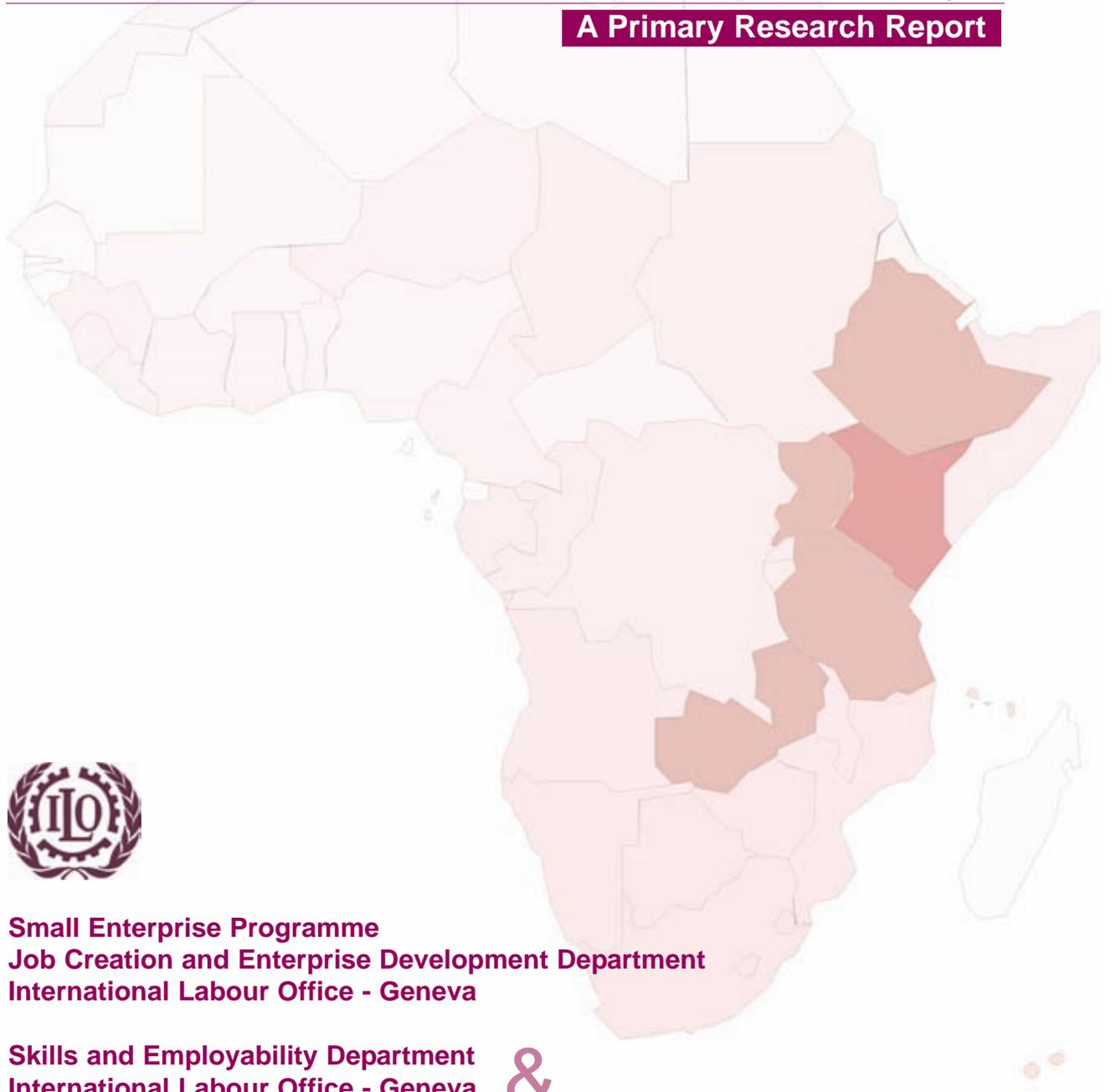


Women Entrepreneurs in Kenya &

A Preliminary Report

Factors affecting Women Entrepreneurs in Micro and Small Enterprises in Kenya

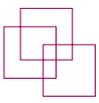
A Primary Research Report



**Small Enterprise Programme
Job Creation and Enterprise Development Department
International Labour Office - Geneva**

**Skills and Employability Department
International Labour Office - Geneva** &

**ILO Regional Office for Africa
Addis Ababa, Ethiopia**



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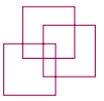
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FOREWORD

This report has been prepared as part of an Irish-Aid Funded Partnership Programme which, between 2002-2004 worked to promote women's entrepreneurship and gender equality (WEDGE) in Ethiopia, United Republic of Tanzania and Zambia. The second phase of (2005-2008) WEDGE expanded geographically to include Kenya and Uganda and technically to mainstream women with disabilities in WEDGE activities (DEWD).

The report combines the expertise of the ILO's Small Enterprise Programme (SEED) and the Skills and Employability (SKILLS) Department to emphasize developing the knowledge base on women entrepreneurs (with and without disabilities) so as to accurately inform strategic interventions in improving advocacy and support services.

Consequently, considerable attention is given to identifying the characteristics, features, aspirations, motivations, needs and wants of women entrepreneurs in Kenya, using a unique 360° approach, (see Appendix 2) with the intention of formulating recommendations for strategic support interventions to improve advocacy and access to services. The report also gives a unique insight into women entrepreneurs with disabilities in Kenya.

