



Viffa Consult
Unlocking Africa's Entrepreneurship Spirit



Kenya's New **Boda-boda Boom**

Thriving Societies, Growing Economies,
and Powering Green Transition

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Abbreviations

BAK	Boda-Boda Safety Association of Kenya
CAK	Competition Authority of Kenya
CBK	Central Bank of Kenya
CMTSB	County Motorcycle Transport and Safety Board
DL	Driving License
DST	Digital Service Tax
EMAK	E-Mobility Association of Kenya
ESG	Environmental, Social, and Governance
ESO	Enterprise Support Organisation
GDP	Gross Domestic Product
GPS	Global Positioning System
KBA	Kenya Boda-Boda Association
KES	Kenya Shilling
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KNBS	Kenya National Bureau of Statistics
MFI	Microfinance Institution
MSEA	Micro Small and Medium Enterprises Authority
NPL	Non-performing Loan
NTSA	National Transport and Safety Authority
PSV	Public Service Vehicle
RURA	The Rwanda Utilities Regulatory Authority
SACCO	Savings and Credit Cooperative
USD	United States Dollar
WOT	Wide Open Throttle
VAT	Value-Added Tax

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Glossary

Bill vs. Act	A Bill is a proposed law for an Act of Parliament that has been published for introduction in the National Assembly or Senate. Once a Bill has been assented to, the Bill is published as an Act of Parliament. An Act of Parliament comes into force on the date provided in the Act and after publication in the Gazette.
Boda-boda	A term used to describe a motorcycle or bicycle taxi
cc	The size – or cubic capacity – of a vehicle's engine is measured in cubic centimetres (cc). In principle, the bigger the number, the more powerful the engine tends to be.
County	The Counties of Kenya are semi-autonomous geographical units created by the 2010 Constitution of Kenya as units of devolved government. As of the 2022 General Elections, there are 47 counties.
g/kWh	Refers to grams per kilowatt-hour, a measurement used to quantify an engine's specific fuel consumption.
Hailing App	An online platform that, via websites and mobile apps, matches passengers with drivers of vehicles for hire that, unlike taxis, cannot be hailed from the street.
QR Code	Quick-response code, which is a type of two-dimensional barcode that can store information
Tuk Tuk	A term used to describe a three-wheeled motor vehicle often used as a taxi



This report, “The ‘New’ Boda-Boda Boom: Thriving Societies, Growing Economies, and Powering Green Transition,” examines the primary drivers of this sector’s remarkable growth and expansion and its potential to contribute to Kenya’s sustainability goals.

Executive Summary

The boda-boda sector has become one of the most influential forces shaping Kenya’s economy and social landscape. What began as a simple mode of transportation in the industry has evolved into a multi-billion-shilling industry, driving economic growth, generating employment for millions, and acting as a vital connector between rural and urban areas. Today, boda-bodas play a pivotal role in sectors such as agriculture, education, healthcare, and e-commerce, with their impact being felt in every corner of the country.

This report, “The ‘New’ Boda-Boda Boom: Thriving Societies, Growing Economies, and Powering Green Transition,” examines the primary drivers of this sector’s remarkable growth and expansion and its potential to contribute to Kenya’s sustainability goals. It examines the critical areas where the boda-boda industry intersects with economic development, social change, and the green transition, and presents a roadmap for addressing challenges that could impede its success.



KES 660 billion

The boda-boda sector generates an estimated KES 660 billion annually, contributing 4.4% to Kenya’s GDP. With direct employment of over 2.5 million people, providing vital income for families and communities across the country.

Economic Driver

The boda-boda sector generates an estimated KES 660 billion annually, contributing 4.4% to Kenya’s GDP. With direct employment of over 2.5 million people, providing vital income for families and communities across the country. As the sector shifts toward electric motorcycles (e-bikes) and local assembly, it is also opening up new doors in the spaces of manufacturing and consequently jobs, all while supporting the rapid growth of e-commerce by enabling last-mile delivery for both large and small businesses.

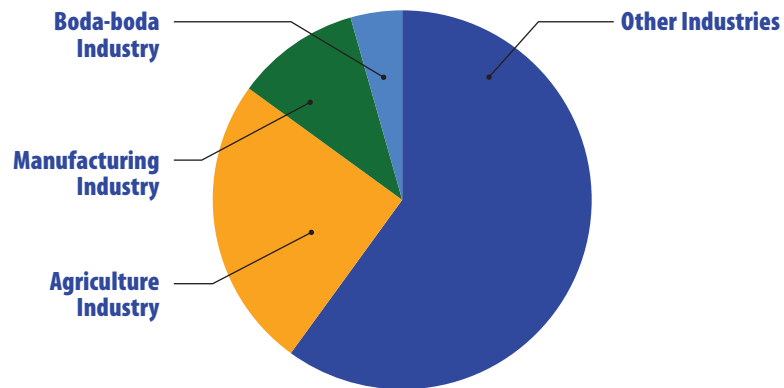
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Boda-boda operators are beginning to organize themselves into Savings and Credit Cooperatives (Saccos), taking charge of their industry through self-regulation to reduce crime, improve safety, and professionalize the industry.

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GDP contribution



Role of Financiers

Innovative financing models from non-bank financiers such as Watu Credit Limited, Mogo Auto and Mkopa among many others, have transformed the boda-boda industry, enabling operators to transition from renting motorcycles to owning them. These financiers offer tailored loan products with affordable daily or weekly payment plans that allow more operators to become vehicle owners. Despite the success of these models, challenges such as high interest rates and the need for financial literacy remain. Industry players are exploring ways to reduce costs and improve access to credit, particularly for the transition to greener, more energy-efficient e-bikes.

Social Economic Impact

The social impact of the boda-boda sector is substantial. It has revitalized the agricultural sector by enabling farmers to transport produce to markets on time, enhanced healthcare access by providing rapid transport to medical facilities and supporting education by giving families the financial means to send children to school. Additionally, the sector has contributed to crime reduction by creating alternative livelihoods for young people and is fostering the growth of satellite towns as boda-bodas connect businesses and customers in previously underserved areas.

ESG Positive Alignment

The boda-boda industry is increasingly aligning with environmental, social, and governance (ESG) standards, particularly through the adoption of e-bikes and improved product safety. Financiers are now backing the transition to greener alternatives by offering financing for e-bikes, which reduce emissions and lower fuel costs. Manufacturers are also implementing better environmental practices within their supply chains, including battery recycling and promoting sustainability across the production cycle.

Regulatory Environment

Boda-boda operators are beginning to organize themselves into Savings and Credit Cooperatives (Saccos), taking charge of their industry through self-regulation to reduce crime, improve safety, and professionalize the industry. These Saccos offer a replicable model for promoting accountability and safety in the sector. While operators acknowledge the positive intent behind government regulations, they seek more consistent enforcement and lower costs for licensing to ease compliance. Additionally, operators advocate for training programmes that promote safety, financial literacy, and responsible business practices.

Policy and Future Developments

Looking to the future, boda-boda operators and financiers agree that more needs to be done to support the sector. Both parties have been committed to identifying areas for both growth and improvement within the sector. Key Recommendations include strengthening safety regulations, expanding access to affordable credit, and providing financial literacy training to help operators improve their income management. Financiers emphasize the need for government-backed subsidies and longer loan repayment terms to make financing more accessible, particularly for the adoption of electric motorcycles. Operators also stress the importance of policies and governance structures that support self-regulation through Saccos, which are proving effective in creating order within the sector.



By addressing challenges such as safety, access to credit, and financial literacy, and fostering collaboration among stakeholders, the sector can serve as a model for sustainable development. With the right policies and support, the boda-boda industry will continue to be a powerful catalyst of progress, securing a greener, safer, and more inclusive future for all Kenyans.

Key Recommendations

The report outlines several key recommendations to ensure the continued growth and sustainability of the boda-boda sector:

- 1 Strengthen safety regulations and incentivize safe driving practices through reduced insurance premiums and tax breaks.
- 2 Expand access to affordable credit, with government-backed loan guarantees and subsidies for greener transportation options.
- 3 Integrate financial literacy training into loan programs to equip operators' effective income management skills.
- 4 Promote environmental sustainability through incentives for the adoption of electric motorcycles and supporting the development of charging infrastructure.
- 5 Support the growth of boda-boda Saccos as self-regulating bodies that enhance safety, reduce crime, and foster professionalism in the sector.

Conclusion

The boda-boda sector holds tremendous potential to contribute to economic growth, social empowerment, and environmental sustainability in Kenya. By addressing challenges such as safety, access to credit, and financial literacy, and fostering collaboration among stakeholders, the sector can serve as a model for sustainable development. With the right policies and support, the boda-boda industry will continue to be a powerful catalyst of progress, securing a greener, safer, and more inclusive future for all Kenyans.

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Despite this rapid growth, the boda-boda sector faces serious challenges. Safety concerns, environmental impacts, and financial barriers continue to hinder progress. The sector operates in a delicate balance between its economic contributions and regulatory needs.

Introduction

With over 2 million riders generating an estimated KES 660 billion annually, the boda-boda sector accounts for approximately 4.4% of Kenya's GDP. This calculation is based on **a comprehensive** survey of operators, each earning an average of KES 1,100 per day over six working days per week, contributing significantly to Kenya's economy. As the Central Bank of Kenya estimates the nation's GDP at KES 15.11 trillion in 2023, the boda-boda industry has grown into a **fundamental** economic driver that impacts communities across the country.

Boda-bodas are more than just motorcycles. They are the backbone of Kenya's transportation network, particularly in areas with limited public infrastructure.



KES 15.11 trillion

As the Central Bank of Kenya estimates the nation's GDP at KES 15.11 trillion in 2023, the boda-boda industry has grown into a fundamental economic driver that impacts communities across the country.

Originating in the 1980s in rural border towns like Kabale, Uganda (see Image 1), where operators initially used bicycles as an affordable means of transport, boda-bodas have since evolved into a multi-billion-shilling industry. The term boda-boda, derived from "border-to-border," reflects the sector's original purpose: connecting remote regions lacking conventional means of transportation. Today, motorcycles have replaced bicycles, offering faster and more efficient transport that powers the local economy, links rural areas to urban centers, and provides vital services such as last-mile delivery and healthcare access.

Despite this rapid growth, the boda-boda sector faces serious challenges. Safety concerns, environmental impacts, and financial barriers continue to hinder progress. The sector operates in a delicate balance between its economic contributions and regulatory needs. Operators, financiers, and policymakers are increasingly collaborating to address these challenges and build a more sustainable, organized industry.

At the core of this transformation is a growing tension between the sector's continued expansion and the need for regulation. While boda-bodas offer essential services to both urban and rural communities, the rise in road accidents, pollution, and unregulated practices has prompted calls for greater oversight and enforcement. Navigating this balance is key to the future of the industry, as stakeholders seek to ensure that growth is managed responsibly.

Looking ahead, the boda-boda sector is poised to play a pivotal role in Kenya's green transition. The adoption of electric motorcycles (e-bikes) is one of the sector's most promising innovations. E-bikes not only lower emissions but also reduce operational costs for riders, improving their profitability and fostering sustainability. As part of this shift, financiers are stepping in to support operators in transitioning to e-bikes by offering tailored loan products that make these vehicles more accessible. The sector's role in Kenya's greener, more inclusive future is becoming increasingly clear.

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This report, *The 'New' Boda-boda Boom: Thriving Societies, Growing Economies, and Powering Green Transition*, delves into the evolving role of the boda-boda sector in driving economic growth, fostering social change, and aligning with environmental sustainability. It **highlights** how non-traditional financiers are enabling operators to become asset owners, the social impact of boda-bodas on key sectors like agriculture and healthcare, and **outlines** the policy reforms **necessary for** a safer, more sustainable business environment for the industry.

As Kenya leads Africa in the adoption of International Sustainability Standards, the boda-boda industry stands at a critical juncture. The decisions made today will shape not only the sector's future but also the broader economic and environmental landscape of the country for decades to come.

Acknowledgements:

We extend our heartfelt gratitude to all the individuals and organizations whose contributions were invaluable in the preparation of this report.

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We are grateful to the government agencies and policymakers who offered their input and shared valuable data. Your cooperation and willingness to provide information played a significant role in the regulatory analysis of this report.

We also acknowledge the authors and researchers of the documents and studies reviewed for this report. Their prior work laid the groundwork for our research and provided a rich context for our findings. Finally, we would like to thank all our colleagues and team members who contributed to the research, analysis, and writing of this report. Your dedication and hard work made this report possible.

To all the stakeholders in the boda-boda sector, we hope this report serves as a valuable resource in your continued efforts to improve and grow this vital industry. Your commitment and contributions are truly appreciated.



