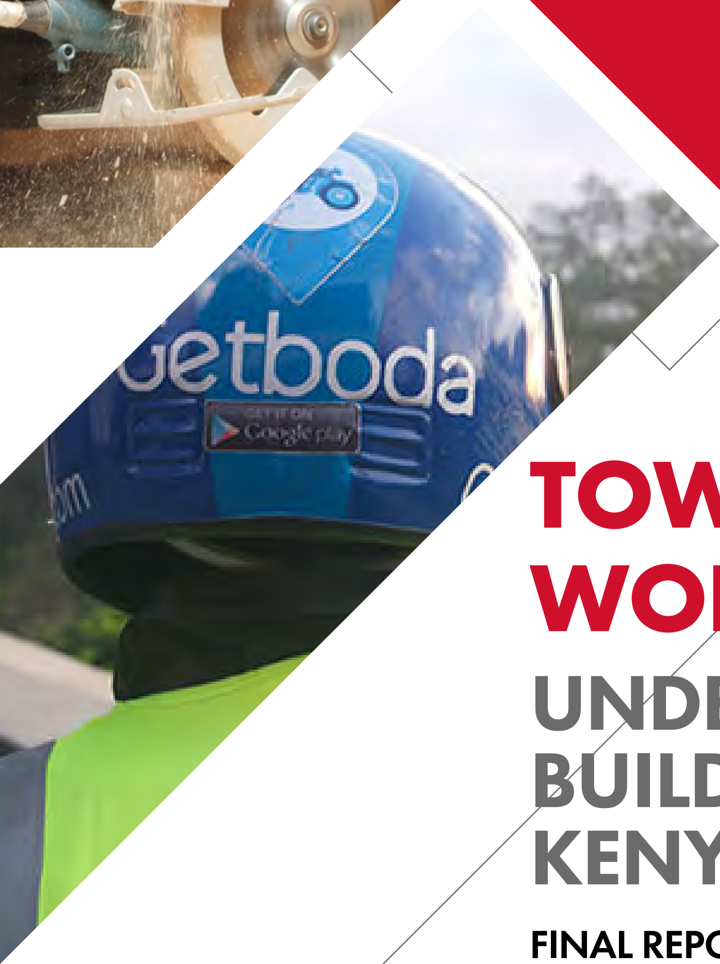

MERCY CORPS | YOUTH IMPACT LABS

TOWARDS A DIGITAL WORKFORCE:

UNDERSTANDING THE BUILDING BLOCKS OF KENYA'S GIG ECONOMY

FINAL REPORT : AUGUST 2019

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CONTENT

ACKNOWLEDGEMENT

Mercy Corps' Youth Impact Labs (YIL) commissioned Genesis Analytics to conduct this study on the current state and the future outlook of the gig economy in Kenya. The findings of this study are comprised of inputs from a broad range of stakeholders participating in youth employment and the labor market ecosystem in Kenya, who shared their knowledge and views of the gig economy.
The authors wish to thank key informant groups including the government, corporate employers, funders, platforms and gig workers, who generously contributed their time and resources to this study.

YOUTH IMPACT LABS

Catalyzed by funding from Google.org, Mercy Corps' YIL identifies and tests creative, technology-enabled solutions to tackle global youth unemployment, accelerating job creation to enable every young person to access opportunities for dignified, purposeful work.

Focusing on vulnerable youth aged 15 – 35, YIL operates in two strategic regional hubs, serving the Middle East and East Africa. In Kenya, YIL focuses on digital marketplaces and platforms that offer services to micro and small enterprises; agricultural supply chain management; and digital work. The program supports these enterprises through financial and technical support; issued in the form of milestone-based grants.

EXECUTIVE SUMMARY

Over the last decade, the online gig economy has gradually grown in Kenya, transforming how Kenyans access work and is gradually transitioning young Kenyans towards more accessible, competitive and consistent job opportunities. With the overall unemployment rates standing at 26.4 percent, and the Kenyan economy's inability to provide employment opportunities, the gig economy is increasingly providing alternative economic opportunities. Gig work is gradually changing the nature of how Kenya's workforce accesses jobs, and is gradually shifting the access of work opportunities from informal to digital platforms hence offering new revenue streams, creating more stability and formalizing work conditions.

Kenya's high unemployment rate presents a particularly difficult labor market experience for job seekers. The challenge is more pronounced in the youth bracket; 15-34 year-olds account for 84% of the unemployed in Kenya. Additionally, the country is experiencing a 'youth bulge' with approximately 20 percent of the country's population made up of youth between the ages of 15 and 24-years old. This ratio of youth is above the world's average and Africa's average of 15.8 percent and 19.2 percent, respectively.
Despite the rapid expansion of the gig economy globally, there has been limited research to date on the size and impact of the gig economy in low- and middle-income countries. This lack of knowledge limits the investment in the development and growth of the gig economy and the ability of policymakers to understand the experiences of workers and employers, thereby proving a challenge for the development of evidence-based policy responses.

It is intended that this report will provide a nuanced understanding of the gig economy in Kenya by:

- Characterizing the nature of gig work;
- Sizing the gig economy, including providing the future outlook of the gig economy's growth over the next five years;
- Identifying the key drivers and levers that will catalyze the growth of the gig economy
- Identifying key constraints to growing the gig economy; and,
- Establishing if there is a case for catalyzing the growth of the gig economy.

For the purposes of this report, the gig economy refers to a labor market that is characterized by three features: (i) the worker is independent; (ii) the work is short-term in nature, where the gig worker performs work on a short-term or task-by-task basis; and, (iii) the worker is paid by the task as opposed to those workers who receive a salary or hourly wage.

The report distinguishes between offline and online gig work – seasonal and casual workers have been categorized as offline gig work, while all gig work that uses digital technology is considered online gig work. The report further disaggregates online gig work into three categories: (i) Tech-intensive work, which requires high digital skills and is created through the production and use of technology e.g. web designers; (ii) Tech-dependent work which requires intermediate digital skills and uses digital technology to varying degrees e.g. transcribers, and (iii) Tech-enabled work which requires basic digital skills and mostly uses technology as a tool to connect demand and supply e.g. taxi hailing drivers.

KEY INSIGHTS

The gig economy has been the norm in Kenya for decades given that the economy is largely defined by a large informal sector which accounts for 83.6 percent of the working population, employing 14.9 million workers.
The online gig economy in Kenya operates across several sectors, including driver and rider services,

personal and household services business services, delivery services, professional services hospitality and medical care. On the other hand, the offline gig economy has been based off part-time and causal worker data provided by the KNBS report in its 2019 economy survey The top sectors that account for these workers include agriculture, manufacturing, construction, trade, hospitality, transport and communications and community, social and personal services.

This **'offline' gig work** is made up of **(i) seasonal workers** who are engaged in economic activities for only specific periods of the year, and **(ii) casual workers** who engage in work where the terms of engagement state that they receive payment on a daily basis and do not work for a period longer than 90 days. The strong growth Kenya's mobile (32 million users) and internet (8 million users) subscription has catalyzed the emergence of online platforms in Kenya. These online platforms enable online gig work by connecting gig workers with clients that are looking to commission work, hence enabling gig workers to exploit underused capacity and transforming dormant capital into active capital.

Platforms are opening new markets to a range of workers, reducing barriers to entry and scale and building a level of trust between clients and gig workers enabling transactions to occur more frequently. They offer new revenue streams for gig workers, reducing the unstable and precarious nature of their work, and in some cases, the time taken to search for work. Platforms also.

The gig economy has numerous benefits for gig workers.

- **Gig work buffers unemployment, increases labor force participation, enables economic opportunities and increases the productivity of Kenyan youth.**
- Moreover, gig workers are **afforded flexible work opportunities.** The autonomous nature of gig work has enabled some gig workers to **transition into entrepreneurial** positions.
- Additionally, gig workers working through platforms report **improved livelihoods as a result of access to frequent and decent jobs** which in turn results in stable incomes.

Kenya's gig economy is driven by the demand side, especially in transport and domestic service uptake by urban households. Corporate employers and SMEs however still remain hesitant. While demand for gig workers in the transport and domestic industries has grown as a result of high uptake of platforms such as Uber, Safe Boda and Lynk, uptake of online professional services offered by gig workers is still very low, especially among corporates due to misperception of poor quality.

Like most other employment pathways, gig work has a number of downsides. Infrequent work opportunities (among microtask workers) because of international clients poorly understanding African workers, and high competition from international markets such as India and the Philippines often make the sector challenging for Kenyan workers. In the transport and domestic worker industry, price wars, the imbalance between the supply and demand and lack of bargain power among gig workers have been cited as key contributors of the race to the bottom. Further, workers cited high transaction fees on some local platforms as a major constraint as these substantially reduces the income gained from work conducted through the platform.

Kenya's current labour laws and regulations are still weak with regard to social protection, equal employment opportunities and labor standards for gig workers. Like most parts of the world, the current policies do not provide support or protection to the growing number of gig workers forcing them to conduct their work in a regulatory grey zone.

Online gig work in Kenyan is still limited to urban areas. While the government and other developmental actors have made efforts to introduce youth in rural areas to digital skills and work, poor network coverage or connectivity quality, poor information and low awareness and trust in gig work continue to limit penetration in these geographies.

Women face societal and occupational barriers that limit their participation in the gig economy. Social norms and occupational segregation – the tendency for women to be employed in some sectors and not others – have significantly limited women's engagement in gig work. For example, estimates show that only 3 percent of gig workers in the online ride hailing industry are females.

SIZING KENYA'S GIG ECONOMY

The emergent nature of Kenya's gig economy coupled with the absence of consolidated data of Kenya's informal sector presents significant challenges in sizing of the gig economy. To address these challenges, this research used a rigorous, conservative approach combining analysis of KNBS and other data, stakeholder interviews and testing of findings with major platforms and experts to arrive at the total size of the sector.

Results suggest that the **total size of the online Kenyan gig economy, as at 2019 is $109 million and employing a total of 36,573 gig workers.** The ride hailing ($ 45 million) and online professional work platforms ($55 million) account for the largest portion of the online gig economy by both value and number of workers. Online rentals and blue-collar matchmaking platforms account for $5 million and $3 million respectively.

The total size of the offline Kenyan gig economy is 5.1 million workers accounting for $19.6 billion in 2019 across six key sectors, namely agriculture, manufacturing, trade & hospitality, construction, transport & communication and community, social & personal services.

Together, the online and offline gig economy account for $19.7 billion employing 5.13 million workers.

Based on the existing platforms and assuming that investment remains the same, the online Kenyan gig economy is expected to grow by 33 percent over the next five years, to $345 million in 2023. The sector is will employing a total of 93,875 gig workers, representing a growth rate of 27 percent. Key growth 'sectors' in terms of earnings will include ride hailing platforms (37 percent average annual growth) and blue-collar matchmaking platforms (63 percent average annual growth) which present the highest income growth opportunities for gig workers.

The offline Kenyan gig economy will reach $28.95 billion in 2023 from $19.6 billion in 2019 and will employ a total of 5.7 million workers. Key growth sectors for employment and earnings will include manufacturing, construction, trade and hospitality.

Gig work in Kenya is anticipated to experience significant growth, **however this growth is not quick enough to effectively address the unemployment gap in the country.** While the sector holds significant promise to formalize Kenya's workforce, there are evident opportunities to catalyze faster growth of the sector. Collaboration between industry stakeholders in a bid to unlock barriers, streamline efforts and set up growth drivers will be critical in unlocking gig work in Kenya.

THE CASE FOR GIG WORK

For corporate employers

The nature of work is changing, and as organizations worldwide are recognizing that the rise of gig workers will have a significant impact on their workforces, they are turning to the gig economy. While organizations in Kenya can adopt different approaches for handling their employment contracts, such as full-time contracts or a blend of full-time and part-time contracts, this is largely based on the nature and demands of their business.

Barriers to demand for gig work amongst organizations in Kenya include current business processes not being task or project-based, making it challenging to understand what human resource processes would be required if they were to engage gig workers. There is a need for information on how other organizations are approaching gig work and successfully integrating gig workers in to their organizations.

By engaging gig workers, organizations have the ability to benefit from three types of flexibility: (i) numerical flexibility refers to firms' ability to rapidly adjust their workforce size, or the number of hours worked, in response to changes in product demand; (ii) functional flexibility refers to the ability of firms to apply their workforce to different tasks as required, necessitating a variety of skills, and; (iii) financial flexibility refers to firms' ability to adjust their HR costs in response to changes in the external price of labor.

The growth of globalization and technology makes it possible for workers to perform work anywhere and overcomes geographical barriers. The gig economy is beneficial to Kenyan organizations as it allows them to easily access talent with niche or specialized skills for particular projects and tasks without having to 'hire' them.

Leveraging the gig workers can enable Kenyan organizations to save costs. Corporate employers can save on money, time and resources spent on recruiting and engaging full time employees. Using gig workers can help reduce the time it takes to complete a project, and can be cheaper than hiring. This flexibility can allow organizations to also add new capabilities, supplementing the core team when they lack particular expertise, and thereby easily scale up or down on a project by project basis.
The use of gig workers can allow companies to focus on their core operations. This frees owners, managers and employees to spend their time on their core income generating activities.

For funders

Donors have a unique role to play in reducing unemployment and fostering entrepreneurial growth. There are a range of donors working in Kenya that are funding organizations and interventions to overcome youth unemployment and foster growth of digital employment opportunities. These organizations are implementing programs focused on youth in both rural and urban areas of Kenya that enhance the skills of youth thereby enabling vulnerable, disadvantaged youth to engage in entrepreneurship, leverage digital gig work to sustain their livelihoods and increase earnings opportunities.

Donor investment can contribute to the creation of jobs at scale as the gig economy offers new opportunities to improve the irregularity and insecurity of informal work. Specifically, donors can contribute to the growth of the gig economy by:

- Enabling geographic inclusion in the gig economy by facilitating partnerships between private and public sector to provide digital infrastructure in the Kenyan market.

- Advocating for the creation of an enabling policy and regulatory environment.
- Focusing on gender inclusion through interventions aim to address the specific challenges that women face in joining the gig economy.
- Developing soft and digital skills that increase the employability of Kenyan youth in the gig economy.

Investors have a key role to play in supporting the growth of platforms in Kenya. There has been a significant rise in the levels of venture capital funding that is supporting early stage and platforms in the growth stages across industries in Kenya.

There is need for investors to offer support to start-ups during inception to prove the business case and overcome the high risks of failure. The provision of flexible and favorable funding for platforms in the early stages of development can help overcome challenges to resources where traditional forms of funding would view these businesses as high risk.

Limited investment opportunities can result in high turnover of platforms inhibiting their potential to serve a key role in the facilitating the matching of supply and demand in the gig economy.
Supporting platforms can help grow the number of online gig workers in an attempt to create a functional informal sector. Given that there is a larger number of offline gig workers in comparison to online gig workers, investing in platforms will enable gig workers to join online work.
Increasingly available investment can enable Kenyan platforms to expand their service offering and provide value added services such as training and benefits to gig workers that operate on their platforms.

1. INTRODUCTION

1.1. WHAT IS THE GIG ECONOMY?

The gig economy refers to a labor market that is characterized by the prevalence of independent, temporary work that is conducted on a short-term or a task-by-task basis, and payment is received upon the completion of these tasks. This differs from traditional employment which is characterized by nine-to-five working hours and a monthly salary, or contractual employment.

The table below shows the common terms across varying definitions of gig work.

Table 1: Common terms across varying definitions of the gig economy

Report Author	Independent	Short-term	Paid per task
World Economic Forum		●	●
McKinsey Global Institute	●	●	●
International Monetary Fund	●	●	
AiGroup Workforce Dev.	●	●	
The Aspen Institute	●		●
Reason Foundation		●	●
Deloitte University Press			●
World Bank	●	●	
Willis Tower Watson	●		●

Source: World Economic Forum, McKinsey Global Institute, International Monetary Fund, AiGroup Workforce Dev., Deloitte University Press, World Bank, Willis Tower Watson

For the purpose of this report, the definition focuses on the following key features:

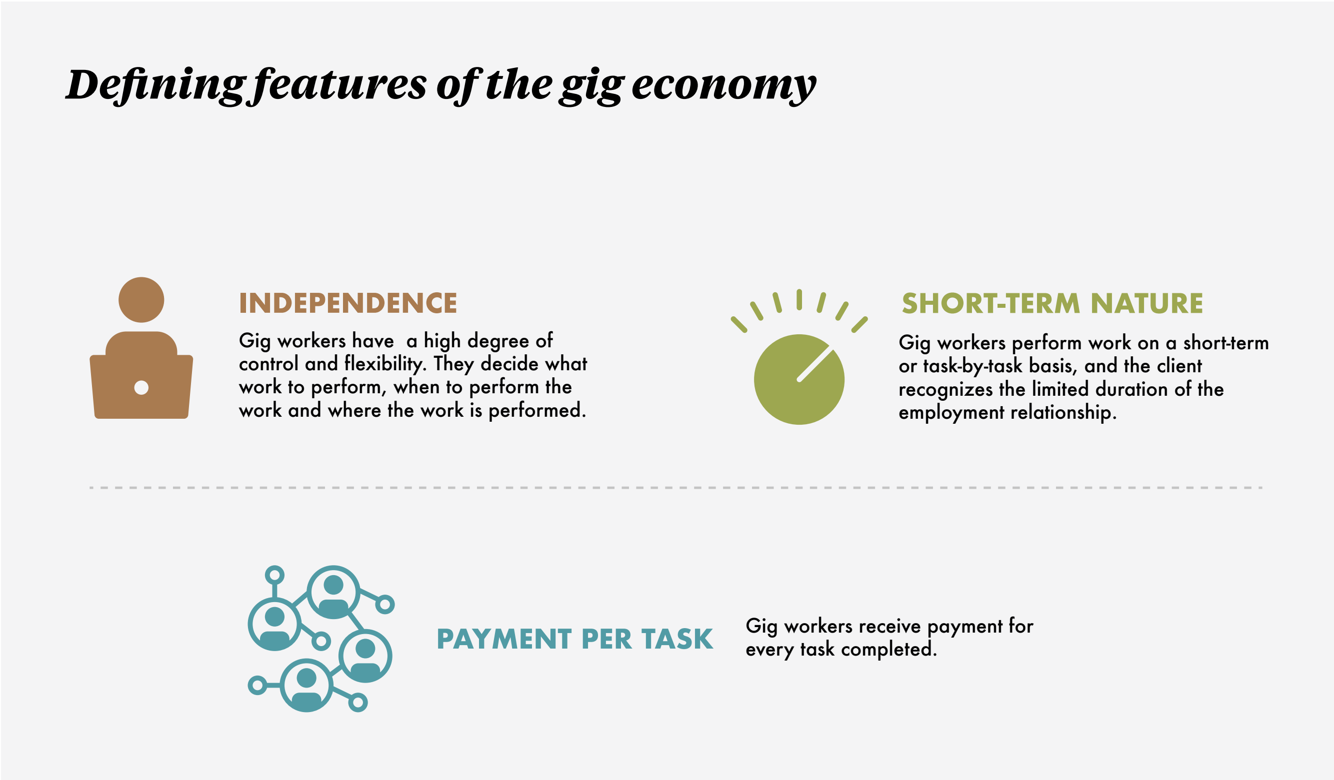
- **Independent work:** Gig workers[2] have a high degree of control and flexibility in determining either what work to perform, when to perform the work, and in some cases, where to perform the work from.
- **Short-term nature of work:** Gig workers perform work on a short-term or task-by-task basis, for example, transcribing a set of data, designing an application, fixing a burst pipe, or giving someone a ride. Both the worker and the client/employer[3] recognize the limited duration of the employment relationship.
- **Payment per task**: Gig workers are paid by the task, as opposed to those workers who receive a salary or hourly wage.

Further, in this report, the gig economy is made up of at least three components: (i) the worker is independent; (ii) the worker is paid by the gig (i.e. a task or a project) as opposed to those workers who receive a salary or hourly wage; and, (iii) involves consumers or clients who need a specific service, for example, a ride to their next destination, or a particular item delivered.

In some cases, in the gig economy, there exist platforms that connect the worker to the consumer in a direct manner, through the use of online-based technology platforms.

These characteristics of the gig economy are depicted in the figure below.

Figure 1: Defining features of the gig economy



1.2. PURPOSE OF THE ASSESSMENT

Despite the rapid expansion of the gig economy globally, there has been limited research to date on the size and impact of the gig economy in low- and middle-income countries. This lack of knowledge limits the investment in the development and growth of the gig economy and the ability of policymakers to understand the experiences of workers and employers, thereby proving a challenge for the development of evidence-based policy responses.

The purpose of this assessment is to provide a nuanced understanding of the gig economy in Kenya, with a focus on both online and offline gig work. Specifically, this assessment will:

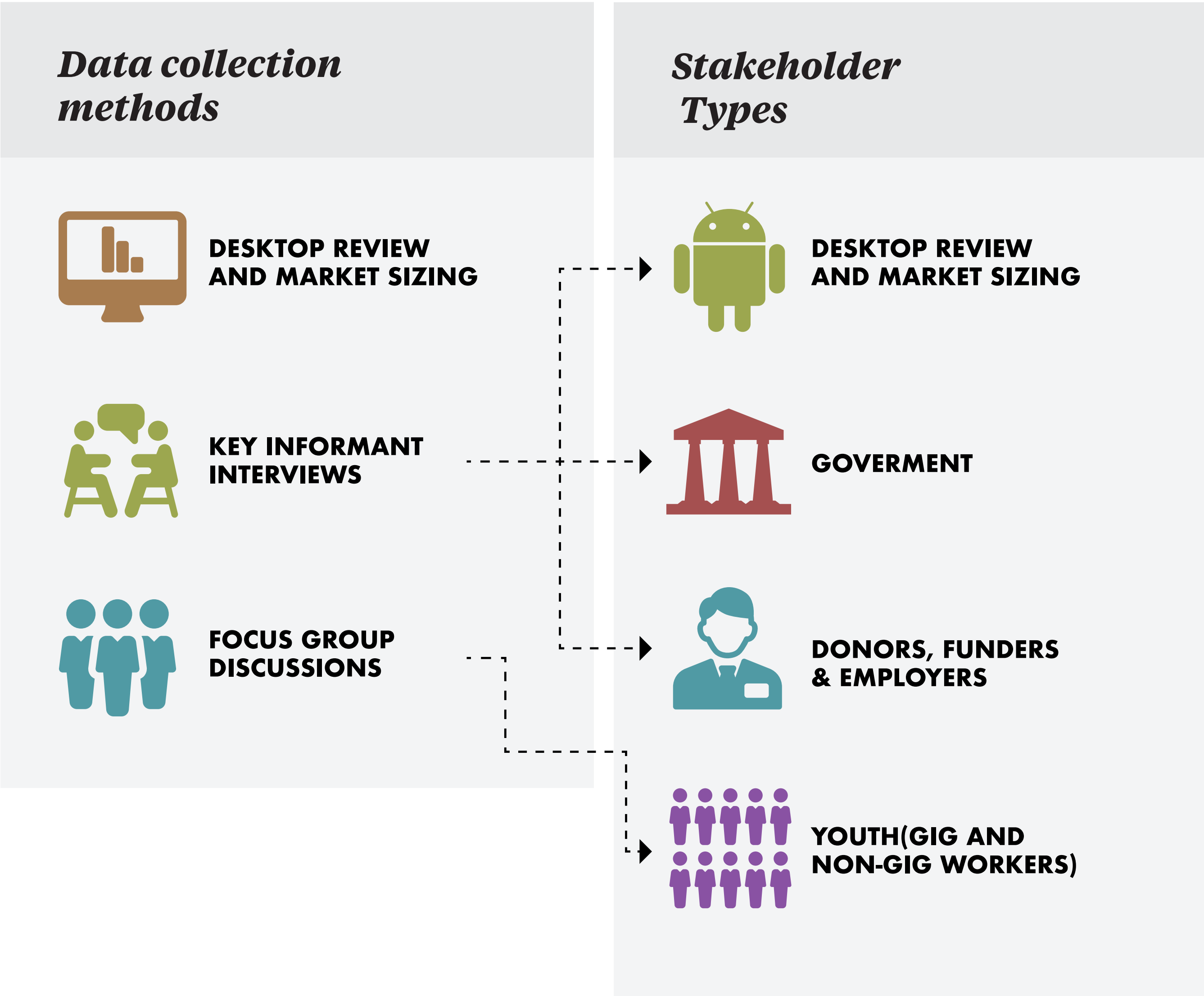
- Characterize the nature of gig work in Kenya;
- Map out the gig ecosystem by identifying the key players in space and the developmental interventions contributing to the development of the gig economy;
- Size the gig economy, including providing the future outlook of the gig economy's growth over the next 5 years in Kenya;
- Identify the key drivers and levers that will catalyze the growth of the gig economy, as well as the current and future trends in the Kenyan context;
- Identify key constraints to growing the gig economy in Kenya; and,
- Establish if there is a case for catalyzing the growth of the gig economy and how different stakeholders,

including employers and funders, can contribute to this growth.

