KIPPRA
The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS
Policy Brief
Thinking Policy Together

No. 10/2025-2026

# Accelerating Kenya's Local Textile and Apparel Manufacturing in the Context of Second-Hand Clothing Economy

***Shadrack Mwatu, John Karanja and Moses Njenga***

## Key Highlights

The development of the cotton-textile-apparel sub-sector is vital for Kenya as a step towards industrialization. The Medium-Term Plan IV (MTP IV) 2023-2027 of the Kenya Vision 2030 aims at enhancing local cotton production by organizing farmers into cooperatives, distributing certified cotton seeds, providing subsidized fertilizer, and supporting financial inclusion in the textile value chain. This policy brief focuses on accelerating Kenya's local textile and apparel manufacturing in the context of second-hand clothing economy. Key recommendations include:

*(i)* *Prioritize investment in domestic cotton and apparel manufacturing through improved seed technology, subsidized fertilizer, and farmer cooperatives to reduce dependency on imported second-hand clothing.*

*(ii)* *Collaborate with stakeholders to address electricity costs for textile manufacturers and consider power generation by textile manufacturers on a net metering basis to bolster local production.*

*(iii)* *Negotiate for the renewal of the African Growth and Opportunity Act (AGOA) to consider phasing out third-country fabric in favour of local fabric.*

*(iv)* *Establish a national criterion to differentiate between used textiles and waste, alongside providing incentives for Micro and Small Enterprises (MSEs) to engage in recycling initiatives, therefore supporting a circular economy and expanding employment opportunities in the country.*

## 1. Introduction

The development of the cotton-textile-apparel sub-sector is important for developing countries, including Kenya as an early phase of industrialization and learning for transitioning to more sophisticated medium and high technology manufacturing. The cotton-textile-apparel value chain offers employment opportunities for a labour force with varied skill levels and provides immense opportunities for inclusive development.

The Medium-Term Plan IV 2023-2027 (MTP IV), implementing the Kenya Vision 2030, emphasizes on improving the manufacturing of cotton textiles and apparel by the year

2030. Specifically, initiatives such as mobilization of cotton growers into cooperatives and distribution of certified cotton seeds to farmers through existing and established cooperatives, supply of subsidized fertilizer to farmers, and prioritization of financial inclusion funds for the textile and apparel value chain are noted as key in enhancing local production of cotton (Government of Kenya, 2024). Further, the Bottom-Up- Economic Transformation Agenda (BETA) 2022-2027 targets value addition in the textiles and apparel sector through the establishment of value addition centres (Government of Kenya, 2024).

The textile and apparel sector is currently dominated by both locally manufactured textiles and imported used textiles. The second-hand clothing sector plays a significant role in the economy by creating jobs, generating income and revenue for the government through taxes, and providing affordable clothing (MCAK, 2023). Kenya is a net importer of second-hand clothing due to the liberalization of its economy. Constraints within the domestic textile industry impede the capacity of local textile manufacturers to meet local textile demand. These constraints exhibited along the value chain, therefore, hinder the development of the sector.