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According to our survey, boda-boda operators earn an average of KES 1,100 per day over six working days, collectively generating KES 660 billion annually. This income not only sustains households but also circulates through local economies, boosting spending in small businesses and local markets.

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Boda-boda's Role as an Economic Driver

Kenya's roads hum with the constant presence of boda-bodas, the motorcycles that have become indispensable to the nation's economy. Once a niche solution for border town transportation, boda-bodas now form a critical backbone of Kenya's transport system, generating KES 660 billion annually and contributing 4.4% to the country's GDP (Central Bank of Kenya, 2023). This sector not only facilitates transportation but serves as a lifeline for millions of families and communities.

GDP Contribution and Government Revenue

Every day, millions of Kenyans rely on boda-bodas to commute to work, attend school, and access markets. The sector's contribution extends beyond its economic value; it has a profound social impact, empowering over 2.5 million operators to support their families. According to our survey, boda-boda operators earn an average of KES 1,100 per day over six working days, collectively generating KES 660 billion annually. This income not only sustains households but also circulates through local economies, boosting spending in small businesses and local markets. With Kenya's GDP estimated at KES 15.11 trillion by the Central Bank of Kenya, it follows that the boda-boda sector contributes at least 4.4% to the country's overall GDP.

Table 1: Average Income of Boda-boda Operators¹

Metric	Developing Rural Area	Developed Urban Area	Marginalized Rural Area	Developed Peri-Urban Area	Undeveloped Rural Area
Average Age of members	Rural areas experiencing societal change that involves a transformation in agriculture (mechanization and commercialization) e.g. Nandi Hills	Human settlement with a high population density and an infrastructure of built environment e.g. Nairobi City	Rural areas which are exhausted of the socio-economic and natural resources e.g. West Pokot County	Areas adjacent to or surrounding Kenya's cities, exhibiting both urban and rural characteristics e.g. Thika Sub-County	An area located outside Kenya's major towns and cities, predominantly agricultural and lacking substantial development e.g. Vihiga County
Average number of passengers per rider per day	15 to 20	30	15 to 20	20 to 30	15 to 20
Average number of working hours per day	14 hours	12 hours	10 to 14 hours	14 hours	10 to 14 hours
Average daily income from boda-boda operations per rider (net of fuel)?	KES 800	KES 1,500	KES 700 to 1,000	KES 1,500	KES 1,000

In addition to personal income, the boda-boda sector contributes significantly to government revenue. Boda-boda operators consume large quantities of fuel, generating an estimated KES 60 billion annually in fuel taxes, according to the Kenya Institute for Public Policy Research and Analysis (KIPPRA). Furthermore, the National Transport and Safety Authority (NTSA) reports over 2 million licensed operators, contributing an additional KES 21 billion each year in license fees. These funds are instrumental in driving infrastructure projects, supporting public services, and fostering local development, making the boda-boda sector a vital component of Kenya's financial ecosystem.

¹Source: Key Informant Interviews; Boda-boda Operators Survey

Employment and Livelihoods

At the heart of the boda-boda sector are the millions of operators who rely on it for their livelihoods. More than 2.5 million young Kenyans, particularly men between the ages of 18 and 35, depend on the sector for employment.

Boda-boda Employment Estimates

Boda-Boda Safety Association of Kenya (BAK)

BAK estimates that there are around 1.2 million operators in the sector.

National Transport and Safety Authority (NTSA)

Media reports citing NTSA indicate there could be as many as 5 million riders across the country, though only 2 million are registered. This figure likely includes both full-time and part-time riders, as well as those who may not own the motorcycles they operate. In many cases, multiple riders may be assigned to a single motorcycle, further complicating the estimation.

These riders not only sustain their families but also contribute to the local economy by spending their income in the communities where they live and work.

One such operator is John Mwangi, a boda-boda rider based at Githurai 45. After struggling in a low-paying job that did not meet his needs, John decided to take a boda-boda loan from a non-bank lender. *"Before I took a motorcycle loan, life was hard,"* says John. *"I paid off the first loan slowly as I rode it, and after finishing, I took a second loan."* With the earnings from his boda-boda business, John is now able to send money to his parents to buy fertilizer and seeds, and he dreams of building them a house. John's story illustrates the transformative impact of the boda-boda sector, providing pathways to financial independence for millions of Kenyans.

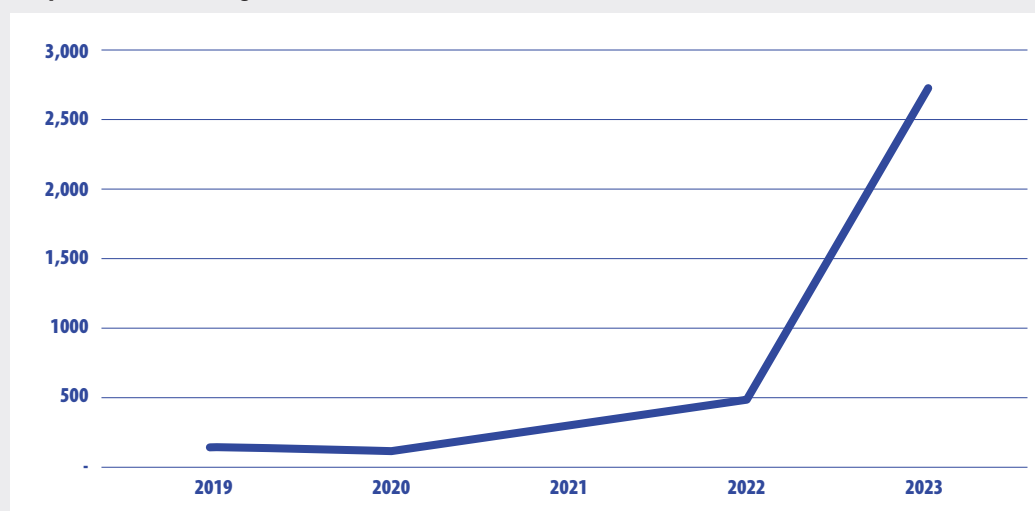
New Industry: E-Bikes Local Assembly

As Kenya accelerates its journey toward sustainability, the boda-boda industry is evolving with it. The rise of electric motorcycles (e-bikes) is ushering in a new era for the sector. Local assembly plants are emerging, creating jobs in manufacturing, repair, and logistics. E-bikes offer a more environmentally friendly option, reducing fuel consumption and lowering emissions, which aligns with Kenya's green transition goals.

Government incentives such as reducing excise duty on electric vehicles from 20% to 10% and exempting fully electric motorcycles from VAT are further encouraging this shift. These policies, combined with innovative financing models, are helping operators transition to greener alternatives. Riders who switch to electric motorcycles see a significant reduction in operational costs.

As Graph 1 shows, the number of registered electric motorcycles in Kenya is projected to grow significantly by 2025, driven by government incentives and increased demand for sustainable transport solutions.

Graph 1: Number of Registered Electric Vehicles²



² Source: EPRA Bi-annual Energy and Petroleum Statistics Report



10%

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Major platforms such as Jumia and Glovo rely heavily on boda-boda riders to ensure quick and reliable deliveries, allowing e-commerce businesses to grow rapidly. The Competition Authority of Kenya (CAK) forecasts a 19.15% growth in the platform delivery market by 2027, further boosting demand for boda-boda services.

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The adoption of e-bikes will reduce emissions and operational costs, further enhancing the sector's role in Kenya's green transition while providing operators with opportunities to increase their disposable income.

Roam Electric's Take on Cost Savings with eBikes

A rider in Nairobi typically spends around KES 1,000 per day on fuel for an internal combustion engine (ICE) motorcycle. With daily earnings ranging from KES 1,500 to KES 2,250, this means that 40% to 60% of their income is consumed by fuel costs. In contrast, riders who have switched to electric bikes report an impressive 75% reduction in expenses, bringing their daily costs down to approximately KES 250. This reduction is primarily due to the convenience of swapping spent batteries for fully charged ones, which is preferred over parking at charging stations. On average, a rider needs to swap batteries twice daily to meet their energy requirements. A fully charged battery enables a rider to travel about 80 km, sufficient for nearly an entire day's work.



75% reduction

With daily earnings ranging from KES 1,500 to KES 2,250, this means that 40% to 60% of their income is consumed by fuel costs. In contrast, riders who have switched to electric bikes report an impressive 75% reduction in expenses, bringing their daily costs down to approximately KES 250.

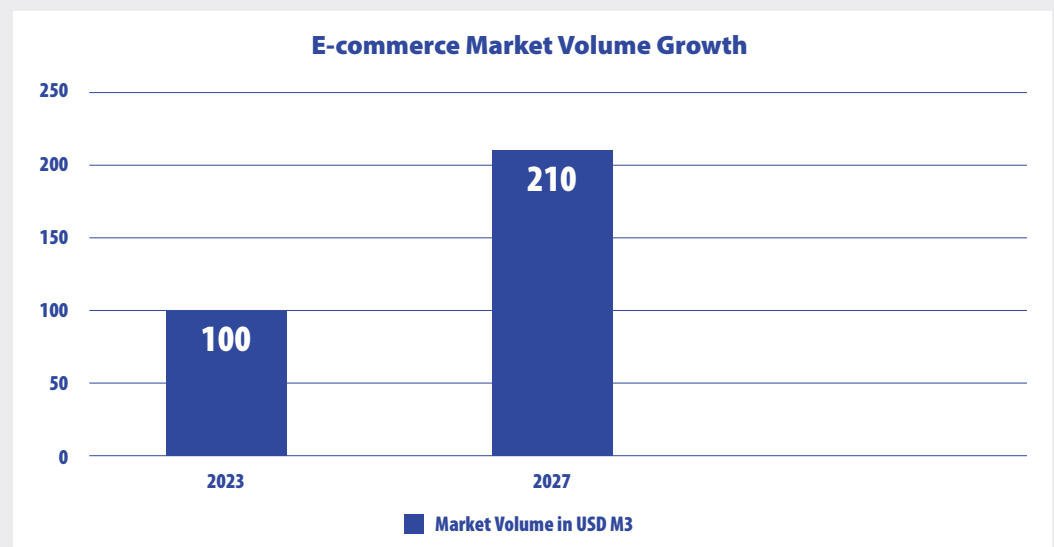
Source: [Roam](https://www.roam-electric.com/post/roam-partners-with-bolt) (See <https://www.roam-electric.com/post/roam-partners-with-bolt>)

Powering the Growth of E-Commerce

The boda-boda sector's impact extends beyond transportation—it is a key driver of Kenya's burgeoning e-commerce market. These motorcycles are essential for last-mile deliveries, connecting urban and rural customers to goods and services. Whether it's delivering groceries, medicine, or electronics, boda-bodas enable businesses, both large and small, to expand their reach.

Major platforms such as Jumia and Glovo rely heavily on boda-boda riders to ensure quick and reliable deliveries, allowing e-commerce businesses to grow rapidly. The Competition Authority of Kenya (CAK) forecasts a 19.15% growth in the platform delivery market by 2027, further boosting demand for boda-boda services. Local vendors, too, are benefiting as boda-bodas allow them to tap into new markets and reach customers beyond their immediate neighborhoods.

Graph 2: Kenya eCommerce Market Volume (USD, M)³



³ Competitions Authority of Kenya



The boda-boda sector stands as a cornerstone of Kenya's economy, powering employment, government revenue, and sustainable growth. As the industry transitions toward electric motorcycles and continues to support Kenya's expanding e-commerce sector, its role in the country's economic development will only grow. However, the sector faces challenges related to regulation, safety, and financial barriers. Addressing these issues through targeted policy interventions and increased support for operators will be critical in ensuring that the boda-boda industry remains a dynamic driver of progress. The future of this sector holds tremendous potential for both operators and the Kenyan economy at large.



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Non-bank lenders have stepped in to bridge the gap, offering flexible asset financing options that empower riders to transition from renters to owners. These lenders have designed loan products that align with the cash flow of boda-boda operators, allowing them to repay their loans through manageable daily or weekly payments.

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Role of Financiers in the Boda-boda Ecosystem

For years, boda-boda operators across Kenya found themselves trapped in a cycle of rental dependency, where motorcycles, though vital to their livelihoods, were rarely owned by the riders themselves. The typical operator would pay around KES 300 per day to rent a motorcycle, leaving them with minimal savings and long-term financial security. This dynamic, however, is rapidly changing due to innovative financial products tailored specifically to boda-boda operators.

Non-bank lenders have stepped in to bridge the gap, offering flexible asset financing options that empower riders to transition from renters to owners. These lenders have designed loan products that align with the cash flow of boda-boda operators, allowing them to repay their loans through manageable daily or weekly payments. As a result, operators are increasingly able to purchase motorcycles and secure long-term financial independence.

