The Organization and Future of the Matatu Industry in Nairobi, Kenya

Jennifer Graeff
Project Coordinator; Center for Sustainable Urban Development – Earth Institute
Columbia University, New York, New York 10025
jgraeff@ei.columbia.edu

Bio:
Jennifer Graeff is Project Coordinator at the Center for Sustainable Urban Development (CSUD). She holds a Master of International Affairs degree from Columbia University's School of International and Public Affairs (SIPA) and a Master of Science in Urban Planning from the Graduate School of Architecture, Planning and Preservation at Columbia University (GSAPP). Jennifer wrote her master's thesis on public transportation in Nairobi, entitled "Public Transportation in the Nairobi Metropolitan Area: The Future Role of Matatus" which is the foundation of this working paper. She also participated in the 2007 and 2008 Global Studio, an interdisciplinary academic program that brings students together from all over the world to devise solutions for improving housing, water sanitation, and information dissemination in selected townships in Johannesburg, South Africa.

Summary of paper:
This working paper is an analysis of the matatu industry's operations and offers a discussion of how its structure and networks may pose obstacles but also opportunities for transport reform in Nairobi, Kenya. Matatus are the informal paratransit industry in Kenya that provide service to millions of people a day and are essentially the backbone of the transportation system in Nairobi. By facilitating a broader policy dialogue involving key stakeholders in the industry and the inclusion of the matatu industry in the reform process, rather than the exclusion of the industry so often seen in the past, this paper argues that matatus can play an important role in the creation of a more comprehensive transit system that would service not only Nairobi, but its satellite cities as well.
Introduction

One of the staggering challenges facing cities in both the developed and developing world is meeting increasing demand for transportation services. Rapid urbanization, high operational costs and crumbling infrastructure have resulted in depleted public transportation services, leaving a service void in urban transportation systems. To fill this void, informal and mostly private paratransit services have cropped up in cities all over the world, most noticeably in the developing world. While these informal transit industries share generic characteristics, each paratransit industry has its own specific characteristics that reflect the environment of the city in which it operates. In African cities, the paratransit industry is generally described as dangerous, profit driven, environmentally unfriendly but also necessary to be mobile and maintain a daily routine of going to work, to school or to market. Simply stated, the paratransit industry provides a necessary service to millions of people who will continue to use it as needed to be mobile.

However, reforms of these systems are occurring all over Africa, most notably in the form of Bus Rapid Transit (BRT) in Tanzania and South Africa, and there is discussion that our project site of Nairobi, Kenya is entertaining a transition to BRT as well. BRT is an attractive option for cities of the developing world for many reasons but a main reason, as demonstrated in Bogotá, Colombia, is its acknowledgment and inclusion of the informal transit industry into the larger transport system. For each city embarking upon a similar transition, the challenge is one of understanding the role and organizational capacity of informal transit industry, as it is this industry that traditionally resists reform. For Nairobi, this means analyzing the informal paratransit mode, called matatus. By understanding the specific networks within the matatu industry, avenues to reform and strategies for bringing key industry stakeholders into a policy network advocating for a reformed system can be identified. Recognizing potential pitfalls and engaging with key stakeholders can help foster transport policies, networks and an overall framework that can leverage the matatu industry into being integrated into a larger public transit system.

This working paper attempts to identify stakeholders, potential areas of resistance and then opportunities through recommendations that can facilitate the beginnings of a

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1 It is important to acknowledge this paper strictly deals with the matatu industry alone. It is understood that the matatus do not comprise the entire transport system alone and that the various bus companies that are operating within the city (KBS, Citi Hoppa, Express Connections) do play both an important and strategic role in Nairobi’s future transport system. Their role is just not addressed in this particular paper. It is also worth mentioning that in the context of this paper it would be premature to discuss components of the physical design of a future comprehensive system. Thus, the recommendations focus on the process that could help matatus evolve into a critical component in the future transport system.

2 Paratransit can be defined as “a service that is not quite full public transit and that has some of the convenience features of private automobile operations. It is often smaller in scale than public transit systems, utilizing smaller vehicles, and it can be legal or illegal as defined by local rules and regulations” (Grava 2003, 234).