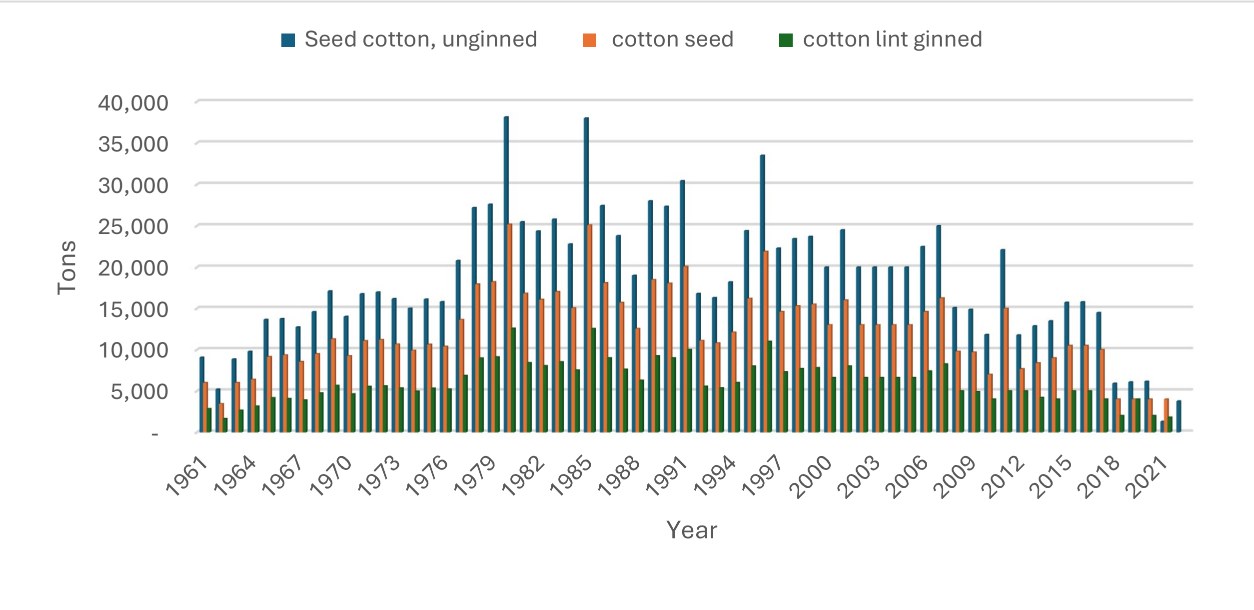
## 2. Policy Gaps and Emerging Issues

### 2.1 Textiles and Apparel Sector

**Declining investment in the input level**

Cotton production in Kenya, which is largely smallholder-based, has diminished in recent decades. Since independence in 1963, seed cotton production was highest in 1978 and 1987, and lowest in post-market liberalization in the early 1990s (Figure 1). Seed cotton production has declined by over 90 per cent from about 38,000 tons in 1980 to 1,100 tons in 2023. This can be attributed to declining investments in agriculture**.**

**Figure 1: Cotton production in Kenya**




*Source: FOATAT (2024)*

Market liberalization in the early 1990s further dampened the growth of local industries at the farm-level production through weakened backward linkages. Liberalizing cotton imports was associated with decline in domestic production of cotton because imported cotton became readily available and cheaper. For example, with a 65 per cent elimination of import tariffs on the importation of cotton into the country, domestic cotton production decreased by 1.6 per cent, exports of cotton produced domestically went down by 0.3 per cent, and imports of cotton increased by 7.4 per cent. Further, domestic cotton production faced competition from imports, with prices of imported cotton declining four-fold.

The declining investments, especially in cotton, are also linked to the high volatility of commodity prices, which weakens its competitiveness, therefore limiting farmers' scale of participation in the value chain. The competitive bottlenecks stifling smallholder production include limited access to markets, high input costs coupled with weak extension services, and limited capacity building programmes. Other constraints at the farm gate level relate to  transport logistics, marketplace traceability for raw cotton, minimum floor price before and after harvesting, and sanctity of the contracts that farmers face when such contracts are not honored by their cotton buyers.

**Limited value addition**

Cotton ginners face bottlenecks such as managing cotton seed input supplies and cotton lint price, high cost of technology upgrade, financing costs for capital expenditures (CAPEX) and operating expenditures (OPEX),[1] and the high cost of doing business. The sanctity of contracts and commitments also pose significant risks in the agility to do business (Malicha & Njoroge, 2020). Textile mills face constraints such as high cost of upgrading technology, the cost of utilities, including electricity, and the costs of managing effluent from the plants owing to increasing interest in environmental conservation (World Bank, 2019).

