social protection to informal workers, promoting access to SHIF and NSSF for informal contributors, among others. These laws and polies guarantee the right to fair labor practices for every worker including both formal and informal workers.

The respondents were asked about their level of awareness of these policies. An overwhelming 92.6% of respondents indicated that they were not aware, with a slightly higher proportion of women (93.8%) compared to men (90.4%). This limited awareness points to a significant gap in policy communication and outreach. It was further noted from the key informants that the existing policies do not fully respond

to unique challenges faced by informal sector workers. Most laws assume informal work is often casual, self-employed, or family-based, hence labor inspections and enforcement mechanisms rarely reach informal workplaces.

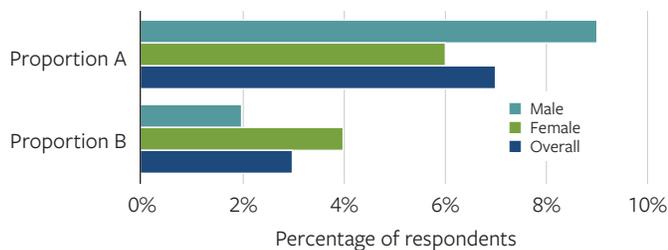
*“The policies are adequate, implementation and follow up to see whether they are making impact is what we should strive to achieve.”*

KII RESPONDENT, Kiambu County

Respondents from the key informant interviews noted that the Kenyan government has several programs that offer support to informal workers. Among them is the Uwezo Fund which offers financial support to informal workers at the constituency level through the Member of Parliament. The government also set aside 30% of government procurement for women, youth, and people living with disabilities. The Women Enterprise Fund and the Youth Fund are meant to boost youth and women entrepreneurs. They further noted that the National Youth Opportunities Towards Advancement (NYOTA) have positively impacted the small businesses across the counties by facilitating them with capital and production equipment to stimulate productivity. The government also provides a platform where local manufactures are encouraged to exhibit their products from time to time.

However, the respondent’s perceptions of the existing government support were negative. Majority of respondents (70.8%) rated the current interventions as not effective. Strikingly, only 3.7% of respondents reported having ever received any form or direct support from the government. Disaggregated by gender, just 2.3% of men and 4.4% of women had benefited from such initiatives.

**FIGURE 3.13: Proportion Aware of Government Policies and Reported Receiving Support from Government**



**Proportion A:** Proportion aware of any government policies/programs related to the informal economy

**Proportion B:** Proportion reported having received any form of support from the government and NGOs

### 3.4 Government Actions and Their Impact on Informal Sector

*“Yes, we mostly face harassments from the city council if we don’t pay them and sometimes even when we pay them, they still harass us.”*

FGD DISCUSSANT, Nairobi County

Key informants and focus group participants noted that county government evictions and demolitions, often carried out at night, result in significant loss of livelihood, with no alternative spaces provided for displaced workers. They further noted that when fire outbreaks occur at market places, traders are not compensated for destruction of their property. The FGD participants further reported harassment by county *askaris* (security enforcement officers) causing fear and trauma among workers, especially women and youth, leading to damaged relationships between traders and government. These challenges increase their level of poverty, stress, and insecurity.

### 3.5 Formalization Strategies

The process of formalizing the informal economy is increasingly recognized as a key driver of inclusive growth, poverty reduction, and social protection. In Kenya, where the informal sector accounts for the majority of employment and income generation, strategies for formalization are essential to enhance productivity, safeguard workers’ rights, and expand access to social and economic opportunities. Anchored on global frameworks such as the ILO’s Recommendation No. 204 and aligned with Vision 2030, and the Sustainable Development Goals (SDGs), this approach emphasizes regulatory reforms, improved access to finance, expanded social protection, skills development, and the creation of supportive infrastructure.

Respondents from the KII mentioned informal business owners need to be encouraged to formally register their enterprises, and that government should promote inclusive formalization pathways such as strengthening and enforcing legal rights and enhancing worker representation, as well as ensuring effective implementation of labor standards to safeguard the wellbeing of informal workers. In addition, respondents noted that the government needs to create an enabling environment for the informal workers by developing friendly policies that support their livelihoods and promoting access to international trade opportunities to help them expand their enterprises.

