

The Importance of the Informal Food Sector in the Kisumu Food System

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This policy brief is informed by the findings of the ESRC/DFID-funded Consuming Urban Poverty Project (CUP) (formally called “Governing Food Systems to Alleviate Poverty in Secondary Cities in Africa”). Work in Kisumu was conducted in 2016-2017 and generated data on food security, food systems and governance. The implications of the project’s findings are presented here.

Kisumu City

Kisumu, the third largest city in Kenya, with a population of about 500,000 residents, experiences unique food security challenges. The city depends on distant supply sources of food, despite being surrounded by rich agricultural lands supporting large-scale sugar and rice production. Research by Mireri et al (2007) found that the urban food poverty level is high (53%) in Kisumu when compared to Nairobi (8.4%) and Mombasa (38.6%).¹ The daily food requirements of most residents of the city are obtained via informal traders who are often at loggerheads with municipal authorities.

Kisumu is characterised by a fast-growing and predominantly youthful population. The CUP study established that 36% of members of the sampled households were children younger than 16 years of age, while cumulatively 73% members of the sampled households were younger than 30. Unemployment levels were high at 31% for household members aged 20 years and older. The CUP project found high levels of food and nutrition insecurity. The food and nutrition security challenge facing the city is the result of far more than just food availability. It is aggravated by inadequate urban infrastructure and services, particularly in the informal settlements, where more than 60% of the city’s population reside.

The CUP study revealed that a significant proportion of Kisumu residents are food insecure. Using the FANTA suite of food security indicators, specifically the Household Food Insecurity Access Prevalence (HFIAP) scale, it was found that 71% were either moderately food insecure (26%) or severely food insecure (45%). Further, nearly 86% of sampled households had a Household Diet Diversity Score (HDDS) of six or less, indicating a high likelihood for potential malnutrition.

Access to food for the poor

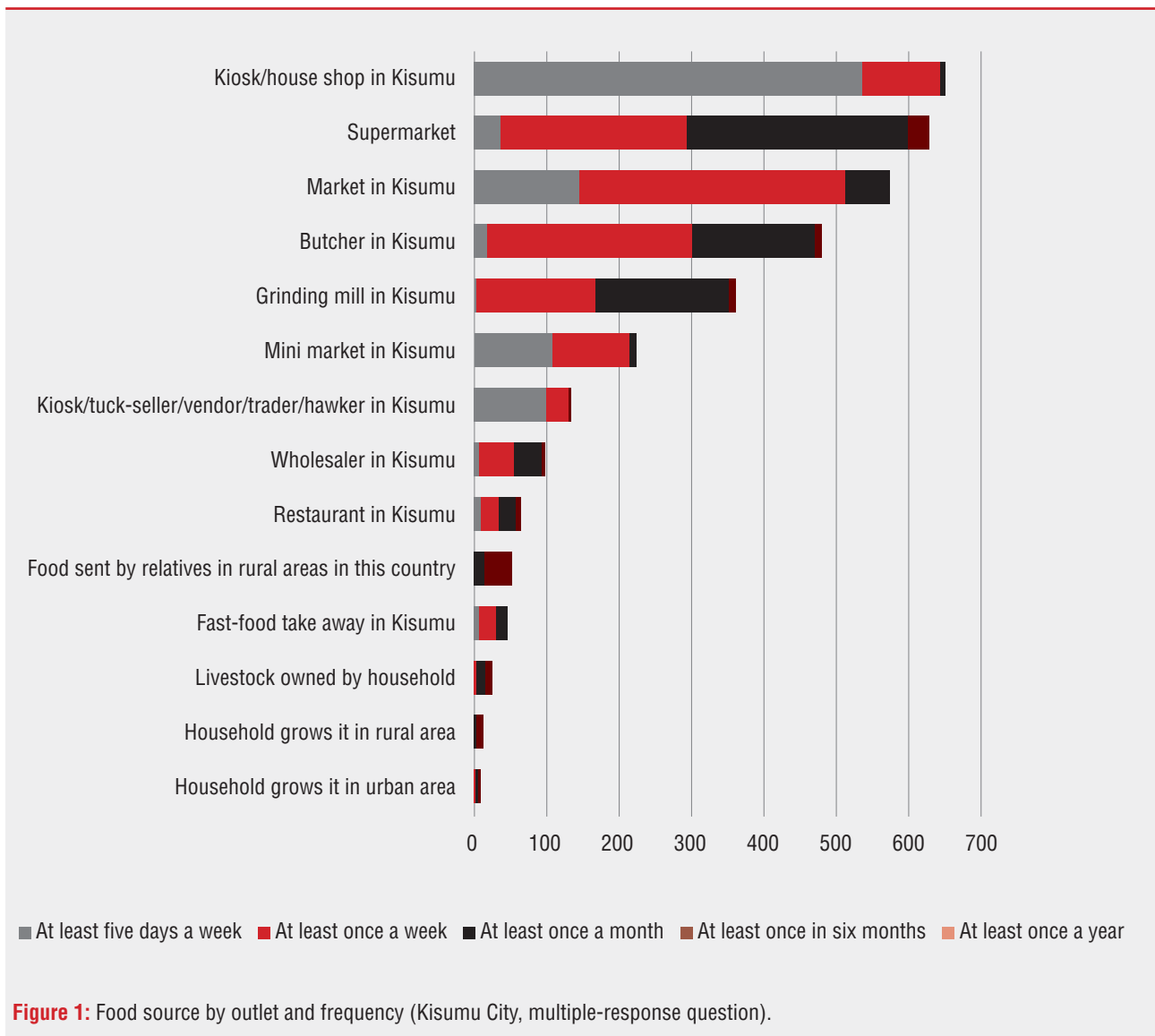
Food is generally available in the city through trade, and the food system is capable of supplying adequate food for the city. However, many households are challenged by poverty, and therefore cannot afford to purchase food in the market. When food is accessed, the primary source of food for most residents of Kisumu is the so-called informal food sector, including municipal market traders, street vendors, house shops and shore-side fish vendors.