3 Recent taxi strikes in South Africa opposing BRT demonstrate the importance of including informal transit in the discussion and transition process. It is worth noting that the matatu industry recently went on strike in Nairobi regarding the presence of cartels and the ill treatment of workers in the industry, leading to an investigation, by the government into these claims, suggesting that an opportunity for transport reform may be approaching.
smooth process of transportation reform, specifically through a broader policy dialogue involving the key stakeholders. Furthermore, a comprehensive transit system connecting satellite cities and Nairobi is essential as the entire metropolitan region is impacted by rapid urbanization. Attempting to address rapid urbanization through transport reform requires a holistic vision incorporating the entire Nairobi Metropolitan Region and its transport networks. Thus, this working paper will also consider the role of matatus in Nairobi’s future transit system, where traditionally, master plans and comprehensive transport plans have either neglected to incorporate matatus into a larger transit system or even acknowledged them at all, further demonstrating the lack of engagement with matatus in the policy and reform process.

Brief History of Matatus
The evolution of the matatu, from a quick and easy response to unmet travel demand, to the dominant mode of transport in Kenya, began in the late 1950s. After Kenya’s independence in 1963, Africans migrated to Nairobi seeking employment opportunities. Informal settlements began to expand around the city and in areas where there was limited public transport service. The people residing in these areas were usually too poor to afford private vehicles. Recognizing the opportunity for financial gains while providing a much-needed service, mini-bus pirate taxis, which were largely owned by middle-income people, began offering a transport service from rural areas and from informal settlements around the city. Due to high demand, the number of matatus increased. They continued to operate illegally in the city until 1973 when then President Jomo Kenyatta issued a decree officially recognizing matatus as a legal mode of public transport. The decree allowed matatus to operate without obtaining any form of licensing (Mutongi 2006). “The main idea was to increase and make the mobility of people more efficient and create more jobs in the informal sector.” (Kimani et al 2004). There was also the populist notion that Kenyatta believed that matatus were useful to the common man and that the owners (who were often the drivers as well) were examples of hard-working African entrepreneurs dedicated to contributing to the development of Kenya. “Matatus, in fact, revealed indigenous economic entrepreneurship at its best” (Mutongi 2006). The matatu industry has played a central role in mobility, politics and economics, solidifying its role and importance in Kenya’s cultural fabric. As Nairobi became dependent upon matatus to transport people to and from various destinations located in the metropolitan area, their numbers increased from 400 in 1973 (Lee-Smith 1989) to an estimated 15,000 matatus in the Nairobi Metropolitan Area today (Personal Interview, March 2009).

Organization of and Stakeholders in Matatu Industry
The matatu industry could be described as organized chaos. However, by understanding its stakeholders and networks, it becomes easier to understand how the matatu industry organizes itself. From this perspective, the industry begins to look less chaotic. This section will seek to explain the organizational structure of the industry and the process necessary to operate a matatu, from the purchase of the vehicle to daily operations: essentially the value chain detailing what it takes and calculating how many people are needed to operate a matatu. The perspective of each stakeholder will be
acknowledged. For the purpose of this study, the stakeholders will be grouped as follows:

- Matatu Owners
- Matatu Operators (driver and conductor)
- Users (commuters)
- Regulators/Civil Associations (Ministries, Transport Licensing Board (TLB), Matatu Owners Association (MOA), Matatu Welfare Association (MWA))
- Support Industry (Stage workers, mechanics, petrol station attendants)
- Community at Large

**Stakeholders in the Matatu Industry: A Discussion of the Issues**
The following is an abbreviated discussion of issues addressed by stakeholders during fieldwork conducted in December 2007, January 2009 and March 2009. Many of the issues raised are not intrinsic to the industry itself, but rather issues of poor governance.

**Lack Political Will and Political Champion**
Most stakeholders believe this is the reason the matatu industry is disorganized, as the lack of a political champion is a major obstacle in developing a progressive plan for matatus. Thousands of people are operating matatus independently and competing against each other. The relevant ministries and organizations are considered corrupt or weak. Without a governmental umbrella organization to guide transport the whole system has become fractured, allowing cartels to thrive as they offer a type of organization, albeit exploitive. Related, the lack of political will to organize the matatu industry is detrimental to the overall image of Nairobi. Nairobi is the country’s capital and one of the most important cities in East Africa. The city demands a transportation system that provides mobility and fosters economic activity. Although the community has been vocal by writing articles in daily newspapers and posting responses on blogs regarding the need for a champion, the government continues to ignore public demand. An added possible obstacle to change is also that allegedly many politicians are currently absentee owners and profit from matatus.

**Poor Driving Behavior**
Poor driving seems to impact all the stakeholders in the matatu industry. Matatu drivers tend to drive recklessly, as their income and job security is dependent upon daily passenger loads yielding the daily profit mark set by the matatu owners. To accomplish this, they break traffic laws, weave in and out of traffic, cut off other vehicles, use sidewalks to bypass traffic jams, putting pedestrians at risk and speed when possible.

