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# From Recyclers to Risk-Takers: The Social, Economic and Political Challenges of Selling Second-Hand Clothes in Kenya

Hailey Chalhoub  
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***From Recyclers to Risk-Takers: The Social, Economic and Political  
Challenges of Selling Second-Hand Clothes in Kenya***

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SIT Kenya: Health and Community Development  
Fall 2012

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## ABSTRACT

Informal sectors across the world are gaining popularity for their prominent roles in development. They provide employment for those who have been excluded from mainstream economies and they make everyday goods and services accessible and affordable for all people. In Kenya the second-hand clothing trade has become an increasingly important industry within the informal sector as it provides affordable clothes to Kenyans of all socio-economic classes. Kenya has become East Africa's hub for importing second-hand clothes, commonly referred to as *mitumba* and this trade depends on second-hand clothes that are donated in Western countries and collected and packaged by textile recycling companies. Within the mitumba industry, all players in the value chain, from importers to consumers, experience challenges that demonstrate why there is a need for the government to support this sector more through improved working conditions and properly managed tax funds and by not harassing and belittling this sector which is crucial to the country's development. In this paper, I outline the challenges and benefits that come with buying and selling mitumba by depicting the individual experiences of brokers who have seen prices increase nearly two-fold over the past few years and retailers who struggle to make ends meet as they continuously receive miscellaneous, unsellable items in the bales that they purchase. This paper also sheds light on the other end of the struggle: the inefficiencies and lack of political will among governmental ministries who are charged with the responsibility of supporting the informal sector. Lastly, in my concluding remarks I make a few recommendations that might encourage all actors to think about the role of mitumba in society and its future in national development plans.

## INTRODUCTION

As an avid second-hand clothing consumer, I instantly became interested in exploring the mitumba industry when I first walked through Toi Market and recognized name brands that I have seen in stores in the States. I was astounded to find *Anne Taylor* sweaters, usually about USD \$20-30, being sold for 100 Kenyan Shillings, the equivalent of about USD \$1.15. When I was informed that these clothes are imported from Western countries where they are originally donated to charitable organizations, my curiosity piqued even more. I have donated dozens of pounds of clothes in the past and I started to wonder if those donations were reaching the people who they were intended for, the people who have the greatest need. Visiting Gikomba for the first time on a day after it had rained solidified my desire to research this topic further. Sure, we were dirty from the mud, there was a fake shooting that gave our group a scare, and we were advised not to carry or wear anything valuable because pick-pocketers are rampant, but that was the reality of the hundreds of people who buy and sell second-hand clothes in Gikomba and I could not help but embrace that experience. Excitement overcame me as questions raced through my mind about where the clothes actually come from and if they reach Kenya through legal means. I wanted to know why second-hand clothes are so popular and how the conditions of the markets impact the business. Also, who wears second-hand clothes? Are they stigmatized and only worn by a particular socioeconomic class? All of these questions and more led me to develop this study.

The objectives of this study are threefold. First, I sought to explore the details of the trading process; how do mitumba go from being donations in Western countries to commodities in Kenyan markets? Second, I intended to learn more about the role of the informal sector in development and more specifically, I set out to discover how the mitumba industry contributes to

development in Kenya. Lastly, and arguably most importantly, the main objective of this study was to uncover the social, economic and political challenges that come with selling second-hand clothes. Initially, I did not intend for the last point to be an objective; however, once the research process commenced, it became immediately clear that that was important to the people with whom I met and it has proven to be an integral component of this study. Learning about the challenges of increasing prices, decreasing quality of the clothes, inadequate market conditions and lackluster security has led me to inquire more about what the future holds for the mitumba industry. This document contains reviews of existing literature on the informal sector, interviews with government officials who explain their role in supporting the second-hand clothing trade, and personal narratives from mitumba traders who describe their struggles and their hopes for the future.

## **The Informal Sector: Challenges, Opportunities and the Prospects of Formalization**

### *Overview of the Informal Sector*

The informal sector is an integral aspect of most economies in the developing world as it is a major source of employment for those who have been marginalized from the mainstream economy and it plays a significant role in making goods and services affordable and accessible to all. The concept of the informal sector has gained increasing popularity over the years due to its emergence in numerous parts of the world. Interestingly, it is usually not acknowledged that this concept originated in the developing world. It did not come from the work of development experts and practitioners; rather, the idea of the informal sector was first coined by staff members at the Institute of Development Studies at the University of Nairobi in the 1970s (Bangasser, 2000). Often hard to define, the informal sector can simply be characterized by small-scale business operations that emerge in response to changing social and economic environments.

However, the realities of the informal sector are not all that simple. Survival mechanisms, adaptation to changing environments, long work hours, poor working conditions, lack of support from the government and unfriendly competition all make the informal sector dynamic and unique. In Kenya, the informal economy is commonly known as *jua kali*, which translates to “hot sun” and refers to the hot, unsafe working conditions that many informal workers endure.

Professor Mary Kinyanjui (2006:23) at the University of Nairobi describes the *jua kali* as a “life chance institution that underprivileged women and men have created to provide them with income and employment in order to meet their basic needs of food, health, shelter and clothing.”

In many parts of the world, including Kenya, liberalization and privatization processes have led to the state’s inability to be the employer for most of its citizens, causing the private sector to assume this role. With an increasing number of jobseekers, the private sectors of most countries have been unable to provide adequate employment. Therefore, the informal sector steps in to fill in the gap. According to Amenya (2007:1), “the informal sector is crucial in most developing countries” which is why “it should be supported and encouraged.” Despite its prominence in society, the informal sector is not usually recognized or supported by the government. Thus, informal activities and those involved are often hindered from reaching their maximum potential due to unchanging work conditions, harassment from local authorities and misconceptions about the sector’s importance. Kinyanjui (2006:3) describes *jua kali* businesses as “creative responses” to governance processes and institutions that have “sidelined and alienated them from what is considered mainstream national economic and political institutions for decades.” Workers in the informal sector have been known to adapt to changing social, economic, and political environments; however, government measures and policies do not keep up with the dynamism of this sector. In 1972, the International Labour Organization (ILO)



produced a report on employment in Kenya and noted that “Informal sector activities are largely ignored, rarely supported, often regulated and sometimes actively discouraged by the Government” (Funds For NGOs, 2009). As a result, workers in this sector face a plethora of problems in terms of working under difficult conditions without any kind of social protection and exclusion from mainstream economic governance.

In her manuscript on gender inequalities in the *jua kali* economy, Professor Kinyanjui (2006) describes the evolution of the *jua kali* economy, citing the period after Kenya’s independence in the early 1960s when the means of production were being “Africanized” by the government officials who used funds from national institutions to develop. A large percentage of the urban population was excluded from the mainstream economy, so they collectively formed micro and small-scale enterprises (MSEs) that later became known as the *jua kali* economy. Since its formation, Kenya’s informal sector has been viewed as a struggle between the people and the government; a struggle for land, infrastructure, basic rights, acknowledgment and respect. People involved in *jua kali* activities are small-scale entrepreneurs who lack access to credit, property rights, adequate skill training and working conditions that are conducive to efficiency, productivity and prosperity. Their livelihoods are constantly threatened by land seizures and harassment from government officials. According to Kinyanjui (2006:7), this sector is an “economic and political movement of people unified by difficult working conditions and their desire to access and control resources and means of production in the city of Nairobi and other towns.”

*Challenges and Misconceptions*

In addition to the services and rights that workers in the informal sector are denied, there are also many misconceptions and attitudes towards informal sector activities that hinder them from succeeding and gaining access to particular benefits. For instance, Ng'ethe and Ndua (1991:29) note that, "in some cases, some of the informal sector activities are often socially inadmissible and morally degrading" and they cite activities such as wheel-cart pushing, shoe shining, and prostitution as businesses that have been "branded as dirty." In addition, Amenya (2007:23) identifies another negative perception about the informal sector and its seemingly natural link to poverty, articulating that "among the urban poor, engaging in informal sector activities is negatively associated with poverty." When these images circulate and become widely accepted, it becomes difficult for the informal sector to advance and prove itself as a viable and successful alternative to formal economic institutions.

In the early 1970s, the World Employment Programme (WEP), a department within the International Labour Organization, created a comprehensive employment mission program that was intended to analyze issues related to employment in developing countries and offer policy recommendations and solutions for structural changes. These missions were comprised of twenty to thirty experts including academics, officials from international organizations, economists, trade unions and management consultancy organizations and their responsibility was to gather information about a receiving country and spend about two months working closely with all of the country's major development actors. Kenya is recognized as the first country in Africa to host a comprehensive employment mission and it is during that period in 1972 when the term "informal sector" was first coined. In the Kenya report, "Employment, incomes and equality: a strategy for increasing productive employment in Kenya," (1972) the authors describe

misconceptions about the informal sector and they acknowledge the role of the sector in the country's national development:

The popular view of informal sector activities is that they are primarily those of petty traders, street hawkers, shoeshine boys and other groups 'underemployed' on the streets of the big towns. The evidence presented in Chapter 13 of the report suggest that the bulk of employment in the informal sector, far from being only marginally productive, is economically efficient and profit-making, though small in scale and limited by simple technologies, little capital and lack of links with the other ('formal') [sic] sector. Within the latter part of the informal sector are employed a variety of carpenters, masons, tailors and other tradesmen, as well as cooks and taxi-drivers, offering virtually the full range of basic skills needed to provide goods and services for a large though often poor section of the population.