This study supported the findings of other similar African city scale studies² confirming that the informal sector is not only an economic activity, but also an essential food access point for most urban residents. Food in cities “hinges primarily on the individual or household’s ability to purchase foodstuffs, which in turn depends on household income, the price of food and the location of food outlets”³. While supermarkets represent a key player in the food system, they are generally accessed less frequently, and most respondents indicated that supermarkets were used mostly for staples, not fresh goods.

¹ Mireri, C., Atekyerezab, P., Kyessic, A., and Mushic, N. (2007). Environmental risks of urban agriculture in the Lake Victoria drainage basin: A case of Kisumu Municipality, Kenya. *Habitat International* 31: (2007) pp 375-386.

² Crush, J. and Frayne, B. (2011). Supermarket expansion and the informal food economy in Southern African cities: Implications for urban food security. *Journal of Southern African Studies* 37(4): 781-807.

³ Ibid.



In Kisumu, evidence from the CUP study suggests that nearly 75% of residents sourced food from informal traders at least five days in a week. Informal traders build long-lasting relationships with residents enabling them to offer food on credit. Of the retailers surveyed, 65% indicated that they offer credit to customers, and those offered access to credit were mostly regular customers (49%), clients with a good credit history (21%) and well-known locals (10%). Offering credit is a key business strategy, used strategically to attract and retain customers.

Informal retailers were found to be located in multiple areas, including in and around municipal-designated markets. However, a key distributional trend was the citing of informal trade in residential areas and at major transport nodes – areas that conveniently serve the food needs of the poor. This strategy assists the poor and food insecure, eliminating the cost of travelling to municipal markets and supermarkets. The flexibility of operational hours of informal traders also enables ease of access, meeting the demand gap left by formal traders who have more fixed operating hours.

The CUP study found that informal traders sell a wide variety of foods. While the most traded food products were fruits (26%) and vegetables (25%), sugared drinks was a significant third at 20%. Snacks (chips and crisps), bread, fried foods and sweets were also frequently sold. The least traded products were frozen fish, live chicken, frozen meat and fresh fish. These results indicate that the most traded products were those that were ready to eat or cheaper and easier to prepare, and ready snacks. The sale of sugared drinks and snack items links to an increasing consumer demand coupled with a lack of services and infrastructure that would enable prolonged storage, specifically refrigeration. These deficits influence what is sold, but also trader purchasing patterns. The least traded are those foods that require more energy to cook and/or preserve. Availability and access to healthy foods is thus limited by inadequate access to energy and storage facilities. Food security can therefore be enhanced by supporting informal traders through the provision of electricity, food preservation and sanitation facilities.



