Support for Growth-oriented Women Entrepreneurs in Kenya

by

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Foreword

Since the African Development Bank's (AfDB) Forum on the role of women entrepreneurs in private sector development in June 2003, the Bank has been working in partnership with the International Labour Office (ILO) on issues relating to the growth of women-owned enterprises in Africa. The highly complementary roles of the AfDB and ILO are brought together to support women entrepreneurs – the Bank which specializes in financial support services; the ILO which has a special in promoting "decent work" in women-owned enterprises.

As both organizations share the vision of women entrepreneurs contributing to employment creation, poverty reduction and sustainable development, they have identified the most effective ways of supporting women to start and grow their own enterprises. This report is based on an integrated framework, as developed for Atlantic Canada, which provides the major ingredients for assessing the enabling environments to facilitate growth by women entrepreneurs.

This report is based on an overview of the country assessment for Kenya, where the Bank has long-standing involvement, and it also benefits from the ILO's research work and support activities for women entrepreneurs elsewhere in the region. The assessment report points to possible next steps for the AfDB and ILO in supporting growth-oriented women entrepreneurs in Kenya. In addition, the AfDB and the International Finance Corporation (IFC) Gender-Entrepreneurship-Markets (GEM unit, with the support of the ILO, will produce a documentary film on women entrepreneurs in Kenya. As a pilot project, the AfDB and ILO are planning to launch an "integrated women's entrepreneurship development" support project in Kenya with effect from 2005. This pilot programme is seen as a major step in a new and important direction. Future activities should also make positive contributions to the Economic Recovery Strategy for Wealth and Employment Creation of the Government of Kenya, as well as to the Plan of Action from the Africa Union's Extraordinary Summit on Poverty and Employment, September 2004.

We wish to thank the consultants and authors of this report, Ms Lois Stevenson and Ms Annette St. Onge. Furthermore, we acknowledge the leadership provided by the AfDB's Task Manager, Dr. Leila Mokaddem, and the ILO's team on Women's Entrepreneurship Development and Gender Equality (WEDGE). We take this opportunity to convey our appreciation for their support to the Ministry of Labour and Human Resource Development, Department of Micro and Small Enterprise Development, Government of Kenya. Finally, special thanks go to our field colleagues in the respective ILO and AfDB offices covering activities in Kenya.

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Acronyms

AfDB	African Development Bank
AMEGA	Association of Makers and Exporters of Gift Articles
AMFI	Association of Micro Finance Institutions
ASCAs	Accumulating Savings and Credit Associations
ASMEA	Athiani Small and Medium Enterprise Association
AWE	African women entrepreneurs
BDS	Business development services
DMSED	Department of Micro and Small Enterprise Development
EBS	Equity Building Society
EDTP	Enterprise Development Training Programme
EYB	Expand Your Business programme
FI	Financial institution
FIM	Financing mechanism
FKE	Federation of Kenyan Employers
FSAs	Financial Service Associations
GDP	Cross Domestic Product
GS	Guarantee scheme
ICDC	Industrial & Commercial Development Corporation
ICSB	International Council of Small Business
IDB	Industrial Development Bank
ILO	International Labour Office
KENAHA	Kenya National Hawkers' Association
KEPSA	Kenya Private Sector Alliance
KIE	Kenya Industrial Estates
KNFJKA	Kenya Curio Jua Kali Association; and the Kenya National Federation of Jua Kali Association
KOSME	Kenya Organization of Small and Medium Enterprises

KSTS	Kenya Street Traders' Society
KWFT	Kenya Women Finance Trust
MFIs	Micro-finance Institutions
MIT	Ministry for Industry and Trade (Tanzania)
MLHRD	Ministry of Labour and Human Resource Development
MoT	Ministry of Trade and Industry (Kenya)
MRTTT	Ministry of Research, Technical Training and Technology
MSE	Medium and small enterprises
NASWoK	National Association of Self-Employed Women of Kenya
NATTET	National Association of Technology Transfer and Entrepreneurship Training
NGOs	Non governmental organizations
NJEMA	National Jua Kali Exhibitors and Marketing Associations
OWED	Office of Women's Enterprise Development
PPP	Public-private partnerships
PRIDE	Promotion of Rural Initiatives and Development Enterprises
ROSCAs	Rotating savings and credit associations
SACCO	Savings and credit cooperative
SMEs	Small and medium enterprises
TAF	Technical Assistance Facility
UNYDP	Ukweli National Youth Development Programme
UWSACCO	United Women's Savings and Credit Cooperative Society
VS	Very small
WEAs	Women entrepreneurs' associations
WEDGE	Women's Entrepreneurship Development and Gender Equality
WEEC	Women Economic Empowerment Consort
YPs	Youth Polytechnics

1. Background and introduction

The African Development Bank (AfDB) has taken an important step in furthering its understanding of the needs of African women in small and medium enterprises (SMEs). Fostering women's entrepreneurship development is crucial for the achievement of Africa's broader development objectives, including poverty reduction and economic development. It is within this framework that the Bank initiated a programme involving the publication of a book and a film on the theme: "Enhancing Development in Africa – African Women in Business", which focuses exclusively on women-owned SMEs in the market place. On the basis of the initial conclusions of the study on African women entrepreneurs (AWE) as well as the major conclusions of a workshop on the same topic, held in Addis Ababa on June 3rd, 2003, ILO and AfDB agreed to jointly explore possibilities for supporting growth-oriented women entrepreneurs in pilot countries, starting with Kenya where the Bank already has extensive contacts. More particularly, the AfDB intends to cooperate with the ILO and other key partners in developing an integrated solution to support financing for growth-oriented "very small" (VS) and small and medium enterprises (SMEs) owned by women, with the Bank addressing funding needs and the ILO providing technical support through the work of its WEDGE[1] team.

As a basis for determining how to move forward in Kenya, the ILO commissioned a background report to collect preliminary information on the environment for growth-oriented women entrepreneurs in Kenya (Gakure, 2003). The report compiled findings from a review of the literature and provided a cursory outline of the support available for growth-oriented women entrepreneurs. The ILO and AfDB followed up by inviting a team of Canadian consultants to carry out a field visit to assess the strength of existing policy and programme support in favour of women entrepreneurs. Based on the findings and recommendations from the field visit[2], the ILO will consider the merits and feasibility of extending its WEDGE activities (as supported by the Government of Ireland's Development Cooperation Ireland) to Kenya, and the AfDB will determine opportunities for piloting a financing mechanism to support and accelerate the growth of women-owned enterprises.

1.1 Mission objectives

The specific objectives of the Kenya mission were to:

- Review recent ILO and other relevant research on women in enterprise in Kenya;
- Map out and review key areas of enabling environment for growth-oriented women entrepreneurs (using the Stevenson & St-Onge framework[3]);

[1] Women's Entrepreneurship Development and Gender Equality (WEDGE).

[2] The Bank in partnership with ILO carried out the assessment of the enabling environment for "growth-oriented women entrepreneurs" for three East African countries. ILO financed the assessment of Ethiopia and Tanzania, where they have implemented programmes on "Women's Entrepreneurship Development and Gender Equality" (WEDGE). The AfDB co-financed the corresponding assessment of Kenya where the Bank's initiative to support financing growth-oriented women entrepreneurs is under consideration. The ILO (Mr Gerry Finnegan) and AfDB (Ms Leila Mokaddem) accompanied the authors of this report as part of their mission to Kenya, December 2003.

[3] Lois Stevenson and Annette St-Onge, "Creating an Entrepreneurial Environment to Foster the Start-up and Growth of Women-Owned Enterprises: Best Practice from Atlantic Canada", presented at the World Conference of the International Council of Small Business (ICSB), June 16-19, 2003, Belfast, Northern Ireland.

- Consult with key informants on support for women entrepreneurs, with specific support from the ILO, African Development Bank, the Ministry of Labour and Human Resource Development (MLHRD), business associations, and NGOs;

- Identify gaps in support for growth-oriented women entrepreneurs, as well as “good practices”;

- Make recommendations for suggested actions to improve the environment for the growth of women-owned enterprises.

1.2 Methodology

Preparation for the mission involved pre-reading relevant research and documentation on the state of economic development in Kenya (see bibliography for a list of documents consulted), the general environment for MSE development, the status of women entrepreneurs in the economy, and the barriers to their growth and development. Over the ten-day period of the mission, meetings were held with 55 key informants in Nairobi. These included interviews and discussions with representatives from the Department of Micro and Small Enterprise Development (DMSED) of the Ministry of Labour and Human Resources Development (MLHRD) which hosted the mission, other government agencies, micro-finance and other lending bodies, associations of women entrepreneurs and their members, training organizations and business support providers, “Jua Kali” and business associations, and academics (refer to Annex 1 for a complete list of contacts).

Additional reports, studies, and programme information were obtained from several informants during the field visit and these, together with insights gained from the interviews, meetings and a focus group discussion with a representative group of women entrepreneurs, formed the basis of analysis for an assessment of the policy and programme support for development of women entrepreneurs in Kenya, with a particular focus on fostering growth. The overall findings and recommended actions are presented in this country report.

2. The economic context in Kenya

Kenya's population is just under 32 million. GDP in 2002 was reported to be Ksh. 850.1 billion (equivalent to 32 billion international dollars in PPP), resulting in a GDP per capita of Ksh. 26,996 (international $1,120 in PPP).[4] The economy has been deteriorating over the past two decades, with low economic and employment growth and a decline in productivity.[5] The percentage of people living below the poverty line has increased steadily since 1990 and is estimated at 56 per cent in 2003. Two thirds of Kenyans live in rural areas and 75 to 80 per cent of employment is in the agricultural sector. Kenya's liberalization efforts began in earnest in 1994 following its move to a multi-party system. However, because of government downsizing and the retrenchment of many large private sector and foreign-owned firms, formal sector employment has been decreasing. Lack of employment alternatives has thrust a growing number of people into self-employment activities to ensure a livelihood. Throughout the 1990s the growth rate of the informal economy considerably outpaced that of the formal sector. From 1999-2002, the MSE sector was responsible for generating 675,000 jobs annually. Struggling to thrust the country into a state of economic recovery, the new government has stated its commitment to "integrating the MSE sector into the national economic grid",[6] causing the government to take a serious look at the potential of the informal and micro and small enterprise (MSE) sectors for driving employment and economic growth.

[4] Figures in national currency come from the Kenya Economic Survey 2003. GDP and GDP per capita using purchasing power parity are taken from the World Bank, World Development Indicators 2003.

[5] *Interim Investment Programmes for the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007*, Ministry of Planning and National Development, Republic of Kenya, Nairobi, 2003, p. 4.

[6] "Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation", (Draft, February 2004), Ministry of Labour and Human Resource Development, Republic of Kenya, Nairobi, p. 8.

3. The MSE sector in Kenya

3.1 SME definitions

The definitions used to describe the MSE sector in Kenya are based on employment size (and include both paid and unpaid workers). A micro-enterprise is defined as having no more than 10 employees; a small enterprise with 11-50 employees; and a medium/large enterprise with more than 50 employees.[7] Farm holdings are excluded from the definition of MSEs, except those farm-based enterprises that involve some sort of processing before marketing. For example, a farmer who goes to market to sell roasted maize at the marketplace or at the roadside is seen as operating an MSE. Thus, the term *micro and small enterprise* covers the range of establishments, including informal economy activities that include one or more persons and enterprises in the formal economy employing up to 50 persons. The Ministry of Labour and Human Resource Development (MLHRD), which is the lead government agency for the MSE sector, makes provision for both formal and informal enterprises, classified into on-farm and non-farm categories, employing 1-50 employees.[8]

3.2 Number of MSEs, MSE workers, and MSE characteristics

According to the 1999 National Micro and Small Enterprise Baseline Survey, there were approximately 1.3 million MSEs, creating employment for 2.3 million people. An estimated 26 per cent of households were involved in some kind of non-primary business activity. Approximately two-thirds of Kenyan MSEs are located in the rural areas (which has over 80 per cent of the population).[9] Only 11.7 per cent of MSEs indicated they were registered and 39.4 per cent operated with licences. Close to two-thirds of all enterprises were in the trade sector, meaning that a large proportion of MSEs were involved in the buying and selling of commodities; 13 and 15 per cent respectively were involved in manufacturing and services.

According to the Department of MSE Development, the MSE sector experienced substantial growth from 2000-2002, increasing to 2.8 million enterprises and MSE employment of 5.1 million persons, accounting for 74.2 per cent of total employment in 2002.[10] This dramatic increase was due largely to retrenchment in both the public and private sectors. However, the description of the MSE sector described in the following paragraphs is based primarily on data from the 1999 National MSE Baseline Survey, and an up-to-date survey is not likely to be carried out until later in 2004.

In 1999, the average size of an MSE was 1.8 persons. The owners themselves accounted for almost 75 per cent of total MSE employment. In fact, 80 per cent of total MSE employment involved only owners and their family members.[11] The group of

[7] *National Micro and Small Enterprise Baseline Survey 1999*, Central Bureau of Statistics, Republic of Kenya, 1999, p. 12.

[8] "Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation", (Draft, February 2004), Ministry of Labour and Human Resource Development, Republic of Kenya, Nairobi, p. 8.

[9] *National Micro and Small Enterprise Baseline Survey 1999,* p. 18.

[10] 2003 Economic Survey.

[11] *National Micro and Small Enterprise Baseline Survey 1999, Executive Summary*, p. 10.

employees, referred to as "regular hired workers" accounted for only 11.6 per cent of total SME employment. Ninety-six point seven (96.7) per cent of MSEs employ no more than five employees, with another 2.6 per cent employing 6-10 persons, meaning that 99.3 per cent of MSEs have no more than 10 employees (see Table 1). There were no MSEs in the rural towns and areas with more than 15 employees and none in the major towns with more than 25 employees.

3.3 The "missing middle" of the enterprise sector

Only 9,041 MSEs fell into the category of "small" (with 11-50 employees); these small firms accounted for an estimated 154,267 workers, or 5 per cent of total MSE employment. This lack of enterprises in the 11-50 employment size category comprises the "missing middle" of the MSE sector, both in terms of numbers of enterprises and their contribution to employment. (See Chart 1 for a visual of the distribution of MSEs by size). The challenge for the Kenyan government is to increase the proportion (in terms of percentage points) of MSEs that grow to the next employment size.

Table 1: Distribution of MSEs by employment size, 1999

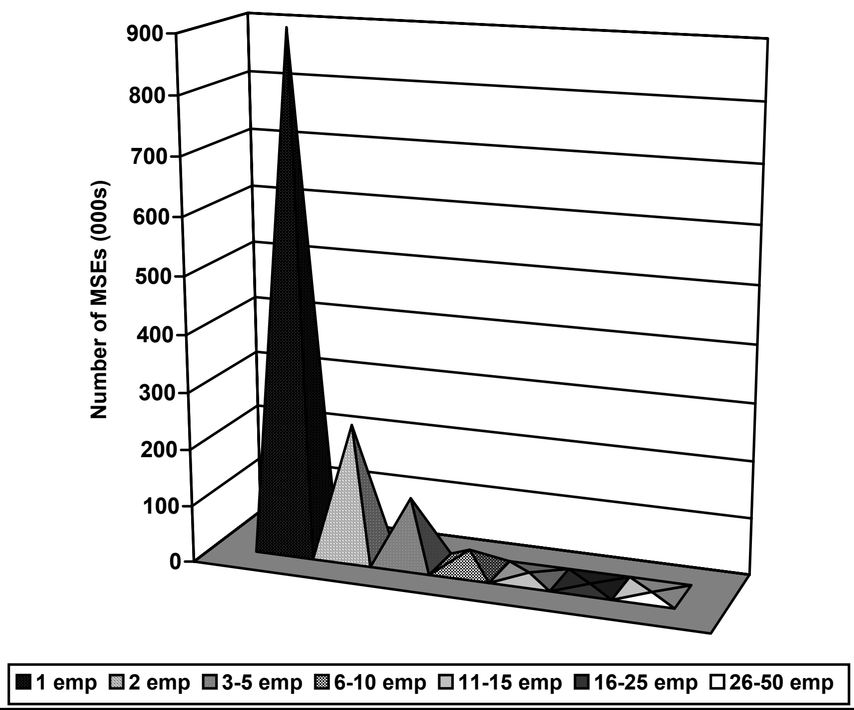
Enterprise Size (number of employees)	Number of enterprises	Share of enterprises by employment size (%)
1	899,787	70.1
2	229,759	17.9
3-5	111,671	8.7
6-10	33,374	2.6
Subtotal	**1,274,591**	**99.3**
11-15	6,418	0.5
16-25	**1,283**	0.1
26-50	1,283	0.1
Total	**1,283,575**	**100.0**

Source: National Baseline MSE Survey, 1999, p. 11.

The missing middle also applies to labour force distribution. Chart 2 displays the distribution of employment between the MSE and modern sector (defined as employment in public, administrative and private sector organizations). MSEs with 11 – 50 employees account for a miniscule share of total employment. It is interesting to note that 1.9 million people work in the informal economy, a group of people who are not represented in the MSE sector statistics. Among these "invisible workers" are a number of women who operate micro-enterprises from their home base. In fact, the 1999 Baseline Survey estimated that as many as 75 per cent of these invisible workers are women in services.[12]

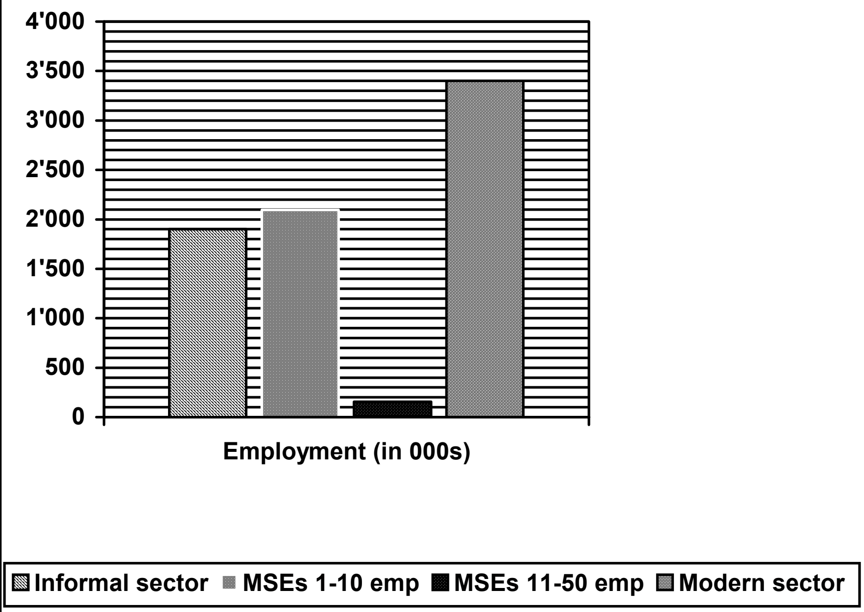
[12] Ibid., p. 34.