A Shift from Renting to Ownership

One of the most transformative changes in the boda-boda sector has been the shift from renting to ownership, made possible by non-bank financiers. Operators who once bore the heavy financial burden of daily rental fees now have the opportunity to make affordable loan repayments, ultimately leading to full ownership of their motorcycles.

Warren Granny, a boda-boda operator, shares his experience with a financier, which has dramatically improved his life. After finishing high school, Warren discovered boda-boda financing through Facebook and decided to take out a loan to purchase his first motorcycle.

"The down payment was low. I've taken three loans so far, and each time the lender has been flexible when I couldn't meet my weekly target," says Warren. The lender's flexibility in restructuring loan payments when necessary has allowed Warren to purchase land, build a house, and support his family. His advice to others entering the boda-boda business is simple: "Don't underestimate every little coin you earn."



Warren's story exemplifies the impact of flexible financing on operators' financial security, enabling them to transition from merely surviving to thriving. Motorcycle ownership has provided him with stability and a clear path toward long-term financial goals, a success story echoed by many operators in the sector.

This shift is not an isolated event. The rise in motorcycle ownership has far-reaching implications for both the boda-boda ecosystem and Kenya's broader economy. For some operators, motorcycle ownership has not only been a means of livelihood, where they ride to get paid, but a way to overcome personal challenges and improve their overall quality of life. Bernard, an urban commuter and graphic designer, shares his journey from a stressful daily commute to discovering newfound freedom and entrepreneurship through motorcycle ownership.



440,000

In the case of a Kenyan asset financier who provides boda boda financing, customers save more than 440,000 Kenyan shillings in the first five years when they shift from renting to ownership through asset financing

In the case of a Kenyan asset financier who provides boda boda financing, customers save more than 440,000 Kenyan shillings in the first five years when they shift from renting to ownership through asset financing as shown below:

YEAR	ITEMS	RENTING	ASSET FINANCING
1	Deposit	0	50000
	Weekly Payment	2999	2396
	Maintenance Cost	0	100
	Total Year 1 Costs	156000	179792
2	Deposit	0	0
	Weekly Payment	2,999	2,396
	Maintenance Cost	0	250
	Comprehensive Insurance	0	7,500
	Total Year 2 Costs	156,000	82,794
3-5 (annually)	Weekly Payment	2,999	2,396
	Maintenance Cost	0	350
	Comprehensive Insurance	0	7,500
	Total Cost Per year	156,000	25,700
	Total For Years 3-5	468,000	77,100
	Total Cost of Ownership over 5 Years	780,000	339,688
	Total Savings Compared to Renting	440,312	



The rise in motorcycle ownership has far-reaching implications for both the boda-boda ecosystem and Kenya's broader economy. For some operators, motorcycle ownership has not only been a means of livelihood, where they ride to get paid, but a way to overcome personal challenges and improve their overall quality of life.

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One day, Bernard came across a vehicle financing option and, though initially sceptical, was intrigued by the idea of considering an unconventional new means of transport for himself. After a particularly challenging day stuck in traffic, he decided to take the leap and purchase his own boda boda through the lender's program's flexible payment plan.

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Bernard, a graphic designer residing and working in different parts of Nairobi, was burning out — not from his job, but from his daily commute.

For nearly two years, Bernard faced the exhausting routine of navigating Nairobi's notorious traffic which were marked by frequent delays, crowded bus stops, and unprecedented fare hikes. His frustrations directly impacted his productivity and passion for work which soon begun dwindling.

One day, Bernard came across a vehicle financing option and, though initially sceptical, was intrigued by the idea of considering an unconventional new means of transport for himself. After a particularly challenging day stuck in traffic, he decided to take the leap and purchase his own boda boda through the lender's program's flexible payment plan. The change in his commute was immediate: Bernard reported back that in the first week, he observed that his commute time halved, he saved on fares, and for the first time, he felt in control of his mornings. Energized and more productive, Bernard even invested in a second bike as a side business.

"This financing didn't just give me a motorcycle; it transformed my life," he says. "I went from a fatigued and frustrated burnt-out commuter to an entrepreneur." Bernard's story is a testament to the power of bold decisions—he found a new path, where both his job satisfaction and finances could thrive.



As more operators achieve ownership, competition within the sector increases, but so too does the potential for improved regulation and safety compliance. Ownership incentivizes operators to maintain their motorcycles more diligently, enhancing road safety and reducing the environmental impact of poorly maintained vehicles.

The Role of Mobile Money in Expanding Access

One of the key innovations driving this transition is the use of mobile money platforms, such as M-PESA, to facilitate loan repayments and credit scoring. Non-bank lenders have leveraged this technology to provide boda-boda operators—many of whom operate in informal, cash-based economies—without easy access to credit. This system allows operators to repay their loans through mobile transactions, which are more aligned with their irregular income patterns.

Mobile money credit scoring has been transformative, especially for rural operators who may lack traditional banking histories. By analyzing operators' mobile money transaction records, lenders can assess their creditworthiness and extend loans even to those without formal credit scores. This has opened up financing options for thousands of riders who would otherwise be excluded from the formal financial sector.

While Bernard's experience, as shared above, highlights the benefits of motorcycle ownership for commuters in an urban setting, Japheth Kareng'eka's story illustrates how financing solutions continue to extend their reach to rural-urban migrator operators who may struggle to access credit or pay for it, enabling them to also enjoy equitable access and consequently empowering them to diversify their income sources and support their families." Financiers continue to open doors to help consumers access financing and build up credit thus providing opportunities for more consumers to access affordable credit in future through building up their credit like Japhet.



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Japheth Kareng'eka, a construction worker originally from western but is now living on the outskirts of Nairobi, relied on his boda boda not only for transportation but also as a vital tool for his construction job.

Before accessing financing, Japheth struggled to stay afloat and support his family with fluctuating income and the constant stress of rental payments, which limited his ability to expand his operations or invest in his children's education.

Through a flexible loan program tailored to his irregular cash flows and allowing him to make daily and weekly M-Pesa payments, Japheth was able to purchase his own motorcycle. This ownership provided him with the stability needed to manage his dual roles effectively. With reduced daily expenses, Japheth reports that he could reinvest in his business, purchase necessary equipment, and ensure timely payments for his children's school fees.

"Owning my boda boda has given me the freedom I longed for to grow my business and to provide for my family without the constant worry of daily boda – boda rental fees," Japheth shares. His story underscores the profound impact of asset financing in enhancing the livelihoods of operators, enabling them to achieve financial independence and long-term security.

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67%

Respondents to our survey were asked about their perception of financial security for a person who owns a motorcycle versus one who rents. The results were striking: 67% stated that ownership provides a much higher sense of financial security, while 33% reported that ownership offers a higher level of security.

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Challenges Faced by Non-Bank Lenders and Operators

Despite the success of these financing models, challenges remain. Interest rates for boda-boda loans can be high, particularly for operators with no formal credit history. Additionally, the potential for over-indebtedness is a growing concern as some operators take on multiple loans without fully understanding the repayment commitments. This issue is compounded in rural areas where financial literacy is low, and operators may struggle to budget for daily operating expenses alongside loan repayments.

Non-bank lenders are also navigating the risks associated with the informal nature of the sector. Loan defaults can occur when operators face unforeseen challenges such as mechanical breakdowns, accidents, or inconsistent earnings due to seasonal fluctuations in demand. Lenders have responded by offering flexible repayment structures, allowing operators to reschedule payments in cases of hardship. However, maintaining profitability while managing risk is a delicate balancing act for these financial institutions.

Wider Implications for the Boda-boda Ecosystem and the Economy

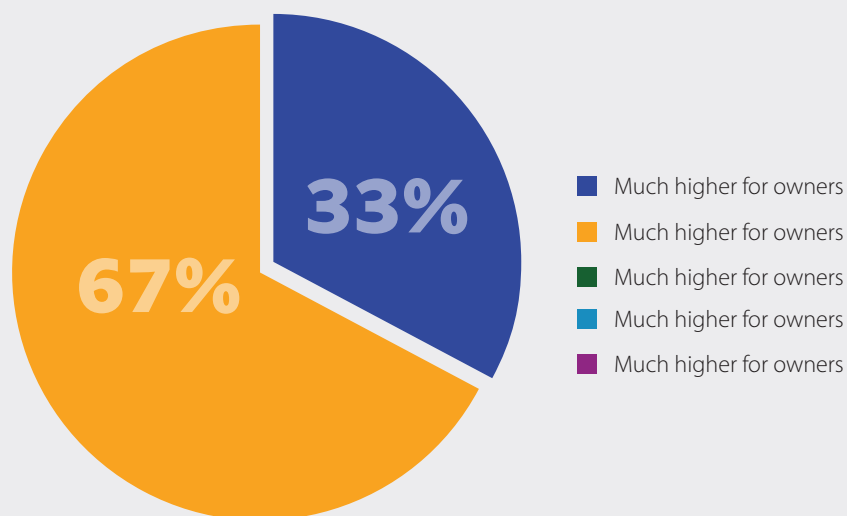
The rise of asset financing and the shift to motorcycle ownership have far-reaching implications for both the boda-boda sector and the broader economy. According to boda-boda association leaders, increased ownership contributes to the professionalization of the sector, as operators who own their motorcycles are more likely to adopt responsible driving practices and maintain their vehicles more diligently. This not only enhances road safety but also helps reduce the environmental footprint of the boda-boda industry.

Moreover, ownership provides operators with greater economic security, allowing them to diversify their income streams. Operators who own their motorcycles are more likely to invest in side businesses or hire additional riders, further stimulating local economies. This trend aligns with Kenya's broader economic goals of increasing financial inclusion and fostering entrepreneurial activity. As more operators become financially empowered, the boda-boda sector's potential to drive economic growth and reduce poverty becomes increasingly evident.

Graph 3 below illustrates how operators perceive their financial security based on whether they own or rent their motorcycles. Respondents to our survey were asked about their perception of financial security for a person who owns a motorcycle versus one who rents. The results were striking: 67% stated that ownership provides a much higher sense of financial security, while 33% reported that ownership offers a higher level of security. None of the respondents indicated that renting offers greater financial security or that the two are comparable.

The shift towards ownership has significantly improved operators' financial stability, with the majority reporting increased confidence in managing their income and planning for future expenses. This underscores the transformative power of asset financing in the boda-boda sector, enabling operators to secure their financial future while contributing to Kenya's broader economic development.

Graph 3: Perceptions of Financial Security Among Boda-boda Operators⁴



⁴Boda-boda operator survey

Challenges to Financial Sustainability

While the benefits of asset financing are clear, operators also face challenges, particularly in managing debt and balancing daily expenses.

- 1. High Interest Rates:** High interest rates and the risk of over-indebtedness remain significant concerns. Non-bank lenders, while offering more flexible repayment terms, typically charge higher interest rates due to the higher risks associated with lending to users in such an informal sector lending. Rates can range from **20% to 40% annually**. As one can imagine, these high interest rates often leave operators with tight margins. Consequently, operators in turn have limited room for saving much or even reinvesting in their investment. Sometimes, operators report that during low seasons such as when schools are closed for instance, they struggle to meet daily expenses, a situation that can easily lead to over-indebtedness, particularly during such periods of low income.



40% annually

High interest rates and the risk of over-indebtedness remain significant concerns. Non-bank lenders, while offering more flexible repayment terms, typically charge higher interest rates due to the higher risks associated with lending to users in such an informal sector lending. Rates can range from 20% to 40% annually.

- 2. Operational Risks:** Unsurprisingly, the boda-boda sector in Kenya is fraught with risks that impact operators' financial stability:

- o **Theft and Loss:** Motorcycles, given how great they have become a source of revenue for many Kenyans and their families, are now frequent targets for theft. When stolen, operators are left without their primary source of income which leaves them straining to support themselves and their families. The situation often worsens when the operators remain addled with outstanding loans whether around the boda purchase or other loans in general they might have secured to pay from their boda operations income. The cost of theft recovery or replacement of a boda can be devastating for the majority of operators, particularly for uninsured riders who also comprise the majority of riders, especially in rural areas.
- o **Accidents and Medical Costs:** In the last couple of years the rising number of boda boda accidents, especially those that left victims hospitalised or ended in fatalities, have become an issue of great concern for many Kenyans. The high rates of road accidents caused by or involving boda boda operators expose operators and often other civilians to high medical expenses, loss of income during hospitalization and recovery, and even times potential legal liabilities. If an operator loses their boda boda during an accident especially if it is written off, without adequate insurance coverage, these piling costs often force operators deeper into debt.
- o **Maintenance Expenses:** The frequent wear and tear associated with boda-boda operations—especially on poor-quality rural roads—means higher ongoing costs for repairs and spare parts.