1.3. METHODOLOGY

The assessment made use of primary and secondary qualitative data collection methods, which are described below. The figure below summarizes the primary and secondary qualitative data collection methods and stakeholders consulted as part of this assessment.

Figure 2: Data collection methods



1.3.1. Desktop review

The desktop review included an analysis of all relevant literature and data on the gig economy. This included reports, publications, policy and intervention data relating to the global and Kenyan gig economy and employment context. A key component of the literature review was to:

- Develop an overview of the different archetypes of gig work in Kenya and how these archetypes map to the economic sectors;
- Develop an overview of access to gig work and which players are creating these work opportunities;
- Benchmark the performance of the gig economy in Kenya relative to other countries;
- Estimate the size of the gig economy; and,
- Assess forward looking trends in the gig economy and how macro-economic trends impact this.

1.3.2. Key Informant Interviews

The assessment relies heavily on a series of key informant interviews (KIIs) with a rage of stakeholder groups. These interviews were conducted both in-person and telephonically and targeted the following stakeholder groups:

- Platforms
- Government
- Employers
- Funders and Investors

A total of 18 KIIs were conducted across the different stakeholder groups. The total number of interviews conducted was determined by the selection of stakeholders as well as their availability to participate in the assessment during data collection. The complete stakeholder list is provided in Appendix 1: Stakeholders consulted.

1.3.3. Focus group discussions

Three focus group discussions (FGDs) were conducted with gig workers; with participation of 6 to 8 youth per FGD. These gig workers were made up of domestic workers, microtask workers and ride hailing workers. FGDs included youth of various ages, sex and sectors of involvement. The purpose of the FGDs was to capture the youths' experiences working as gig workers and how engaging in the gig economy has impacted their skills, ability to access employment opportunities, and their incomes.

1.3.4. Market sizing

As part of this assessment, a detailed approach was undertaken to size the gig economy in Kenya. This approach is described below, while a detailed methodology of the market sizing is provided under Appendix 2: Market sizing methodology.

Sizing the offline gig economy – this involved sizing the current gig economy in Kenya that is not connected to any digital platform. The approach undertaken here utilized a top-down method, whereby employment and average earnings statistics per sector were utilized from the Kenya National Bureau of Statistics (KNBS). More specifically, offline gig workers were defined as part-time and casual workers as defined by the KNBS.

Sizing the online gig economy – this involved sizing the gig economy in Kenya that is connected to digital platforms. The approach undertaken here utilized a bottom-up approach, whereby information collected on digital platforms through primary and secondary methods was utilized. Information collected included the number of registered workers on various platforms and their average earnings. The section also collected information of various international benchmark countries which were used as proxies for the forecasting and sizing.

1.3.5. Limitations

As in many countries across Sub-Saharan Africa, Kenya's gig economy is sprawling and complex. To date, there has been little research exploring the growth of gig work in Kenya. This assessment attempts to fill that gap. It is not exhaustive, rather a first-cut attempt to scope out some of the major implications of the trend towards the gig economy in Kenya.

Studies which have attempted to determine the size of the gig economy have included large scale surveys and existing data on the labor force. For example, McKinsey's study on the number of independent workers in the United States and the European Union made use of government data and included an extensive survey of more than 8,000 respondents.[4] Similarly, a study on the gig economy in Great Britain surveyed approximately 8,000 people, and was the largest survey on the gig economy in Britain. The same study also made use of unique data shared by a range of platforms in the UK.[5] Unlike these studies, the findings on the size of Kenya's gig economy presented in this report are not based on any survey. A further limitation in this is that labor force surveys in most African countries, including Kenya's, are not yet sufficiently granular to provide information such as the finer distinctions of types of digital or online workers.

2. THE KENYAN GIG ECONOMY

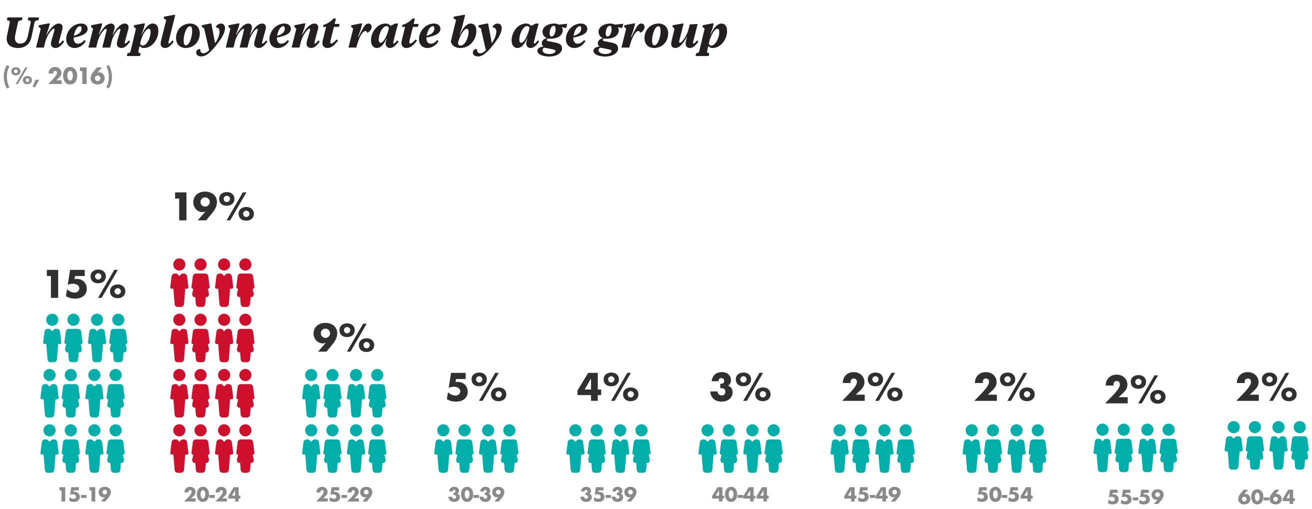
2.1. THE LABOR MARKET

Kenya's economy is largely defined by a large informal sector which account for 82 percent[6] of the working population. [7] Despite steady economic growth, the country still faces high unemployment.

Unemployment in the country presents a particularly difficult labor market experience for youth. The country is experiencing a 'youth bulge' with approximately 20 percent of the country's population made up of youth between the ages of 15 and 24-years old. This ratio of youth is above the world's average and Africa's average of 15.8 percent and 19.2 percent, respectively.

While the youth population continues to grow, a key concern for the Kenyan economy is the rise in youth unemployment. On average, 500,000 to 800,000 young Kenyans enter the job market annually, however, the economy is unable to provide employment opportunities – formal and informal alike.[8] As shown in the figure below, youth aged 15-19 and 20-24 years had unemployment rates of 15 percent and 19 percent, respectively. Together, this accounts for approximately double the overall unemployment of 26.4 percent[9] for the entire working-age group.

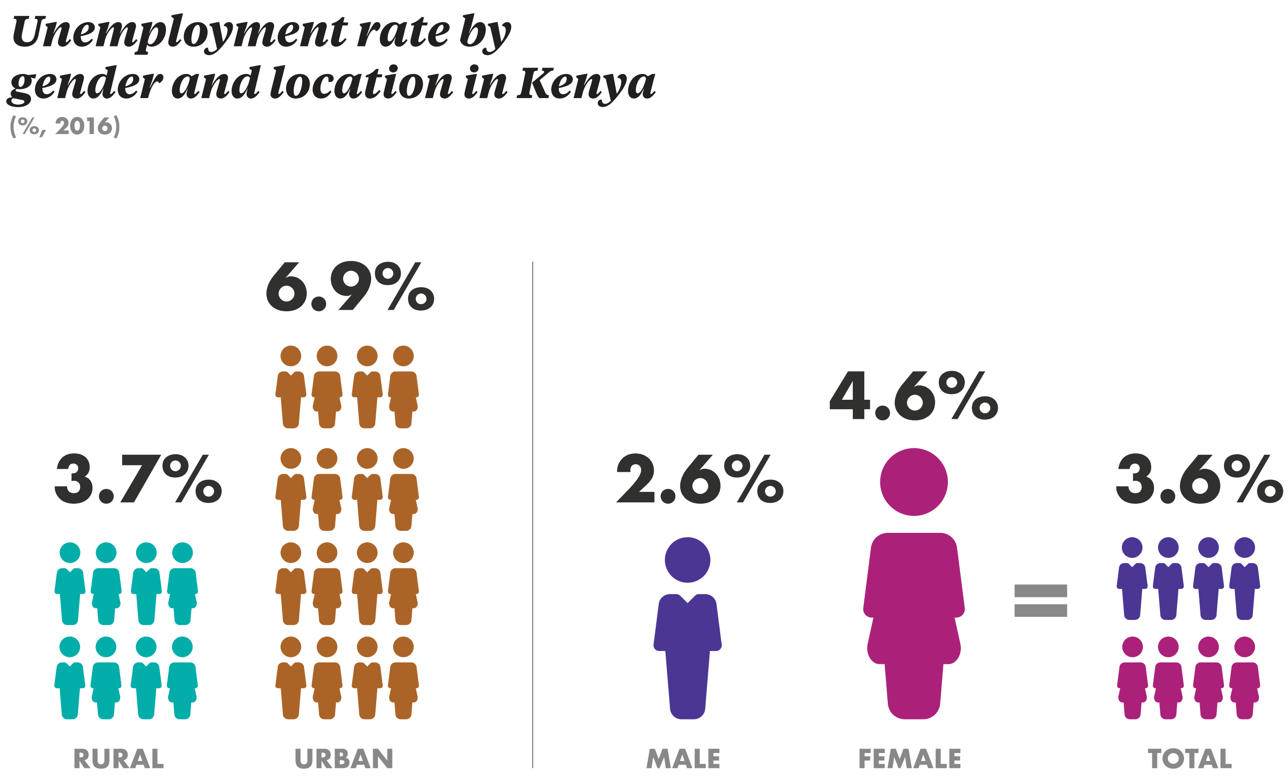
Figure 3: Unemployment rates by age group in Kenya



Source: KNBS, 2018

Although youth unemployment is rampant throughout Kenya, this has different implications on the different demographics that make up Kenyan youth. There is a substantial variation in unemployment rates in urban and rural regions, and amongst males and females. Specifically, amongst those in urban geographic locations have higher unemployment rates in comparison to their rural counterparts - 6.9 percent of the urban population in comparison to 1.8 percent of the rural population being unemployed. On the other hand, the unemployment rate amongst females is 4.6 percent while amongst males, the unemployment rate is approximately half of this, at 2.6 percent.

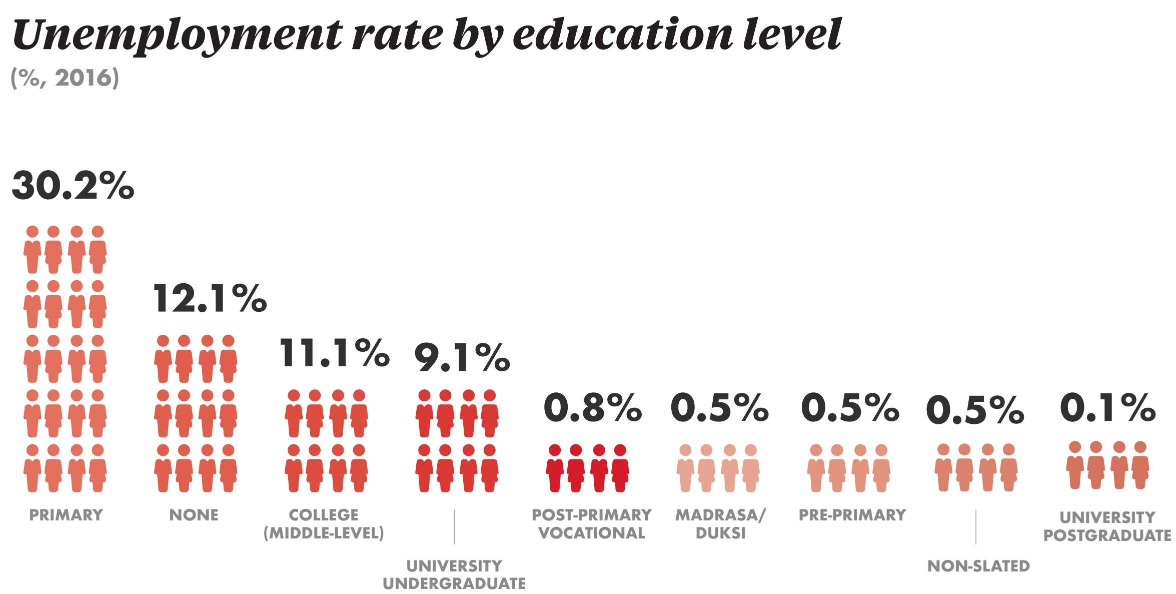
Figure 4: Unemployment rates by level of education in Kenya



Source: KNBS, 2018

Educational attainment appears to have a strong influence on an individual's unemployment. In 2016, 35.1 percent of the unemployed population had a secondary level of education. A further 30.2 percent of the unemployed had a primary level of education as the highest reached. Notable also is that 9.1 percent of the unemployed had reached university level of education. The figure below depicts the country's education status for the unemployed population.

Figure 5: Unemployment rates by level of education in Kenya



Source: KNBS, 2018

2.2 THE NATURE OF GIG WORK

The gig economy in Kenya operates across several sectors, including driver services, personal and household services business services, delivery services, and medical care.

> ***"In Nairobi, there have always been drivers waiting [at the airport] to drive a passenger in exchange for cash. Technology has put all of these drivers together ... creating a network, making it easy to rely on."***
>
> - Goverment

[10] According to the World Economic Forum, given the widespread nature of unemployment in the formal sector, the 'gig economy' has been the norm in Kenya for decades, whereas it is a fairly new concept in developed markets. According to a study carried out by BFA in Kenya, the median number of income sources per household in a year is six (6), demonstrating that Kenyans take part in multiple independent tasks to earn a living.[11]

These "offline" gig workers can be categorized as "seasonal" workers and "casual" workers.

- **Seasonal workers** are persons engaged in activities only for specific periods of the year. Examples of these workers include those workers that are hired during planting seasons, or to work at hotels to meet increased tasks associated with an increased number of tourists during peak seasons, such as over Easter and Christmas.

- **Casual workers** are those that are either: (i) engaged in work where their terms of engagement provide for payment at the end of each day, or (ii) those who are not engaged in work for a period longer than 90 days. These workers have no formal employment contract with the employer and their services may be terminated without notice. Examples of these workers include a plumber who is called to fix a leaking pipe, and is paid upon its repair, and factory workers or construction workers who are hired on a daily basis.

On the other hand of the spectrum, at a time of rapid global change and fast innovation cycles, economies worldwide are making better use of their digital potential to support private sector development and sustainable employment growth. In Kenya, the penetration of mobile phones and the growth of the internet has enabled a new breed of companies to monetize their ability to organize and inject trust into fragmented informal markets, giving rise to online gig work. Online gig work is impacting employment opportunities in new industries by reshaping the nature of work and by reducing barriers to entry and scale.

Even where gig work does not create new industries, the growth of online platforms is offering expanded opportunities for traditional gig industries, opening up new markets to a range of workers including artisans, vehicle drivers, motorbike riders and domestic workers.

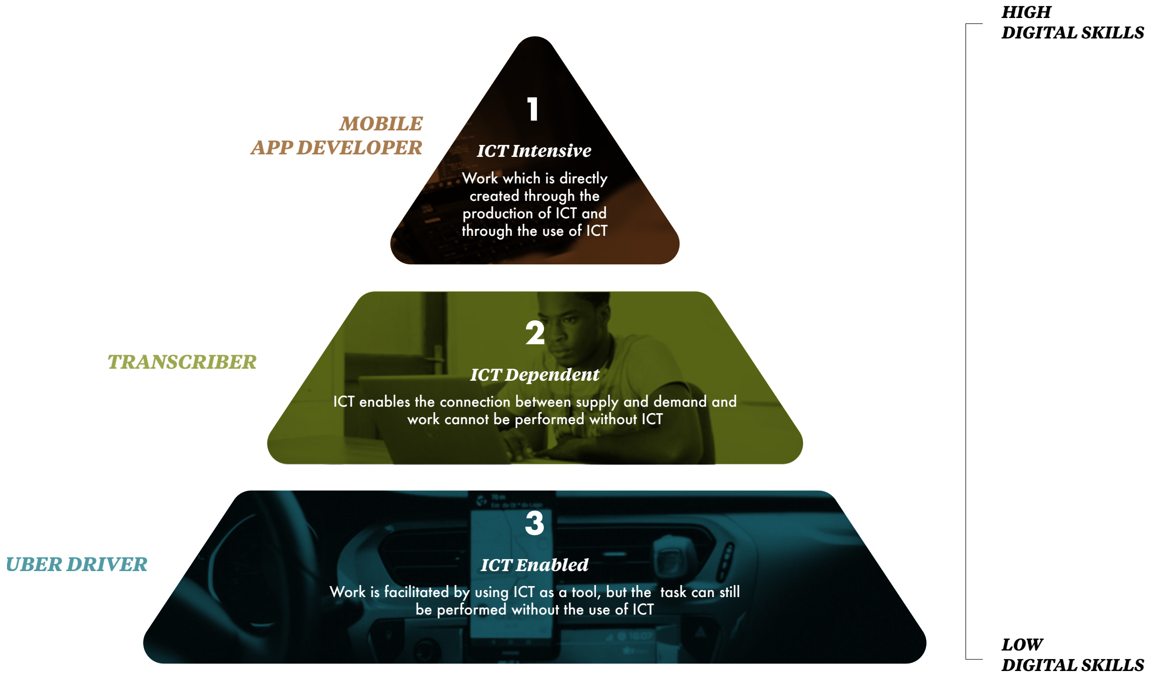
All gig work that uses digital technology, or is made possible by such technology, could be considered 'online gig work'. We adopt the World Bank's[12] understanding of the intersection between technology and work, and as such, develop a nuanced categorization that distinguishes between three categories of online gig work:

i. **Tech-intensive work** that is directly created through the production and the use of technology. This work requires high digital skills. Examples include a mobile app developer and a website designer;

i. **Tech-dependent work** that use digital technologies to varying degrees and are made possible by technology. This work requires intermediate digital skills. Examples include a translator and a transcriber; and,

i. **Tech-enabled work** that use digital technologies to connect demand and supply. In other words, the activity is facilitated by using technology as a tool, but the task can still be performed without the use of technology. This work requires limited digital skills. Examples include an Uber driver and a domestic worker

Figure 6: Types of online gig work



Source: Genesis Analytics, 2019

In Kenya, there is a growing number of gig workers who rely on the use of various platforms to access work opportunities. However, a significant number of gig work still takes place through direct transactions and the informal sector.

This research suggests that a large majority of gig workers in Kenya choose to be gig workers because of the prevailing labor market conditions, and as such, they are unable to participate in formal employment and have no other choice. As per McKinsey's framework[13] , we look at whether gig workers in Kenya earn their primary living from gig work or whether they use it for supplemental income, and we distinguish between those who are gig workers by choice versus those who are gig workers out of economic necessity. There are four key segments of independent workers:

- **Free agents** derive their primary income from gig work and actively prefer it.
- **Casual earners** use gig work for supplemental income and do so by choice. Some have traditional jobs, while others are students, retirees, or caregivers.
- **Reluctants** derive their primary income from gig work but would prefer a traditional job.
- **The financially strapped** do gig work for supplemental income, but they would prefer not to have to do side jobs to make ends meet.

The figure below classifies the types of gig workers in Kenya according to whether they earn their primary living as gig workers, and according to whether participating as a gig worker is by choice.

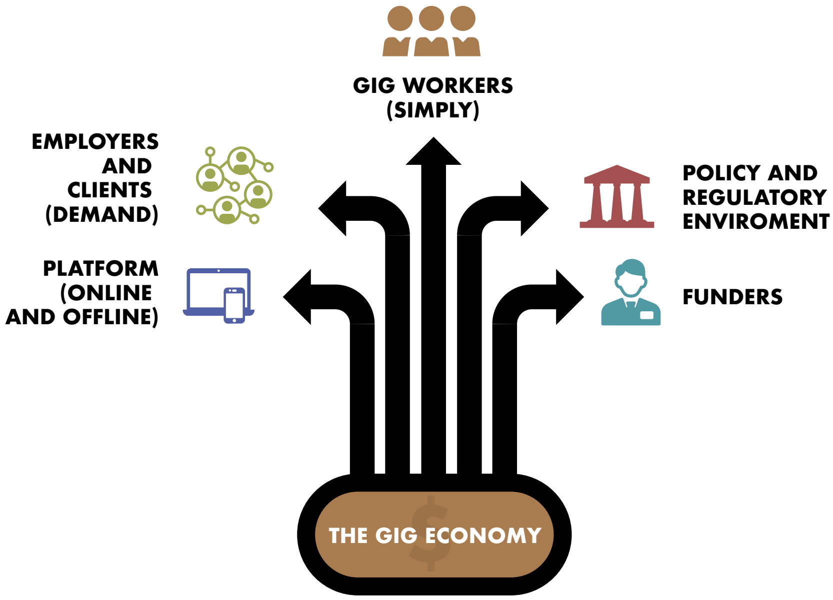
Figure 7: Four segments of gig workers

Source: McKinsey and Company. Independent work: Choice, Necessity and the Gig economy, 2016

3.PILLARS OF THE GIG ECONOMY

The gig economy in Kenya is made up of five fundamental pillars that all play a key role in shaping gig work. These five pillars of the gig economy as depicted in the figure below are: platforms (online and offline), gig workers (supply-side), corporate employers and clients (demand-side), funders, and the policy and regulatory environment. In this section, the report discusses the levers of the gig economy within each of these pillars.