This report contributes to the existing body of knowledge on the afore-mentioned aspects relating to enterprise development in Kenya; it also contributes to the ILO's Decent Work Agenda, as well as contributing to the ILO's follow up to the Ouagadougou Summit on Employment and Poverty Alleviation in Africa. The emphasis on women's entrepreneurship development is also highly relevant to the implementation of the Kenyan Small and Medium Enterprises Act and the upcoming review of the Poverty Reduction Strategy Paper.

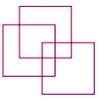
As a result of this review of the existing literature, the Kenyan national research team, the Kenya Institute of Management has identified and focused on several critical issues that were investigated further during the subsequent field research stage. This report combines an initial desk research phase and a resulting primary research phase.

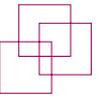
Based on the secondary research, major questions emerged to guide the field research: What are the key factors (for example: economic, socio-cultural, legal and regulatory, political, educational and psychological) that affect women with and without disabilities, in small enterprises in the Kenyan context? To what extent have the services of BDS providers been accessible, relevant, effective and efficient in relation to the needs of women entrepreneurs? And what interventions are required to effectively assist women entrepreneurs, in particular women entrepreneurs with disabilities in developing and growing their businesses?

Christine Evans-Klock
Director
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Martin Clemensson
Programme Manager
Small Enterprise Programme

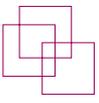
Alexio Musindo
Director
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Dar es Salaam





Women Entrepreneurs in Kenya

A Preliminary Report



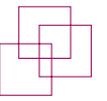
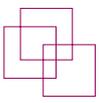
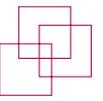


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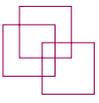
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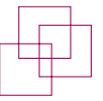


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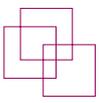


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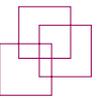
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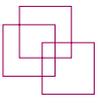


ABBREVIATIONS AND ACRONYMS

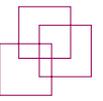
ABC	Assistance to Business Creation
ADRA	Adventist Relief Agency
AfDB	African Development Bank
AGOA	African Growth Opportunities Agreement
AMFI	Association of Microfinance Institutions
APDK	Association of the Physically Disabled Persons of Kenya
ASCA	Accumulating Savings and Credit Association
BDS	Business Development Services
CBO	Community Based Organization
CED	The KIM Centre for Enterprise Development
CEED	Centre for Excellence in Enterprise Development - USIU
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
DFIs	Development Finance Institutions
DHA	Disabled Hawkers Association
DMSED	Department of Micro and Small Enterprise Development
DPOs	Disabled Persons Organizations
ECLOF	Ecumenical Church Loan Fund
ERS	Economic Recovery Strategy
EU	European Union
GDI	Gender Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GoK	Government of Kenya
GTZ	Germany Society of Technical Cooperation
HDIs	Human Development Indicators
HI	Handicap International
HQ	Headquarters
ICDC	Industrial Credit Development Corporation
IDS	Institute for Development Studies
IFC	International Finance Corporation



ILO	International Labour Organization
JICA	Japanese International Corporation Agency
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KIA	Kenya Institute of Administration
KIBT	Kenya Institute of Business Training
KIE	Kenya Industrial Estates
KIM	Kenya Institute of Management
KIPPRA	Kenya Public Policy Research and Analysis
K-REP	Kenya Rural Enterprises Programme
KU	Kenyatta University
KWFT	Kenya Women Finance Trust
LCI	Leonard Cheshire International
MDG	Millennium Development Goals
MFIs	Microfinance Institutions
MGR	Merry-Go-Round
MLHRD	Ministry of Labour and Human Resource Development
MSEs	Micro and Small Enterprises
NASEWOK	National Association of Self-employed Women of Kenya
NCCK	National Council of Churches of Kenya
NCPD	National Council of People with Disabilities
NFSS	Nairobi Family Support Services
NGO	Non Governmental Organization
OWIT	Organization of Women in International Trade
PWD	Persons with Disabilities
ROSCAS	Rotating Savings and Credit Associations
SACCOS	Savings and Credit Co-operative Societies
SAPs	Structural Adjustment Programmes
SEWA	Self-Employed Women Association
TA	Technical Assistance
UDPK	United Disabled People of Kenya
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USIU	United States International University



UWSACCO	United Women's Savings and Co-operative Society
VSO	Voluntary Service Overseas
WEDCO	Women's Economic Development Co-operation
WEDGE	Women's Entrepreneurship Development and Gender Equality
WEEC	Women Economic Empowerment Consort



1. INTRODUCTION

1.1 Background

This report is the summary of findings of secondary research into the study on factors affecting women entrepreneurs in Micro and Small Enterprises (MSEs) in Kenya. It is part of the first phase of a study that involved:

- ♦ identifying, condensing and distilling lessons learned from earlier published reports on women, women entrepreneurs and MSE development in Kenya;
- ♦ a brief review of policies, laws, resolutions and administrative procedures governing entrepreneurship by women in Kenya;
- ♦ an overview of the financial and business support mechanisms available to women entrepreneurs in Kenya.

The second phase of the study, which will be informed by the first phase, will involve conducting primary field research through data collection, analysis and reporting.

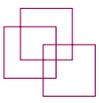
The study is a collaboration between the International Labour Organization (ILO) through its WEDGE team and the Centre for Enterprise Development (CED) at the Kenya Institute of Management (KIM), Nairobi. It was commissioned in November 2005 with the primary aim of identifying and analyzing the factors affecting women entrepreneurs involved in MSEs both in the urban and rural areas of Kenya. The women in this study represent both women entrepreneurs and women entrepreneurs with disabilities.

