



Housing conditions of different livelihood segments: A deep-dive into 2021 FinAccess survey with a focus on housing



Analysis undertaken by 71point 4 , April 2023
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OBJECTIVE OF THIS FINACCESS DEEP-DIVE

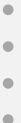
To identify and quantify key population segments of interest for policy makers and the financial sector based on their size, economic population and unmet needs.

Deep-dive into their:

- Financial product portfolios
 - Financial needs
 - **Housing needs** ← Focus of this presentation

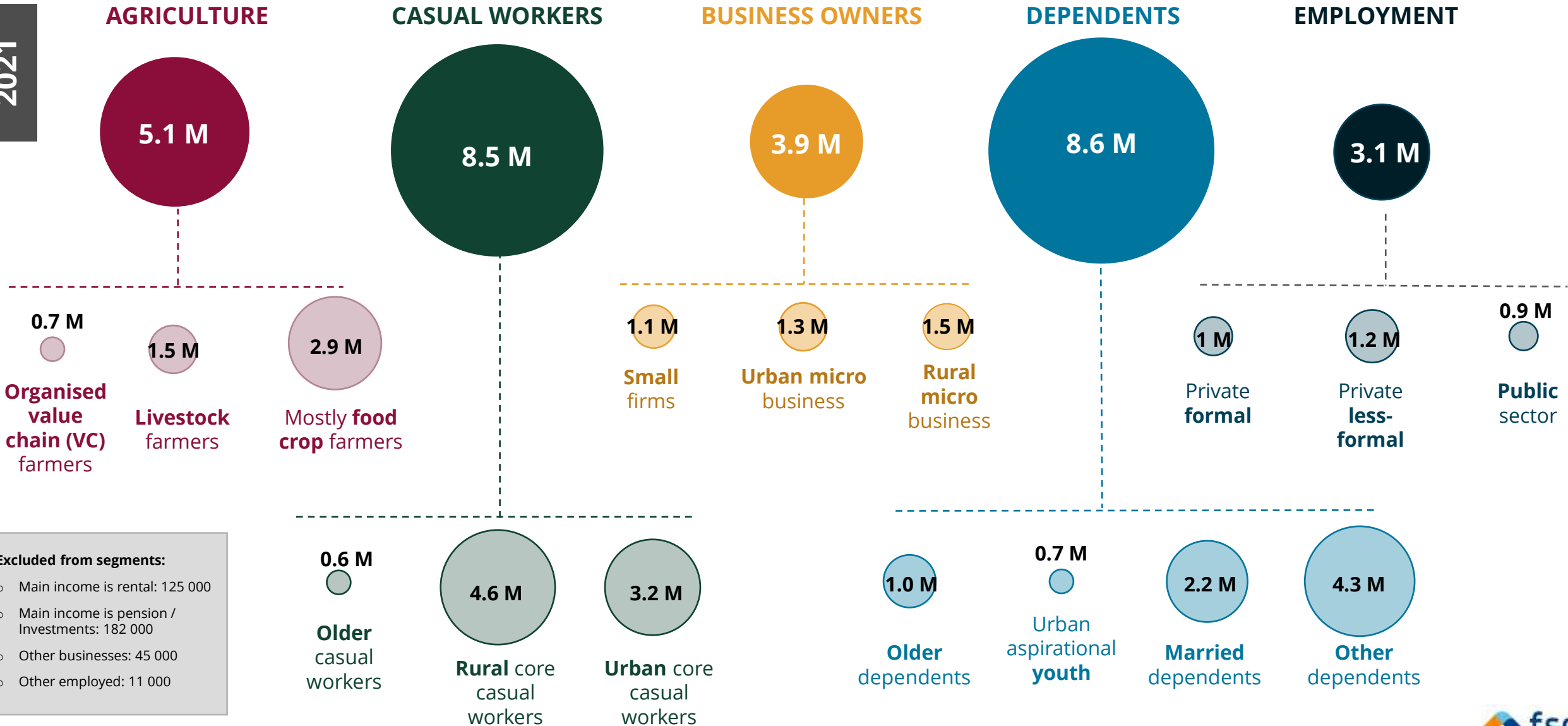


Segment overview



Using main source of income as a starting point, we have identified sixteen mutually exclusive segments for the population aged 16+

2021



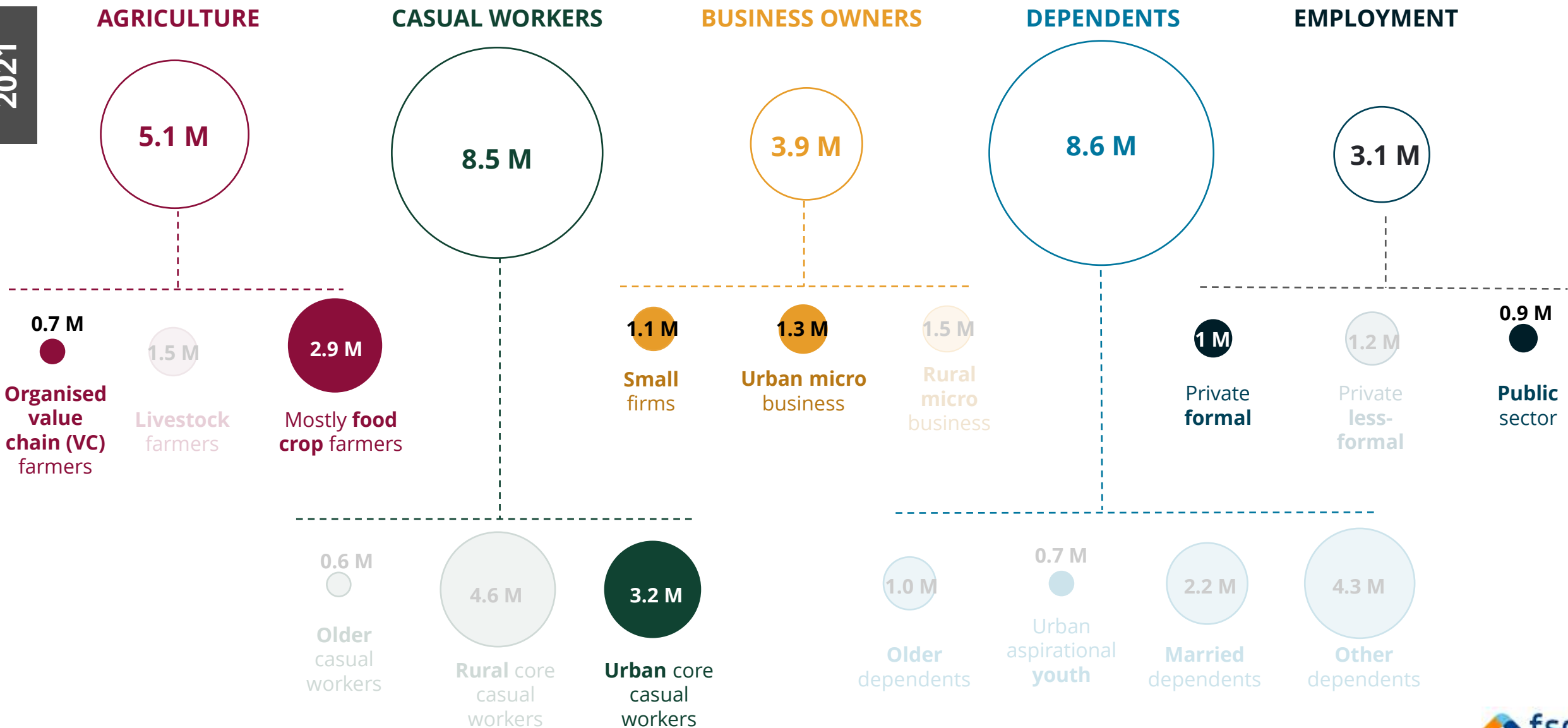
Excluded from segments:

- Main income is rental: 125 000
- Main income is pension / Investments: 182 000
- Other businesses: 45 000
- Other employed: 11 000

This report summarises the findings of the FinAccess housing data deep-dive for seven selected segments



2021



Each segment was defined according to various ‘rules’ based on key factors that distinguish each group. The rules were largely informed by the livelihoods segmentation study conducted in 2019 which used a combination of an exploratory cluster analysis and rules-based approach to group individuals of similar characteristics together¹

SEGMENT DEFINITIONS

Organised value chain (VC) farmer

- Main income source: Farming
- Sell produce to either a farmers co-op, to a company / manufacturer / factor, govt. agency / institution, supplier of inputs, or digital platform

Mostly food crop farmer

- Main income source: Farming
- Not an organised VC farmer or a livestock farmer

Small firm owners

- Main income source: running own business
- Have between 1 – 20 paid employees

Urban micro business owners

- Main income source: running own business
- Live in an urban area
- Have no paid employees

Private formally employed

- Main income source: employment
- Work in the private sector
- Currently have a pension scheme (employment/occupation pension not NSSF), Mboa pension plan, individual or other pension plan

Public sector workers

- Main income source: employment
- Work in the public sector

Urban core casual workers

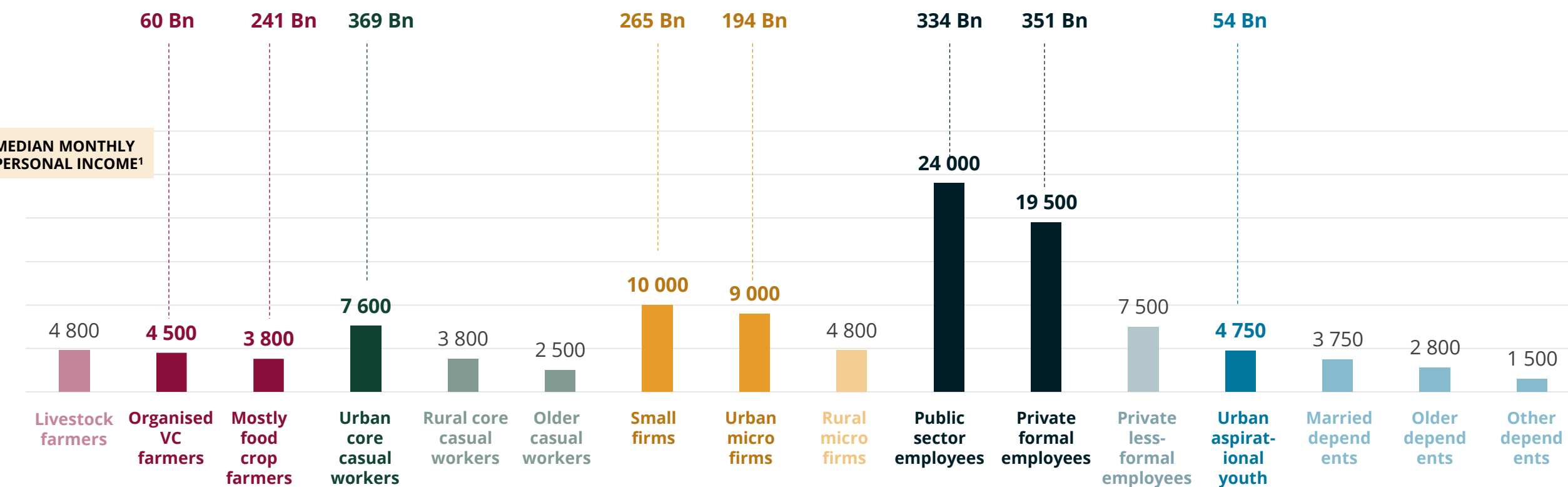
- Main income source: casual work
- Aged between 16 – 55 years
- Live in urban areas

Urban aspirational youth

- Main income source: family / friends (dependent)
- Aged between 16 – 25 years
- Live in urban areas
- Completed secondary school or higher
- Future goal orientated – Most important life goal is either related to getting an education, getting a job, starting / improving business or farming activity, OR currently trying to achieve an education or business related goal

Together the selected segments **represent significant market opportunity** either due to their size or larger incomes. They are also critically important from a policy perspective as they **represent the more 'financially reachable' segments** who have the potential to drive household consumption, create employment, develop industries and increase government revenue

ANNUAL MARKET OPPORTUNITY
(Ksh, Billions)*



i The annual market opportunity figure is an indicative measure to illustrate the relative potential of each segment when their income and size are taken into account. The calculation relies on the self-reported monthly personal income data from FinAccess which is likely to understate true incomes due to the inherent difficulty of capturing accurate income data in surveys, particularly for the segments with less stable income flows, such as the agriculture and casual worker segments


7 | *Annual market opportunity = segment size x **average** monthly personal income (before tax)¹ X 12 months. See appendix for comparison of median and average personal incomes across the segments
[1] Question B3i: Including all your sources of income, how much money would you say you get on average in a month?