The report goes on to explain that the extent of economically efficient production in the informal sector is severely underestimated because of the low incomes that most workers receive. These low incomes are misinterpreted as being results of the nature of the informal sector, which is often viewed as "stagnant and non-dynamic" and as a "net for the unemployed and for the thinly veiled idleness into which those who cannot find formal wage jobs must fall" (Bangasser, 2000:9). These notions are encouraged by academic analysts and workers in the formal sector, causing the informal sector to operate under "extremely debilitating restrictions as a consequence of a pejorative view of its nature" (Bangasser, 2000:9). The informal sector, especially in Kenya, is often considered to be backwards or "anti-development" which, in my opinion, is fundamentally inaccurate because it emerged in response to the state's failure to develop all social and economic sectors of the country.

### *The Role of the Informal Sector in Development*

In its basic form, development can be understood as the enhancement of an individual's quality of life and informal sector activities can be viewed as grassroots efforts to achieve that kind of development by making goods and services affordable and accessible to everyone. According to Ameyia (2007), micro and small-scale enterprises in the informal sector contribute to development and help create social change. They create social and economic structures that reflect the people's needs and objectives, they foster entrepreneurial skill development, and they provide employment for those who have been unable to find income-generating opportunities in the formal sector. The informal sector has been known to support Kenyans at both the individual and national levels, as it "contributes 18.4% of the gross domestic product and provides goods and services, promotes creativity and innovation and enhances entrepreneurial culture" (Orwa, 2007:1). Accordingly, most Kenyans consider the *jua kali* to be the most important economic sector in Kenya. This sector has shown immense growth since it first became acknowledged in the 1970s. Although micro and small-scale *jua kali* enterprises still do not offer acceptable conditions in terms of job stability and social protection, they are becoming increasingly popular as valid employment options regarding income. According to Tokman (2004) the informal sector has provided about 60 informal jobs for every 100 new jobs created since 1980. Further, about 95% of the working population is employed in the informal sector (Ameyia 2007). The success and popularity of the informal sector can be attributed to several of its characteristics.

### *Informal versus Formal*

In a report produced after his presentation on Kenya's informal sector, given at the Youth Microfinance Forum at the University of Nairobi, Gibson Nabuteya Ameyia distinguishes

between the informal and formal sectors by articulating their distinct characteristics. Informal sector activities can be characterized by ease of entry, the use of indigenous resources, family ownership, small-scale operation, skills acquisition outside the formal school sector and unregulated and competitive markets (Amenya, 2007:3). On the other hand, formal sector enterprises are identified by their difficult mechanisms of entry, reliance on foreign resources, corporate ownership, large-scale operation, formally-acquired skills and protected markets through tariffs, quotas and licenses (Amenya, 2007:4). Examples of informal sector activities include: selling fruits and vegetables, selling second-hand clothes and shoes, hawking and selling cereals and home supplies, and small manufacturing and production. Essentially, the informal sector is comprised of economic activities that are not regulated by environmental and labor laws, but they are subject to regulations by local authorities (IEA, 2012).

Despite their different characteristics, both the informal and formal sectors relate in the sense that, often times, workers from the formal sector will take their formally-acquired skills and move to the informal sector where they can start their own enterprises and employ people in the informal sector. This is not always the case, however, as most people who enter the informal sector have not been educated beyond secondary school. According to Ng'ethe and Ndua (1991:52), "formal education is not necessary in acquiring informal sector employment." Often times people acquire entrepreneurial skills informally from friends and family members and they learn the "tricks of the trade" by becoming fully immersed in it.

### *Community Within the Informal Sector*

One other important characteristic of the informal sector is the community aspect that has led to increased social networks, informal forms of social protection, and collective action. More

recently, workers in the informal sector have recognized the power of collective action and its effect on protecting themselves and their businesses. This can be seen in the way workers finance their businesses. Most informal entrepreneurs prefer to acquire loans informally from friends and relatives instead of borrowing from formal institutions (Ng'ethe & Ndua, 1991). This could be attributed to any number of reasons. For one thing, initial capital investments are typically low in the informal sector since the workers are generally poor and many choose to finance their businesses from their own personal savings. Also, some may prefer to borrow informally because they do not have the training or skills in book-keeping to manage their credit transactions. Further, it is likely that there is a general mistrust of formal institutions, which is understandable for those who pay taxes and acquire licenses and never see the benefits of their financial contributions.

In addition to informal forms of finance, social networks have become increasingly popular in the informal sector. In her book Vyama: Institutions of Hope, Professor Kinyanjui (2012) articulates the importance of forming networks and communities in business operations and she uses the term “vyama” to describe the social relations and associations that are formed by ordinary people in the informal sector. These vyama “serve as the basis of community economies and are an alternative to expansionary capitalism” as they draw on “traditional and indigenous institutions for their survival and drive economic action by identifying the market needs” (Kinyanjui, 2012:16). Professor Kinyanjui notes that the close relationship between ordinary people who are bonded through friendship, the type of work in which they engage, and kinship allows for market transactions and social organization.

This idea of “vyama” can be seen in the formation of independent *jua kali* associations in Kenya. These associations are formed by members of the *jua kali* sector who want to identify

problems, propose solutions, and collectively act on them in order to protect themselves from government harassment, improve access to modern infrastructure, offer training programs, increase access to credit and create health care facilities (Orwa, 2007). There are over 600 registered *jua kali* associations in Kenya with some of the most active being Kamkunji Jua Kali Association, Mchanganyiko Craft Association of Kakamega, The Kisumu Center Jua Kali Artisans Association, and the Kayole Jua Kali Association of Nairobi. In 2004 the Center for International Private Enterprise (CIPE) held a week-long training for 40 association leaders in Nairobi and offered workshops on leadership, finance, budgeting, strategic planning, membership development and marketing techniques. After realizing they faced common problems, the participating associations formed a grassroots coalition known as the National Informal Sector Coalition (NISCO) in order to have a united voice that could speak about challenges and demands on the sector's behalf.

Since its inception, NISCO has advocated for the government to renovate shed structures in the informal markets and provide basic utilities such as water and electricity. They also joined the National Taxpayers Association (NTA) which is charged with the responsibility of ensuring that the government is accountable for the taxes paid by the *jua kali* workers (Orwa, 2007). Unfortunately, many of these changes have not yet been realized. Conditions in informal markets are still sub-standard and there does not seem to be much hope for future improvements among workers, particularly in the second-hand clothing trade, which I will go into further detail later. Despite the fact that demands have not been met yet, it is commendable that collective action is taking place to prove to the national government and even the international community that the informal sector is a legitimate form of employment that has undeniable benefits to the development of the country.

*Formalizing the Informal Sector*

Research has shown that countries with small informal economies have higher rates of Gross Domestic Product (GDP); thus there have been efforts in developing countries like Kenya to integrate informal sector activities into the formal economy. Since the informal sector is defined differently by various development practitioners and national governments, it is easier to describe rather than define the formalization process. According to Roy Nyangena, Assistant Director of Industries in the Micro and Small Industries Department of the Ministry of Industrialization, formalization entails a registration process whereby enterprises register their business' names with the Attorney General in order to become a formally-recognized company or partnership (Nyangena, 2012). His department offers assistance to micro and small industries in the form of capacity building, training on business registration, and dissemination of business information regarding new policies, regulations and standards. In a recent interview with Mr. Nyangena, he said that one of the goals of Kenya Vision 2030, which his department is working on, is to “formalize the informal players in trade” (Nyangena, 2012). This is becoming a global trend, as many countries in the developing world are trying to formalize all sectors of their economies rather than improve the conditions and standards of current informal sectors.

There is a growing concern that large informal sectors “drain the economy” and only provide short-term benefits (Hussain, 2008). The arguments for absorbing the informal sector into the mainstream economy are that the formal sector provides higher quality and more sustainable forms of employment; enterprises can have greater access to business information; governments can gain more tax revenue to use for public expenditures; and the welfare of marginalized groups in the informal sector can be improved through their participation in formal markets (USAID, 2005). Further, it has been argued that a large informal economy indicates a



widening gap between citizens and the state which is demonstrated by the citizens' lack of trust in the government's ability to provide services and protection. Supposedly, according to a report by the United States Agency for International Development (USAID), formalization creates a more stable state and, more importantly, reduces poverty because the formal sector can "stimulate enterprise growth and create decent work opportunities" (USAID, 2005:5).

Recognizing the significance of the informal sector in Kenya in terms of job creation, Nyangena said that he wants to enhance the sector so that it becomes part of the mainstream economy, giving people even greater economic opportunities and protecting local industries. However, formalization in Kenya is not as easy as one would think as there are a number of social and political barriers. According to Professor Kinyanjui (2006:7), "entrepreneurs have resisted formalization as a process of making them part of the official economy, by the government, civil society and development support partners in the last three decades" and this resistance can be explained by a number of reasons outlined by USAID and the National Informal Sector Coalition (NISCO). Essentially, taxation, business registration and licensure procedures, and socio-cultural factors are the main reasons why small-scale entrepreneurs have resisted "graduation" into the formal sector.

In a presentation on issues and policy options for taxing the informal sector, given at an event in Nairobi this year, Peter Churchill Ogutu, Chief Executive Officer of NISCO, outlined the various challenges that come with taxing the informal sector as well as potential policy solutions. Currently, workers in the informal sector are taxed through a Value Added Tax (VAT) which is a 16% charge on purchased goods; business licenses, which are fees that are charged to informal sector operators who have a designated work site; and a daily business fee which is a fee of about 50 to 100 Kenyan Shillings that is collected each day by local government officials

(Ogutu, 2012). Due to a general mistrust between tax agents and taxpayers, the informal sector has been unable to work closely with the government in reform processes. Tax agents tend to view members of the informal sector as criminals who are unwilling to pay taxes and the workers are skeptical about the management of tax funds that are collected by the government. Workers in the informal sector are wary because the public funds that are intended to benefit them and their businesses are poorly managed. Many people refuse to pay taxes because they have not received quality services such as improved infrastructure, electricity, water, and security in the markets. According to Ogutu (2012), “those in the informal sector will always evade paying taxes as they don’t see value for their money.” Taxation has positive implications when the funds are managed appropriately; government revenue can be increased to meet its economic and social objectives, the economy can be stabilized, income equality can be redistributed, and there can be room for fair trade and market competition. However, with a large number of informal sector operators (about 8.3 million with an annual growth rate of 2.8%), there is a huge revenue loss to the government (Ogutu, 2012). Thus, there needs to be more communication between the government and the informal sector so that the informal sector players can have a stronger say in how their tax dollars are being spent.