Figure 8: Key pillars of the gig economy in Kenya



3.1.1. Platforms

Platforms are marketplaces that seek to effectively connect gig workers with organizations and/or individuals who are looking to commission work. While platforms operate both offline and online, the findings in this section of the report are skewed towards online platforms.

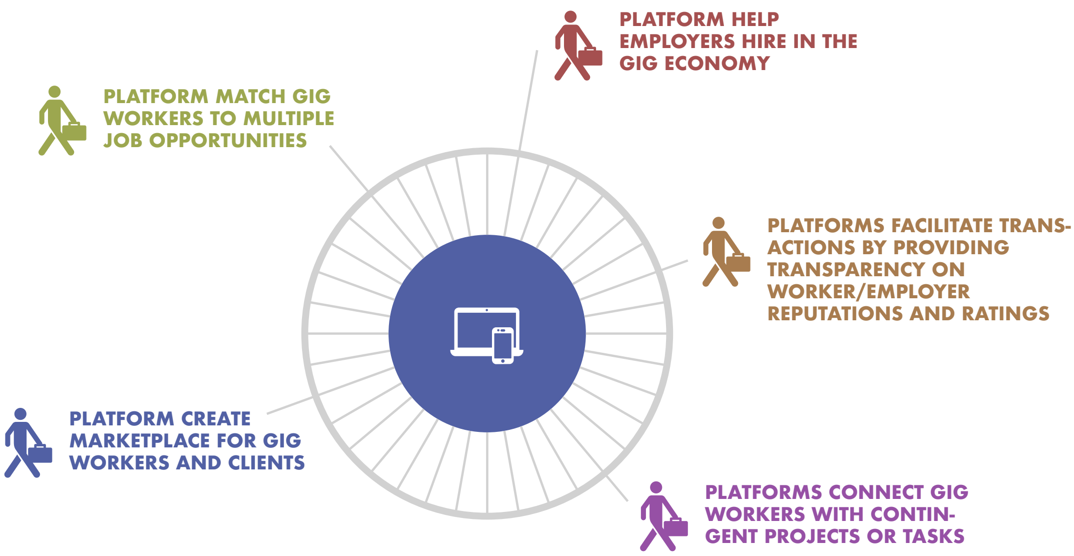
The role of platforms

Platforms have enabled some gig workers to exploit underused physical and human capacity, transforming dormant capital into active capital. For example, ride hailing platforms such as Uber, Bolt[56] (Taxify) and SafeBoda have provided a way for individual drivers to advertise their free time and spare vehicle/motorcycle capacity in order to generate an additional income. Platforms are therefore offering new revenue streams for some of these gig workers, reducing the unstable and precarious nature of their work, and in some cases, the time taken to search for work. Not only are platforms offering the opportunity for gig workers to increase income, but they are offering a more predictable income. Similarly, platforms facilitate gig work by providing the technical infrastructure for employers to advertise tasks to a large number of potential gig workers spanning geographic areas. For example, platforms such as Jumia Food and UberEats give restaurants that do not have a food delivery service the opportunity to tap into this revenue stream using their network of workers on their platforms.

Platforms build a level of trust between clients and gig workers enabling them to transact. Without the platforms, building trust is harder. Customers often require substantial reassurance on the worker performing the task and their ability to trust them, for example, in the case where a purchaser is hiring a domestic worker to clean their home. Therefore, gig platforms overcome such barriers of trust that would normally exist between a customer and supplier of a service. Customers are assured that workers on platforms are vetted and can thus perform tasks in their households or organizations without fear. According to Lynk, "our customer base trusts and believes in the quality of our services and our digital platform always the entire process to be transparent", demonstrating evidence that platforms in Kenya are enabling this. Additionally, workers on platforms are contractually bound, and therefore, should any problems or queries arise, clients can conveniently contact the platform with ease in order to resolve it.

The figure below summarizes the key role of platforms in the gig economy.

Figure 9: The role of platforms in the gig economy



The opportunities afforded to gig workers by platforms extend beyond connecting gig workers to the market or linking them to multiple sources of jobs. Platforms such as Lynk and Uber are providing opportunities such as training and access to financial services (loans, insurance products) on favorable terms and conditions, which gig workers would not otherwise have access to. The box below provides an example of the benefits that Uber has facilitated to its drivers in Kenya.

Box 1: Benefits provided to drivers on Uber Kenya's platform

Uber Kenya has implemented a Partner Rewards Program that aims to support individuals who chose to drive using the Uber application so as to lower the operating costs of drivers and make working on the application profitable.

Under this program, Uber Kenya has enabled approximately 300 of its drivers to become "business owners" by providing asset financing programs in partnership with local banks such as Stanbic Bank and Sidan Bank.

Additionally, Uber is providing its drivers discounted smartphones in partnership with Future Phones Limited that ensures that drivers are equipped with the necessary communication equipment that will enable them to conduct their jobs in a satisfactory manner.

Uber has also partnered with repair and auto servicing businesses such as Jubilee Insurance, AutoXpress Limited and Kingsway Tyres Limited, that provide various products and services to Uber drivers at discounted, affordable rates.

Lastly, Uber provides financial literacy training in partnership with Old Mutual, aimed at empowering the drivers with the knowledge and skills that's will allow them to manage their finances and growing their saving culture.

The operating models of platforms

Gig platforms are not created equal. They differ not only in structure (platform operations can be online or offline), but in other ways including the type of work offered, the type of gig worker, and the nature of the work contract. Work on platforms range from sophisticated, highly skilled tasks such as computer programming, data analysis, and graphic design to low-skill microtasks such as image identification, transcription, data collection and processing, and translation.

The operating models of gig platforms can be divided into 'on-demand' work and 'crowdwork':

- **On-demand work** refers to work in which workers connect with clients to perform tasks as needed or, as "demanded". These tasks are carried out locally, with the client and the gig worker in physical proximity.

These tasks are generally organized via mobile platforms, by companies that set the terms of service (including fees and minimum service quality standards). An example of an online platform creating on-demand work is Uber.

- **Crowdwork** is the enlisting of a large number of people, largely through the internet. These tasks are commissioned and mostly carried out virtually. Service purchasers anywhere in the world advertise specific tasks on platforms, which can then be matched to suitably skilled crowdworkers. In this model, the crowdsourcer and the crowdworker rarely (if ever) experience face-to-face interaction. An example is a gig worker in Kenya working through Upwork to provide translation services for a client based anywhere in the world.

Characteristics of platforms

There are a few commonly held characteristics of the platform-worker relationship that when taken together, set gig work apart from traditional informal work:

Platforms collect a portion of worker earnings

Gig workers on platforms are paid for each task or piece of work completed. Before payment is made, gig platforms collect a commission fee for jobs solicited through the platform. While the business models of platforms vary, they however tend to be differentiated between the following: (i) those that own the employer relationship and assign and process work through the platform. In such cases, the commission fee is a standard percentage fee; and, (ii) those on which individual workers and the client negotiate terms of pay before the work is performed. In such cases, the commission fee is tied to the amount that clients pay workers. The box below provides an example of the pricing model of a Kenyan platform, Lynk.

Box 2: Example of a pricing model – Lynk

Lynk Kenya's initial pricing model was one where gig workers self-quoted the cost of performing a service. However, this led to a challenge where gig workers inflated their price for various reasons, including mitigating the risk of not getting other work frequently.

As such, Lynk adopted a second pricing model, a fixed price model, where clients are charged for the time worked on a particular task.

While the newer pricing model may not be as effective as this is influenced by the efficiency of the individual workers, the use of both pricing models allows Lynk to find an equilibrium between managing customer demand (which is largely dependent on price) and the quality of work conducted by the gig workers.

LYNK

Source: Genesis Analytics, Key informant interviews, 2019

Some local and international platforms usually offer gig workers "free" access to the platforms. That is, workers can sign up for work on platforms and the only cost of using the platform is the commission fee that is deducted for every piece of work that is solicited and completed through the platform. However, other platforms such as Upwork, also gig workers to access additional benefits and services at a fee. These benefits range from job posting and talent sourcing assistance and the ability to receive an increased number of job opportunity invites, to account management and finance and invoicing support. These additional benefits and services are commonly offered as subscription plans that can be tailored to the different needs of gig workers listed on these platforms. For example, Upwork[14] charges $49.99 and $499.00 per month for premium subscriptions for individuals and businesses, respectively, whereas Freelancer.com[15] charges between $0.99 and $59.95 per month.

Platforms offer a rating system

Core to most platform models are the review and rating systems which enable employers and clients to provide feedback and rate gig workers on their performance via their platform once a task is completed. This serves to overcome lack of knowledge on the quality of work conducted by gig workers for potential employers and clients, and also serves as quality assurance for them. Additionally, platforms such as Lynk provide potential clients with the opportunities to view examples of previous work conducted by the gig workers listed on their platform.

Gig workers engaged as part of this assessment highlighted this feature as adding value for them. This echoes findings from an experiment undertaken by a professor at Harvard which aimed to assess the impact of providing better reference information online on a workers' job performance on their future employment outcomes. [16] The study found that the act of providing inexperienced workers with detailed reviews of their work substantially improved their subsequent employment outcomes. Curating the credibility and ensuring transferability of ratings and reviews may enable entrants in the gig economy to build an independently verified portfolio of work that will smoothen their participation in the gig economy and eventually, entrance into the formal job market. [17] Given gig workers in Kenya work across multiple platforms, there is a need for such curation and transferability of ratings and reviews.

Platforms control the brand

Platforms rely on the jobs brokered through their platform to generate revenue, and therefore have a clear stake in attracting and retaining clients. Consequently, and to varying degrees, these platforms are selective about which workers can operate under their brand. Some platforms condition provider participation on a background check and credentials. Below are some examples of requirements across platforms operating in Kenya:

- Gig workers on the Lynk platform go through a screening process which includes an interview that involves reference and background check. Workers also have to go through a test tailored to their respective professions. For example, if one is a carpenter, they have to demonstrate that they can design something such as a table.
- In addition to the requirement of a valid public service vehicle (PSV) license and national identity card, Uber requests that workers provide a certificate of good conduct as a prerequisite to being accepted onto their platform which enhances client trust in the platform and the driver. [18]
- A platform for domestic services requests knowledge of English, as a key requirement, while another platform has a requirement of three letters of recommendation from an employment-related contact, somebody from the provider's home community or village (a chief, pastor or other well-known and well-regarded persons), and a close family member. [19] [20]

Box 3: Recruitment and vetting of gig workers: Fundi's case study

FOUNDED IN 2016 **NAIROBI, KENYA**

Fundis (www.fundis.co.ke) is a platform that pools jobs for informal workers such as carpenters, painters, plumbers, electricians etc. to households and businesses. Fundis' mission is to overcome the challenge of the disorganized nature of the informal market that is largely associated with poor service delivery by providing Kenyans with access to competent, vetted and reliable workers that conduct quality work.

Recruitment

Fundis value differentiator in the market is to hire skilled, vetted professionals called "Service providers". Fundis has invested in a thorough due diligence process to meet this promise to its customers.
At inception, Fundis made use of a database of artisans working at various construction sites in Nairobi. As the platform develops it also makes use of recruitment channels such as partnerships with TVETs, social media campaigns and referrals.

Vetting

Fundis recognises the importance of vetting service providers before admitting them onto their platform. This vetting includes a verification of their technical skills, a background check
The vetting process includes the following:

1. Skills-based assessment
   - Proof of work experience.
   - Showcase of past work which includes at least three projects that the service provider has completed.
   - References from at least three clients, where a service provider did not directly interact with client, this should be provided by previous employers.
   - Educational or technical qualifications such as proof of apprenticeship training, training certificates and diplomas from TVETs or colleges

2. Background checks
   - Certificate of good conduct
   - Character recommendations from social or religious organisations that speak to the service providers character
   - Contact details of next of kin
   - Proof of address

Benefits

An extensive recruitment and vetting process enables Fundis to assure its clients quality and trustworthy services. Given that in some instances, service providers are entrusted with finances to purchase spare parts for clients, taking all these steps in recruitment make it easy to trust them with the money but also trace them should any problems arise during the execution of the work.

Additionally, it results in the recruitment of skills individuals which reduces the costs of training workers once they are onboarded onto the platform. For example, it allows Fundis to focus on soft skills training and not heavily invest in technical raining

Challenges

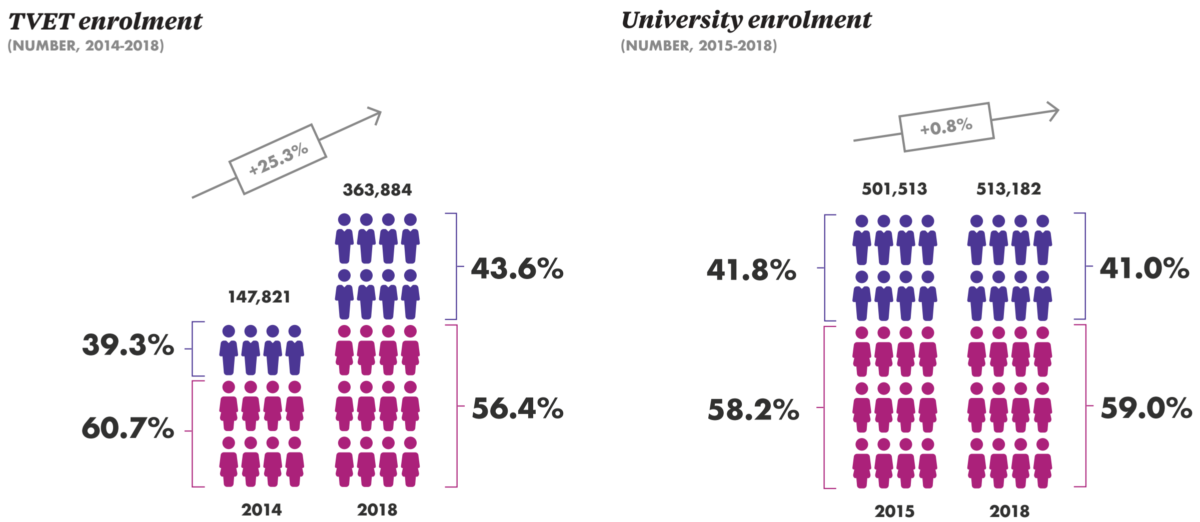
The cost of having a thorough recruitment and vetting process for a start-up platform is high which can be strenuous as the platform is yet to make a profit from its operations.
Secondly, requesting certifications and proof of experience excludes individuals who are capable of conducting the work but do not have formal training or work experience.

The box above show's how Fundi's recruits and vets gig workers who wish to operate on their platform

Skills are an important driver of platforms capabilities for competitiveness and growth and inadequately educated and trained workforce has been identified as an increasingly important business constraint. According to the World Bank Enterprise Survey 2013, 30 percent of Kenyan firms reported that inadequately educated workforce is a major obstacle to their operations and growth, compared to only 3 percent from the 2007 Enterprise Survey. [21]

While Kenya prioritizes education at the primary level, offering free and universal access across the country, both quality and access to higher levels of education are limited, posing clear challenges to the preparedness of Kenyan youth for the employment market and their attractiveness to employers. The figures below show the total level of technical and vocational training colleges (TVETs) enrolment between 2014 and 2018 and University enrolment in Kenya between 2015 and 2018. Total enrolment in TVET institutions grew by 32.3 percent to 363,884 in 2018. On the other hand, total enrolment in universities dropped by 1.7 percent to 513,182 in 2018/19. According to the KNBS, this decline is partly attributed to the reduction in number of candidates scoring a minimum university entry score of C+ (plus) and above in Kenya Certificate of Secondary Education (KCSE) examinations since 2016.

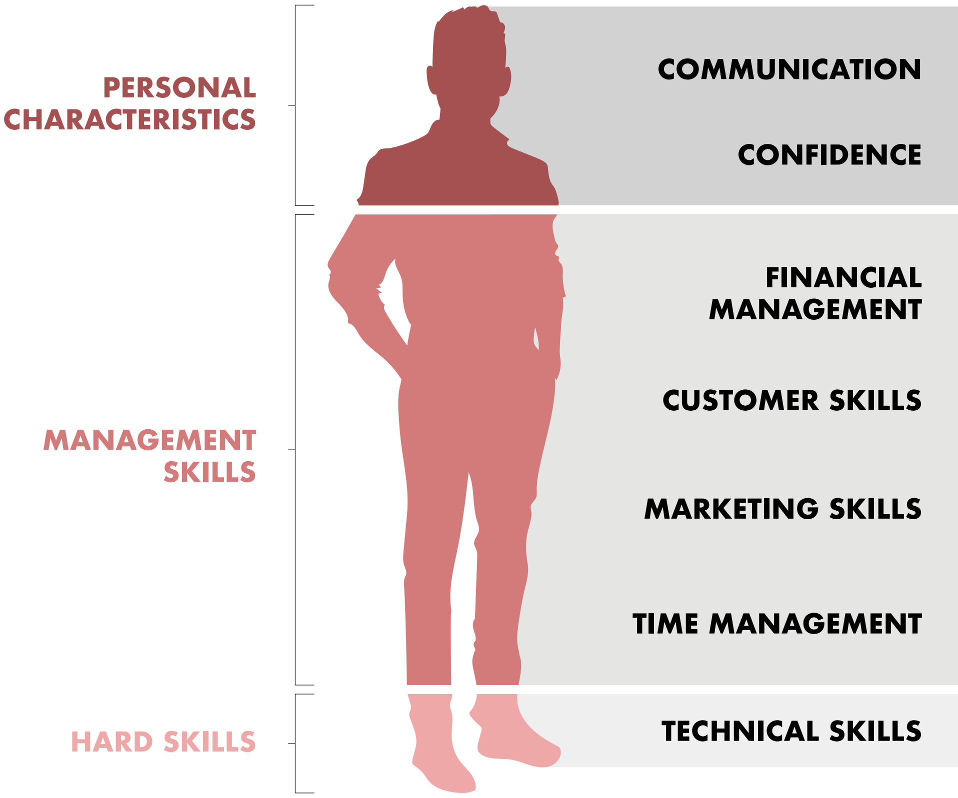
Figure 10: Total level of TVET and University enrolment in Kenya



Source: KNBS, 2017

Additionally, in Kenya, more than 40 percent of 19- to 20-year-olds with an upper secondary education score below the basic literacy level. [22] The poor lack of functional literacy amongst Kenya's youth further reduces the ability to find suitable labor which limits overall productivity and competitiveness of the economy. Recognizing the lack of skills as detrimental to the platform and their businesses, platforms in Kenya have taken some responsibility in filling the skills gap of gig workers through the provision of training. The figure below shows the typical skills that platforms train gig workers in. While the platforms engaged as part of this assessment acknowledged the importance of building the skills of gig workers operating on their platforms, those that are in the start-up phase of their operations do not have the adequate resources to provide this training.

Figure 11: Essential skills for a typical Kenyan gig economy [23]



Source: Genesis Analytics, Key informant interviews, 2019

The provision of skills training (both hard and soft skills) by platforms is a win-win for both themselves and gig workers. These skills are transferable and can be leveraged by gig workers to increase their income or secure more work. For example, a gig worker engaged as part of this assessment revealed that receiving soft skills training on interpersonal skills, communication and critical thinking has enabled him to have the necessary bargaining power to solely source job opportunities and negotiate favorable wages. On the other hand, platforms benefit from competent workers who can perform tasks accordingly, are motivated and have the skills to interact with clients from various backgrounds, thereby improving the platforms reputation. Skilled workers help build the reputation of platforms as customers are assured that workers are competent resulting in repeat transactions, growth in market share and profits.

While some platforms market themselves in order to attract potential gig workers, other platforms on the other hand, rely on the alumni of TVETs and professional associations to identify youth with relevant skills to operate on their platforms. Alumni are more likely to have access to tools needed to conduct tasks, and have practical experience to manage themselves and clients, thereby ensuring valuable and quality services are offered. However TVETs in Kenya generally have a weak alumni network and do not have an incentive to build this so as to link more youth to alternative job opportunities beyond the job placements and attachments they are mandated to do. This poses a challenge for Kenyan platforms as they have to use alternative recruitment channels to ensure they reach a large pool of potential workers of an acceptable standard to work on their platforms, including social media campaigns and referrals. There is an opportunity for platforms to strengthen their relationships with TVETs to ensure a steady stream of quality gig workers are joining the platforms as they plan to expand.

The box below provides a case study on Lynk's platform

Box 4: Case study on Lynk's platform

FOUNDED IN 2015 **NAIROBI, KENYA**

LYNK

Lynk (www.lynk.co.ke) is a digital platform that connects households and businesses with informal workers ("fundis"), artisans and tradespeople. The aim of Lynk, is to connect these workers to relevant work opportunities with fair working conditions.

Lynk matches verified professionals called "Pros" who are skilled plumbers, electricians, tailors, carpenters, chefs and beauticians etc. These Pros are recruited through TVET alumni, professional associations and referrals. To ensure quality Pros are recruited and vetted, Lynk has targeted recruitment strategies that ensure Pros have the necessary training and skills to provide quality delivery of products and services.

Lynk enables informal workers to thrive by providing training in key competencies they traditionally lack such as customer services, marketing and financial management.

Additionally, Lynk offers its workers differentiated value for working on the platform. Examples include:

- Partnerships with materials and tool providers: this aims to provide Pros on the Lynk platform with quality materials and tools by securing discounts through suppliers.
- Access to loans and insurance: these loans are available for Pros to ex- pand their business and purchase tools or equipment. These are soft loans that are repaid through deductions from labor fees for jobs completed on the platform

Challenges
Although Lynk has achieved considerable growth since inception (1081 Pros earning an in- come and 3 638 jobs completed through the platform), Lynk continues to face challenges in developing sustainable operations such as increasing worker retention rates and growing de- mand for services offered.
A challenge that Lynk and other local platforms face is the retention of gig workers. Attrition rates in the gig economy are high which affects sustainable operations of platforms. However, attrition is a natural effect of the gig economy as it is reported that the gig workers are individuals that are in career transitions. Additionally, retention can be attributed to workers not experiencing value by working through platforms, such as, infrequent jobs.

While consumers and business have demonstrated an increase in the use of gig services, plat- forms are still finding it challenging to define the target market for the services offered. Initially, Lynk considered the business-to-customer model as a viable means of getting demand. Although Kenyans have become accustomed to fulfilling their needs instantaneously through platforms,

the shrinking middle class and reduced levels of disposable income in Kenya means that market demand for gig services in Kenya is determined by cost and not quality of the services provided. For a platform to build its reputation and remain competitive, there is a need for service curation that meets the needs of various target markets and not one segment but also brings the platform a good return on investment (ROI). Lynk is currently services a larger business-to-business customer segment as the rise in overhead costs in Kenya organizations has resulted in the outsourcing of short-term tasks and/or non- core business functions

Opportunities/Future outlook
Sustainability for a platform occurs when worker supply and customer demand is equally met. Lynk seeks to expand its platform into new markets that present growth opportunities. KIIs with representative from Lynk reveal that the platform currently targets urban areas and based on the challenges experienced with defining the target market for gig services, Lynk seeks to scale its current operations to expand into new markets that present growth opportunities..