1.1.1 Purpose

The general purpose of the study on women entrepreneurs is to make a positive contribution to the Economic Recovery Strategy for wealth and employment creation of the Kenyan Government. However, the purpose of the secondary research was to identify current relevant studies that have been conducted regarding factors affecting the development of women's micro and small-scale enterprises. It relates to the previous and ongoing exercises on factors affecting women's entrepreneurship in Kenya and provides the prerequisite background information for the primary data collection and reporting phase. The report provides a set of practical recommendations aimed at positively influencing women's entrepreneurship development in Kenya. It also points out the gaps that the primary research will address to determine factors affecting women entrepreneurs, including those with disabilities, in MSEs in Kenya.

1.1.2 Scope and definitions

Definitions used to describe MSEs in Kenya are both qualitative and quantitative, that is, they are based on the number of employees in the enterprises and other non-quantitative factors. A micro-enterprise is defined as having a maximum of 10 employees; a small enterprise is defined as having a minimum of 11 employees and a maximum of 50; whereas a medium-size/large enterprise has, at least, 50 employees. Farm holdings are excluded from the definition of MSEs, except those farm-based enterprises that involve some sort of processing before marketing. Some experts differentiate Jua Kali (informal) micro-enterprises from very small micro-enterprises by using the term "very small" to define micro-enterprises with 6 to 10 employees (Stevenson and St-Onge, 2005). This study uses the following definition of micro-enterprises: Jua Kali enterprises with 0 to 5 employees operating "in the open" without any fixed worksites. "Very-small" enterprises are defined as those with 6 to 10 employees operating "in the open" without any fixed location and "small-scale" as registered or formalized enterprises with 11 to 50 employees operating from legitimate business premises (Stevenson and St-Onge, 2005, pp. 9-11).



2. Objectives of the study

The objectives of the study were clearly defined in its terms of reference. Specifically, the second phase is aimed at:

- a) Providing background information on the scale, scope and profile of the overall MSE sector in Kenya, with classification criteria (size, sectoral distribution and others, as appropriate), and disaggregated by sex. Particular reference will be made to key background documents and ongoing data-collection processes, including the previous "MSE census"¹, the planned ongoing MSE census (under the leadership of the Central Bureau of Statistics [CBS]), the African Development Bank (AfDB)-ILO report on Growth-Oriented Women Entrepreneurs, and the World Bank/International Finance Corporation (IFC) report on doing business in Kenya.
- b) Providing background information on the policy environment for women's entrepreneurship development, including women entrepreneurs with disabilities, indicating barriers, gaps and inconsistencies.
- c) Documenting identified barriers and constraints facing potential and existing women entrepreneurs in Kenya, including socio-cultural, educational, technological, legal and financial aspects.
- d) Documenting identified supply-side constraints affecting women's aspirations to become entrepreneurs.
- e) Providing background information on potential economic opportunities for women entrepreneurs in the Kenyan context, including women entrepreneurs with disabilities.
- f) Providing an overview of efforts being undertaken in Kenya, by government, non-governmental organizations (NGOs) and donors, to economically empower women through support for income-generation, micro- and small-enterprise development programmes and credit provision.
- g) Describing and analyzing various support mechanisms (for example, schemes, projects and programmes) available to women entrepreneurs in Kenya, with an assessment of their outreach, impact and effectiveness (including, where possible, cost-effectiveness).
- h) Documenting identified mainstream small business development services (governmental, NGO and donor activities) and assessing the extent to which they are relevant and accessible to women entrepreneurs.

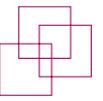
3. Methodology

The secondary desk research, being a review of existing literature, identified, condensed and distilled lessons drawn from earlier published reports on women, women entrepreneurs and MSEs development in Kenya. Specifically, the methodology adopted involved:

- ◆ developing a data collection guide;
- ◆ identifying relevant institutions and organizations, in public and private sectors, dealing with MSEs and purposively sampling them prior to data collection.

The data collection process largely involved interviews with key informants and the analysis of official documents, reports and publications. Interviews provided a personal assessment of the factors affecting women entrepreneurs in Kenya.

1. Central Bureau of Statistics (1999) National Micro and Small Enterprise Baseline Survey.



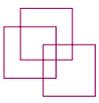
They were used to find out what these organizations were currently doing in support of women entrepreneurs, what they planned to do in future to support women's entrepreneurship and an assessment of whether their current and future programmes were relevant and cost-effective.

The data collected was classified into scale, scope and profile of the overall MSE sector. Particular reference was made to key background documents and ongoing data collection processes including the National MSE Baseline Survey of 1999, the AfDB/ILO report on Growth-Oriented Women Entrepreneurs, and the World Bank/IFC report on Doing Business in Kenya.