Registration and licensing procedures also present a number of challenges to the prospects of formalizing the informal sector. Business registration refers to the process of granting legal recognition to businesses and licensing indicates sector-specific approval to engage in certain activities (USAID, 2005). These procedures entail a number of other processes, including business name registration, registration of business activity, licensing for sector activity and registration with organizations such as the VAT and Tax Offices. Having this many requirements makes it very difficult for small-scale entrepreneurs to gain legal recognition due to

limited funds, general lack of awareness of the procedure and inadequate information about legal ramifications. With this much red tape, there is often a lack of willpower to undergo the formalization process. In Kenya, the process of becoming a registered enterprise used to entail obtaining over ten licenses from various ministries. In an effort to make the process of formalization simpler and to alleviate the financial burdens that came with purchasing multiple licenses, Nyangena (2012), said that informal sector enterprises now only have to obtain a single permit, which is issued by the local governments. Although a commendable effort, the effectiveness of this change is questionable, as there are still so many entrepreneurs who are unwilling to join the formal economy for personal and cultural reasons.

As Professor Kinyanjui articulated in her book on “vyama,” members of the informal sector are bound together through strong social networks that enable them to meet their basic needs while gaining access to resources that allow their businesses to thrive. These networks are built on trust and interdependence and people are often connected through their shared experiences of oppression and social exclusion. According to a report by USAID (2005:19), “these factors can exert a powerful and persistent influence and work against enterprises moving into the informal economy.” Instead of formalizing, many researchers, development agencies, and donors have opted for interventions that are intended to improve the welfare of the people in the informal sector. This approach stems from the view that the informal economy is a “long-term, structural feature of modern economic development” (USAID, 2005:23). From the reports produced by NISCO and USAID it is clear that, despite the growing desire to decrease informal sector activities and promote the formal economy in developing countries, there remains unrelenting opposition among workers in the informal sector. Perhaps, instead of integrating the two sectors, it might be more worthwhile to focus on ways to enhance the livelihoods of those

working in the informal sector by improving their working conditions, providing basic utilities that would enhance their businesses such as electricity and water, and ensuring safety and security in the markets where they conduct business. The informal sector plays a prominent role in development, especially in Kenya where so many people find employment and can access goods and services, and it is a part of society that was formed by the people, for the people. The innovation and creativity that has emerged from the informal sector should be fostered and encouraged so that people can continue to access their basic needs and so that the sector can assume a more prominent role in the global economy.

## **Overview of the Second-Hand Clothing Trade in Kenya**

### *History and Origins of Mitumba*

The global trade in second-hand clothing has increased over the past three decades with nearly all countries now participating in the trade either as exporters, processors or importers. Although the second-hand clothing trade only accounts for about 0.5% of the global trade in clothing, more than 30% of the imports find their way to Sub-Saharan Africa where there is an increasing demand for affordable and fashionable clothes (Imo & Maiyo, 2012). Used clothing markets are found in over 100 markets across the world and developing countries are the major consumers of second-hand clothes. This industry has grown substantially in response to increasing demands across the world. During its early years, the second-hand clothing trade was worth USD \$0.4 billion and today it is worth more than USD \$1 billion each year (Field, 2005). This industry has been instrumental in creating employment in developing countries, in the form of transporting, cleaning and repairing, and it has played a major role in making clothes affordable for people living in poverty. Initially, these clothes were preferred solely because of their inexpensive prices as compared to locally-manufactured clothes. However, today, the

demand continues to increase as people of all socio-economic classes, especially in Kenya, purchase second-hand clothes due to their trendy styles and high quality.

Kenya, one of the largest importers of second-hand clothes in Sub-Saharan Africa, first started engaging in this trade in the late 1980s at a time when market liberalization allowed for goods to enter the country at reduced costs. Changes in the market and business affairs in Kenya resulted from Structural Adjustment Programs (SAPs) that were imposed by the World Bank and the International Monetary Fund. These SAPs led to the liberalization of foreign trade and the opening of exchange markets. According to McCormick et al. (2007:200), Kenya initially utilized an “inward-oriented industrialization policy” which protected local manufacturing sectors, such as the clothing and textile industries, under an “import-substitution regime.” When Kenya opened its markets by removing trader barriers and lowering taxes on imported goods, the local industries were immediately affected. Competition between imports and locally-produced goods led to the closure of several textile companies, such as Kisumu Cotton Millis and Heritage Woolen Mills (Imo & Maiyo, 2012).

In Kenya, second-hand clothes are commonly known as *mitumba*, a Kiswahili word meaning “bales” which refers to the way the clothes are packaged. Common second-hand items that are sold in the informal markets include clothing for men, women and children, shoes, bags, and household items such as bedding and curtains. The demand for second-hand clothes in Kenya has increased over time mainly due to their affordable prices. According to McCormick et al. (2007:205), the prices of second-hand clothes are only ten to thirty percent of those of new garments, making *mitumba* extremely competitive with clothing that is manufactured in Kenya, “where low incomes often mean that new clothing is out of reach for the majority of consumers.” Aside from affordable prices, consumers from all socio-economic backgrounds are choosing to

buy second-hand clothes because of the belief that they are better quality than new clothes. In an Oxfam report produced by Baden and Barber (2005:1), “fashion and consumer preferences seem to be shifting away from traditional, ‘African’-style to more ‘Western’-style clothing,” a trend that can be attributed to globalization, as more and more people are influenced by the styles and trends that are portrayed in the media.

Despite the seemingly causal link between the increasing popularity of mitumba and the decline of the local textile market, it is important to remember that liberalization policies led to the increased importation of cheap new clothing from Asia, which also had a negative impact on the domestic industry. By the mid 1990s, shortly after trade reforms were put in place, second-hand clothes made up half of the textile market, locally produced clothes represented 30% and new imported clothes accounted for 20% of the market (Imo & Maiyo, 2012). Attributing the decreasing prominence of locally-made clothes to the increasing demand for second-hand clothes, the Kenyan government has imposed a ban on mitumba several times over the past thirty years in an effort to protect the local textile industry and increase its revenue (Rono, 1999). Although there are concerns that second-hand clothes may be undermining local textile industries, there is still evidence that there continues to be a demand for locally-manufactured clothes and many are confident that the industry will not be completely replaced by imported new and second-hand clothes. In recent interviews with Professor Dorothy McCormick, Assistant Research Professor at the University of Nairobi Institute of Development Studies, and Roy Nyangena, both articulated that there is not a lot of direct competition between mitumba and the locally-made clothes because many sectors still demand new clothes for their uniforms and other textile needs.

*Who's Who in the Second-Hand Clothing Trade*

Due to increasing rates of unemployment in Kenya and high levels of retrenchment in the formal sector, many people have sought employment in the informal sector, engaging in businesses such as driving matatus, manufacturing hardware and household items, selling fresh produce and selling second-hand clothes. According to Field (2005), the second-hand clothing trade is one of the most successful and visible informal sector activities. Second-hand clothing retail businesses are classified as microenterprises within the informal sector because many of them operate with two or less employees. Workers in the mitumba industry come from all different backgrounds; there is not one single profile of a mitumba trader as people of different gender and ages engage in the business as well as people from different socioeconomic classes, tribes, and education levels.

As previously mentioned, no formal education is required to find employment in the informal sector. It is common to find university graduates, fathers with a secondary school education, former teachers, grandmothers who only attended primary school and people who once worked in a formal sector job all operating in the same business. Particularly within the second-hand clothing trade, many people acquire entrepreneurial skills that may help them advance in other positions in the future such as bookkeeping, accounting, financial management and marketing. Operators within this trade often start out by knowing someone in the business, a family member or friend, and they are able to form social networks with people they trust to enhance their businesses. In a study on gender differences within the second-hand clothing trade conducted in Eldoret and Nakuru, Rono (1999) discovered that the average age of mitumba traders is about 31 years for both men and women with ages ranging from 19-47 years. He and others also found that there are more women than men in the industry due to cultural attitudes

and subordination of women which have made it difficult for women to find jobs in the formal sector. According to Kinyanjui (2006), who studied gender inequalities in the jua kali economy, 70% of the garment traders in Nairobi were women, as of 2001. However, despite their prominent presence in the trade, women tend to earn less than men and men's businesses appear to experience higher levels of growth. This can be explained by social and cultural factors, such as differing levels of education between men and women and socially constructed gender roles and responsibilities that limit the amount of time that women can dedicate to enhancing their businesses.

*One Person's Trash is Another Person's Treasure: An Overview of the Trade Process*

***"No one would agree with me, but maybe some of the vibrations are left over in the clothing. Maybe some of the good things about us can carry through." She went on: "I'd like us to be less selfish. Because we have been very greedy. Very greedy. Americans think they can buy happiness. They can't. The happiness comes in the giving, and that's why I love the thrift shop."—Susie Bayer in Packer, 2012***

There is limited research on the specific process of how second-hand clothes find themselves in the informal markets of developing countries. However, what is known is that unwanted clothes are donated in developed countries to charity organizations, such as the Salvation Army and Goodwill, and the excess clothes that cannot be sold in these stores are then sold to textile recycling companies who package and export them to countries like Kenya. In the United States alone, one of the major exporters of second-hand clothes, over 2.5 billion pounds of clothes are donated each year and about 80% of these donations are sold to textile recycling companies to be distributed to global informal markets (Packer, 2012). And this is only a fraction of the total amount of clothes that contribute to the second-hand clothing trade, as several



countries in Europe, such as England, Ireland, Scotland, Belgium and the Netherlands, as well as Canada, all practice textile recycling and export clothes to the developing world.