The growth of online gig platforms

Globally, workers are exploiting information technology to pursue alternative economic opportunities in the gig economy, specifically online work. Platforms are transforming gig work by building on the omnipresence of internet connectivity and the high penetration of mobile devices, the large pool of workers and clients they can reach, and the ability to use information to make efficient matches. According to the World Bank, as of the end of 2017, the internet penetration in Kenya was 17.83 percent [24] , representing a subscription rate of 8.33 million subscribers. [25] As of September 2018, mobile penetration which is defined as the total number of active SIM cards calculated as a percentage of total population in the country, rose by 2.3 percentage points to stand at 100.1 percent from 97.8 percent reported last quarter. This means that users own more than one SIM card either from the same or different service providers. [26]

The proliferation of mobile money in Kenya has been a catalyst for both individuals and gig platforms. Transacting via a mobile money platform has become the second most used payment channel in Kenya, after cash. As at 2017, there were a total of 32 million subscribers conducting over 5 billion transactions amounting to US Dollar ($) 46.2 billion (c.61 percent of Gross Domestic Product (GDP)).[27] The exponential growth of mobile money has led to the development of other financial services products such as M-Shwari and KCB M-Pesa mobile loans, FinTech lenders such as Branch and Tala among many others. The total credit disbursed by M-Shwari and KCB M-Pesa as at 2017 stood at $950 million and $290 million.[28] The shift to mobile money delivers widespread benefits up and down the value chain. For customers, mobile money provides a safer, more efficient and more convenient payment option than cash, and reducing the risk of theft. Beyond digitizing transactions, mobile money is also enabling innovative business models that provide affordable and sustainable access to services for consumers across the country.

Companies such as Safaricom and Equity Bank have collaborated with global online payments platform PayPal and TransferTo, which allow for the movement of funds between these accounts, thereby opening up opportunities for Kenyans to transact and sell their services to global marketplaces.[29] In 2018, Equity Bank reduced their charges for its Equity PayPal withdrawal service, where users pay as low as one percent on large withdrawals made from PayPal account.[30] The adoption of such innovations is facilitating transactions and spurring trade for platforms and individuals. Mobile money has allowed Kenyans to transfer money internationally and regionally. It can be used to pay for private and public goods and services. There are now multiple local and international digital platforms that allow for payments with mobile money such as Uber, Lynk, and Upwork among many others. The existence of mobile money is a key lever to the growth of the gig economy as it allows for rapid payments. Additionally it provides gig workers with immediate access to credit to fund their associated costs related to gig work. For example, an Uber driver can access credit within seconds to fuel their car when he/she receives a request for a trip. Similarly, a Lynk worker would be able to buy tools and materials on credit in order to fulfil a job he/she has received.

The rapid adoption of smartphones, the high penetration of mobile money and access to affordable internet access in both urban and rural areas is allowing the expansion of eligible gig workers in Kenya.

Examples of platforms in Kenya

The table in the next page provides a high-level summary of examples of both online and offline gig platforms that are active in the Kenyan market. A description of these platforms can be found in Appendix 3: Active platforms in the Kenyan gig ecosystem.

Figure 12: High-level summary of active platforms in the Kenyan market [31]

3.2. WORKERS

The assessment found participants in the gig economy in Kenya are diverse in terms of demographic characteristics such as age, income levels, educational attainment and gender – which also holds true globally. As part of this assessment, gig workers also engage in the gig economy for a variety of reasons. These can be summarized in to the following: (i) the gig economy offers workers flexibility, unlike traditional employment; (ii) the gig economy facilitates bridge employment - for example temporary employment between career jobs or between full-time work and retirement; (iii) provides opportunities to supplement an income from full-time o employment; and (iv) in many cases, gig work is the only option available - while some gig workers in Kenya are university graduates in fields such as accounting, law, engineering, they however perform tasks that do not always correspond with their existing skillset, professional experiences or expertise. Despite their qualifications, because individuals are unable to find employment, they choose to engage in the gig economy.

The figure below presents anecdotes on reasons for engaging in the gig economy amongst workers engaged as part of this assessment.

Figure 13: Reasons for engaging in the gig economy amongst workers engaged as part of this assessment

Source: Genesis Analytics, FGDs, 2019

This section of the report presents findings on three key worker archetypes engaged as part of this assessment, namely (i) microtask workers; (ii) ride hailing and delivery service workers; and, (iii) domestic workers. Specifically, the findings focus on whether the worker earns their living primarily from the gig or whether the gig supplements another income and the challenges they face as a gig worker.

Microtask workers

These are individuals who primarily work on online platforms and perform tasks that can be completed remotely using a computer and stable internet connection. Examples of microtask workers engaged as part of this assessment include transcription, data entry, website and application design, content writing, market research, image identification and tagging.

The individuals engaged during the research were a combination of casual workers who use gig work to supplement their income and do so by choice, and workers who derive their primary income from gig work and prefer it to a traditional job. The FGD participants reported that they are satisfied with their jobs as they have control over the type of work they do, their hours and the autonomous nature of gig work. Additionally, these workers shared that gig work allows them the freedom to be creative, make decisions and work with clients from various industries and backgrounds which is a learning experience as it exposes them to other opportunities, they would not otherwise get in traditional employment settings. These workers reported being happy with their overall level of income as they compared this to the income earned in traditional employment settings. A few respondents shared that one of the main motivations for joining the gig economy is the high remuneration. respondents shared that one of the main motivations for joining the gig economy is the high remuneration. Some challenges that were expressed by gig workers engaged as part of this assessment include:

- **Gig workers face a lack of consistency and infrequent work opportunities:** FGD participants shared they spend a considerable amount of time searching for job opportunities and this effort does not always translate to consistent jobs. Specifically, a translator on Upwork gave accounts of how at times, he is able to successfully secure a lot of work at one go which pushes him to work for long hours and into the night. At other times on the other hand, has no work to do and spends his time searching for work.

  The lack of consistent job opportunities is fueled by the growth in supply of gig workers which is not necessarily being matched by a growth in demand for their work, resulting in negative consequences such as downward pressures on pay. This is especially the case for gig workers with few specialized skills.

  Research undertaken by the Oxford Internet Institute attempts to highlight this mismatch between supply and demand, and the data from one major platform demonstrates this oversupply across multiple countries, including Kenya, where there is an oversupply of 20,200 workers in the country, as shown in the table below.

Table 2: Labor oversupply on one major platform, across four countries including Kenya and Global oversupply as at 7 April 2016

Country	Potential workforce*	Successful workers**	Oversupply***
Global	1,775,500	198,900	1,576,600
Kenya	21,700	1,500	20,200
Vietnam	7,700	1,000	6,700
Nigeria	7,000	200	6,800
South Africa	10,200	800	9,400

Source: Oxford Internet Institute, University of Oxford
**Total searchable worker profiles on 7 April 2016*
*** Searchable worker profiles with at least one hour billed or USD 1 earned*
**** Potential workforce minus successful workers*

- **Gig workers face high international competition:** Online workers in Kenya that work on international platforms shared feelings of disempowerment in the context of work security and rate setting as a result of the fierce competition they face between workers in the Global South (for example, India and the Philippines), who are able to price more competitively. A lot of repeat work is awarded to such lower-cost markets as clients commissioning work usually choose workers based on price (that is, the bid that is the cheapest) and not based on quality.

  Given that clients are price sensitive, work is usually awarded to low cost markets and contributes to the lack in consistency of job opportunities.
  Additionally, the quality of work in international countries is perceived to be much higher than those skills available to gig workers in Kenya, hence making them more attractive to international clients.

  During research undertaken as part of the project Microwork and Virtual Production Networks in Sub-Saharan Africa and South-east Asia, it was identified that gig workers in South Africa, Kenya, and Nigeria have experienced clients that have a poorly informed understanding of the African context. Specifically, they assumed that African digital workers were uneducated, and clients assumed that African workers would be willing to work for whatever pay was offered. The box below provides an experience of a translator who often changed the geographical location listed on his profile. He explained: "it's very discriminatory [...] It forces you sometimes to realign your profile to fit that job description".

Box 5: Experience of a Kenyan gig worker operating on an online platform

Moses is a 26-year old translator from the slums of Nairobi, who uses web-based platforms to secure online work. Speaking about his experience working on international platforms, Moses shares that he often has to change the geographical location listed on his profile. He explains how it is harder to secure work internationally given that he is Kenyan. He shares that identifying gig-based work forces you to constantly realign your profile to fit the job description.

As a result, many of Moses' clients believe that he is based in Australia, just as they are unaware that he is a college dropout rather than a qualified, successful translator. The pronounced discriminatory practices that Moses is met with means that he constantly has to create a persona in order to be able to increase his chances of getting jobs. Moses and many others Kenyan gig workers say bowing down to discriminatory practices on online platforms is a common necessity.

" You have to create a certain identity that is not you if you want to survive online work, you just have to do it"

- **The large imbalance between the supply and demand of gig work and the high competition results in a race to the bottom:** The imbalance between the high levels of competition and the imbalance between the supply and demand of gig work encourages competitive rate setting where gig workers bid for work at low prices that do not match the value of the services required. This low-cost, high-demand pattern reduces the market power of gig workers relative to clients and puts downward pressure on their labor prices. Where the hourly rates amongst Kenyan gig workers are considerably higher than the competition, workers are forced to lower their rates as this reduces their visibility in the global pool of online workers and the number of jobs they get.

  There are numerous instances where Kenyan gig workers frame their work experience in accordance with the dynamics of labor prices. For example, gig workers on Upwork, shared that they have paid for upgraded accounts that allow them to look at the bids offered from people in different geographies and bid accordingly to increase the chances of securing online work.

For gig workers in the early stages of their career, the challenges regarding low wages can have a negative impact on their livelihoods where they do not secure work at favorable rates or long-term clients. As a result of these challenges, this type of workers are working on multiple platforms to increase their chances of getting work frequently.

- **Gig workers face high costs of working on local platforms:** majority of the FGD participants shared that they prefer to work on international platforms rather than local platforms. This is because some local platforms charge gig workers high subscription fees for operating on their platforms, which substantially reduces the income gained from work conducted through the platform. For example, platforms like KuHustle charge gig workers a fee for being listed onto the platform in addition to commission charges for work solicited through the platform. Most international platforms on the other hand, allow gif workers to operate on their platforms for free and only charge fixed commission rates.

- **Gig workers lack labor laws that govern the worker-client relationship:** This opens up gig workers to potential exploitation and they have no means of resolving any disputes that arise. For example, clients will have complaints regarding the quality of work done and will request a refund, however the client still makes use of the work provided by the gig worker.

Ride hailing and delivery service workers

These are individuals who provide transport services using their personal or rented vehicles and that use online-enabled platforms to connect to passengers. The workers consulted as part of this assessment included Uber and Sendy drivers.

Majority of the drivers engaged as part of this assessment derive their primary income from gig work and prefer it to a traditional job. The FGD participants reported that they were initially satisfied with their earnings from the gigs, however they are no longer satisfied as their earnings declined with the rise in competition. For example, two years ago, driver made an average of KES 25,000 – KES 30,000 per day (before operating costs such as commission, petrol, and in some cases vehicle leasing fees) which has dropped significantly to KES 800 – KES 2,500 per day or KES 50 000 – KES 80,000 per month (before operating costs such as commission, petrol, and in some cases vehicle leasing fees). Additionally, these workers shared that gig work enables them to have liquid income as they take home earnings on a daily basis which they prefer to monthly salaries. These workers reported being happy with their overall level of income as they compared this to the income earned in traditional employment settings.

> ***"Being a driver has expanded my network. I have connected with people I would have never met in a traditional job setting. This has helped me gain new ideas on how to explore other opportunities on the side."***
>
> - Gig worker

- **Drivers have weak bargaining power and are unable to influence the prices charged by ride hailing platforms**, who use a fixed price model. Workers that operate on these ride hailing platforms stated that the platforms fail to take into account their operational costs such as the cost of petrol and the time taken to complete a job when setting the prices. To exacerbate this challenge, platforms charge high commission rates but do not account for this in the prices charged to customers. For example, Uber charges a commission rate of 25 percent which is substantially higher than other ride hailing wplatforms that charge between 10 – 15 percent.

- **The lack of labor laws and regulation such as minimum wages as makes these gig workers further vulnerable to exploitation and the increase in competition of platforms is provoking the race to the bottom in working conditions.** In 2016, Safaricom's Little Cab entered the market charging KES 55 per kilometer while Uber charged KES 60 per kilometer which resulted in Uber slashing its prices by 35 percent to keep its market share. This aggravated drivers as the commission rates charged by Uber were not revised to account for this.

  The intense competition with the introduction of other ride hailing apps in the country has resulted in these platforms introducing new services. For example, Uber's introduced its low cost service called Uber Chap Chap in 2018 where the a minimum cost for a ride on the platform is approximately KES 100 (USD 0.99) compared to KES 150 (USD 1.48) for Uber's other services and competitors such as Little Cab and Taxify.

  Drivers on platforms such as Uber, Little and Bolt held large demonstrations in 2017 and 2018 demanding government intervention to regulate platforms pricing and improve working conditions. The figure below depicts the drivers' strike against Uber in Kenya in 2018.

- **Ride hailing platforms operate on the notion that "the customer is always right" which means that any disagreements or grievances raised by drivers usually work in favor of the clients and not drivers.** This becomes challenging for drivers where their safety is compromised or clients refuse to pay upon the completion of a task. There is limited intervention from platforms when disputes arise between a worker and client. Additionally, for workers operating on delivery service platforms, they face high liability as customers have recourse against them. For example, should a package in transit get damaged, lost or stolen, drivers have the mandate to repay clients for the loss or damage.

To overcome this constraint, local platforms such as Jumia have introduced insurance to protect drivers against this financial burden.

> ***"Working with international platforms is more favorable than local ones in my experience. Companies like Uber take up driver complaints and aim to find a solution that works in favor of both the driver and client. Some local companies on the other hand are more concerned about clients and working with them is unpleasant."***
>
> - Gig worker

Domestic workers

Domestic gig workers are those individuals who provide household cleaning services and source their work offline. These domestic workers rely on chance to gain work opportunities by standing outside housing estates and shopping centers. Although the domestic workers engaged as part of this assessment earn their primary income as domestic workers in the gig economy, majority would prefer a traditional job or alternative sources of income. This is mainly due to low-levels of income earned as domestic gig workers, where the average amount that these domestic workers earn in one month varies between KES 0 to KES 8,000, and largely depends on the frequency of the work requests.

Some challenges that were expressed by gig workers engaged as part of this assessment include the following:

- **These gig workers** do not have a stable clientele base and face high competition from the large number of domestic gig workers that are waiting in one area, limiting the number of gigs they can perform. The lack of access to the market significantly reduces the earnings gained from domestic work.

- **Entry barriers to organized recruitment agencies:** While majority of the domestic engaged as part of this assessment were aware of third-party organizations such as recruitment agencies and platforms, they have been unsuccessful in being recruited in to these agencies as they do not have formal education certificates which they noted as a prerequisite. Additionally, not all the domestic workers engaged as part of the assessment had constant access to a mobile phone, thus inhibiting their participation in gig work through mobile platforms. Other participants engaged as part of this assessment shared that they are unaware of potential job opportunities or organizations that provide more effective access to the market as there is no readily available information on this.

> ***"I would like to open a shop as it will allow me to earn a living and still take care of my children. Being a business owner will also increase my social status in my community."***
>
> - Gig worker

- **Domestic workers are vulnerable to exploitation as they do not have bargaining power regarding rate setting or clear job descriptions.** Respondents shared that clients prey on their desperation and pay low prices for large jobs, or jobs that can take them up to a whole day.

Implications for gig workers in rural areas

While the government and other developmental actors are targeting and introducing youth in rural areas to digital skills and work, there are a number of challenges specific to youth in rural areas that limit their participation in the gig economy:

- Youth in rural areas experience poor network coverage or connectivity quality; and a limited supply or affordability of electricity;
- They do not have access to 'perfect' information on the possibilities of accessing gigs;
- There remains low awareness and trust in gig work, especially in rural areas where gig work is cosidered unproductive and illegal. This is as a result of the value placed on consistent, salaried, formal employment, especially amongst the older generations.

Programs such as the Ajira Digital Program are enabling the provision of digital infrastructure rural areas, where the Ajira Digital Program has established Community Innovation Hubs [33] to assist in the expansion of the geographical spread of gig workers in Kenya, allowing youth to participate in digital gig work without considering urban migration. These Hubs enable youth who would normally be excluded from participating in the digital gig economy on account of geographical location or poor economic background, to participate. During FGDs with beneficiaries of , it was shared that the through the development of Community Innovation Hubs both in urban and rural areas, have been instrumental in helping youth to establish careers in the gig economy as they reduce barriers to entry and provide the necessary guidance to succeed.

However, there remain a number of concerns about the effectiveness and sustainability of developmental programs to provide consistent support to potential workers who require support to join and succeed in the gig economy. For example, the majority of stakeholders consulted during the research shared that the management the Community Innovation Hubs has not been effective due to the lack of personnel and resources from the government which has resulted in non-functional Hubs overtime.

> ***"Most cleaning agencies have an educational requirement of at least Form 4 which I do not have which limits my access to formal job opportunities."***
>
> - Gig worker

Lastly, this assessment found that some online gig platforms in Kenya are currently concentrated in urban areas (for example, Uber Kenya only operates in Nairobi and Mombasa) in comparison to rural areas, and as a result, this hinders the participation for potential workers to participate in the gig economy.

Opportunities for women in the gig economy

The flexibility inherent in platform work also enables more women to participate in the labor force.

For example, women who are caregivers or want to take care of their young children can engage in the gig economy by undertaking online work through platforms.

However, women also face specific challenges that prevent them from engaging in gig work, both online and offline. A study undertaken on the "digital divide" in slum areas and informal settlements in Nairobi found that women are less likely to use the internet to look for work – specifically, women are a third less likely to use the internet to look for work (controlling for age and education).[34] Women are also less likely to engage in online work as they are risk averse and there is not enough information or sensitization of what opportunities are available. Respondents shared that women perceive gig work as being unstable and would rather engage in permanent employment opportunities.

Additionally, there exists social norms and occupational segregation – the tendency for women to be employed in some sectors and not others – that prevent women from engaging in gig work. For example, it is estimated that amongst the gig workers that operate on online ride hailing platforms, only 3 percent are females.

Women also experience significant barriers including difficulties travelling alone due to safety issues, disproportionate unpaid care and domestic workload, and limited opportunities given restrictive socio-cultural norms and associated occupational segregation. For example, a survey carried out by the National Construction found that women are underrepresented in all the categories of skilled, semi-skilled and unskilled construction workers, accounting for only 19 percent of the total construction workforce.[35] This echoes the findings of the assessment as various stakeholders shared that gig work in Kenya is currently dominated by men with a few women occupying jobs as transcribers, beauticians and providing homecare services such as cleaning.

Moreover, women's limited ownership of mobile technology especially in rural households leaves them reliant on family members or internet cafes to mediate their engagement with online platforms. Therefore, women's engagement in the gig economy is largely determined by the availability of access to digital infrastructure and the cost of using public facilities such as internet cafes. This limits the extent to which women engage with the gig economy.

"At night I wear a hoodie so that it is less obvious that I am a woman."

- Female Uber Driver

Young women also face severe time constraints because of their family and household responsibilities. This limits their ability to increase their employment earnings.

Several youth programs that have been implemented in Kenya have observed that their female beneficiaries were less confident, quieter, more reserved, and engaged less during training, than their male counterparts.[36] Since active participation leads to better learning outcomes, youth employment programs can adapt their curriculum and training methods to improve learning outcomes. This includes promoting participatory approaches and encouraging equal levels of participation providing learning support in-

"Women's limited participation in online work can be attributed to instances where international clients may require work to be done at night as this suits their time zones which is culturally frowned upon as women have household duties during this time."

- Funder

side and outside the classroom.

Despite the barriers cited above that limit the participation of women in the gig economy, ride hailing platforms in Kenyan are providing job opportunities and contributing to women empowerment by seeking to overcome structural barriers that prevent women from fully participating in the gig economy. For example, recognizing that women drivers fear driving at night and hence do not operate on their platforms once it is dark, Little Cabs Kenya, who's platform had 381 female drivers in 2018 (this number that is projected to rise significantly in the coming years) has included safety measures such as security alerts or SOS buttons and use of GPS to track drivers, reducing security risks and thus enabling female driver to feel less insecure to work on their platform, even at night.

Evidence of the outcomes of gig work on Kenyan youth

Despite some of the challenges faced by gig workers in Kenya, this assessment identified that they are accounts of positive outcomes through engaging in gig work, specifically, through online gig platforms. There was recognition amongst the ride hailing gig workers engaged as part of this assessment that the flexibility afforded by gig work has made them their own boss, and they are able to take advantage of this as it allows them to set their own start and end time for each work day. Secondly, some microtask gig workers engaged as part of this assessment cited an improvement in their livelihoods as a result of the decent and stable income they have gained through platform work. These workers spoke of their increased ability to send their children to school, support aging members of their families, and even furthering their own education.

> ***"I am saving the money I earn from Uber to pay for my university fees."***
>
> - Female Uber Driver

Gig work has also enabled some workers engaged as part of this assessment to move into entrepreneurship. Microtask gig workers engaged as part of this assessment revealed that they have opened agencies where they employ and train other youth to engage in the gig economy. This enables well-established gig workers to take on more work, and outsource it at a cheaper cost to the youth that they train. Ride hailing gig workers shared that they have purchased more than one car which they are leasing to other drivers who operate on ride hailing platforms and pay them up to KES 2,000 per day.

Working in the gig economy has also allowed for the expansion of skills by upskilling or gaining qualifications in various fields of interest. For example, a gig worker who works on multiple microtask platforms such as Upwork and Guru, gave an account of how working as a transcriber has improved his computer literacy and digital skills, thereby allowing him to work on multiple platforms and expand his income. Another gig worker who performs transcription shared an experience of how he practices his typing skills to enable him to improve the speed of his typing, which will allow him to take on more work through these platforms. Microtask gig workers engaged of this assessment have also taken a keen interest in building their skills further, and have enrolled in online courses to learn skill such as coding and content writing.

3.3. DEMAND

Individuals and households

Just as the rise in platforms is allowing gig workers the opportunity to gain access to a customer base, individuals and households also benefit from a wide range of services from a large pool of workers listed on these platforms. Their demand for such services is the key growth driver of the gig economy.

While the demand for gig workers differs across the type of service and/or tasks that the gig worker is able to perform, generally, individuals and households have been engaging the services of these workers for many years by engaging informal workers such as repairmen and domestic workers. A main barrier to households' engagement with gig workers is the lack of trust and the perceived poor quality of work. As a result, platforms are playing a role in meeting the demand of clients, while at the same time assisting in overcoming perceived trust and quality of work factors. By engaging gig workers through platforms, households are assured that the worker has been vetted and trained to conduct a satisfactory job. Additionally, households appreciate that should any problems arise during their engagement, platforms are their first point of contact to resolve this. This is not the case when employing offline gig workers, especially those who source jobs in public places such as housing estates and shopping centers.

