

PLANNING COMMERCIAL DEVELOPMENT IN A RAPIDLY URBANIZING POPULATION

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ABSTRACT: *This research project is an attempt towards outlining the planning of commercial development in the context of a rapidly urbanizing population and the problems and limitations facing such national efforts. A lot of importance is attached to underlining various possibilities and priorities in a well-defined management and planning system. This project also looks at development of research and problems of availing information for decision making in the process of planning, management and development of commercial activities. It is envisaged that information and knowledge about planning commercial development and management of commercial activities is significant in the achievement of the national goals of development. The study examined the character of commercial development and patterns of consumer behavior in Kisumu city which is a rapidly expanding settlement. The study also looked at various ways employed by the government to regulate informal trade, identify planning intervention for fixed retail development and finally made policy recommendations for planning commercial development.*

KEYWORDS: Street Trading, Informal Trade, Commercial Development, Planning

INTRODUCTION

The urban population is rising and at the same time shifting in character from predominantly rural to increasingly urban. According to the UN-HABITAT Global Activity Report (2015), it is expected that two-thirds of the world population will be living in urban areas by 2050. In Africa, thousands of new towns and cities will emerge as it crosses the 50% urban threshold shortly after 2030 (Pieterse, Parnell & Haysom). This high rate of urbanization and high population growth rate play a major role in the development of commercial activities and urban human settlements (World Economic Forum, 2011). Cities have in the past suffered because of poor governance and management. In order to achieve sustainable urbanization, governance and management, they must be streamlined with the Kenya Vision 2030, Sustainable Development Goals (SDG) (UN-HABITAT, 2015) and the New Urban Agenda. SDG 11 (the 'urban goal') calls for making cities and urban settlements inclusive, safe, resilient and sustainable.

The Kenya Vision 2030 provides a spatial illustration of National projects and a strategy for land development as well as addressing issues such as settlement, environment, transport and economic development (GoK, 2007). The New Urban Agenda seeks to offer guidelines on a range of enablers that can cement the relationship between urbanization and sustainable development. Lack of know how among the indigenous people, lack of equitable distribution

of economic resources, and inadequate concern by the government and community for the informal sector generally have been observed to be significant negative forces. Therefore, the development of the informal sector has been slow and insufficiently beneficial to the economy despite the fact that substantial individual benefits have been devoted to them. The relationship between governance, poverty and use of space for economic activities is also a major factor for consideration (Haysom, 2016). As a result of the negative forces, two major sub sectors of industrial commercial development have generally occurred, viz a formal sector mainly organized through state parastatals or major private cooperations and enterprises, and an informal sector, informally organized and working in most cases within marginal resources and against the stipulated controls and standards.

Kisumu city which is the study area has grown over time from a railway terminus and inland port on Lake Victoria, to become a sub-national administrative, commercial, and communication center. The population of the city has grown from a small town of 32,431 residents in 1969 to 404,467 in 2009. The current population comprises of about half a million residents. The city is strategically located at the confluence of a major transport system of the Great Lakes region. Mireri, Atekyereza, Kyessic and Mushic (2007) notes that this region links Kenya, Uganda, Tanzania, Burundi, and Rwanda making it economically important beyond its local catchment area in Kenya.

Research Problem

Any casual observer passing through most of Kenya's urban centres, mainly along major roads cannot help but notice the intense commercial activities in the vicinity of market places. Commercial activities in a rapidly urbanizing population are not only vibrant but surprisingly diverse. The commercial sector includes retailing, bookselling, hardware, bicycle repairs, agricultural bulking and trading, soft drink wholesaling, household goods, personal care goods, food sales, textiles and the likes, stalls, and in the open air market. On the whole, businesses are quite small, most being a part of what is often referred to as informal sector. Commercial activities mainly in the informal sector in Kenya have never followed any specific plan over the years. This has created problems which generally seem to be closely related to the high rate of population growth and the process of urbanization in the country. There seems to be the danger that if decisive action is not taken, then most of the country's urban centres will in the near future become unmanageable. There is thus an urgent need to come up with solutions and apply current and more realistic and relevant standards. To fulfill this, it has become even more urgent to study closely the actual situation and wishes of the people concerned before introducing solutions. Thus, appropriate measures and skills are needed to ensure effective and efficient planning and management of commercial development. Also required is information about the various commercial activities taking place in these urban centres so as to aid in developing relevant policy solutions to the identified problems associated with commercial development.