Chart 1: Distribution of MSEs by size



Source: Data from the National MSE Baseline Survey, 1999, p. 11.

Chart 2: Distribution of labour force by sector



Source: Data from the National MSE Baseline Survey, 1999.

4. Women in MSEs in Kenya

4.1 Women in the MSE sector

In 1999, there were 612,848 women entrepreneurs (MSEs) in Kenya, 47.7 per cent of the total (see Table 2), a percentage that closely mirrors their share of the labour force (46.7 per cent). Women were more likely to be operating in the trade sector (75 per cent),[13] and were more dominate than men in leather and textiles (accounting for 67 per cent of total MSEs in that sector), retail (accounting for 56 per cent of total MSEs in that sector), entertainment (accounting for 55 per cent of total MSEs in that sector) and other manufacturing (accounting for 68 per cent of the total MSEs in that sector).

Women are less likely than men to employ others in their enterprises. The average number of employees in a female-owned MSE is 1.54 versus 2.1 for male-owned MSEs (see Table 3). In MSEs owned by women, about 86 per cent of the workers are the owner operators; only four per cent of their workers are hired; the remainder is made up of either family members or apprentices. For MSEs owned by men, these percentages are 68 and 17. Thus, 60 per cent of total MSE employment is accounted for by male-owned enterprises (1,414,650 workers) and only 40 per cent by women MSEs (946,600 workers).

Table 2: Sex Distribution of MSE owners by location, 1999

Location	Male MSEs		Female MSEs		Total	
Urban	213,262	48.3%	227,886	51.7 %	441,148	100.0 %
Rural	457,465	54.3%	384,961	45.7%	842,427	100.0%
Total	**670,727**	**52.3%**	**612,848**	**47.7 %**	**1,283,575**	**100.0%**

Source: National MSE Baseline Survey 1999, p. 19.

Table 3: Distribution of total MSE employment by location and sex, 1999

Location	Male MSEs		Female MSEs		Total	
Urban	470,380	58.1 %	338,940	41.9%	809,320	100.0%
Rural	944,270	60.8 %	607,660	39.2%	1,551,930	100.0%
Total	1,414,650	59.9 %	946,600	40.1%	2,361,250	100.0%
Avg. no. of workers	2.1 persons		1.54 persons		1.83 persons	

Source: National MSE Baseline Survey 1999, p. 29.

The average MSE generated a gross income of Ksh. 6,008 per month in 1999, two and half times higher than the legal monthly minimum salary for a general labourer.[14] Women in MSEs reported only 57 per cent of the income reported by their male counterparts.

[13] Ibid., p. 21.

[14] Ibid. p. 36.

Very few Kenyan MSEs grow beyond their original size (Table 4). Authors of the 1999 Baseline Survey concluded that the larger the firm size, the greater the risk of dropping in size over the years, and the lower the size at start, the higher the probability of increasing in size. The risk of decreasing and the probability of increasing were respectively aggravated or lessened for women owners and trade businesses.[15]

Table 4: Growth propensity of Kenyan MSEs

Size of MSE	Stayed the same size	Decreased in size	Increased in size
One person MSE	80.3 %	0.4 %	19.3 %
Two person MSE	65.1%	19.8%	15.1 %
Three person MSE	54.3 %	30.4%	15.4%
Four + person MSE	49.0 %	51.0%	0.0%

Source: National MSE Baseline Survey 1999, p. 61.

The Government of Kenya reports there were 2.8 million MSEs in 2002, contributing to employment of 5.1 million people. If the proportion of women operators remained the same as it was in 1999, 47.7 per cent, the estimated number of women MSEs in 2002 would be 1.3 million. If the employment share of their enterprises remained at 40 per cent, this means women could be generating as many as 2 million jobs for Kenyans (including themselves).

4.2 Gender and the performance of women's enterprises

McCormick (2001) noted significant differences in the performance of women's enterprises vis-à-vis those of Kenyan men. Their enterprises are smaller, less likely to grow,[16] less profitable, and begin with less capital investment than those owned by men. Not only is there a great deal of gender segregation by sector (with women dominating in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand clothing, while men dominate in metalwork, carpentry, vehicle repair, shoe making, construction and transport), but women and men operate from different locations. Men are twice as likely as women to locate in trading centres, commercial districts or roadside locations; women are almost twice as likely to be operating from the home. Women are three times as likely as men to belong to some type of business association, although there are indications that women's networks have less power to assist their businesses.

McCormick (2001) isolated three factors that account for these differences in enterprise performance. The first factor has to do with the level of education. On average, women entrepreneurs are less educated than their male counterparts and twice as likely as men to be illiterate. The major reasons for this difference are institutional in nature. Marriage institutions discourage investment in women's education and the division of labour assigns a greater share of household responsibility to girls. Because they have lower educational attainment, they are also less likely to benefit from management and technical training programmes. The second factor has to do with the opportunity to accumulate

[15] Ibid. p. 61.

[16] Male-headed firms grew an average of 11 per cent per year, compared to an average annual growth rate of 7 per cent for women-headed firms (reported in McCormick, 2001, based on 1995 and 1998 data).

savings. Because women have lower levels of education and are segregated into lower paying jobs, they have lower savings with which to start a business. Thirdly, women spend less time in their businesses than men because they are expected to carry out their domestic responsibilities, including housework, food preparation and childcare. This also explains why women are more likely to operate their business from the home. McCormick concludes that gendered patterns of business operations are supported by five institutions – the incorporation of the wife into the husband's family, the division of labour within the household, the division of asset ownership (the tradition that vests ownership of land in males remains strong, even though women *can* purchase and inherit land), the sharing of household expenditures, and the allocation of educational opportunities.

As the data confirms, the larger the group of enterprises, the fewer women entrepreneurs one will find. Over 85 per cent of the enterprises owned by women do not have any employees except the owner. Of the 9,041 small enterprises (1999) with 11-50 employees, it is estimated that women own fewer than 20 per cent; this amounts to less than 0.3 per cent of all women-owned MSEs!

4.3 The profile of the Kenyan woman entrepreneur: Three types

Although there is limited available research on the profile of Kenyan women entrepreneurs, there is certainly anecdotal evidence that this profile is not homogeneous, perhaps falling into three segments. Women in each segment differ slightly from those in the others in terms of their demographic profile, extent of previous business experience, capacity, needs, access to resources (credit, premises, and BDS), and orientation towards growth.

The first segment is that of the Jua Kali micro-enterpriser. The women who own these enterprises, often unregistered and in the informal economy, have little education (less than secondary level), and are constrained by their lack of entrepreneurial and business know-how, access to credit, and awareness of markets and market opportunities. Key informants indicated that they might be further constrained by their household responsibilities and the need to obtain permission from their husbands to travel out of town for training or trade fairs. Husbands were also reported to object if their wives participated in training and counselling services provided by men. Since men make up about 90 per cent of the trainers and business service providers in Kenya, this is particularly problematic. These women start very small enterprises, most likely only employ themselves or a few family members, and operate from a home base or Jua Kali shed. Their enterprises have limited potential for growth. To obtain credit for her business, a woman is likely to participate in a "merry-go-round" group of five or six women who combine their savings over a six-month period of time and then start lending, on a very short-term basis, to members from the pool. One woman entrepreneur (a key informant during the mission's consultations) referred to this group as the grassroots "underclass". Several key informants stressed that many Jua Kali women have the potential to move into the "economic grid", but need more support, encouragement, visibility and economic empowerment.

The second segment is comprised of women with very small (6-10 employees) and small enterprises (over 10 employees) who have a minimum of secondary education, previous experience as an employee in a public or private sector enterprise, and a supportive husband who may be directly or indirectly involved in the business. Their businesses are generally registered and operate from legitimate business premises. Although these women are more likely to be able to access business development services (BDS), training and micro-finance, they are still constrained by access to financing. Once they have surpassed the lending limits of micro-finance organizations (over Ksh. 500,000), they are still likely below the threshold to be of interest to commercial banks, which prefer to lend to large depositors. Furthermore, they are unlikely to have title deeds and cannot meet collateral security requirements. Many of the firms owned by these women have growth potential; some already tapping into international markets.

The third segment is made up of women with university education, who came from entrepreneurial family backgrounds, have experience in managerial positions in the corporate world, access to financial means and supportive husbands.[17] This group was referred to in key informant interviews as the “elitist class”. These women are amongst the group most likely to have small, medium-sized or larger enterprises with growth potential and the group most likely to be engaged in exporting.

Each of these three groups of women entrepreneurs is in need of tailored responses to their specific enterprise needs (see Figure 1). However, the groups most in need of targeting may be at the “top end” of the bottom segment and the middle segment – the groups referred to as the “missing middle” of women entrepreneurs.

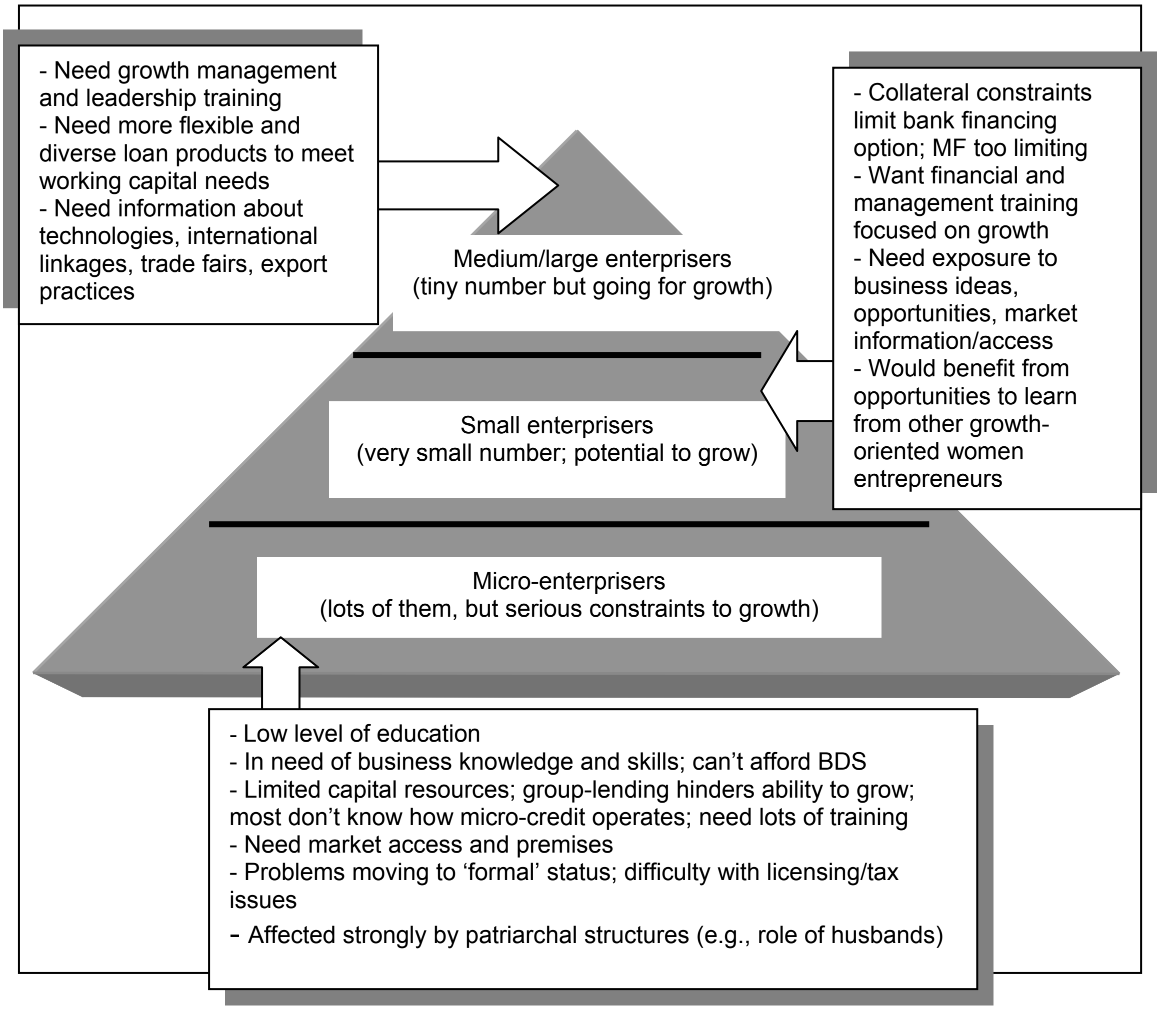
Kenyan women entrepreneurs at the micro, Jua Kali level, have great difficulties obtaining financing due to collateral constraints. Most of them are forced to cooperate with other women in small groups to mobilize savings and pool these resources for lending to individual group members. Alternatively, they form in small groups to access micro-credit, through a mutual guarantee system, from a micro-finance organization, such as the Kenya Women Finance Trust (KWFT) or the Women Economic Empowerment Consort (WEEC). According to key informants, men have an easier time accessing credit because they are more likely than women to have title deeds to offer as loan collateral. This enables them to function on an “individual” basis more so than women, who must use the group to pool resources. As expressed by one key informant, “men stand alone better than women … women still need to work in groups”.

Women who make it beyond the micro-enterprise threshold of more than five employees are seen as more able to stand on their own, but they often lack sufficient working capital to prepare for a growth in demand, unable to fulfill a large order because they do not have the working capital to finance raw materials and work-in-progress inventory. The interest rates of commercial banks range from 16 to 21 per cent, and they prefer to cater to clients who have large deposits. For these reasons, several key informants stated that a scheme is needed to provide credit to those women who are trying to pursue growth objectives – lower interest loans to meet their capital investment and working capital needs.

Women with larger enterprises are more sophisticated, better educated, more experienced, more traveled, and have access to more networks, information and resources. However, they would benefit from better access to information regarding market opportunities, export procedures, and leadership development. Although this group may have greater access to collateral, they may still face some barriers to obtaining flexible financing for the further development of their enterprises.

[17] Gakure (1995) found that women with growth-oriented enterprises often have very influential husbands in the civil service or in the private sector.

Figure 1: The three segments of women entrepreneurs: Gaps and needs



For growth, all women entrepreneurs would benefit greatly from a supportive environment that encourages women to "go for it". Currently, there is a lack of social and cultural support for the role of women as entrepreneurs; women are subject to stereotypes and there are few visible role models for them at any level. Gender barriers need to be addressed at all levels, from the legal system to the domestic system. Women entrepreneurs also need more access to a full range of financial and non-financial support services. The growth of their enterprises is restricted by a lack of collateral and flexible finance options. There is inadequate access to training, as well as follow-up to training inputs, and limited opportunity to avail themselves of external, formal managerial capacity-building support. In addition, they have difficulties finding land and premises for production/services and acquiring up-to-date technology. Finally, they would benefit from the strength of numbers that would be gained through representation by a women entrepreneurs' association, which would not only provide networking and value-added membership services, but also a collective "voice" for the needs and concerns of women entrepreneurs in the country.

5. The MSE policy environment

The Kenya government's commitment to foster the growth of MSEs emerged as one of the key strategies in the 1986 report *Economic Management for Renewed Growth*. It was reinforced as a priority in the 1989 report, *The Strategy for Small Enterprise Development in Kenya: Towards the Year 2000*, a document that set out the mechanisms for removing constraints to growth of the MSE sector. In 1992, the government published the MSE policy report, *Sessional Paper No. 2 Small Enterprises and Jua Kali Development in Kenya*. This report was reviewed in 2002, leading to a new policy framework that provides a balanced focus to MSE development in line with the national goals of fostering growth, employment creation, income generation, poverty reduction and industrialization.[18] The overall goal is to, in partnership with the public, private and development partners, create 500,000 jobs annually over the next four years (a total of 2 million jobs). The bulk of these jobs is expected to be created in the MSE sector, 88 per cent from new enterprises and 12 per cent from the growth of existing enterprises.

5.1 Constraints in the MSE sector

However, the latest draft Sessional Paper on development of MSEs[19] acknowledges that a number of constraints need to be addressed if the MSE sector is to realize its full potential, among which are:

- A deteriorating infrastructure which negatively impacts on SME competitiveness;
- A high cost of credit and unavailability of long and medium term financing;
- A burdensome and costly regulatory environment;
- An unfavourable tax regime;
- An inefficient legal and judicial system;
- Limited access to reliable market data and trade-related information, and poor access to markets;
- Limited opportunities for international linkages and linkages with large enterprises;
- Scarce IT resources;
- Poor coordination of SME association and institutions;
- Inadequate access to business skills and technology;
- Insecurity of tenure;

[18] Outlined in *Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007*, Government of Kenya, June 2003.

[19] "Draft Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation", (Draft, February 2004), Ministry of Labour and Human Resource Development, Republic of Kenya, Nairobi, p. 8.

- Gender inequality; and
- Insufficient business development service providers.