Textile recycling companies brand themselves as agents of environmental management as their intentions are to keep the environment clean and free of excess textile waste by purchasing donated clothes from charity organizations and selling them to markets in Africa, Asia and Latin America. Clothing collection centers, such as the Salvation Army, receive overwhelming amounts of donations each day and it becomes difficult to find space to store them and they are not sold as quickly as they are donated. Without these companies, stores and organizations would be forced to throw away the excess clothes that could not be stored or sold. The Salvation Army collects over 17,000 tons of clothing each year, making it the largest operator of textile collection centers in the US (Ramstead, 2007). After sorting through the donations, stores typically save two out every ten pounds of clothes, or 20% of the donations, and the remaining garments are sold to textile recycling companies.

Trans-Americas Trading Company is a textile recycling organization based in Clifton, New Jersey. They work directly with a thrift store called Call Again, collecting clothes each week and paying them three cents for every pound of clothes that they purchase. Every month Call Again sells up to 1,300 pounds of excess clothes, making about USD \$100 which they donate to a local charitable organization (Packer, 2012). Trans-Americas is one example of textile recycling companies that processes over 15 million pounds of used clothing each year. A comprehensive list of other companies can be found in Appendix C along with details about their physical locations, mission statements, amount of clothes they process and information about the sorting and packaging processes.

According to Brill of the Secondary Recycled Textiles Association, the process of textile recycling is a “win-win situation” as it provides thousands of jobs in both the United States and Africa and it prevents waste material from accumulating in landfills. He added, “It goes to recycling, so it helps protect the environment” (Lee, 2006). Donohue (2009) echoes this sentiment, raising the point that the textile recycling industry recovers over 90% of the textile waste it receives and keeps nearly three billion pounds of textiles out of landfills every year. On the surface both Brill and Donohue may be right; it is likely that the excess clothes that are donated would end up in landfills. However, in most of the research that has been done on this topic, it has not been acknowledged that this industry is driven by consumerism, a practice that is not environmentally sound due to excess spending and the accumulation of material goods. Foreign markets depend on wealthy people to continue purchasing clothes and donating them after several uses so that they can be sold to people in developing countries where people do not enjoy the luxury of buying new clothes from their domestic markets. This dependency is especially apparent in times of financial hardship in the West. The financial crisis of 2008 adversely impacted developed countries, especially the US where people became more mindful of their spending and opted to increase their savings by not buying new items, including clothes. According to Donohue (2009), SMART, a textile recycling company, felt the impact of the declining economy as clothing donations decreased by 20% between 2007 and 2008. With the increasing demand for second-hand clothes in markets across the world, it becomes abundantly clear how dependent the trade is on consumer trends in Western countries.

Once the clothes find their way to the textile recycling warehouses, they undergo a process of sorting, grading, fumigation, and packaging before being shipped overseas. Textile recycling merchants sort the clothes by condition and then categorize them into groups based on

gender, style and quality. Different companies have different grading classifications, but many of them operate on an “A/B” scale. For instance, Trans-Americas Trading Company uses the following categories: “Premium,” “Africa A,” “Africa B,” and “Wiper Rag” whereby clothes that are considered “Premium” are sent to Asia and Latin America, “Africa A” indicates garments that have lost their brightness and they go to “better-off” African countries like Kenya and “Africa B” clothes are classified this way because they have stains or small holes and they go to “the continent’s disaster areas,” such as the Congo and Angola (Packer, 2012). “Wiper Rags” are clothes that are unsellable and unwearable and they are sold to companies who use them as rags for cleaning machinery. Once sorted, the clothes are fumigated, compressed and tightly sealed into clear plastic packages with a label indicating the bale’s contents and its grade (refer to Appendix B for images of the sorting and packaging processes). The bales are then loaded into 40 foot containers that can carry over 500 bales and they are shipped overseas to importers in the receiving countries.

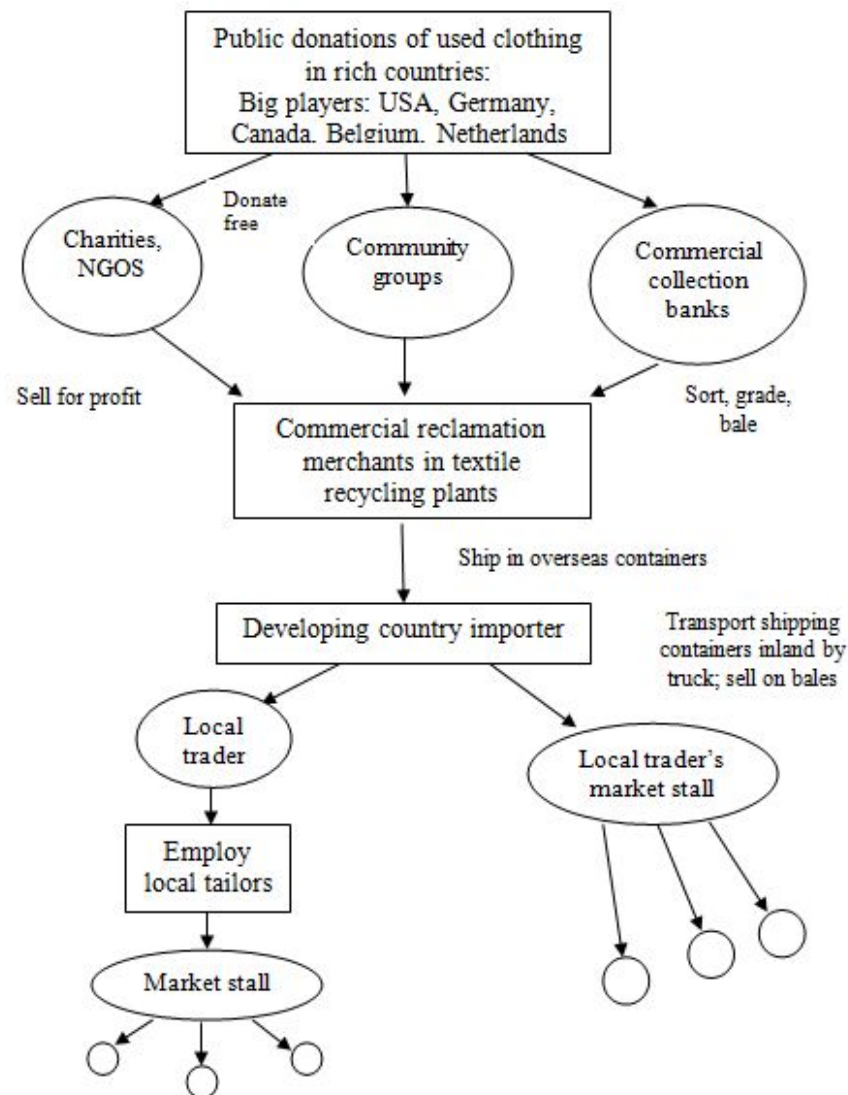
In Kenya second-hand clothing imports are received at the port in Mombasa where they follow another chain process before reaching the final consumers. At the port the clothes are inspected and cleared and the importers pay a duty fee of about Ksh 1.1 million. According to Imo and Maiyo (2012), there are currently between 60 and 80 second-hand clothing importers in Kenya. Most of them are stationed around the Mombasa port and others work in Nairobi’s industrial area and Central Business District. As of 1999, major wholesalers were importing between 13,000 and 15,000 bales, making average profits of over Ksh 4 million each month (Rono, 1999). Due to the increasing demand and popularity of second-hand clothes, it is likely that these numbers have increased substantially over the past thirteen years. With the large

volume of imported bales, it is difficult (and too risky) to transport all of them to the wholesale markets at the same time. Therefore, many are stored in warehouses at the point of entry.

The bales then follow a chain of traders before individual items are sold to customers. Importers typically work with about 20 wholesalers to whom they sell bales. Wholesalers utilize brokers who act as middle agents between the wholesalers and the retailers and receive a commission when bales are purchased. Gikomba is the largest informal market in Kenya and the biggest second-hand clothing market in East Africa with nearly 150 wholesalers who supply their bales to as many as 1,500 retailers from all over the country (Imo & Maiyo, 2012). Traders from neighboring countries, such as Uganda, even conduct business in Gikomba. Retailers who sell second-hand clothes both within and outside Gikomba work directly with brokers to purchase their bales. In this exchange, the price of bales varies according to the type of clothes and their quality. A bale consisting of “Grade A” ladies’ tops may be sold for as much as Ksh 20,000. Once the retailers make their purchase, young men who work as “loaders” in the market transport the bales from the wholesale stalls to the retailers’ carrying vehicle.