*“I would like the government to work hand in hand with the union to ensure that our rights are well considered by the employers.”*

FGD PARTICIPANT, Kiambu County

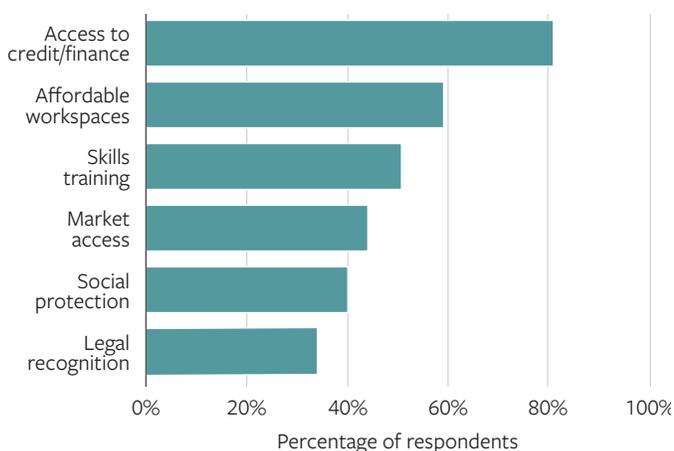
Other priorities identified by informal workers to improve their livelihoods and working conditions included access to credit and finance, with an overwhelming 81.6% of respondents citing it as essential for business growth and sustainability. This was followed by the demand for affordable workspaces (59.1%), reflecting the challenges many workers face in securing safe, reliable, and accessible places to operate from.

*“There is need to involve Informal workers during policy formulation and decision making at the national level so that their needs can be addressed.”*

KII PARTICIPANT, Nairobi County

Over half of the respondents (51.7%) emphasized the importance of skills training, pointing to the need for capacity-building to enhance productivity and competitiveness. Similarly, market access (44.6%) was identified as a key requirement as many informal workers struggle to reach customers beyond their immediate localities. In addition, 40.7% of respondents highlighted the need for social protection, underlining their vulnerability to economic shocks, illness, or accidents. Lastly, about a third (34.1%) called for legal recognition, stressing that formal acknowledgment of their work and enterprises would help secure their rights, improve access to services, and reduce exploitation.

**FIGURE 3.14: Priority Needs for Formalization**



### 3.6 Long-Term Aspirations

*“I hope one day the government will sponsor exhibitions nationally and also market us internationally.”*

FGD PARTICIPANT, Kiambu County

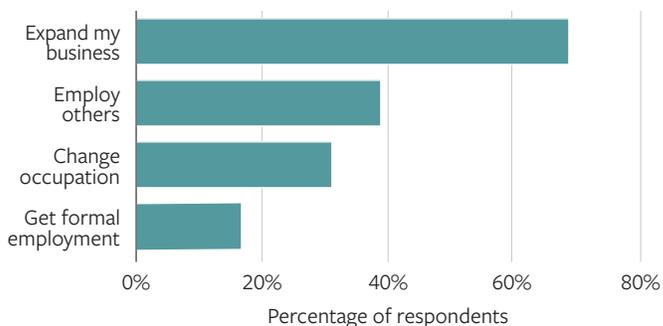
When asked about their long-term aspirations, the majority of informal workers expressed a desire to expand their businesses (69.1%), which was also echoed by focus group participants, signaling strong entrepreneurial ambitions and a need for greater financial and capacity-building support. About 39.8% hoped to employ others, reflecting not only individual growth goals but also a potential multiplier effect on job creation within their communities. Meanwhile, 31.8% aspired to change their occupation, likely driven by dissatisfaction with low earnings, insecurity, or poor working conditions in the informal sector. A smaller proportion (17.6%) indicated that they wished to secure formal employment, suggesting that while some workers see informal work as transitional, many views it as a long-term livelihood strategy if better supported.

*“There should be a multi sectoral approach to include the key players in the same sector to work in synergy to increase productivity and learn from each other.”*

KII RESPONDENT, Nairobi County

The focus group participants were also in agreement with this, however, they were asked what needed to be done to enable them achieve their aspirations. Majority of them mentioned inclusive financial support and access, permanent and accessible working spaces, reinstated hawking hours, financial literacy training, and enforcement of government laws and regulations that protect the rights of informal workers. The KII respondents on the other hand mentioned that to enable the long-term aspirations of the informal workers, there is need for multisectoral collaboration between the government, non-government, informal sector, and civil societies to come up with strategies that will be mutually beneficial.