Study Objective

The objective of this study was to look at the process of planning, management and development of commercial activities in a rapidly urbanizing population. The research questions included; What is the character of commercial development and patterns of consumer behavior in the expanding settlements? Which ways have been employed by the government to regulate informal trade in the expanding settlements? In what ways has the government

invested in market place facilities? Which planning intervention have been devised for fixed retail development in the rapidly urbanizing settlements?

Justification

There has been lack of know how among the indigenous people, lack of equitable distribution of resources, and inadequate concern by the government and community for the informal sector. These have generally been observed to be significant negative forces. Therefore the development of the informal sector has been slow and insufficiently beneficial to the economy despite the fact that substantial individual benefits have been devoted to them. The study will therefore assist in to gathering information for appraising the informal commercial activities in the physical planning process.

Through this research, additional knowledge has been produced further to the findings of Downtown (2003). This study has also contributed to knowledge generation by building on the exiting ideas suggesting interventions on planning for informal trade. It is anticipated that the study findings will be useful in many ways such as disseminating knowledge in seminars, educational journals and reference texts which will enrich the academic field.

METHODOLOGY

A total number of four sites in the city were sampled for mapping. These were Nyalenda informal settlement Jubilee Market, Kibuye Market and Oginga Odinga Street. These sites were chosen because of various reasons. Nyalenda informal settlement was selected because it is one of the largest informal settlements in the city. It also houses residents of mixed income categories. Jubilee is the main municipal market and is located next the main bus station. Kibuye is the largest market in the city while Oginga Odinga Street is the main street in the Central Business District (CBD). Data was collected using hand held tablets. The use of this tool enabled the collection of the geo-coordinates of 2,167 retail outlets mapped in these sites. Ayany Street was selected for pre-testing of the survey. Mapping of the retail outlets formed a basis for sampling for a more detailed retail survey. Pre testing of the survey tool confirmed that a 90% response rate was achievable; and therefore at least 363 retailers were surveyed. As a result of the diversity of types of retail outlets and the targeted sites, it was necessary to adjust the number upwards to 550 retail outlets. Purposive sampling was used to select the respondents in the four sites, ensuring that the whole area was covered and there was diversity in the typologies of retailers and respondents were proportionately distributed across the study sites. The process involved an in-depth survey into retail operating processes, and the retail environment.

RESULTS AND DISCUSSIONS

Character of Commercial Development

The process of planning commercial development need to be seen in a much broader perspective than is currently done by many urban planners. It is important to accept that in the context of the developed and developing countries, there are two principal types of trading activities namely the informal and the formal trade. In both cases the process of development

of these trading activities is highly interdependent. They cannot therefore be studied, planned or developed in isolation. It is also important to recognize the dynamic nature of the development of both trading activities and the important role played in these processes by other related factors for example rural-urban migration, infrastructure provision and distribution of services, population, its growth, distribution, the economic factors of production and employment (Onyango, Olima & Onyango, 2012).

All municipal markets are constructed and designated by the government. Majority of inhabitants of Kisumu city depend on the markets for their daily supply of goods. Jubilee and Kibuye hold great significance for local retail as they are the main source of supplies for the smaller markets and informal traders in the city. Apart from the markets, informal retailers are found on the streets, in informal settlements, and in the CBD. Taxes are collected from street traders in a bid to collect more revenue even though they trade on undesignated retailing spaces. Roever (2014) notes that the contribution of the informal traders to revenue generation goes beyond the local level to national government through payment of Value Added Tax (VAT). In this regard, the overwhelming majority of respondents who pay VAT certainly contribute to national government revenue as well.