5.2 The MSE policy framework

The new policy framework seeks to:

- Promote the number of and competitiveness of MSEs by reducing the cost of doing business and creating a more favourable environment for them;
- Encourage all kinds of linkages between MSEs in the formal and informal sectors, including small-scale agriculture;
- Strengthen policy coordination, implementation, monitoring and evaluation of government efforts to promote the MSE sector, emphasizing the role of Government as facilitator and encourager of growth (rather than one of direct intervention);
- Involve close coordination of all stakeholders, including entrepreneurs, the business community, civil society, NGOs and development partners through policy dialogue mechanisms.

5.2.1 The policy structure

The 2003 policy document proposes to legislate a Micro and Small Enterprises Act to provide the appropriate legal framework to support the growth and development of the sector, and to establish a National Council for Small Enterprises (NCSE),[20] as opposed to the earlier recommendation for a Micro and Small Enterprise Consultative Forum. The proposed NCSE will follow up on the implementation of the MSE policies and programmes, advise Government on appropriate MSE sector policies, assist with the mobilization of resources, and lobby on behalf of MSEs for better policies.

Unlike the case of Tanzania and Ethiopia, where responsibility for the MSE sector resides in the Ministry for Industry and Trade (MIT) and the Ministry of Trade and Industry (MoTI) respectively, the MSE sector file in Kenya had been scattered in a compartmentalized manner throughout several ministries. However, since 1999 and following Presidential Circular No. 1 (1999), it was directed that all informal, micro and small-scale enterprise activities be moved to and managed under the Ministry of Labour and Human Resource Development (MLHRD). This was reiterated in Presidential Circular No. 3 of July 2003, through which the Government emphasized that all MSE actions be placed under the MLHRD, given the importance of MSEs as a job creation mechanism. Since that time, DMSED is responsible for coordinating and overseeing the implementation of the new MSE policies and programmes. However, some overlap still exists with the Ministry of Trade and Industry, especially in areas of industrial and sectoral policy, and this has contributed to some ambivalence or confusion on the part of some of the major donors.

One of the criticisms of the Government's past entrepreneurship development efforts has been the lack of coordination of programmes and policies, a situation that has led to duplication of effort and resources (Namusonge, 1999). The hope is that the policy actions

[20] Following the MSE Stakeholder forum held on 18 December 2003.

of the new government will not repeat patterns of the past. The MLHRD officials consulted during the mission indicated that regular forums are now held with other Government departments on an "issues" basis.

5.3 The inclusion of women entrepreneurs in MSE policy

The unequal situation of women versus men in the MSE sector was highlighted in the 1992 Sessional Paper. The paper acknowledged that:

> "Gender equity among entrepreneurs was undermined by the special constraints faced by women, including loopholes in the implementation of equitable laws, particularly in employment and inheritance, as well as discriminatory and often negative attitudes and social practices that limit equal participation of men and women in all entrepreneurial activities" (Kinyanjui & Munguti, 1999, p. 146).

As part of the implementation of the 1992 policy, one of the actions stipulated in the action plan (1992-1994) of the Sessional Paper required the Ministry of Information to identify and promote successful women entrepreneurs as role models and the Central Bureau of Statistics to facilitate the collection of data on women entrepreneurs (Ngugi, 1999, p. 96).

Since 1992, some changes have been effected by the government and various NGO and donor organizations to ameliorate the situation of women, particularly in promoting women's awareness of their rights and focusing more on special measures to increase access to credit by women in both rural and urban areas. Having said that, Kunyanjui & Munguti (1999) point out that loopholes still exist in the application of some of the laws pertaining to marriage, inheritance, and employment, that gender disparities persist in education enrolment and retention rates, that social norms are still characterized by cultural practices that accord lower roles and status to women than to men, and that women still lack full access to, control over and management of resources (lack of access to finance and credit, representation in cooperative societies, access to information and appropriate technologies). Both resources and decision-making have remained largely the prerogative of men.[21] During the field visit to Kenya, several key informants indicated the need for changes to the operating environment for women MSEs.

Gender equity continues to be identified as a priority in the 2004 draft Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation.[22] Specifically, the policy states that efforts will be made to:

- Pursue gender responsive policies that increase equal access to financial services by encouraging women to form savings and credit cooperatives (SACCOs) and by promoting their networking with micro-finance institutions (MFIs) and commercial banks;
- Promote women's access to education, technological development and entrepreneurship, and also influence the orientation of women away from traditional activities to the production of non-traditional products that are more marketable and provide better remuneration;

[21] Kinyanjui & Munguti, 1999, p. 149.

[22] MLHRD, Draft Sessional Paper, February 2004, pp. 31-32.

- Build institutional capacity of ministries and government departments for gender integration;

- Identify gender-related constraints and opportunities that affect equal participation of both genders at the local, institutional and policy levels;

- In collaboration with the private sector, collect and provide sex-disaggregated data to facilitate gender-responsive planning and policy formulation,

- So that women's concerns are effectively mainstreamed into all MSE activities and women's participation enhanced, design all MSE programmes and projects to ensure equal opportunities for women and men, and

- Put into place a monitoring system that tracks the effects of Government and donor activities on gender relations.[23]

One of the potential weaknesses in terms of delivering on these policy objectives is the absence of a dedicated focal point on women's enterprise development, such as the Department of Women's Affairs, which exists in the Ethiopian Ministry of Trade and Industry. Without this focal point, there is a strong risk that the advocacy work necessary to be undertaken within the MLHRD, as well as other implicated ministries, in favour of women will not effected. The next sections provide more explicit recommendations regarding this structure.

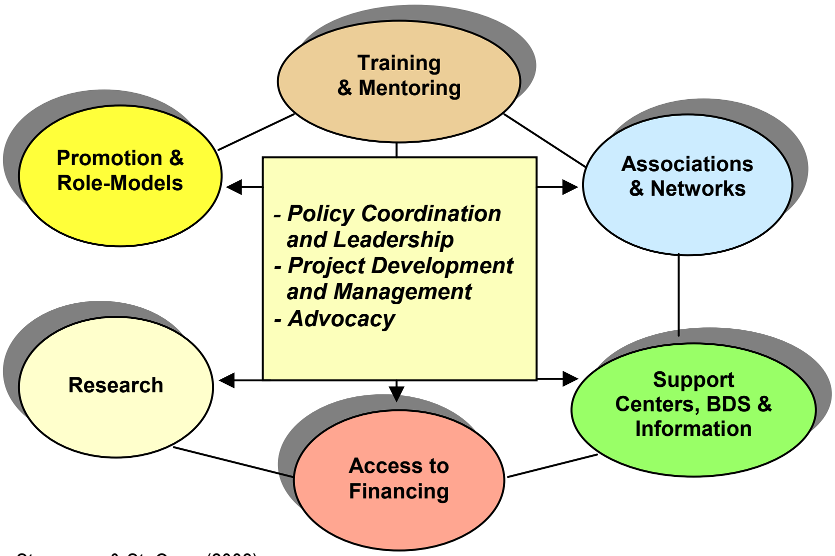
[23] In the design and finalization of this MSE Draft Sessional Paper, the Ministry acknowledges the inputs provided by the ILO with particular reference to components on gender equality.

6. Integrated framework for the advancement of growth-oriented women entrepreneurs

The framework described in Stevenson and St-Onge (2003) outlined a practical, integrated approach for supporting the start-up and growth of women-owned enterprises in an underdeveloped region of the Canadian economy during the 1990s. The validity of this framework was reinforced in a 10-country study of entrepreneurship policy undertaken in 2000-01 by Stevenson and Lundstrom (2002).[24] Depending on the range and extent of policy and programme measures in support of women entrepreneurs as a target group, Stevenson and Lundstrom were able to categorize the ten countries into high, medium, and low support countries. One of the major observations from this analysis was that countries in the "high level of support" category (Canada and the United States) were also the ones with the highest percentage of women entrepreneurs in the SME sector. The conclusion reached was that comprehensive targeting of women with tailored policies and programme measures leads to a higher level of performance of women-owned enterprises.

In the following section of this report, an assessment is made of the Kenyan support environment for women entrepreneurs according to each of the areas of the Stevenson & St-Onge integrated framework, namely, policy/programme coordination and leadership, promotion, access to credit, entrepreneurship training, business support and information, associations and networks, and research. Figure 2 below shows the inter-relationship between each of these specific components, and a more detailed list of the questions used in the assessment process can be found in Annex 2.

Figure 2: An integrated framework for the development of women entrepreneurs (original Canadian version)



Stevenson & St. Onge (2003).

[24] Stevenson & Lundstrom, 2002, pp. 164-176.

7. Policy leadership and coordination

At this point in time, there is no dedicated focal point for women's entrepreneurship within the Government of Kenya and there is little evidence of any concrete strategies to address specific challenges facing women-owned MSEs in the country. Given that the MSE policy framework of the new government has yet to be approved by Cabinet, there is still an opportunity to develop an integrated approach ensuring the place of women in the government's MSE and economic growth strategies. The newly upgraded DMSED of the MLHRD might be well placed to look at the example of Ethiopia, where a Department of Women's Affairs resides in the ministry responsible for MSEs. Dedicated resources will be required within the MLHRD in order to implement the gender equality policies within the government's draft MSE policy.

7.1 Recommended actions – policy leadership and coordination

i) Establish an Office of Women's Enterprise Development (OWED)

It is recommended that the Government of Kenya establish an Office of Women's Enterprise Development (OWED) and that the authority for such an Office be incorporated within the proposed Micro and Small Enterprises Act.

This Office would be tasked with all issues pertaining to the development of women's enterprise development in the country, including research, advocacy efforts on behalf of women MSEs with other ministries and departments, negotiation with donors for strategic support in favour of the development and growth of women owned enterprises, and fostering an enabling environment that will alleviate the barriers women face in their MSE activities. It would also facilitate linkages with other like-minded organizations, both nationally and internationally. The model practice for this is the Office of Women's Business Ownership in the US Small Business Administration, which was put into place by the Women's Business Ownership Act of 1988. This was a landmark event in women's entrepreneurship development in the United States.

The OWED would also be responsible for spearheading initiatives to ensure gender mainstreaming in all MSE programmes and networks.

The DMSED of MLHRD appreciates the need for such an Office of Women's Enterprise Development (OWED), and believes it complements and fits well within the established Department of Micro and Small Enterprise Development. In the past, the Department had a Gender Section, and it is felt that this could be reactivated and strengthened in the form of the proposed OWED.

ii) Establish an inter-ministerial committee on women's enterprise

Additionally, it is recommended that an inter-ministerial committee on women's enterprise be established with the mandate to work across government agency and donor lines to foster the growth and development of women's businesses. It would also advocate at all levels of government for responsive change to ensure implementation of the gender equality polices laid out in the 2003 draft Sessional Paper.

iii) Conduct systematic research on the state of women in the MSE sector

To support the work of the OWED and the inter-ministerial committee, more systematic research on the state of women in the MSE sector will be required. As soon as it is practical, it is recommended that a comprehensive study of the state of women in the MSE sector be conducted; the results of this study will be useful to underpin advocacy positions to improve the operating conditions of women MSEs and foster their growth. In addition, an inventory of initiatives targeted to women should be compiled and used to promote best practice approaches among regions.

iv) Hold donor-government meetings to discuss women's enterprise development as a strategic priority

Finally, it is recommended that a meeting be held between MSED officials and donor agencies to discuss the development of women's enterprise development as a strategic priority for the donor funding.

8. Promotion of women entrepreneurs

The primary purpose of entrepreneurship promotion strategies is to motivate and inspire members of the population (women, in this case) to pursue entrepreneurship as a viable and feasible employment option. However, it is also important to make the support environment more favourable towards the role of women as entrepreneurs. This is easier in a country or region where entrepreneurship is already perceived as being a legitimate employment activity. In the context of Kenya, entrepreneurship has only recently been positioned as a valued economic activity. Members of the current MSE sector were more likely to have started an enterprise "out of necessity" – there were no employment alternatives – rather than because of the "opportunity" they perceived in doing so. Therefore, there is still much work to be done to reinforce and strengthen the overall "entrepreneurial culture" in the country, especially if the current generation of young people is to view it as an attractive option for "pursuing opportunity".

In the case of women, the entrepreneurship promotion challenge is even more daunting. As one key informant aptly framed it, "when you talk about a woman entrepreneur in Kenya, the image immediately goes to the woman selling vegetables in the market". Gakure (2003) summarizes a series of studies highlighting the stigmatization of women entrepreneurs in Kenyan society. Even successful women entrepreneurs are viewed negatively because society does not expect women to succeed on their own without male assistance. Challenging these stereotypes is an important starting point for creating a more favorable environment for women entrepreneurs in Kenya.

The major objectives behind a strategy of promoting women's entrepreneurship are three-fold:

1) To increase the level of visibility of women as entrepreneurs and the role their collective and individual enterprises play in the economy;

2) To promote credible role models as a way of inspiring other women to pursue entrepreneurship as a employment/career option, as well the growth potential of their existing enterprises, and to recognize the contributions of individual women entrepreneurs; and

3) To create awareness of the barriers faced by women entrepreneurs in the process of starting and growing enterprises and the strategies required in overcoming them.

Strategies to promote entrepreneurship among, and in favour of, women should be done within the context of fostering a stronger entrepreneurial culture in the country as a whole. This is an important point for Kenya, because the enterprise culture is still weak. Entrepreneurship may be heavily associated with "micro-enterprise" of the Jua Kali nature, and not seen as an attractive employment alternative.

In good practice countries, a range of measures is employed to promote women entrepreneurs. These include the production of multi-media success profiles of women at various stages of enterprise development, high profile Woman Entrepreneur of the year awards and recognition programmes, video documentaries on the nature of women's entrepreneurship, and organization of regional and national conferences on and for women entrepreneurs.

8.1 Recommended actions – promotion

i) Produce a video on women entrepreneurs in Kenya

It is recommended that the DMSED, in partnership with the ILO and the African Development Bank, examine the experiences of the ILO's work in Ethiopia, Tanzania and Zambia in producing a video profiling their women entrepreneurs, with the view towards producing one on women entrepreneurs in Kenya.

The video would feature examples of five or six women entrepreneurs, representing each of the three levels of enterprise – the micro-level, the small-scale level and the medium-large level, and highlight the main elements of their enterprise experience. The profiles should be selected on the basis of "effective strategies" for overcoming obstacles and pursuing opportunities as each woman crafted her journey to the next level of growth. The profiles would collectively display diversity of experience to demonstrate the heterogeneity of women entrepreneurs. Such a video would serve to challenge the prevailing stereotypes of the "Kenyan woman entrepreneur" by offering credible role models. An accompanying Video Resource Guide would enable use of the video as a training, orientation and public awareness tool for students, women's groups, business associations, and government and BDS officials. This recommended action could be effected through an extension of the ILO-WEDGE Programme to Kenya.

ii) Institute an annual awards programme to recognize its women entrepreneurs

In concert with private sector organizations and associations of women entrepreneurs, the DMSED should institute an annual awards programme to recognize its women entrepreneurs.

In the US and Canada, such an awards celebration attracts the attention of major corporations, banks, community leaders and government officials. Several categories of entrepreneurial behaviour could be recognized, for example, an award for micro-enterpriser of the year, innovative entrepreneur of the year, growth entrepreneur of the year, etc. A call for nominations could be made on a regional level and finalists honored at small events prior to a national awards ceremony where "winners" are announced and celebrated. Following the event, print profiles of the finalists and winners can be produced for wider distribution to the various publics.

iii) Publish profiles of the "Top 20 Women Entrepreneurs in Kenya"

Because there is very little evidence of an inventory of women entrepreneurs in Kenya, and the challenge of "breaking the stereotypical image" of a woman entrepreneur is so severe, it is further recommended that an initiative be undertaken to identify the "Top 20 women entrepreneurs in Kenya" and to publish their profiles on an annual basis.

This action would serve to raise the profile of women's entrepreneurial activity in Kenya as well as to offer growth examples to other women who would like to further develop their own enterprises. The "Top 20 Women Entrepreneurs of Kenya" publication would be distributed widely within educational institutions, government agencies, donor groups, association of women's, banks, etc. Profiled women could be asked to participate in speaking engagements, participate in policy discussions, offer mentoring services to other women entrepreneurs, and share their experiences broadly with others.

iv) Enable women entrepreneurs to have better access to markets

Poor access to markets and marketing information has been a major constraint to MSEs in Kenya, and more so for women entrepreneurs.

Women entrepreneurs' access to markets should be enhanced through a number of promotional approaches and tools, such as exhibitions, trade fairs, catalogues of products produced by women, effective use of media and websites, as well as through the promotion of sub-contracting linkages.

v) Organize a series of conferences for women entrepreneurs in regions: declare a "Month of Women Entrepreneurs"

Finally, it is recommended that a series of conferences for women entrepreneurs be hosted in each region, focused on transferring knowledge and skills, facilitating networking, and promoting the exchange of experiences among women.

These could be partnered with women entrepreneurs' associations and combined with trade fairs so members have the opportunity to create profile for their enterprises as well as generate sales.

Modeled after the good practice in Ethiopia, the Government could further declare a "Month for Women Entrepreneurs" and engage many partners in hosting events and activities to celebrate the achievements of women entrepreneurs in many parts of the Kenyan economy (see the Report on Ethiopia for more information on approaches in that country). This would have the positive effect of creating a more conducive entrepreneurial culture for women entrepreneurs in Kenya.

9. Women's access to micro and other forms of credit

Kenya's financial sector is more diversified than that of either Tanzania or Ethiopia. It consists of the Central Bank, 53 commercial banks, 16 non-bank financial institutions, two mortgage finance companies, three Building Societies, eight Development Financial Institutions, and a Post Office Savings Bank. Kenya also has an active stock market with over 50 listed companies, seven of which are commercial banks. The financial sector contributes to 3.8 per cent of total employment in the country and is subject to regulation by the Central Bank of Kenya.