Most of the enterprises in the cotton-textile-apparel sub-sector are MSEs and operate within the informal sector (KNBS, 2017). MSEs, especially micro enterprises, face critical constraints on labour-related issues, perhaps due to their inability to attract a skilled workforce because of their weak resource base. On average, the share of labour costs in annual sales is 32.6 per cent, while the share of raw material inputs and electricity is 43 per cent and 9.4 per cent, respectively (World Bank, 2019). On electricity, Kenya charges US$ 0.15 c/kWh compared to its competitors such as Ethiopia with US$ 0.04 c/kWh (KAM, 2014). While there is a high demand for credit among the informal textile and apparel MSEs, they face disproportionately high levels of credit rationing, attributed to limitations imposed by collateral challenges.

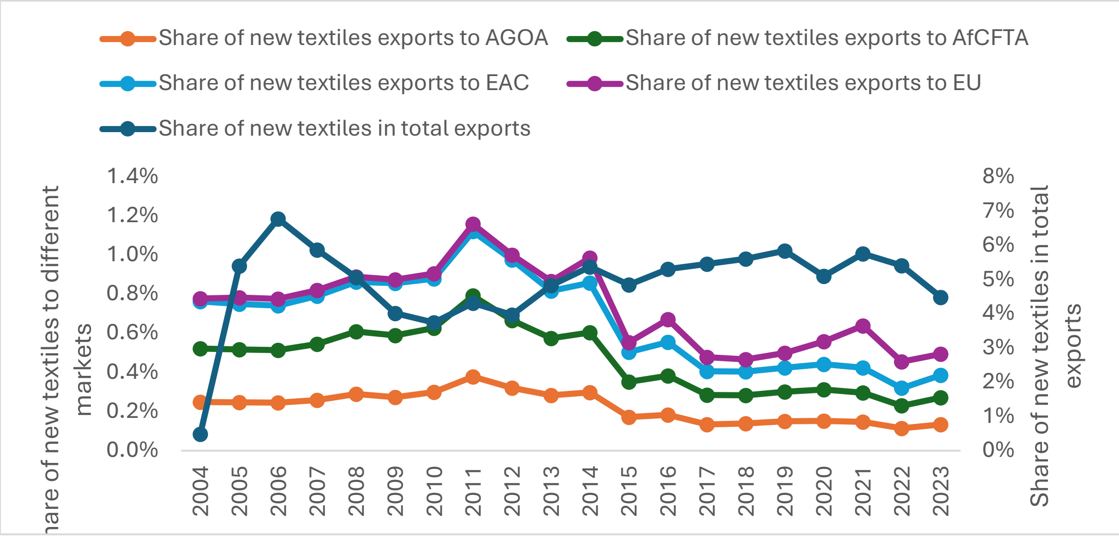
**Limited market access**

Harnessing opportunities for manufactured textile products in the local market, regional markets, and global markets is critical. The expansion of these market opportunities largely depends on cost advantages, trade policies, and consumer tastes and preferences. The key constraints, however, emanate from high costs of production that make Kenyan textile products less competitive, therefore hindering the exploitation of available market opportunities such as EAC, COMESA, and the African Continental Free Trade Area (AfCFTA). Further, while the African Growth and Opportunities Act (AGOA) provides a boon for export markets in the US, the bulk of the raw material (cotton, fabric) used to manufacture new textiles is not produced in Kenya. Therefore, exports of new textiles to major destinations have been low, especially since 2014. The share of new

[1] Examples of CAPEX include investments to acquire and/or upgrade assets such as plant, machinery and technology; while OPEX include items such as cost of input, and taxes.

textiles in exports has averaged 4.9 per cent (Figure 2). In Vietnam, 26 per cent of export earnings are derived from the cotton-textile apparel value chain.

**Figure 2: New textiles exports**




*Source: ITC (2024)*

Taxation and foreign competition challenges also exist and are relatively higher among formal textile and apparel MSEs compared to the informal ones. Foreign competition can be interpreted within export markets' contexts or the domestic market, to the extent that it imposes additional competition and, therefore, market access challenges locally. The liberalization of apparel imports with a 65 per cent elimination of import tariffs was associated with a decline in domestic production of apparel by 1.7 per cent. Exports of apparel produced domestically went down by 0.9 per cent, and imports of apparel increased by 33.9 per cent. Domestic apparel production faced competition from imports, with prices of imported apparel declining by eight (8) times.