3.1 Sample size

In collecting relevant published secondary data, several institutions and offices were selected due to their involvement in the MSE sector. During arranged visits, preliminary interviews were held with key people and relevant reports and research documents were made available to the team. The organizations visited included:

- i) Ministry of Labour (HQ), Ministry of Labour Department of Small Enterprise Development, Ministry of Gender/Culture and Social Services and Ministry of Trade and Industry.
- ii) NGOs: National Council of Churches of Kenya (NCCK), Ecumenical Church Loan Fund (ECLOF), Kenya Rural Enterprise Programme (K REP) Development Agency and ILO.
- iii) Microfinance Institutions: Faulu Kenya, United Nations Development Programme (UNDP), United States Aid for International Development (USAID), Swiss Contact (SC), European Union (EU), Department for International Development (DFID) and Kenya Industrial Estate (KIE).
- iv) Four Associations of organizations of persons with disabilities: National Council of People with Disabilities (NCPD), Challenge to Challenge (a membership organization of Women with Disabilities), the Association of the Physically Disabled Persons of Kenya (APDP) and United Disabled People of Kenya (UDPK).
- v) Universities; Jomo Kenyatta University of Agriculture and Technology (JKUAT), United States International University (USIU), Kenyatta University (KU), University of Nairobi, Institute of Development Studies (IDS) and Moi University (MU) - Eldoret Main Campus.
- vi) The British Council Library, Nairobi.



4. FINDINGS OF THE STUDY

4.1 Scale, scope and profile of MSEs in Kenya

4.1.1 Scale and scope of MSEs in Kenya

As indicated in the definition, MSEs comprise businesses employing between 1 and 49 workers; these enterprises operate in all sectors of the economy i.e. manufacturing, trade and service sub-sectors. They range from unregistered, also known as Jua Kali enterprises, to the registered (or formalized) small-scale businesses, such as supermarkets, wholesale shops and transport companies. Capital invested in them varies from as little as ten thousand Kenyan shillings (KES) (US\$150) to over 5 million Kenyan shillings (over US\$68,000) depending on the nature of the business. The 1999 National MSE Baseline Survey reports that almost two-thirds of all MSEs are located in the rural areas and only one-third are found in urban areas (even when urban areas are defined to include small rural towns). Of these, about 17 per cent are located in Nairobi and Mombasa.

As regards the scope of the MSE operations, it was reported that close to 70 per cent are in the trade sector. This means that a large proportion of MSEs were involved in buying and selling goods and commodities to generate income. The manufacturing sub-sector accounted for only 13 per cent, services 15 per cent, and the collective group of other service providers, such as bars, hotels and restaurants accounted for 6 per cent, while enterprises in the construction industry were reported to account for less than 2 per cent of the total MSEs in the country (Central Bureau of Statistics, National MSE Baseline Survey, 1999).

However, the situation has changed and will be confirmed by the planned MSE survey. Reliable sources from the Central Bureau of Statistics indicate that, due to circumstances beyond control, the survey, planned to commence in August 2006, has not yet been done.

This research revealed that none of the studies done in the MSE sector in Kenya, including the 1999 National Baseline Survey, looked at the case of entrepreneurs with disabilities and, hence, the absence of data by disability.

4.1.2 MSEs' contribution to job creation in Kenya

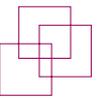
According to the 2003 Economic Survey by the Government of Kenya, employment within the MSE sector increased from 4.2 million in 2000 to 5.1 million in 2002; with the informal sector accounting for 70.4 per cent of total employment opportunities. In 2001, the informal sector accounted for 72.8 per cent of total employment opportunities. This percentage rose to 74.3 per cent in 2002 and 76.5 per cent in 2004 (GoK Economic Survey, 2005, p.73). Table 1 summarizes this trend.

Table 1: Employment generation in Kenya by MSEs (2000-2004)

Year	2000	2001	2002	2003	2004
Contribution in %	70.4	72.8	74.3	75.5	76.5

Source: Government of Kenya Economic Survey 2005, p. 73.

According to the Department of Micro- and Small-Enterprise Development (DMSSED) in the Ministry of Labour and Human Resource Development, in 2002 there were about 2.8 million MSEs employing 5.1 million people (Stevenson and St-Onge, 2005, p. 4). The dramatic increase in the contribution of MSEs to employment was largely attributed to retrenchment in both public and private sectors. However, even with this growing percentage, not many micro-enterprises (70 per cent of which are women's) grow into small-scale enterprises to significantly contribute to employment creation and economic growth.



The trend in employment creation by the MSE sector, as expected, has been upward. The Economic Survey of 2005 estimated that 7.8 million people were employed in 2004, an increase of 6.5 per cent from the 7.3 million in 2003. The informal sector continued to provide the bulk of additional jobs (GoK Economic Survey, 2005, p. 68). Table 2 shows these changes in the growth of employment for the period 2000 to 2004.

Table 2: Recorded employment in the informal sector in MSEs: June 2000-2004

Modern establishments - urban and rural areas		No. of people employed				
Year	2000	2001	2002	2003	2004	
Wage employees	1,695.4	1,677.1	1,699.7	1,727.3	1,763.7	
Self-employed and unpaid family workers	65.3	65.4	65.5	65.7	65.8	
Estimated informal sector	4,191.1	4,667.3	5,101.6	5,532.7	5,970.6	
Total	5,951.8	6,409.8	6,866.8	7,325.7	7,800.1	

Source: GoK Economic Survey, 2005, p. 69.

The national average of men working in MSEs is about 51 per cent, compared to about 49 per cent for women. It is only in the rural towns that women are a higher percentage, averaging 55.8 per cent. Table 3 gives the percentage distribution of men and women in MSE employment in 2004.

Table 3: Percentage distribution of men and women in MSE employment

Stratum	Men workers	Women workers
Nairobi and Mombasa	53.8	46.2
Major towns	52.3	47.7
Rural towns	44.2	55.8
Rural areas	53.0	47.0
Total	50.8	49.2

Source: GoK Economic Survey, 2005, p. 69.