Retailers often specialize in selling specific items which they decide on based on the needs of population to whom they are selling. For instance, retailers in rural areas in Western Kenya may opt to sell heavy sweaters because it tends to be colder in that region. They also prefer specific grades or qualities based on the populations; traders in major cities might prefer higher quality clothes if they are located in an area where most people are middle class and can afford more expensive styles. Retailers open their bales at their stalls and separate the clothes into three piles: first camera, which is designated for high quality clothes that are purchased by “cameraman” who get the first choice of the best items; second camera, which are less quality clothes that are sold at a lower price; and third camera which are sold in bulk to small retailers

who do not have permanent business locations and often engage in “hawking” or selling individual items along the streets (Field, 2005:2). Other workers who are involved in this chain include people who transport goods from the port to Nairobi and those who repair, iron and dry clean clothes to enhance their quality before they are sold. In Gikomba, many people earn their livings by preparing tea and meals for the traders within the market and there are hawkers who try to sell their products, such as fruit and individual clothing items, directly to the wholesalers and retailers. Baden and Barber (2005:7) outline this chain of traders and workers into an organized chart:



As previously mentioned, the second-hand clothing trade is dependent upon consumer practices and donations in the West. However, it is important for donors to remember that the developing world is not a dumping ground for their dirty, tattered and torn clothing. When donating clothes to the local thrift shop or charity organization, people should ensure that the clothes are in good condition and take the extra time to clean them before dropping them off at a collection site. Jayna (1991) even encourages people to donate clothes that are in season so that organizations do not have to hold on to them in storage until the following year. Also, Cline (2012) articulates similar sentiments by pointing out that “while many Americans might like to imagine that there is some poor, underdressed African who wants our worn and tattered duds, the African used clothing market is very particular and is demanding higher quality and more fashion-forward styles.” If we can abolish that “Third World” mentality where images have been constructed of people in developing countries, depicting them as much different and even lesser than those living in affluent countries, then the second-hand clothing trade can expand to include all members of the global community as equal partners and traders.

## **SETTING**

I conducted my research in Nairobi where I was able to have direct access to informal second-hand clothing markets, such as Gikomba, as well as the University of Nairobi and various government offices. During the week I spent two to three days conducting field work in Gikomba market and during the other days I did background research at the Institute of Development Studies library at the University of Nairobi. I was also able to meet with several government officials in the Ministry of Industrialization and the Ministry of Trade.

Early in the mornings I would travel by bus to Gikomba. There are specific buses that leave from Kibera and it is common to find second-hand clothing retailers traveling by that bus very early in the morning to purchase wholesale supplies for their trading stalls. Every time I went to Gikomba, I recognized familiar faces on the bus and I noticed a sense of community that existed among the traders. The bus rides were always very lively with people chatting about politics, their businesses, and what they were going to purchase from the market. When I arrived at the market I waited on its outskirts for new found friend, Michael, who guided me through the market each day. Gikomba is a large informal market just outside of Nairobi's city center and it is filled with traders who sell second-hand clothes, shoes, household items, fish and fresh produce. The market is organized into gender and style-specific clusters; traders who sell jeans operate in close proximity to one another, ladies' blouses are found in the same area, there is an entire section for children's clothes, and so on. The walkways between stalls are very narrow and the first couple of times that I was there, I felt like I was in a corn maze. The roads become even narrower as hawkers stand along the sides trying to get your attention by yelling, "camera" and the price of their items ("camera" refers to clothes that are brand new). Throughout the day, vendors do everything in their power to attract customers to their stalls; it is even common to hear music or people singing to get your attention. The roads and walkways are unpaved, which often makes it difficult for people to transport goods using wooden wheelbarrows. Traveling by foot during and even after it rained became very difficult because there are no formidable drainage systems, causing the roads to fill with water and mud. On days when the weather was unfavorable, it was common to see people wearing gumboots and protective gear. I spent most of my time deep inside the market conversing with traders who sell second-hand clothes at the wholesale level. I visited their stalls, which were made out of wooden beams and sheet metal,

and I found myself having conversations over a cup of tea while sitting on a forty-five kilogram bale of clothes as customers from all over the country came in and out to make their purchases. With each day that I spent there, people became more familiar with me and they seemed less surprised to see a *mzungu* roaming the market, which is heavily populated by locals.

## METHODOLOGY

For this study I used a combination of participant observation and structured and semi-structured interviews. With the help of Michael Mwangi I was able to meet with nine brokers, four retailers and one direct importer who were all willing to share their experiences with me due to their personal connection to Michael. Brokers are middle agents who work with buyers and sellers of second-hand clothes and they work on commission, earning a percentage of the sales. The brokers in Gikomba work under wholesale buyers and they sell directly to retailers. Retailers are traders who buy bales of clothes from Gikomba and sell to customers either in Gikomba or in one of the many informal markets in different parts of the country. Retailers travel to Gikomba from regions as far as Kisumu and even Uganda to make their purchases. Lastly, importers are the people who are stationed at the port in Mombasa and directly receive shipments of clothes from exporting countries. The one importer that I met in Gikomba also works as a broker in the market. They welcomed me into their stalls where I was able to observe how they conduct business and learn more about the details of the trade. We engaged in informal conversations about their experiences and I inquired about: how long they have been working in Gikomba; what they did before entering this trade; the challenges and benefits that come with selling second-hand clothes; their perspective on the role of this industry in development; and the changes that they would like to see made.



I conducted these semi-structured interviews in their stalls where they were most comfortable and I made the initial contact with them in Kiswahili and then allowed them to choose which language they preferred to speak in, either Kiswahili or English. Everyone that I met with felt comfortable conversing in English. During the week, the days that I visited Gikomba varied; however, I made an effort to be there on Fridays because I learned that it is the busiest day in the market, as many retailers make their purchases for the weekend and most brokers do not usually work full days on Saturdays and they do not work in the market at all on Sundays.

In addition to interviewing people who are directly involved with the second-hand clothing trade, I also interviewed a number of key informants who provided academic, legal and political perspectives on the current state of the industry and the prospects for its future. At the University of Nairobi, I interviewed Dr. Dorothy McCormick, Assistant Research Professor at the university's Institute of Development Studies (IDS). She shared information about her research on the informal sector and offered input on the history, development and future of the second-hand clothing trade. In order to get a better understanding of what the government is doing to support the informal sector and the people involved in the second-hand clothing trade, I met with members of the Ministry of Industrialization and the Ministry of Trade. Roy Nyangena, Assistant Director of Industries in the Ministry of Industrialization, offered insight on the ways in which the government is working to formalize the informal sector through registration processes and the dissemination of business information. In the Ministry of Trade's Department of Internal Trade, I interviewed Mathew Komen, Programme Officer in the Assistance to Micro and Small Enterprise Programme, and Robert Okoth, Chief Trade Development Officer. Both

provided information about the work that their department is doing to modernize the informal markets and improve their conditions.

When I was not conducting interviews and practicing participant observation in the market, I spent time doing background research to supplement my fieldwork in the IDS library. This space gave me the opportunity to organize and synthesize my field notes, research background information on the informal sector and the second-hand clothing trade, and begin the writing process. I also had access to key figures in the Institute of Development Studies, such as Dr. McCormick and Dr. Mary N. Kinyanjui, Senior Research Fellow at IDS.

## **DISCUSSION AND ANALYSIS**

*“This business plays a great role in clothing the nation”—Joseph Mugendi*

Before officially starting this study I ventured to Gikomba with my host sister to explore the market and see if anything would jump out at me as inspiration for my research. We went with intentions of trying to learn something about where the imported clothes originate and how they get to Kenya. After talking to several wholesale sellers it became apparent that people were unwilling to talk because they were skeptical about our intentions. One trader even commented that he “couldn’t reveal [his] business secrets.” This made me even more curious. With the help of my host family, who knew a vendor in Toi Market who buys his supplies from Gikomba, I was able to make the right connections in the market and that made all the difference. I was introduced to Michael Mwangi, a broker who works as a middle agent between wholesalers and retailers. He has been working in Gikomba for over 15 years, starting out as a loader and eventually finding himself in this position where he works with retailers to find specific items and he helps them get started by connecting them to the right people. For the past three weeks,

Michael has been my guide, as he has shown me around the market and introduced me to numerous people who were willing to open up to me about their experiences in the mitumba industry.

After my first day of fieldwork I had already picked up on several trends based on what people were telling me. It became immediately clear that the origin of mitumba is not of much interest to most people in the market (in fact, many people even mentioned that they do not know where the clothes from specifically and they have no desire to find out). Rather, what is of concern to most traders is what happens when the clothes arrive in Kenya. From the moment the imports reach the port in Mombasa up until the clothes are sold to consumers, there is a plethora of social, economic and political challenges that mitumba traders experience. Thus, I will explore in greater detail the challenges that people shared with me and I will supplement these stories with academic and political perspectives on what is currently being done to support the mitumba industry and what needs to be done to ensure its sustainability.

## **Social Challenges of Selling Mitumba**

### *Sorting and Packaging of the Clothes*

Every single trader that I spoke with clearly stated that the biggest challenge they face with selling mitumba is in the way the clothes are sorted and packaged in the exporter countries. Often times, retailers will open the purchased bales at their stalls and find clothes that are ripped, tattered, stained, and too dirty to sell. In the end, these retailers lose profit because they cannot sell a large portion of the items that they bought. Also, it is common to find miscellaneous items in the bales, such as undergarments or men's items in a bale that has ladies' clothes. This issue is particularly challenging for traders who sell second-hand shoes. They may get high-quality

shoes, however, what often happens is that pairs of shoes will be split whereby one trader in Nairobi might have one shoe and a trader in Kisumu ends up with the matching shoe in their bale. Neither person can sell just one shoe, so that is a loss for both of them. In some cases, retailers will demand refunds from the wholesalers, blaming them for selling low quality bales. When this happens, the wholesalers also suffer from a loss of profits. Daniel Maitho, a broker in Gikomba, made it clear that “Africa is not a dumping ground” for the unwanted, tattered clothes from the West. One other issue in regards to the way the clothes are packaged is that sometimes the bales are underweight. They are supposed to be 45 kilograms, but often times people can find bales that are only 30-40 kilograms. Again, another barrier to maximizing profits. Michael Mwangi said that this is a “business of risk” because it is impossible for people to know exactly what they are purchasing until they open the bales.