**FIGURE 3.15: Long Term Aspirations**





Courtesy of Jonathan Torgovnik/Getty Images/Images of Empowerment

## 4.0 CONCLUSION AND RECOMMENDATIONS

### 4.1 Conclusion

This study makes the following conclusion based on the study objectives:

- i. The study established that workers continue to face precarious livelihoods characterized by irregular and inadequate earnings, insecure job arrangements, long and unregulated working hours, unsafe occupational environments, and little to no access to social protection or benefits. These conditions highlight the vulnerability and systemic exclusion of informal workers, leaving them exposed to exploitation and economic insecurity. The findings underscore the urgent need for targeted and sustained interventions aimed at improving job security, enhancing occupational safety, expanding access to social protection, and ensuring decent and dignified work.
- ii. The study established that while the government of Kenya has put in place policies, legal frameworks, and support programs aimed at protecting informal sector workers, significant gaps remain in enforcement and practical implementation from the legislators and adaptation by employers. Many informal workers are either unaware of these policies or unable to access the programs designed to safeguard their rights and improve their livelihoods. This disconnect highlights the urgent need for greater sensitization, stronger enforcement mechanisms, and inclusive policy dialogues to ensure that existing frameworks translate into tangible benefits for the informal sector workers.
- iii. The findings of this study underscore that compliance with decent work principles, as articulated by international frameworks and Kenya's national labor policies, remains limited within the informal sector. While the International Labor Organization (ILO), to which Kenya is a signatory, emphasizes the protection of workers' rights—including fair wages, safe working conditions, and access to social protection—the reality on the ground falls short of these standards. This persistent gap between policy commitments and actual practice reflects the structural challenges facing informal workers, who remain excluded

from many legal and institutional safeguards. Bridging this gap requires a coordinated, multi-stakeholder approach that brings together government institutions, trade unions and worker associations, employers' organizations such as FKE, civil society organizations, and informal workers themselves to align labor practices with decent work standards. Such collaboration is critical to promoting fair, safe, and sustainable livelihoods in Kenya's informal economy.

- iv. The need for formalization in Kenya's informal economy is both urgent and transformative, offering pathways to inclusive growth, enhanced productivity, and stronger social protection. Key informants and respondents alike stressed the importance of enterprise registration, enforcement of labor standards, and inclusive policies that safeguard livelihoods while expanding opportunities for growth. The high demand for access to credit, affordable workspaces, and skills training highlights the structural gaps that hinder workers' sustainability and competitiveness. Likewise, calls for improved market access, social protection, and legal recognition demonstrate the vulnerability and aspirations of this sector. Development of a formalization policy requires a holistic strategy that not only strengthens regulation and access to finance, but also promotes capacity-building, decent work and integration into broader markets, ensuring that the informal sector evolves into a resilient and equitable pillar of Kenya's economy.



## 4.2 Recommendations

The study provides the following recommendations:

- i. To address the precarious working conditions faced by informal sector workers, the government should strengthen institutional capacity, and adapt inspection and enforcement mechanisms to ensure compliance with occupational safety and labor standards. In addition, the government should introduce a simplified OSH checklist tailored to for the informal economy, expanding access to affordable social protection schemes specifically made for to informal workers.
- ii. To bridge the gap between policy and practice, the government should actively engage and involve informal workers and worker-led organizations in the formulation and policy development and implementation of policies through awareness campaigns and training. It should also streamline and simplify administrative procedures to reduce bureaucracy. The policies must be supported by dedicated budgets and clear incentives to ensure their practical government impact.
- iii. To strengthen compliance with decent work principles in Kenya's informal sector, the government should expand labor protections and social protection schemes to cover informal workers. Civil society and trade unions should play an active role in raising awareness, advocating for workers' rights, and empowering informal workers. Targeted awareness campaigns and training programs should be implemented to strengthen informal workers', particularly to women, youth and PWDs, in order for them to understand their rights and the available support programs mechanisms.
- iv. To accelerate the development of comprehensive formalization policy, the government—working in partnership with private sector actors, civil society, and development partners—should adopt an integrated formalization strategy that directly responds to the priority needs voiced by informal workers.



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