Figures 2 & 3: Traders selling products in non-approved areas, often adjacent to designated trade areas (images: Samantha Reinders).

Supporting livelihoods in the informal food system

Food retail is a key component of the informal sector, which is an important source of livelihoods for many residents of Kisumu. Kisumu's urban economy hinges on the vibrancy of the informal sector. Analysis of the distribution of household income sources of the sampled households revealed that informal sources of income (360 cases) were more prevalent when compared to formal sources of income (210 of cases); a position consistent with other research into the informal sector in Kenya.⁴

Food retail is a permanent livelihood activity, particularly for women traders, who were the majority (70%) of food retailers surveyed in Kisumu. Evidence from the CUP study indicates that not only did women dominate the food retail sector, but also, women had significantly longer tenure in the sector, suggesting a permanent livelihood activity as opposed to a temporary survivalist engagement. The CUP study established that 52% of food retailers started their businesses because they saw an economic opportunity, while 31% were engaged in the food retail business because they needed a livelihood – but had never been employed. Due to the poor state of the economy and high rates of unemployment, food retail is one of the primary economic opportunities to earn a living, as expenditure on food is a priority for all, including poor households.

Traders in the food retail sector support many dependants through their business. It was established in the CUP research that 63% of the surveyed traders support up to five household members; 35% support 6-10 household members and 2% support more than 10 household members through their food retail enterprises. This indicates the importance of informal food trade in the livelihoods of households.

Creating employment in the informal food system

The food system has great potential for employment creation in Kisumu, given the primacy of food in household expenses for all classes of the population. Informal food trade provides employment to both traders and their employees, although such employment is limited. Single-store ownership and operation was found to dominate the Kisumu retail system where 90% of the retail outlets surveyed were owner operated. The low engagement of extra staff is explained by the small size of the businesses, which are usually managed by the owner and staffed by a few family members. While employment of extra staff is low, this does play an important role in a city where unemployment is a critical economic issue.

The food retail sector is particularly important in providing work opportunities for women, given that local (Kisumu region) traditions tend to regard food provisioning as a woman's role. Many traders who trade in neighbourhoods are able to make extra income while still managing their traditional household roles. A further factor is that informal food retail is less capital intensive when compared to other ventures.

The informal food system not only improves physical access to food, but also creates opportunities for income generation, which is critical in a city where access to food depends on cash income. The CUP study found that 85% of households do not produce food for their household and food security is contingent on purchased food. The foremost cause of food insecurity for low-income earners is lack of access. The informal food sector in Kisumu provides an opportunity for low-skilled workers to make an income and enhance their food security situation, while at the same time enables food in formats and ways that are attuned to the food access needs of the poor.

⁴ Institute of Economic Affairs (EIA) (2017). *Unemployment Policy as an Agenda for Elections 2017*. Nairobi: EIA Policy Brief Issue No. 2. June 2017.

Efforts to enhance food security in Kisumu cannot ignore the key role played by the informal sector in the food system. Households in the city depend on food purchased from the informal food retailers. There is a need for deliberate efforts to explore opportunities for enhancing the food and nutrition security of the city's residents. Such efforts should focus on supporting the informal sector to improve access

to food and improved nutrition, and create opportunities for entrepreneurship and employment. Informality is driven by the high levels of poverty and unemployment, and until these issues are effectively addressed, efforts to limit the informal sector will remain punitive and restrictive, rather than enabling of economic growth and prosperity.

Policy Recommendations

- Policy interventions need to support informal traders, be tailored to support operations, enhance livelihoods within the system, and enable optimal operational outcomes for both city management and traders.
- Incentives (such as tax, licensing, health compliance, permitting) should be provided to encourage informal traders to support trade activities.
- Municipal systems should be responsive to the needs and challenges of the traders – ultimately seeking mutually agreeable ways to reduce conflict between traders and government authorities.
- Multifunctional urban land use, for example, blocking some streets temporarily for traders to operate and licensing food retailers in residential areas and transport nodes for the convenience of both traders and their clients, requires proactive consideration.



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