



STATE OF
**INFORMAL SECTOR
MANUFACTURING
IN KENYA 2022**

Jua Kali the Unsung Hero

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Acronyms

GDP	Gross Domestic Product
ILO	International labour Organization
KAM	Kenya Association of manufactures
KEPSA	Kenya Private Sector Alliance
KNCCI	Kenya National Chamber of Commerce and Industry
KNFJKA	Kenya National Federation of Jua Kali Associations
MSME	Micro Small Medium Enterprise
MTP	Medium Term plan
NGO	Non-Governmental Organization
SEZ	Special Economic Zone



Study Methodology

Study tool	Online & Telephone survey Expert Interviews
Sample Design	Purposive {Counties; Kilifi, Kajiado, Nairobi, Kisii, Kisumu, Kakamega, Embu, Trans Nzoia Narok, Homabay, Uasin Gishu, Elgeyo Marakwet Makueni, Kitui, Nyeri, Nyamira, Nandi, Kirinyaga, Turkana, Isiolo and Nakuru} Random {Within counties} Purposive {Counties; Kilifi, Kajiado, Nairobi, Kisii, Kisumu, Kakamega, Embu, Trans Nzoia Narok, Homabay, Uasin Gishu, Elgeyo Marakwet Makueni, Kitui, Nyeri, Nyamira, Nandi, Kirinyaga, Turkana, Isiolo and Nakuru} Random {Within counties}
Sample Size	170

Acknowledgement

Deepest gratitude to Viffa county teams that worked tirelessly to bring the report to fruition. A big thank you to all entrepreneurs in all the target counties who participated in the survey as well as key experts who shared their expertise. Special thanks to the Kenya National Federation of Jua Kali Associations for supporting the project from inception to close out.

Introduction

Kenya's economy expanded by 7.5 percent in 2021 supported by manufacturing, wholesale retail, real estate, transport and financial services.

The manufacturing sector contributed 7.2 percent to GDP having expanded by 6.9 percent in 2021 compared to a 0.4 percent contraction in 2020.

The sector is a key pillar in vision 2030 and features prominently in subsequent medium term plans {MTP 1 to 3} although it has averaged a growth rate of 2.9 percent between 2011 and 2019.

Manufacturing in Kenya is structured as follows;

- Jua Kali
- Medium
- Micro
- Large
- Small

Medium to large manufactures constitute 5 percent of total population but contribute 60 percent of the sectors GDP contribution with Jua Kali, micro and small constituting 95 percent of population while contributing 40 percent of the sectors GDP contribution.

Jua kali in Kenya is synonymous with informality and is defined by ILO as a group of production units comprised of unincorporated enterprises owned by households, including informal own-account enterprises and enterprises of informal employers (typically small and non-registered enterprises).

On average top manufacturing sectors over the last decade are;

- Textile and Clothing
- Petroleum
- Nonmetallic minerals
- Beverage and Tobacco

Further as of 2013 locally manufactured goods comprised 25 percent of Kenya's export with Kenya's products commanding a paltry 7 percent of the regional market.

Cognisant of the potential for micro small manufacturers who are largely informal in nature to support significant socio economic development, there is need to have a deeper understanding of informal manufactures in order to apply pragmatic and relevant intervention hence unlock their immense value.

Viffa together with other partners conducted an exploratory study through a survey tool between 10th-31st May 2022 with the following objectives;

- Establish informal manufacturing sub sectors
- Establish informal manufacturing business model
- Establish informal sector unique challenges and proposed solutions



Sub Sector Distribution

1. Woodwork/Carpentry & Joinery
2. Metal Fabrication (Welding & Metal Fabrication)
3. Textile/Fashion Design
4. Leatherworks
5. Hair Dressing and Beauty Therapy (incorporating salons & barber shops)
6. Tailoring & Dressmaking
7. Beadworks and Basketry
8. Handicrafts/Carvings (Woods and Soapstones)
9. Chemicals Processing (Incorporating Detergents, Paints, Lotions, Liquid Soaps etc),
10. Electrical and Electronics (Mobile Phones repair, Home appliances, Computer Repair etc)
11. Plumbing works
12. Building works (Masonry, Brickworks, Tile laying, Interiors finishing)
13. Artisanal mining (gold and other precious stones/minerals)
14. Motor Vehicle Mechanics (incorporating electrical wireman, bodypainting, upholstery, bodybuilding/panel beating etc)