9.1 MSEs underserved in access to credit

According to the 1999 Baseline Survey, Kenya had 150 organizations with credit programmes for MSEs, 130 of which were NGOs; however, the majority of MSEs operate without any credit.[25] The mean initial capital to start a business was Ksh. 40,500 (70 per cent started with less than Ksh. 5,000; 81 per cent with less than Ksh. 10,000), while the mean amount of additional capital injected into each business was Ksh. 24,300.[26] MSEs in the 1999 Baseline Survey reported that their main source of startup capital was family and own funds (90.4 per cent of the initial capital; and 80 per cent for the additional capital).[27] Only 10.4 per cent of MSEs indicated that they had ever received credit from any source, and only 1.5 per cent that they had received financing from a commercial bank. Only 0.6 per cent obtained start-up financing from a bank and 1.1 per cent from a non-bank credit institution or a rotating credit society. Over 96 per cent of all loans to MSEs in 1999 did not exceed Ksh. 100,000 and 70 per cent did not exceed Ksh. 20,000. When asked in the Survey about their overall loan requirements, women and men expressed differences; 83 per cent of women MSEs stated that it was under Ksh. 20,000 compared to 36 per cent of men.[28]

The 1999 Baseline Survey concludes that the demand for MSE credit is one of the least studied aspects of the sector. Much more needs to be done to understand the nature of the "missing middle" of MSE financing – the bridge between the micro-finance level and that of commercial bank financing. Although the micro/cooperative-finance industry is relatively well-developed compared to neighboring countries, the provision of services is highly segmented and disjointed with most outlets concentrated in the Nairobi, Central and Coastal regions. Considering how significant the contributions of the micro and SME sectors are to the economy (contributing an estimated 30.5 per cent of the current GDP and 41 per cent of non-agricultural GDP), this segment of the economy has been largely starved of credit and other financial services.[29]

[25] *National MSE Baseline Survey 1999*, p. 52.

[26] Ibid., p. 46.

[27] Ibid., p. 47.

[28] *National MSE Baseline Survey 1999*, Executive Summary, p. 24.

[29] World Bank, Kenya Financial Sector Background Note.

9.2 Sources of Financing in Kenya

There are several sources of credit access in Kenya, ranging from commercial banks to micro-finance organizations to formal and informal savings groups. Information on the extent to which women MSEs are accessing financing from these various sources is not available, however, it is clear that the more formal the financing mechanism, the fewer women clients one will find. Women's general lack of collateral means they are limited to savings/credit groups, and group-based mutual guarantee micro-credit.

The next section discusses the various sources of financing with reference to how well they meet the needs of women with growth enterprises.

9.2.1 Informal financing

Informal service providers include several variants of merry-go-rounds and rotating savings and credit associations (ROSCAs). They have their roots in the traditional mutual guarantee system, which makes them very popular. In fact, there are thousands of ROSCAs in Kenya serving as a source of credit for millions of low-income people. Estimates are that 76 per cent of group members are women.

A typical ROSCA involves a group of 5-10 members. It operates on simple principles: regular meetings; each member contributes a fixed amount; and each member gets a turn as a recipient. Unless the ROSCA "tops up" its fund with funds borrowed from a micro-finance institution, no interest is paid on the loan or earned on the savings. If the ROSCA does borrow money for on-lending, it charges an interest rate to borrowers in excess of the cover its own borrowing. The amount will vary from one group to another but could be as high as 5 per cent a month. A variation of the ROSCA is the Accumulating Savings and Credit Associations (ASCAs). The most common version of ASCAs involves regular savings with an agreed minimum amount for every member, but allowing higher amounts to be saved by members who wish to. Not all members borrow. This goes on for an agreed period of time, at the end of which members take their savings and interest and the ASCA is wound up.

These informal financial service systems are savings-led and do not work as well when external capital is introduced. Introduction of such capital tends to make the lump sums too large in relation to the members capacity to repay, thus distressing the system. For hawkers, food vendors and other micro-enterprises, external capital changes the rhythm of de-capitalization and re-capitalization.[30]

ROSCAs appear to be very popular among women in the Jua Kali and informal sector. However, women entrepreneurs attending the Nairobi focus group expressed concern that women's financing needs were too narrowly perceived as being solved through savings and mutual guarantee groups. As one more growth-oriented entrepreneur stated, "the advice is start a savings group, save for six months, go to group meetings, and then start borrowing … well, by then, it's too late."

Savings and Credit Cooperative Societies (SACCOs) are the institutions with the most visible impact on the lives of many Kenyans. Their primary objective is to give group-based members access to a convenient savings system and affordable credit. They are currently organized as workplace or crop-based savings and credit associations. SACCOs are the largest supplier of micro-finance to MSEs in the country, accounting for a

[30] Linda Mayoux, "Micro-finance and the Empowerment of Women: A Review of Key Issues", Social Finance Unit, International Labour Office, Geneva.

total market share of over 90 per cent (Coetzee, Kabbuchi & Minjama, 2000). Information on the distribution of micro-finance lending to MSEs versus households is not readily available.

9.2.2 Micro-finance institutions (MFIs)

MFIs refer to the variety of institutions involved in micro-credit and or micro-savings. They include the Kenya Post Office Savings Bank, NGOs, SACCOs, the K-Rep Bank, Faulu Kenya, and village banks. Despite the growing number of MFIs, their outreach is constrained, especially in rural areas, because of their limited resource base and lack of institutional capacity to provide a wide range of financial services.[31] MFI outreach is predominantly through group-based programmes, which have limited absorptive capacity for financial resources. Although commercial banks have a stronger resource base and wider outreach, they lack expertise in MF lending to the MSE sector. The focus of most MF lending is informal economy MSEs ("Jua Kali'), often women who are conducting trade in small goods or providing services.

One of the proposed initiatives of the new government is to enact a Micro-Finance Bill to provide a legal framework for the operations of MFIs.[32] Institutional oversight will rest in the hands of the Central Bank. Through the Act, the government proposes to strengthen the Central Bank's Micro-Finance Unit to enable a harmonization of the operations of MFIs, incorporate micro-finance into the country's financial system, and synchronize operations of the these institutions with the operations of mainstream financial establishments. The Government is currently developing a Micro-Finance Policy, the aim of which will be to broaden the provision of financial services to the majority of Kenyans, especially the rural and urban poor, as well as MSEs. The government also proposes to establish a Micro Finance Trust Fund from which the MFIs can borrow for on-lending to MSEs at affordable interest rates.[33] This will help alleviate the difficulty MFIs have in securing wholesale funds to meet the demand for MSE micro-credit services.

Among the major micro-finance providers in Kenya are the Equity Building Society (EBS) and K-Rep. The Equity Building Society mobilizes savings and term deposits for the provision of loan facilities, on a sustainable basis. EBS changed its mission from mortgage financing to micro-finance, targeting the MSE sector, in 1994. Its vision is to become the dominant micro-finance provider in Kenya by the year 2005.[34] EBS operates through 12 branches and 18 mobile units, with a staff of 190, seven directors and 2,367 shareholders. It has 107,000 depositors, deposits of Ksh. 1.6 billion, 18,000 borrowers, and a loan portfolio of Ksh. 1 billion (2002 data). About 48 per cent of these loan clients are women. Very few MSEs borrow more than Ksh. 25,000.

The K-Rep Development Agency is both a wholesaler and retailer of micro-finance funds. It is in the process of supporting the establishment of village banks to improve the reach of banking and credit services in rural areas. They have developed new group-based savings and micro-finance products to be delivered through this emerging network. Group-based loans are administered through two programmes:

[31] MLHRD, Draft Sessional Paper, February 2004, p. 16.

[32] Ibid., p. 24.

[33] Ibid., p. 24.

[34] Coetzee, Kabbucho & Minjama (2002).

a) Juhudi Chikola – a financial service (saving and loans) provided to MSEs seeking to borrow an average of Ksh. 25,000 (first loan) and progressively increasing to Ksh. 500,000 with no conventional collateral.

b) Katikati – a financial service provided to medium enterprises seeking to borrow between Ksh. 100,000 and Ksh. 1,000,000.

K-Rep also provides Ajiri Loans, a unique low-priced and high-yield savings and loan product, specifically tailored for SACCOs to on-lend to their members. In all cases, the focus of these schemes has been on increasing the amount of credit to small enterprises.

Financial Service Associations (FSAs) are the latest in the micro-finance institutions. Unlike the familiar group-based lending models, FSAs are user-owned, funded and managed. FSAs are more rural friendly in Kenya and are more effective in introducing banking concepts and procedures in communities. They provide all basic banking transactions and are more independent of commercial banks. FSAs can be adequate substitutes for banks in remote areas. K-Rep is spearheading the implementation of FSAs.

Key informants confirmed that MF organizations fill an important need. However, the group savings used for collateral, common to all MFI programmes, restricts a member's ability to re-invest profits in her businesses; hence, business growth is substantially slower. Even though group-based delivery of savings and credit reduces the financial institution's costs of service delivery, interest rates are very high in most MFI schemes. Repayment conditions are generally limited to one-year terms. Challenges posed by group lending methods include the onerous demands of group meetings, which often restrict the participant's ability to network in other arenas, thereby denying them the opportunity to share experiences with entrepreneurs from different backgrounds and other areas within the Kenyan economy.

9.2.3 Women-focused micro-finance initiatives

Available evidence points, in one way or another, to the considerable potential of micro-finance for the empowerment of women:

- Women's demand for credit and savings facilities is high;
- Women's savings propensity and loan repayment rates equal or exceed those of men;
- Many women, particularly in programmes targeting women entrepreneurs, decide on the use of the loan and invest in income-earning activities;
- Some women are able, over a cycle of several loans, to increase incomes that they themselves control.[35]

However, MF targeted to women and financed by MFIs is often seen as part of a poverty reduction programme rather than as an economic, business development tool. Women micro enterprisers tend to operate in an environment with low investment, low growth potential, endure harassment on issues pertaining to licensing, operate in safe, cheap and "possible to get" premises, if not home-based, and have fewer hours to invest in their businesses due to domestic responsibilities. These women tend to have little or no education and often lack confidence – all factors affecting growth. An additional factor is

[35] Linda Mayoux, "Micro-finance and the Empowerment of Women: A Review of Key Issues", Social Finance Unit, International Labour Office, Geneva.

that it cannot be assumed that the woman entrepreneur has control, or even an effective say, over loan use, even is she secures the loan from a programme targeted specifically to women. Women may simply be used as low-cost and reliable intermediaries between loan programme staff and male family members. Professional staff find it more convenient to deal with women because they are at home during working hours; male clients have neither the time nor the inclination to attend group meetings. In some reported cases, women do not even know that their husbands have taken a loan in their names.[36]

Kenya has at least three micro-finance organizations specifically focused on women entrepreneurs – the Kenya Women Finance Trust (KWFT), Women Economic Empowerment Consort (WEEC), and the Women's Economic Development Corporation (WEDCO).

The KWFT is the largest and most significant of these (see Box 1). In 2000, KWFT had an estimated 13.6 per cent share of the micro-finance business in Kenya (excluding SACCOs),[37] making it one of the largest suppliers of micro-finance in the country and a significant force in the provision of micro credit to women. The majority of its lending is group-based and built on a mutual guarantee system. The KWFT 2003 Annual Report reported 73,001 active members and 48,892 outstanding loans, representing a total outstanding loan amount of Ksh. 770 million (see Table 5). The organization employs 260 staff members and reports a self-sufficiency rate of 125 per cent.

Table 5: The Kenya Women's Finance Trust loan portfolio since 1998

Year	No of active members (in groups)	Loan disbursement (Ksh.)	Average loan disbursement per active member (Ksh.)	Loan amount outstanding (Ksh.)
1998	6,837	89,000,000	13,017	52,000,000
1999	11,750	198,000,000	16,851	100,000,000
2000	18,745	383,000,000	20,432	176,000,000
2001	28,910	523,000,000	18,090	262,000,000
2002	47,586	922,000,000	19,375	465,000,000
2003	73,001	1,519,000,000	20,808	770,000,000

Source: From Kenya Women Finance Trust, 2003 Annual Report & Accounts, 16 October 2003, p. 25.

According to the Managing Director of KWFT, one of their biggest challenges is trying to convince their clients to "think bigger", to seek loans in excess of Ksh. 10,000! (This need to help clients to "think bigger" could be a valuable entry point for any complementary business training initiatives.) The average loan size in 2002 was Ksh. 19,375; only 0.25 per cent of KWFT clients borrow more than Ksh. 100,000, generally clients who have grown with them over a period of time. In order to meet the demand from these growth-oriented women clients for larger loan amounts on an individual basis, KWFT is piloting a Nairobi initiative to provide individual loans for amounts of Ksh. 100,000 to Ksh. 500,000. By December 2003, they had about 200 individual clients, a couple of whom were in need of Ksh. 1 million, a definite indication of the desire of these women to pursue growth. However, KWFT's Managing Director stressed that because they take chattel security for individual loans, meeting the collateral requirements is still a

36 Ibid.

37 Coetzee, Kabbucho & Minjama, 2000, p. 12.

challenge for these women clients (husbands have to agree, etc.).[38] If the pilot is successful, they will roll the programme out across the country.

Another of KWFT's challenges is attracting wholesale funds for on-lending that is not secured by client savings. Specifically, they are seeking a loan guarantee arrangement that does not require the tying up of client savings, allowing them to release these savings back to their owners. Among the options put forward in their recent proposal for collaboration (KWFT, 2003) are: (i) a fifteen-year direct loan from the African Development Bank or (ii) an African Development Bank loan guarantee that enabled KWFT to borrow from a local bank against that guarantee. Over the next five years, the Trust is projecting to increase its total membership to 131,093 and its disbursements by US$163,498,151.[39]

Box 1: The Kenya Women's Finance Trust

The Kenya Women's Finance Trust started in 1981, the first African affiliate of the New York-based Women's World Banking. Its goal was to help eradicate poverty in Kenya by making micro-credit available to low-income women operating in the informal and MSE sector. It has grown to become the largest provider of MF in the country, boasting an active client base of almost 75,000 women in 2003. Structured to "reach" women in both urban and rural areas, KWFT has invested in infrastructure and networks so they can serve women in towns and villages. It operates with a staff of 260, located in Nairobi, six regional offices and 32 unit offices, covering all regions except the desert North.

To secure its micro-loan funds, KWFT borrows from partner banks (e.g., Barclays Bank of Kenya, the Kenya Commercial Bank, K-Rep Bank and Stanbic Bank), using client "savings", which are held in a Fixed Trust Account, to serve as loan collateral. These Trust Account savings provide 10 per cent of the loan security and were sufficient to convince banks to partner with them. They have also attracted funding from such donors as the Ford Foundation and USAID. In 2003, KWFT disbursed over Ksh. 1.5 billion to member groups, showing 73,000 active members and 49,000 outstanding loans in their accounts; Ksh. 770 million was outstanding. The average loan size to members of groups is about Ksh. 20,000.

To be eligible for a KWFT group programme, the group must be registered with the Ministry of Culture and Social Services as a self-help group, have existed as a group and operated a merry-go-round for at least one year, and must accept that they have to save an agreed amount of money on a monthly basis. The minimum savings is Ksh. 200 per month. Members must agree to use the savings as collateral for group and individual member's loans. During the mobilization stage, groups complete eight weeks of training to build their capacity and enable them to fully utilize the credit they access.

A recent innovation of KWFT is the introduction of loan insurance, which they are encouraging their clients to buy. They are also currently piloting an individual loan programme to meet the needs of growth-oriented clients with financing needs of Ksh. 100,000 to Ksh. 500,000.

For more information, visit www.kwft.org.

The Women Economic Empowerment Consort (WEEC) is an NGO targeting grassroots women mainly in the Kajiado district of the Rift Valley province, but also in two districts of Central Province. Registered as an NGO in 1999, WEEC collaborates with banks, government departments, research institutions, and the communities it works in to empower disadvantaged, but economically active, women to improve their living conditions through savings mobilization, credit, training provision and information dissemination (for additional information, see Box 2). By 2015, WEEC's vision is to become a fully-fledged women's micro-finance bank.

At the present time, WEEC mobilizes groups of women in micro-enterprises, provides financial services, promotes entrepreneurship and management skills among its members, disseminates information relevant to uplifting women's socio-economic status, and builds capacity of women's groups to effectively manage revolving funds.

[38] The KWFT undertakes strict due diligence to confirm ownership of the MSE, since often, women run enterprises "owned" by their husbands. To obtain an individual loan, the woman client has to be at least a 75 per cent owner of the MSE, be its full-time manager and a bank signatory.

[39] Equivalent to about Kshs. 12.4 billion

To avail themselves of WEEC services, women entrepreneurs organize themselves in groups of 15 to 30, register with the appropriate ministry, and pay an initial WEEC membership fee of Ksh. 3,000. Members of each group must be willing to contribute an initial Ksh. 2,000 to the group, meet monthly, contribute to a monthly savings plan and undertake to guarantee each other's loans. The initial loan amount is limited to Ksh. 4,000. After six months of lending activities among themselves from their savings fund, they can apply to WEEC for a loan to boost the group's fund. The group holds elections every two years and dividends are calculated and shared accordingly. When a group member's borrowing needs exceed the capacity of the group loan fund, WEEC assists her in making an approach to the local bank for an individual loan. It also provides vital information to assist group members in product development, marketing, and health and nutrition-related issues.

A WEEC credit officer trains groups on aspects of starting and managing a revolving credit fund. Delivered to groups, on an intermittent basis, this training has been key to development of the management, credit decision, and leadership capacity of groups and their members. To date, over 3,000 women have received training. WEEC also delivers three weeks of training to its credit officers and has developed a manual on how to manage a revolving fund.

As of December 2003, WEEC had a reach of 6,286 women MEs, operating in 272 groups (see Table 6). In 2003, WEEC will disburse over Ksh. 37 million to 145 member groups, with over Ksh. 21 million in outstanding loans. The average loan amount is about Ksh. 6,000.