Records at Kisumu City Hall show that there are about 10,000 hawkers in areas not designated as markets. This situation has been posing a big challenge in maintenance of cleanliness and smooth movement in the city. According to Wagah, Amimo and Midheme (2016), informal traders are not evenly distributed in the urban public spaces but occupy areas they consider prime for their business enterprises. Such areas attract more customers, and there is little evidence of decentralization of informal traders to the outskirts of the CBD which has very few clientele. There have been efforts to remove hawkers from the CBD but this has been a challenge as a result of politicization of the issue that came out during the 2007 electioneering period. They were by then promised by politicians that they would not be evicted from the city centre. The famous French government funded Kisumu Urban Project (KUP) had been seen as a solution to the menace. The initiative allocated Sh. 770 million for the construction of three markets namely Jubilee, Kibuye and Otonglo. These markets were supposed to host 12,000 people. The project stalled and as a result the residents continued to live with the hawker menace. "Once these leaders get you off the streets without a place to go that will be all. So we will wait until the 'promised land' is ready before we can move" said Amos Ochieng, a hawker on Jomo Kenyatta Highway. Chamber of Commerce and Industry Regional Chairman Israel Agina said traders, especially in the CBD, had expressed concern about the peddlers. "Main businesses rent houses, pay tax and other relevant licenses while hawkers place similar products right at the entrances of their stores to compete with the main businesses. This is not what we would expect," he added. Those who hawk have an upper hand because their goods are easily spotted and slightly cheaper than ours because they do not pay for space," said Kennedy Odhiambo, a trader.

Patterns of Consumer Behavior

Despite the increasing presence of supermarkets and large retailers in Kisumu city, small scale trade, either on streets or roofed markets, remains one of the main providers of goods and services for the urban population. The study established that 28% of retailers traded on the street edge. A further 8% of the traders were mobile thus moving from street to street with their goods. This is usually in disregard of city authority regulations. Street trading is most common in informal settlements and at the main transport corridors connecting residential areas within

the city. These include the main bus park in the city center (Plate 1) and public transport parks in residential areas.



Plate 1: Street Trading within the CBD

This type of trading as an activity is not carried out in designated areas but along pavements and within road reserves (Owino, 2016). Onyango et. al (2012) also explains that informal traders often occupy spaces near banks, business premises like supermarkets and transportation nodes which attract the largest possible volume of sales. Informal structures are usually constructed along the streets and in many instances, they are demolished and the traders evicted to facilitate road construction. It has been noted that eviction is not a permanent solution to bringing order in the city. It only pushes informal traders to peripheral areas where they hardly get adequate customers (Lindell, 2010). This is because such areas are often less accessible and insecure and in the long run, the traders make their way back to these undesignated spaces. There are a number of factors which determine the location of businesses. The study found out that more than 27% of retailers in permanent outlets traded at their locations because of availability of space. A further 26% chose their locations because of the available business opportunity. Affordability and economic factors accounted for 18% and 16% respectively. Lastly, 13% traded at their premises due to seasonality. This include, for instance, in case there is a specific event to be carried out. Because of these factors, trading activities are concentrated in the major markets and in residential neighbourhoods and on the streets. The latter targets residents and passers-by along the streets.

Regarding retailers busiest trading times, the majority of the respondents ranked morning (8.00a.m. to 11.30a.m.), late afternoon between 4.30p.m and 6.30p.m and early afternoon between 11.30a.m. and 2.00p.m. These findings translated to 49%, 47% and 43% respectively. These operating hours generally correspond with the times of the day when the movement of people is greatest, reflecting the respondents' responses indicated passing traffic and commuting to and from work and home among the main reasons consumers frequent their businesses. It is likely that the spatial distribution of the informal retail outlets may experience variation in their busiest trading times with the street edge, standalone and home-based outlets benefiting more from the busy hours of the day. Evening hours between 6.30p.m. and 9.00p.m. were ranked the fourth busiest trading hours with 30% of the respondents indicating

so. This is important because many formal retail shops begin to close during this period which means the continuous operation into the night by some informal retail outlets is crucial to filling whatever demand gap there remains.