The supply and costs of fashion fabrics, market access logistics and shipping outside the domestic market generally, further hamper value chain participation. High costs in logistics and long lead times make Kenyan costs 3-4 per cent more than those of other competitive countries such as Bangladesh.

## 2.2 Second-hand clothing

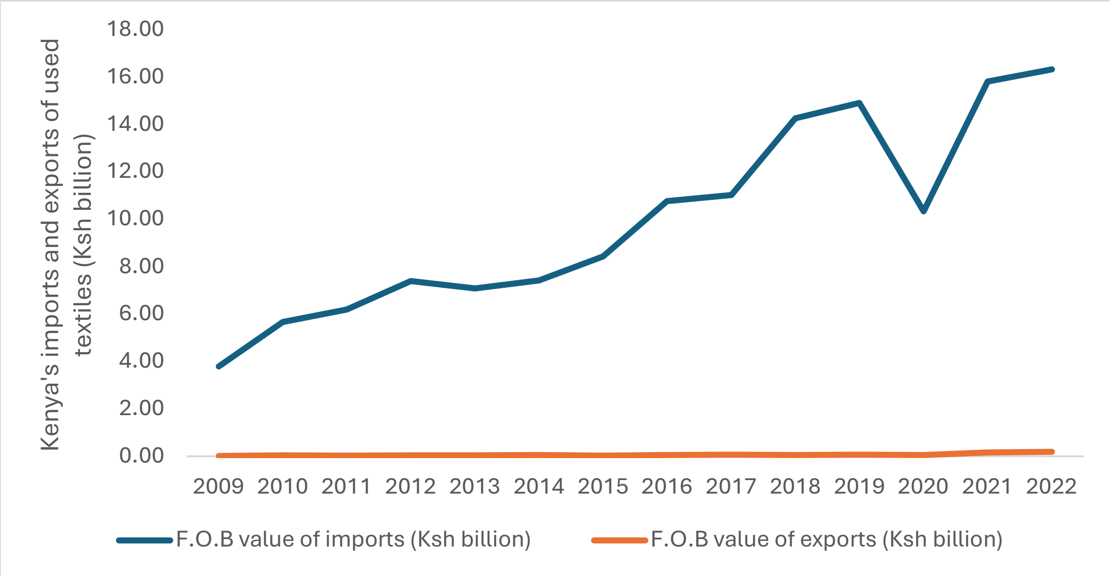
### 2.2.1 Global trade

The second-hand clothing economy represents a small proportion of the total global trade in clothing (less than 0.5% of total value). However, for many Sub-Saharan African countries, it is a dominant feature of the clothing market at more than 30 per cent of the total value of imports, and much more than 50 per cent in volume terms. In most of these countries, second-hand clothing is declining as a share of total clothing imports due to increase in new imports from Asia, but it remains highly significant.

In the period 2006-2022, Kenyan imports of used textiles (worn clothing and other worn articles; worn items of clothing; other worn articles; and worn items of footwear) became larger than exports. This could have been due to a rising demand for quality and affordable textiles and clothing with the rapid population growth. The quantity and value of used textiles imported into Kenya and exported outside Kenya, however, took a dip in

2020 due to the COVID-19 pandemic, which affected distribution logistics but has since recovered (Figure 3).

**Figure 3: Kenya's imports and exports of used textiles**




*Source: KRA (2006-2022)*

### 2.2.2 Socio-economic benefits

The second-hand clothing economy in Kenya provides important socio-economic benefits, particularly in creating opportunities for entrepreneurship and enhancing access to affordable goods. These benefits include:

***Job creation***

The informal sector, including second-hand clothing markets, employs millions of people in Kenya (KNBS, 2021). The second-hand clothing market, known locally as "mitumba," provides livelihoods for individuals working in retail, sorting, importing, and transportation. A study by *the Institute of Economic Affairs* (2019) noted that over 2 million Kenyans are directly employed in the second-hand clothing sector. This creates jobs and opportunities, especially for women and youths to establish thriving micro-businesses spanning the second-hand clothing supply chain, which includes importers, wholesalers, retailers, and those involved in distribution.