- 3. Financial Literacy Gaps:** Many boda-boda operators, particularly those residing in or simply operating from rural areas, lack the financial skills to navigate loan repayment schedules. This literacy challenge means that such operators struggle a great deal to manage cash flows effectively. Poor financial literacy paired with poor financial planning often exacerbates the possibility of loan defaults, leading to asset repossession, and sinking operators further into debt and financial instability.

- 4. Mobility and Industry Challenges:** In the last four years, boda boda sales have plummeted significantly as operators continue to face unpredictable fuel costs. These high fuel costs force the operators to increase their prices which in turn leads to fluctuated demand for their services. These set of challenges paired with seasonal disruptions (e.g., heavy rains, strikes, demonstrations), significantly impact the earnings and financial stability of the operators. Such challenges make it difficult for operators to maintain consistent loan repayments while also fully covering operational costs and other life demands.



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The role of financiers in the boda-boda ecosystem cannot be overstated. Non-bank lenders are playing a crucial role in transitioning operators from renters to owners, offering them the opportunity to gain financial independence and improve their livelihoods.

Table 3: Bank vs Non-bank Loan Criteria – scrap off the banking data, 75-95% of loan amount

Criteria	Leading Non-bank Lender	Leading Commercial Bank
Loan amount	75-95% of asset value	70% of asset value
Financial history	M-PESA statement (at least 6 months)	<ul style="list-style-type: none"> Active business account (at least 3 months) Demonstrate ability to repay loan 6 months banking history with the bank itself
Loan processing	Apply via mobile handset Approval within 2 hours	1 week to up to 1 month wait at times, depending on one's previous relationship with the bank for validation of details
Repayment model	Daily, weekly or monthly	Monthly

Table 3 highlights the flexibility offered by non-bank lenders compared to traditional banks. Non-bank lenders have adapted their products to suit the irregular cash flows of boda-boda operators, making ownership more accessible. This adaptability has been key to the sector's transformation, enabling operators to repay their loans in a manner that aligns with their earnings. However, the higher interest rates charged by non-bank lenders reflect the increased risk they assume by lending to informal sector operators.

The Transformative Power of Ownership

The role of financiers in the boda-boda ecosystem cannot be overstated. Non-bank lenders are playing a crucial role in transitioning operators from renters to owners, offering them the opportunity to gain financial independence and improve their livelihoods. While challenges such as high interest rates and financial literacy persist, the benefits of asset financing are undeniable. Increased ownership has far-reaching effects on the sector, from enhancing road safety to fostering entrepreneurship and financial inclusion.

In summary, the shift from renting to ownership is reshaping the boda-boda sector, providing operators with greater financial security and contributing to Kenya's broader economic goals. As the sector continues to evolve, the role of financiers will remain critical in ensuring that boda-boda operators can thrive in a competitive, rapidly changing landscape.

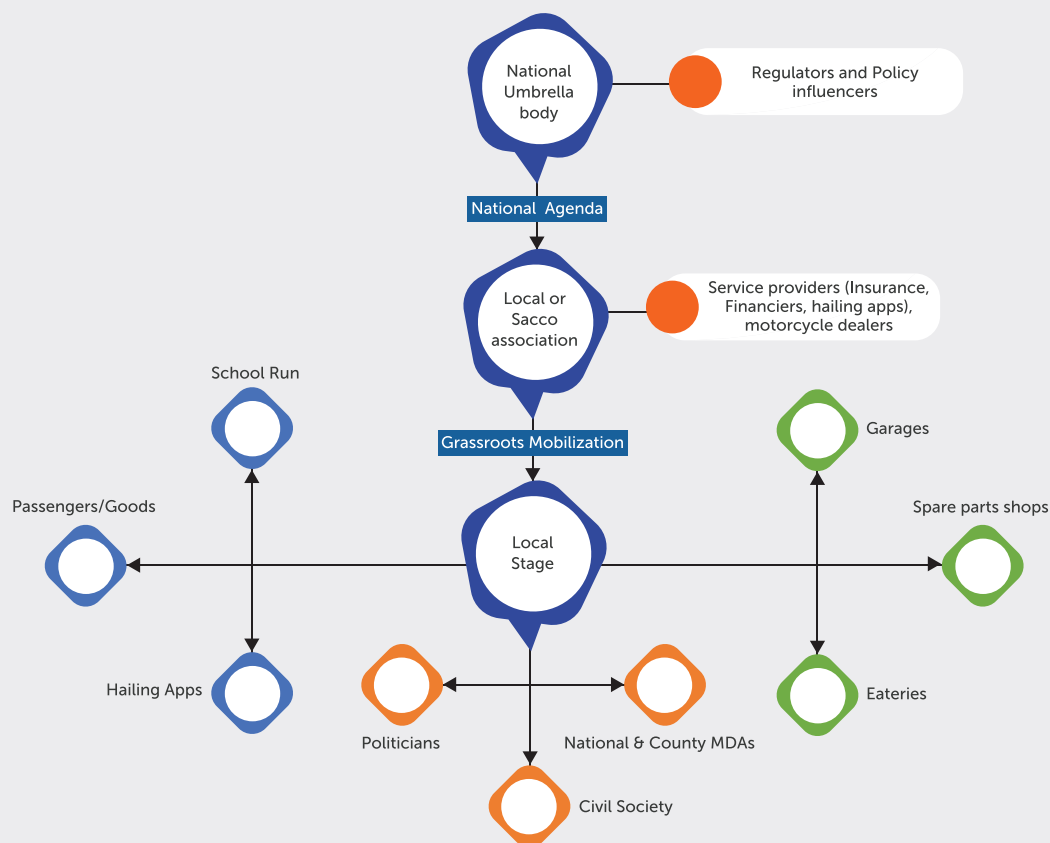


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Social Economic Impact of the Boda-boda Sector

The boda-boda sector in Kenya plays a crucial role in providing economic opportunities, facilitating transportation, and fostering social transformation across communities. Its impact extends far beyond transportation, as it significantly contributes to economic empowerment, employment creation, and improved access to goods and services, especially in underserved areas.

Image 2: Boda-boda Ecosystem⁵



Economic Empowerment and Gender Inclusivity

The economic empowerment enabled by the boda-boda sector is evident in its broad reach, providing livelihoods for millions of Kenyans. Traditionally, the industry has been male-dominated, but a growing number of women are breaking into the sector, carving out paths of financial independence and challenging societal norms. One such woman is Emily Ndunge, whose remarkable story has inspired many across Kenya.



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⁵Source: UNDP Policy Brief: The Eyes Have It: Visualizing the Boda-Boda (Two-Wheeler) Network, (It's Relationships and Interdependencies)



Emily's journey began in 2013 when she moved to Garissa from her hometown of Kyuso in Kitui County. Recognizing a gap in the transport sector, she initially invested in motorcycles with the intent of hiring local youths to run her business. However, faced with dishonesty and setbacks, Emily made a bold decision: she would ride herself.

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Breaking Barriers: Emily Ndunge's Story⁶

In the heart of Garissa, Kenya, a remarkable story unfolds around Emily Ndunge, celebrated as the bravest boda-boda rider in a region where cultural norms traditionally confine women to domestic roles. At 41, she stands out as the only female operator among thousands of male riders in this conservative Somali-dominated area.

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"When I revved the engine for the first time, I knew it wouldn't be easy," she recalls. Despite societal expectations and fears for her safety, Emily persevered, determined to carve out her own path.

Her persistence gradually earned her respect within the community. Initially met with skepticism, Emily has since proven her professionalism and skill. Maxwell Onyango, Chairman of the Garissa Boda Boda Association, praises her character and commitment, saying she is a model rider for the association.

On good days, Emily can earn up to KES 1,500, competing alongside numerous male riders at her stage. Her success serves as an inspiration for other women in Garissa, encouraging them to challenge traditional norms.

"Stay focused on whatever pays your bills and provides food for your children. Identify the challenges you are faced with and find a way out," says Emily, offering advice to women facing similar challenges.



⁶ Source: <https://nation.africa/kenya/news/gender/two-wheels-and-a-dream-the-extraordinary-tale-of-kenya-s-bravest-boda-boda-rider-4785014>



Emily's story is an important example of how gender inclusivity is gradually taking root in the boda-boda sector, even in regions where traditional norms are deeply ingrained. As women like Emily enter the industry, they challenge societal expectations and open doors for others to follow. Her success in Garissa serves as a powerful testament to the resilience of women who defy social barriers to achieve financial independence.

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Moreover, boda-boda operations have become a stepping stone to greater economic mobility. As riders like Emily accumulate income, many transition from informal work to more structured businesses. Operators frequently use their earnings to invest in side-businesses or purchase additional motorcycles, creating opportunities for employment and expanding their influence within local economies. This growth fosters a cycle of empowerment, where boda-boda riders not only lift themselves out of poverty but also contribute to the financial well-being of their communities by creating jobs and stimulating local commerce.

Employment opportunities⁷

For those with limited skills:

None of our survey respondents had attained post-secondary education.

Government reports state that most riders have attained below secondary education 86.2% with Primary education accounting for 43.7% and secondary 42.5%.

Youth Employment:

The boda-boda sector serves as a vital entry point into the workforce for Kenya's youth, particularly in regions with limited formal employment opportunities.

The government estimates an annual inflow of youth to the labour market of 1 million⁸

Impact on Women:

Only 1 out of 6 sampled boda-boda rider associations declared women membership.

Although fewer in number, female operators in the sector have benefited from increased economic independence and empowerment. With targeted support, more women could participate, further diversifying the sector and spreading its benefits more equitably.

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⁷ Key informant interviews and industry survey

⁸ Key informant interviews



In the agricultural produce sector alone, boda-bodas transport is estimated to cover over 30% of produce transportation from distant, often inaccessible farms to urban markets. By so doing, the boda boda sector ensures that farmers can provide their clients with timely delivery and thus also ensure farmers can also protect themselves from high post-harvest losses that would otherwise result from a quick and easy way to take their harvest from their farms to their markets.

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Economic Contributions to the Kenyan Economy

Undeniably the boda-boda sector is a significant pillar of Kenya's economy contributing to close to **5% of Kenya's GDP**, as per both the Kenya National Bureau of Statistics (KNBS, 2023) and a 2023 study by the Kenya Institute for Public Policy Research and Analysis (KIPPRA). This contribution is directly linked to the sector's direct role in providing crucial transportation services through its intricate integration into various commercial ecosystems and supply chains in the country.

From agricultural produce to small business deliveries, boda-bodas transport an estimated 40% of all goods within urban areas, according to a 2023 study by the Kenya Institute for Public Policy Research and Analysis (KIPPRA). The ability of boda bodas to reach areas and territories that may otherwise not be reached by other forms of vehicles. For instance, in the agricultural produce sector alone, boda-bodas transport is estimated to cover over **30% of produce transportation from distant, often inaccessible farms to urban markets**. By so doing, the boda boda sector ensures that farmers can provide their clients with timely delivery and thus also ensure farmers can also protect themselves from high post-harvest losses that would otherwise result from a quick and easy way to take their harvest from their farms to their markets. This optimised accessibility thus makes boda bodas indispensable for small-scale farmers and urban traders.



40%

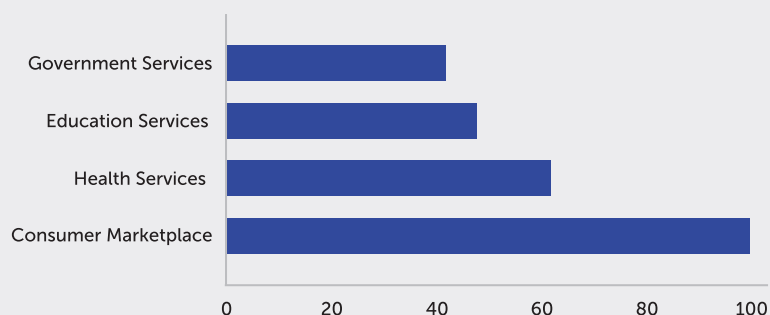
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But, beyond the over 1.5 million operators employed in the sector and the millions of farmers that use the boda bodas daily to optimise their livelihood, the sector boasts of creating value for many other stakeholders:

- 1. Fuel/Charging Stations:** Each boda boda operator consumes an average of more than **20 liters of fuel each week**. For ICE boda boda operators, who at the moment make most operators, this ecosystem and demand creates a great and easily sustained demand for local fuel stations.
- 2. Repair, Spare Parts and Maintenance Services:** The boda boda sector also has created employment and continues to support over **100,000 mechanics and spare parts dealers**, with boda boda operators being reported to spend an average of **KSh 4,000 monthly** on boda boda spare parts, maintenance and repair services.
- 3. Insurance Companies:** Irrefutably, insurance was in the last few years not quite popular among local boda boda riders. Even today, only about **50% of operators acquire and maintain insurance policies**. Still, this small percentage of operators are estimated to inject an estimated **KSh. 7 billion annually** into the insurance industry in Kenya.
- 4. Microfinance Institutions:** Fortunately, even though many operators are still reluctant to take on insurance policies, more have embraced debt financing for their boda bodas with a majority of operators relying on loans from MFIs to purchase their boda bodas. This shift from traditional lenders to non-banking financial institutions (NBFIs) has created a steady clientele for microfinance providers, who are estimated to issue approximately **KSh. 15 billion in boda-boda-related loans annually**.
- 5. Retailers:** Operators often spend a significant amount of their earnings on accessories such as helmets and reflective or windproof jackets, further supporting local retail businesses.
- 6. The General Public:** Beyond working with local businesses, Boda-bodas provide accessible, affordable and often flexible transport for individuals. KNBS reported that in 2023, over **80% of urban commuters** relied on boda-bodas for their daily transport needs due to their accessibility and affordability, particularly in far-to-reach and underserved areas where public transport options are limited, and alternatives are expensive.