**Security Issues**
As the congestion worsens, people spend more time on the road but at a standstill, creating opportunities for crimes to be committed. There are also crime concerns at the matatu staging areas and terminals. The matatu industry is considered an “open” sector and as such, there are many unemployed youth who loiter, creating havens for anti-social activities such as drug use, petty theft, prostitution and violence (Khayesi 1999).
Security issues due to the presence of cartels, specifically the Mungiki, affect the entire matatu industry. Clashes for control of routes and termini threaten innocent bystanders, commuters, crews and stage workers and Mungiki’s tight control over the industry, maintained through the threat of violence, creates a dangerous working environment. In interviews ranging from to matatu owners to academic experts, many believe that politicians and the Mungiki are working together for illicit financial gains at the expense of the matatu industry. Wrapping up one interview, I asked how high up this corruption goes. “To the top,” was the response, a common sentiment among those interviewed (Personal Interview, 2007).

### Job Security

Job security is a major concern especially for matatu crews and support staff. This concern stems from their casual employment status and verbal employment contracts. Poor job security begets reckless driving and overcrowded matatus as drivers and conductors must meet the daily revenue marks or risk being fired. Significantly, basic employment policy in Kenya does not cover matatu workers. Specifically, the government’s desire to phase out 14-seat matatus (next section) has owners and crews of these matatus concerned as a majority of matatus in Nairobi are 14-seat matatus. This means that a majority of the crews are operating a vehicle that is expected to be phased out in the future.

### Police Bribes

Matatu owners and drivers often complain that the police harass them and pull them over even though they have not done anything illegal. Instead of pulling the vehicle off the road, the crew pays off the officer (Personal Interview, 2007). The police are often believed to be working with the Mungiki as well. The police receive weekly bribes from the Mungiki on certain routes, which allow the Mungiki to conduct their business with impunity (Mungiki Hit Matatu Trade, Dauti Kahura; The Standard, May 16, 2005).

### Recovering Initial Costs, High Operation Costs, Phasing Out 14-seat Matatus

Purchasing a matatu and recovering initial costs is a concern for owners. This can be initially difficult but general expectation is that a sizable profit can be realized in a relatively short time period. Prospective owners know new vehicles are produced and available locally but they are too expensive to purchase. Owners must consider the basic cost of operations, including expenditures to cover corruption and bribery as well. Fuel, salaries and insurance are the most expensive costs for owners so to ensure that costs are recovered, owners set a target for daily profit thus encouraging matatus crews to overcrowd and speed.

The push to phase out 14-seat matatus is becoming an increasingly important topic. For the matatu owners and drivers, there are two main concerns: the pace at which the 14-seat matatu will be phased out and their ability to upgrade to a higher capacity vehicle with little to no compensation or assistance. The phasing out of the 14-seat matatus poses concerns for some commuters as well as the 14-seaters fill up faster, allowing for quicker departure times and navigating congestion better than bigger buses.
Lack of Data and Transport Knowledge
It is problematic that there is no consistent data available regarding matatus. Either there is no central database or there is extremely limited access to the database that tracks the various characteristics of matatus operating in Nairobi. The best way to obtain this information is through the SACCOs\(^4\) but not all the SACCOs are registered and overall information is scarce. The lack of data makes it difficult to comprehend the complexity of the transport system. Some studies have attempted to do so, but contradictory findings between these studies are common. For example, one study states that matatus employ up to four people (Kimani et al 2004). However, in my interviews, I was told this is a “myth” as a matatu that employs four people will be unable to cover operating costs and generate a profit (Personal Interview, March 2009).

It was also common for the matatu crews I interviewed to ask me about my local transportation system. When I told them that a majority of people used a public service that is overseen by a government body they responded, “We don’t have that here” (Personal Interview, January 2009). Many interviewed were also curious about transportation systems in other countries.

Lack of a General Plan and Poor Implementation of Former Plans
There have been numerous master plans and transport studies for Nairobi conducted by various organizations as well as the Government of Kenya over the past fifty years but few if any of the recommendations from these master plans and studies have been considered or implemented. Recently, the Ministry of Nairobi Metropolitan Development unveiled its Metro 2030 Vision, and while it is only a vision of a plan, it is meeting great resistance from surrounding municipalities. This lack of vision for the matatu industry has allowed the matatu industry to grow and operate in a way that benefits the provider, rather than the community and city.

The Michuki Rules\(^5\)
When the Michuki Rules were gazatted in 2004, to many of the stakeholders, specifically to the commuters, it was a positive step for the matatu industry. As a result, many believed that Mr. Michuki could become political champion needed to reform the matatu industry and the transport system, which was reflected in many of my interviews.