4.1.3 Sectoral distribution of employment among MSEs

To understand the dynamics of how the MSE sector works (especially informal sector enterprises) and, hence, provide targeted support, it is necessary to have a clear picture of its contribution to employment creation. The sector broadly comprises a number of sub-sectors, including manufacturing, trade (wholesale and retail), service and transport, among others.

Table 4 below shows that between 2000 and 2004, the total employment by the informal sector enterprises increased from approximately 4.2 million people to nearly 6.0 million. Over this period, 58.48 per cent of the total employed was in the trade sub-sector; the cumulative percentage over the period is 58.48 per cent of the total employed in the informal sector.



Table 4: Number of persons engaged in the informal sector 2000-2004 ('000)

Sub-sectors/Activity Mombasa	2000	2001	2002	2003	2004	Total	% of total persons engaged in MSEs
Manufacturing	943.2	1,039.4	1,119.5	1,196.4	1,276.3	5,574.8	21.90
Construction	134.5	140.8	150.0	158.5	168.1	751.9	2.95
Wholesale/retail, hotels, restaurants	2,428.5	2,716.3	2,982.5	3,248.6	3,515.9	1,4891.8	58.48
Transport and communication	121.8	136.8	150.6	164.6	180.6	754.4	2.96
Community, social and personal services	373.1	422.1	467.3	513.2	558.5	2,334.2	9.17
Others	190.0	211.9	231.7	251.3	271.2	1,156.1	4.54
Total	4,191.1	4,667.3	5,101.6	5,532.6	5,970.6	25,470.2	100.00

Source: GoKEconomic Survey, 2005, p. 79.

4.1.4 Gender distribution

Women form the majority of the population in most countries (population census, 1999), yet they are not equitably represented in economic activities, either as employees or owner managers of businesses. For instance, according to the Economic Survey of 2005, in 2003 and 2004, men accounted for 70 per cent of wage employment and women for only 30 per cent. Table 5 summarizes gender segregation of wage employment by sex.

Table 5: Wage employment by sex, 2003 and 2004 ('000)

Gender	2003	2003 (%)	2004	2004(%)
Men	1,216.1	70.4	1,242.4	70.44
Women	511.2	29.6	521.3	29.56
Total	1,727.3	100	1,763.7	100

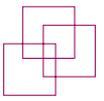
Source: GoK Economic Survey, 2005, p. 73.

Available statistics show that 60 per cent of women employed in the informal sector are in agriculture (primary production), 6.6 per cent in industries, 9 per cent in trade, and 24.6 per cent in services (National MSE Baseline Survey, 1999).

However, there is some growth in women's participation in the MSE sector. For example, according to the 1999 MSE Survey in Kenya, the number of women employed in the sector rose to about 47.4 per cent of the total. Over 60 per cent of these women were employed in the micro-enterprises sub-sector.

Previous baseline surveys in Kenya have not captured statistics for women entrepreneurs with disabilities.²

2. Because of lack of statistics on people with disabilities in the country, our findings on them, including women entrepreneurs with disabilities are derived from discussions/interviews held during our visits to organizations of persons with disabilities.



In late 2005, the Kenya National Survey of Persons with Disabilities was launched by the Government in order to count the number of people with disabilities and their distribution within the country, to enable proper planning and distribution of resources.

This survey is ongoing. Unfortunately, the data being collected will not capture the number of women entrepreneurs with disabilities.³ Nevertheless, there is informal evidence suggesting that these women are concentrated at the lowest end of micro-enterprises, as hawkers selling low-cost merchandise, such as sweets, pens, handkerchiefs and biscuits, but their number and characteristics of their participation in MSEs, is yet to be determined.

4.1.5 A profile of women entrepreneurs in MSEs in Kenya

According to an ILO study carried out by Stevenson and St-Onge (2005), there are three profiles of women entrepreneurs operating MSEs in Kenya, namely those in Jua Kali micro-enterprises, "very small" micro-enterprises and "small-scale" enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation.

The Jua Kali micro-enterprisers are identified as owners of unregistered (informal) businesses who have little formal education (usually less than secondary school level) and lack entrepreneurial and business know-how. They also have little access to credit, with limited awareness of markets and market opportunities. They are constrained by their household responsibilities and marital status (for instance, having to obtain permission from their husbands to travel out of town for training or trade fairs).

The majority of women entrepreneurs with disabilities are reported to be concentrated in this group and engage in unregistered hawking businesses.⁴ Some of them belong to Disabled Persons' Organizations (DPOs) or the Disabled Hawkers' Association (DHA), normally used as lobby groups. This category of entrepreneurs is disadvantaged, firstly because of their gender and secondly, because of their disabilities.

The "very small" micro-enterprisers are identified as those registered, operating from legitimate business premises and employing 6 to 10 workers. "Small-scale" enterprisers are identified as being registered, operating from legitimate business premises and employing over 10 workers and having, at least, secondary level education with some previous experience as employees. Occasionally, women entrepreneurs in this category have supportive husbands who may also be directly or indirectly involved in the enterprise. This segment is constrained by lack of access to finance for various reasons, including having no land/property title deeds to be used as collateral for large loans. These businesses have potential for growth as well as entry into international markets, and some are already in the export trade (Stevenson and St-Onge, 2005, pp. 9 -11).