Selected segments – Property Ownership & Tenure

With the exception of the two agriculture segments, the segments selected as part of the deep-dive analysis are located predominantly in urban areas. As will be seen in the following slides, where individuals reside has a major impact on dwelling conditions and tenure type

Segment size <i>(number of households)</i>	ORGANISED VC FARMERS <i>(321 708 hh)</i>	MOSTLY FOOD CROP FARMERS <i>(1 352 449 hh)</i>	URBAN CORE CASUAL WORKERS <i>(1 516 645 hh)</i>	SMALL FIRMS <i>(535 980 hh)</i>	URBAN MICRO BUSINESSES <i>(680 059 hh)</i>	PRIVATE FORMAL EMPLOYMENT <i>(458 696 hh)</i>	PUBLIC SECTOR EMPLOYMENT <i>(420 966 hh)</i>	TOTAL POPULATION <i>(12 811 595 hh)</i>
% LIVING IN URBAN AREAS	<p>3%</p>	<p>7%</p>	<p>100%</p> <p><i>By segment definition</i></p>	<p>61%</p>	<p>100%</p> <p><i>By segment definition</i></p>	<p>80%</p>	<p>53%</p>	<p>63%</p>

 FinAccess does not contain data on the type of urban area individuals live in (i.e. formal / planned areas versus informal area)

Key insights: Property ownership and tenure

The FinAccess questionnaire asks about property ownership in two separate questions – the first question (U7) asks about the tenure of the dwelling the respondent currently resides in. The second question (U19) asks if the individual owns ANY land, apartment or house (regardless if it is the same dwelling the individual lives in or not). According to question U19, only 40% of Kenyans (60+) own any land, house or apartment. This figure is lower than the proportion of individuals who report owning the dwellings they currently reside in – question U7 (70% overall). It is also lower than the proportion of individuals (16+) who report to own the dwelling they reside in based on the latest Census data (69% overall). This suggests that the **FinAccess data on ANY property ownership appears to be understated. The FinAccess data on tenure is closely aligned to the Census data and therefore may be a better indicator of property ownership.**

Those who own acquire their properties primarily through inheritance (75% overall). Public sector employees are the only segment where the majority of individuals have acquired their properties through means other than inheritance, mostly savings (32% - formal or informal) and incremental build (23%). They are also the only segment where a meaningful proportion of individuals leverage formal credit for housing – 16% of public sector employees (78 000 individuals) used formal credit to acquire their properties compared to 2% of the population overall.

Based on the FinAccess tenure data, there is a **stark difference in tenure between the more rural and urban segments**. Over 90% of the rural agriculture segments own the dwellings they reside in. Conversely, rental is the dominant tenure form for the more urban segments (>70% rental). The public sector employee segment is the only segment that has a relatively even split between ownership and rental, but with a slight skew towards ownership (55% of public sector employees own the dwellings they reside in).

Rental accommodation is almost entirely provided by private individuals (>90%). It is only in the public sector employee segment where we see other landlords emerging, where 10% of public sector employees rent from Government.

According to FinAccess, most Kenyans (60%) **do not own** any land, house or apartment. Those who do own are likely to work in agriculture (primarily residing in rural areas) or work in the public sector

ANY PROPERTY OWNERSHIP		ORGANISED VC FARMERS	MOSTLY FOOD CROP FARMERS	URBAN CORE CASUAL WORKERS	SMALL FIRMS	URBAN MICRO BUSINESSES	PRIVATE FORMAL EMPLOYMENT	PUBLIC SECTOR EMPLOYMENT	TOTAL POPULATION
<i>Segment size (number of individuals)</i>		665 660	2 925 477	3 280 000	1 126 009	1 306 307	978 567	924 071	29 652 873
% of individuals who report owning ANY land / house / apartment ¹									
Have some form of ownership document ^{2*} <small>(% of individuals who own any property)</small>	Title deed								
	Letter of allotment								

Reminder: The FinAccess question asking about ANY property ownership (question U19) appears to be understating ownership levels

Source: FinAccess 2021, Adults 16+; results derived using questions
 [1] Question U19: Do you own any land / house / apartment?
 [2] Question U20: What document of ownership do you have? (if own)
 *The remainder of the individuals reported having "no document"

The majority of individuals inherit the properties they own. Buying materials incrementally using regular income is the next most common option for most. Usage of formal credit and savings is highest among the formally employed segments



How did you acquire the property¹? Detailed data breakdown

		ORGANISED VC FARMERS	MOSTLY FOOD CROP FARMERS	URBAN CORE CASUAL WORKERS	SMALL FIRMS	URBAN MICRO BUSINESSES	PRIVATE FORMAL EMPLOYMENT	PUBLIC SECTOR EMPLOYMENT	TOTAL POPULATION
<i>Number of individuals who own ANY property²</i>		515 540	1 901 056	584 606	498 068	317 179	351 123	494 023	11 713 360
FAMILY	Inherited from family	86%	79%	75%	66%	61%	61%	45%	75%
	Contribution from community/family	2%	2%	2%	0%	2%	1%	1%	3%
CREDIT	Formal credit	3%	1%	1%	1%	2%	4%	16%	2%
	Informal credit	1%	1%	2%	2%	1%	1%	2%	2%
SAVINGS	Formal savings	5%	5%	3%	12%	10%	16%	18%	6%
	Informal savings	7%	11%	10%	13%	17%	16%	14%	10%
OTHER	Used regular income to buy materials when possible	20%	13%	18%	14%	18%	5%	23%	17%
	Used local materials	2%	1%	1%	0%	0%	0%	0%	1%
	Bought it already built	0%	1%	1%	2%	1%	1%	2%	1%

Source: FinAccess 2021, Adults 16+. [1] Question U21: How did you acquire your house / land / apartment (if property occupied by owner) [2] Question U19: Do you own any land / house / apartment?

Ownership is common for the predominantly rural segments. Rental dominates in other segments, with the exception of public sector workers



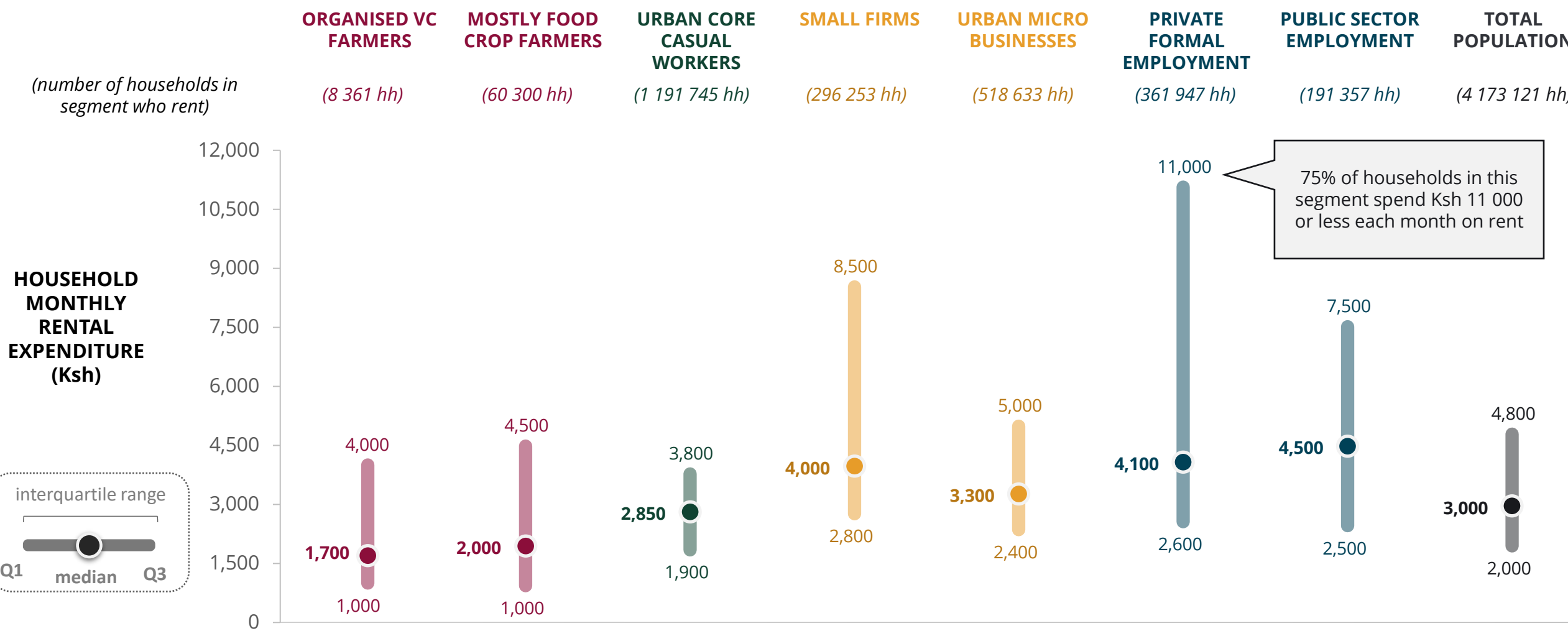
DWELLING TENURE		INDIVIDUAL VIEW							TOTAL POPULATION	
		ORGANISED VC FARMERS	MOSTLY FOOD CROP FARMERS	URBAN CORE CASUAL WORKERS	SMALL FIRMS	URBAN MICRO BUSINESSES	PRIVATE FORMAL EMPLOYMENT	PUBLIC SECTOR EMPLOYMENT		
Segment size (number of individuals)		665 660	2 925 477	3 280 000	1 126 009	1 306 307	978 567	924 071	29 652 873	
Tenure status of dwelling currently live in*	Own	97%	95%	24%	48%	26%	22%	55%	70%	
	Rent	3%	4%	75%	52%	74%	77%	44%	29%	
If rented, who is the dwelling rented from? (% of those who rent)										
	Individual	94%	100%	98%	97%	98%	92%	87%	97%	
	Private company	6%	0%	1%	1%	1%	6%	3%	2%	
	Government	0%	0%	1%	3%	1%	1%	10%	1%	
	Other	0%	0%	0%	0%	0%	1%	0%	0%	

Ownership is common for the predominantly rural segments. Rental dominates in other segments, with the exception of public sector workers



DWELLING TENURE		HOUSEHOLD VIEW							TOTAL POPULATION
		ORGANISED VC FARMERS	MOSTLY FOOD CROP FARMERS	URBAN CORE CASUAL WORKERS	SMALL FIRMS	URBAN MICRO BUSINESSES	PRIVATE FORMAL EMPLOYMENT	PUBLIC SECTOR EMPLOYMENT	
Segment size (number of households)		321 708	1 352 449	1 516 645	535 980	680 059	458 696	420 966	12 811 595
Tenure status of dwelling currently live in*	Own	97%	95%	21%	45%	24%	21%	53%	67%
	Rent	3%	4%	79%	55%	76%	79%	45%	33%
If rented, who is the dwelling rented from? (% of HHs that rent)									
	Individual	94%	99%	98%	97%	98%	91%	87%	97%
	Private company	6%	0%	1%	1%	1%	7%	2%	2%
	Government	0%	0%	1%	2%	1%	1%	11%	1%
	Other	0%	0%	0%	0%	0%	1%	0%	0%

The highest median rental, between Ksh 4 000 – 4 500 per month, is seen in the formally employed and small firm owner segments. Formally employed individuals in the private sector have the largest spread of rental expenditure, illustrating a larger spread of affordability in this segment



FinAccess rental expenditure data may differ

Source: FinAccess 2021. 32.6% of households live in rental properties.
 Note: The interquartile range illustrates where the middle 50% of the data lies.



Selected segments – Dwelling conditions

Key insights: Dwelling conditions

Across all segments, the use of durable roof materials (including iron sheets) is high (>90%). **The differences in dwelling building materials used across segments emerges when looking at the floor and wall materials used.** The rural agriculture segments are more likely to reside in homes constructed from non-durable wall and floor materials relative to the more urban segments. This is most notable in the 'mostly food crop farmer' segment where more than half of the segment resides in dwellings made of non-durable walls and floors. Non-durable floors, also sometimes referred to as 'dirt floors, pose health risks for households due to the inability to wash and clean the floors.

The Sustainable Development Goals define an improved drinking water source as any source that is protected from outside contamination, particularly from faecal matter. According to this definition, **the majority (>80%) of the more urban segments have access to improved drinking water sources.** However, this water is often piped to an external point outside the dwelling posing a particular challenge for households living in high-rise tenement structures. Alternatively it is accessed from water vendors at a high cost to the household. For example, for urban micro business owners, 29% of households in this segment (198 000 households) say their main source of water for domestic use is from water vendors, while 30% say it is from an external pipe in the yard (or a central place in their building). The private formal employee segment is the only segment where a significant proportion of households have access to piped water into the dwelling, however this is still only 40% of the segment (185 000 households). The rural agriculture segments have lower levels of access to improved water sources relative to the more urban segments – around a third of households in these segments rely on unimproved sources for their domestic water, primarily collecting water from streams / rivers.

Access to flush sanitation is low across all segments with the exception of private formal employees where just over half of households have access to a flush toilet (56%). This means that even among one of the higher income, more urban segments covered in this study, a significant proportion of households do not have access to flush sanitation. Access to flush toilets is considerably lower in the rural segments. Less than 5% of households in the agriculture segments have access to flush toilets. Their main form of sanitation is covered pit latrines (~ 75%). This also explains the low access to flush toilets for the public sector employee segment (only 32% have access to flush sanitation) since 47% of this segment resides in rural areas.

Key insights: Dwelling conditions continued...


Access to and the use of electricity for lighting is high among the more urban segments (>80%). It is also relatively high for the more rural organised VC farmer segment (60%), but not for the mostly food crop farmer segment. They rely more on solar energy for lighting (41%) than they do electricity (33%). This may be due to physical access to electricity or the cost of it. The use of electricity for cooking is uncommon across all segments. The use of LPG or biogas for cooking fuel is highest among the private formal employee segment (72%) compared to the less wealthy urban segments where we see a relatively significant proportion of households cooking using wood or charcoal (~ 35% of households in the urban casual worker and urban micro business owner segments).