Mwangi worked for a textile packaging company in Dubai for two years where he got an insider’s perspective into the ways the clothes are packaged. This specific company utilizes cheap labor by employing Muslim refugees from countries like Pakistan, Afghanistan and Indonesia. According to Mwangi, since many of these employees are Muslim and wear modest, simple clothes, many of them are unaware of the latest trends and quality. His role in the company was to educate the employees on what types of clothes were for men and women and what was in high demand in Kenya based on style preferences and the climate. Both Mwangi and Maitho suggested that one potential solution to the sorting and packaging issue would be for those companies to hire Kenyans who know what’s in style and they could help sort through the clothes that are unsellable. Mwangi believes that this solution would benefit everyone, as more jobs would be provided for Kenyans, exporters would be able to sell more because they would

have a staff that is competent in market demands and retailers would also be able to sell more clothes that are of good quality.

### *Quality of the Clothes*

Aside from the poor physical conditions of clothes that are mixed into the bales, concerns have been raised about the overall quality and these concerns can be summed up by: style, size, season and silk. Kenyans are known to be very fashionable and they take a lot of pride in what they wear; thus they demand the highest quality clothes and the latest styles. Many traders mentioned that most people prefer clothes from the UK, as they have a reputation of being the best quality. In terms of size, there were several complaints about receiving clothes that are much too big for the average person in Kenya, as most people tend to have smaller frames and body types. Joseph Mugendi directly imports clothes from a company that is based in the Netherlands and he raised the point that people in the Netherlands tend to be heavier than Kenyans which is why he receives so many clothes that are just too big for the average consumer. Also, it is common to find clothes that are not suitable for Kenya's warm climate, including winter coats, wool sweaters, and heavy tops. There is a small market for those items in Western Kenya where it is cooler than other parts of the country. However, the demand is much smaller compared to the demand for lighter clothes that can be worn comfortable in warm weather. Lastly, Lorraine Karua, a retailer in Gikomba, stated that silk is very unpopular in Kenya because it is very difficult to wash. Most people prefer cotton and polyester.

*Attitudes of the Customers*

Consumers are the driving forces of the second-hand clothing industry as they create demands for specific fashions and they determine what is in style. Many Kenyans turn to Western celebrities for fashion inspiration and they aspire to dress like the musicians and movie stars that they see on television or on the internet. The challenge there is that mitumba are second-hand clothes that have been donated, so they are not always reflective of what is currently in style. The second challenge is that some customers do not fully understand that this is a business and they expect the clothes to be free. They are under the impression that the clothes are charitable donations and they do not realize that they were bought in order to be sold in markets like Gikomba (Mugendi, 2012).

Karua articulated similar sentiments about the attitudes of her customers. When I met with her she was sorting through her newly purchased bale. She sells women's blouses and she showed me the difference between high quality blouses that are more expensive (Ksh 200) and lower quality tops that are cheaper (Ksh 100). As we were talking she came across a brand new white blouse that still had a price tag on it. It was an American name brand that I did not recognize and it had multiple stickers with reduced prices on the tag. I noticed that the original price of this blouse was USD \$24, roughly the equivalent of Ksh 2,100. Karua said that she would not be able to sell the blouse for more than Ksh 100. Even though it had not been worn and it still had a price tag, she said that no one would pay more than Ksh 100 because customers still think that it is second-hand. Lastly, there are seasonal trends of consumerism whereby traders know which months are peak season for sales and they can predict when business will be slow. Typically, business starts to slow down in December because of the holidays; people prefer to buy new items for Christmas and thus make fewer purchases in Gikomba. According to David

Ruguru, a broker in the market, business picks back up in April and sustains itself for about seven or eight months. This year, business has fluctuated throughout the year and it is slower than usual right now. Mwangi attributes this “election fever.” With the elections coming up in March, he thinks that people are saving their money because it is hard to predict what the aftermath of the election results will be like. In the last elections, violence was rampant and it resulted in a lot of instability that forced people to be without money, food and shelter and many people are fearful of a similar situation arising again in March.

### **Economic Challenges of Selling Mitumba**

#### *Increasing Prices*

After the sorting and packaging concern, the second biggest challenge that Gikomba brokers and retailers mentioned was the increasing prices of mitumba. Over the past several years, the cost of bales has increased steadily, which may be attributed to the higher additional costs that come with transporting, clearing that takes place at the port, and the duty fee. Many people asserted that they are starting to feel the pinch of increasing costs, as the price of bales has doubled and even tripled in some cases. Some people would point to a bale in their stall, using it as an example to show that an average bale consisting of ladies’ tops may have been sold for Ksh 10,000 in the past and it is now being sold for Ksh 20,000. The following table illustrates the costs that are involved with the mitumba trade. These figures were shared by several traders, including Maitho and Greg Mbogo. Some of the costs related to inspection and health certificates that are issued in exporter countries are not known.

*Table 1: Costs Associated with Importing Mitumba*

<b>Item</b>	<b>Cost (In Ksh)</b>
Tax on 40 ft. shipping container	1.2 million
Clearance of container at the port	2.6 million
Transportation	100,000
Storage of goods in warehouses	200/night
Business permit (paid to the City Council)	12,000/month
Rental fee (paid to the City Council)	2,000/month
Security	1,000/month

According to Ruguru, the mitumba business and the costs involved depend heavily on the currencies of other countries. He said that if the dollar and the euro go up then so do the price of mitumba. He also cited politics as having an impact on exchange rates. Essentially, before President Kibaki's term the Kenya Shilling was very strong with an exchange rate of Ksh 69 to the dollar. Last year, in 2011, one dollar was equivalent to about Ksh 110 and today one dollar is about Ksh 86. And according to Mugendi, between 1998 and 2001 one euro was equivalent to Ksh 50 and today it equals Ksh 110. In addition to fluctuating exchange rates, taxes on the imported goods, in the form of a duty fee paid at the point of entry, have increased, creating an extra financial burden. Mugendi (2012) noted that "this is a good business, but the government is charging [them] a lot in the form of duty." Currently the duty fee is about Ksh 1.2 million, but it has not always been this price. When some of the traders that I met with first started in the industry, the tax was about Ksh 200,000. In July of this past year, the price increased to nearly Ksh 2 million! This unexpected increase sparked a demonstration at the Ministry of Finance led by hundreds of brokers, retailers, loaders and hawkers. They were advocating for the tax to be lowered to Ksh 1.2 as was promised by the Ministry. According to Mbogo, the Ministry of Finance decided to lower the tax, but the officials at the port in Mombasa claimed to not have



received official notice about the change so they continued to charge higher duty fees. Mbogo believes that the port officials did know about the decrease, but they were taking advantage of people and pocketing the extra money. This incident demonstrates the interconnectedness of economic and political challenges experienced by mitumba traders.

### *Job Insecurity*

As previously mentioned, people involved in the mitumba trade enter the business from all different backgrounds; some may have been previously employed in the formal sector, others have little to no formal education, and some depend on the sale of second-hand clothes as their primary source of income. Many people enter this industry because, according to Charles Wamai (2012), a broker in Gikomba, it is “the easiest business you can do.” However, it is common for some traders to use their experience in the second-hand clothing industry as a stepping stone that will help them advance in the future. Ruguru (2012) articulated that in his own words, saying, “We are only here because we don’t have anything else to do.” Wamai does not think that the mitumba trade is a sustainable or permanent form of employment for most people because “nothing lasts.” That is why he and others invest in other areas such as purchasing rental homes and plots of land. He said that people recycle their earnings into their business and invest some of their funds in order to ensure that they have a back-up plan because, according to Wamai (2012), “you can’t put all your eggs in one basket.” He and others stated that they do not intend to stay in the mitumba industry forever. But what about the people who do not have a Plan B, the people whose livelihoods have been and will continue to be concentrated in the informal clothing trade? Since the mitumba trade depends on global market forces and economies in the exporter

countries, it is difficult to predict just how long the trade will continue to exist as a vibrant industry that employs thousands of people in Kenya.

### **Political Challenges of Selling Mitumba**

#### *Insecurity in the Market*

Insecurity in Gikomba continues to threaten the lives and businesses of mitumba traders and all of the people who conduct business in the market. Robbery and pick-pocketing are common practices that cause vendors to operate in fear as they handle large amounts of money on a daily basis and customers can be deterred from coming to the market to make their purchases. Vendors take extra precautions when depositing money and they often make several trips to the bank during the day so that they are not at risk when carrying large sums of money. Less than one month before I started my research in Gikomba, three thieves were shot dead by the police after attempting to steal in the market. There was a lot of commotion at the time, but the market has been quiet since the incident because more police have been deployed to monitor and protect the area. Mbogo is convinced that thieves will strike again soon because, as has happened in the past, the extra police will only be there for a short period of time to keep peace and security. Also, the police have been known to conspire with thieves, working hand-in-hand to steal from wholesalers and share the money evenly. According to Mbogo, when this happens, the police know when and where the thieves are going to strike so they will strategically station themselves in a different part of the market so that they are “out of sight, out of mind” when the incident takes place and therefore cannot be directly linked to the unjust act.

In addition to police officers, who usually wear plainclothes, Maasai watchmen are employed to survey the parameters and ensure safety. However, most of the traders do not feel

much safer with them around because they are usually older and they carry wooden walking sticks for defense. Most people, including Mbogo do not think they would be able to do much to help in a situation where there was violence and theft. One other issue in regards to security is the possibility of fires in the market. Fires have been known to break out in the past, causing stalls to burn down, taking all of the bales inside with them. For this reason, wholesalers opt to store their bales in warehouses in a different part of town to ensure that, in the event of a fire, they do not lost all of their goods.

### *Market Conditions*

Gikomba is the largest informal second-hand clothing market in Kenya and one of the biggest in East Africa. Traders come from all over the country and from different parts of East Africa to buy second-hand clothes at the wholesale level. However, one of the main challenges that may limit the market from reaching a wider array of traders and from conducting more business is the physical conditions of the market. The market is congested and filled with traders who are all vying for the attention of customers. Due to the lack of space, it is common to find retailers perched on a heap of clothes in their stalls which are constructed out of wooden beams. The wholesale stalls are located in the depths of the market in crowded areas. In every part of the market, navigation is difficult because of the narrow walkways. The roads are unpaved, making it very difficult to transport bales either by foot or using a wooden wheelbarrow.