Most retailers close between 6.30pm and 9.30pm accounting for 46.3%. It is evident from the findings that those retailers who close latest do so between 9.35pm and 11.59pm accounting for 9.8%. As concerns trading days, 27% of the respondents reported trading on Sundays. This was followed by Saturdays and Fridays accounting for 19% and 18% respectively. It is evident from the findings that over 86% of the respondents traded on Monday through to Friday. Trading activities within the CBD are realized on Monday to Friday due to the influence of workers. Those who trade on Saturdays and Sundays combined account for 46%. This means that as the formal retail shops, some informal traders do not operate during the weekends. This could be as a result of religious reasons. Secondly, it is to cater for those businesses in the CBD that target formal sector workers who do not work during weekends (Figure 1). These formal sector workers in most cases have free time to shop on Saturdays and Sundays. Weekends also afford many people some days off to rest which is associated with increased social and economic activities. Thirdly, there are more activities in the city on Sundays, as a result of spill-over from Kibuye market.

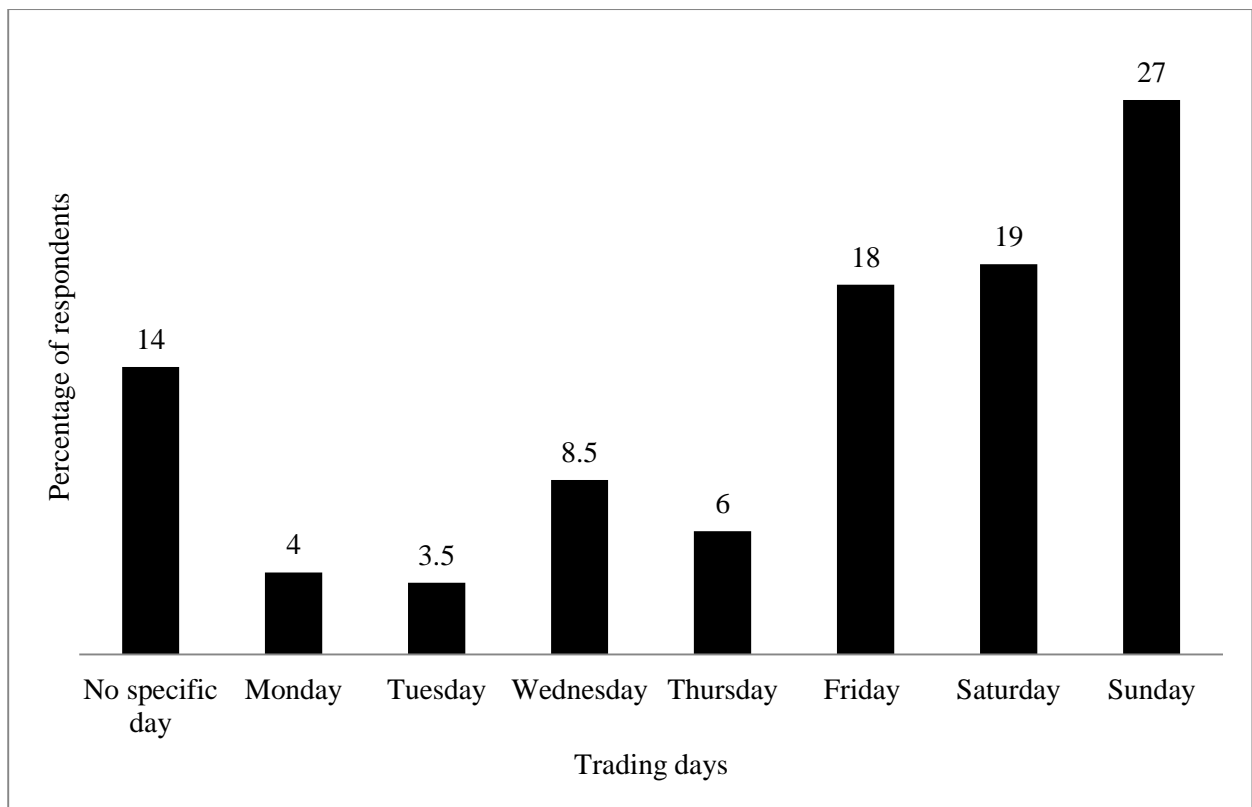


Figure 1: Operating Days of Informal Traders as Established via 2017 Field Survey