Overcrowding, defined as more than 3 individuals occupying a single habitable room, appears to be less of an issue for Kenyan households compared to the other housing deprivations (i.e. poor access to tapped drinking water and flush sanitation). Overcrowding is also less of an issue in most of the selected segments relative to the population average of 13%. For example, only around 5% of households in the employed segment live in overcrowded conditions, while 8% of households in the small firms segment do.

Rural segments typically reside in semi-permanent dwellings while urban segments are more likely to reside in permanent dwellings



	ORGANISED VC FARMERS <i>(321 708 hh)</i>	MOSTLY FOOD CROP FARMERS <i>(1 352 449 hh)</i>	URBAN CORE CASUAL WORKERS <i>(1 516 645 hh)</i>	SMALL FIRMS <i>(535 980 hh)</i>	URBAN MICRO BUSINESSES <i>(680 059 hh)</i>	PRIVATE FORMAL EMPLOYMENT <i>(458 696 hh)</i>	PUBLIC SECTOR EMPLOYMENT <i>(420 966 hh)</i>	TOTAL POPULATION <i>(12 811 595 hh)</i>
What is the characteristic of the main dwelling unit?¹								
Permanent	32%	32%	58%	67%	71%	77%	72%	47%
Semi-permanent	55%	51%	34%	29%	24%	19%	23%	39%
Temporary	12%	13%	8%	3%	5%	3%	3%	10%
Traditional	1%	3%	0%	1%	0%	0%	0%	3%

 Beyond the dwelling characteristics, FinAccess does not contain data on the type of dwelling unit (e.g. bungalow, flat etc)

The use of durable roof materials is high across all segments (>90%). Rural segments are more likely to reside in homes constructed from non-durable wall and floor materials relative to the more urban segments. Non-durable floors (i.e. dirt floors) are considered to be less hygienic and pose health risks for households

DWELLING MATERIALS	ORGANISED VC FARMERS (321 708 hh)	MOSTLY FOOD CROP FARMERS (1 352 449 hh)	URBAN CORE CASUAL WORKERS (1 516 645 hh)	SMALL FIRMS (535 980 hh)	URBAN MICRO BUSINESSES (680 059 hh)	PRIVATE FORMAL EMPLOYMENT (458 696 hh)	PUBLIC SECTOR EMPLOYMENT (420 966 hh)	TOTAL POPULATION (12 811 595 hh)
ROOF	97% Durable, 3% Non-durable	93% Durable, 7% Non-durable	97% Durable, 2% Non-durable	97% Durable, 3% Non-durable	98% Durable, 2% Non-durable	98% Durable, 1% Non-durable	96% Durable, 3% Non-durable	92% Durable, 7% Non-durable
WALLS	60% Durable, 40% Non-durable	46% Durable, 54% Non-durable	62% Durable, 38% Non-durable	73% Durable, 27% Non-durable	74% Durable, 26% Non-durable	82% Durable, 17% Non-durable	79% Durable, 20% Non-durable	54% Durable, 46% Non-durable
FLOOR	59% Durable, 41% Non-durable	45% Durable, 55% Non-durable	88% Durable, 11% Non-durable	86% Durable, 14% Non-durable	93% Durable, 7% Non-durable	96% Durable, 4% Non-durable	87% Durable, 12% Non-durable	62% Durable, 38% Non-durable

DEFINITIONS

Roof

Durable: "Asbestos sheet", "Concrete/Cement", "Decra/Versatile", "Iron sheets", "Shingles", "Tiles"

Non-durable: "Canvas/Tents", "Dung/Mud", "Grass thatch/twigs", "Makuti thatch", "No roof", "Nylon/Cartons/Cardboard", "Tin cans"

Walls

Durable: "Covered adobe", "Bricks", "Concrete/Concrete blocks/Precast wall", "Prefabricated panels", "Stone with lime/cement", "Timber"

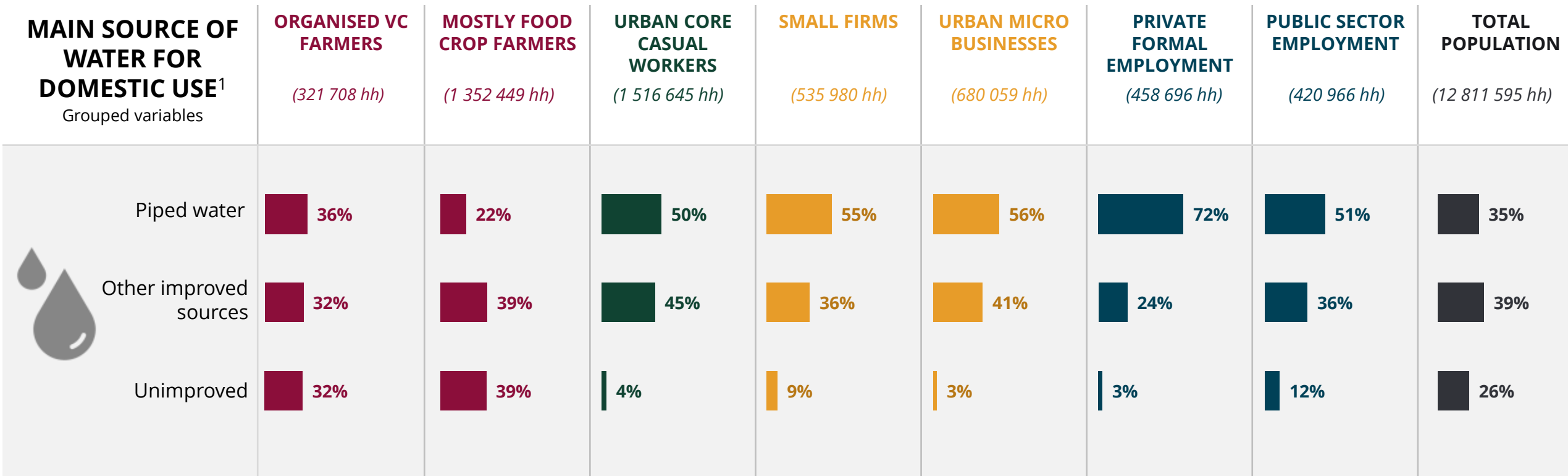
Non-durable: "Cane/Palm/Trunks", "Cancas/Tents", "Grass/Reeds", "Iron sheets", "Mud/Cow dung", "No walls", "Nylon/Cartons", "Off cuts/Reused wood/Wood planks", "Plywood/Cardboard", "Stone with mud", "Uncovered adobe"

Floor

Durable: "Concrete/Cement/Terrazo", "Ceramic tiles", "Wall to wall carpet", "Vinyl or asphalt strips", "Parquet or polished wood"

Non-durable: "Dung", "Earth/sand", "Wood planks/shingles/timber", "Palm/bamboo"

Only 35% of households in Kenya have access to piped water for domestic use (e.g. cooking or drinking). While this is higher among the urban segments (> 50%), there is still clearly a significant need for more investment in water infrastructure in the country



DEFINITIONS*

Piped water includes:

- Piped into dwelling
- Piped to yard / plot
- Public tap / Standpipe

Other improved sources* includes:

- Borehole / Tube well
- Bottled water
- Water vendor
- Protected spring
- Projected well
- Rain / harvested water

Unimproved includes:

- Dam
- Lake
- Pond/Water pan
- Stream / River
- Unprotected spring
- Unprotected well

Source: FinAccess 2021, Adults 16+. [1] Question U13: What is your main source of water for domestic use e.g. cooking or drinking.

Note: *The Sustainable Development Goals (SDG) define an 'improved' source of drinking water as any source that is protected from outside contaminants. This includes all the piped water sources and 'other improved sources' listed above. This analysis splits out these two categories to highlight the lack of piped water infrastructure in Kenya, even in urban areas.

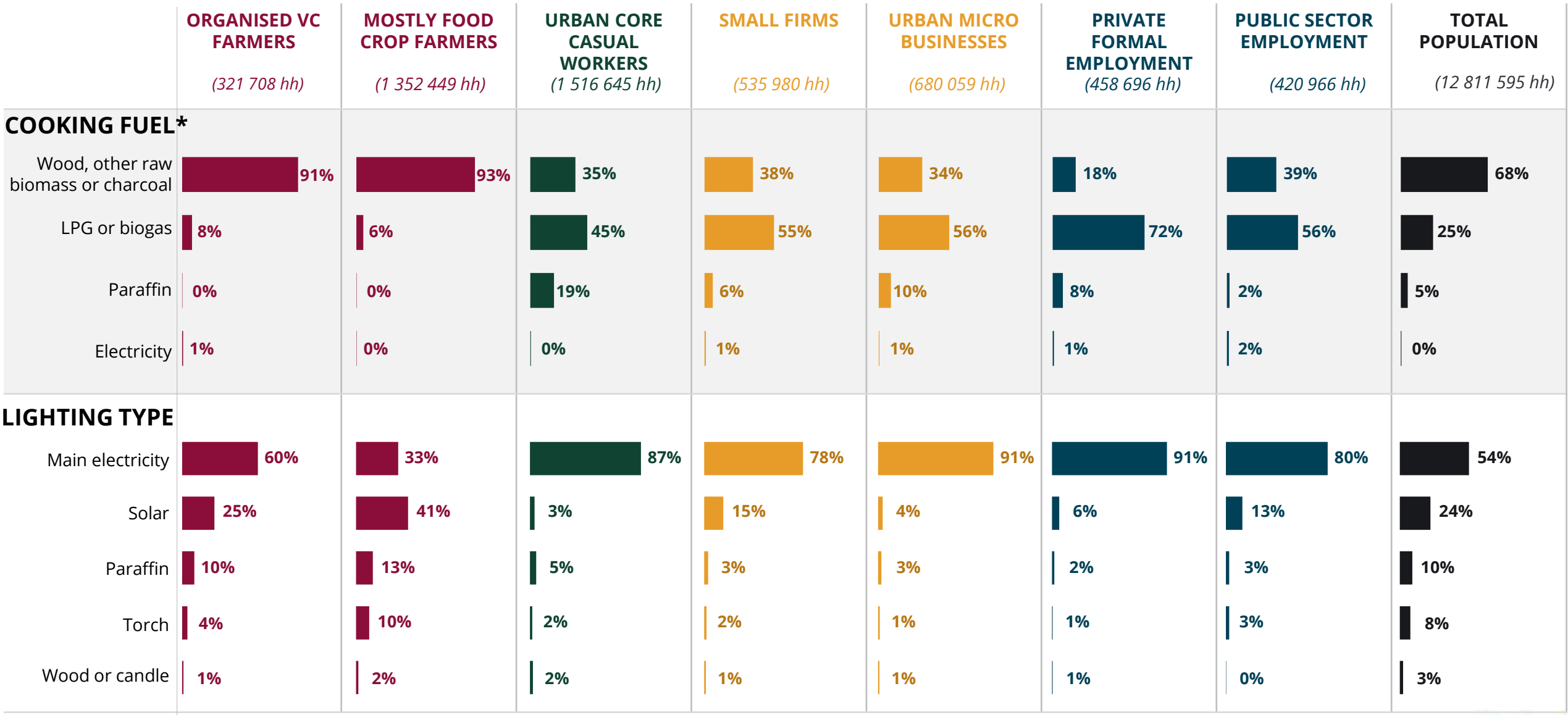
Access to piped water into dwellings is limited even in the higher income segments of the market such as those working in private formal employment

MAIN SOURCE OF WATER FOR DOMESTIC USE ¹ Detailed breakdown		ORGANISED VC FARMERS (321 708 hh)	MOSTLY FOOD CROP FARMERS (1 352 449 hh)	URBAN CORE CASUAL WORKERS (1 516 645 hh)	SMALL FIRMS (535 980 hh)	URBAN MICRO BUSINESSES (680 059 hh)	PRIVATE FORMAL EMPLOYMENT (458 696 hh)	PUBLIC SECTOR EMPLOYMENT (420 966 hh)	TOTAL POPULATION (12 811 595 hh)
Improved	Piped into dwelling	9%	5%	12%	26%	21%	40%	28%	12%
	Piped to yard/plot	26%	13%	30%	24%	30%	26%	21%	18%
	Public tap/Standpipe	1%	3%	8%	5%	4%	6%	1%	5%
	Borehole/Tube well	14%	16%	8%	7%	6%	6%	12%	12%
	Water Vendor	1%	4%	32%	19%	29%	16%	11%	13%
	Protected Well	5%	8%	3%	5%	4%	1%	6%	6%
Unimproved	Protected Spring	4%	5%	1%	3%	1%	0%	3%	4%
	Rain/Harvested water	9%	6%	1%	2%	1%	1%	4%	3%
	Stream/ River	26%	29%	3%	5%	2%	3%	9%	19%
	Dam	1%	2%	0%	1%	0%	0%	1%	2%
	Unprotected Well	1%	2%	1%	0%	1%	0%	1%	2%
	Unprotected Spring	4%	3%	0%	1%	0%	0%	1%	2%
Pond/Water pan	0%	1%	0%	0%	0%	0%	0%	1%	
Lake	0%	1%	0%	1%	0%	0%	0%	1%	