While the demand for gig workers in the transport industry has grown as a result of high uptake of platforms such as Uber and Safe Boda, in other areas such as microtask work, the uptake of the services offered by gig workers is still very low. Client demand for such gig workers and their services may be limited by the fact that skilled workers are hard to find, and it is possible that misperception of poor quality is limiting demand from firms that are not currently using these workers. For example, research undertaken as part of the project Microwork and Virtual Production Networks in Sub-Saharan Africa and South-east Asia, [37] found that workers and online outsourcing firms in Kenya report that very little of their work is driven by local or regional demand, and in most cases, online outsourcing in the developing world is driven by clients in the developed world.

Similarly, local platforms such as Lynk and Fundi's have shared that their business models were initially targeting the countries perceived growing middle-class population, which according to the KNBS consists of any individual that spends between KES 23,670 and KES 199,999 per month. However, these platforms engaged as part of this assessment are experiencing limited demand from this population group as they do not have the disposable income to purchase the services of gig workers and their demand is largely influenced by the cost of the services offered by gig workers. This poses a big challenge for these platforms as the lack of sufficient demand affects their ability to reach scale.

> ***"Price is key when I am hiring a fundi but my main concern is if I can trust a stranger in my home... Platforms put these concerns at ease as I know I can easily resolve any issues I may have with a gig worker hired through them."***
>
> \- Customer on a gig platform

Corporate employers

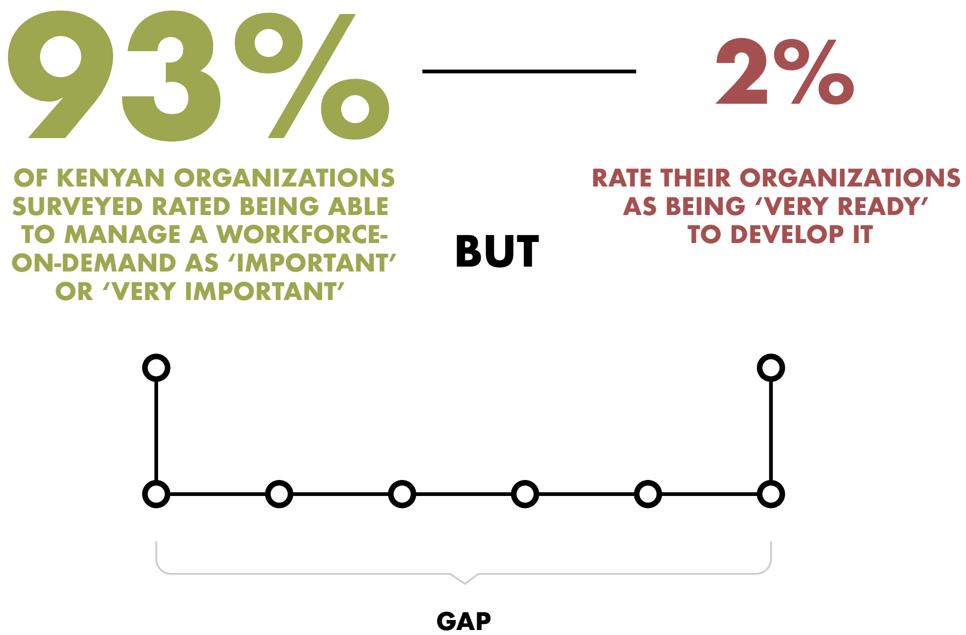
As this report has discussed above, the gig economy is not just for transportation services such as ride hailing platforms anymore. While Uber and Sendy may have successfully leveraged the gig workforce, organizations of all types are beginning to recognize the significant benefits of this engagement model to attract the workers they need to grow their business.

Corporates are leveraging gig workers to perform some of their non-core business functions, including cleaning, repairs, and graphic design. By divesting out of these non-core activities, organizations can focus their time and resources on their core functions and can benefit from outsourcing functions that other companies have a competitive advantage in.

While organizations in Kenya can adopt different approaches for handling their employment contracts, such as full-time contracts or a blend of full-time and part-time contracts, this is largely based on the nature and demands of their business. Our research revealed that many organizations in Kenya are still conducting core business processes internally, using the traditional employment models, while only some organizations engage part-time workers for non-core business processes, including call center work.

The figure below demonstrates findings from a survey carried out by Deloitte amongst 43 firms in Kenya, [38 39] to understand their ability to engage gig workers, highlighting the gaps that exist.

Figure 14: The ability of Kenyan firms to adopt gig workers



Source: Deloitte, Kenya Human Capital Trends, 2015

The findings of this survey are in contrast to organizations in the United States that are leveraging the growing trend in use of gig workers, with Upwork noting that 70 percent organizations in the United States are now using some degree of flexible, temporary workforces.[40]

Amongst those organizations that practice traditional hiring solely, this stemmed from the lack of understanding of gig work in the corporate culture, for example, the human resource (HR) implications. This means that organizations in Kenya are reluctant to hire gig workers as their current business processes are not task or project-based, making it challenging to understand what HR processes would be required if they were to engage gig workers. Organizations are also not aware of what wages should be offered to gig workers in comparison to full-time staff. Organizations can run into the danger of under/overpaying gig workers who do the same work as full-time employees. Potential employers need guidance regarding labor policies as they are unaware of what is required of them when engaging gig workers and the extent to which these workers will comply with procurement requirements such as the KRA tax certificate, and the provision of employee benefits.

Stakeholders also revealed that Kenyan employers are known to prefer having an employee physically present and take notes of the number of hours that one spends in an office over the quality of outputs and performance of employees. As a result, this makes it difficult for them to measure and evaluate the specific value and results that gig workers would bring in comparison to full-time employees. There is also a concern that introducing gig workers into an organization may disrupt organizational culture and result in dissatisfied employees (both part-time and full-time) with whom they have limited interactions with. Employers engaged through the assessment shared that they need guidance on how to manage collaboration between full-time and part-time employees on defining parameters on task descriptions, responsibilities and deadlines for deliverables. Similarly, there was a sense that it is easier to cultivate an organizational culture and a sense of belonging with full-time employees rather than with gig workers, with whom they have limited interaction.

Our research revealed that while employers may be willing to engage with gig workers, they need information about how other organizations in the market and globally are approaching gig work and successfully integrating this change in to the nature of work. This specifically includes information on the structure of contracts, remuneration and the impact of this on the effectiveness and profitability of organizations. Organizations in the private sector shared that this information would be useful to ensure they are able to hire and attract talent to remain competitive and at the forefront of industry best practice. While organizations would be more reluctant to share this information publicly especially if it is a part of their competitive advantage, there is an opportunity for platforms to take up this role of information sharing by partnering with organizations through industry associations, particularly if the information is beneficial for the public.

3.4. FUNDERS

Donors

In Kenya, there exists a range of donors that are funding organizations and interventions to overcome youth unemployment and foster growth of digital employment opportunities. These organizations are implementing programs focused on youth in both rural and urban areas of Kenya that enhance the skills of youth thereby enabling vulnerable, disadvantaged youth to engage in entrepreneurship, leverage digital gig work to sustain their livelihoods and increase earnings opportunities.

Donors are also identifying, testing and supporting both creative technology-enabled and non-technology enabled innovations with the potential to stimulate large-scale job creation and tackle youth unemployment. They are also funding programs that aim to build business ecosystems that support tech start-ups with the potential to contribute to sustainable and inclusive development to grow, become investor ready, and connect them with business and investment partners. Such programs are focusing on an array of enterprises including early stage enterprises, mature enterprises testing new innovations, and non-profit organizations. The table below shows a list of some donors and the employment programs that they are currently implementing in Kenya. This list is not a comprehensive list of players in the ecosystem.

Table 3: Example of donors and employment programs in Kenya

Donor	Name of program
Google.org	Mercy Corps Youth Impact Labs
mastercard foundation	Youth Africa Works Kenya
Department for International Development	Kenya Catalytic Jobs Fund
The Rockefeller Foundation	The Digital Jobs Initiative
Federal Ministry for Economic Cooperation and Development	MakeIT in Africa
The World Bank	Kenya Youth Employment and Opportunities Project

Box 6: Case study on the Mastercard Foundation

The Mastercard Foundation's mission is to advance education and financial inclusion to catalyze prosperity in developing countries. The Foundation is keenly interested in how today's rapidly technology-driven changes world will affect the opportunities available to African youth. Their mission is to create a world where everyone has the opportunity to learn and prosper, and as a result, are focusing efforts on tackling what they see as the most pertinent challenge to stability and prosperity in Africa - youth employment. Mastercard Foundation believes that digital commerce (which includes gig platforms with workers who supply physical services such as ride-hailing drivers, domestic workers, etc.) offers great potential for young people in the future. This is not only for young people to access work, but also to sell their goods. Many young people have innovative ideas and enterprises, and they are eager to gain access to information, markets, and connections through digital marketplaces. The Foundation launched Young Africa Works in Kenya, a public-private partnership between the Foundation, the private sector, and the Government of Kenya. The initiative aims to support five million young Kenyans to access dignified and fulfilling work over the next five years.

- The Foundation will work with the government and the private sector to develop a long-term plan for the country which will focus on:
- Improving the quality of education and vocational training so that they equip young people with the skills employers need;
- Leveraging technology to connect employers and job seekers, and drive growth;
- Enabling entrepreneurs and small businesses to expand through access to financial services; and
- Partnering with the educational community to equip young people with the right skills.

Investors

There has been a significant rise in the levels of venture capital funding that seeks to support early stage platforms functioning across multiple industries. According to the 2018 Kenya Startup Funding Report, Kenyan startups and technology companies closed 2018 with a record $ 126 million raised over 41 disclosed deals.[41] This means that there was a 136 percent year-on-year growth in tech start-up funding in 2018, and Kenya piped traditional main rivals, South Africa and Nigeria. According to the African Private Equity and Venture Capital Association (AVCA), Kenya was rated as the 2nd most attractive destination for private equity investment in Africa over the next three years.[42]

Such funding is aiding the growth and enabling the proof of business models of direct-to-consumer platforms so as to create a functional informal economy. In some cases, these businesses are efficiently linking gig workers to the market thereby creating job security and smoothed incomes amongst workers.

In the table below, we highlight the total number of investors and the name of some of these investors that have funded three gig platforms in Kenya. Only where the value of the investments in to each of these platforms is publicly disclosed, is it demonstrated below.

Table 4: Example of investments in Kenyan gig platforms

Name of platform	Total investors	Seed round	Series A	Series B	Other investors
Sendy	9	Safaricom Spark Venture Fund ($1 Million)	DOB Equity and CFAO group ($2 Million)	Allianz X ($3 million)	Viriditas Ventures
					XL Africa
Lynk	3	Safaricom Spark Venture Fund ($1 Million)			
		Novastar Ventures			
		GSMA Ecosystem Accelerator			
Lori	6	FJ Labs			Hartmann Holdings
					Larix
					LocalGlobe
					The Gramercy Fund

Innovation is recognized as key building blocks of competitive and dynamic economies, which have the ability to attract investment. The Global Innovation Index (GII) provides detailed metrics about the innovation performance of 126 countries, across 80 indicators that explore a broad vision of innovation, including political environment, education, infrastructure and business sophistication. Kenya was ranked third in Sub-Saharan Africa in the GII ranking. Kenya is preceded by Mauritius and South Africa as the most innovative country in Sub-Saharan Africa.[43]

Kenya's GII score can be attributed to the access to credit, innovation linkages, the innovative application of ICTs in various sectors and the country's expenditure in to research and development (R&D). The country scores highly in four pillars including market sophistication (61), business sophistication (49), knowledge and technology outputs (70), and creative outputs (56). However the country is still lagging behind in key ones such as institutions (84), human capital and research (112) and infrastructure (103).[44] To take advantage of the progress already made, the country needs to build human capital, invest more in innovation infrastructure, and to create an enabling environment for knowledge, and technical and creative output.[45]

The figure below shows how Kenya has scored across each of the frameworks, relative to South Africa, and the key frameworks that are driving the country's ranking.

Figure 15: Comparison of innovation across countries

INPUT	KENYA	SOUTH AFRICA	WHAT THE INDEX MEASURES
INSTITUTIONS			Considers the political economy landscape such as regulation, ease of starting a business
HUMAN CAPITAL AND RESEARCH			Considers expenditure on R&D and education levels.
INFRASTRUCTURE			Access and use of ICT services, access to electricity, capital expenditure
BUSINESS SOPHISTICATION			Knowledge of workers, university/industry research, tech and ICT service imports
KNOWLEDGE AND TECHNOLOGY OUTPUT			Patent applications, tech and ICT services exports, scientific and technical publications, FDI
CREATIVE OUTPUT			ICTs and business model creation, intangible assets, creative goods and services
OVERALL SCORE	**31**	**35**	**Index out of 100, where100 is excellent and 0 is bad**

KEY			
KEY	High/first top 45% of country rank	Emerging/between 46-74% of country rank	Lagging/lowest 75-100% of country rank

Despite the rise in investments to Kenyan tech start-ups, there is still a significant number of gig platforms in the country that face high barriers in terms of access to seed funding, or larger investments. These platforms lack critical investment to expand their service offering, provide training to gig workers that operate on their platforms, and move in to the new areas of the country. As a result of limited investment opportunities, gig platforms in Kenya have been forced to shut-down their operations. SafiSafi, an online platform that links service professionals such as plumbers, electricians and domestic workers to households and organizations, shut down their operations in Kenya in late 2018.

Tech entrepreneurship is a key driver of the digital revolution in Africa. Gig platforms in particular have the potential to modernize a country's economy and society, identify innovation solutions to development challenges and create new opportunities and jobs. However, many young tech companies in Kenya are not reaching international market readiness due to a lack of capital, customers, appropriately trained staff and digital infrastructure. For such platforms to be successful, they need investment to support a well-functioning business ecosystem with a strong customer base, business support and training partners.

3.5. POLICY AND REGULATORY ENVIRONMENT

Gig work is increasingly within the purview of the Kenyan government. Recognizing the potential macroeconomic benefits that come with the evolution of the gig economy, and the ability of gig work to reduce unemployment, the Government of Kenya, specifically the Ministry of Information and Communications Technology (ICT) collaborated with the office of Public Service, Youth and Gender Affairs to launch the Ajira Digital Program. The program has the objective of increasing youth participation in online work. The box below provides an overview of the program.[46]

Despite this, the current laws and regulations in Kenya are geared towards those in formal employment and there is a lack of regulation in relation to social protection, equal employment opportunities and labor standards that are specific to the gig economy. Like in most parts of the world, the current policies do not provide support or protection to the growing number of gig workers forcing them to conduct their work in a regulatory grey zone.

Firstly, gig work blurs the distinction between being an employee and being a "independent" worker - for example, is an Uber driver in Kenya an Uber employee or self-employed? Platforms that operate both locally and internationally in Kenya classify gig workers as independent workers and not employees. Platforms claim to be intermediaries between workers and clients and thus, only set key rules that govern how workers and clients interact with each other (it is worth noting that the platform's power can usually trump that of not just workers, but also clients).

Therefore, these platforms do not take responsibility of contributing towards social protection or providing benefits for their databases of thousands of gig workers. The assessment found that it is up to the worker to sign up for social protection such as insurance and pension. The workers' contribution to social employment is related to their dependence on gig work; those workers who are mainly dependent on gig work as a primary source of income are likely to be less protected than those who do not depend on gig work. However, only

Box 7: Case study: Ajira Digital Program

NAIROBI, MOMBASA, KISUMU, MERU,NAKURU

Ajira trains youth (inexperienced/ new online workers) through a one week residential training. The training aims to equip the youth with basic soft skills and introduction to online work skills, digital marketing and basic financial management skills.

In addition, the project targets to train experienced online workers through a 2 day training with the aim of equipping the selected online freelancers with skills to scale up and develop their businesses into agencies and source for more work to share with new online workers. The experienced freelancers are ultimately expected to handhold the online workers through a one month mentorship.

Upon successful completion of the training, youth are transitioned to one month mentorship through handholding by the experienced online workers. The mentorship is aimed at enhancing the trained youth's skills on online work thereby increasing their access to online jobs.

7,168 youth out of the target of 8,000 have completed training and transitioned to mentorship;

Out of these youth, 1,984 are female;

125 experienced online workers have been trained.

a small proportion of gig workers interviewed shared that they consistently contributed to their social protection schemes. In most cases, gig workers who paid for social protection were highly skilled individuals whose main income was not realized from participating in the gig economy.

In a traditional employment relationship, an individual is economically dependent on an employer, and thus not always in control of various aspects of work life (for example, working hours and choice of tasks). That economic dependency, however, often comes in exchange for some measure of economic security through benefits and protections. Below is a partial list of labor standards, welfare and related provisions that are likely affected by the absence of a traditional employment relationship in gig work, and that individuals in formal employment are afforded:

Table 5: Minimum wage in Kenya across various occupations as at 19 December 2018

Occupation	Geographic location	Minimum wage per hour (Kenyan Shillings (KES))	Minimum wage per day (Kenyan Shillings (KES))
Artisans Grade I	Cities[48]	275.95	1,474.50
	Municipal and town councils[49]	260.55	1,387.40
	Other areas	243.10	1,298.95
Artisans Grade II	Cities	228.60	1,219.80
	Municipal and town councils	212.60	1,236.00
	Other areas	243.10	1,028.10
Artisans Grade III	Cities	205.05	1,108.80
	Municipal and town councils	188.60	1,1019.80
	Other areas	169.35	921.95
Artisans Ungraded	Cities	164.90	880.00
	Municipal and town councils	150.40	812.55
	Other areas	124.05	671.50
Cleaners and providers of household services	Cities	1211.30	653.10
	Municipal and town councils	110.90	600.00
	Other areas	67.80	367.00
Typists, drivers, machine operators	Cities	141.75	739.05
	Municipal and town councils	125.50	692.20
	Other areas	104.30	560.40

Source: Labor Institutions Act No. 12 of 2007 – Kenya subsidiary legislation, 2018

- Minimum Wage: this represents the lowest amount of pay that a worker can receive for any job done within the boundaries of the country. The minimum wage in Kenya is guided by the Labor Institutions Act No. 12 of 2007, which differentiates the minimum wage per hour based on the occupation and location of a worker. The table above provides an overview of the minimum wages for some occupations in Kenya [47] :

There are no laws regarding minimum wages for gig workers which makes them vulnerable to exploitation in many cases. These workers are at a risk of engaging in job opportunities that offer lower wages and lower quality work.

- **Leave and working hours**: This refers to the eligibility and entitlement of employees to leave such as annual, unpaid, job-protected leave for qualifying family and medical reasons, and regulated working hours that dictate overtime pay and working times during week days, weekends and public holidays depending on the job classification. The regulations surrounding leave day and working hours are challenging for gig work as majority of gig work conducted in Kenya is done through international platforms. It becomes unclear which laws apply to the work being transacted and can act as a disadvantage to the gig worker. There is a need for clarification for how gig workers will be treated and protected under the Kenyan law.

- **Income taxes:** In a traditional employment agreement, an employer is responsible for paying the employer's share of income taxes (pay as you earn (PAYE)) where the employer deducts a certain amount of tax from the employee's wages and remits these deductions to the Kenya Revenue Authority (KRA). Gig work is currently performed outside the purview of the Kenyan government, and as a result, taxes are optional for gig workers unlike in a traditional employment agreement.

- **Social Security:** In additional to income taxes, employers are required to deduct social security from formal employees and those in the diaspora to the National Social Security Fund (NSSF). The NSSF is a statutory savings scheme that provides Kenyan citizens with an economic safety net upon retirement with both employers and employee's contributing a minimum of 5 percent per month. Informal workers and entrepreneurs are not mandated to contribute to this savings scheme but are encouraged to do so as seen by the government's curation of various schemes such as the Individual Pensions Plans (IPPs) that cater to the different categories of Kenyan citizens.

- **Insurance:** The National Hospital Insurance Fund (NHIF) in Kenya is one of the most advanced social health insurance schemes in Africa. While NHIF membership is mandatory for all civil servants and formal sector employees, for those in the informal sector and retirees, membership is open and voluntary. Millions of Kenyans (especially those in the informal sector) have a low awareness of health insurance and use poor risk-management practices to cope with the financial impact of ill health. Only about 20 percent of the population is covered by either social or private health insurance leaving around 35 million Kenyans, mostly low-income workers in the informal sector and their families, without a proper mechanism to finance their health needs. Gig workers do not have any access to insurance through the platforms they operate on.

- **Termination of employment/unfair dismissal:** This aims to protect employees during the termination of the employee-employer relationship in a formal employment agreement in the cases of unfair dismal, resignation and retrenchment. The Labor Relations Act of 2007, protects employees and guides employers on the terms of severance pay, selection of employees to be retrenched, terms of resignation and how to lawfully terminate an employment contract. Platforms and gig work clients on the other hand, reserve the right to terminate the relationship if the work delivered does not meet company-defined standards of quality and professionalism. Gig workers consulted as part of this assessment shared their frustrations with their inability to appeal unfair, poor work conditions with platforms regarding their experiences with clients, and are faced with limited options for recourse in cases of unfair treatment. Moreover, in the case of negative experience between the worker and clients, many platforms do not take any responsibility, which has often left gig workers vulnerable to exploitation.

Despite this, some well-known platforms such as Uber, take up employee disputes as ride hailing requires close interaction between drivers and their clients. This however limits the geographical reach of such platforms to workers in local markets and makes the application of regulation less challenging. The assessment also found that most platforms have one-sided rating systems where clients can evaluate gig workers that they have engaged with but gig workers cannot evaluate clients.

On the other side of the spectrum, the lack of policies governing gig work deprives the government of substantial tax revenues. A large proportion of gig workers in Kenya operate independently and therefore do not declare their income. This potential loss in revenue affects the ability of the Kenyan government to reinvest in the provision of education and basic infrastructure which are vital in boosting the productivity of the workforce and sustaining economic growth that comes with benefits such as increased employment and economic issues.

Policy makers and government bodies need to collect data on the gig economy in Kenya to address the gap in information about the size and nature of this economy. This will enable the development of up-to-date labor market policies that reflect the state of the labor economy in Kenya. It will allow policymakers to classify gig workers and offer labor market protections. An example of this is a creation of a system that has benefits tied to workers and not employers or organizations as stipulated in the 2007 Employment and Labor Relations Acts of Kenya. This would encourage gig workers to take responsibility for managing their benefits. On the other hand, policies can incentivize gig employers to pay benefits to workers they engage with despite them not being permanently employed. That is, employers would pay benefits for all work they commission regardless of the nature of their contract with the worker. This would enable gig workers to acquire a safety net and benefits like that of permanent contracted employees.[50]

Gig work requires a rethink of social protection, as pointed out in the World Development Report 2019.[51] Gig workers are increasingly putting pressure on platforms to rethink their models of compensation and benefits. There are success stories of this in the United States where drivers on Lyft (a ride hailing platform) receive discounted healthcare. The European Commission recommended in early 2018 that gig workers should have minimum levels of social security protection such as unemployment benefits and maternity leave.[52] One recent proposal in the United States calls for the establishment of a third employment category for gig workers.[53] The proposal suggests granting gig workers some benefits associated with a more traditional employment relationship such as insurance and rights of organization. But given the flexible working arrangements embedded in gig work, benefits that are based on the period of working time, such as overtime or minimum wage requirement are difficult to enforce.[54]

The government has been making small strides to increasing informal workers protections. For example, to increase coverage to the informal sector workers, NSSF is partnering with stakeholders including County Governments and sector associations to undertake outreach programs to workers and employers on the importance of establishing retirement savings arrangements. The Authority also promotes research to identify viable options for extending retirement benefits coverage to the self-employed in consultation with key stakeholders. Recognizing that those workers in the informal sector deserve the same level of service as those in formal employment, NSSF has also launched a product that will see workers save for retirement with at least Sh200 using Safaricom's M-Pesa platform. This will enable over 14 million Kenyans working in the informal sector to start contributing based on the amount and timing of their earnings. The service will enable workers to conveniently make contributions and track their savings via mini-statements without having to visit NSSF offices. NSSF hopes that the platform will improve saving culture.