Table 6: The WEEC loan portfolio since 1999

Year	No. of members	% increase	Loan disbursement (Ksh.)	Average loan size (Ksh.)	Loan amount outstanding (Ksh.)	% increase
1999	2,480	326% (over 1998)	0		0	0
2000	4,080	68%	1,840,000	451	749,148	n.a.
2001	5,525	35%	11,550,000	2,090	8,195,565	994%
2002	5,351	-3%	18,690,000	3,492	12,417,082	52%
2003[1]	6,286	18%	37,500,000	5,965	21,600,000	74%

[1] 2003 are projected figures.

Source: Women Economic Empowerment Consort, Executive Summary document, p. 5.

There is an estimated potential market of 100,000 economically active women in the three districts served by WEEC. Their ability to provide services to these women is only limited by their capacity to raise funds for on-lending to member groups.

WEEC also demonstrates some good practice in measuring the impact of its lending activity. Monthly reports are prepared for the Board of Directors; these include data on group formations, savings mobilization, loan disbursements, the outstanding loan portfolio, and key performance ratios, such as loan disbursement and average loan size per credit officer. On the qualitative side, WEEC collects baseline information on clients as they enter the programme; secures performance information from clients who ask for larger loans (e.g., assessment of the extent to which funds are adding to household income, how many children are in school, are the women able to travel for business, is her confidence growing); prepares case studies of success stories, which they publish in their newsletter; and conducts focus group evaluations to obtain feedback from women clients on how well the programme is working for them and suggestions for change.

The National Association of Self-Employed Women of Kenya (NASEWoK) was formed about seven years ago by a small group of women entrepreneurs who decided to start a savings cooperative as a source of business financing. Within a year, they had 180 groups as members; today, because of capacity limitations, they have capped membership at 250 groups, each comprised of about six women and distributed throughout the eight regions of Kenya. Most of their members are educated (at least secondary school completion), employ anywhere between 2-3 to 20-30 workers, and have businesses successful enough to be able to afford the Ksh. 5,000 minimum monthly savings.

Initially, the intent was that group members would borrow from the savings pool, to which each member contributed Ksh. 5,000 per month. After the six-month savings period ended, some members needed larger amounts of financing, so NASEWoK deposited Ksh. 15 million in the Cooperative Bank to be used as a guarantee for member loans. This has enabled the group to leverage the lending level beyond the amount of their collective savings. Individual members are restricted from borrowing more than three times their salary level.

NASEWoK has a national office with two staff members, and an office in each of the eight provinces with a person in each one. Salaries are paid from membership fees. Each region has quarterly gatherings where women entrepreneurs get together and talk about their businesses, their plans for the future, and generally empower each other. Network members also endeavour to employ the daughters of other members and do business with each other. They hold a 2-3 day annual conference around the event of their Annual General Meeting, but this is restricted to "members only". NASEWoK is limited in its expansion efforts by lack of capacity. To enable growth beyond their present reach, a grant would be required to cover the costs of hiring additional administrative staff and to properly equip an office.

The NASEWoK key informant stated, "even educated women, because of societal pressures, feel they can't go beyond a certain level". She stressed the need for initiatives to "uplift their self-esteem", such as seminars to educate them about their rights and to sensitize men about what women want and need. She reinforced the need for a strong umbrella organization of women entrepreneur associations, the promotion of successful role models (ideally through video profiles), and a woman's bank.

Another group of professional women and consultants recently started the **United Women's Savings and Credit Cooperative Society (UWSACCO)** to establish a pool of security, based on savings, so they can improve their ability to borrow amounts of Ksh. 1 million. This SACCO now has about 80 members, Ksh. 5 million of savings, and is giving loans of Ksh. 10,000 to Ksh. 1 million. To address the issue of the high cost of borrowing, the interest rate is only 1 per cent a month.

Most key informants identified business development support (BDS) in the form of technical and management skills development as an important accompaniment to the lending process. Complementary MFI services most often only provide training in group formation and credit. General business development support services were not reported as being offered by micro-finance institutions interviewed during the field visit, except in the case of WEEC, which provides management and technical development opportunities for women clients and their spouses. KWFT reported that they provided training to loan recipients during their first five years of operations, for which women paid approximately 30 per cent of the training cost, but during the last several years, KWFT has focused only on the provision of financial services. However, in interviews with the ILO team, KWFT indicated that they would be eager to re-institute business skills training for its female borrowers.

9.2.4 *The Association of Micro Finance Institutions (AMFI)*

The AMFI, an umbrella organization established in 1999 (and mobilized in 2002), represents about 90 per cent of the micro-finance institutions in Kenya.[40] Member data reports a total of 250,000 MSE micro-finance clients in the country (this includes the almost 75,000 women clients of the Kenya Women Finance Trust). **This suggests that only about 10 per cent of MSEs are accessing micro-finance**. Although the gender breakdown of client data from individual AMFI members is not precise, AMFI collective data suggests that 30-40 per cent of total loan clients are women. This varies substantially from one MFI to another, making up 100 per cent of the KWFT client base, and 48 per cent of the client base of the Equity Building Society (EBS). Data on the gender distribution of their loan portfolios is not systematically reported by AMFI members, although a few MF programmes are known to offer loans specifically to women (e.g., KWFT and the Women Economic Empowerment Consort), while others deal extensively with women (e.g. Women Economic Development Corporation) or report a majority of women clients (e.g. PRIDE, K-Rep and National Council of Churches in Kenya).[41]

The repayment rate among women clients is very good (e.g., 98 per cent for clients of the KWFT). The limited data that exists on the comparative situation for male and female clients confirms that the arrears rate for women clients is better than that for male clients (1.8 per cent versus 5 per cent, as reported by the Equity Building Society during the key informant interviews). However, a better repayment track record does not carry weight with the commercial banks, which insist on collateral for all loan applicants, usually in the form of assets such as land. Since women are unlikely to have title deeds, women entrepreneurs are severely disadvantaged in their efforts to secure financing for growth.

The Chief Executive of the AMFI indicated that women still face many barriers in accessing micro-finance, but the association has not yet done anything specific to explore or to address particular constraints.

9.3 Formal banking institutions

The commercial banking sector is comprised of private sector banks and Development Financial Institutions (DFIs), which are partially or totally owned by Government. The Industrial & Commercial Development Corporation (ICDC), the Industrial Development Bank (IDB), and the Kenya Industrial Estates (KIE) Limited are three major Development Financial Institutions (DFIs). From ICDC, the minimum and maximum loans available to MSEs are Ksh. 200,000 and Ksh. 3 million; from IDB, Ksh. 1 million and Ksh. 6 million; from Kenya Industrial Estate Limited (KIE), Ksh. 100,000 and Ksh. 500,000 for very small enterprises, and Ksh. 500,000 and Ksh. 14 million for SMEs. Thirty per cent of KIEs clients are women and most of them are rural based. KIE also provides BDS to their clients and wants to develop an incubator programme all over the country (52 sites). The annual base loan amount for ICDC is almost Ksh. 100 million and they have plans to double their portfolio. An estimated 40-45 per cent of their clients are women. The maximum tenure of the loan is five years (at an interest rate of 15 per cent for long term lending, with a maximum of 60 per cent debt and 40 per cent equity).

[40] AMFI was established by practitioners and other stakeholders who recognized that the industry needed an institutional framework through which common issues and concerns could be articulated and addressed. The smaller MFIs who cannot meet the minimum criteria of 2000 clients are not represented in the AMFI membership.

[41] E.H.A. Mugwanga, "MicroSave-Africa, Use and Impact of Savings Services for Poor People in Kenya", Uganda, 1998.

The commercial banking sector has yet to recover from persisting meager performance, attributed to a poorly performing economy, an enormous amount of non-performing loans and an unstable political situation. In 2002, banks reported investing a larger proportion of their funds in government securities, with loans and advances accounting for only 55 per cent of their activity (December 2002). Compared to December 2001, loans and advances increased by 4.5 per cent from Ksh. 244 billion to Ksh. 255 billion, despite a growth of 8.1 per cent and 9.2 per cent in total assets and deposits, respectively. Deposits increased by 9.3 per cent to Ksh. 360.7 billion in December 2002, from Ksh. 330 billion in December 2001. In 2002, the profitability of the sector also decreased by 11 per cent, according to December 2002 returns to the Central Bank of Kenya.[42] The level of non-performing loans continues to beleaguer the sector and remains at a 30 per cent level.

Generally, banks are not that interested in lending to MSEs because of the high transaction cost and low profitability, although some commercial institutions have attempted to implement special service schemes for their poorer customers. In the late 1990s, the Cooperative Bank, the National Bank, the Kenya Commercial Bank and the Post Office Savings Bank all began setting up micro-finance departments. The Commercial Bank of Kenya, Barclays Bank, the Cooperative Bank of Kenya and the K-Rep Bank currently lend to MSEs through special Micro-Finance Programmes.

9.3.1 Women and bank financing

Data on the gender composition of the MSE clients of the commercial banks is not available, but key informants from banking institutions reported that few women could provide the collateral necessary to back loan requests. There are a number of other factors affecting the level to which women are making use of commercial credit services.

- Women are very often unable to meet loan conditions, specifically collateral requirements. This is primarily due to cultural barriers that restrict women from owning fixed assets such as land and buildings. As well, the traditional sectors of women's business activities are often not asset based.

- Many financial institutions lack confidence in projects owned by women. "The cultural aspects of the male mentality are still strong enough in Kenya to impede the growth of women owned enterprises."[43]

- Women are perceived to be risk adverse in approaching banks to finance their small projects. Small loans are costly for financial institutions to put on the books and administer. "Men have bigger ideas and borrow bigger".[44]

- Women are seen to lack management skills, and some women have relatively low levels of education and technical skills. Even if their project is "bankable", they often lack proper business financial records and their capacity to prepare a business plan is limited.

- Women often lack the ability to approach a financial institution and to develop a proposal for financing (business plans). Many do not understand the mechanisms of borrowing.

[42] K-Rep Bank, *Annual Report & Financial Statement 2002*, Nairobi.

[43] *Comment from key informant from one of Kenya's bank during site visit interviews, December 2003.*

[44] Comment from a key informant from the Kenya Commercial Bank.

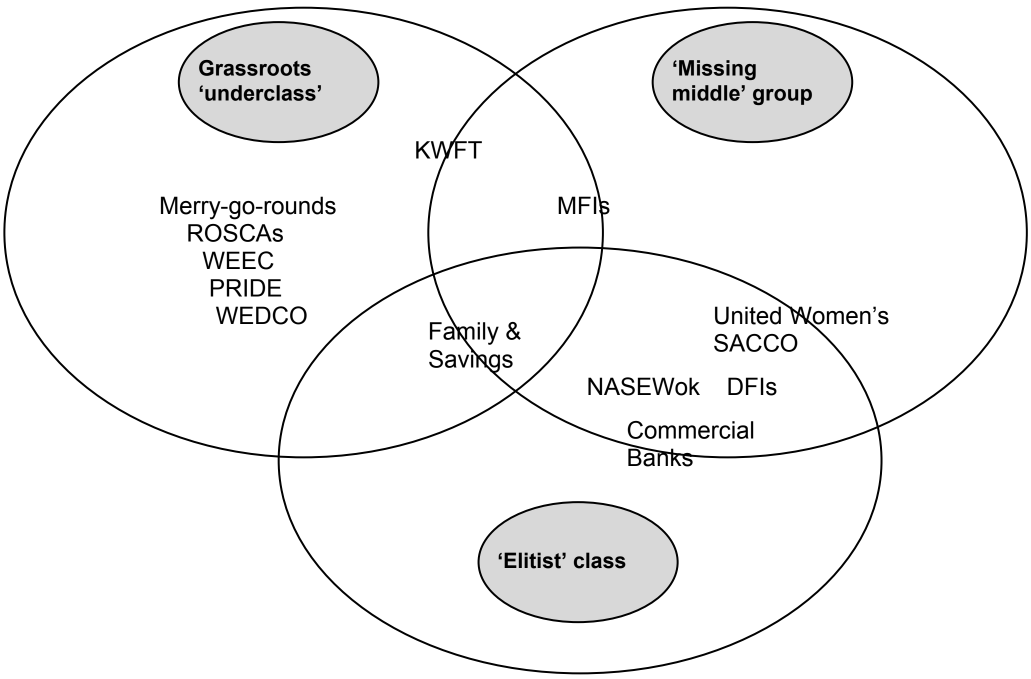
- Women do not have the same opportunities for full-time waged employment, and therefore have more limited capacity for savings accumulation than men.

- Financial institutions (DFIs, MFIs, and banks) lack the access to competitive resources for mid- to long-term onlending.

9.4 Conclusions regarding women's access to financing

Women MSEs make use of different financing sources depending on their circumstances. It depends on the scale of their enterprises, their level of personal and family savings, whether group lending programmes meet their needs, the cost of financing, their business development and growth objectives, and their ability to meet the collateral security requirements of banks. The predominant sources of financing for women in the informal and micro-sector (the grassroots "underclass") are group savings programmes, merry-go-rounds, ROSCAs and micro finance NGOs, including WEEC and the KWFT. The "elitist" class of women entrepreneurs are more likely to be able to secure financing from the commercial banks, but they also use their own savings or, to a limited extent, participate in professional savings/credit groups, like the United Women's SACCO and the National Association of Self-Employed Women of Kenya (NASEWoK). The "missing middle" group makes use of micro-finance at the lower level (possibly the KWFT) but they soon outgrow the low lending limits. Unable to meet the requirements for commercial bank loans, they either grow at a slower rate than they would wish, or participate in the membership of higher-level SACCOs, like the United Women's group or NASEWoK. Figure 3 attempts to graphically illustrate the financing options available to each of these three groups of women entrepreneurs.

Figure 3: Credit sources of the three segments of women entrepreneurs



More detailed primary research is required to quantify the financing gaps faced by women-owned MSEs in Kenya, but all indications are that gaps exist for women who want to make the transition to higher levels of growth. This gap needs to be filled if Kenya is to realize the latent economic potential of enterprises – particularly those operated by women – which are stunted by a lack of capital.

If one assumes that an estimated 38 per cent of AMFI member clients are women (excluding those of the KWFT), this means they have 66,500 women clients (see Table 7). Combined with the 75,000 KWFT clients, this means that about 140,000 women are accessing micro-finance loans. This is just a bit over 10 per cent of the estimated 1.3 million women MSEs in the country. Even for those women who are able to participate in formal micro-finance programmes, the short-term nature of the loans, the low loan ceilings, and the high interest rates are liabilities for a growth firm.

Table 7: Estimate of female MFI clients, 2003

	# of Clients	% of women clients	Total women served
AMFI (less KWFT)	175,000	(estimate) 38%	66,500
KWFT	75,000	100%	75,000
Total	**250,000**		**141,500**

With respect to longer-term loans, specifically those needed by women MSEs, the current situation is not promising, because of the high guarantee requirements of banks. Commercial Banks indicated during field visit interviews that they are not that interested in financing women-owned MSEs unless there is a loan guarantee programme in place to mitigate the risk. So there are few options left for women with growth firms to access debt financing.

From the perspective of MFIs, not much can be done under their existing limitations. They borrow from commercial banks at high interest rates; therefore do on-lending at even higher interest rates. Few MSEs borrow much more than Ksh. 25,000, but if they do request larger loans, they often want special interest rates and financial services, which MFIs cannot offer. Up to 65 per cent of their clients do not have collateral so credit assessments have to be done on the basis of past operations and the way they manage their savings accounts. These issues, in particular, confirm that MFIs need capacity building to address the needs of growth-oriented clients.

It is clear that MFIs need other sources of funding to meet the growing demand for credit but they lack the capacity to raise funds and resources from the international money market. During the field visit, DFIs and government expressed a serious interest in cooperating with donors to support the financing of growth-oriented women MSEs. DFIs have an objective to foster the development of the SME sector. A proposal has already been to the AfDB by some DFIs for a Line of Credit for on-lending to MFIs.[45] It is also evident that commercial banks are not willing to finance women MSEs unless a guarantee scheme is provided to them, despite the fact that women are generally recognized as honouring their debts.

A number or recommendations are proposed to deal with the obstacles women face in accessing financing in Kenya. Some of these proposed actions have to do with modifications or refinements to the existing system. Others have to do with setting up new structures or systems for releasing more capital to women in growth enterprises.

[45] *Information obtained from an official of the African Development Bank, December 2003.*

9.5 Recommended actions – access to credit

A major challenge for Kenya is to fill the gap of the "missing middle" of financing for MSEs, particularly, those owned by women. There are many issues affecting women's access to credit services, but this doesn't help the fact that women in growth firms are financially constrained. Commercial banks are not well equipped to lend to MSEs at the present time, and MFIs operate with inadequate funding as well as funding capacity. The bottom line is there is a need for new mechanisms to release more capital to women entrepreneurs and to better respond to their growth needs.

Two recommendations are made as options for dealing with this issue. The first is to establish a Women's Bank and the second is to work with existing financial institutions through a loan guarantee facility targeted to women with growth firms.

i) Establish a Kenya Women's Bank

Several key informants expressed the need for a women's bank to cater to women MSEs, a bank where they come as individuals to obtain a loan, backed by their own collateral or a cross-guarantee. Two months ago, the National Council on Women, with endorsement from KEPSA, started doing the groundwork for such a project. The First Lady has agreed to act as the Project Chairperson. To start a bank in Kenya, one needs Ksh. 300 million. To obtain this amount of capital, the project planning group intends to submit a formal proposal for government and donor support. However, as a way of giving women more "ownership" of the bank, the National Council on Women is considering asking a million Kenyan women to make a contribution of Ksh. 100 each.

Government and donors should make strategic efforts to accelerate the reality of this initiative.

ii) Implement a Loan Guarantee Programme

Another option, given the specific collateral constraints faced by women that have outgrown the MF lending levels, is to implement a loan guarantee programme, delivered through the banks. This solution would address the collateral issue and other impediments to growth, such as the need for a broader variety of loan products (e.g. operating lines, quasi-equity) and access to training, counselling and technical assistance, through an integrated financing approach involving local financial institutions, women entrepreneurs' associations, the AfDB, the ILO and other development organizations and donors.