Access to flush sanitation is also low across all segments. The private formal employee segment have the highest levels of access, 56% of households in this segment have flush sanitation. The lowest levels of access are seen in the rural farmer segments (<5%)


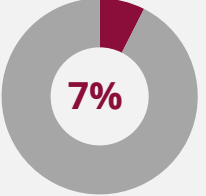
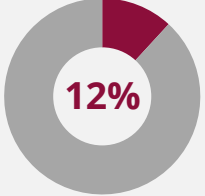
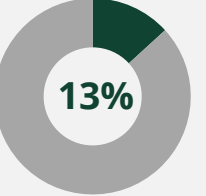
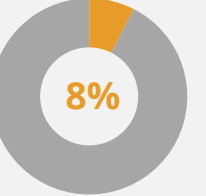
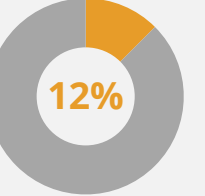
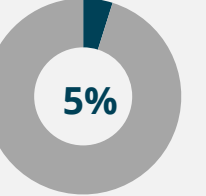
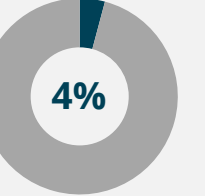
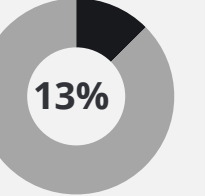
ACCESS TO SANITATION		ORGANISED VC FARMERS (321 708 hh)	MOSTLY FOOD CROP FARMERS (1 352 449 hh)	URBAN CORE CASUAL WORKERS (1 516 645 hh)	SMALL FIRMS (535 980 hh)	URBAN MICRO BUSINESSES (680 059 hh)	PRIVATE FORMAL EMPLOYMENT (458 696 hh)	PUBLIC SECTOR EMPLOYMENT (420 966 hh)	TOTAL POPULATION (12 811 595 hh)
Flush ■ Non-flush ■									
FLUSH	Main sewer	1%	1%	23%	23%	31%	42%	31%	11%
	Septic tank*	2%	4%	12%	12%	13%	14%	13%	7%
	Bio-septic tank/Biodigester*	0%	0%	0%	0%	0%	0%	0%	0%
NON-FLUSH	Pit latrine covered	75%	74%	42%	45%	39%	30%	39%	56%
	VIP latrine	3%	3%	3%	6%	4%	3%	4%	4%
	Pit latrine uncovered	16%	11%	13%	4%	11%	7%	11%	12%
	Open	2%	5%	2%	2%	1%	0%	1%	7%
	Cess pool	0%	0%	4%	7%	1%	3%	1%	2%
	Bucket latrine	0%	1%	0%	1%	0%	0%	0%	0%

The use of electricity for lighting in the more urban segments is high (>80%), however most of these households cook using other means (wood, charcoal, LPG or biogas) possibly due to the cost of electricity



Across all households in Kenya, 13% live in over-crowded conditions. It is lower in priority segments. Relative to other housing deprivations – access to tapped drinking water and flush sanitation, overcrowding appears to be less of an issue



	ORGANISED VC FARMERS <i>(321 708 hh)</i>	MOSTLY FOOD CROP FARMERS <i>(1 352 449 hh)</i>	URBAN CORE CASUAL WORKERS <i>(1 516 645 hh)</i>	SMALL FIRMS <i>(535 980 hh)</i>	URBAN MICRO BUSINESSES <i>(680 059 hh)</i>	PRIVATE FORMAL EMPLOYMENT <i>(458 696 hh)</i>	PUBLIC SECTOR EMPLOYMENT <i>(420 966 hh)</i>	TOTAL POPULATION <i>(12 811 595 hh)</i>
 <p>% LIVING IN OVERCROWDED CONDITIONS > 3 individuals per habitable room</p>								
Average HH size	3.6	4.1	3.1	3.5	3.3	2.7	3.5	3.9



Selected segments – Inadequate dwelling analysis

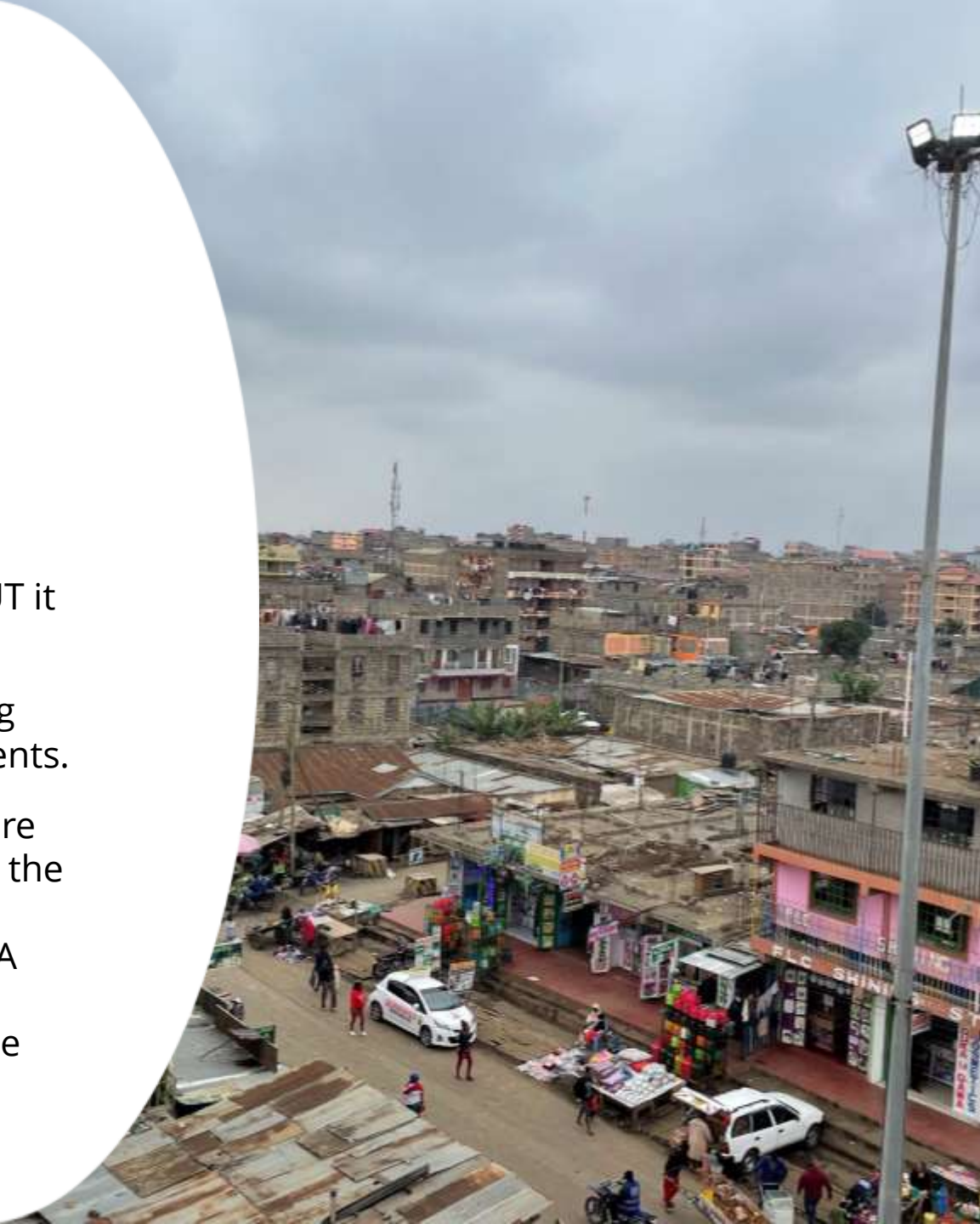
Inadequate dwellings analysis

A household lives in a dwelling which may be considered to be 'inadequate' if it meets one of the following conditions:

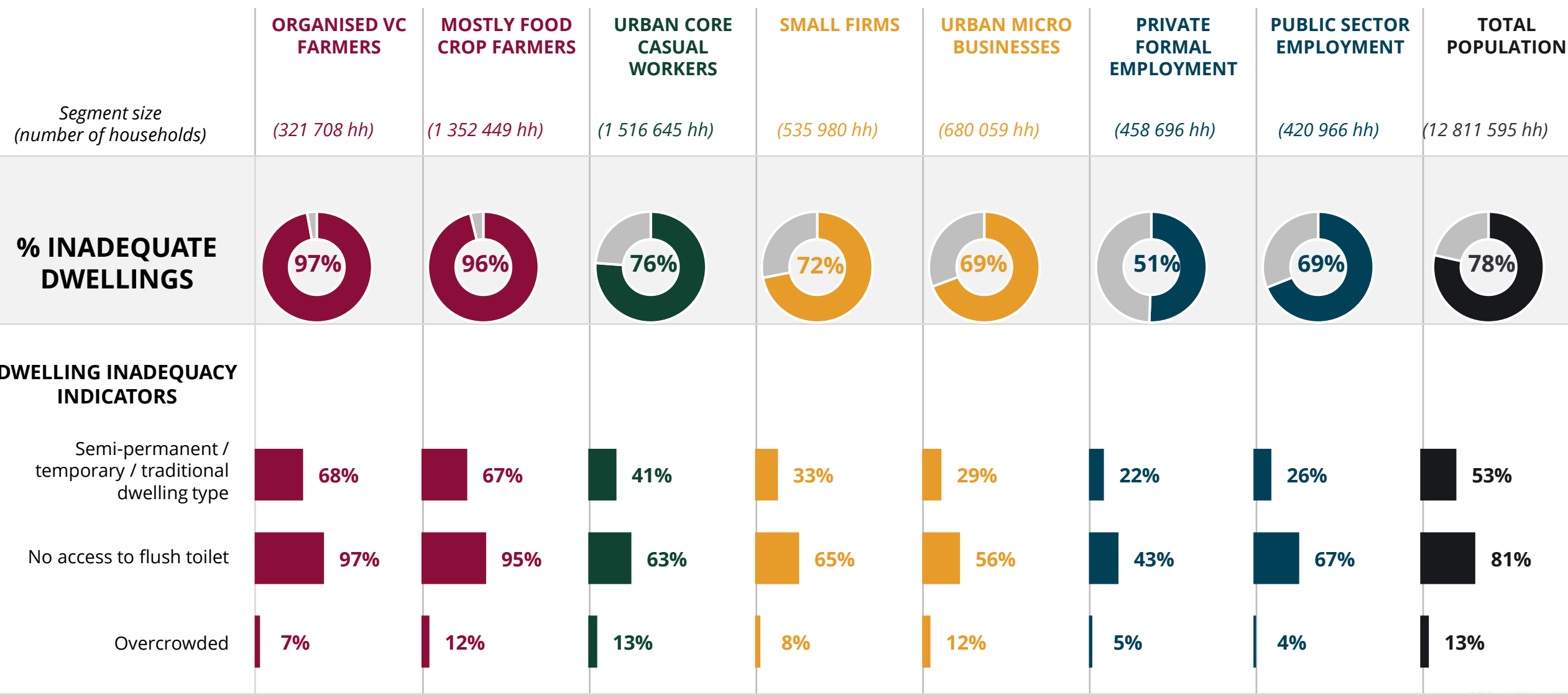
1. The dwelling is either a semi-permanent, temporary or traditional structure
2. The dwelling is none of the above (in other words it is a permanent dwelling) BUT it does not have access to flush sanitation
3. It is a permanent dwelling with access to flush sanitation BUT it is overcrowded

This view is useful to understand and quantify the extent of housing need across the population and, in this study, across specific segments.

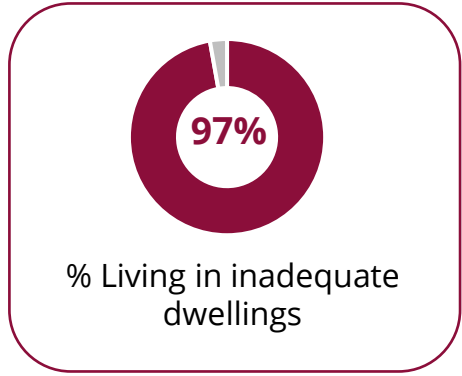
The analysis highlights that even among the higher income and more urban segments there is visible housing need. For example, among the private formally employed segment, 51% of households (232 000 households) live in dwellings that may be classified as inadequate. A similar number of public sector employee households (290 000 households, or 69% of the segment) reside in potentially inadequate dwellings.