4. SIZING KENYA'S GIG ECONOMY

4.1. INTRODUCTION

This section of the report provides a detailed sizing of the total, online and offline gig economy in Kenya. Below we describe the chosen sector and general approach to the sizing.

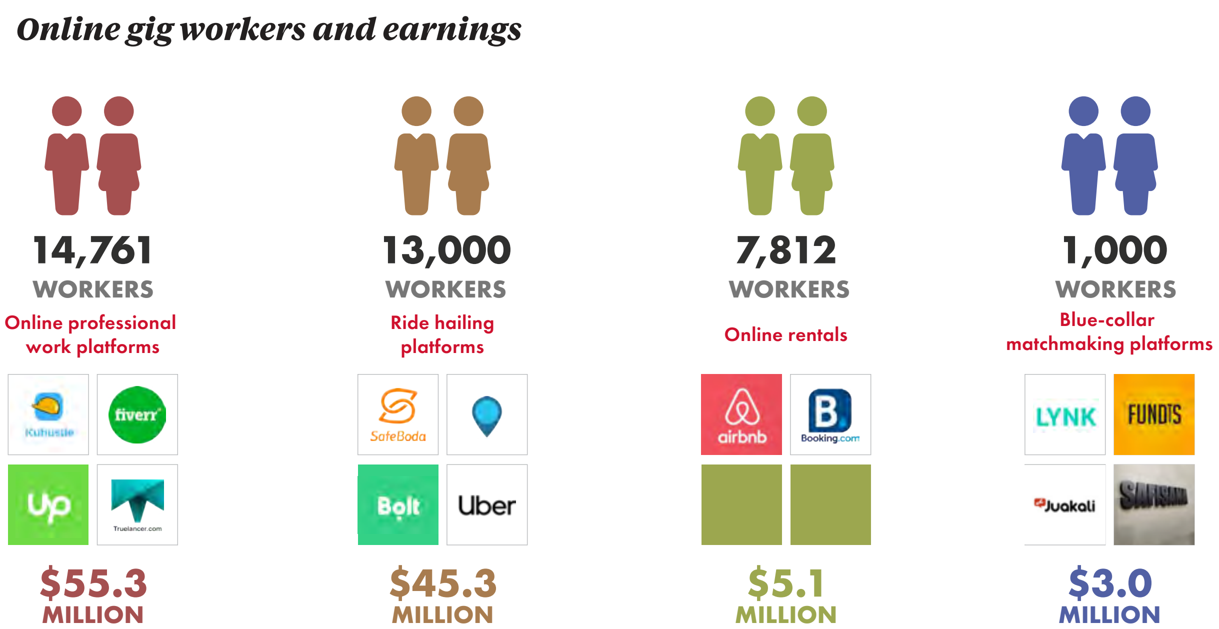
Online sizing – The approach to sizing the online gig economy in Kenya was based on understanding the various digital platforms that are enabling gig work in Kenya. After a rigorous desktop review and interview process it was determined that there a generally five 'sectors' of online gig work. These included; the ride hailing platforms (e.g. Uber), online rentals (e.g. Airbnb), online professional work platforms (e.g. Upwork) and blue-collar matchmaking platforms (e.g. Lynk). These various types of platforms have been described in Section 3.1 of this report.

Offline sizing – The approach to sizing the offline gig economy in Kenya was based on understanding the key sectors of employment for part-time and casual workers, however, this information was not directly available. The KNBS report in its 2019 economy survey indicated that the top sectors that account for informal employment include agriculture, manufacturing, construction, wholesale and retail trade, hospitality, transport and communications and community, social and personal services. Therefore these sectors were the main ones chosen for the offline gig economy sizing. Based on the KNBS Kenya Integrated Household Budget Survey (KIHBS) the total number of part-time and casual workers in Kenya as at 2016 was 4.69 million. This number formed the basis for the offline market sizing. The offline sizing is also shown by location and gender split based on statistics from the KNBS economic survey.

The next sub-sections discuss the detailed sizing approach and findings to the online and offline economy.

4.2. ONLINE GIG WORK

Figure 16: Online gig economy



Source: Genesis Analytics team estimates, 2019

Based on the above figure, the total size of the online Kenyan gig economy, as at 2019 is $109[55] million and employing a total of 36,573 gig workers. The ride hailing ($ 45 million) and online professional work platforms ($55 million) account for the largest portion of the online gig economy by both value and number of workers. Online rentals and blue-collar matchmaking platforms account for $5 million and $3 million respectively.

The sizing for each online 'sector' is described below.

Ride hailing platforms – can be characterized by two major forms of transport cars and motorbikes. Through the FGDs undertaken as part of this assessment, it was discovered that many drivers of cars and motorbikes are listed on multiple online platforms such as Uber, Bolt , Little Cabs and SafeBoda. Therefore, in order to size the number of workers, information from the largest platform or most prevalent platform was utilized in order to avoid double counting. In Kenya, Uber has c. 5,000 drivers[57] and Safe Boda has c 8,000 motorbike riders in Uganda. This was used as a proxy for Kenya. Based on interviews and online sources it was also determined that on average an Uber driver earns $4,500 per year and boda boda riders earn an average of $2,850[58] per year. The combination of these numbers results in the total size of $45.3 million in 2019.

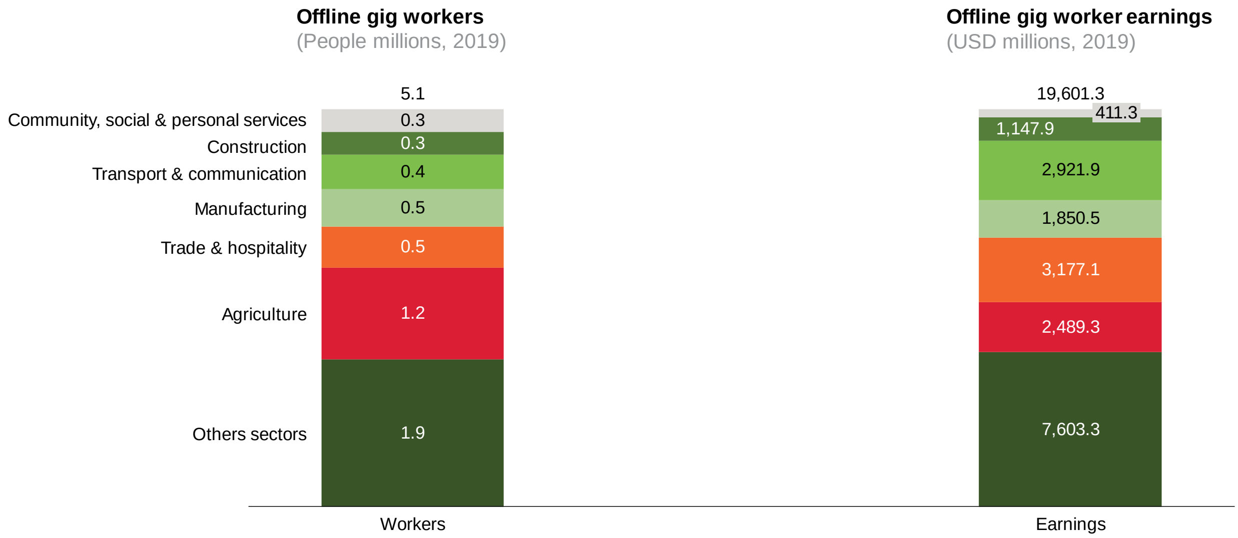
Online rentals – Based on online sources there are a total of 7,812 Airbnb listings each earning on average $653 annually, resulting in a total size of $5.1 million as at 2019[56].

Online professional work platforms – For the purpose of the sizing three major platforms were utilized. Once again based on interviews and desktop research the players identified include Upwork, CloudFactory, and Daproim. The total number of workers on each of these platforms as at 2019 amounted to 8,661[60] , 2,000[61] , 4,100[62] respectively. The average earnings of Upwork workers in Kenya is & 5,666 annually whereas Kenyan workers on the latter two platforms earn an average of $1,020 annually. The total size of this sector in 2019 amounts to $55.3 million. While there are other platforms operating in this space it is highly likely that professionals are cross-listed.

Blue-collar matchmaking platforms – While there are a plethora of small platforms that offer similar services. The largest and most prominent one in the market is Lynk with a total employable worker base of 1,000. Based on interviews the average gig worker here earns $3,000[65] annually. This results in a total sector size of $3 million in 2019.

4.3. OFFLINE GIG WORK

Figure 17: Offline gig economy



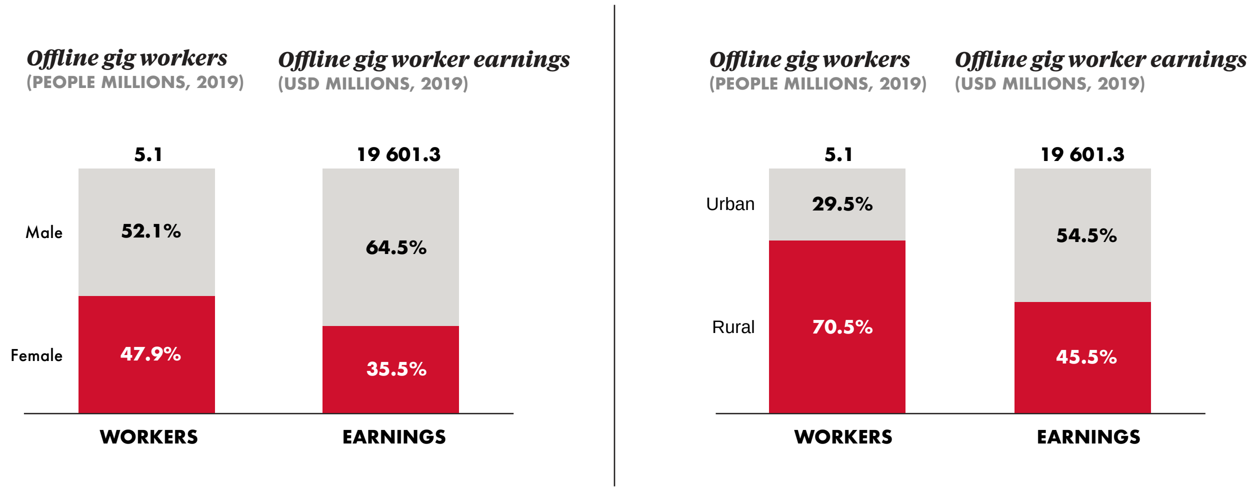
Source: Genesis Analytics team estimates, 2019

Given the top-down approach of the offline sector sizing, to a large extent a generic approach was utilized to disaggregate the 5.1 million workers in 2019 (2016: 4.69 million) across the various sectors. As described in the introduction of this section, a total of six sectors were sized, these included agriculture, manufacturing, trade & hospitality, construction, transport & communication and community, social & personal services. Workers were allocated based on the average of sector contribution to formal employment and sectoral GDP contribution. Average earnings per sector were based on the information provided by the KNBS. Based on this methodology the size of each offline sector is described below.

- **Total offline –** 5.1 million workers accounting for $19.6 billion
- **Agriculture –** accounts for 1.2 million workers and $2.5 billion (the sector accounts for 34 percent of GDP and 12 percent of wage employment)
- **Manufacturing –** accounts for 0.5 million workers and $1.9 billion (the sector accounts for 8 percent of GDP and 11 percent of wage employment)
- **Trade & hospitality –** accounts for 0.5 million workers and $3.2 billion (the sector accounts for 8 percent of GDP and 12 percent of wage employment)
- **Construction –** accounts for 0.3 million workers and $1.1 billion (the sector accounts for 5 percent of GDP and 6 percent of wage employment)
- **Transport & communication –** accounts for 0.4 million workers and $2.9 billion (the sector accounts for 9 percent of GDP and 8 percent of wage employment)
- **Community, social & personal services –** accounts for 0.29 million workers and $0.4 billion (the sector accounts for 2 percent of GDP and 10 percent of wage employment)
- **Others sectors[66] –** accounts for 1.88 million workers and $7.6 billion (these sectors account for 33 percent of GDP and 41 percent of wage employment)

The six sectors identified alone account for 61 percent of the offline gig economy. Agriculture accounts for one of the highest employment sectors of gig workers (23 percent), however, the earnings are not proportional (account for only 12.7 percent). Transport, trade and hospitality have proportionally higher earnings per worker. Trade, hospitality and transport are the largest contributors to the gig economy followed by agriculture and manufacturing.

Figure 18: The offline gig economy by gender and location

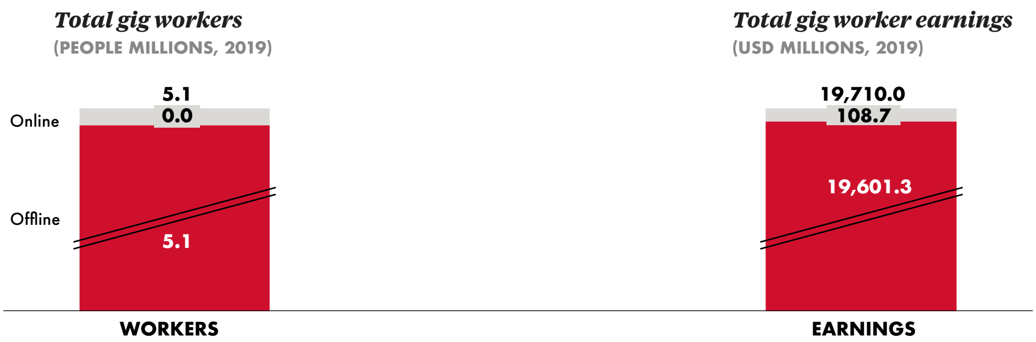


Source: Genesis Analytics team estimates, 2019

According to KNBS data, male gig workers earn almost 50 percent more than females and urban dwellers earn 20 percent more than rural dwellers. These splits were applied to workers earnings across the different sectors. Based on the figures it becomes evident that there are marginally more male gig workers (52 percent) to female gig workers (48 percent), however, the earnings are largely concentrated across males (64.5 percent). Notably, while there are more rural gig workers (70 percent), earnings are concentrated in the urban areas accounting for almost 55 percent.

4.4. TOTAL GIG WORK

Figure 19: Total gig economy



Source: Genesis Analytics team estimates, 2019

Based on the above the total size of the gig economy is $19.7 billion employing 5.13 million workers. The online economy accounts for 36,573 workers and $109 million and the offline accounts for 5.1 million workers and $19.6 billion. Some key findings that emerge from the sizing include:

- Most of the offline economy resides in the rural areas and thus presenting an opportunity for investors and donors to digitize gig work in these areas
- Females earn considerably less than males and therefore the digitization of gig work will potentially reduce if not eliminate the gender wage gap
- Sectoral wage earnings vary with agriculture offering one of the lowest earnings per worker
- The largest offline sectors by value include, trade, hospitality, transport and communication. Similarly these sectors offer the highest average earnings followed by manufacturing and construction

5. THE GLOBAL GIG ECONOMY SIZE

In this section we provide a high-level view of the gig economy across various benchmark countries. In order to allow appropriate comparability a mix of developing and developed economies are chosen from different continents.

Table 7: Global benchmark comparison

	 UK	 US	 SINGAPORE	 SOUTH AFRICA	 KENYA
Size of gig economy (% of GDP)	4.7%	4.5%	Not available	Not available	Online: 0.2% Offline: 26.1% Total: 26.3%
Number of Gig workers	2 m	60 m	200,000	3.9 m	Online: 36,573 Offline: 5.1 m
Real GDP per capita (USD)	39,720	59,531	57,714	6,160	1,320
Gig workers as a % of the total population	3.0%	18.3%	3.5%	6.9%	10.5%
Uber drivers	Not available	750,000	Nil (Uber withdrew from this market)	12,000	5,000
No. of Upwork subscribers	117,108	782,106	25,164	22,048	14,761
No. of Airbnb listings	223,000	600,000	8,100	16,000	7,812
Internet penetration	90.0%	75.2%	84.5%	56.2%	17.8%
Mobile phone penetration	119.9%	119.9%	149.3%	156.0%	94.2%
Mobile money % of population	n.a	n.a	n.a	n.a	72%
Smartphone penetration	82.2%	77.0%	78.0%	35.5%	20.9%

Source: Genesis Analytics team estimates, 2019

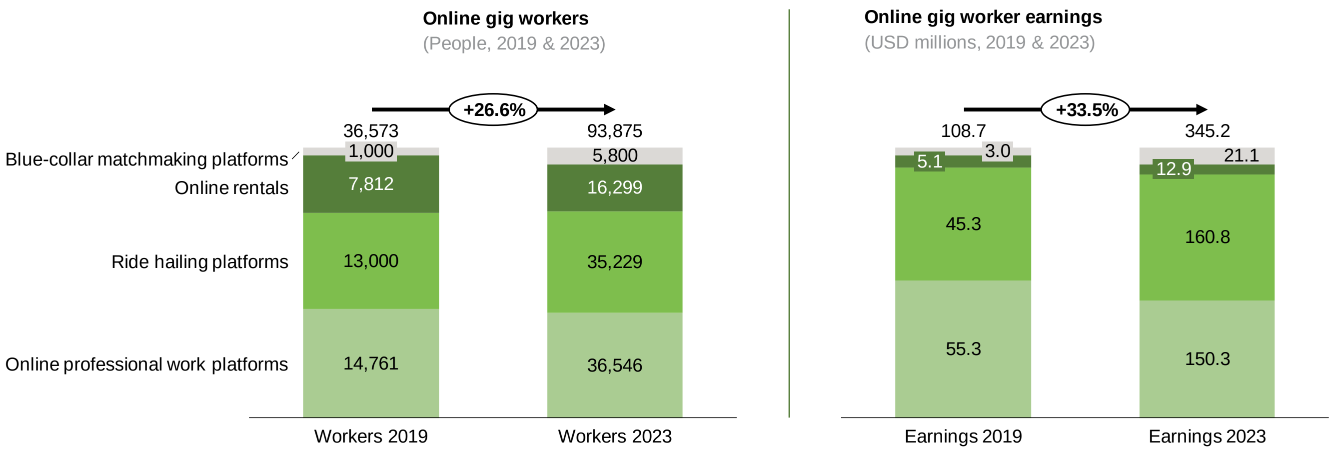
From the above table it becomes apparent that the size of the size of the online gig economy appears to be correlated to the mobile, internet and smartphone penetration. It is also observable that the online gig economy in Kenya has large potential given that majority of the gig work is currently offline. While it is difficult to compare the different countries given there are different methodologies in use for sizing of the gig economy, the key takeaway is that digital penetration is a key driver to the online gig economy size.

6. FUTURE OUTLOOK OF THE GIG ECONOMY

This section provides an overview of the outlook of the gig economy in Kenya by sector. The aim of this section is to highlight key growth areas and the associated rationale.

6.1. OUTLOOK OF THE ONLINE GIG ECONOMY

Figure 20: Online gig economy outlook



Source: Genesis Analytics team estimates, 2019

The online gig economy in Kenya is sized assuming the same platforms continue to operate in Kenya in 2023. While it is expected that new platforms will enter the market, these have been excluded from the outlook given limited information on the entry of such new platforms.

Based on the above, the total size of the online Kenyan gig economy, in 2023 will reach $345 million and will employ a total of 93,875 gig workers. Overall growth of the sector in terms of earnings and workers will be 33 percent and 27 percent respectively. Key growth 'sectors' in terms of earnings will include ride hailing platforms (37 percent average annual growth) and blue-collar matchmaking platforms (63 percent average annual growth).

Below we provide the key drivers and assumptions underpinning future growth of the main online sectors.

Ride hailing platforms – As discussed earlier the number of Uber drivers are expected to grow in line with cities like London and South Africa. The main metric for growth is demand led based on the number of users. By keeping the ratio of drivers to riders constant it is anticipated that the total number of Uber drivers will reach 19,321 by 2023. While the number of online motorbike drivers will grow from 8,000 to 15,908 implying an absolute growth of 75%[67] over the next four years. Average earnings across the board are expected to grow in line with inflation. Therefore by 2023 the total online transport sector is expected to reach $161 million from $45 million in 2019. The number of workers are expected to reach 35,229 from 13,000. This implies a growth rate of 37 percent for earnings and 28 percent for the number of workers.

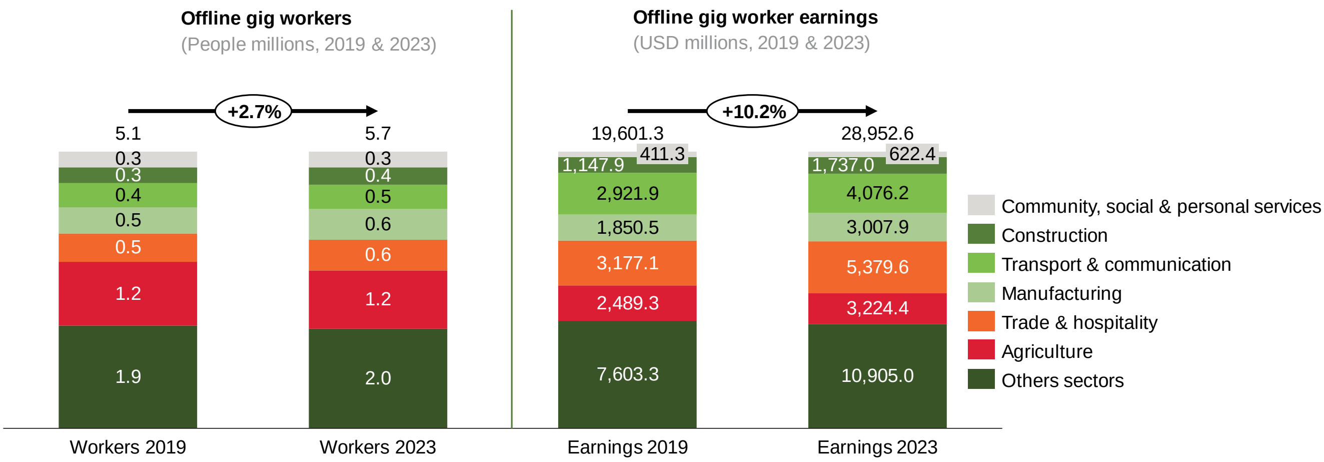
Online rentals – Assuming Airbnb listings continue to grow in line with historical growth rates this sector will grow from $5 million to $13 million. The number of listings are expected to reach 16,299 from the current 7,812. The associated growth rates of annual earnings and workers is expected to be 26 percent and 20 percent respectively over the period.