When weather conditions are unfavorable, business in the market is adversely impacted. Since there is no proper drainage system, the roads overflow with water, creating puddles and mud that one must either brave with gumboots or avoid by walking single file along the sides of the already overcrowded roads. Business is usually slow on rainy days because customers do not

want to venture to the market since it is so dirty and difficult to move around. Also, many vendors usually have to close down early in the event of rain because the infrastructure of their stalls is not capable of withstanding harsh weather conditions. Further, the lack of a garbage collection system leads to the accumulation of waste in the roads which is detrimental to the health and well-being of both customers and vendors. Gikomba was built in a residential area, so residents who are not involved with the business are also directly impacted by the conditions of the market.

According to Robert Okoth, Chief Trade Development Officer in the Ministry of Trade, the greatest challenge in domestic trade is infrastructure. In a recent interview with Mr. Okoth, he acknowledged that the conditions of informal markets like Gikomba are not healthy and he even said that “Gikomba needs a face lift.” In his opinion, with political will and good governance, changes can happen to improve the conditions of the market and, in turn, the livelihoods of those who engage in business there. He stated clearly that, if the government is trying to make trade contribute to development, then the government should identify market infrastructure as an issue that deserves attention. Mr. Okoth is a member of a task force that is currently working on a project under Kenya Vision 2030 that intends to create “modern markets.” Overall, the goal of these modern markets is to create a space where every product can be accommodated. For example, Mr. Okoth expects these new markets to resemble supermarkets in terms of the structure whereby everything is spread out in a clean and safe environment so that “traders see the value of operating in those markets.” He hopes to ensure improved working conditions by increasing access to basic utilities such as water and electricity so, for example, fresh produce vendors can refrigerate their products in order to preserve them for a longer period of time. This project has targeted six counties as priority areas: Kisumu, Kajiado, Kiambu,

Kwale, Makweni, and Nairobi. Markets in the first four counties will be used as pilots before tackling Nairobi, which Okoth claims is too complex to address right now without knowing that the modern markets will have a positive impact.

### *Lack of Government Support*

While in the field, I learned from a number of people that the Kenyan government has not done much to support the second-hand clothing trade and the people involved. Many people articulated the notion that the government seeks to promote and support the local textile industry because they do not receive much revenue from the mitumba industry. However, clothes that are made in Kenya do not reach the most marginalized people because they are too expensive. In an effort to deter people from importing mitumba, the government has increased taxes and they have tried to ban imported clothes all together. Both attempts met much resistance from those in the informal sector as there is a widely accepted understanding that locally-manufactured garments are not accessible by all and most people prefer to buy mitumba. In the words of Mugendi (2012), “at a time like this [the] country has failed to rely on itself to clothe its people.”

Furthermore, wholesale and retail traders who have been working in Gikomba for more than ten years, such as Mwangi, Ruguru and Robert Wamwere, have not noticed any significant changes in the conditions of the marketplace. Retailers pay the Nairobi City Council Ksh 50 every day; however they do not see their tax money coming back to support them and their businesses. They still operate in sub-standard working conditions and this has led to an increased distrust of the government. In fact, nearly all of the wholesale traders that I met revealed that they do not pay taxes when government officials come to the market to collect money a couple times during the year. Wamwere said that when he hears that officials are coming to collect

taxes, he closes down his stall for a few hours, evading the tax. People refuse to pay taxes because they do not see the impact of the public funds that are supposed to be used for public expenditures, such as improving roads and infrastructure, providing basic utilities and meeting the needs of the people. Both Mwangi and Wamwere agreed that if the government was more accountable for using tax money effectively, then they would have no problem paying taxes. Mugendi made his position on this matter clear. If the government is going to tax mitumba, then the funds should be recycled back to the people to support them because “that is the work of the government. The government is taxing everyone. They should channel that money back to the people through roads, through offering clean water, garbage collection, sewage systems and accessible good markets” (Mugendi, 2012)

On the surface, the government seems to be sensitive to the needs of the informal sector and the mitumba traders. A number of policy papers have been produced that highlight importance of the sector in terms of job creation, poverty alleviation and meeting consumers’ demands. Funds have even been allocated to support small-scale enterprises and various trainings have been offered to bolster skill development and entrepreneurship. Despite these seemingly good intentions, the policies have had a relatively small impact due to implementation challenges that can be linked to a lack of communication and unresponsiveness among government officials. Further, authorities continue to harass informal enterprises and subject them to property damage, arbitrary arrests, forced closure of businesses and even confiscation of traders’ goods. These forms of harassment are unjust, unfair and unwarranted.

When I met with the Ministry of Industrialization and the Ministry of Trade, it was evident that there is a disconnect among government agencies, which may be slowing down the process of raising standards and improving conditions in the country’s informal markets. These

two ministries, along with the Ministry of Finance, the Ministry of Labour, and the Ministry of State for Planning, National Development and Vision 2030, work directly or indirectly with the informal sector; however, there seems to be a discrepancy about land ownership and how to best address the conditions of informal markets, such as Gikomba. According to Mr. Roy Nyangena, the main reason why the government has not taken active steps to develop Gikomba is because the owner of the land that the market sits on has not yet been verified. However, Mr. Okoth seemed to think otherwise. When I met with him he was in the middle of developing an agenda for a meeting that he was going to hold with stakeholders in the six counties where he plans to introduce modern markets. He said that Gikomba belongs to the Nairobi City Council, which is why it is eligible for a “face lift” as he put it. Clearly there is a disconnect between what both ministries believe, which is ironic since they are located in the same building.

Further, since there are so many government ministries working with the informal sector it becomes difficult to adequately address the issues of the sector. In an interview with Mathew Komen (2012), Program Officer in the Ministry of Trade’s Micro and Small Enterprise Programme, he said that there is competition among the different ministries working with the informal sector, as they feel the need to “outshine each other.” He acknowledged that this poses several challenges to the development of the sector. On the other hand, Mr. Nyangena did not have a clear answer to explain the seemingly disparate, yet fundamentally intertwined efforts of the ministries. He said, “There are some things in politics that you can’t explain. Let’s not go there” (Nyangena, 2012). He did express hope for the future by explaining that, with the new constitution, the number of ministries will be reduced from 42 to 22 and he is positive that this change will lend itself to more communication and collaboration among the ministries that perform similar tasks.

## **The Impact of the Mitumba Industry on Development in Kenya**

Despite the interconnected social, economic and political challenges that come with selling second-hand clothes, it is undeniable that the industry has clear benefits for both individuals and the country as a whole. Kenyans depend on mitumba for affordable and accessible clothes. Clothes that are manufactured in Kenya are too expensive for the average citizen in a country where unemployment rates are high and poverty levels even higher. However, second-hand clothes do not just find their way onto the backs of poor people. There is a growing demand from people of all socioeconomic statuses because mitumba are considered to be of higher quality and many people opt to wear styles that are common in Western countries. When discussing the importance of mitumba, Maitho (2012) joked, saying that “even the President buys mitumba!” The impact that mitumba has had on individuals is clear for those who live here as they have noticed significant changes over time. It was once common to see people living in dire poverty wearing rags and tattered clothes because they could not afford anything else. Now, according to Professor McCormick (2012), “you just don’t see that anymore.” Most people can afford garments from the informal clothing markets and they can feel good about themselves and what they are wearing.

Perhaps most striking is the national impact that the mitumba trade has had on providing employment for so many people who have been marginalized from formal sector jobs. In earlier sections, it was noted how so many people contribute to the functioning of markets like Gikomba by providing cleaning and repair services as well as preparing food for the traders. Elizabeth Rubia (2012), a mitumba broker in Gikomba, commented on the importance of the market for people who have found employment, stating, “It’s like a chain; so many people feed here.” Mbogo (2012) also emphasized the importance of mitumba, claiming, “It’s the widest industry



that gives people food.” When asked about the role that the mitumba industry plays in development, all four key informants, Professor McCormick, Mr. Nyangena, Mr. Komen and Mr Okoth, acknowledged that the industry’s most salient contribution to development is its role in providing employment opportunities. Professor McCormick (2012) defined development, in its most basic form, as “the improvement of an individual’s quality of life” and expressed that the mitumba trade has been instrumental in improving individuals’ quality of life by creating employment for them. She also mentioned that the industry has helped people develop entrepreneurial skills which can be transferred to other sectors. Mr. Nyangena (2012) reminded me that the informal sector employs over 70% of the working population in Kenya and when asked if he thought the sector impacted development, he said that there is “no doubt about that.” Mr. Komen (2012) acknowledged that the informal sector in general and the mitumba industry specifically play a “very big role” in development in terms of employment and poverty alleviation and he would like to see the sector enhanced, modernized and supported more. And finally, Mr. Okoth (2012) stated that, due to its ability to create employment and contribute substantially to the country’s GDP, the informal sector is “synonymous with development.”

## **CONCLUSION**

In this paper I outlined the general role of the informal sector in developing economies and its specific impact on development in Kenya and I described the second-hand clothing trading process by detailing the work of textile recycling companies and the chain of workers that the clothes follow before reaching the consumers. Through observations in Gikomba and interviews with wholesale and retail vendors I was able to discover many of the interdependent social, economic and political challenges that traders in the second-hand clothing industry

experience. In addition, I was able to get a more intimate understanding of those challenges through the perspectives of members of the government ministries that work directly with the informal sector. My data and observations led me to conclude several things. First, the mitumba industry is integral to development in Kenya because it is a major source of employment and it provides goods that are affordable to even the most socially and economically marginalized populations.