Affordable Transport for All

Graph 4: Top Use Cases for Boda-boda Services⁹



Multiplier effect¹⁰

The boda-boda sector has a substantial multiplier effect on local businesses. For every boda-boda on the road, there is a chain of businesses benefiting from its operations—fuel stations, repair shops, spare parts dealers, and more. Boda-boda operators often source their **spare parts, fuel, and other supplies** locally, supporting small businesses and creating a circular flow of income within communities.

Again, the economic impact of the boda-boda sector extends beyond the direct revenues of all above stakeholders, creating a substantial multiplier effect. Each of those stakeholders also interacts with other stakeholders of their own, within their economic ecosystems (other people in their unique supply chains) amplifying the impact driven by the boda boda sector.

Social Impact and Community Safety

The sector's impact on social well-being is profound, particularly in rural and underserved communities. Boda-boda riders are often the primary means of transport for accessing healthcare, education, and other essential services. In rural areas, where infrastructure is limited, boda-bodas offer an affordable and reliable mode of transportation for getting to hospitals, delivering food supplies, and connecting farmers with markets.



⁹ Source: ESOs, Civil Society Survey

¹⁰ Key informant interviews and industry survey



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In places like West Pokot, boda-boda riders are often the first and only choice for those needing to travel quickly and safely. The local boda-boda association chairman shared stories of how, in emergencies, they become more than just transport providers — they are first responders, racing against time to get patients to the nearest health facilities.

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While the sector has empowered many economically, we find that there is also a direct connection between economic empowerment and community safety. Operators who achieve financial independence tend to invest more in maintaining their motorcycles and adhering to safety standards, reducing the risk of accidents and improving overall road safety.

The social impact of the boda-boda sector is intricately linked to its economic influence. Operators who experience financial growth are better equipped to support their families and communities. This economic empowerment often leads to greater social stability, as individuals who achieve financial security can invest in education, healthcare, and community development. Moreover, the disposable income earned from the sector is often reinvested into the local economy, spurring further growth and contributing to Kenya's national development goals.



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A Call to Action for a Sustainable Future

The boda-boda sector's social and economic impacts are vast, from gender empowerment to enhancing economic productivity and supporting community well-being. However, to maximize its potential, the industry requires continued investment in training, infrastructure, and gender inclusivity. Policymakers, financial institutions, and stakeholders must work together to ensure that boda-boda operators, including women, have access to the necessary resources to thrive in a safe and regulated environment.

Looking forward, the boda-boda sector has the potential to further its contributions to Kenya's economic growth by embracing sustainability, increasing women's participation, and ensuring that operators continue to play a key role in the country's development. With the right support, the sector can continue driving economic progress while fostering social inclusion and community safety.

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The Boda-boda Sector Positive ESG Alignment

As urban centres across Kenya continue to grow, so do the challenges related to air pollution and public health. According to the United Nations Environment Programme (UNEP), transport emissions are a major contributor to poor air quality, particularly in urban areas. These emissions are linked to respiratory diseases, which account for a significant proportion of urban health challenges. This context underscores the critical need for sustainable transport solutions, and the boda-boda sector has begun playing an increasingly important role in reducing greenhouse gas (GHG) emissions through the adoption of electric motorcycles (e-bikes).

Advancements in Product Safety and Environmental Impact

The introduction of electric motorcycles (e-bikes) is proving to be a game-changer in reducing the environmental footprint of the boda-boda industry. Traditional petrol-powered motorcycles are known to emit significant amounts of carbon dioxide and other harmful gases, contributing to air pollution in urban and rural areas. However, manufacturers are now working toward reducing emissions by developing energy-efficient Internal Combustion Engine (ICE) bikes and e-bikes, which emit fewer or no pollutants.



E-bikes have quickly become a critical part of the green transition. These motorcycles, powered by clean energy, eliminate exhaust emissions, making them ideal for reducing the sector's contribution to air pollution. In addition, their low maintenance requirements and long-term cost efficiency make them attractive alternatives for riders. Manufacturers such as Roam, a leading e-bike producer in Kenya (among a few others of its kind), are spearheading efforts to produce affordable and reliable electric motorcycles, designed to meet the needs of boda-boda operators while minimizing environmental harm.

The Role of Financiers in Green Transition

The shift toward green mobility in Kenya is not only being driven by manufacturers but also by financiers, who are empowering boda-boda operators to adopt energy-efficient electric motorcycles. These financial institutions have developed tailored loan products that help riders transition from petrol-powered motorcycles to electric bikes, playing a key role in reducing carbon emissions in the transport sector.



Ksh 1.3 billion

One financier, for instance, has invested Ksh 1.3 billion to expand its EV financing portfolio, concentrating on e-bikes. This initiative is aligned with Kenya's broader strategy to decrease reliance on fossil fuels, modernize the country's transport system, and address the climate crisis.

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	EV Costs (Spiro Ekon Example)	ICE Boda Costs
Distance Covered	100	100
Battery swap/ 1L Fuel Cost	290	180
Cost for the distance	363	400
Maintenance costs	42	83
Daily Loan Payments	410	630
Total Daily Costs	814	1113
Operator's Savings	299	0

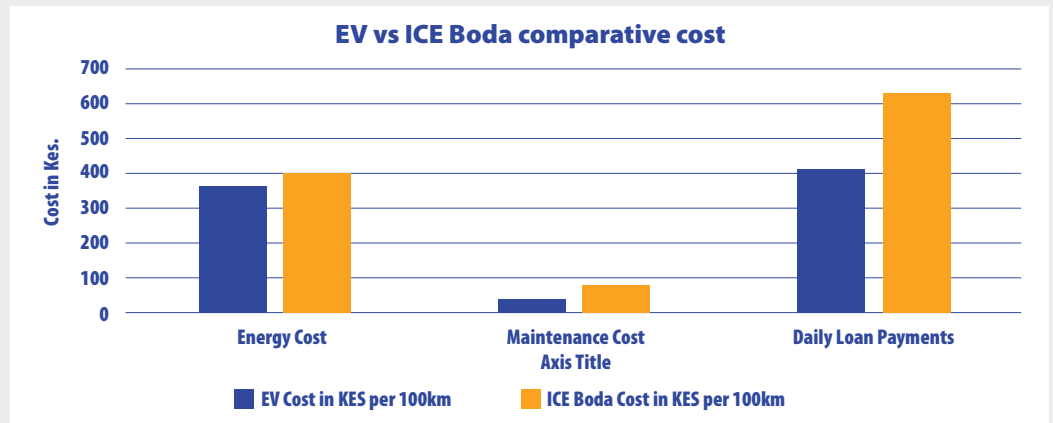


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Despite the clear benefits of e-bikes, the transition presents significant challenges. The initial cost of purchasing an electric motorcycle is often higher than that of purchasing a conventional petrol bike, which can be a barrier for many operators. Slowly the industry is beginning to see some manufacturers finding ways to price e-bikes at the same price as the comparable ICE bikes which is an undeniable step in the right direction.



The increase in earnings stems from cost savings on fuel and maintenance, combined with favourable loan terms for electric motorcycles. However, the benefits of this green transition far outweigh the environmental and individual gains highlighted above. For instance, the E-Mobility Association of Kenya (EMAK) in a recent report disclosed that in addition to the jobs that the sector has already made, the green transition is expected to contribute to the creation of over 300,000 more jobs for Kenyans in the next five years alone.

Through collaboration with e-mobility manufacturers, another financier has supported the delivery of over 1000 electric vehicles in Kenya; and this is only one of several up-and-coming players in the market. Offering financing options as low as KES 450 daily, these initiatives are complemented by partnerships that expand charging station infrastructure, a crucial element for the widespread adoption of electric vehicles. With over one million motorcycles already registered in Kenya, the transition to e-mobility is vital in reducing carbon emissions and fostering sustainable economic growth. By embracing electric motorcycles, the boda-boda sector is set to lead Kenya toward a greener future, benefiting both the economy and the environment.



300,000

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Challenges and Stakeholder Involvement

Despite the clear benefits of e-bikes, the transition presents significant challenges. The initial cost of purchasing an electric motorcycle is often higher than that of purchasing a conventional petrol bike, which can be a barrier for many operators. Slowly the industry is beginning to see some manufacturers finding ways to price e-bikes at the same price as the comparable ICE bikes which is an undeniable step in the right direction. Still, there is a long way to go, and operators continue to struggle to access e-bikes that they would consider budget friendly for them. Additionally, Kenya's infrastructure for e-bikes, including charging stations and battery-swapping facilities, is still underdeveloped, particularly in rural areas. These factors hinder widespread adoption.

However, stakeholders across the ecosystem are working to address these challenges. Financial institutions and non-bank lenders are offering tailored loans with favorable terms such as: Lower downpayment, interest rates, daily repayments and special offers to help operators finance the upfront cost of e-bikes. In Nairobi and other major cities, projects are underway to establish charging stations, while government incentives—such as reduced taxes on electric vehicles and exemptions from VAT—are making e-bikes more affordable.

Government Initiatives Supporting the Green Transition

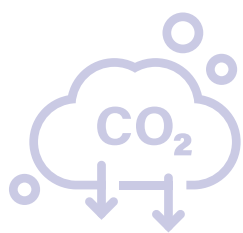
The Kenyan government has recognized the potential of e-bikes in supporting the country's green transition. In recent years, several initiatives have been introduced to promote the adoption of electric vehicles in the boda-boda sector. The government's *Kenya Electric Mobility Programme* aims to support infrastructure development and incentivize the use of e-bikes. By reducing excise duty on electric motorcycles from 20% to 10% and exempting them from VAT, the government has taken crucial steps to encourage operators to transition to greener alternatives.

Moreover, collaborations between the government, private sector, and international organizations are further driving this green agenda. Partnerships with organizations like UNEP and the African Development Bank are fostering the development of sustainable transport policies, while local manufacturers are ramping up production of affordable e-bikes to meet growing demand.

Data on Emissions Reduction and Health Improvements

Recent data from UNEP shows that widespread adoption of e-bikes in urban areas has led to a measurable decrease in harmful emissions. In Nairobi, emissions from the transport sector have reduced by 15% since the launch of e-bike initiatives in 2021, according to the National Environment Management Authority (NEMA). Additionally, air quality improvements in high-traffic zones have been linked to a 10% reduction in respiratory illnesses, as reported by the Ministry of Health.

These statistics demonstrate the environmental and health benefits of transitioning to e-bikes, providing a compelling case for continued investment in electric mobility solutions for the boda-boda sector.



15%

In Nairobi, emissions from the transport sector have reduced by 15% since the launch of e-bike initiatives in 2021, according to the National Environment Management Authority (NEMA). Additionally, air quality improvements in high-traffic zones have been linked to a 10% reduction in respiratory illnesses, as reported by the Ministry of Health.

Call to Action for Stakeholders

To fully realize the environmental, social, and economic benefits of electric motorcycles, further collective efforts are needed. The government, financial institutions, NGOs, and e-bike manufacturers must continue to collaborate to remove barriers to adoption. Expanding charging infrastructure, providing more affordable financing options, and increasing public awareness are critical to scaling the use of e-bikes across the country.

Financial institutions can play a pivotal role by offering affordable loans for e-bike purchases, while NGOs and international organizations can assist by investing in infrastructure development. Manufacturers, in turn, should prioritize the production of affordable, durable e-bikes suited to Kenya's unique terrain and market conditions.