Nearly 80% of all households in Kenya live in dwellings that could be regarded as 'inadequate'. Dwelling inadequacy levels vary across the selected segments – it is highest in the rural agriculture segments and lowest among the private formally employed segment. The main driver of dwelling inadequacy across all segments is limited access to flush toilets



Levels of dwelling inadequacy are highest in the two agriculture segments, primarily due to the semi-permanent nature of their dwelling types and poor access to flush sanitation

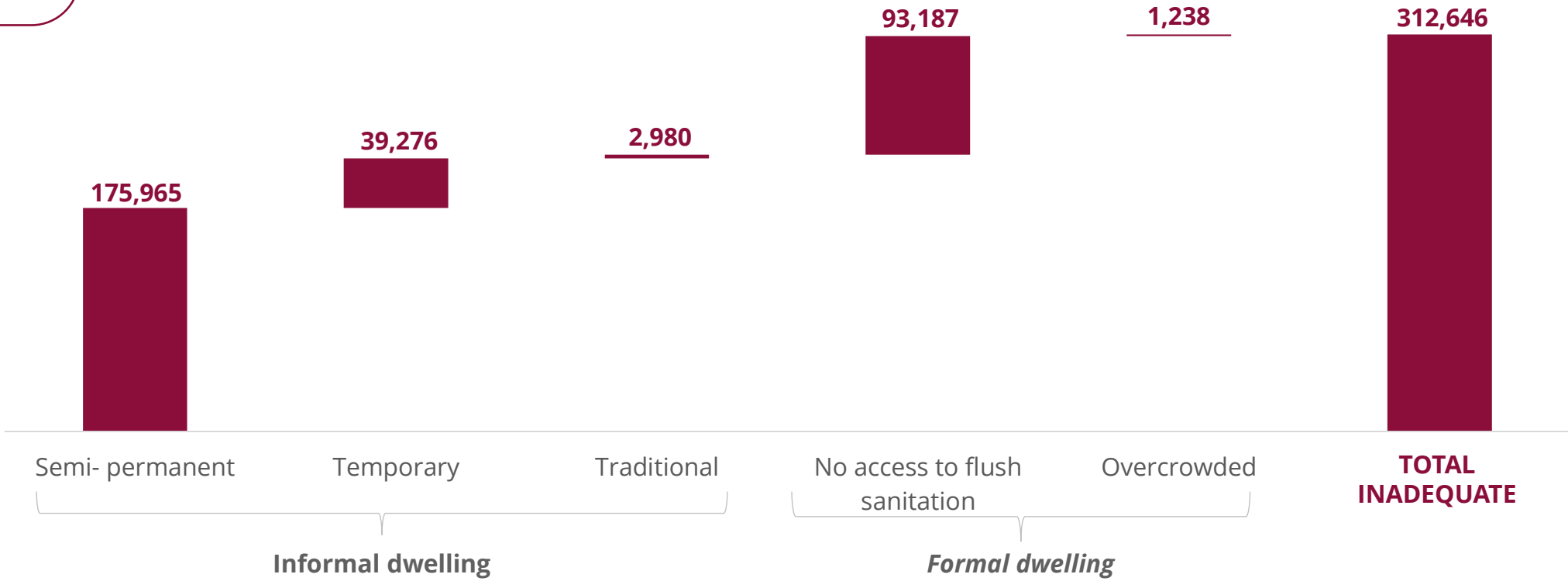


ORGANISED VC FARMERS THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 321 708 households)

% Living in inadequate dwellings

Number of households

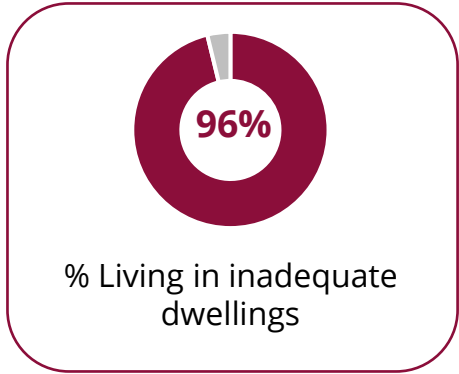


Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 93 187 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

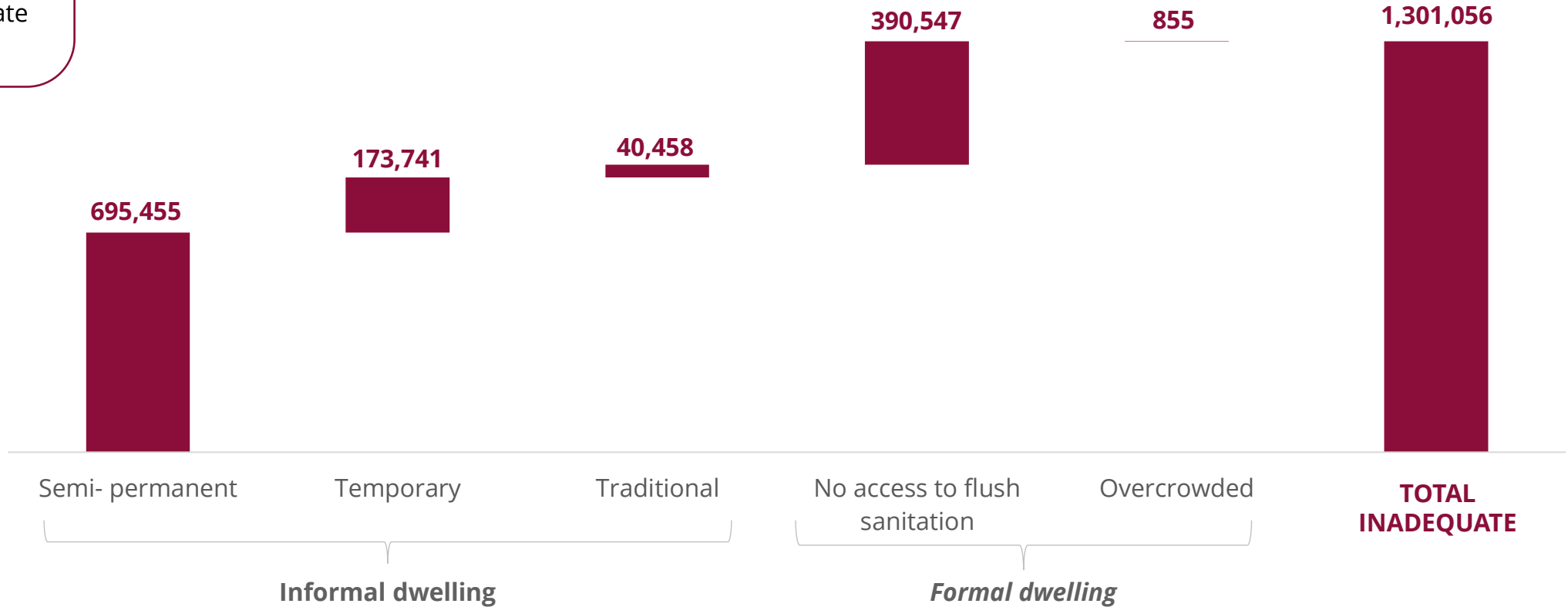
Levels of dwelling inadequacy are highest in the two agriculture segments, primarily due to the semi-permanent nature of their dwelling types and poor access to flush sanitation

MOSTLY FOOD CROP FARMERS THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 1 352 449 households)

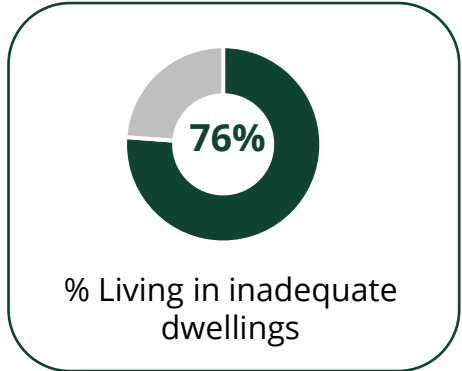


Number of households



Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 390 547 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

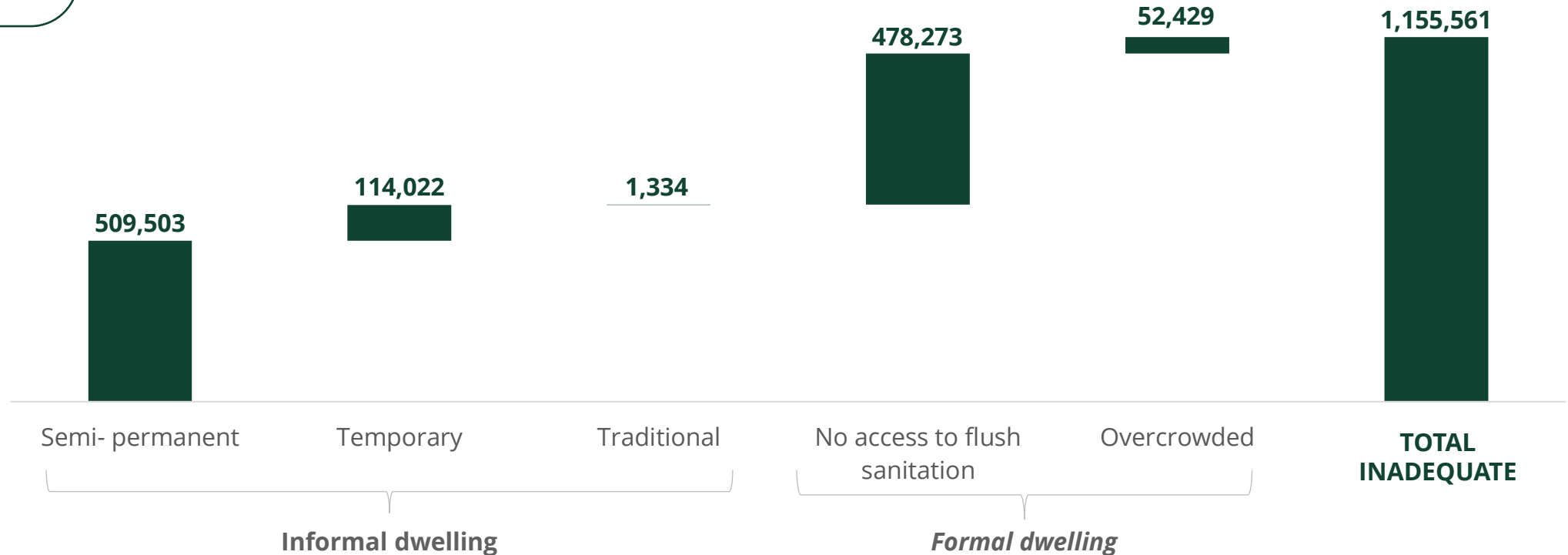
Three quarters of urban core casual workers (1.1 million households) live in dwellings that may be regarded as 'inadequate'. This is driven by both the semi-permanent nature of the dwellings they reside in, as well as the poor access to flush sanitation



URBAN CORE CASUAL WORKERS THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 1 516 645 households)

Number of households

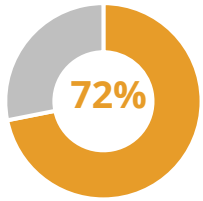


Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 478 273 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

Small firm business owners have slightly higher levels of dwelling inadequacy compared to urban micro business owners. This is driven by the larger proportion of small firm owners who reside in rural areas (39%) and this tend to have less permanent dwelling types and poorer access to flush sanitation. Overall 385 000 households in the small firm business owner segment reside in inadequate dwellings.

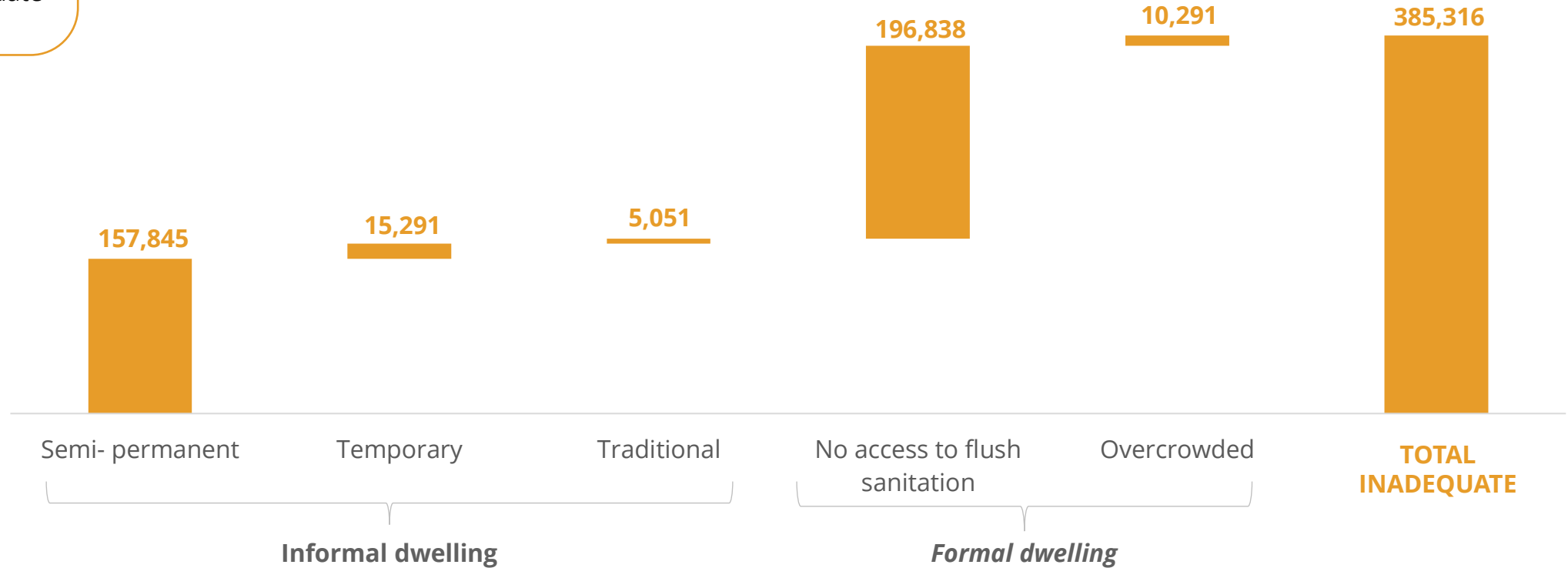
SMALL FIRM BUSINESS OWNERS THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 535 980 households)