Online professional work platforms – The number of workers here are expected to reach a penetration rate similar to South Africa today[68] . Therefore, the total number of workers on these platforms will reach 36,546 in 2023 from 14,761 in 2019 (25 percent annual growth). Total earnings will grow at 28 percent to reach $150 million from $55 million in 2019.

Blue-collar matchmaking platforms – The number of workers are expected to grow in-line with projections provided by the platforms such as Lynk (annual growth rate of 55 percent). Associated annual average earnings will grow in line with inflation. Therefore, the sector is expected to reach $21 million from the current $3 million, implying an annual earnings growth rate of 63 percent.

6.2. OUTLOOK OF THE OFFLINE GIG ECONOMY

Figure 21: Offline gig economy outlook



Source: Genesis Analytics team estimates, 2019

The size of the offline economy is largely driven by population growth, individual sectoral growth and inflation rates for average earnings. The growth in workers per sector is determined by the Government's future outlook on certain sectors and the earnings in each sector are grown based on inflation and historical sectoral wage earnings as provided by the KNBS.

The overall offline gig economy will reach $28.95 billion in 2023 from $19.6 billion in 2019 and will employ a total of 5.7 million workers. Key growth sectors for employment and earnings will include manufacturing, construction, trade and hospitality.

The breakdown per sector is shown below:

Agriculture – in line with Government's agenda to diversify the Kenyan economy away from primary production, the number of gig workers are expected to grow moderately from 1.18 million to 1.2 million (annual growth of 0.3 percent) workers by 2023. The total size of this offline sector will reach $3.3 billion from $2.5 billion in 2019 (annual growth of 6.7 percent).

Manufacturing – in line with Government's agenda to grow the manufacturing sector, the number of gig workers are expected to grow strongly from 0.48 million to 0.63 million (annual growth of 7.1 percent) workers by 2023. The total size of this offline sector will reach $3.0 billion from $1.9 billion in 2019 (annual growth of 12.9 percent).

Trade & hospitality – in line with Government's agenda to grow the construction and manufacturing sector which will have a positive impact on trade and hospitality, the number of gig workers are expected to grow strongly from 0.52 million to 0.62 million (annual growth of 4.6 percent) workers by 2023. The total size of this offline sector will reach $5.4 billion from $3.2 billion in 2019 (annual growth of 14.1 percent).

Construction – in line with Government's agenda to grow the construction and introduce low cost housing projects, the number of gig workers are expected to grow strongly from 0.3 million to 0.37 million (annual growth of 5.4 percent) workers by 2023. The total size of this offline sector will reach $1.7 billion from $1.15 billion in 2019 (annual growth of 10.9 percent).

Transport & communication – This sector is expected to grow in line with historical trends, the number of gig workers are expected to grow from 0.44 million to 0.49 million (annual growth of 2.7 percent) workers by 2023. The total size of this offline sector will reach $4.1 billion from $2.9 billion in 2019 (annual growth of 8.7 percent).

Community, social & personal services – This sector is expected to grow in line with historical trends, the number of gig workers are expected to grow from 0.29 million to 0.33 million (annual growth of 2.7 percent) workers by 2023. The total size of this offline sector will reach $0.62 billion from $0.41 billion in 2019 (annual growth of 10.9 percent).

Others sectors[69] **–** These sectors will continue to grow in line with historical trends accounting for $10.9 billion in 2023 from $7.6 billion (9.4 percent annual growth).

7. THE CASE FOR GIG WORK

7.1. THE CASE FOR CORPORATE EMPLOYERS

The nature of work is changing, and organizations of all sizes are turning to the gig economy. Businesses worldwide are recognizing that the rise of gig workers will have a significant impact on their workforces. In a 2018 survey of 6,500 executives worldwide[70], conducted by the Boston Consulting Group in partnership with Harvard Business School's Managing the Future of Work initiative[71], the survey identified that roughly 40 percent of respondents said they expected freelance workers to account for an increased share of their organization's workforce over the coming five years. Additionally, 50 percent agreed that corporate adoption of gig platforms would be a significant or highly significant trend.

There are many reasons why engaging gig workers is on the rise amongst corporate employers. Firstly, workers are looking for work opportunities that offer greater flexibility and variety. Talented workers including baby boomers, Gen Xers and millennials, are dropping out of the full-time labor force and are seeking the flexibility that gig work can provide. Deloitte's 2019 Global Millennial Survey revealed that 84 percent and 96 percent of millennial Globally and in South Africa, respectively, responded 'yes' to the question "Would you consider joining the gig economy?[72]". Additionally, globalization has made it easier to perform knowledge work from anywhere at any time and an increased use of business process outsourcing is providing employers the comfort level needed to do work with people outside geographic and employment boundaries. Technology has been a critical factor in driving the growth of the gig economy which enables talent accessibility.

Another reason as to why organizations in Kenya should leverage the gig economy is as a result of a large number of employees, especially millennials, are looking for the next opportunity. Organizations as a result face high turnover rates and spend more time, energy and resources looking for suitable replacements.

Organizations in Kenya stand to benefit from leveraging opportunities in gig work. The table below provides a breakdown of the functions and specific tasks that can be contracted to gig workers.

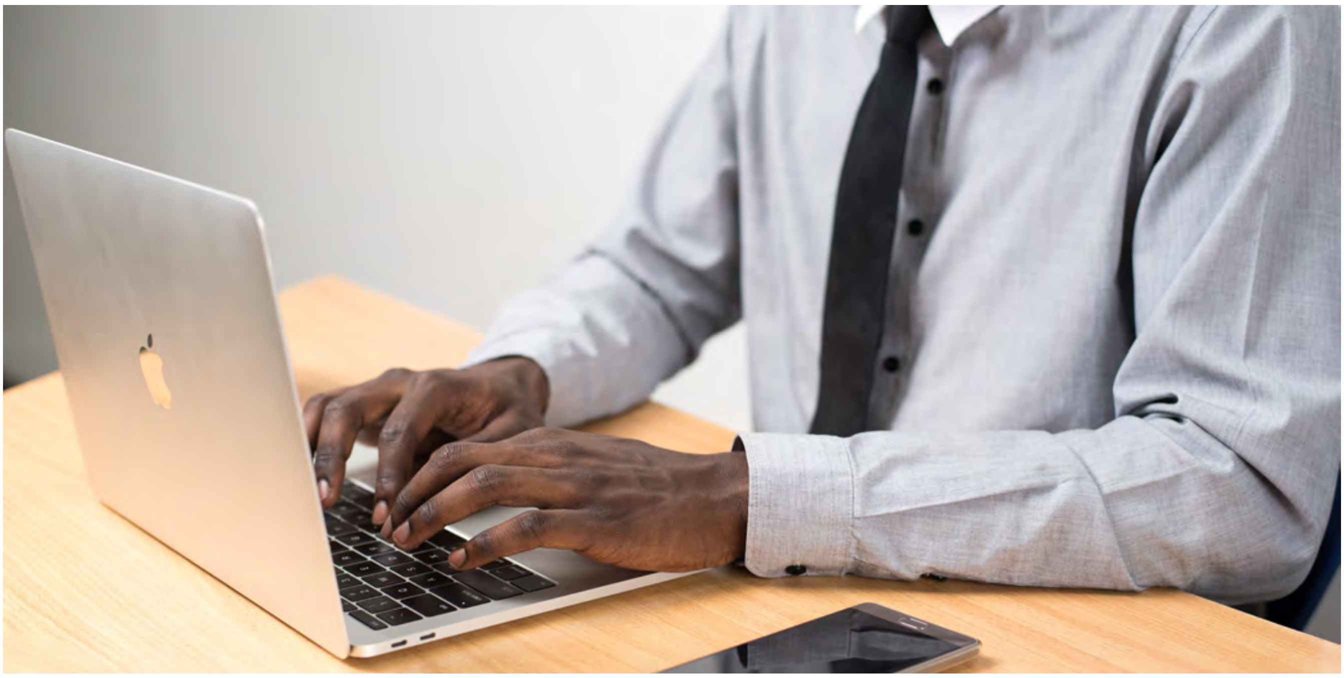


Table 8: Functions and tasks that Kenyan organizations can leverage through the gig economy

Function	Tasks
Administrative tasks	Scheduling, travel arrangements, data entry, typing and other administrative tasks
Marketing	Website design, brand development, press releases and online marketing duties such as social media, blogging and search engine optimization
Accounting and financial duties	Financial services including bookkeeping, invoicing and accounts payable and receivable, as well as financial reporting, analysis and planning, outsourcing payroll processing
Human resources	Employee acquisition, human resource functions, advertising, screening suitable applicants and checking references, manage employee benefits
Lead generation and customer service	Sales calls, customer support
Research	Polling, focus groups, and online data evaluation, for example for a potential new product
Logistics	Product distribution
ITICT operations	ITICT maintenance, ITICT repair

Source: Genesis Analytics, 2019

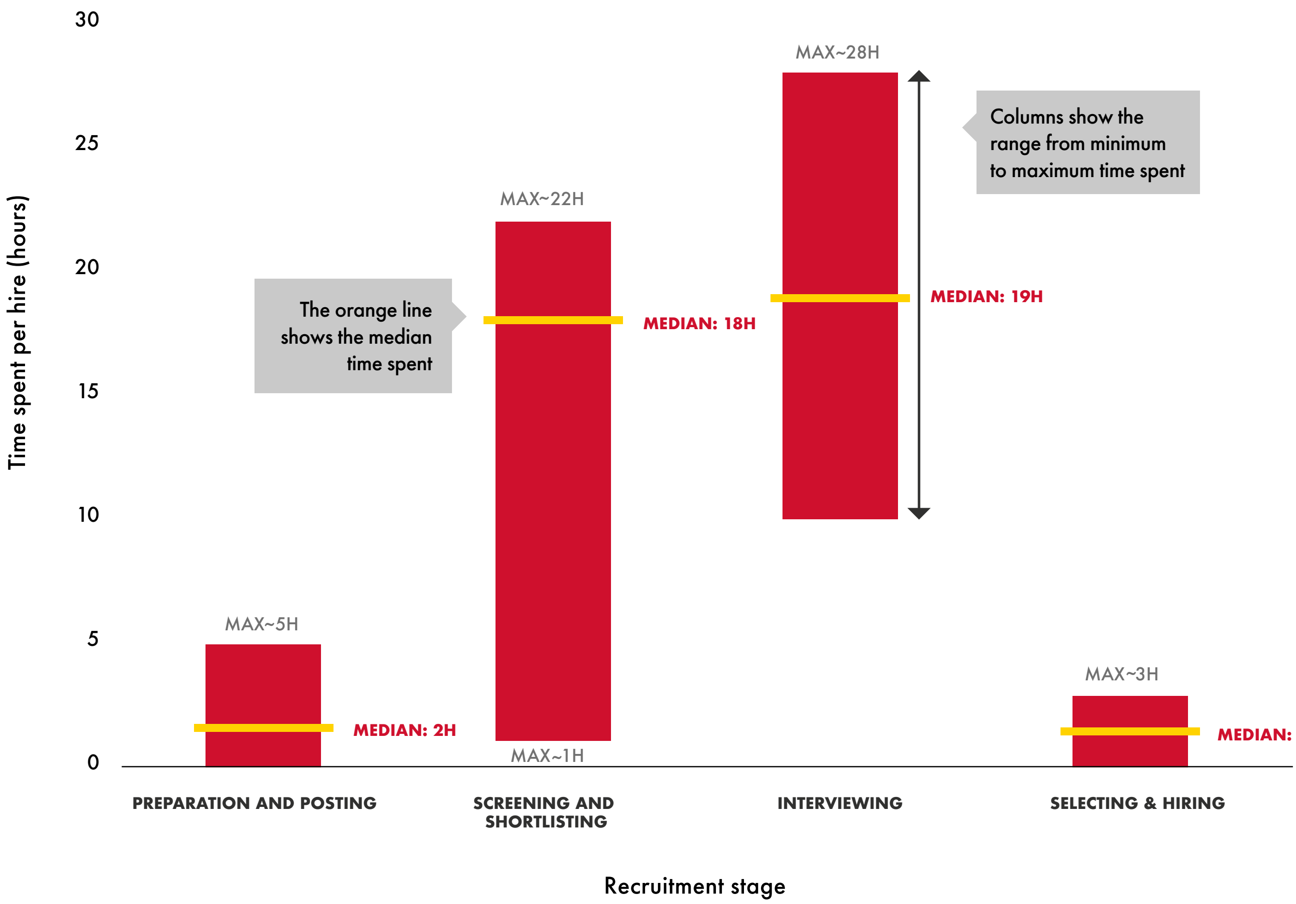
In particular, firms have the ability to benefit from three types of flexibility: (i) numerical flexibility refers to firms' ability to rapidly adjust their workforce size, or the number of hours worked, in response to changes in product demand; (ii) functional flexibility refers to the ability of firms to apply their workforce to different tasks as required, necessitating a variety of skills, and; (iii) financial flexibility refers to firms' ability to adjust their human resource costs in response to changes in the external price of labor.[73]

Engaging gig workers will allow them to source niche skills or specialized expertise which may not be required on a full-time basis, or that may be may be lacking in their existing workforce. Such workers can offer innovative approaches, the latest technology, and creative, cutting-edge solutions that otherwise are not available. Businesses can access top talent who've opted out of the traditional labor market and they can assess a gig workers skill and cultural fit before bringing them on full-time. This flexibility can allow organizations to also add new capabilities, supplementing the core team when they lack particular expertise, and thereby easily scale up or down on a project by project basis. This will allow organizations the ability to control labor costs, as a scalable workforce is cheaper than having underutilized permanent staff. Moreover, the costs of hiring, training, and maintaining employees are eliminated, as are employee benefits. This is especially valuable to start up organizations and entrepreneurs who cannot afford full-time employees for certain functions such as accounting, legal advice or web design.

Additionally, the use of gig workers can allow companies to focus on their core operations, enabling them to focus on their core business activities. This frees owners, managers and employees to spend their time on their core income generating activities.

A study titled 'Hiring in Kenya: Current methods, hidden costs and the value of top performers',[74 75] which explores recruiting in Kenya, revealed the heavy investment from organizations in the recruitment process. Recruitment costs do not only consist of direct, out-of-pocket expenses, such as job board fees; the costs are also made up of the time spent by hiring managers and other employees of the firm. The figure below shows the employee time consumed per recruitment stage to make one hire, showing the median, minimum, and maximum time spent per stage. The figure shows that HR and senior business managers spend around 20 hours per hire before they reach the interview stage.

Figure 22: The employee time consumed per recruitment stage to make one hire



Source: Open Capital Advisors

Given these high costs, organizations stand to benefit from hiring gig workers. The emergence of recruitment platforms supplying gig workers for example allows organizations to select a suitable gig worker from a large pool of talented candidates who are already vetted and screened by these platforms, thereby reducing the organizations time spent recruiting and vetting potential workers.

The same study undertaken by Open Capital Advisors found that the organizations' biggest challenge in the preparation phase was the uncertainty in making hires due to changing objectives and annual budgets. This was particularly the case for SMEs. This increases the importance of the need to hire gig workers in Kenya, as they can be hired by organizations not only when the need arises, but when the finances needed to do so are available.

Therefore, engaging gig workers has numerous benefits for organizations but there is a need for careful consideration for how gig workers can be integrated into organizational culture. Tapping the talent and capabilities of gig workers will impose a learning curve on corporations. If properly adapted and managed, the use

Box 8: Case study on Philips

Philips, the Dutch multinational technology company, is among companies that have created their own solution to tap in to a network of gig workers. It's platform, Philips Talent Pool, allows the company to address the dual challenge of maintaining a pool of freelancers familiar with the company and vetting the quality of their work.

This allows the company to cast a broader net for resources, specifically for scarce skills. Given the companies brand power, subject matter experts are more likely to search for gig opportunities on Philips portal directly, as opposed to another gig platform, which advertises for jobs that are not specific to only one industry, profession or skill.

Reasons for developing their own solution for identifying gig workers could include:

- There is no suitable external solution that hosts the talent that Philips looks for;
- The tasks or projects Philips is sourcing for are not specific to one specific products or location; and/or,
- The cost of identifying talent externally exceeded the cost of developing their own solution internally.

of gig workers can allow companies to be agile, efficient and productive through the use of additional capabilities that allow them to undertake projects that would not otherwise be feasible.

Firstly, there needs to be a systemic change within organizations so as to break down business processes into tasks or projects that utilize an individual's unique skills and knowledge areas. The general approach to work for those organizations that utilize traditional employment models see work as long-term, as opposed to task based or project-based. This will entail structuring work by project rather than by job function. This will involve the redesigning of traditional job descriptions. Gig economy workers are being tapped to perform skills-based, value-added tasks which requires a new way of thinking about crafting job descriptions. Organizations will therefore need to think about dividing work into skills-based tasks and incorporating them into job descriptions, processes and management. This will also mean that that organizations engaging in traditional forms of employment will need to learn to judge gig workers, on their results, not on when and where they do their work.

Many companies take the view that it is easier to cultivate an organizational culture and a sense of belonging with full-time employees rather than with gig workers with whom they have limited interaction. Pivoting to a gig economy workforce model can pose challenges for some organizations relating to HR practices and traditional recruitment models. These organizations need to consider how they can create an inclusive environment to provide gig economy workers a sense of ownership and belonging. As such, organizations should extend their talent management approaches to workers across the entire ecosystem, including gig workers. HR teams should work with legal and IT to give gig workers clear performance goals, secure communication systems, and the right amount of training and support to make them productive decisions and aligned with the company's strategy.
Cummins[76] , for example, a global leader in power, energy systems, and engines, considers its contractors "a part of the family," and tries to give them the same focus as full-time employees[77]. As such, organizations should provide gig workers with onboarding opportunities, thereby instilling them with information on the organizations culture.

Lastly, organizations will need to understand the HR implications of engaging with gig workers. This can be achieved by engaging with regulators, legislators, and gig platform owners. Organizations should also monitor regulatory developments and shifts in public opinion and perception. As the number of gig workers continue to rise and are recognized by the government of Kenya, it is likely that the regulation of the gig work domain will evolve. Engaging with such stakeholders will be important to overcome the reluctance amongst organizations to hire gig workers because of a lack of understanding of the HR and legal implications.

7.2. THE CASE FOR FUNDERS

Opportunities for donors

Donor's efforts in developing countries aim to alleviate poverty. Given the widely documented research on the impact of unemployment on poverty[78], donors have a large role to play in the reduction of unemployment and the growth of entrepreneurship. The gig economy in Kenya presents a viable avenue to create jobs at scale, and offers new opportunities to improve the irregularity and insecurity of informal work. Donor investment can steer the economy towards rapid and inclusive growth that will contribute to the achievement of Sustainable Development Goal (SDG) 8 of inclusive and sustainable economic growth, employment and decent work for all.

Donor investment has the potential to enable Kenya to make meaningful headway towards achieving sustainable development, through deliberate focus on investments that create job opportunities for the youth and address the challenges preventing youth from participating in the gig economy.

Furthermore, donors can work to advocate and/or influence policies that are effective measures for the gig economy to grow. For example, donors can advocate for the education system in Kenya to deliver relevant skills and competencies required in the gig economy and ensure that employers are providing benefits to gig workers.

By providing funding for various interventions and creating an enabling policy and regulatory environment, donors can contribute to the achievement of productive employment and decent work opportunities for Kenyan youth.

The following are specific areas of interventions, identified through this assessment, where donors can partner with private and public sector organizations to influence the growth of the gig economy:

Geographical inclusion in the gig economy

In order to achieve traction in the provision of adequate digital infrastructure in the Kenyan market, donors can play a facilitation role between private and public sector partnerships that can allow for the effective implementation and sustainability of providing community digital infrastructure spaces to overcome barriers to entry in the gig economy. Developing nationwide digital infrastructure, especially fibre optic networks, and improving access to electricity and digital devices may help to improve connectivity within Kenya. This will enable more young people, including those in rural areas, to access high-speed internet as they acquire and utilize new skills - thereby alleviating inequalities and optimizing shared prosperity in the online gig economy. The improvement in digital technologies will make it possible for new players to enter the gig ecosystem and provide better match demand to supply, and in some cases, create new demand and enable the proliferation of new types of gig work.

Advocating for the creation of an enabling policy and regulatory environment

Donors, together with the Government of Kenya can take the lead in understanding and regulating the various models of work in the gig economy. The policies surrounding the gig economy will require the collaboration and coordination among a number of ministries within Kenya, and not merely a push from one, since it cuts across many conventional domains of policy: from taxation to trade, from labor to justice, and even from social welfare to security.

Gender inclusion in the gig economy

Finally, there is a need to for programing to be intentional about gender targeting in the design of interventions. This research has found that although most youth employment and labor sector programs seek to create opportunities for women and address their specific challenges, with the aim of empowering them, this intention is not always explicit during the design of program interventions. Should donors wish to specifically target the challenges women face in joining the gig economy, their project partners should conduct thorough assessments of the different gender dynamics in intervention locations, sectors and include activities that both implicitly and explicitly address these issues. For example, soft and transferable skills are of great importance to all citizens of an economy, but require additional thought for programs that actively seek to encourage young women to take up gig work. The delivery of training for women will need to be flexible learning programs will allow youth to learn at their convenience. In a voucher program for vocational training in Kenya, nearly 50 percent of women cited proximity to a training center as a determining factor in choosing a course. Given competing demands on youths' time, training programs with short modules delivered through mobile applications can also be promising, and allow women, for example, to participate.

Education

Having an educated youth workforce can be advantageous for Kenya in terms of productivity, innovation and consumer market growth. This report highlighted the need for continued programming focusing on the development in of soft skills and digital skills. Programs should provide labor market information, access to financial services, and 21st century employability skills. The teaching of transferable skills – such as good communication skills, financial management, business and entrepreneurship skills – can prepare gig workers for such an eventuality and increases their chances of finding work opportunities in other sectors. Additionally, the World Development Report 2019 notes that the labor market of the future will require new skills including digital fluency, creative thinking, problem-solving, collaboration, empathy and adaptability[79]. Therefore, as organizations' needs continue to change, the youth labor supply needs to be able to rapidly adjust to meet demand. Notably, young workers must commit to lifelong learning and continue to acquire skills and knowledge in order to remain relevant in the labor market.

As such, the government needs to reflect on the emerging skills needs, especially digital skills, the opportunities for using digital technology to change the delivery of TVET's programs and how they can help to drive Kenya's transformation using science and technology.

Opportunities for investors

Gig platforms have for-profit models, and are generating commercially viable and creative solutions that aim to provide access to non-traditional employment. Investments in to such gig platforms are aiding their growth and enabling the proof of business models of platforms while simultaneously creating a functional informal economy.

The boxes below provide examples of successful investments in to two gig platforms, SweepSouth (South Africa) and Bellhops (USA), and provides the factors that fueled the decision for investment in to these gig platforms.