***Affordable clothing***

Second-hand clothes, commonly sold at a fraction of the price of new clothes, offer significant savings to consumers. The affordability of *mitumba* garments makes them an attractive option for individuals and families with low incomes. KIPPRA and United Nations Environment Programme (UNEP) study on the Circularity of Used Textiles (2024) indicates that most Kenyan households rely on second-hand clothing to access affordable fashion, especially since the prices of new clothes can be prohibitive for many families. Often, second-hand clothing consists of higher-quality goods from international markets that might be out of reach for many consumers if purchased when new. This allows consumers in Kenya to access branded and durable clothing at a fraction of the cost. It contributes to an overall improvement in the quality of life for low-income households.

***Economic resilience and diversification***

The second-hand clothing market contributes to economic resilience, especially during periods of economic hardship. It serves as an alternative source of income for many Kenyans, particularly in times of economic downturn or unemployment. The second-hand clothing economy also diversifies the sources of income for many Kenyans. For individuals who may not have formal jobs or access to capital, selling second-hand clothing offers an opportunity to participate in the economy. This informal sector activity, which includes a wide range of small businesses from street vendors to large wholesale traders, contributes to the broader Kenyan economy by increasing domestic consumption and stimulating local markets (MCAK, 2023). The second-hand clothing businesses in Kenya have empowered many individuals, especially women and youth, to start their businesses with minimal capital investment. Beyond selling, the second-hand clothing economy also includes people involved in garment repairs, alterations, and recycling, creating additional economic opportunities in related sectors.

***Support for local communities and charitable causes***

The second-hand clothing market also supports various charitable causes and community development initiatives in Kenya, especially through non-profit organizations and social enterprises. In some instances, the proceeds from second-hand clothing sales are directed to charitable organizations that help support marginalized communities. For example, some charitable organizations sell second-hand clothes to raise funds for educational programmes, healthcare services, and poverty alleviation initiatives. The Kenya Red Cross and World Vision Kenya are examples of organizations that have integrated second-hand clothing sales into their fundraising strategies to support community-based programmes.

Further, the second-hand clothing market is often linked to social enterprises that aim to provide both social and economic benefits. These social businesses promote inclusive economic development with a focus on improving the living standards for disadvantaged groups. The Mitumba Consortium Association of Kenya (MCAK) has partnered with social enterprises to promote more inclusive and sustainable practices in the sector (MCAK, 2021).

## 2.3 Critical Issues on Second-Hand and Locally Manufactured Textiles

***(i)*** **Market competitiveness:** The availability of affordable second-hand textiles (Mitumba) presents competitive challenges for locally produced textiles, highlighting the need for local manufacturers to strengthen their competitiveness.

**(iii)** **Weak circularity:** Insufficient infrastructure, lack of incentives, and unclear policies hinder proper management and recycling of valuable textile waste. This results in missed opportunities for furthering a circular economy and jobs in recycling and waste management.

**(iv)** **Uncoordinated value chain practices:** The absence of a robust policy framework for sorting and packaging used textiles restricts value capture and efficiency within the supply chain. This can lead to increased waste and fewer opportunities for employment in higher-value activities.

**(v)** **Incoherent regional policy:** There is lack of coordinated policy across the East African Community (EAC) member states regarding the textile sector. This disjointed approach can result in policy conflicts, smuggling, and missed opportunities for regional supply chains, ultimately preventing the EAC from fully realizing its industrialization vision.