% Living in inadequate dwellings

Number of households

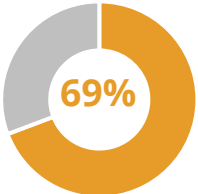


Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 196 838 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

Limited access to flush sanitation is the main driver of dwelling inadequacy for urban micro business owners, more so than the type of structures they reside in

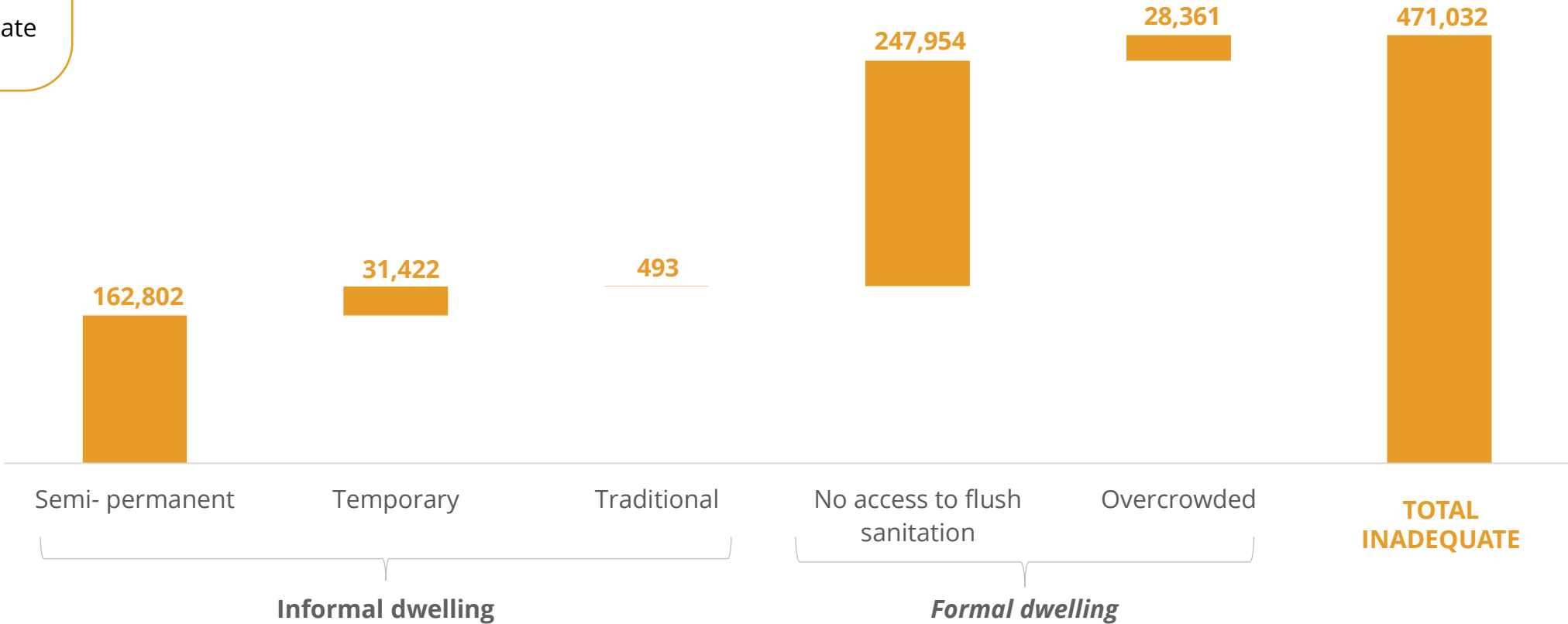
URBAN MICRO FIRM BUSINESS OWNERS THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 680 059 households)



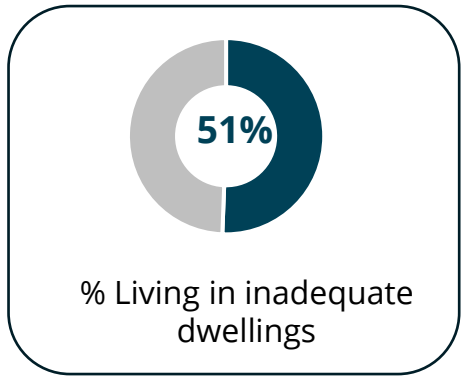
% Living in inadequate dwellings

Number of households



Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 247 954 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

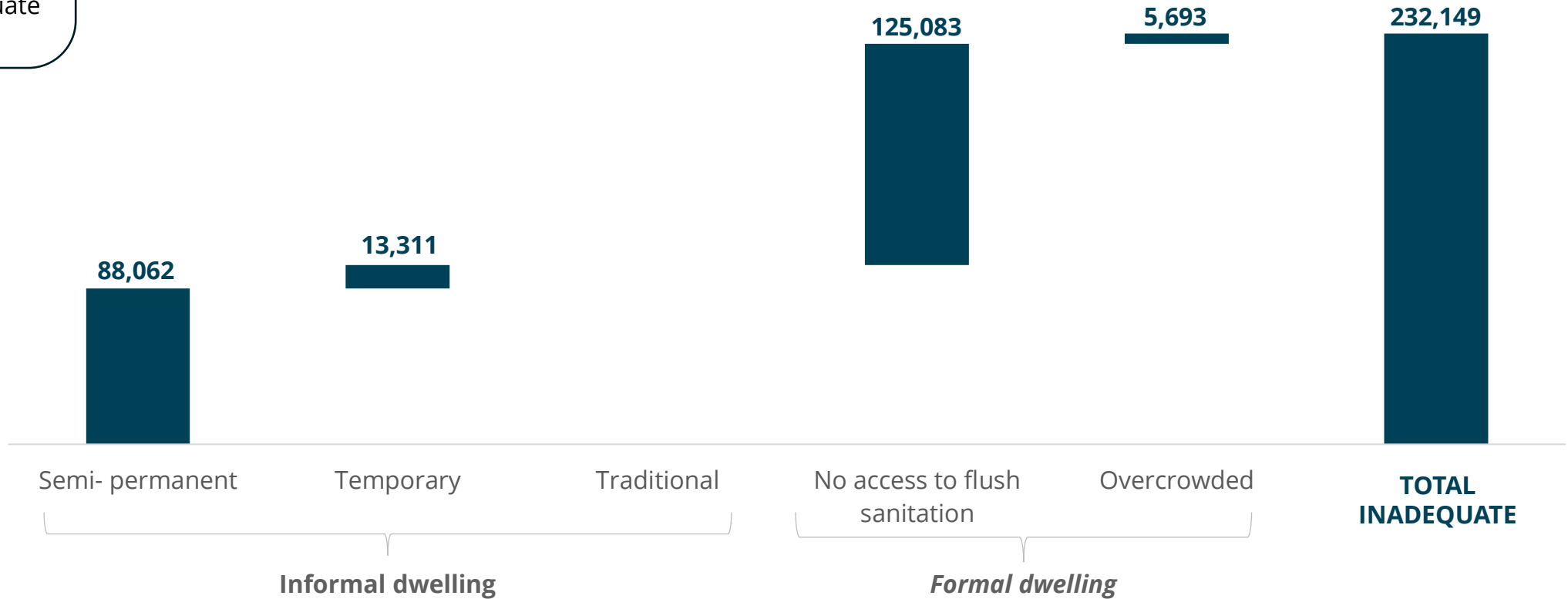
Private formal employees have some of the lowest levels of dwelling inadequacy relative to the other segments and the population as a whole. Even so, 232 000 households in the private formal employee segment have some visible housing need, primarily the need for improved access to flush sanitation



PRIVATE SECTOR FORMALLY EMPLOYED THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

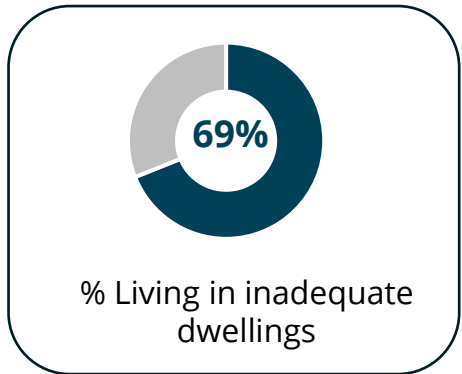
(Total segment: 458 696 households)

Number of households



Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 125 083 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.

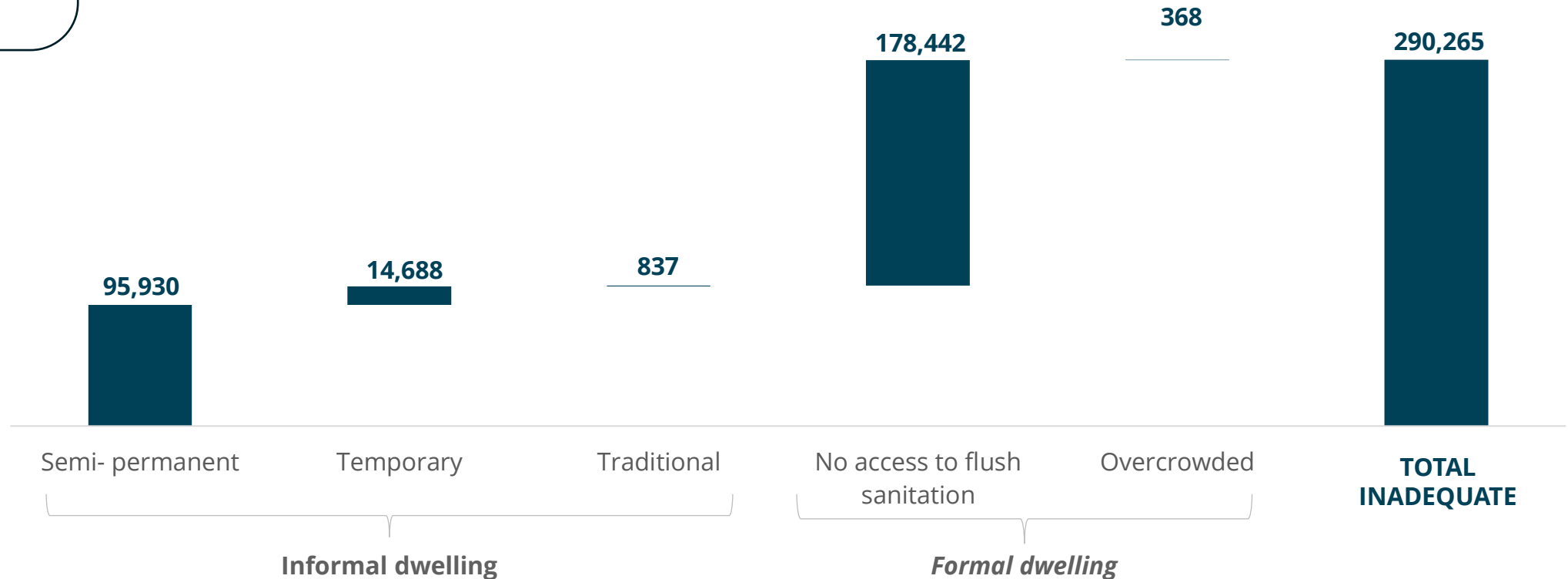
The public sector employee segment have a higher incidence of individuals residing in rural areas (47% rural) compared to the private formal employee segment (20% rural). This may explain the higher level of dwelling inadequacy seen among public sector employees. Approximately, 290 000 households in the public sector employee segment reside in inadequate dwellings



PUBLIC SECTOR EMPLOYEES THAT LIVE IN POTENTIALLY INADEQUATE DWELLINGS

(Total segment: 420 966 households)

Number of households



Source: FinAccess 2021. Results derived using 1. Informal dwelling (dwelling described as semi-permanent, temporary or traditional in U4), 2. Non-flush toilet (see definition in earlier slide) and 3. overcrowded (>3 individuals per habitable room). Each successive deprivation only considers households that do not possess the prior deprivation, i.e., the 178 442 households indicated with no access to adequate toilet do not reside in a dwelling that is semi-permanent, temporary or traditional. Formal dwellings are those described as 'permanent' in question U4.



Selected segments – Housing ambitions

Key insights: Housing goals

Between 2019 and 2021, **the number of individuals reporting that a housing or land-related goal is the main goal they are working towards has declined.** This includes trying to buy land, buy or build a property, build a property for rent or resale, or trying to move to a better home. In 2021, 15% of individuals (16+) or 4.3 million individuals reported working towards one of these goals, down from 20% in 2019. As can be expected, the proportion of individuals trying to achieve a housing related goal is higher among the higher income and more urban segments, although it is still the minority of these segments. For example, among the private formal employee segment, only 32% of individuals (317 000 individuals) reported a housing or land goal as the main goal they are trying to achieve. For public sector employees, this is 37% of the segment (339 000 individuals).