Cluster / Location Distribution

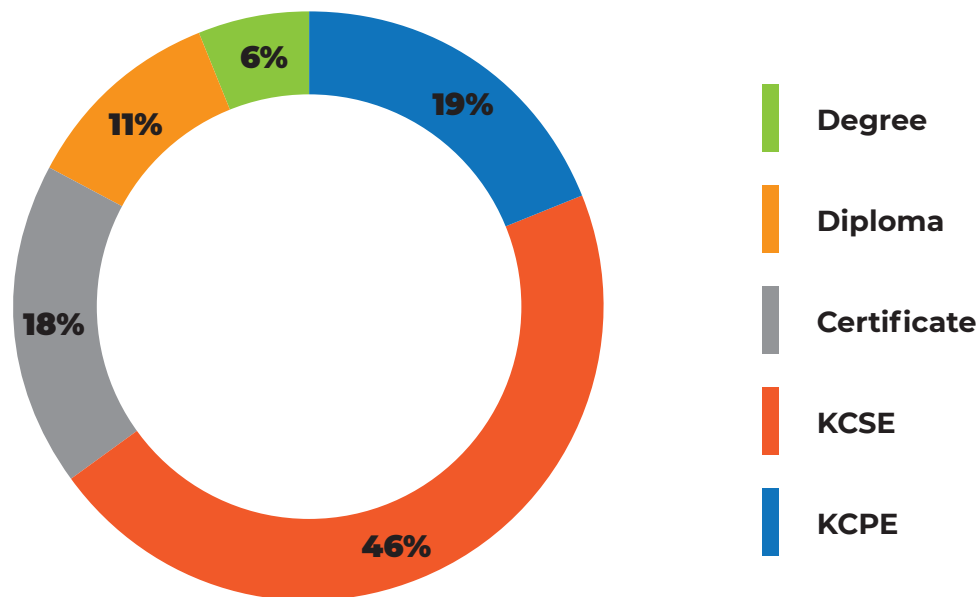
1. Kitui Urban Jua Kali Association
2. Mariakani jua Kali association in kilifi county
3. Kitengela
4. Mariakani Eldoret
5. Langas Kisumu Ndogo Road/ Illula ICDC
6. Ngasha Langas Eldoret
7. Kapseret
8. Kesses
9. Elgeyo Marakwet Jua Kali sector Food Processing - Iten ICDC
10. Kapsabet
11. Iten
12. Kaplelach