By working together, stakeholders can help the boda-boda sector achieve its full potential as a driver of sustainability, economic growth, and improved public health in Kenya.



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Boda-boda operators across Kenya are vocal about the policy changes they believe will create a better business environment. At the moment, the boda-boda sector continues to face a myriad of safety and security challenges, including road accidents and theft, which significantly undermine its efficiency and public trust.

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Policy and Future Developments of Boda-boda

As the boda-boda sector continues to expand, operators, financiers, and industry stakeholders are united in their call for policy reforms that will enable the sector to thrive sustainably. While boda-boda operators are grateful for the financial support and growth opportunities brought by financial institutions, they also recognize gaps that need to be addressed to improve safety, access to credit, and financial literacy.

Operators' Perspectives: What Needs to Change

Boda-boda operators across Kenya are vocal about the policy changes they believe will create a better business environment. At the moment, the boda-boda sector continues to face a myriad of safety and security challenges, including road accidents and theft, which significantly undermine its efficiency and public trust. The concerns of many operators as such revolve around safety issues, the subject of access to affordable credit, and the need for financial literacy training to help them manage their earnings more effectively.

- **Road Safety Regulations:** For most operators, road safety remains a top concern. While current regulations mandate the use of helmets and reflective jackets, enforcement remains inconsistent leaving many operators and their customers (mostly passengers) vulnerable. Accidents not only often cost these operators and other victims money for healthcare but also mean that operators must spend more to repair their bodas before getting back to work.
- Riders believe that standardized enforcement of safety rules, coupled with regular safety training, is essential for reducing accidents on the roads and consequently optimising passenger and consumer confidence in operators. Economically, this could mean optimised adoption even from late adopters and optimise the earnings of operators and all the stakeholders in their ecosystems mentioned before.
- **Theft and Security:** Theft, unfortunately, remains a major issue for many operators throughout the country. Operators report that they are often the targets of criminal activity such as robbery due to cash-based transaction nature of their day-to-day work and due to the ease of portability of their boda bodas. Theft either of one's daily wages or worse their boda boda can be economically disrupting and even crippling especially if one has to replace a boda boda that was still not fully theirs. For some operators who have been robbed on the way to a delivery, this kind of them not only affects their present financial flow but could erode the trust of their customers further impacting their economic opportunity.
- To address this challenge, a significant share of operators supposes that adopting measures such as installing **GPS tracking devices on their boda bodas**, promoting the switch to **digital payment systems**, and the adoption of **community-based security networks could prove crucial to managing this theft and security crisis they face**. However, broader government support is necessary to make these solutions more accessible, lasting and thus effective.

Image 4: The Greatest Limiting Factors to Boda-bodas¹¹



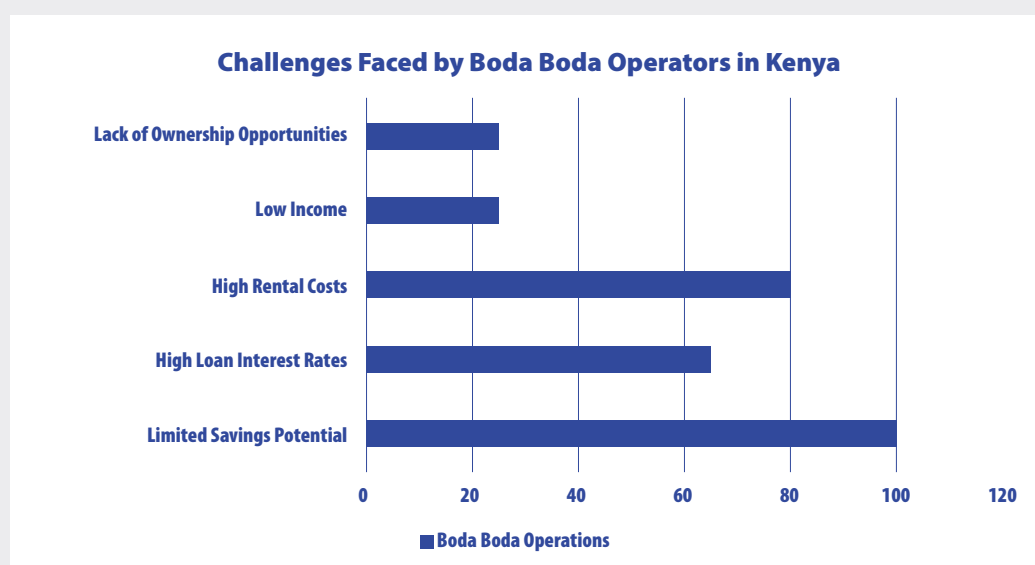
¹¹ Source: ESOs, Civil Society and Public survey



Financial Literacy: Many riders, especially those in rural areas, struggle to manage their finances effectively. Without proper budgeting and saving practices, even those who own their motorcycles find it difficult to accumulate savings or plan for emergencies.

- **Capacity building:** Operators are calling for more frequent inspections and training programmes that help them understand how to keep their bikes in top condition. Additionally, they suggest that incentives for safe driving, such as reduced insurance premiums or tax breaks for riders with clean safety records, could encourage more responsible driving habits.
- **Financial Literacy:** Many riders, especially those in rural areas, struggle to manage their finances effectively. Without proper budgeting and saving practices, even those who own their motorcycles find it difficult to accumulate savings or plan for emergencies. Operators are calling for ****financial literacy programs**** to be integrated into the requirements for accessing credit. By educating riders on how to manage their earnings, operators believe they can achieve greater financial stability and even expand into other business ventures.
- **Access to Credit:** While non-bank financial institutions have opened access to financing for thousands of boda-boda operators, many riders believe that more needs to be done to make credit more affordable. The interest rates on loans, while manageable for some, remain a significant burden for others. Operators are advocating for lower interest rates and longer repayment periods to ease their financial stress.

Graph 5: The Main Financial Challenges Faced by Boda-boda Operators¹²



¹² Boda-boda operator survey, with respondents selecting multiple choices



One of the key successes has been the introduction of flexible, daily repayment options. By aligning loan repayments with operators' daily earnings, lenders have made it easier for riders to manage their finances without the burden of large, fixed monthly payments.

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Insights from Financiers

Non-bank lenders have been pivotal in transforming the boda-boda industry, enabling thousands of operators to shift from renting to owning motorcycles. This transition has provided riders with a pathway to **financial independence** and greater control over their livelihoods. However, while these financing models have seen widespread success, there are still **challenges** that need to be addressed for the sector to achieve its full potential.

A. What Has Worked:

One of the key successes has been the introduction of **flexible, daily repayment options**. By aligning loan repayments with operators' **daily earnings**, lenders have made it easier for riders to manage their finances without the burden of large, fixed monthly payments. This model has been a **game-changer**, allowing boda-boda operators to budget more effectively and maintain a consistent cash flow.

Additionally, a focus on **low down payments** and **short-term loan cycles** has enabled even operators with minimal savings to access financing. This approach has been instrumental in expanding access to motorcycle ownership for thousands of riders across Kenya, particularly in rural areas where access to traditional banking services is limited.

B. What Has not Worked:

Despite these advancements, challenges remain. The **cost of financing**, especially **interest rates**, continues to be a barrier for many riders. High borrowing costs, often due to local funding constraints, are passed on to operators, making loan repayments challenging for some. As a result, the interest rates can still be high, placing strain on operators who already face tight margins.

Another significant issue is **loan defaults**, which are often attributed to a lack of **financial literacy** among operators. Many riders struggle to budget for daily operating costs, such as repairs, and may miss payments due to unforeseen expenses. This highlights a gap in financial education that, if addressed, could significantly reduce default rates and improve long-term financial stability for operators.

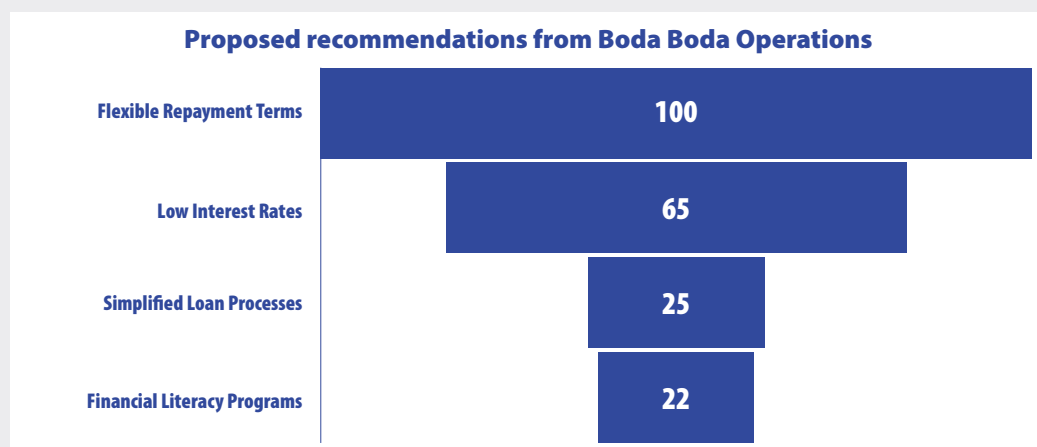
C. What Could Work in the Future:

Looking ahead, financiers believe that **policy reforms** and **industry partnerships** could play a critical role in bridging these gaps. Collaborating with government agencies such as the Micro and Small Enterprises Authority (MSEA) and the Youth Fund to create subsidized loan programs for boda-boda operators, especially those transitioning to electric motorcycles, could make financing more affordable. Such programs would not only support operators financially but also promote the adoption of greener, more energy-efficient vehicles, contributing to Kenya's sustainability goals.

There is also a growing recognition of the need for financial literacy programs. By integrating financial education into the loan application process, lenders believe they can equip operators with the tools to better manage their finances, plan for expenses, and reduce defaults. Partnerships with industry associations and boda-boda Saccos could facilitate the delivery of these programs, empowering operators to take full advantage of the opportunities that financing offers while promoting long-term financial resilience.



Graph 6: Top Support Required by Boda-boda Operators from Financial Institutions¹³

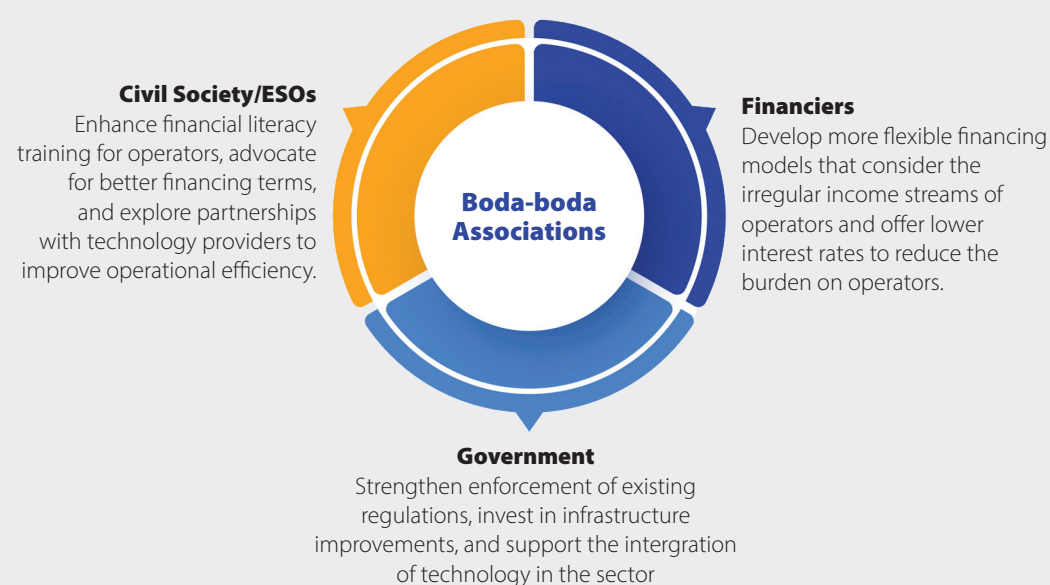


The Way Forward: Policy Recommendations for the Future

As the boda-boda sector looks to the future, several common policy recommendations have emerged from stakeholders:

- **Safety Regulations:** The government should consider **incentivizing safety compliance** through programs that reward safe drivers with reduced insurance premiums or tax benefits. Additionally, **regular inspections** and **training programmes** should be implemented to ensure that all operators are following safety protocols.
- **Access to Affordable Credit:** Policymakers need to explore ways to **lower interest rates** on boda-boda loans, either through **government-backed loan guarantees** or **subsidies** that reduce the cost of borrowing. This would make it easier for operators to finance their motorcycles without being overburdened by debt.
- **Capacity Building:** There is a growing demand for **financial literacy programmes** that teach boda-boda operators how to budget, save, and invest in their futures. Operators also need training programmes that help them understand how to keep their bikes in top condition. These programmes should be offered in partnership with boda-boda associations and Saccos to reach as many operators as possible.