The objective of the programme would be four-fold:

1) To provide technical and financial support to women-owned very small (VS) and small and medium enterprises (SMEs) that have growth potential, and to participating DFIs and MFIs;

2) To develop synergies among stakeholders;

3) To build the capacity of women entrepreneurs' associations (WEAs) and their members;

4) To raise awareness among potential partners (WEAs, business associations, financiers, policy-makers, etc.) on the economic impact of supporting the development of women-owned enterprises.

The programme would have three components, a financing mechanism, a guarantee scheme and a technical assistance scheme (see Figure 4).

1. Financing Mechanism (FIM)

The Financing Mechanism would provide lines of credit to consortia of DFIs and MFIs for on-lending to women in the three target groups (the grassroots "underclass", the "missing middle" and the "elitist" class). To provide more flexibility in meeting the growth financing needs of women, a quasi-Equity Credit Facility would be put into place, effectively a deferred loan instrument where principal payments start after a grace period.

2. Guarantee Scheme (GS)

A Guarantee Scheme would support the development of a Co-guarantee Community Banking Scheme. The scheme would operate on a "group responsibility" basis. Collateral would not be a prerequisite to obtaining a loan. Other criteria used for the determination of a loan package would be moveable assets (machinery, equipment, or purchase agreements), personal guarantees, and the co-guarantees of members of the borrower's business group by way of mutual pledging of their collective savings.

Although the "very small" and small and medium enterprises have access to small loans provided by organizations such as the Kenya Women Finance Trust, the Equity Business Society, K-Rep, IDB, and ICDC, these loans are very small and do not support the growth of women owned enterprises highly constrained by the required guarantees and collateral. The Co-guarantee Community Banking Scheme would be designed to ensure financial and institutional viability (i.e., sustainability of the services to be provided by the scheme and its support to the growth of the beneficiaries).

It is proposed that a Guarantee be provided to one financial institution of the consortium to be a partial guarantee provider to the other financial institutions for their loans to growth-oriented women entrepreneurs.

3. Technical Assistance Facility (TAF)

To mitigate the risk of the Programme in financing new enterprises with growth potential as well as the growth plans of existing MSEs, a Technical Assistance Facility would be established to:

i) Address the technical deficiencies of clients during the first 2 years of the business by providing women clients of the Guarantee programme with management skills and training to enhance their ability to prepare business plans, carry out loan negotiations, and other requisites, as well as monitor the performance of their businesses under the programme (such as the ILO's Expand Your Business – EYB – programme);

ii) Reinforce the technical and institutional capacity of women entrepreneurs' associations to provide BDS to their members, and

iii) Reinforce the technical capacities of the FI programme partners to manage and promote such a scheme.

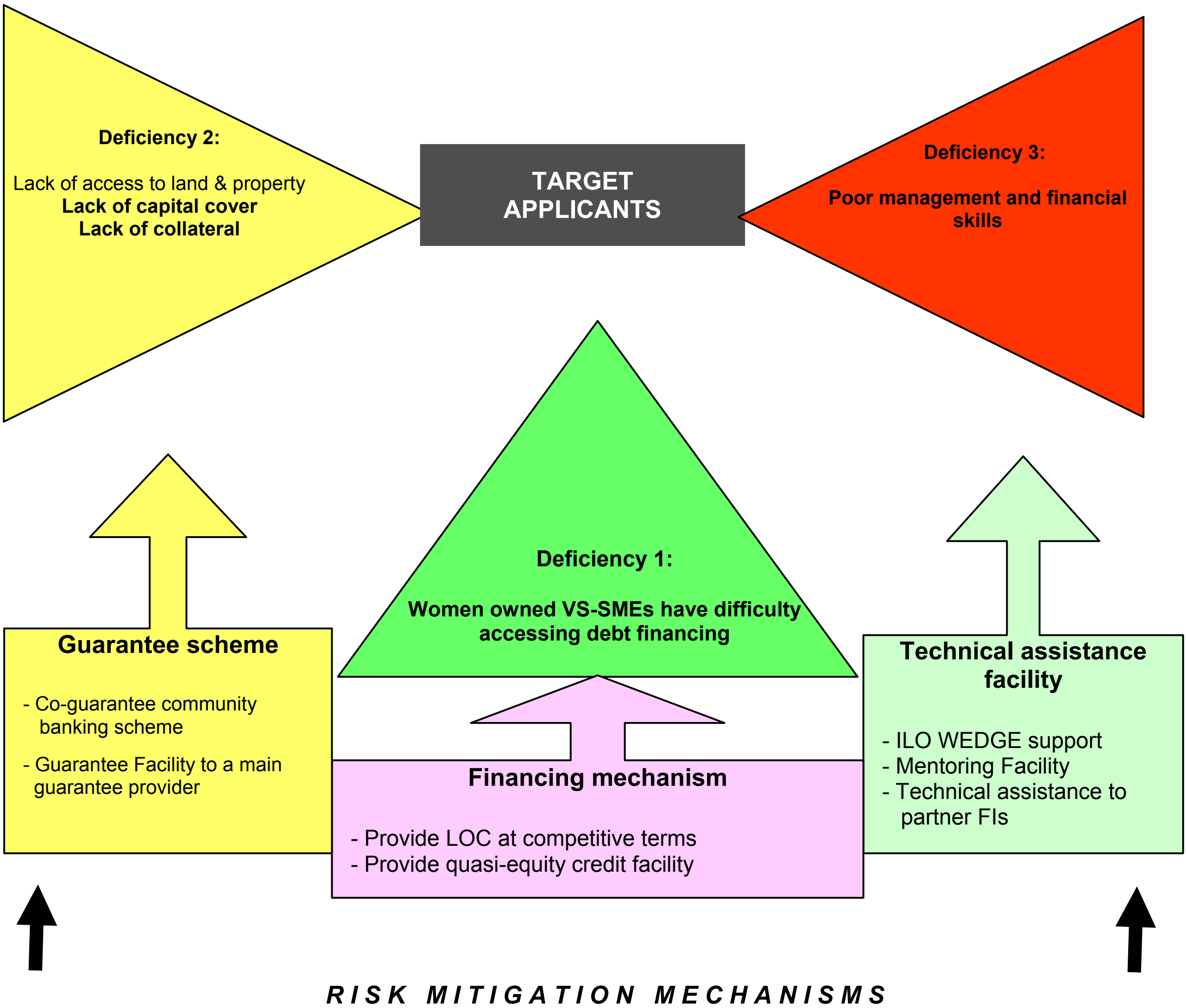
This component would consist of three elements:

a) An ILO WEDGE programme package that would provide FI partners with the institutional and technical skills to perform the management of the programme at the internal level.

b) A Mentoring Facility.

c) Technical assistance, provided to FI members of the consortium.

Figure 4: Model of the proposed financing, guarantee and technical assistance programme



Lessons learned from the Canadian experience suggest that women entrepreneurs also need to enhance their negotiating skills and learn how to deal with the lender. Often lacking an understanding of the need for borrowing at different stages of business growth, particularly, the advantages of non-asset financing programmes – working capital, receivables financing, export financing, and quasi-equity, women needed coaching and training in these matters. It was also necessary to provide sensitivity training to bank credit officers on dealing with women clients, and in general on the women's market. They needed to better understand the expectations of women clients and how to develop long-term relationships. In some instances, financial institutions needed to review their pricing of loans to women business owners, and not view women as being higher risk than their male counterparts. In order to gain a better understanding of the women's market and to direct more informed actions for subsequent support, the importance of on-going research on the financing trends of women entrepreneurs was recognized. The following steps are, therefore, also recommended.

iv) Link micro-finance loan clients to BDS

At present in Kenya, most of the micro-finance and credit organizations do not provide any formal links between finance and business development services (BDS), and it is felt that this limits the overall impact of the finance programmes.

It is recommended therefore that efforts be made to systematically link MF loan clients to BDS follow-up and training services.

Key informants stressed that many women, even Jua Kali members, have the capacity to move from subsistence activities into the "economic grid", but they need more nurturing and assistance. Women must learn how to better manage their finances, re-invest in their businesses, acquire the assets necessary to meet individual loan requirements, and how to manage the process of growth. The Canadian experience has proven positive results when counselling, training, or coaching services are linked to loan approvals, particularly in the case of women clients and young entrepreneurs.

v) Publish a "Financing Guide for Women Entrepreneurs"

Publish a "Financing Guide for Women Entrepreneurs" and supplement it with seminars to create more awareness among women of financing options, requirements and strategies.

vi) Pursue government-bank dialogue on women's access to bank financing

As part of the implementation of its proposed new MSE policy, the Government of Kenya should undertake a dialogue with commercial banks regarding their practices in lending to women MSEs and the provision of training and capacity building for their credit officers in gender equality issues.

vii) Collect and report gender disaggregated data on micro-finance clients

Finally, in order to understand the degree to which women are accessing micro finance, it is important to collect and report systematically on the performance of micro-finance institutions. It is therefore recommended that the Association of Micro Finance Institutions require its member associations to report the following gender disaggregated client data: (a) number of MFI active clients; (b) amount of loan disbursement for the current period; (c) amount of loans outstanding; (d) average loan size; and (e) repayment and arrears rates.

10. Women entrepreneurs' associations and networks

There are a number of private sector associations in Kenya, each representing groups of MSEs. Key among these are Jua Kali associations which represent micro-enterprises in the informal economy, such as the National Jua Kali Marketing Exhibitors and Marketing Associations (NJEMA); the Kenya Curio Jua Kali Association; and the Kenya National Federation of Jua Kali Association (KNFJKA). Others are the Association of Makers and Exporters of Gift Articles (AMEGA), Kenya Organization of Small and Medium Enterprises (KOSME), Ukweli National Youth Development Programme (UNYDP), Athiani Small and Medium Enterprise Association (ASMEA), Kenya National Hawkers' Association (KENAHA), Kenya Street Traders' Society (KSTS), and National Association of Technology Transfer and Entrepreneurship Training (NATTET). These membership networks, including some 656 local cluster Jua Kali networks, have significant representation from women in the informal, micro-enterprise sector. For example, the National Jua Kali Marketing Exhibitors and Marketing Association claims that 70 per cent of its members are women.

There is also a National Federation of Agricultural Producers, an Association of Manufacturers, a National Federation of Cooperatives and Chambers of Commerce and Industry. In addition to membership in these business associations, women entrepreneurs in Kenya organize in their own networks to meet their common and specific needs. Key examples of these networks are the Women Economic Empowerment Consort (WEEC), the National Organization of Women in Self-Employment, and the Masai Village Weavers. Many women MSEs who participate in "merry-go-round" groups also use group members to exchange business experience and know-how. The apex organization for Kenyan employers, the Federation of Kenyan Employers (FKE), has also been active for many years in promoting small businesses and facilitating their membership of various business associations.

However, over three-quarters of Kenyan MSE operators do not belong to any business associations.[46] Of the 24 per cent who do, lower educated MSEs belong to merry-go-rounds (primarily women) and university educated MSE operators belong to "other business associations" (non-MSE associations). Only 6.4 per cent of MSEs in the 1999 Baseline Survey reported they belong to women's associations, however, assuming these are all women, would infer that over 13 per cent of the women MSEs in the survey belonged to such associations.

In February 2003, the Government of Kenya challenged the private sector to unify, in an inclusive and representative fashion, in order to provide an institutional framework for a Government-Private Sector partnership. Later in the year, after engaging in discussion, 27 private sector associations got together to form the Kenya Private Sector Alliance (KEPSA) to present a strong and unified voice in influencing the country's economic agenda.[47] Having obtained government endorsement of the initiative, KEPSA, as an umbrella organization, has held ongoing consultative meetings with the government on the development of its Economic Recovery and Micro and Small Enterprises policy documents

[46] *National Baseline MSE Survey 1999*, p. 43.

[47] Besides the Jua Kali, manufacturers, agricultural producers, women in micro-enterprises, and Chambers of Commerce and Industry, KEPSA includes the National Council of Women in Kenya, the Kenya Medical Association, the Nairobi Stock Exchange, the Kenya Banker's Association, the Kenya Private Schools Association, the Association of Microfinance Institutions, the Law Society, and others.

and strategies.[48] In addition to KEPSA's advocacy efforts, it is also undertaking initiatives to foster the enhanced capacity of its member associations in areas of organizational development, leadership, governance, professionalism, and provision of beneficial membership services. Training in these areas will be offered to member associations following a needs assessment exercise to be completed by early 2004. KEPSA is also supporting the concept of a women's bank to help overcome the collateral and credit constraints of women entrepreneurs (see the previous section).

From information gained from key informants during the Kenya interviewing process, it is estimated that more than 100,000 women are participating in these MSE networks (see Table 8). However, most of these associations focus on providing marketing venues (exhibitions and fairs) or mobilizing savings and credit access. While these are essential to successful enterprise development, there is no national association of women entrepreneurs whose purpose it is to represent the voice of women MSEs at the policy table or to disseminate business information and provide other forms of non-financial assistance to its membership. This is needed within the Kenyan context.

Table 8: Women's membership in selected MSE-related associations

Organization	Representation of women MSEs	Number of women MSEs
Kenya National Federation of Jua Kali Associations (KNFJKA)	70% of an estimated 10,000 members in 500 groups	7,000
Nairobi International Trade Fair	8,000 MSEs in 100 or so groups; about 75% are women producers	6,000
WEEC	272 groups of 15-30 women each (three districts)	6,000
NASEWoK	250 groups of 6 women (all regions)	1,500
KWFT	84,734 women MSEs clients served in 2002	84,734
Masai Village Weavers	Sectoral group of women in hand-looming and weaving (100%)	1,500
GEMA	Sectoral group of women in textiles and garments (100%)	2,000
Merry-go-rounds	Predominantly female-focused	n.a.
Total		**109,734**

The foundation for the formation of such an association exists. A large number of women MEs are already mobilized in small groups and many of these have been trained in the management of their groups, including the necessary leadership skills.

A good example is the Women Economic Empowerment Consort (WEEC), which is comprised of 272 groups, each with 15-30 members, all reporting through a system of zones to the national Board level (see Box 2). Although the primary purpose of WEEC is to mobilize group savings as a way of accessing micro-credit, groups provide mutual support and learning to each other, and receive training in small business management and organizational development and leadership from the mother organization. WEEC has trained over 3,000 women from small groups in managing a savings/credit group, electing leaders, making a constitution, and managing a revolving loan fund. It was one of the only

[48] "KEPSA Strategy", Kenya Private Sector Alliance, Nairobi, p. 4.

organizations identified during the field visit that offered a special initiative targeting young women who are out of school. With funding from UNDP and the Government of Kenya, WEEC provides business start-up training, management skills, and links to business premises and financial services to young women to enable them to start sustainable small businesses.[49]

Box 2: Women Economic Empowerment Consort (WEEC)

The Women Economic Empowerment Consort is a non-government organization targeting grassroots women mainly in the Kajiado district of the Rift Valley province, but also in Kiambu and Murang's districts of Central Province. Started by 12 women opinion leaders from Kajiado district in 1995, its mission is to empower disadvantaged but economically active women to enable them to meet their immediate needs and improve their living conditions through savings mobilization, credit, information dissemination and the provision of training. In 1999, it registered itself as an NGO and now collaborates with banks, government departments, research institutions, and the communities it works in. It receives support from the World Bank, UNDP, the Kenya Gatsby Charitable Trust, the Global Fund for Women, Trickle-Up, the Government of Kenya, the Consultative Group to Assist the Poor (CGAP), and others. By 2015, WEEC's vision is to become a fully-fledged women's micro-finance bank.

At the present time, WEEC mobilizes groups of women in micro-enterprises, provides financial services, promotes entrepreneurship and management skills among its members, disseminates information relevant to uplifting women's socio-economic status, and builds capacity of women's groups to effectively manage revolving funds. As of December 2003, WEEC's reach was 6,000 individual women MEs (affecting about 1,000 households), operating in 272 groups.

Member groups pay Ksh. 3,000 to belong to WEEC, which in turn belongs to the National Council of Women in Kenya. In 2000, WEEC established a resource centre where women can access information on a number of issues, including small business development, micro-finance, marketing, gender issues, and general development. It also publishes a newsletter, *Voice of empowerment*, in which it profiles client success stories and development in micro-enterprise support.

To avail themselves of WEEC services, women entrepreneurs organize themselves in groups of 15 to 30, and register with the Ministry of Culture and Social Services. Members of each group must be willing to meet monthly, contribute to a monthly savings plan and undertake to guarantee each other's loans. WEEC's credit officers train groups on aspects of starting and managing a revolving credit fund, to which each member contributes an initial Ksh. 2,000. After six months of loaning among themselves from their savings fund they can apply to WEEC for a loan to boost the group's fund. The group holds elections every two years and dividends are calculated and shared accordingly. The training provided on starting and managing a revolving loan fund, delivered to groups on an intermittent basis has been key to development of the management, credit decision, and leadership capacity of groups and their members.

With the introduction of the lending scheme, many women have been able to venture into small-scale enterprises including selling fruits and vegetables, tailoring, hotel businesses, and dairy farming. When a group member's borrowing needs exceed the capacity of the group loan fund, WEEC assists her in making an approach to the local bank for an individual loan. It also provides vital information to assist group members in product development, marketing, and health and nutrition-related issues.

WEEC is governed by a board of eight members drawn from different professional backgrounds including law, finance, banking and institutional development who bring diverse experience and skills to the organization, and employs a staff of 18. WEEC groups themselves are organized in Zones and each Zone elects a woman leader who brings any issues to WEEC Executive Committees and its Board.

[49] Women Economic Empowerment Consort promotional brochure.