Cluster / Location Distribution

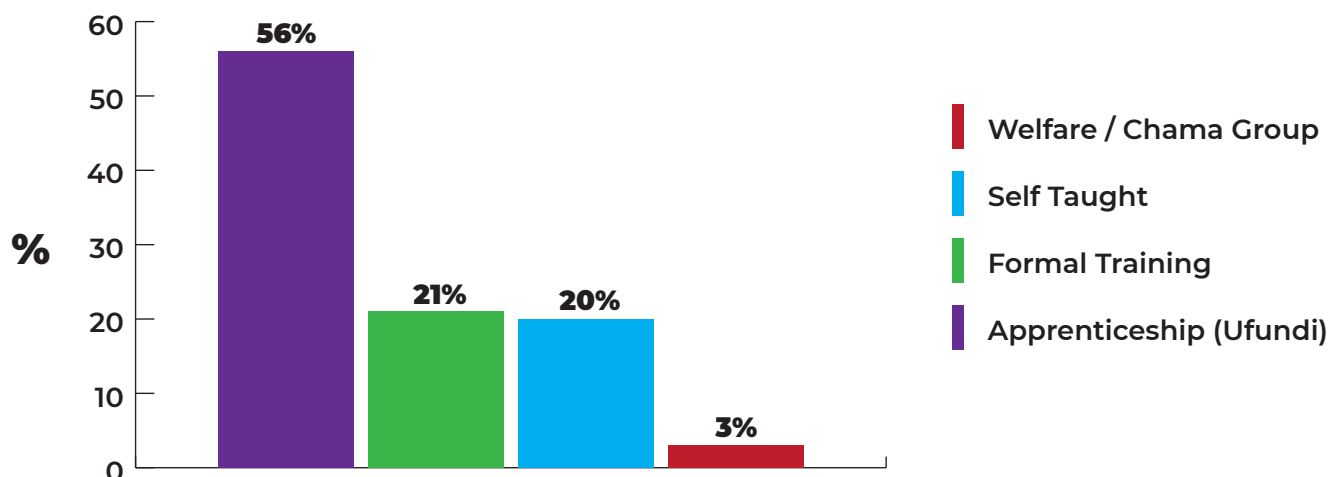
13. Nandi park
14. Nairobi - Uganda Road near Shell Filling station Rupa's Mall
15. Turkana County - Textiles and Apparels - Akwang'
16. Turkana County - Chemical Processing - Lodwa
17. Turkana County - Metal Fabrication - Turkana Industrial park
18. Turkana County - Textiles and Handcrafts - Lodwa town center
19. Turkana County - Textiles - Behind Dingkru fashions
20. Turkana County - Bead works and Traditional Attires
21. Narok County - Handcrafts and Commercial Crafts
22. Narok County - Food Processing and Value Addition - Transmara
23. Kisumu County - Chemicals Processing and Water hyacinth products- Takawiri
24. Kisumu County - Ornaments and Ornamentals
25. Nandi County - Textiles - Mosoriot at the Highway
26. Uasin Gishu County - Motor vehicle mechanics - Steel mills
27. Uasin Gishu County - motor vehicle injector pump diagnosis - Bandaptai
28. Uasin Gishu County - Uniforms, security/guards regalia manufacturer - college house underground
29. Kisii County - Curios from soft stones - Tabaka
30. Eldoret - manufacturing of Planters - near Moi Girls garages
31. Eldoret - Motor vehicle mechanics - exhaust pipe - Mosop garages
32. Eldoret - Textiles - Uniforms and Official bags - Tairi mbili own compound
33. West Pokot County - Motor vehicle mechanics - wiring Makutano
34. Uasin Gishu County - ICT , Printing, Cyber cafe - Zion Mall
35. Eldoret - Carpentry and woodworks - executive sofa sets - along Highway to chepkoilel junction
36. Eldoret - motor vehicle mechanics - engine diagnosis - Wareng
37. Uasin Gishu Langas - Carpentry and woodworks -
38. West Pokot - Bead works - village
39. Eldoret - Leather works - shoes - Corner house 2nd floor
40. Homa Bay County - Fishing/fish vendoring - Homa Bay Beach
41. Isiolo Fiaya
42. Kirinyaga county - Refined honey- Kariithi