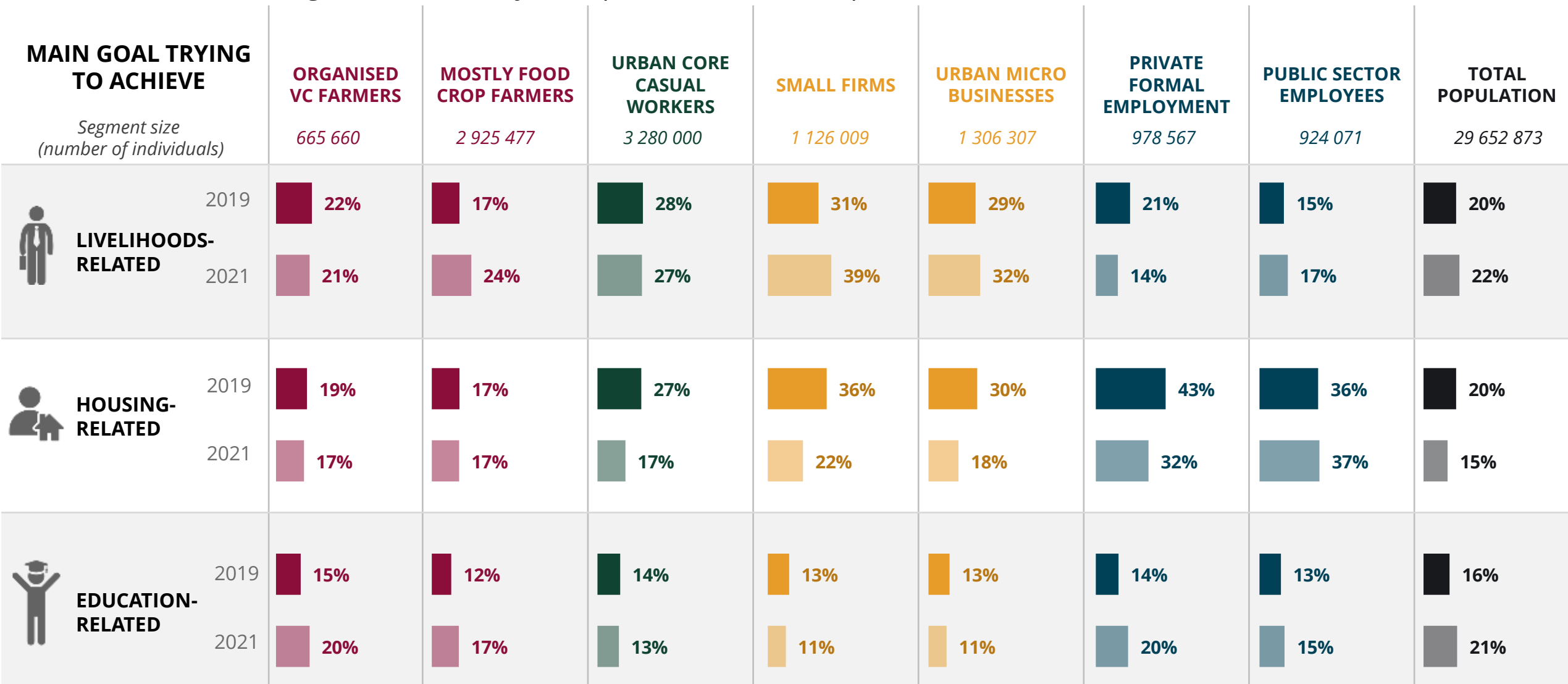
Among some segments **housing goals have clearly been deprioritised to support livelihood-related goals**, such as supporting a business. This is likely in direct response to the pandemic. For example, among the small firm segment, 22% of individuals reported a housing or land goal as their main goal in 2021, down from 36% in 2019, whereas the proportion of this segment saying a livelihood-related goal was their main goal increased from 31% in 2019 and 39% in 2021. The private formal employment segment appear to have prioritised education goals over their housing goals in 2021.

It will be interesting to watch the trend in prioritisation of housing or land related goals going forward to understand if the downward trend seen between 2019 and 2021 persists, or if it just reflects households' adjustment to the pandemic shock.

Of those that are trying to achieve a housing or land related goal, only the employed segment appear to be utilising savings or credit from traditional bank, MFI or Saccos. In the case of private formal employees, 59% of those trying to achieve a housing or land related goal report using savings or credit from a bank, MFI or Sacco as their main device to achieve this goal (within this, savings from a bank, MFI or Sacco is greater than credit from these sources – 46% savings from bank, MFI, Sacco compared to 13% loans from bank, MFI, Sacco). Public sector employees utilise savings or credit from banks, MFI or Saccos for their housing or land related goal at similar levels (54%), but public sector employees have slightly higher levels of access to loans from bank, MFI, Saccos (29% borrowed from bank, MFI, Sacco) compared to private formal employees. Irrespective, this analysis highlights that usage of loans from banks, MFIs and Saccos to achieve housing or land related goals is very low even among the segments of the population who should be easier to serve given their higher, regular and more visible income flows.

Other segments rely on longer term strategies of trying to accumulate more income or changing consumption patterns to meet their housing or land related goals

Between 2019 and 2021, housing-related goals appear to have been deprioritised across many segments. The small firm business owner segment in particular appear to have deprioritised housing in favour of working towards their business goals. This is likely in response to the COVID-pandemic



Source: FinAccess 2019/2021, Adults 16+ . Top three goals shown on slide. Other goals include buying items for personal use (e.g. vehicle), travel, life events (e.g. wedding)

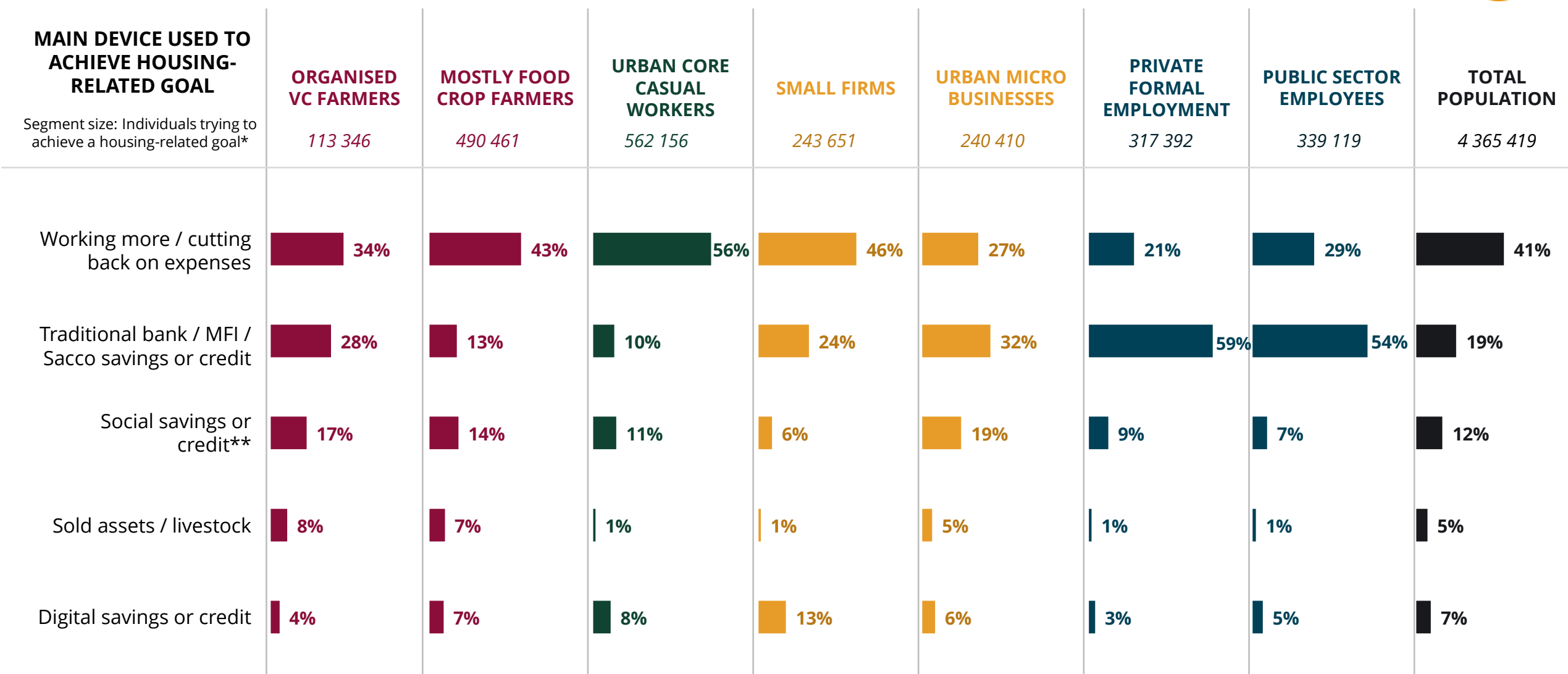
Livelihoods-related goal: Start/ expand a business; buy inputs/ assets for business or agricultural activities

Housing-related goal: Buy/ build a house/apartment to live in/ to rent out/ for resale; move to own/ better house/apartment; buy land

Education-related goal: Education for self or family

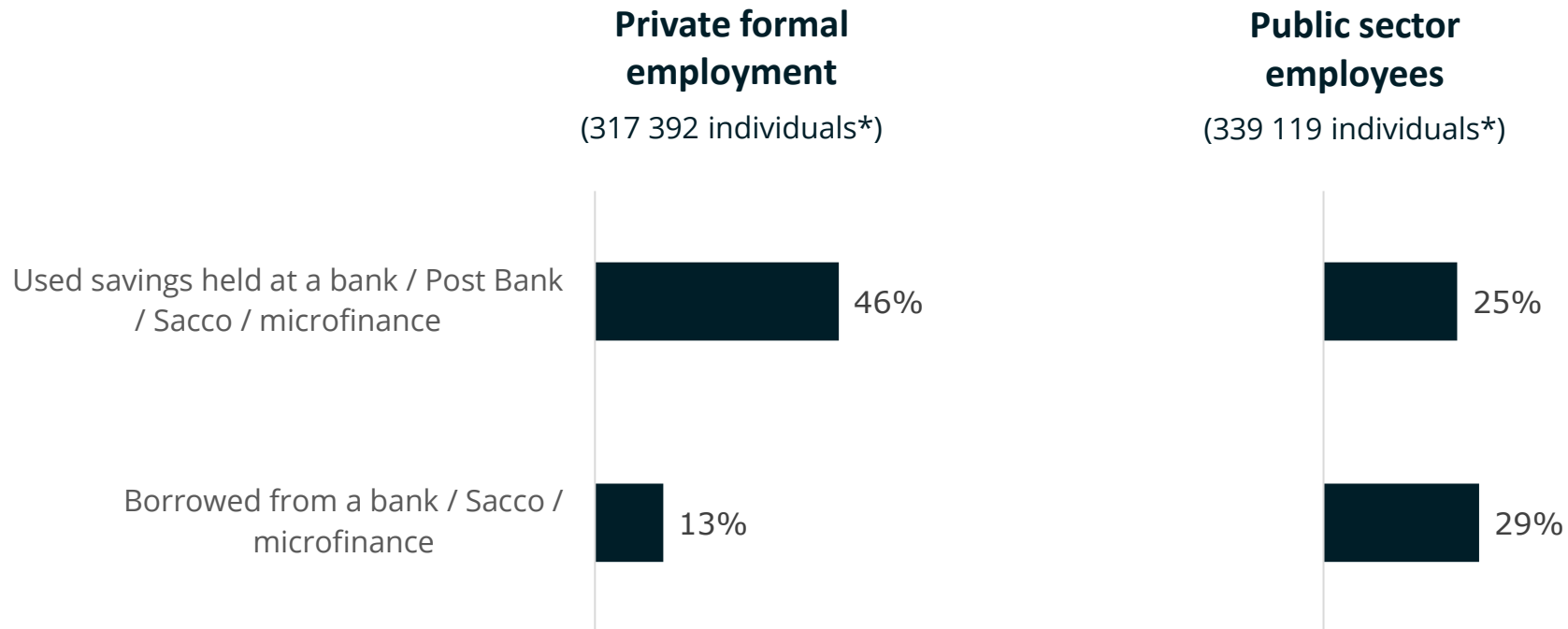


Usage of savings or credit from banks, MFIs or Saccos to achieve a housing or land related goal is highest among the employed segments, but still low given that they are the easier to serve markets (<60%)



Between the two employed segments, public sector workers are more likely to be using credit from a bank, MFI or Saccos to achieve their housing or land related goals compared to private formally employed individuals