Challenges Faced by Informal Traders

The problem of informal traders will not end by simply removing them from the streets. What is needed is a permanent solution. Informal traders contribute a great deal to the economy by paying millions of shillings in various taxes. Today, informal traders are running a substantial part of the economy as they sell a substantial number of shiploads of goods daily. Hawking as

an informal trade has become a common feature in most towns and has had a negative impact including congestion and insecurity. Yet it cannot be condemned altogether because it offers many people the opportunity to earn an honest living and sustain their families. The challenge is for County Governments to plan for informal traders and create conducive environment that can promote their activities. County governments have to include small scale traders in their plans. They need to build more markets and establish the right infrastructure for this cadre of traders. Indeed, the unfortunate thing about urban growth in Kenya is that it is allowed to take its own direction. Nobody ever considers the fact that the rising urban population needs markets to buy provisions. Nor do they consider those unable to get formal employment for whatever reason.

Informal trade is one of the most neglected sectors of the economy, which however, if organized could lead to a high employment generation zone. Informal trade provides income earning opportunities for a large number of people. Though it is often regarded as unproductive and stagnant, we see it as providing a wide range of low cost labour intensive competitive goods and services. Not only does it provide them without the benefit of government subsidies and support that are received by many firms in the formal sector, but operators in the informal sector are often harassed and hampered by restrictions imposed from outside. These has called for the formation of market and trade associations to look into the welfare of members. These associations are important governance nodes in both the formal and informal trading sector. They influence access and affordability of products. They are in most cases established to lobby for the welfare of their members as well as controlling entry in the market. Positive attitude is therefore advocated for on the part of the government towards the promotion of the informal sector.

Regulation of Informal Trade

Issuance of permits and operating licences are the two common tools that the government uses to regulate informal trade. The interaction of informal trade with formal governance structures often happens through licensing, and enforcement. This is done through periodic or regular inspections to ensure compliance. As a result of this, governance and regulation represent an aspect of interaction with the informal economy that is often marred by tensions. This is because regulation can easily jeopardise the existence and viability of the very informal businesses meant to be regulated. The meaning of this is that the character of the informal retail sector is shaped largely by processes of governance and regulation, so that the legitimacy of these businesses and their operating environments are often not clear.

There exist different types of operating licences available to the respondents in the study. An operating licence is a formal annual authorisation allowing a trader to operate in a permanent or fixed place. A permit gives authority to a trader to deal in a particular item e.g. food handlers permit. On the other hand, a daily permit gives a trader authority to operate in a given space on a daily basis. Authorisation provided by some form of permit was relatively common among the respondents. In a number of cases, management of market space is subcontracted to other entities that in turn grant trading rights to informal traders. A negligible 0.5% of respondents reported accessing trading space through this arrangement. This explains why a greater share of the trading space is managed by the county authorities or as rent in privately managed market space is more expensive meaning that traders would want to avoid it if there are other options (Budlender, 2015).

CONCLUSION

This research has presented the latest available evidence on the contribution of street vending and the extent of exclusionary practices. While many analyses explore the reasons behind evictions and relocations, this study draws on participatory methods and surveys to examine the challenges that street vendors face, even when licensed. The study argues that legislative reform and greater transparency in the content and implementation of regulations are needed, combined with the political will to challenge the appropriation of strategic urban spaces by more powerful interests.

RECOMMENDATIONS

It is recommended that the Kisumu city administration should come up with a master plan early enough to avoid disruptions. The master plan should take cognizance of informal trade, mainly street trading as an economic activity. This will ensure that a comprehensive commercial development planning programme is undertaken. The programme is to cover all aspects of trading activities, location, distribution and growth, their spatial organization, the factors influencing their growth, development and change and the elements that are basic to their existence, growth and operation such as the socio-political, economic and cultural setting. Lastly, planning of future market places should also be informed by an understanding of the economic and spatial logics of small traders. This will entail engagement of stakeholders in planning to achieve an understanding of urban planning philosophy, theory, practice and standards as a rationale for effective enforcement of urban green planning standards. There is also need for legal reforms like the Informal Traders Act that will explicitly recognize informal trading as a legitimate livelihood, and that will put in place basic livelihood protections. This could help shift policies and practices in other cities as well. This moves the approach away from criminalizing street trade towards making it a more productive activity, thus capitalizing on its ability to generate employment, government revenue and improve household wellbeing. It will also help provide goods at low prices in convenient locations to the general public.

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