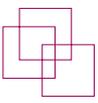
Small-scale business owners are most likely to be university graduates from an entrepreneurial family, with managerial experience in the corporate world, access to finance and a supportive husband. Usually small-scale enterprises are engaged in exporting. The study concluded that to develop their businesses, each of the above categories of entrepreneurs requires targeted schemes, programmes or mechanisms to suit their particular needs (Stevenson and St-Onge, 2005).

4.1.6 Women in micro and small enterprises in Kenya

According to the 1999 National MSEs Baseline Survey, there were 612,848 women in MSEs in Kenya, accounting for 47.4 per cent of all those in MSEs. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retail shops and wholesale outlets.

3. Information obtained from an interview with Isaac Mwaura, National Council of Persons with Disabilities on 8 August, 2006.

4. Source: Interviews with staff of organizations of persons with disabilities.



In general, women tended to operate smaller enterprises than men, with the average number of employees in a women-owner/managed MSE being 1.54 versus 2.1 in men-owner/managed MSEs. In women-owner/managed MSEs, about 86 per cent of the workers were women owner/managers themselves, 4 per cent were hired workers, with the remainder made up of unpaid family members and/or apprentices. Whereas, in men-owner/managed MSEs, only 68 per cent of the workers were men owner/managers themselves, 17 per cent hired workers and the remainder made up of unpaid family members and/or apprentices.

The survey also indicated that women tended to operate smaller MSEs than men and made less income than them, with women making an average gross income of KES4,344 per month compared to KES7,627 for men. As noted earlier, the 1999 Baseline Survey indicated that about half (52.6 per cent) of all employees are men and 47.4 per cent are women. This compared to the national employment statistics of 2003 and 2004 which indicated that only 30 per cent of the total workforce was made up of women. The MSEs sector, therefore, holds more promise for women in providing and accessing employment opportunities.

Due to lack of statistics, it is not possible to outline the characteristics of disabled women entrepreneurs in MSEs. This research has already established that most of them are concentrated at the lower end of MSEs, dealing mainly in hawking and petty trade. It can, therefore, be inferred that they earn less than the average incomes earned by women entrepreneurs in MSEs. Further research is, therefore, necessary.

Based on available growth statistics, the MSE sector, which is growing rapidly, has the potential to provide employment to the majority of Kenyans including women entrepreneurs and women entrepreneurs with disabilities.⁵ There is a need to identify the factors that hinder the growth of women in the MSE sector, including those entrepreneurs with disabilities, and to develop appropriate intervention programmes to reduce them. This will lead to a more equitable distribution of the national income and, thus, reduce the incidence of poverty among women in MSEs, and the nation as a whole.

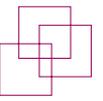
4.1.7 MSEs access to financial support services in Kenya

Support services to MSEs cover both financial and non-financial interventions provided to enhance the development and sustainability of the sector. According to the Baseline Survey of 1999, there were an estimated 260 organizations (private and public, national and international) with support programmes.

In an attempt to understand the scope of these organizations, the 1999 MSE Survey enquired into the different types of assistance received by MSE operators. The operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the MSEs credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). This was in line with other findings that only 4 per cent of accessed credit was obtained from formal financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). At the same time, there were about 150 organizations with credit programmes for MSEs in Kenya; of these 130 were NGOs. These organizations serve all regions in the country although most of them are located in urban areas.

The fact that there are many formal organizations providing credit to MSEs while, at the same time, only 4 per cent of their credit is accessed from them, implies a gap in their effectiveness. This calls for further research to determine why the sector obtains most of its credit from informal sources.

5. According to the Department of Micro and Small Enterprise Development in the Ministry of Labour and Human Resource Development, there were about 2.8 million MSEs in Kenya in 2002, employing about 5.1 million people. In 2003 there were 5.5 million people in MSEs and, in 2004, there were about 6 million (5.97) employed in MSEs in Kenya (GoK Economic Survey, 2005).



As noted by the Survey of 1999, the demand for credit in Kenya is the least studied aspect of the MSE sector. To estimate effective demand for credit, one needs to survey all sources of it (formal and informal) and establish all the approved loans and those that were rejected due to inability to comply with loan disbursement requirements, other than for reasons of inability to absorb and repay the loan (Central Bureau of Statistics National MSE Baseline Survey, 1999).

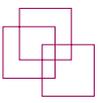
However, most organizations do not keep records of rejected credit requests. Even if available, they would come from the formal, not the informal, sources of credit. About 70 per cent of the loans required did not exceed KES20,000 (or US\$274) and 96.3 per cent did not exceed KES100,000 (or US\$1,370). There appears to be a slight difference between the size of loans required by men and women. About 83 per cent of women entrepreneurs obtained loans that did not exceed KES20,000 (US\$274) compared to about 36 per cent of men (www.kwft.org). This is in line with the findings of the 1999 National MSE Survey that women tended to operate smaller enterprises than men. It is also important to note that one of the key findings of this survey was that the smaller the enterprise, the higher the incidence of failure. It is, therefore, likely that the effectiveness and efficiency of these credit schemes is in doubt. During primary data collection, it may be useful to find out why most women entrepreneurs take smaller loans and why a majority of them prefer credit from informal rather than formal sources.