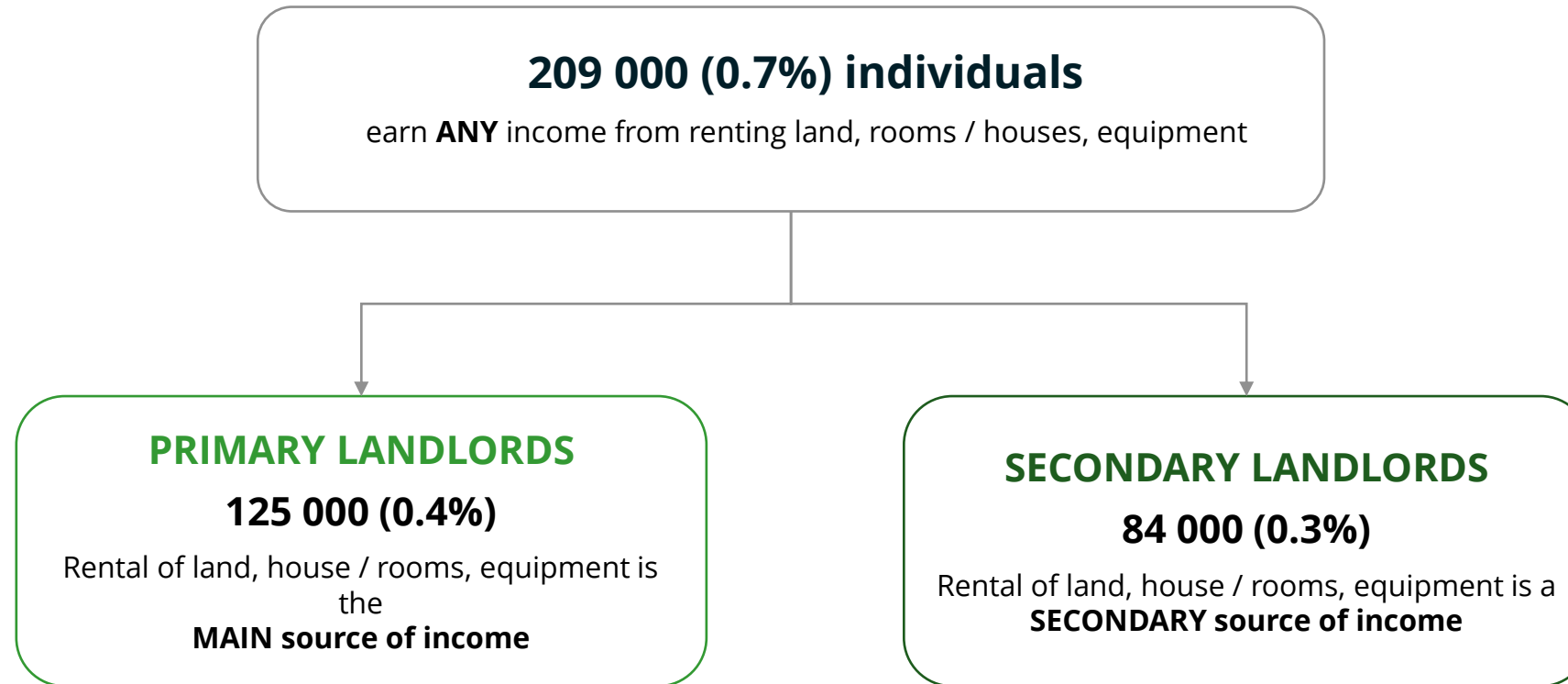
% using savings or credit from a bank, MFI or Sacco as their MAIN strategy to achieve their housing-related goal





Snapshot: Landlords

According to FinAccess, less than 1% of the total population earns any income from the rental of land, rooms / houses or equipment. This group can be further disaggregated into those who are 'primary landlords' – rental is their main source of income, and those who are 'secondary landlords' – they earn some income from rental, but it is not their main source



Primary landlords tend to be older individuals (67% are older than 56 years old) residing primarily in urban areas, whereas secondary landlords are a mix of age groups and reside in both urban and rural areas (very slight skew towards rural). Landlords, irrespective of type, are more likely to be males (>60%)

209 000 (0.7%) individuals

earn **ANY** income from renting land, rooms / houses, equipment



There is no survey data available to link landlord demographics to the number and quality of housing units that they provide

PRIMARY LANDLORDS

125 000 (0.4%)

Rental of land, house / rooms, equipment is a **MAIN source of income**

SECONDARY LANDLORDS

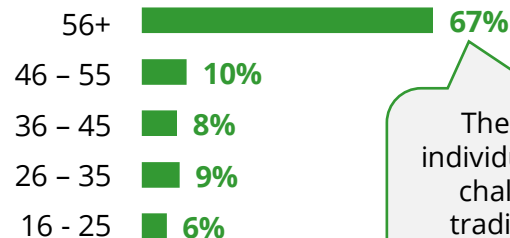
84 000 (0.3%)

Rental of land, house / rooms, equipment is a **SECONDARY source of income**

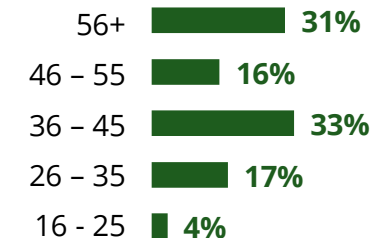
GENDER



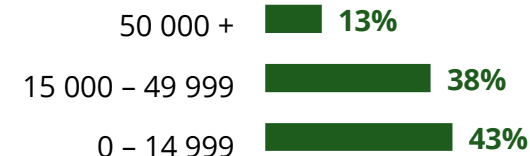
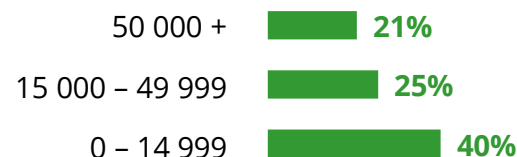
AGE GROUP



The age of these individuals may pose a challenge for the traditional finance providers



MONTHLY PERSONAL INCOME (KSh)



Main income sources:
 • Farming (30%)
 • Own business (26%)
 • Casual work (17%)
 • Employed (17%)

TYPE OF AREA LANDLORD RESIDES IN



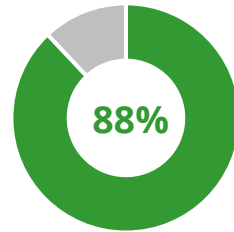
The majority of landlords own the dwellings they currently live in – 88% for primary landlords, and 96% for secondary landlords. Based on the dwelling inadequacy analysis, primary landlords live in dwellings of better quality than secondary landlords. This is driven by the high proportion of secondary landlords who do not have access to a flush toilet

PRIMARY LANDLORDS

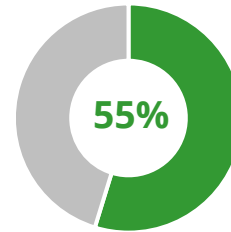
(124 893 individuals)



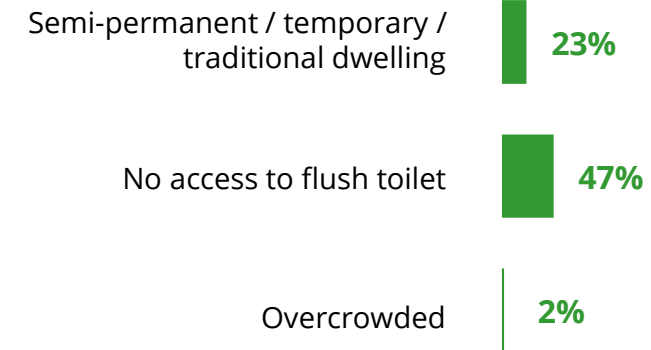
% WHO OWN THEIR MAIN DWELLING UNIT



% LIVING IN INADEQUATE DWELLINGS



MAIN DRIVER OF DWELLING INADEQUACY

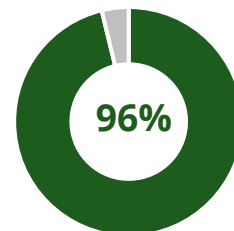


SECONDARY LANDLORDS

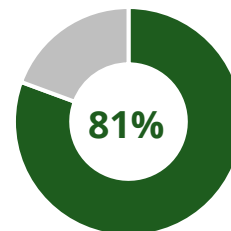
(84 496 individuals)



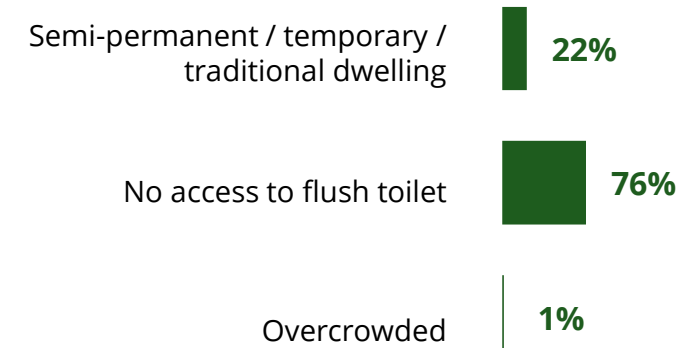
% WHO OWN THEIR MAIN DWELLING UNIT



% LIVING IN INADEQUATE DWELLINGS



MAIN DRIVER OF DWELLING INADEQUACY



Source: FinAccess 2021, Adults 16+.

Primary landlords: Main income source is renting land, house/rooms or equipment.

Secondary landlords: Secondary income source is renting land, house/rooms or equipment; main income earned elsewhere



Annex: Segment socio-demographic overviews

Socio-demographic overview

Organised value-chain farmers



- **700 000** adults 16+
- **Predominantly rural** (97%)
- Slightly **more males** (52%) than females (48%)
- **Older relative to other farmers** – 74% older than 36 years, of which 34% are older than 56 years
- **More educated relative to other farmers** but less educated than the population average – 30% have completed secondary education or higher compared to population average of 34%

MAIN PRODUCE FARMED

 **71%**

Cash crops

(e.g. coffee, tea, pyrethrum, sisal, cotton, miraa)

46% also sell food crops

SELL PRODUCE VIA...

Govt. agency (e.g. KCC)	36%
Company/manufacturer/factor	30%
Farmers cooperative	27%
Exporter	4%
Contract farming	3%

Mostly food crop farmers



- **2.9 million** adults 16+ (**second largest segment**)
- **Predominantly rural** (93%)
- Slightly **more females** (53%) than males (47%)
- 65% are older than 36 years, of which 27% are older than 56 years
- **Least educated segment** – only 23% have completed secondary education or higher

MAIN PRODUCE FARMED

 **82%**

Food crops

(e. g. beans, maize, cassava, sweet potatoes, mangoes, oranges)

17% also sell products from their livestock (e.g. milk, eggs)

SELL PRODUCE VIA...

Brokers	34%
Markets	25%
Neighbours/family/friends	20%
Local traders/wholesalers	18%
Along roadside	2%

Socio-demographic overview

Small firm owners



- **1.1 Million** adults 16+
- **Mostly urban (61%)**
- **Equal gender split**
- **Spread of age groups** – 52% between 16 – 35 years, 48% older than 35 years
- **Not highly educated, but more so than micro business owners** – 53% have a secondary education or higher

Main sector

Top 5 categories

General retail	17%
Agri-produce traders	13%
Wholesale traders	10%
Salon, barber, hairdressers	10%
Food / beverage manufacturing	8%

10 000 Ksh

Median monthly personal income (before tax)

265 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

Urban micro business owners



- **1.3 Million** adults 16+
- **100% urban** (due to segment definition)
- **Mostly female** segment (62%)
- **Slightly younger** than small firm segment – 58% are 16 – 35 years old
- **Less than half have a secondary education or higher** (47%)

Main sector

Top 5 categories

Agri-produce traders	20%
Clothing traders	16%
General retail	12%
Wholesale traders	12%
Food / beverage manufacturing	9%

9 000 Ksh

Median monthly personal income (before tax)

194 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

Socio-demographic overview

Private formally employed



- **979 000** adults 16+
- **Mostly urban (80%)**
- **Male dominated segment (72% male)**
- **Younger than public sector workers (59% between 16 – 35 years)**
- **Highest education levels** relative to other segments – 81% have a secondary education or higher

Main sector

Top 5 categories

Manufacturing	16%
Security	13%
Agriculture	10%
Education	9%
Health & social work	6%

19 500 Ksh

Median monthly personal income (before tax)

351 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

Public sector workers



- **924 000** adults 16+
- **More even urban / rural split (53% urban, 47% rural)**
- **Also more male** segment (63%)
- **Older segment** – 56% are 36 years or older
- **Highest education levels** relative to other segments – 80% have a secondary education or higher

Main sector

Top 5 categories

Education	34%
Public administration	14%
Health & social work	9%
Security	8%
Agriculture	4%

24 000 Ksh

Median monthly personal income (before tax)

334 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

Socio-demographic overview

Urban core casual worker



- **3.2 Million** adults 16+ (**largest segment**)
- **100% urban** (*due to segment definition*)
- **More males (59%)** than females
- **Young segment** – 70% are 35 years or younger
- Most do not have **secondary education (56%)**, but they have some **financial literacy (82%)** (can read transaction SMS or calculate interest amount)

Main type of work

Top 3 categories by gender

Male dominated sectors

Construction	17%
Taxi, bus, boda boda drivers	6%
Mechanics, plumber, electrician	5%

Female dominated sectors

Domestic services	10%
Other household services	7%
Salon/hairdresser	4%

7 600 Ksh

Median monthly personal income (before tax)

369 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

Urban aspirational youth



- **743 000** adults 16+
- **100% urban** (*due to segment definition*)
- **More females (63%)** than males
- **Youth segment** – all between the ages of 16 – 25 (*due to segment definition*)
- **Main income source is support from family**, a small proportion (7%) also earn income from casual work

Highest level of education

Secondary completed	53%
Some technical training	15%
Completed technical training	8%
Some university	23%
Completed university	1%

4 750 Ksh

Median monthly personal income (before tax)

54 Billion

Annual market opportunity

(segment size x **average** monthly personal income x 12)

End

Analysis by:
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