## 3. Conclusion and Policy Recommendations

The local manufacturing and second-hand clothing sectors could be encouraged to support the government's agenda on job creation. As the government implements initiatives to promote the manufacturing of textiles and apparel, fostering a co-existing relationship between manufacturers and the second-hand clothing market is crucial for job creation, especially for the growing youth population. Therefore, the development of policies and regulatory framework support for the local textile industry, both textile manufacturing and the second-hand clothing market, will continue to thrive while promoting sustainable development in Kenya. To achieve this, the proposed policy recommendations are:

(i) Prioritize capacity and competitiveness enhancement within the domestic cotton, textiles, and apparel sector; expand incentives on the provision of improved cotton seed (BT cotton seed); provide subsidized fertilizer; and organize farmers into cooperatives for improvement of market access. Apart from cotton, the other textile and apparel value chains could be given priority.

(ii) Address issues of the cost of electricity to support local manufacturing of textiles. The government could allow the textiles manufacturers sector to generate power on a net metering basis.

(iii) Negotiate for renewal of AGOA to consider phasing out third-country fabric in favour of local fabric. This will have an impact on foreign direct investments, which will also create decent jobs.

(iv) Reduce end-of-life waste disposal of second-hand textiles and apparel in the country through policy initiatives.

(v) Develop and implement a national criterion to differentiate between used textiles and textile waste. This could support an action plan for better waste management of textile waste from end-of-life clothes and from the textile industry.

(vi) Provide incentives to Micro and Small Enterprises (MSEs) to undertake recycling of end-of-life textile items. The incentives could include provision of common collection points for end-of-life textiles, appropriate infrastructure to support recycling, and preferential access to financing. This will enhance circularity on end-of-life textile waste from both used textiles and garments bought as new and other textile waste and expand employment opportunities.

(vii) Develop and implement a robust policy and regulatory framework to enhance sorting and packaging within the used textiles and apparel value chain.

(viii) Open sorting centres in Special Economic Zones (SEZs) and major used textile markets. Sorting centres can improve supply chains and support Kenya's goal of becoming a high-value economy that can create jobs.

(ix) Coordinate policy interventions on the cotton, textiles, and apparel (CTA) sector with other EAC members with a view to promoting the EAC industrialization vision.

## References

Institute of Economic Affairs (2021), The state of second-hand clothes and footwear trade in Kenya.

Government of Kenya (2024), Fourth Medium-Term Plan 2023-2027: “Bottom-Up Economic Transformation Agenda for Inclusive Growth”. The National Treasury and Economic Planning, Nairobi.

Kenya Revenue Authority (n.d.), Kenya Revenue Authority [Website]. Retrieved from https://www.kra.go.ke (2006-2022).

MCAK (2023), The quality of second-hand clothes imported to Kenya and the associated environmental impacts. https://mitumbaassociation.org/wp-content/uploads/2023/11/The-Quality-of-Second-Hand-Clothes-Imported-to-Kenya-and-the-Associated-Environmental-Impacts.pdf

Malicha, W and Njoroge, L. (2020), Assessing the cotton, textile and apparel sector employment potential in Kenya. KIPPRA Discussion Paper 229,

## Acknowledgment

*KIPPRA acknowledges the special contributions from the East African Chamber of Commerce, Industry & Agriculture (EACCIA) during the preparation of this policy brief. Further, KIPPRA appreciates feedback from the Kenya Association of Manufacturers (KAM), Mitumba Consortium Association of Kenya (MCAK), during various stakeholders’ workshops on the textiles sector organized by EACCIA and KIPPRA.*

### About KIPPRA Policy Briefs

KIPPRA Policy Briefs are aimed at a wide dissemination of the Institute’s policy research findings. The findings are expected to stimulate discussion and also build capacity in the public policy making process in Kenya.

KIPPRA acknowledges generous support from the Government of Kenya, and development partners who have continued to support the Institute’s activities over the years.

### For More Information Contact:

Kenya Institute for Public Policy Research and Analysis
Bishops Road, Bishops Garden Towers
P.O. Box 56445-00200, Nairobi
Tel: 2719933/4, Cell: 0736712724, 0724256078
Email:admin@kippra.or.ke
Website: http://www.kippra.org
Twitter: @kippra.kenya