Like other socially excluded MSE owners, credit from formal financial organizations is not always available or accessible to women entrepreneurs with disabilities. At the same time, they do not access credit from ROSCAs. Some of the disabled women entrepreneurs, however, access meager financial resources through government grants, while others collectively seek funding through DPOs and the DHA. Most micro credit schemes that were started for disabled entrepreneurs, collapsed. Some of those started under the umbrella of United Disabled People of Kenya (UDPK) include the Nairobi Bomb-blast Victims Credit Scheme, giving loans to start small businesses; financial support was also given by USAID and the Adventist Relief Agency (ADRA). Another was the ILO credit scheme, started in collaboration with Barclays Bank in 1995, within the framework of a small enterprise development project aiming to train people with disabilities in business skills and offering loans for business development. When the ILO scheme came to an end, an endowment fund for people with disabilities was established. The interest accruing from this fund continues to meet administrative costs related to UDPK to date. At one time, the Kenyan Union for the Blind also attracted donor funds and started kiosks (small shops). This project is no longer active. However, it was noted that a few beneficiaries of these schemes reported success. The failure of these schemes resulted from the borrowers' inability/refusal to repay, the death of some of the victims of the bomb blast and the lack of a structure to manage loans on behalf of the disabled.⁶

Despite the failure of past schemes, much interest has re-emerged among stakeholders to assist people with disabilities to improve their livelihoods. However, the credit schemes started for disabled people in this country are very small with an equally limited impact and outreach. For example, in Oriang, Rachuonyo District in Nyanza Province, a small group of women entrepreneurs with disabilities is receiving small loans for business growth modeled on the Dodoma Credit Scheme for disabled women entrepreneurs in Tanzania.⁷ This is a new initiative in Kenya that is expected to expand to more beneficiaries.

6. The ILO/Barclays Bank scheme is currently frozen, reflecting Government reluctance to enter into a second agreement with UDPK and ILO regarding the fund and its operation, linked to low capacity of UDPK credit officers and governance problems at the same institution.

7. In Dodoma, Tanzania, over 200 people with disabilities and parents of children with disabilities have been receiving loans of US\$20 from Leonard Cheshire International. In a recent review of the Dodoma micro-finance project for people with disabilities, some of whom are on their second disbursements, commented on how their livelihoods and their social status in their homes and community have improved. Much of this is due to changing attitudes regarding people with disabilities.



Another example is the micro-finance scheme started by the Association for the Physically Disabled of Kenya with funding from the Christoffel Blinden Mission, in the Mukuru area of Nairobi in 2002, as one of the poverty alleviation programmes.⁸ Simultaneously, K-REP in collaboration with Voluntary Services Overseas (VSO) started a micro-credit programme for disabled women entrepreneurs in Nairobi.

Because of lack of statistics, it is difficult to ascertain the extent to which people with disabilities access credit support services. Nevertheless, because of past failed credit schemes, it can be inferred that these entrepreneurs have very limited access to formal and informal credit. Notwithstanding past failures by NGOs and donors to provide credit to entrepreneurs with disabilities, there is hope that much can be achieved in the future, especially if the success stories of the micro-finance programmes being implemented in Tanzania, Uganda and Ethiopia, are replicated in Kenya.⁹

During the primary research, it would be useful to establish what credit support services are available to women entrepreneurs with disabilities. The study would also aim to come up with recommendations on how appropriate and sustainable credit programmes could be developed and, in particular, define the roles to be played by different stakeholders in these programmes. Key stakeholders are: the Government of the Republic of Kenya, multilateral donors, NGOs, micro-finance institutions and the disabled women entrepreneurs themselves, through their umbrella organizations.

4.1.8 Non-financial Business Development Services

Substantial business development services are available in Kenya, but may not be accessible to most women entrepreneurs. Lack of information on who is offering what and the cost of obtaining such services are some of the limitations faced by these entrepreneurs (National MSE Baseline Survey, 1999).

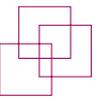
The second most common form of MSE support is management, which emphasizes business skills and entrepreneurship, and technical training, which emphasizes technical skills, related to MSEs' line of business (National MSE Baseline Survey, 1999). Other forms of assistance to MSEs include: Technical Assistance (TA) emphasizing business extension, marketing, bookkeeping, inventory costing, production and choice of appropriate technology. Organizations such as the Kenya Gatsby Trust, The British Council, USAID and UNDP, among others, have provided these services. This study did not identify any organizations serving disabled women entrepreneurs with regard to capacity building and management skills. Therefore, during the primary study phase, it will be important to find out why.

In general, TA is provided on a one-to-one basis at the business site. According to the Survey of 1999, only 7 per cent of MSEs had received any form of non-financial assistance between 1995 and 1999. During the second phase of this study, that is, collecting primary data, it would be of interest to find out why such a small percentage of MSE operators go for non-financial assistance.

As is the case with access to financial services, it is difficult to ascertain the extent to which non-financial business development services are accessible to women entrepreneurs with disabilities. Based on this secondary research, it can be inferred that, with the exception of a few programmes, business development services available and accessible, are limited.

8. The Mukuru credit scheme targets disabled children, parents or guardians of disabled children and operates more or less like a savings and credit scheme. The loaners are required to save before they borrow and continue saving throughout the programme. Loans ranging from KES10,000 (US\$137) and KES300,000 (US\$4,110) are disbursed depending on eligibility and value of shares. The group method of guaranteeing loans is used.

9. With the support of Leonard Cheshire International, pilot micro-finance projects are successfully being implemented in Tanzania, Uganda and Ethiopia in partnership with mainstream micro-finance organizations.