10.1 Recommended actions – women entrepreneurs' associations and networks

i) Form an umbrella association for women entrepreneurs

It is recommended that an initiative be undertaken to facilitate the formation of an umbrella association for women entrepreneurs that is representative of the different levels of women's enterprise activity in Kenya and which embraces existing networks and good practice structures (e.g. WEEC, NASEWoK, KWFT). This would seem to be an urgent need in Kenya, and it is a recommendation that would help to contribute to the success of other related recommendations. Whilst an umbrella organization is envisaged, it should also have representation from and involvement in key sectors (such as textiles and food-processing), with affiliate associations representing these sectors.

ii) Develop an inventory of existing groups specifically aimed at women MSE membership and profile their membership

To inform this initiative, a project should be undertaken to develop an inventory of existing groups specifically aimed at women MSE membership (e.g. merry-go-rounds, formal savings associations, sector associations, entrepreneur associations). An effort should also be made to develop a demographic profile of the members of these associations/groups, including a profile of their enterprises. This will enable a more informed segmentation of the market and the tailoring of association services to their respective needs.

iii) Convene a conference for leaders of the major WEAs in Kenya, Ethiopia and Tanzania to promote the sharing of good practices and useful lessons

In order to foster the exchange of good practice in forming, developing and managing women's entrepreneur associations, including lessons learned from prior experiences, it is also recommended that a conference be convened for leaders of the major women entrepreneurs' associations (WEAs) in Kenya, Ethiopia and Tanzania to discuss issues of governance, membership building, value-added service provision, promotion activities, and advocacy efforts.

iv) Extend the ILO-WEDGE capacity-building programme for women entrepreneurs' associations to Kenya

Finally, it is recommended that the ILO-WEDGE programme be extended to Kenya and that a capacity-building project be implemented to support the development of this newly formed umbrella association of women entrepreneurs. Such support would contribute to the overall governance of the association and its affiliates, as well as to members' collective bargaining and self-regulation of the association.

Provision should be made in the by-laws of the new association for an associate membership category that would allow the participation of professional women involved in the MSE support environment. Lessons learned from the Atlantic Canadian experience suggests that this group of committed and professional women can bring considerable leadership and organizational strength to a WEA, in addition to partnership possibilities in the delivery of membership-driven products and services. Barring this, the new association should make provision for an Advisory Council, consisting of a number of such women, as well as some notable and highly successful women entrepreneurs, so it can benefit from their knowledge and experience. Representatives of advisory and support organizations assisting women entrepreneurs could also be invited to participate in such a Council.

11. Training and mentoring

Entrepreneurial, management, and technical training is very important to enterprise development. Business start-up, survival and growth training is offered by a wide array of Kenyan government agencies, private consulting firms and NGOs, including the ILO's Start and Improve Your Business (SIYB) training (Namusonge, 1999). However, few entrepreneurs in Kenya access any sort of such training. Only 7 per cent of MSEs in the 1999 Baseline Survey had received any form of non-financial assistance in the previous four years, despite the increasing number of formal and informal organizations in the country offering all types of non-financial assistance by way of training in business skills and entrepreneurship, practical skills, technical assistance, and marketing support.[50] Eighty-five per cent of Kenyan entrepreneurs reported not having received any training at all – 86.9 per cent of women and 83.4 per cent of men.[51] Only 1.15 per cent of women had taken any management training, and only 1.9 per cent had received any consultancy or counselling. The highest percentage of any type of training received by women was in marketing (7.5 per cent). The situation was not much different for men, although 4 per cent of men had accessed some counselling or consultancy services. In addition, two-thirds of MSEs do not keep any business records, 77 per cent do not have bank accounts, and 62.7 per cent said that they had no specific source of market information.[52] Very few MSEs do any marketing of their products or services. Much work needs to be done in all of these areas, including identifying means and strategies for improving MSE access to training in entrepreneurship and growth.

Technical and vocational training in Kenya is the responsibility of two ministries. The Ministry of Labour and Human Resource Development is charged with the development of Jua Kali programmes, as well as the Youth Polytechnics that were started through community efforts. The Ministry of Education is in charge of Technical Institutes and National Polytechnics that were initiated by government. Public training institutions provide the largest proportion of technical training in Kenya, and the delivery of entrepreneurship curriculum to students of the system has been stated as a priority of government (see Table 9), but according to key informants, the system itself was not specifically designed to train for self-employment in the informal economy. Meeting the training and skills upgrading needs of the informal economy is critical if one of the government's aims is to increase the growth rate of existing micro-enterprises and to move them into the small enterprise category.

The Youth Polytechnics (YPs) are training grounds for many Jua Kali operators. They play a major role in skills formation and building human capital for young people in rural areas. The training offered in these institutions is meant to develop competent young graduates. It is also intended to strengthen their ability to adapt to changes in the market, to improve the efficiency of their business operations, and help them to produce quality goods and services for their communities. However, there is a need for further refurbishing of training workshops, purchase of appropriate training tools and equipment, and forging links between the YPs and locally-based MSEs. The YPs have the potential to become incubator centres to provide space for women in manufacturing and processing enterprises where NATTET members, among others, can access and utilize the centres.

[50] *National Baseline MSE Survey 1999*, p. 55.

[51] Ibid., p. 44.

[52] Ibid., p. 50.

Although a network of highly competent trainers/consultants and an infrastructure for training delivery exists in Kenya, women-owned MSEs are not able to readily access the kind of training they need for growth. Women entrepreneurs interviewed during the field visit reported many deficiencies in the system – poor quality of the training provided; lack of access to training in rural areas; inadequate follow-up on the "how to implement" what they have learned in the training programme; and insufficient emphasis on the entrepreneurship, marketing and business aspects in technical training programmes.

> "There's lots of training on how to make soap, or candles, or whatever, but that's it. What we need is training on how to get financing, how to develop markets, information on how to identify markets and what the market requirements are. There really isn't much in the way of entrepreneurship training programmes, and what is there is too elementary for me." (Quote from woman entrepreneur who processes juices and manufactures commercial cleaning products).

> "There's lots of effort to get women to start businesses, start businesses, start businesses, and then what? We train them and then leave them!" (Quote from manager of a women-focused training NGO).

Since it is difficult to deliver technical and entrepreneurship training on a cost-recovery basis, and women cannot afford to pay much for their training, a number of NGOs position themselves to deliver donor-funded training projects. However, these "pilots" only have the capacity to reach a small number of women and have difficulty continuing once project funding comes to an end. This means there is a lack of consistently delivered and available training.

Table 9: Policy measures in favour of entrepreneurship training and education

Policy objective	Actions taken	Results
Introduce entrepreneurship education in degree and diploma programmes (in universities, technical training institutes and youth polytechnics)	A higher diploma in entrepreneurship was started at the Kenya Technical Teachers College to build capacity of MSE support institutions; later institutionalized at the Jumo Kenyatta University of Agriculture and Technology (JKUAT) in 1992. A 2-year Master's degree in Entrepreneurship Development is now offered. Programmes are offered by Moi University, Mombassa Polytechnic, Kenyatta University and the University of Nairobi.	As of 1999, almost 250 JKUAT graduates had been trained in entrepreneurship. Some 66 per cent of graduates from the MSc. entrepreneurship programme start their own enterprises. Graduates of other programmes end up teaching entrepreneurship in technical institutions or working in the MSE support environment.
	Pre-start-up training in technical skills is offered in technical training institutes, institutes of technology and national polytechnics, as well as NGOs. By 1999, 41 vocational technical institutes had introduced a 3-year entrepreneurship education programme.	55,000 students a year graduate from these programmes, 85 per cent of which go into self-employment. Key informants indicated that the entrepreneurship components of these programmes are often minimal or too theoretical in content.
	The 8-4-4 curriculum is designed to introduce entrepreneurial skills and attitudes at pre-school, primary, secondary and tertiary levels.	The focus has been more on employable attitudes and skills. The curriculum needs to be re-oriented to include more emphasis on entrepreneurial skills to complement the predominant technical skills orientation. Few of the 640,000 students in 3,000 secondary schools are exposed to entrepreneurship curriculum, thus the pool of potential Jua Kali entrepreneurs are not adequately prepared for self-employment.

Policy objective	Actions taken	Results
Provide incentives to graduates to continue attending short refresher courses on self-employment, entrepreneurship development and skills enhancement.	17 Small Business Centres were established by MRTTT in some technical training institutions to offer business start-up training, counselling and networking services to graduating students, including strategies for enhancing women's participation in entrepreneurship.	Training rarely goes beyond the gates of the institution and no follow-up of graduates is undertaken. Limited assistance is directed to enterprises with growth potential, especially in the areas of technological skills, the acquisition of technology, and management training.
Establish rural business centres for information dissemination, research, product development and programme promotion among the MSE sector.		
Train MSE operators and their workers in technical, managerial and entrepreneurship skills and offer extension services/technical assistance in areas such as accounting, cash-flow management, product development and use of technology.	Programmes are offered by the Kenya Institute of Business Training, Small Business Centres, Kenya Management Assistance Programme (K-MAP), the Kenya Institute of Management (KIM), and the Kenya Rural Enterprise Programme (K-Rep). Since 1988, the Government has been assisting retrenched workers to acquire the necessary skills to venture into business through partnerships with educational institutions and NGOs, including the Kenya Women's Fund Trust, and other support programmes. Consultancy services are offered by over 200 consulting firms. One-on-one business counselling is offered by K-MAP, where a roster of over 600 counsellors in all sectors provides training and counselling for small businesses.	Data on the reach of these programmes was not reported. However, most of the interventions were directed to existing enterprises with limited support to persons in the process of starting new enterprises.
Enhance the transition of micro and small-scale enterprises into medium size enterprises.	From 1996-1999, the World Bank and the Government of Kenya piloted a Voucher Training Programme to provide a 90% subsidy to MSEs for the purchase of training and business development services. Phase 2 was launched in 2000 and ended in 2002. One of the objectives of the programme was to develop the capacity of trainers to work with the MSE sector.	The reach of the Voucher Training Programme increased from the issuing of 427 vouchers (all beneficiaries trained) in the pilot phase to the training of 9,829 beneficiaries in Phase 1, and 10,661 beneficiaries in Phase 2.

Source: Summarized from Namusonge, 1999, pp. 83-93 and NATTET, October 2001 (based on 1992 Sessional Paper).

Gender-based cultural barriers also impede women's access to training. Key informants reported that husbands often object to their wives or daughters participating in training delivered by male facilitators. Since 90 per cent of the people involved in micro and small enterprise development work are men, and sometimes "women consultants are not listened to",[53] this is a major issue. Training is offered by some women-focused organizations, such as WEEC, and efforts are made by other training agents to involve husbands in the training as well, but this issue remains a constraint for many women in MSEs. According to certain male key informants, "unless something can be done to address this, there really isn't much else we can do".

[53] View expressed by key informants during field visit.

The National Association for Technology Transfer and Entrepreneurial Training (NATTET) is trying to respond to some of these needs. NATTET formed in 2002 as the main association of training, technology and business service providers to the MSE sector (NATTET, 2001). Bringing together trainers and consultants who worked on the World Bank Voucher Training Programme from 1996 to 2002, NATTET provides a forum for the exchange of ideas among experts in the field as well as a pool of expertise in a broad range of technical areas of benefit to growth-oriented MSEs. Its aim is to fill the gap of the "missing middle" – the gap between informal, micro-sector enterprises and medium-size enterprises – by providing appropriate training and business development to growth-oriented MSEs based on identified needs, and including regular follow-up visits to client enterprises over a three-month period of time.

The primary target group for NATTET services is MSEs with less than five employees, earning profits of Ksh. 10,000-12,000 monthly. According to NATTET officials, the most this group can afford for training services is Ksh. 3,000, far less than the estimated cost of Ksh. 10,000-13,000 for the services outlined in the World Bank training manuals. The secondary market is MSEs with 10-49 employees, a group that can afford to pay more for training services, but small in number ("missing middle"). Because an estimated 70 to 90 per cent of Jua Kali are women, and NATTET already runs a number of programmes for women – in shampoo production, chemicals, textiles, food processing (juices, jams, yogurt), etc. – women are expected to be a primary beneficiary of this extended programme effort to move enterprise training from a "trading" to "quality production" focus.

As of December 2003, NATTET reported about 200 paid members and another 100 who were unable to afford the membership fee. They have submitted a proposal to the government and other private sector organizations for funding of incubator, technology centres, equipped with the tools, technology and equipment needed by local MSEs for more efficient and cost-effective production. The space for these centres could be secured within the 600 Polytechnics in the country. The government could then erect small sheds on government-owned land and incubated Jua Kali enterprises could graduate from the Polytechnic incubators to proper business locations, again with business development support from NATTET members. In the opinion of NATTET leaders, any growth progression of Jua Kali to small and medium-sized enterprises must be accompanied by attention to:

- Premises (from Jua Kali sheds to industrial parks to Export Processing Zones, to individually owned plots),[54]
- Technology development;
- Marketing support;
- Business management capacity;
- Group networking and support (to be able to produce to meet demand);
- Access to working capital, so they can fulfil large orders.

[54] Since 2003, the Government has provided a permanent exhibition space for Jua Kali operators at the national showgrounds. In addition, buildings have been constructed for offices, training rooms and incubator facilities.

11.1 Recommended actions – training and mentoring

There are at least three target groups of women for growth training: (i) young women in the educational system; (ii) retrenched women, and (iii) existing women entrepreneurs who want to expand.

Given the emphasis on entrepreneurship training in the universities and polytechnics,[55] young, educated women are an obvious target group for a strategic effort to stimulate the start-up of some higher potential growth enterprises. With thousands of young Kenyans graduating yearly from programmes that include some exposure to entrepreneurship, and with significant percentages of them already turning to self-employment, this would be an attractive group to prepare more effectively for starting firms with growth potential. One of the unknowns, however, is the proportion of women among graduates as well as among those who become self-employed. Assuming there is a sufficient number interested in pursuing entrepreneurship, then a programme could be targeted to this group. However, the approach may have to be refined to include a stronger business opportunity and market identification focus, combined with the "how-to" technical aspects of the production side of the enterprise (and, of course, some confidence building). NATTET's proposal to establish incubators in polytechnics is worthy of more consideration because it would create the environment for an initiative of this nature.

Key informants talked about the number of women who had been retrenched as a result of public sector and corporate downsizing exercises. Many of these women are well-educated, and have professional backgrounds and management experience. In lieu of paid employment options, this group of women, with the proper training and orientation, has promising potential as creators of high potential growth enterprises.

Existing women entrepreneurs who have enterprises with at least five employees and who are interested in expanding make up the third target group for growth training.

To deal with issues relating to access to training, with a specific orientation towards growth, the following actions are recommended:

i) Offer a targeted Enterprise Development Programme for growth-oriented women

Design an Enterprise Development Training Programme (EDTP) targeted towards growth-oriented women MSEs that includes the following components:

- Training focused on market development, opportunity identification, and quality;
- Augmented training in marketing/promotion skills;
- A series of "business opportunity" seminars to help women identify ideas with higher growth potential;
- Delivery of the ILO's "GET[56] Ahead for Women in Enterprise" programme (currently being piloted in Asia) and the newly launched Expand Your Business (EYB) programme;

[55] At present the ILO is working with the Youth Polytechnics in Kenya to introduce Know About Business (KAB), as a small business awareness and training programme, into the Youth Polytechnics.

[56] Gender and Entrepreneurship Together.

- Delivery of a series of longer-term "managing for growth" training initiatives for women, to include monthly seminars over a 10-month period. This could deal with specific growth issues, have a full-time facilitator/adviser, involve individual visits to each woman's enterprise during the month to coach on the implementation of information gained in the training seminar, include a mentoring component, and a train-the-trainer element;

- Training to prepare women for the export development process, using the same model as the "managing for growth" initiative and including an actual trade mission to a predetermined location at the end of the programme;

- Training on dealing with credit institutions, borrowing mechanisms, and negotiating strategies.

ii) Strengthen NATTET activities

Strengthen the National Association of Technology Transfer and Entrepreneurial Training (NATTET) network and engage them in a partnership to design and deliver growth-oriented training programmes to women. Re-introducing the refined Voucher Training Programme in concert with NATTET network trainers and consultants is an option for improving access to training for expansion for the smaller women-owned enterprises.

iii) Train women as BDS facilitators

Train a roster of women consultants/facilitators to serve as advisers and BDS providers to women entrepreneurs.

iv) Use "Top 20 Women Entrepreneurs in Kenya" and award winners as mentors for growth-oriented enterprises

Use the "Top 20 Women Entrepreneurs in Kenya" and Entrepreneur of the Year award winners to mentor the "up and coming" women entrepreneurs.

v) Sponsor study tours for growth-oriented women entrepreneurs

Implement exchange programmes and study tours to build competence among women entrepreneurs through contact with successful women entrepreneurs from other regions and countries; organize study tours. Study tours should be tailored to meet the developmental needs of the participants. For example, women involved in the garment industry could visit small-scale manufacturers and learn about market trends, design, quality control, labelling, etc. Visits with women entrepreneurs can facilitate the sharing of opportunities and challenges. Linking of networks (industry associations and women entrepreneurs' associations) could be an added feature.

12. Business support and information

The 1999 National Baseline Survey revealed that a very small percentage of MSEs actually access any form of non-financial business assistance. But Ngugi (1999) reported that there were 500 registered business development service (BDS) providers in Kenya in 1999. K-MAP, the Kenya Institute of Business Training, ILO's Start and Improve Your Business (SIYB), Federation of Kenyan Employers (FKE), and the Kenya Institute of Management offer counselling and consultancy services to MSEs. These services supplement those of business one-stop shops and business service centres, both initiated with donor support. In his assessment of the business support environment for MSE development, Ngugi outlined several weaknesses in the business support system, primarily:

- Lack of a coherent national training policy;
- Lack of sustainability of organizations offering BDS;
- Lack of trained personnel, staff motivation, linkages with private sector organizations and adequate implementation funds;
- Politicization of the activities of associations;
- Ineffective transfer of national policy objectives to district plans and annexes.