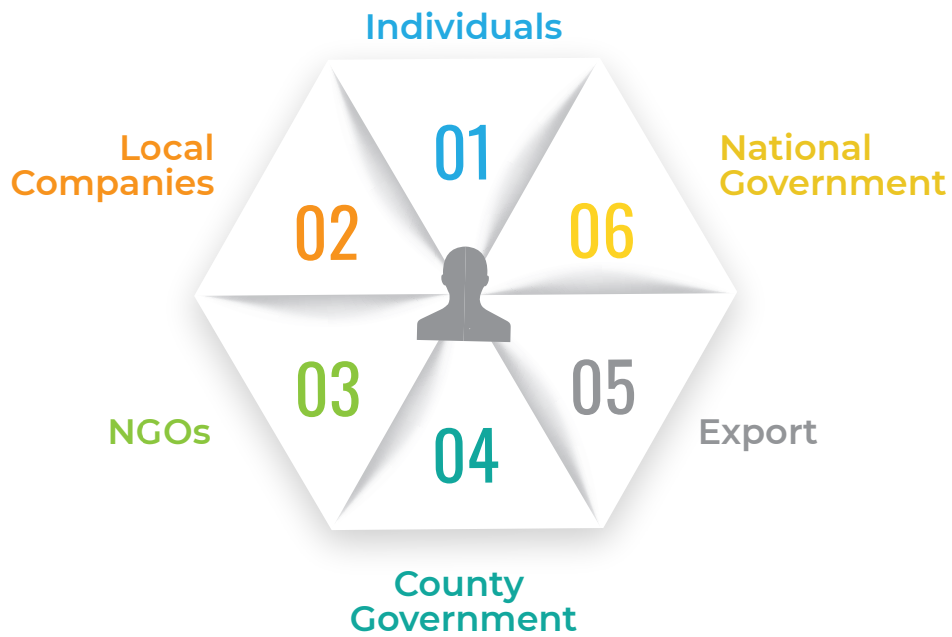
Highest Education Level



Work Skills Acquisition



Customer Type



Top Technology Adopted



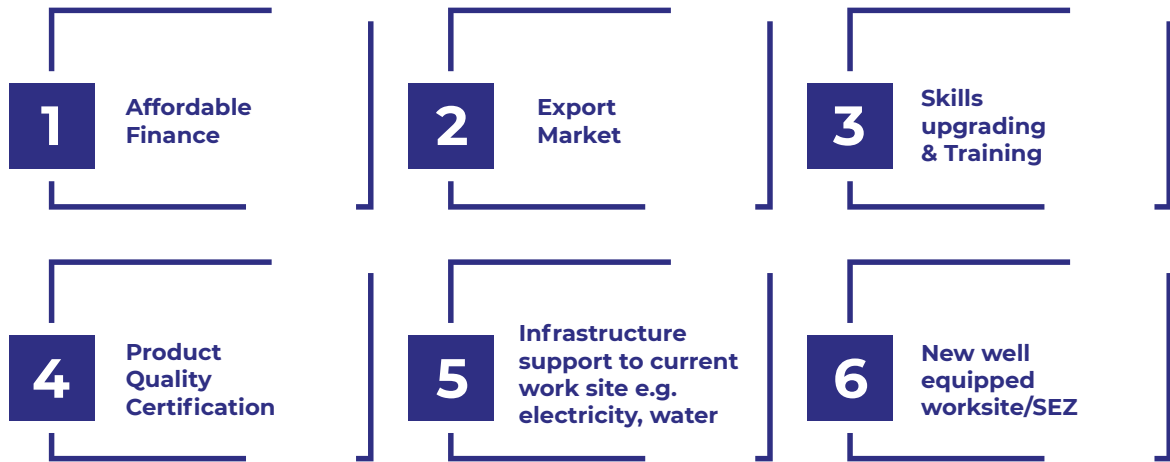
Customer Acquisition (last 12 months)



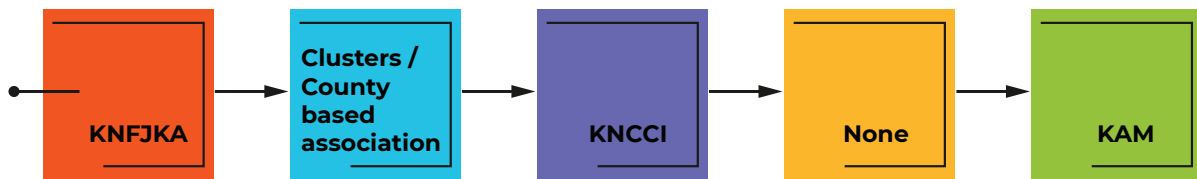
Challenges Faced

1. Access to Market
2. Access to Finance
3. High County Council Fees
4. Business Registration
5. Obtaining Product Quality Certification
6. Equipped and Safe Work Site
7. Access to Equipment and Tools
8. Lack of Social Security
9. Lack of Insurance Cover
10. Lack of Government Recognition through Lack of Data
11. Lack of Government Skills Upgrading of Informal Sector
12. High Input/Raw Material Cost

Support Needed for Business Growth



Advocacy Membership Subscription





References

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