Second, this industry must be supported by the national government in order to ensure its sustainability and success. This support can come in the form of improved market conditions, greater access to basic utilities that are necessary for business operation and increased security. These changes can happen with good governance and political will whereby the political actors that are involved with the mitumba trade practice effective public administration, demonstrate transparency and accountability and provide a sound legal framework. Further, communication and collaboration among the respective government ministries are needed to enact positive change in this sector. Operators within the mitumba trade have demonstrated that they are versatile, creative and able to contribute positively to national development and now it is time for institutional changes to be made in order to maximize their potential.

Lastly, this research has led me to conclude that many of the problems experienced by traders in Kenya actually originate in the West where the clothes are collected and exported. It is important for individuals in those countries to be mindful of the clothes they donate and to remember that their recipients have preferences too; they want to wear the latest styles, they demand good quality, and they are not much different from people in affluent countries. When sorting and packaging the clothes, it is essential for the textile recycling companies to remember those same points. This research has challenged me to think critically about interdependence in

the global economy, the role of the individual in creating change and my own personal habits of donating clothes. I have been inspired to continue asking questions and I hope to pursue further research on the early stages of the second-hand clothing trade that takes place in the States.

## **STUDY LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH**

In this study I intentionally chose to limit myself to conducting fieldwork in Gikomba market due to its internationally-recognized prominence in the second-hand clothing industry and due to time constraints. With more time, I would have loved to travel to and study other major wholesale markets in Kenya and even in other countries where the trade is very active. In addition, the setting of my research prevented me from engaging directly with importers who are primarily based at the port in Mombasa. Only having the perspective of one importer limited the information I was able to obtain about the process of importing, clearing, storing and transporting goods. In addition, I was unable to meet with members of the Ministry of Local Governments, the Nairobi City Council and the National Taxpayers Association. In order to get a comprehensive vision of how the government is and is not supporting the informal sector, it would be important to meet with these respective agencies. Lastly, conducting this research in a country that imports second-hand clothes prevented me from having full access to the initial stages of trade, including the collecting, sorting and packaging processes that take place in the West.

If someone were to continue with this research in the future, it would be important to follow up with certain Ministries that work with the informal sector, namely the Ministry of Trade and the members of the Vision 2030 task force who are charged with creating “modern

markets.” In addition, it would be necessary to interview the people who are directly affected by those changes, mitumba traders at all levels, to understand if their needs are being met and see what kind of impact the new market styles have on their businesses. I would also recommend consulting more consumers of mitumba from different socioeconomic backgrounds about their reasons for buying second-hand clothes and their perspective on the industry’s role in their country’s development. This study primarily focused on the traders and their experiences and perspectives; however, consumers are also an integral part of the chain as they drive the market with their increasing and changing demands. Lastly, I would highly recommend visiting the port in Mombasa and, if possible, conducting research in a country where mitumba are exported. Interacting with both importers and exporters who are involved with the initial stages of the trade would provide invaluable insight into the challenges that are repeatedly articulated by wholesale and retail traders. When consulting textile recycling companies, I would suggest making a few recommendations. After witnessing and hearing the experiences of mitumba traders it has become clear that many of the challenges they face are preventable by going directly to the source. If you find yourself in a textile recycling warehouse, remind the employees who are doing the sorting that Kenya is not a dumping ground for food-stained and tattered clothes.

## APPENDICES

### Appendix A: Key Terms

*Broker*: An agent who acts as an intermediary and organizes business transactions between buyers and sellers

*CIPE*: Center for International Private Enterprise

*IDS*: Institute of Development Studies

*Jua kali*: Literally translates to “hot sun” in Kiswahili and refers to the harsh working conditions endured by members of the informal sector

*Kenya Vision 2030*: Kenya’s development program, launched in 2008 with the objective of “transforming Kenya into a middle-income country, providing a high quality life to all its citizens by the year 2030”

*Mitumba*: Common term for second-hand clothes in Kenya; literally translates to “bales” in Kiswahili

*MSEs*: Micro and small-scale enterprises

*NISCO*: National Informal Sector Coalition

*Retailer*: A clothing trader who purchases products in large quantities from wholesalers

*SHC*: Second-hand clothes

*SAPs*: Structural Adjustment Programs

*USAID*: United States Agency for International Development

*VAT*: Value Added Tax

*WEP*: World Employment Programme

*Wholesaler*: Buys large quantities of clothes from importers and sells them to retailers

## Appendix B: Pictures of the Second-Hand Clothes Trading Process

*Clothes arrive at textile recycling company*



Source: <http://www.tradekorea.com/sell-leads-detail/S00026058/Used%20Clothes%20&%20Used%20Shoes.html>

*Clothes are sorted and graded*



Source: <http://www.betterplace-lab.org>

*Clothes are packaged and sealed in 45-kg bales*



Source: <http://www.africafashionguide.wordpress.com>

## Appendix C: Examples of Textile Recycling Companies

### *Bernards International*

- Located in California, USA
- Established in 1996
- Motto: “We Cloth the World”
- Motto: “Largest export broker of clothing in the US—famous for its honesty, reliability, and high quality recycled clothing”
- Sells all types of clothes
- Website: <http://www.bernards.net/>

### *CanAm International*

- Located in Kandla Special Economic Zone in Gujarat, India
- Established in 2001
- Motto: “We have a vision of developing the used clothing business on a worldwide basis”
- Sorting, grading and packing company that receives shipments of clothes from North America and Europe
- Employs 700 people and sorts 105 million pounds of textiles each year
- Process:
  - Sorting: receive mixed used clothes from North America that are put on a conveyor belt to be sorted by workers who have been instructed to pick out specific clothing items. Clothes are segregated into 19 different items (ie: shirts, pants, blouses, skirts)
  - Grading: each of the 19 broad categories are further divided into sub categories such as t-shirts, collared shirts, tank tops, etc.
  - Packaging: there is a final check up procedure and clothes are packaged with a label. They are packaged into 45-kilogram bales using bailing machines that utilize a compressed packaging technique.
  - Dispatch: clothes are sent to destinations in 40 or 20 foot containers. Containers are cleaned and checked before packed with the bales. Container is sealed properly and sent for weighing at a government-approved weighing scale. About 600 containers are exported annually to various countries in Africa and Asia.
- Website: <http://www.canamintl.com/>

### *Crookstown Textile Recyclers*

- Located in Ireland
- Established in 1993
- Committed to achieving and maintain high standards of waste management
- Makes grants to the Escarpment Environment Conservation Network which plants trees in Kenya’s Great Rift Valley and delivers education to primary school children
- All textile are processed in Ireland; they do not export jobs
- Website: <http://www.c-t-r.com/cgi-bin/home.html>

### *JMP Wilcox: Textile Reclaimers and Processors*

- Located in the UK

- Established in 1895
- Family owned business that has been recycling clothes for over 100 years; largest producer and reclaimer in the UK.
- Process:
  - Works with charities, local authorities and waste reclamation companies
  - Collects clothes from over 1250 collection sites on a weekly basis, including charity stores and 200 textile banks. Collects about 500,000 kilograms of clothes each week or 26 million each year.
  - Exports 90% of collected textiles (about 10% stay in the UK because they cannot be sold due to style or damage so they are used as cleaning cloths). Products are graded according to styles and qualities that are “suitable for the varied markets and weather conditions” in each receiving country. The “AB” grade clothes are shipped to Central and East Africa.
- Website: <http://www.jmpwilcox.co.uk/>

#### *Noamex, Inc.*

- Located in Brooklyn, New York, USA
- Established in 1962
- Motto: “Knowledgeable of each individual market’s needs”
- Family owned and operated company that conducts business in over 80 countries
- Employs 160 people who are trained in sorting, grading and shipping
- Grades 100,000 pounds of clothing daily and processes over 5 million garments each week
- Website: <http://www.noamex.com/>

#### *Nouratex*

- Located in Belgium
- Established in 1985
- Guarantees excellent quality used clothing and impeccable second-hand designer clothes for the export market
- Motto: “Outstanding recycling service”
- Grading process:
  - AA Grade: “boutique quality for Europe and Eastern countries”
  - Export Quality No. 1: “summer clothes for Africa.” Well-sorted and carefully examined, without stains or tears. “First choice for the African market.”
  - Export Quality No. 2: “summer clothes for Africa.” Clean summer clothes only slightly used
- Website: <http://www.nouratex-secondhandclothes.be/>

#### *Star Textiles and Garments LLC*

- Located in India
- Established in 2000
- Motto: “Offer a best quality product to our customers at a competitive price”
- Buys unwanted clothes from nonprofit charities and factories, generating revenue for the charity organization and creating employment



- Processes 500,000 million pounds of used clothes each week; categorizes and exports them to markets in Africa, South America, Eastern Europe and Asia.
- Website: <http://www.stgoman.com/>

*Textile Recycler, Inc.*

- Located in Houston, Texas, USA
- Established in 1997
- Motto: “We employ the most experienced and dedicated graders and sorters”
- Instead of filling landfills, they provide “affordable clothing to third world countries”
- Process:
  - Purchases raw goods from charitable organizations that will use the profits to help their community.
  - Grades 3 million pounds of used clothes and 40,000 pounds of shoes each month
  - Uses a “7-strap method” and clear packaging
- Website: <http://www.txrecycler.com/index.php>

*Trans-Americas Trading Company*

- Located in Clifton, New Jersey, USA
- Established in 1942
- Motto: “Clothing is in perfect, near new condition”
- Process:
  - Purchases clothes from charities and pays for them by the pound. Purchases used clothing “only from reputable charities.” Works with 30 charitable organizations in the New York metro area.
  - Pays USD 100 per ton and processes over 8,400 tons of clothes every year.
  - Employees 85 people who sort 70,000 pounds of clothes daily.
- Website: <http://tranclo.com/>

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