Diagram 2: Boda-boda Sector Stakeholder Matrix



¹³Boda-boda operator survey



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In the face of growing concerns about crime and road accidents, many boda-boda operators are forming Saccos. These Saccos are not just financial hubs but also powerful self-regulating bodies, helping to bring sanity to the sector by enforcing rules, maintaining discipline, and ensuring that members adhere to safety regulations.

Boda-boda Regulatory Environment

The boda-boda sector, once known for its largely informal structure and chaotic reputation, is undergoing a transformation driven by its own members. Across Kenya, smaller groups of boda-boda operators are organizing into cooperatives and Saccos to foster better coordination, discourage crime, and improve road safety. These grassroots initiatives, while they are not substitutes for law enforcement, are emerging as a model of community-driven self-regulation and could inform broader nationwide reforms that the boda boda operators wish to see incorporated into the law.

Self-Regulation: The Rise of Boda-Boda Saccos

In the face of growing concerns about crime and road accidents, many boda-boda operators are forming Saccos. These Saccos are not just financial hubs but also powerful self-regulating bodies, helping to bring sanity to the sector by enforcing rules, maintaining discipline, and ensuring that members adhere to safety regulations. As afore established, Kenya's boda boda) industry contributes significantly to the country's economy but has also been proven to impose significantly high social and economic costs on Kenyans, primarily due to thefts and road accidents. Therefore, while the industry is valued at about KSh. 1 billion produced daily, the same industry is the leading cause of injuries and fatalities on Kenyan roads, straining the healthcare system and affecting productivity of many young men and youths as per local media house reports over the years.

For example, boda boda accidents are reported to account for a significant portion of emergency cases in hospitals. Injuries from boda boda accidents often require surgery and prolonged hospital stays for its victims, costing victims and their families thousands of shillings. A survey conducted showed that treating injuries such as thighbone fractures can cost kenyan sometimes between \$1,500 and \$2,000, an amount of money that is significantly high for many of the victims using the boda bodas. Because many victims are unable to cover these expenses despite receiving healthcare intervention, this reality often leads to financial burdens on hospitals and families, a multiplier effect that is uglier than the one we covered before.



\$2,000

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Efforts are being made to mitigate these issues, such as sensitizing riders about safety measures, enforcing helmet use, and cracking down on traffic violations. However, the challenges remain substantial, with safety regulations often poorly enforced. This gap therefore further necessitates the self-regulation approach that Boda Boda Saccos are now adopting.

Miseyo Boda-Boda Sacco¹⁴ in Rongo Sub County has set out to create a culture of accountability among its members. Riders within the Sacco are required to follow strict guidelines related to **helmet use, speed limits, and rider conduct**, with penalties for those who do not comply. By organizing themselves in this way, the Sacco has managed to significantly reduce road accidents in the area, while also contributing to a noticeable drop in crime rates. Local police now regularly consult with the Sacco to address security concerns, creating a direct line of communication between law enforcement and boda-boda operators.

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¹⁴ <https://scienceafrica.co.ke/2021/12/20/kenya-local-sacco-offering-reprieve-to-boda-boda-riders/>



As seen in the case of Miseyo Sacco, operators have begun partnering with government agencies to offer training programmes on road safety, with the goal of helping operators not only comply with the law but also improve their professional skills. These programmes teach riders about safe driving, vehicle maintenance, and customer service, further enhancing the safety and professionalism of the sector.

Navigating Government Regulations

While boda-boda saccos have been instrumental in bringing about positive changes, the broader regulatory environment imposed by the government also plays a key role in shaping the sector. Government regulations aimed at improving road safety, reducing accidents, and formalizing the sector have been met with mixed reactions from boda-boda operators.

On one hand, operators understand the need for stricter rules. The Public Transport (Motorcycle Regulation) Bill of 2023, for example, mandates the use of helmets, reflective jackets, and licenses for all riders. It also requires that boda-boda operators be part of a registered Sacco to continue operating. However, many riders also express concerns about the costs associated with complying with these regulations. The requirement to register and obtain licenses has led to increased costs, with some operators feeling burdened by the high fees for licenses and registration. For example, the National Transport and Safety Authority (NTSA) charges upwards of KES 11,050 for boda-boda registration, although recent efforts have been made to lower this fee to KES 2,500.

Despite these challenges, many operators are finding ways to navigate the regulatory environment. By joining Saccos, riders can pool their resources and gain access to affordable financing, which helps cover the costs of compliance. Saccos are also advocating on behalf of their members, pushing for more affordable licenses and streamlined registration processes.

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Boda-Boda Umbrella Body Organizations

The Boda-Boda Safety Association of Kenya (BAK) and the Kenya Boda-Boda Association (KBA) play crucial roles in representing operators and engaging with stakeholders. Table 2 compares their organizational structures and focus areas, highlighting their importance in coordinating activities, advocating for operators, and aligning with regulatory frameworks.

- **BAK:** Operating under the Societies Act, BAK focuses on enhancing the welfare of its members, which include private bikers, dealer shops, courier riders, and passenger-carrying riders. BAK's centralised leadership structure allows it to coordinate activities and advocate for its members effectively.

Government regulators are beginning to take note of these efforts, seeing Saccos as valuable partners in their mission to bring order to the sector. County Motorcycle Transport and Safety Boards (CMTSBs) are being proposed to give local governments more authority to regulate the sector at a community level. By partnering with Saccos, these boards can ensure that regulations are enforced consistently, while also providing the support and resources that operators need to comply.

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Access to financing is a critical enabler for boda-boda operators, allowing them to transition from renting to owning their motorcycles. However, prohibitive interest rates, high insurance premiums, and limited financial literacy hinder the boda boda operators' ability to access affordable credit and secure comprehensive credit coverage.

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Recommendations

As the boda-boda sector continues to evolve, it holds immense potential for economic growth, social transformation, and environmental sustainability. However, realizing this potential will require targeted efforts from government bodies, financiers, operators, and other stakeholders. Below are key recommendations aimed at addressing the sector's current challenges while unlocking opportunities for future development.

Strengthen Safety Regulations and Enforcement

Ensuring the safety of both boda-boda operators and passengers is crucial to the sector's long-term viability. While regulations on helmet use, licensing, and vehicle maintenance already exist, the enforcement of these rules remains inconsistent. To enhance safety:

- **Stricter enforcement of existing safety laws:** Regular inspections by law enforcement officers should be conducted to ensure compliance with safety standards, including the use of helmets, reflective jackets, and properly maintained motorcycles.
- **Incentivize safe driving practices:** Introducing reward-based systems, such as reduced insurance premiums or tax incentives for operators who maintain clean safety records, could encourage safer driving habits.
- **Training programs on road safety:** Government agencies, in collaboration with boda-boda Saccos, should establish regular safety training sessions. These should cover driving techniques, first aid, and proper vehicle maintenance, empowering operators to prioritize safety.

Expand Access to Affordable Credit

Access to financing is a critical enabler for boda-boda operators, allowing them to transition from renting to owning their motorcycles. However, prohibitive interest rates, high insurance premiums, and limited financial literacy hinder the boda boda operators' ability to access affordable credit and secure comprehensive credit coverage. To address these issues:

- **Government-backed subsidies and loan guarantees:** Policymakers should collaborate with financial institutions to create subsidized loan programs and insurance schemes tailored for boda-boda operators. This could include:
 - o Capping the interest rates and insurance premiums to ensure affordability of loans and credit for operators. While this is favourable for operators and not so much for lenders, the next step could be crucial in ensuring that the environment remains favourable for lenders as well.
 - o Providing government guarantees to reduce lenders' risks, enabling more favourable repayment terms. This would ensure that both lenders and borrowers are cushioned against either too high prices or default risks.
 - o Offering partial subsidies for insurance premiums to encourage broader adoption of comprehensive coverage by reluctant operators is crucial and would work effectively in thereby reducing liabilities and balancing out the adverse economic impact of any accidents or thefts.
- **Tailored financial products for e-bikes:** Given the global shift toward sustainable transport, there is a need for specialized financing that makes electric motorcycles (e-bikes) more accessible to operators. These products should offer longer repayment terms and government incentives to encourage the adoption of greener alternatives.
- **Encouraging participation from traditional credit providers:** By demonstrating the success of non-bank lenders, traditional banks could be encouraged to offer affordable loan products tailored to the boda-boda sector, expanding access to capital for operators across Kenya.



In the advanced financial skills program, workshops can be tailored to address more complex topics such as debt and credit management, strategies to reach savings and investment goals and even ways on how to go from self-employment to business creation.

Enhance Financial Literacy for Boda-Boda Operators

To ensure that operators make the most of the opportunities presented by access to credit, financial literacy must become a core component of the sector's development. Many operators struggle with budgeting, saving, and long-term financial planning, which can undermine their ability to succeed as entrepreneurs. To address this:

- **Integrate financial literacy training into loan programmes:** Financiers should offer mandatory financial literacy sessions as part of the loan application process.
- These programmes, which can be structured as mandatory financial literacy workshops, can be defined as a crucial and compulsory stage of the borrowers onboarding process.
- **Tailor the Financial Education Content to Operator Needs:** To optimise the success of this program, it is crucial that lenders customise the financial education content is tailored to meet the diverse needs of a variety of operators. While the broader target areas should encompass subjects such as budgeting, saving, and managing business expenses, it is crucial to ensure that borrowers at a more advanced stage can also gain access to relevant financial education content. Therefore, having two different classes operators can join, either an introductory course to basic financial management or an advanced financial management class for operators would be crucial to entice all parties.
- In the advanced financial skills program, workshops can be tailored to address more complex topics such as debt and credit management, strategies to reach savings and investment goals and even ways on how to go from self-employment to business creation. Such workshops would be crucial in empowering operators to achieve greater financial independence.
- **Collaborate with boda-boda Saccos and other industry partners for wider reach:** Boda-boda Saccos are well-positioned to deliver financial education especially at the grassroots level where many lenders may not have sufficient access to. Partnering with Saccos to host community-based training sessions tailored to the unique realities of boda-boda operators' income patterns and expenses from these communities will optimise the success and outcome of such programs as opposed to solely having a one-fits-all approach that is not relatable to people from remote or rural communities.
- Similarly, partnering with financial institutions such as the Central Bank of Kenya and government agencies such as county governments to offer training through Saccos could ensure that these programmes reach a broader base of operators, particularly in rural areas. Not only would such collaborations optimise the success of such programs by spreading the funding burden across various partners, but also, such partnerships stand to strengthen the credibility of such programs making the program more appealing to the target audiences.
- **Ensuring that trainees can easily access learning modules post training:** is also crucial in ensuring that trainees view the workshops with a longevity mindset as opposed to viewing the workshops as another barrier between them and accessible finance. Embedding the modules with follow-up assessments and continuous improvement modules would be a great way to also appeal to and attract existing customers that never went through the training.

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Promote Environmental Sustainability in the Boda-Boda Sector

As Kenya leads Africa in the adoption of International Sustainability Standards, the boda-boda sector must also align with these goals. The transition to electric motorcycles and greener alternatives is not only beneficial for the environment but also offers long-term financial savings for operators. To promote sustainability:

- **Incentives for adopting e-bikes:** The government should introduce tax incentives and subsidies for operators who transition to electric motorcycles. This could include waiving import duties on e-bikes or providing grants to cover the cost of transitioning from petrol-powered bikes.
- **Public-private partnerships for e-bike infrastructure:** Collaboration between government bodies, financiers, and manufacturers could help develop the necessary charging infrastructure for electric motorcycles. This will ensure that operators can easily access charging stations, particularly in urban areas where demand is high.
- **Battery recycling programmes:** As the use of e-bikes grows, manufacturers and government agencies should work together to establish recycling and disposal programmes for batteries and other electronic waste, ensuring that the environmental benefits of e-bikes are not undermined by improper disposal practices.

Support Boda-Boda Saccos as Self-Regulating Bodies

The rise of boda-boda Saccos demonstrates the potential for operators to self-regulate effectively. In turn, these Saccos have significantly contributed to enhanced road safety for operators, pedestrians and their passengers, reduced crime, and an improved public perception of the sector. To build on these successes, it is crucial to:

- **Promote Sacco Formation and Membership:**

Government and industry stakeholders must encourage the establishment and growth of Saccos by offering targeted support, such as:

- **Offering Training Programs:** By providing operators with regular workshops on road safety, financial management, and conflict resolution, government can play a role in equipping Saccos to enhance professionalism in the sector.
- **Optimising Saccos' Access to Resources:** Government and industry stakeholders could also support Saccos by facilitating access to affordable credit, insurance subsidies, and legal assistance for Sacco members to reduce operational risks.
- **Incentives for Membership:** By introducing tax breaks or preferential treatment for Sacco-affiliated operators as opposed to non-affiliated operators, crucial stakeholders such as lenders and even the government could support sacco formation and membership. Support in accessing public tenders and government contracts for Saccos could further encourage Sacco Formation with more operators seeing the economic value of being part of a Sacco as being an opportunity they cannot afford to miss out on.