In Kenya, several gig platforms are experiencing high levels of growth. For example, Airbnb in Kenya has gained immense traction with a total number of 7,812 Airbnb listings and recording a 68 percent growth in guest arrivals through their platform.[80] Similarly, Uber has 363,000 active riders in Kenya driven by 5,000 drivers. Kenya has seen a rise in the levels of venture capital funding that seeks to support early stage platforms functioning across multiple industries, and startups and technology companies in the country closed 2018 with a record $126 million raised over 41 disclosed deals.[81]

Despite this growth, there continues to be a key role for investors to play. Firstly, there is need for investors to offer support to start-ups at the initial moments (where risks of the start-ups failing are relatively high) and when most investors are not prepared to back them. These investors can provide flexible funding and favorable terms compared to other lenders since they invest in the entrepreneur starting the business rather than the viability of the business. Such investment during the ideation phase of business development will enable such platforms to test, pilot and iterate models and test the market. This investment is especially critical as consumer expectations continue to evolve and grow, new and existing companies are stepping up to meet these needs.

The assessment finds that there is limited penetration of online gig workers relative to their offline gig worker counterparts. As such, there is an opportunity to grow the number of workers that are engaged in online gig work by supporting the platforms that cater or target such workers. Given that the construction, agriculture and manufacturing sectors are expected to achieve the highest growth in offline gig workers over the next 5 years, these are some of the potential sectors that investors should consider investing in.

Despite the rise in investments to Kenyan tech start-ups, there is still a significant number of gig platforms in the country that face high barriers in terms of access to seed funding, or larger investments. These platforms lack critical investment to expand their service offering, provide training to gig workers that operate on their platforms, and move in to the new areas of the country. As a result of limited investment opportunities, gig platforms in Kenya have

Naspers Foundry, a global technology investor made its first investment of USD 2.1 million in SweepSouth - an online platform that connects clients with trusted, reliable domestic cleaners in South Africa in June 2019.

Reasons for investing into the platform include the following:

- Innovation: SweepSouth aims to use technology to improve the lives of South Africans by making it convenient for them to source household services.

- Proof of concept: Launched in 2014, SweepSouth has experienced exceptional growth and has expanded its services to multiple cities in South Africa. This tech start-up has also attracted funding from other investors such as the Vumela Fund, Newton Partners, Africa Angels Network (AAN) and the Identity Development Fund (IDF).

- Proof of concept: Launched in 2014, SweepSouth has experienced exceptional growth and has expanded its services to multiple cities in South Africa. This tech start-up has also attracted funding from other investors such as the Vumela Fund, Newton Partners, Africa Angels Network (AAN) and the Identity Development Fund (IDF).

- Scalability: Naspers investment in SweepSouth is also as a result of the start-up's high potential for growth. The SweepSouth application has had over 150,000 downloads with over 40,000 active users. SweepSouth also intends to expand to other countries in the short-run.

- Impact and positive externality: SweepSouth has created meaningful employment opportunities for 10,000 workers who were previously unemployed or underemployed. Additionally, SweepSouth offers its workers full flexibility on working hours and availability. SweepSouth also contributes to improving the livelihoods of its workers by offering them wages that are significantly higher than the national minimum wage.

been forced to shut-down their operations. SafiSafi, an online platform that links service professionals such as plumbers, electricians and domestic workers to households and organizations, shut down their operations in Kenya in late 2018.

There is therefore an opportunity for investors to scale up and support gig platforms who have been in the market for longer, who have a proven concept, but who lack investments and are for example struggling to meet the demand for the services offered through their platform, expand their services to another town, city, or country and provide technical and non-technical training to the gig workers operating on their platforms, which are essential for the delivery of high quality services.

Box 10: Case study on investment in to Bellhops

BELLHOPS

Bellhops is a moving services start-up company that connects people looking to move to drivers and loading crews who are in turn connected with truck owners through a single interface application. Since inception in 2011, Bellhops has raised a total of $51 million in venture funding and expanded its services to 31 metro areas in the United States of America

Bellhop's has attracted funding from investors such as the Lamp Post Group, Binary Capital, Initialized Capital Management, Canaan Partners. More recently, Bellhops raised $31.4 million in funding from Advance Ventures Partners to further expand its operational processes.

The company has been successfully in raising funding for the following reasons:

- Innovation: Traditionally, technology has not been integrated into the moving services industry (estimated at $18 billion annually) despite its significant size and opportunities. Bellhops is unique as it incorporates technology solutions, hospitality and corporate culture that has resulted in the rapid growth of the start-up.
- Scalability: Bellhops was initially a college business but has since expanded to target various customer sizes in different geographical locations. The company started by only providing labor for moving but now offers its customers a full end-to-end service, that is, it loads goods, ships them and unloads them using the necessary equipment and logistics.
- Sustainability: Further to the scalability of Bellhops, the business is new estimated to achieve double-digit revenue streams in millions of dollars annually and this is projected to grow in the coming years.
- Impact and positive externality: Bellhops aims to provide a valuable service in an underserved industry. The company also provides gig employment opportunities by utilizing college students as part of its workforce.

APPENDIX 1: STAKEHOLDERS CONSULTED

Stakeholder Type	Organization	Name of interviewee
Ecosystem[82]	iHub	Kennedy Kirui
	Financial Sector Deepening Kenya (FSDK)	Felistus Namboya
Employer	Safaricom	Sanda Ojiambo
	Chandaria Industries	Vincent Rapando
	Housing Finance Foundation	Josephine Kirumba
	Shortlist Kenya	Doris Muigei
Funder/Investor	World Bank	Alba Safir
	Mastercard Foundation	Wadzi Machena
	Novastar Ventures	Sapna Shah
	Google Developers Launchpad	Fola Olatunji
Platforms	Lynk	Chris Maclay
	Daproim	Peter Ziwa
	Fundis	Alex Kamanga
	Jumia Production Services	Christine Mburu

APPENDIX 2: MARKET SIZING METHODOLOGY

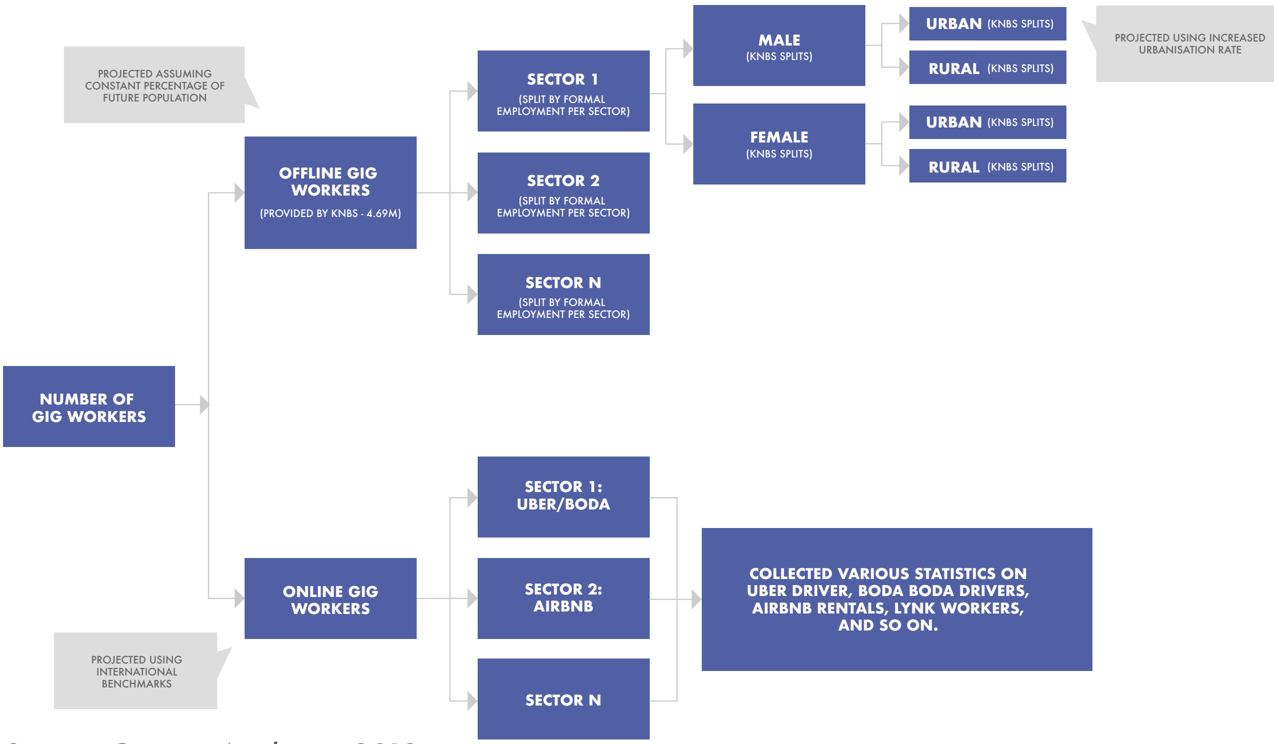
In very simple terms the total size of the gig economy can be defined as the total number of gig workers multiplied by the average earnings of gig workers, as depicted in the image below.

Figure 23: Arithmetic calculation of the Gig economy

Source: Genesis Analytics, 2019

As a first step to unpacking this formula it is important to begin by estimating the total number of Gig workers in the country. This was estimated by segmenting the market into online and offline gig workers. After which the workers were further segmented by sector, gender and location. The estimation of each kind of worker is shown below:

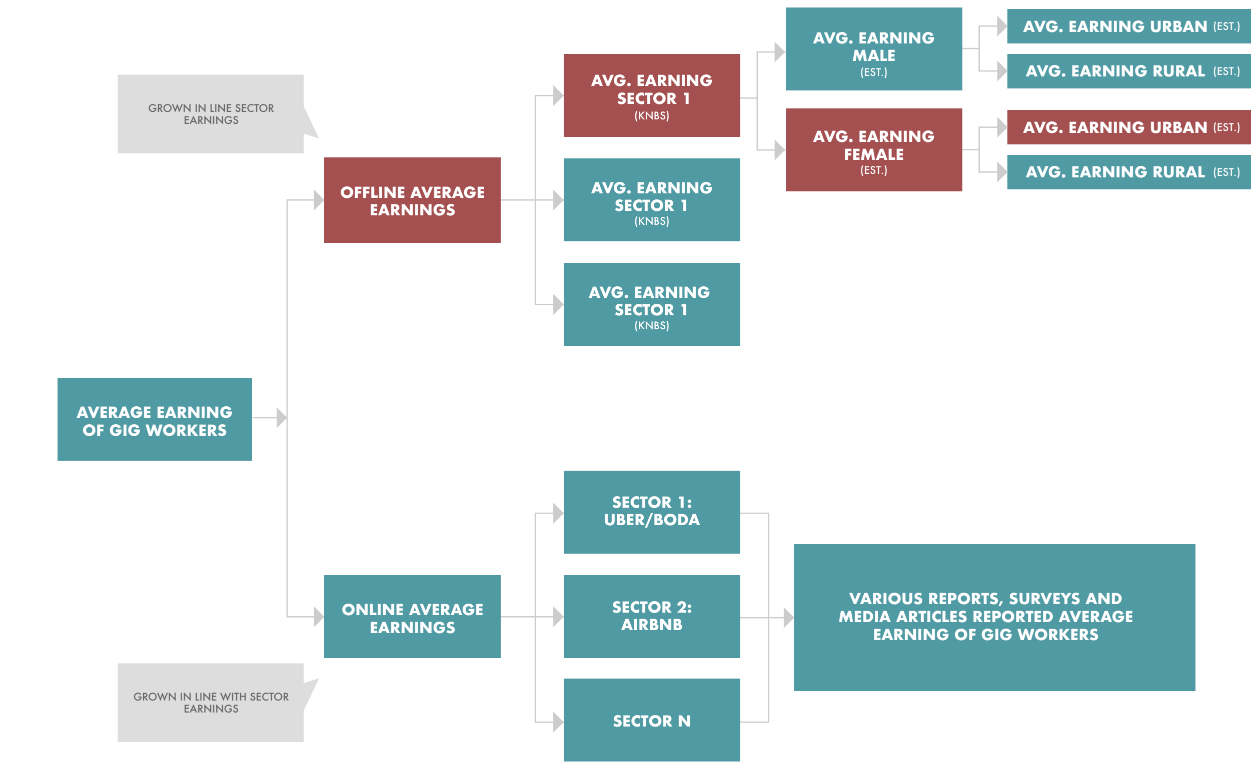
Figure 24: Estimating the number of gig workers (online and offline)



Source: Genesis Analytics, 2019

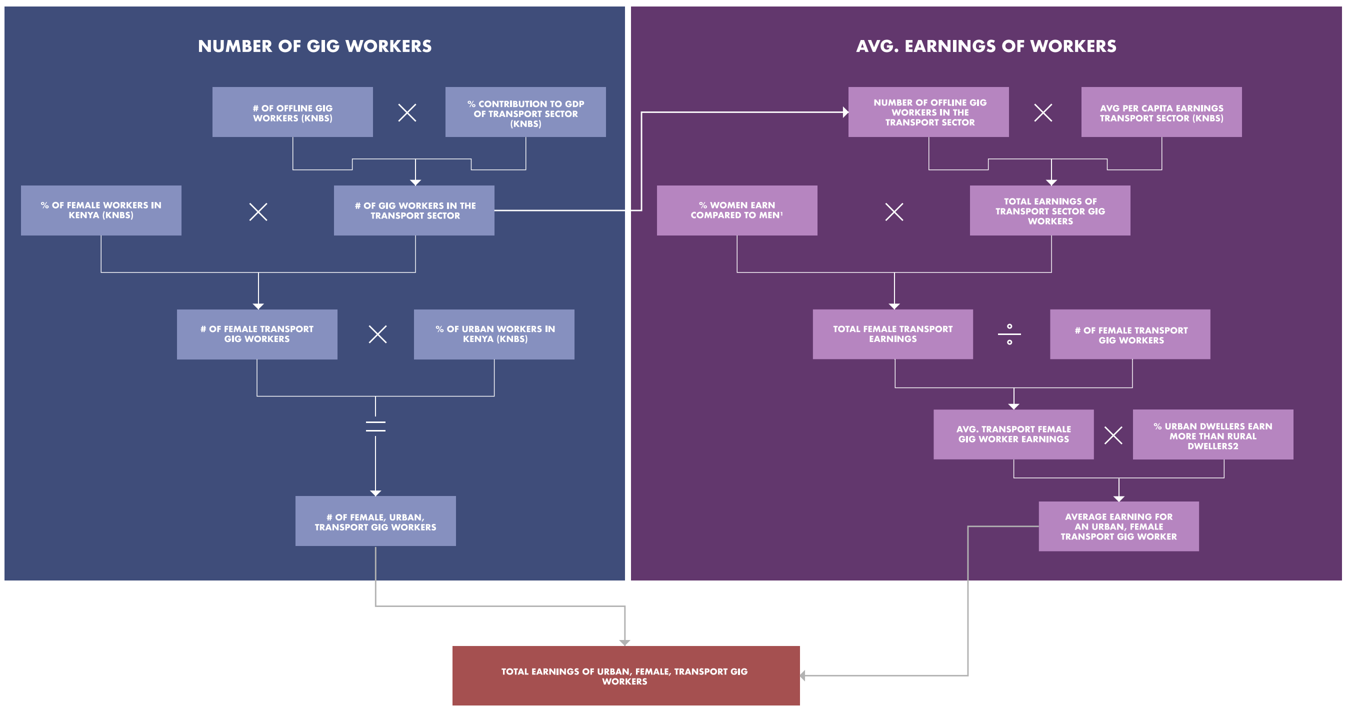
The next step included estimating the average earnings for males and females in urban and rural areas in particular sectors. For example, the average earnings of a female working in an urban area in the transport sector was estimated (see the next figure for an example calculation). This exercise was repeated multiple times for different genders, locations and sectors.

Figure 25: Estimating the average earnings of Gig workers (online and offline)



Source: Genesis Analytics, 2019

Figure 26: Estimating the size of one sector of the offline gig economy (transport sector)



Source: Genesis Analytics, 2019

APPENDIX 3: ACTIVE PLATFORMS IN THE KENYAN GIG ECOSYSTEM

Online or Offline Platform	Name of platform	Platform operations	Description
Online Platforms	KuHustle	Local	This is an online marketplace that sources projects across the world that are matched to African free-lancers.
	Amitruck		This is an application-based trucking and shipping service that connects customers with independent truckers that set their own terms of engagement.
	LoriSystems		This is a logistics coordination platform that connects cargo owners to various transportation services.
	Get Boda		This is an on-demand logistics platform that connects customers to bodsboda boda drivers who offer e-commerce, food delivery and courier services.
	Safe Boda		This is a community of entrepreneurs and boda boda drivers that use technology to provide transportation services.
	Lynk		This is an online platform that links households and informal workers with the aim of providing job security, fair wages and a safe working environment for informal workers.

	Sokowatch		This is an online platform that enables informal retailers to order products via SMS or mobile application, making it easier for shopkeepers to source goods and manufacturers to ensure their products are available to consum-ers.
	BrighterMonday		This is an online job website that provides job seekers with courses, curriculum vitae and personality assessment services to assist them to improve their employability. Additionally, Brighter Monday recruits and manages employees on behalf of employers.
	CloudFactory		This is an online platform that offers flexible, part-time work in various industries with the aim of positively impacting surrounding communities.
	CrowdSourceAfrica		This is an online platform that ag-gregates a pool of online workers that global companies can recruit for various tasks.
	Duma Works		This is an online recruitment orga-nization that connects employers and potential hires.
	Fixus Jobs		This is an online platform that ad-vertises local job opportunities.
	Fuzu		This is an online recruitment plat-form that links job seekers and potential employers. Additionally, Fuzu offers online courses and tai-lored career advice to job seekers.

	OLX Kenya		This is an online marketplace that provides a platform for people to sell goods and services such as electronics, fashion items, furniture, household goods, etc.
	Tuko Works		This is an online platform that seeks to improve the employability of Kenyan youth by providing free resources, training and career guidance. The website seeks to build networks that youth can use to connect to potential employers or develop their own enterprises.
	Tuwaze		This is an online freelance website that connects writers to work assignments and makes payments once a week.
	Shortlist		This is an online human resource and recruitment company that trains and matches job seekers to employers in various sectors.
	Sendy		This is an on-demand delivery partner that offer e-commerce and enterprise options to moving goods in East Africa by leveraging technology.
	Little Cab		This an online ride hailing service backed by Safaricom. Additionally, drivers on the platform act as agents and sell Safaricom products and services such as insurance, airtime, and mobile bill payments etc.

	Twiga Foods	International	This is a mobile-phone based supply platform that aggregates farm produce and distributes to vendors at street corners and market stalls.
	LiveLuvo		This is a community-driven online marketplace where members can buy or sell goods or services to people in their neighborhood.
	ZaKenya		This is an online freelance website that pays Kenyans for every accepted article written and published on the website in categories such as education, health & fitness, agriculture, services, software and transportation.
	NikoJob		This is an online digital platform that alerts disadvantaged youth in Kenya with online work opportunities and provides various tools for these youth to access online jobs.
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	ZaKenya		This is an online freelance website that pays Kenyans for every accepted article written and published on the website in categories such as education, health & fitness, agriculture, services, software and transportation.
	NikoJob		This is an online digital platform that alerts disadvantaged youth in Kenya with online work opportunities and provides various tools for these youth to access online jobs.
	Go Transcript		This is an online transcription and translation agency that matches workers to work opportunities.
	Hireable		This is an international online recruitment platform that advertises a wide range of jobs.
	Onsite		This is an online platform that hosts a database of freelancers across the globe.
	Outsource Inc.		This is a platform that provides voice and data communication engineering, installation and staffing services.
	Peopleperhour		This is an online platform that connects clients to expert freelance workers who are available by the hour or per project.

	Toptal		This is an exclusive network of highly rated freelance software developers, designers, finance experts, product managers and project managers in the world.
	Topcoder		This is an online community of a network of designers, developers and data scientists globally.
	Textbroker		This is an online content and article writing services platform.
	Remotive		This an online platform that advertises jobs that can be conducted remotely.
	Rent-a-coder		This is a specialized marketplace for freelancers working in programming, UI and UX, and design of websites, mobile and desktop applications.
	ServiceScape		This is a global marketplace for service-related commerce that provides online outsourcing for experienced professionals across various fields.
	Speechpad		This is a platform that provides transcription services for audio and video services.
	Virtual Vocations		This is an online platform that posts part-time, full-time and virtual jobs across a range of professional sectors.
	We work remotely		This is an online job board for positions that are flexible and can be conducted digitally.
	Working Nomads		This is an online platform that curates lists of remote job offers in various professional career areas. It connects professionals who want to work remotely with companies offering independent positions.
Offline Platforms	Fundis	Local	This is a platform that connects informal sector workers households across a range of services with households and businesses.

	Mr Green Kenya		An organization that trades recyclable material to local and international markets by integrating informal waste collectors into the recycling value chain through the use of technology.
	Parapet		This is an organization that links part-time workers to job opportunities in the cleaning services and support solutions industry.
	Daproim		This is a business processing and outsourcing that provides data management jobs to youth.
	Samasource Kenya		This is an organization that operates using a hybrid model as a for profit and non-profit organization, training and linking youth to dignified online work.

APPENDIX 4: MARKET SIZING ASSUMPTIONS

General assumptions

- Online gig work earnings calculated on a gross basis (i.e. not deducting fees and commissions charged by platforms)
- The same number of online platforms are assumed to operate in 2023
- Average earnings generally grown in line with inflation

Data assumptions

Variable	Units	2017	2018	2019	2020	2021	2022	2023
Real GDP growth	%	4.87%	5.96%	5.84%	5.94%	6.20%	6.32%	6.02%
Inflation rate	%	7.99%	4.69%	4.40%	5.00%	5.00%	5.00%	5.00%
Nominal GDP per capita	$	1 695	1 857	2 011	2 151	2 282	2 422	2 564
Nominal GDP	$ billions	79.21	89.21	99.25	109.12	118.89	129.62	140.93
Population	Millions	46.73	48.03	49.36	50.72	52.11	53.52	54.96
Urban population	%	26.56%	27.01%	27.46%	27.90%	28.35%	28.80%	29.24%
Female population	%	50.30%	50.30%	50.30%	50.30%	50.30%	50.30%	50.30%

APPENDIX 5: REFERENCES

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46. More information on the Ajira Digital Program can be found on: https://www.ajiradigital.go.ke/home and https://kepsa.or.ke/ajira/
47. Please note that Table 6 provides examples of occupations that are common in the current Kenyan gig economy landscape and does not represent a comprehensive list of the occupations listed in the Act. The full Act is available at: http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/2019/LN2_2019.pdf
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61. Mercy Corps Kenya
62. Provided by Daproim. These numbers are cumulative i.e. since inception of the company
63. Upwork website
64. Provided by Mercy Corps Kenya for Cloud Factory and assumed for Daproim. This represents an average of $50 (inexperienced worker) and $120 (experienced workers) earned per month
65. Provided by Lynk management
66. Account for more than 12 other sectors such as financial services, mining, utilities, real estate, professional services, administrative and support services, education and so on.
67. Provided by GetBoda
68. South Africa was used as a benchmark given that it is relatively more developed and has a larger penetration of professional workers
69. Account for more than 12 other sectors such as financial services, mining, utilities, real estate, professional services, administrative and support services, education and so on.
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82. Ecosystem refers to organization that are directly or indirectly engaging with gig workers such as program implementers, training institutions etc.

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