Others were opposed to the Michuki Rules, specifically the matatu owners, operators and the MWA and the MOA. The owners and drivers were so angry that nationwide matatu strikes were organized shutting cities down for days. According to the Institute of

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\(^4\) A SACCO stands for savings and credit cooperative and extends to any type of industry, not exclusively transport. A group must register at the Ministry of Co-operative Development and Marketing to become a recognized SACCO. In the case of matatus, a group will register to become a SACCO identifying itself mainly with the route where it is operating. Thus many people refer to the SACCOs as route associations.

\(^5\) Legal Notice 161, which is commonly referred to as the Michuki Rules, after then transport Minister John Michuki, was adopted in 2004. The Michuki Rules were geared towards regulating PSVs in various ways including the elimination of standing on city buses, mandating that PSVs be outfitted with speed governors and safety belts and that crews were uniforms and post identification cards.
Policy Analysis and Research, the provisions mandated by the Michuki Rules were quite costly for owners, sparking the outrage.

General Dislike of Industry Behavior: Commuters, taxi drivers and bus drivers interviewed believe the behavior of the matatu driver creates a dangerous driving environment. Complaints of rude and unprofessional crews, loud music and erratic driving persist. Some believe matatus should be abolished completely. There is an alternative viewpoint, however, arguing that the commuter is not an innocent bystander and that matatu crews are unfairly characterized. In one recent article, a matatu operator stated that he believes that matatus have become the scapegoat for everything that is wrong in Nairobi (Mutongi 2006, 264). The absence of a proper regulatory framework and the relaxing of the Michuki Rules have also led the matatu crews and the police to practice collusion (Kimani et all 2004). Industry behavior fosters a negative image of transport in Nairobi and reflects poorly on the Nairobi community in general.

Congestion and the Transport Licensing Board
For the commuters and operators, congestion is a core issue as it takes an unreasonable amount of time to access the city. Congestion can directly lead to increased security issues for commuters stuck in traffic, exposing them to potential crime risks and creating serious problems regarding health emergencies. One study estimated that time spent on travel due to increasing congestion is approximately Ksh 1.89 billion per year (NMGS BRT Solutions 2006).

Many blame the TLB for the congestion in Nairobi, believing that the Board continues allocating PSV licenses, simply to ensure revenue for the government. As a result, the roads are saturated with public service vehicles. It is important to note that it is the mandate of the TLB to issue licenses. The TLB has no power to change the current licensing policies.

Road Conditions, Vehicle Maintenance and Pollution
The United Nations Environmental Program (UNEP), states that over 90% of air pollution in developing countries is due to vehicle emissions caused by the high number of older vehicles. Poor road conditions in Nairobi are a significant problem, presenting an increased vehicular maintenance. As not all owners can afford to maintain their vehicles when necessary and considering the vehicles can be quite old, greater levels of toxins are emitted, which increase health problems associated with air pollution.

Limited Representation of Commuters: The commuter is an under-represented stakeholder in the industry. I was able to meet with a representative from the Commuters Welfare Association, who stated that the main issues for commuters are the amount of time spent on the road, fares and accessibility. “Everything is getting worse, it is very bleak,” (Personal Interview, 2007).
Recommendations
A Transportation Vision for the Nairobi Metropolitan Area that Considers Matatus
Given the population of the Nairobi Metropolitan Area, as well as its political, social and economic importance, it is essential to have a public transportation system in place that can adequately serve the city and its inhabitants. Having a strong plan or vision that depicts how the city should develop and the role transport will play in serving the city is essential. If this is done, when stakeholders in the transport industry are addressed and discussions ensue regarding their role in the future transport plan, they will have something to comment on and a plan to consult. In the various plans that have been proposed, matatus are not mentioned or factored into the transport plan. While my research and interviews suggest that BRT could satisfy the city’s transport needs any future steps regarding a comprehensive transit system should discuss matatus, considering resistance will be inevitable (taxi resistance in South Africa being a prime example). It is important to clarify that the matatus will still play an essential (yet altered) role in the transit industry and that they are not being replaced or phased out. The key to making it function will be to use a formula to create a BRT system that is uniquely and specifically Kenyan. Matatus should be integrated in some way, no matter what the main mode is, whether it is bus or rail.

Education campaigns and Consultation meetings with all stakeholders
Education campaigns, workshops and seminars that engage and educate the public about different transport systems and models around the world could help to empower all stakeholders to demand improvement of the matatu industry and transport system. Through enhanced and concentrated community involvement and through community boards and neighborhood associations, communities could help persuade the government to take a more active role in Nairobi’s transport future. As part of an education campaign, commuters and drivers could learn about the education and civic pride campaigns used in Bogotá that introduced a new level of civic pride and organization along the streets of a city that was once described as chaotic and hopeless.