One of the strategies of the Kenyan Government has been to support the formation of MSE associations so they can provide business support services to members. Following the release of the 1992 Sessional Paper, the Government facilitated the formation of 300 sectoral associations with 6,000 members located all over the country, along with an umbrella association, the Kenya National Federation of Jua Kali Associations. By 2002, over 500 primary Jua Kali associations belonged to the Kenya National Federation of Jua Kali Associations. These associations provide forums for Jua Kali members to exchange experiences, and to support, coach and inform each other. Since the majority of Jua Kali members are women, they are the beneficiaries of this support. Although the field visit to Kenya did not provide an opportunity to meet with key informants from the BDS network (beyond NATTET), evidence suggests that many women entrepreneurs are not availing themselves of BDS, for reasons of cost, access, or availability. Furthermore, interviews with women entrepreneurs confirmed their need for various forms of information, especially market-related information.

The experience of Canada, as well as that of some other countries, including the US, is that the best way to get business support and information to women entrepreneurs is through women entrepreneurs' associations and a network of dedicated Women's Enterprise (or Business Resource) Centres. These may be viable approaches within the Kenyan context as well.

At this point, it would be necessary to exercise some effort to organize women entrepreneurs into an association that represents their interests (see section 10 on Women Entrepreneurs' Associations and Networks), but when put together would provide an effective mechanism for disseminating business information and other BDS services. Setting up a network of Women's Enterprise Centres in Kenya's regions would require further consideration, especially from a funding perspective. In developed countries, this is something governments often support as part of their strategies to develop women-owned enterprises, although private sector corporations and banks may also be involved in project funding.

12.1 Recommended actions – business support and information

It is recommended that:

i) An initiative be undertaken to build capacity of WEAs to provide information and BDS to member enterprises. This could be facilitated by the ILO's WEDGE team's activities;

ii) Consideration be given to establishing a network of regional Women's Enterprise/Business Resource Centres to meet the information and business support needs of women at all stages of enterprise development;

iii) Polytechnics become equipped with incubators to provide space for women in manufacturing and processing enterprises;

iv) Technical college graduates be trained to provide business advisory services to women MSEs.

13. Regulatory and legal environment

The draft MSE policy framework of the DMSED notes that the legal and regulatory environment is in need of improvement.[57] Issues have to do with complexities and costs involved in registering business names, obtaining licences, finding suitable business premises, obtaining legal title to business sites, etc. Namusonge (1999) points out that Kenya's bankruptcy laws punish financial failure by denying the bankrupt civil rights, a serious deterrent to the risk-taking often inherent in "growing" an enterprise.

All of these pose barriers to women, as well as to men, but the most serious issue affecting the growth and development of women's firms is their lack of land and other property titles. While there is nothing *stated in the law* that prevents them from holding title to property, the cultural practice of "male" ownership is a serious impediment to women entrepreneurs (McCormick, 2001). Gakure (2003) points out that women entrepreneurs may also experience discrimination in the judicial system. To deal with this issue, Gakure recommends establishing a mechanism for providing women entrepreneurs with legal aid and appointing more women judges.

13.1 Recommended actions – regulatory and legal environment

Perhaps the most critical thing to do with respect to the regulatory and legal environment is to:

i) Implement gender-mainstreaming initiatives throughout the system

Use of the FAMOS (Female and Male Operated Small Enterprises) Gender Audit tool being piloted by the ILO-WEDGE project in Tanzania,[58] along with delivery of gender mainstreaming workshops, is a possible practical option to improve the environment for women entrepreneurs in Kenya.

ii) Review laws pertaining to women's land ownership and inheritance rights

There should be **an ongoing review of laws pertaining to land ownership and inheritance, and efforts made to educate both women and men on their respective rights**. The review should also encompass customs and traditions relating to land ownership and titling.

[57] Draft Sessional Paper, February 2004, pp. 13-14.

[58] This is being piloted by the ILO on the Small and Medium Enterprise Policy (2003), in association with the Ministry of Industry and Trade (MIT), United Republic of Tanzania.

14. Research

There are a number of serious gaps in the state of knowledge about women in the Kenyan MSE sector. Among these are:

- Limited countrywide data on the number, make-up, size and economic/social contributions of women in micro, small, medium and large enterprises. Since the 1999 National Baseline Survey, there has been dynamic growth in the MSE sector; however, one can only estimate how much of that growth might have been contributed by a growth in the number and size of women's enterprises.

- No data is available on their business entry, survival and growth rates.

- No comprehensive demographic profiling exists on women who own enterprises or on the enterprises they own.

- There is no evidence of comparative studies of women and men in MSEs.

- There are limited studies on the factors affecting the start-up conditions of women-owned MSEs.

- No comprehensive studies exist on women and business growth.

- There is inadequate research/data on the financing of women's enterprises at different stages of growth.

- There is an absence of research on the differential impacts of MSE micro-finance, BDS and training initiatives on women versus men.

- Incomplete gender breakdown is provided on all aspects of micro-finance borrowers.

In addition, there is limited sharing of lessons learned and "good practice" in improving the performance of women's enterprises.

Having said that, the data and information that does exist (National MSE Baseline Survey 1999; Alder, Mitullah & Kopiyo, 1998; Gakure, 1995, 2001, 2003; Kinyanjui & Mungati, 1999, McCormick, 1996, 1997, 2001;) paints a consistent picture of challenges, obstacles, and barriers that women micro and small enterprisers face. Further and more comprehensive research is needed on this sector of the economy, both to inform policy actions and to create more awareness of this segment of the MSE sector among donor groups, service providers and the public at large.

14.1 Recommended actions – research agenda

Pertinent to the above, it is recommended that:

i) Robust **gender disaggregated data on MSEs** be collected and made available on a continuous and regular basis (DMSED with Central Bureau of Statistics).

This data could form the basis of a regular (annual) *Report on the State of Women in MSEs in Kenya*.

ii) **MFIs be required to report gender disaggregated data** on loan clients, disbursements, average loan sizes, defaults, etc. (AMFI).

iii) **A strategic, collaborative research agenda be developed to fill gaps in knowledge about women in MSEs** and that funding be sought to implement the research programme (DMSED, ILO, AfDB, Institute of Development Studies, donors).

As a starting point for the research agenda, it is proposed that primary research studies on women entrepreneurs in Kenya be completed, similar to those initiated and led as part of the ILO-WEDGE Programme in Ethiopia, Kenya and Zambia. The study would also include a comprehensive analysis of the financing challenges and practices of women at each stage of growth to better inform all actors in the financing sector, and some comparative analysis of the MSE experiences of women and men.

The findings of the research should be published and disseminated broadly among relevant organizations and stakeholder groups, including women entrepreneurs' associations.

iv) **Impact/case studies of initiatives targeted specifically to women MSEs** should be undertaken and the results shared with NGOs, donors, BDS providers, and other relevant parties. This may assist in accelerating the transfer of learning of good practice in supporting the development of women's enterprises.

v) **A Women's Entrepreneurship Research Symposium be held to build research capacity and interest within Kenya's universities and research institutes in the area of MSEs and women's entrepreneurship.** This Symposium should be organized as a joint activity with other East African countries, including Ethiopia, Tanzania and Zambia, with the invited participation of international experts and acclaimed researchers in the field of women's entrepreneurship research.

15. Concluding comments on strategy for moving forward

15.1 Addressing gaps of the "missing middles"

There are at least three "missing middles" with respect to the MSE sector in Kenya (see Table 10). The first has to do with the tiny proportion of MSE sector enterprises in the "very small" and "small" categories. The second has to do with the gap in financing from the micro-finance level to the commercial bank level, for MSEs that want to grow from one level to another. And the third has to do with "missing information" about the nature and scale of the other two, with particular reference to women in the MSE sector.

Table 10: The MSE sector and the "missing middles"

"Gaps"	The "missing middle" and MSEs	The "missing middle" and women entrepreneurs
Gap in MSE sector by enterprise employment size	96.7% of MSEs employ less than 5 people (micro). Only 2.6% employ 6-10 people (very small). Only 0.7% employ 11-50 employees (small).	"Missing middle" is bigger for women entrepreneurs. As enterprise size increases, women's share decreases.
Financing Gap	Less then 10% of MSEs obtain MF from an institution/NGO. Very small and small enterprises are limited to financing from savings/guarantee groups or SACCOs. Commercial banks prefer to do corporate lending to medium and large enterprises.	Average MF loans for women are smaller than those for men. Women are more likely to do borrowing in rotating savings groups or merry-go-rounds. Women are less likely to have collateral, so financing gap is bigger.
Information gap	Large information gaps about the nature of these "missing middles"	Lack of good data on the distribution of women's MSEs by size. Need for information about: - How to get more women from the micro to the small enterprise level; - How to get more MF financing to women with small enterprises. - How to graduate women to more formal lending.

The primary focus of this report is on the "missing middle" of women's MSEs, the group of women entrepreneurs with very small (6-10 employees) and small enterprises (11-50 employees). The real challenge is to identify according to an integrated framework approaches, strategies and initiatives that will support the growth of women-owned enterprises – to move them into the very small and small categories.

In considering the recommendations embedded in the body of this report, it is important to keep four groups of women in mind, two which could be the source of new enterprises with higher growth potential, and two which have growth potential from among existing MSEs. These groups are:

A: Potential "new" women entrepreneurs

i) Young girls who are completing secondary and post-secondary educations;

ii) Women who have been retrenched from large multinationals and government positions.

B: Growth-potential existing women entrepreneurs

i) Women entrepreneurs with less than 10 employees who can be encouraged to pursue growth by removing some constraints and providing tailored BDS, financing, and training;

ii) Women with more than 10 employees who are ready and willing to grow their existing enterprises.

The strategy should be two-pronged:

a) To work with the generation of younger, educated women to expose them to entrepreneurship, develop their entrepreneurial and management skills, and assist them to pursue careers in higher potential enterprises; and

b) To identify existing micro and small enterprises owned by women and ensure they have access to the management, leadership, marketing, financial management, technological support and financial assistance they need to foster their growth potential.

Policy and programme elements to address the gaps and challenges highlighted in this report should be formulated within the context of an integrated framework, taking into consideration recommended actions in the areas of policy coordination and leadership; promotion; financing; building of WEAs; women-focused training and business support initiatives; removal of regulatory barriers, and targeted research efforts.

One of the first things to be done is to establish a focal point for women's enterprise development within the DMSED, and then to convene a meeting with relevant stakeholders, including the ILO, the AfDB, donor organizations, financial institutions and women entrepreneurs. This would help to mobilize coordinated efforts and pursue priority actions in the areas of promotion, financing, WEA capacity-building and gender mainstreaming. Particularly strong opportunities exist for both the AfDB and the ILO-WEDGE initiative to address gaps in these areas.

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Annex 2: List of questions for assessing gaps and identifying further policy/programme measures in support of women's enterprise development[59]

To assess the strength of policy and programme measures in support of women entrepreneurs, a list of questions in each area of the integrated framework serves to highlight where gaps may exist and where further actions might be helpful. Not any one government would be able to answer "yes" to all of these questions and several others would quality the extent to which actions were being implemented in each of these areas, but it is a useful template for assessing the degree to which women are taken seriously as a target group and the extent to which integrated actions are underway.

1) Policy Coordination and Leadership

a) Have women entrepreneurs been identified as a specific target group in the government's MSE policies?

b) Is there a focal point within government for women's enterprise development?

c) Is there a strategic framework for the development of the women's enterprise sector, including provision for both start-up and growth of their enterprises?

d) Are regular meetings of partner organizations (e.g., government, NGOs, donors, BDS providers, and lenders) convened to share good practices, review progress, and identify areas for coordinated action?

e) Are the views of women entrepreneurs' activity sought regarding the development of MSE policies in the country?

f) Are women entrepreneurs' associations represented on government MSE Advisory and other bodies?

g) Are performance measures in place to monitor progress in development of the women's enterprise sector?

h) Is gender mainstreaming a priority of the government and are efforts in place to provide gender-mainstreaming workshops to sensitize officials in government, NGO, BDS, and business association networks?

i) Is there a mechanism for advocating the interests and concerns of women entrepreneurs and their enterprises among relevant government departments and other levels of government?

2) Promotion of Women as Entrepreneurs

a. Is there broad-based public awareness of and support for the role of women entrepreneurs in the economy?

b. Is entrepreneurship considered a feasible, viable and attractive option among women?

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c. Are women entrepreneurs valued for their contributions to the MSE sector?

d. Is there a high level of awareness of women entrepreneurs in growth enterprises?

e. Is there a supply of women entrepreneurs who can act as credible role models? Are these promoted?

f. Are there initiatives in place to recognize and celebrate the achievements of women entrepreneurs?

g. Is the media used to stimulate interest in entrepreneurship and to promote the activities of women entrepreneurs?

3) Access to Financing

a. Do women have equal access to sources of financing for the start-up of new enterprises?

b. Do special financing programmes exist to help overcome the barriers women face in accessing credit (e.g., lack of collateral)?

c. Are women able to access business financing as "individual" entrepreneurs, and not just on a peer, mutual-guarantee lending basis?

d. Are women able to access financing beyond the micro-finance lending limit?

e. Are there multiple sources and types of financing available to meet the needs of women's enterprises at each of the stages of growth and development?

f. Is financing equally available in rural and urban areas?

g. Are efforts made to ensure women have access to information about the available sources and types financing and the criteria used to make lending decisions?

h. Are efforts made to improve women's skills in negotiating for financing?

4) Training and Mentoring

a. Is there a needs assessment of the entrepreneurial training and business development needs of women entrepreneurs at each stage of growth and development?

b. Do women have adequate access to entrepreneurial training opportunities on a local basis?

c. Are there examples of entrepreneurial training programmes targeted specifically to women?

d. Are efforts made to recruit women for entrepreneurial training programmes and training approaches tailored to meet their needs?

e. Is there an adequate supply of women trainers, advisers and mentors to work within the women's market?

5) Business Support and Information

a. Is information available on the take-up of government business support and information services by women entrepreneurs?

b. Is there a dedicated system of business support for women entrepreneurs (e.g., women's desk in government MSE agencies; women's enterprise or business resource centres)?

c. Are organized vehicles in place for ensuring women have access to information about business support services?

d. Is there an adequate supply of women advisers and trainers in the BDS network?

e. Are business support services linked to the provision of micro-finance for women?

6) Women Entrepreneurs' Associations (WEAs) and Women's Access to Business Networks

a. Do women have access to the networking activities of mainstream business and industry associations?

b. Is there data on the representation of women entrepreneurs in generic business and industry associations?

c. Do these organizations adequately represent the needs and concerns of women entrepreneurs?

d. Have women entrepreneurs joined together to form their own associations?

e. Do these women entrepreneurs' associations exist in many parts of the country?

f. Do sizeable percentages of the population of women entrepreneurs have the opportunity to belong to WEAs?

g. Do WEAs organize regular meetings for members so they can network, learn from each other, and develop cooperative activities?

h. Are WEAs actively involved in creating heightened awareness of women-owned enterprises in their communities and promoting the successes and contributions of members?

i. Do WEAs have the capacity to represent the needs of women entrepreneurs to local, regional and national policymakers on issues related to lack of premises, access to financing and business support, and a favourable regulatory and legislative environment?

j. Do WEAs have adequate capacity to deliver business support, information, and entrepreneurial skills programmes to their members?

k. Do WEAs have adequate capacity to promote their services broadly within the community of women entrepreneurs?

l. Are initiatives in place to help build capacity in WEAs through training on association development, governance, planning, project management, marketing, and advocacy?

m. Are there opportunities for WEAs to exchange good practice and learn from each other's experiences?

n. Does government view WEAs as partners in the objective of strengthening the environment for women entrepreneurs, encouraging more women to start enterprises and improving their performance and growth outcomes?

o. Are WEAs financially supported by governments, large corporations or donors to further their mutual aims and objectives (i.e., project-related support)?

p. Do WEAs play a role in lobbying local regional and national governments in favour of policies, programmes and services to improve the operating environment for women entrepreneurs?

7) Access to Premises

a. Do women entrepreneurs have access to adequate and affordable premises to run their enterprises?

b. Is attention paid to ensuring women producers have access to adequate production premises and up-to-date commercial technologies?

8) Regulatory and Legal Environment

a. Is there a national gender policy that secures the rights of women in society and the economy?

b. Is there a process for enforcing the implementation of gender policies?

c. Is there a process for assessing the gender impact of existing and new regulations and legislation on women's enterprises?

d. Is there a process for reviewing the impact of the implementation of regulations and legislation on women's enterprise development?

e. Is there a streamlined process for women to register their businesses and obtain business licenses at the local level?

f. Is information readily available to women regarding the process and benefits of formalizing their enterprises?

g. Does the government have policies in place to ensure women have access to the economic resources necessary to start and grow enterprises on an equal footing with men (i.e., credit)?

9) Research

a. Is there national survey data on the population of MSEs in the country, from which gender disaggregated data can be derived, including the number of enterprises?

b. Is there profile information on the population of women-owned enterprises, including the distribution of enterprises by employment size, location, sector, and age?

c. Is there a demographic profile of the women who own these enterprises (e.g., age, education level, work experience, years in business, family background)?

d. Is national information available on the similarities and differences between the profiles of women versus men?

e. Is national information available on the similarities and differences between enterprises owned by women and those owned by men?

f. Have reports on the similarities and differences between male and female entrepreneurs and their enterprises been produced and made widely available within the country?

g. Are there qualitative studies of the start-up experiences and behaviours of women entrepreneurs, illuminating start-up motivations, start-up processes (e.g., how they developed the idea, obtained financing, identified markets, organized production, gained management skills, used business and personal networks, accessed business development services), major barriers and strategies for overcoming them, and limitations faced by their enterprises in the early development phases?

h. Is there knowledge of how women's start-up experiences, challenges and access to resources and support differ from that of men?

i. Is there national quantitative data on the growth of women-owned enterprises compared to those owned by men?

j. Are there studies of the growth experiences of women entrepreneurs, including their orientation towards growth, motivations, strategies, use of resources and constraints?

k. Have links been built between university researchers and the government's MSE policy unit to encourage policy-oriented research studies on the topic of women as entrepreneurs?