- **Foster Collaboration Between Stakeholders**

Finally, the future of the boda-boda sector depends on strong partnerships between government bodies, financiers, Saccos, and operators. By working together, these stakeholders can address the sector's challenges and unlock its full potential.

Recommendations include:

- **Regular stakeholder forums:** Government agencies should host annual forums with boda-boda operators, financiers, and Saccos to discuss ongoing challenges and emerging opportunities. These forums could provide a platform for feedback on regulations and offer operators a voice in shaping future policies.
- **Cross-sector partnerships:** Collaboration between manufacturers, financiers, and Saccos can help ensure that the boda-boda sector is equipped with the latest technology, access to affordable financing, and training on safety and sustainability.

Conclusion

The boda-boda sector stands as a cornerstone of Kenya's economic and social fabric, driving not just commerce and connectivity but also personal empowerment for millions of operators. As the sector continues to grow, it is evolving into a key player in the nation's green transition, shaping the future of sustainable transportation and influencing the wider development landscape.

This report has highlighted the transformative power of the boda-boda industry across various dimensions—its contribution to economic growth, its impact on education, health, and safety, and its alignment with Environmental, Social, and Governance (ESG) standards. The stories of individual operators showcase how this sector has opened new opportunities, improved lives, and reduced crime, all while driving the growth of satellite towns and boosting Kenya's e-commerce infrastructure.

Yet, challenges remain. For the boda-boda sector to achieve its full potential, concerted efforts are needed from all stakeholders—operators, financiers, policymakers, and manufacturers. As this report has detailed, policy reforms that enhance safety, improve access to credit, and support the adoption of sustainable practices will be crucial in ensuring the sector's continued success. Initiatives such as financial literacy training, green energy adoption, and strengthened self-regulation through Saccos will help create a thriving, responsible, and future-ready boda-boda ecosystem.

In the coming years, the boda-boda sector has the potential to lead Africa in the shift toward sustainable mobility, driven by technological advancements, innovative financing models, and progressive policies. As Kenya prepares to adopt the International Sustainability Standards Board (ISSB) guidelines, the boda-boda industry can become a global model for how an informal sector can transition into a formal, sustainable, and economically inclusive force.

With the right support and collaboration, the boda-boda sector will not only continue to thrive but also help shape a greener, safer, and more equitable future for all Kenyans. The road ahead is full of possibilities, and with a collective commitment to growth and sustainability, the boda-boda industry can serve as a powerful engine of progress, driving Kenya toward a brighter tomorrow.

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Kenya's New
Boda-boda Boom
Thriving Societies, Growing Economies,
and Powering Green Transition

APPENDICES

1. Research Methodology

This study employs a mixed-methods approach, combining both quantitative and qualitative data collection techniques to provide a comprehensive understanding of the boda-boda sector in Kenya. The research design, sampling strategy, data collection methods, and analysis techniques were carefully selected to ensure the reliability, validity, and ethical integrity of the study.

Research Design:

The study utilizes a descriptive research design to capture the current state of the boda-boda sector, focusing on its economic contributions, socio-economic impacts, and challenges. This design was chosen because it allows for a detailed examination of the sector's dynamics through the collection and analysis of both numerical data and in-depth qualitative insights.

The research was conducted in multiple phases:

- 1. Literature Review:** A thorough review of existing literature, reports, and studies on the boda-boda sector to establish a solid foundation for the research.
- 2. Quantitative Data Collection:** Surveys were administered to gather numerical data on employment rates, income levels, and market growth.
- 3. Qualitative Data Collection:** In-depth interviews were conducted with key stakeholders, including boda-boda operators, financiers, motorcycle dealers, government officials, and community members.

Data Collection Methods:

- 1. Surveys:** Structured questionnaires were designed and administered via Google Forms to a representative sample of boda-boda operators across various regions in Kenya. The questions were tailored to elicit specific information related to demographics, income levels, challenges faced, and the economic impact of their operations. For participants unable to use Google Forms, researchers populated their responses to ensure inclusivity.

Boda-boda Coverage: 6 Associations, 1,200 operators
ESOs, Civil Society: 9 organizations

- 2. Interviews:** In-depth interviews were conducted with a purposive sample of stakeholders, including six chairpersons from boda-boda associations, two major motorcycle asset financiers, nine major motorcycle dealers, and government officials from five counties (Nairobi, Kajiado, Machakos, Uasin Gishu, and Vihiga). The interviews were conducted through online conferencing and written questions, based on the availability and preference of the participants. These interviews provided valuable qualitative insights into the socio-economic impact of the sector, capturing diverse perspectives.
- 3. Secondary Data:** Secondary data was sourced from government reports, industry publications, and academic studies. This data supplemented the primary data, providing additional context and supporting the study's findings.

Sampling Strategy:

A purposive sampling technique was employed to ensure representation from different regions, demographics, and types of stakeholders. The sample included:

- Urban and rural boda-boda operators
- Operators from various age groups and genders
- Stakeholders involved in the boda-boda ecosystem, such as financiers and dealers

The sample size was determined based on the estimated population of boda-boda operators and the expected variability in responses. Efforts were made to mitigate potential sampling biases by ensuring diversity in the sample selection.

Data Analysis Techniques:

- 1. Quantitative Analysis:** Descriptive statistics were used to summarize survey data, while inferential statistics, including regression analysis, were employed to identify relationships between variables. Data was analysed to ensure accuracy and reliability.
- 2. Qualitative Analysis:** Thematic analysis was applied to the interview data, with responses coded to identify recurring themes and patterns. This approach helped uncover underlying issues and stakeholder experiences in the boda-boda sector.

Research Limitations:

Despite careful planning and execution, this study encountered several limitations:

- 1. Sample Representation:** While efforts were made to include a diverse range of participants, the reliance on purposive sampling may limit the generalizability of the findings. The sample may not fully represent the entire population of boda-boda operators, as we engaged with operators remotely and through chairmen of local associations.
- 2. Response Bias:** The self-reported nature of the survey and interviews may introduce response bias. Boda-boda operators might have provided answers that are skewed to what is acceptable to their local association, especially concerning sensitive topics like income levels or compliance with safety regulations.
- 3. Data Availability:** Secondary data sources were used to complement primary data; however, the availability and reliability of this data varied. In some cases, outdated or incomplete data might have influenced the analysis.
- 4. Technological Barriers:** The use of online platforms for surveys and interviews might have excluded participants with limited access to digital tools or those who are less digitally literate. This could result in an underrepresentation of certain groups, particularly rural operators.
- 5. Time Constraints:** The study was conducted within a limited timeframe, which may have restricted the depth of data collection and analysis. Longer-term trends, seasonal variations and verifiable success stories in the boda-boda sector could not be fully captured.
- 6. Regulatory Changes:** The study was conducted in the context of ongoing regulatory developments in Kenya. Any subsequent changes in policies or regulations might affect the applicability of the findings and recommendations.

These limitations highlight the need for further research, particularly in areas that were constrained by time, resources, or data availability.

Ethical Considerations:

The study adhered to ethical standards in research:

- 1. Informed Consent:** All participants were informed about the purpose of the study and their consent was obtained before participation.
- 2. Confidentiality:** The confidentiality of the participants was maintained, and their data was anonymized to protect their privacy.
- 3. Voluntary Participation:** Participation in the study was voluntary, and participants could withdraw at any time without any consequences.

2. Boda-boda Stakeholder Survey Questionnaires

Group 1: Boda-boda Financiers:

A. Company Information

- 1) Company Name
- 2) Type of Financing Offered (e.g., microloans, lease-to-own)

B. Financing for Boda-boda Sector

- 1) How long has your company been financing boda-boda motorcycles? (Years)
- 2) What percentage of your total portfolio is dedicated to boda-boda financing? (xx%)
- 3) What are the typical loan terms (interest rate, repayment period) for boda-boda operators?
- 4) Does your company offer financial products specifically tailored to the boda-boda sector (e.g., income-based repayments, insurance packages)? (Yes/No)
 - If yes, please elaborate on these products and their impact.
- 5) What are the main challenges you face in financing the boda-boda sector?

C. Socio-Economic Impact

- 1) In your view, how does boda-boda financing contribute to Kenya's socio-economic development?
- 2) How does your company ensure responsible lending practices within the boda-boda sector (e.g., financial literacy training for riders)?

D. Risk Assessment

- 1) How does your company assess the creditworthiness of potential boda-boda borrowers?
- 2) What is the typical loan default rate you experience within the boda-boda sector? (xx%)
- 3) What measures do you take to mitigate loan defaults among boda-boda operators?

E. Regulatory Environment

- 1) How do current regulations impact your ability to provide financing to the boda-boda sector?
- 2) What changes in regulations would be most beneficial for expanding responsible financing options for boda-boda operators?
- 3) How does the current tax structure impact your boda-boda financing business?
- 4) Do you currently collaborate with any government agencies or NGOs regarding the boda-boda sector? (Yes/No)
 - If yes, please elaborate on the nature of this collaboration.

F. Policy Recommendations:

- 1) What specific policy changes would you recommend to create a more supportive environment for both boda-boda financiers and operators?
- 2) How can boda-boda financing be leveraged to promote sustainable development within the boda-boda sector?
- 3) Are there any tax incentives you believe would encourage more financial institutions to enter the boda-boda financing market?

Group 2: Boda-boda Operators

A. Rider Information

- 1) Age
- 2) Gender: (Male/ Female)
- 3) Education Level: (No formal education/Primary/Secondary/College/University)
- 4) How long have you been a boda-boda rider? (Years)

B. Work and Operations

- 1) What is your typical working area? (Specific neighbourhood/Throughout the city/Rural area)
- 2) On average, how many passengers do you carry per day?
- 3) What are your usual working hours? (Morning/Afternoon/Evening/All day)
- 4) What is your average daily income from boda-boda operations? (Amount)
- 5) Are you a member of a boda-boda association? (Yes/No)

- If yes, which association?

- 6) Do you feel there are enough regulations governing the boda-boda sector? (Yes/No)

- If no, what regulations would you like to see implemented?

C. Safety and Challenges

- 1) How often do you use a helmet? (Always/Sometimes/Never)
- 2) Do you carry a passenger helmet? (Always/Sometimes/Never)
- 3) Have you ever been involved in a boda-boda accident? (Yes/No)
- 4) What are the biggest challenges you face as a boda-boda rider? (Traffic congestion/Police harassment/ Violence/Low income/Others)
- 5) How can the boda-boda sector be improved?

D. Income and Financing:

- 1) Do you own your motorcycle, or do you rent it? (Own/Rent)
- 2) What is your average monthly income from boda-boda operations? (Amount)
- 3) Do you currently finance your motorcycle? (Yes/No)
- 4) If yes, what type of financing are you using (e.g., loan, lease-to-own)?
- 5) How has financing helped your boda-boda business?
- 6) What are the biggest challenges you face in accessing financing for your motorcycle?

E. Economic Contribution:

- 1) In your opinion, how does the boda-boda sector contribute to the Kenyan economy?
- 2) How could the boda-boda sector be further integrated into the formal economy?

Group 3: Boda-boda Motorcycle Dealers

A. Company Information

- 1) Company Name
- 2) Focus of your business (new motorcycles only, used motorcycles, both)
- 3) How long have you been in business? (Years)

B. Boda-boda Market:

- 1) What percentage of your motorcycle sales are dedicated to the boda-boda sector?
- 2) What are the specific features most sought after by boda-boda operators in motorcycles?
- 3) How has the demand for boda-boda motorcycles changed over the past few years?

C. Financing Impact:

- 1) In your view, how does the availability of boda-boda financing schemes affect your business?
- 2) Do you offer any financing options for boda-boda operators in collaboration with financial institutions? (Yes/No)

Group 4: Boda-boda Customers

A. Demographics

(Age, Gender, Occupation - Optional)

B. Service Usage:

- 1) How often do you use boda-boda services in a typical week?
- 2) What are the main reasons you use boda-boda services (e.g., affordability, convenience, lack of alternative transport)?

C. Economic Impact:

- 1) In your opinion, how does the boda-boda sector benefit you as a customer?
- 2) How could the boda-boda sector be improved to better serve customers?



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