Greater Regulation and Oversight
A major effort should be focused on data and information gathering in an attempt to finally garner a more concrete understanding of the number, specification and operating route of the matatus on the road. This will help in understanding exactly how many people will be impacted by a change in the industry. The TLB is currently computerizing its data so there can be more information on certain characteristics of the entire PSV industry, and not just matatus. If possible, the Ministry of Transport could mandate a temporary freeze on new PSV applications for over serviced routes and 14-seaters, while the TLB is collecting information on the current PSV system. The TLB could continue to consider renewed applications for PSVs but accurate information is necessary to determine the next steps to be taken and how to transition the existing workforce. The Ministry of Transport could also create policies emphasizing increased responsibility for matatu owners if they wish to legally operate a matatu. Change can begin with the owners through the following provisions:

• Eliminate conflict of interest ownership scenarios;
• Owners should be literate in and aware of transport policies, updates and notices –potentially owners could be tested when re-applying for PSV licenses;
• Owners should not engage in price fixing but should have a set amount of net income based on calculations considering operation costs. This could be included as part of their PSV application; and
• Owners should be encouraged to join their local Matatu Owners Association or Matatu Welfare Association branch

Consideration of Matatu Integration into the Future System
There is no question that any change in the Nairobi transport system will be met with resistance, specifically when those changes directly impact the matatu industry. It is also certain that any transition period to a new system will be difficult for matatu owners and matatu crews. The SACCOs will play an important role in addressing the concerns of these stakeholders and in integrating the matatus into a comprehensive system.

SACCOs to Become Professional Transport Firms
There is an opportunity for SACCOs to play leading roles in the transition process. The SACCOs should promote themselves as professional transport firms acting as key stakeholders in the transition process. They can act as the liaison between the members of their SACCO and the other stakeholders, including the Government. One key stakeholder could be the MOA, whose chairman, Simon Kimutai is advocating for a more organized matatu industry which he claims will lead to a more profitable industry, through higher capacity vehicles.

Shift to Higher Capacity Vehicles
The democratically elected officials of each SACCO should embrace the role of organizing matatu owners of 14-seat matatus into groups that can purchase capacity vehicles. There is a program offered from General Motor East Africa (GMEA) to finance higher capacity vehicles and the SACCOs should work with GMEA directly, possibly through workshops to guide the investors along the way. The SACCOs could also look to the MOA for assistance and advice, as there are examples within the MOA of how to make such a transition. It is worth noting that not all routes may need to make this shift to higher occupancy vehicles. In areas where it is difficult for bulkier and larger vehicles to navigate, it may be appropriate to have smaller vehicles operate the route.

Through these two shifts, the matatus can begin to position themselves so that they can be a strong and organized industry seen as a necessary component to a larger more comprehensive mass transit system that can service the entire metropolitan area, including satellite cities.

Strengthen Civic Associations, Possible Creation of Unions, Networking
It could benefit the industry and their stakeholders to better utilize the civic associations, specifically the MOA and MWA. These associations have the ability to unify the industry and strengthen the voice of stakeholders within it, which is an important incentive. While the SACCOs are important as well, they find themselves in competition with each other, rather than working collaboratively. This competition helps create the
dangerous and stressful work environment. Greater involvement in civic associations could possibly balance out this competitive environment.

There could also be some benefit in the creation of unions for many of the stakeholders who are not represented in the matatu industry. While owners are recognized, crew operators and stage workers are not. Although they have a civic association, the commuter is one stakeholder that is sorely under-represented in the transport system, especially regarding the matatu industry.

Networking with major cities in Africa also reforming their transport systems may be helpful in Nairobi’s own transport transformation. It could be helpful for the government, civic associations, and other stakeholders to create a dialogue with key individuals and counterparts in Tanzania or in South Africa and learn from their transition process. For matatus owners, as well as other stakeholders, to be able to talk to their counterparts in other countries where transition is occurring could be helpful in facilitating a smooth transition in Nairobi.

**Conclusion**

The creation of a comprehensive transport system for Nairobi is critical if the city aspires to effectively address the multitude of issues caused by and associated with rapid urbanization. This system must also fit into a larger metropolitan transport plan that incorporates Nairobi’s satellite cities, which are also feeling the harsh impacts of rapid urbanization. To do this, it is necessary to understand the various networks and industries that comprise the current transit system. Understanding the network that encapsulates the matatu industry and by creating a dialogue that can allow the industry to play a continued role in the transit sector, is an important step in creating a metropolitan transport system that integrates rather than alienates the matatu industry.
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