The ILO MSE programme at UDPK used to train people with disabilities in business skills and offer them loans for business development. Leonard Cheshire International is also involved in implementing micro-finance programmes in the expansion training programmes and self-reliance activities for disabled people. Handicap International is in partnership with organizations for the disabled in HIV/AIDS programming, providing access to information and education on prevention, care and support opportunities for the disabled.

This secondary research confirms that disabled women entrepreneurs do not access the available non-financial services and that support services, designed for entrepreneurs in MSEs, do not necessarily reach them. The primary research should ascertain the types of business development services required by these women and make recommendations on their design and implementation strategy.

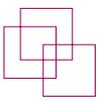
4.2 Policy environment for women's entrepreneurship development in Kenya

The recent chronology of policy formulation for the MSE sector in Kenya is as follows:

- i) In its second development plan (1970-1974) the Government emphasized development of small-scale industries and training of entrepreneurs as a viable strategy for alleviating unemployment. However, no concrete measure was taken to implement the strategy.
- ii) It was not until the ILO report of 1972 that the Government, deliberately, focused on MSEs and the informal sector as a means of creating jobs. As a result of this report and the ensuing Sessional Paper on employment, the informal sector received considerable attention in the third development plan (1974-1978).
- iii) During the growth development plan period (1979-1983) various measures to encourage and support small-scale and rural industrial development in the country were proposed. Barriers facing MSE manufacturers and the potential of the informal sector were noted and a number of development partners and NGOs began working with the sector.
- iv) The fifth development plan (1983-1989) saw the establishment of a fully-fledged small enterprises division in the Ministry of Commerce and Industry to monitor implementation of MSE programmes.
- v) Sessional Paper No. 1 of 1986 entitled "Economic Management for Renewed Growth" addressed major constraints to MSE growth which had been previously identified. This paper was a milestone in the Government's efforts towards formalizing the informal sector as a vehicle towards poverty reduction and creation of wealth. It also created the environment for the establishment of microfinance institutions that saw the birth of such institutions as K-REP, Toto Home Industries, Kenya Women Finance Trust (KWFT) and Faulu Kenya, among others.

In the sixth development plan (1989-1993) agencies in both public and private sectors were encouraged to develop supportive efforts in training, advising and counseling entrepreneurs in project formulation, implementation, operation monitoring and evaluation.

Sessional Paper No. 2 of 1992 entitled "Small Enterprise and Jua Kali Development in Kenya" provided a comprehensive framework for the promotion of small enterprises and Jua Kali development in Kenya. It was geared towards improvement of the existing policy and regulatory environment, gender specific issues, policy measures to improve access to credit facilities, and measures to improve provision of non-financial promotional programmes. An SME Act was passed in December 2006 and is expected to revolutionize the provision of credit to the sector by regulating the registration and operation of financial institutions involved in extending financial services to MSEs, including microfinance institutions.



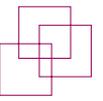
- vi) The seventh national development plan (1994-1996) undertook to implement policies laid down in Sessional Paper No. 2 of 1992. Other positive and clear Government efforts are seen in subsequent policy initiatives (and development plans) culminating in the Sessional Paper No. 2 of 2005 that sets the stage for a specific act of parliament for the development of the MSE sector.
- vii) The Persons with Disabilities Act No. 14 of 2003 provides the legal framework in terms of promoting the rights and privileges of persons with disabilities. The Government of Kenya, through its Ministry of Gender, Sports, Culture and Social Services, unveiled its policy in the Kenya National Plan of Action (GoK, 2004). The Plan spelled out the country's national programme as part of the African Decade of Persons with Disabilities (1999-2009). It lays out the Government's intention in terms of formulating national policies, enacting legislation, developing and implementing programmes for the promotion of full and equal participation of persons with disabilities. The policies are expected to spearhead the formulation of appropriate national and sector policies specific to disabilities, implement the Disability Act (2003), mainstream disability concerns in Government policies and monitor and review existing and any new relevant legislation. The National Council for Persons with Disabilities was established in November 2004 to register those with disabilities, lobby for equal opportunities for them and address any other issues leading to the improvement of their livelihoods.
- viii) In education, Kenya is currently developing its own all-inclusive education policy to allow for effective integration of children with disabilities into regular educational institutions. This has received support from the United Nations Educational Scientific and Cultural Organization (UNESCO), among others.

Although Kenya, compared with other countries in the region, has put in place some good policies and legislation for the disabled in the MSE sector, there still remain areas that need streamlining (Sec 15(1), Persons with Disabilities Act, 2003). This is particularly so because of poor implementation of existing policies, due to lack of coordination between the implementing agencies, poor resource management and lack of enthusiasm by policy-makers (Ronge et al., 2002). Generally, the policies have talked of gender equity in terms of increasing equal access to resources and services provided to the MSE sector, without providing for the special needs of disabled women (Sessional Paper No. 2 of 2005).

As can be seen from previous policy changes, Kenya still lacks a central coordinating body on harmonization and implementation of policies for MSE development, particularly one that would specifically encourage the development of women's entrepreneurship. However, with the enactment of the Sessional Paper No. 2 of 2005 on "Development of MSEs for wealth and employment creation for poverty reduction", it is hoped that a central coordinating body for women's enterprise development will be created to provide more explicit leadership in the implementation process. Additional specific strategies and recommendations include: equal access to financial services; greater access to education; technological development and entrepreneurship; gender specific mainstreaming; and promoting more marketable and remunerative products for women entrepreneurs, among others, as outlined in Appendix 1 (Mackie, 2006).

4.3 Barriers and constraints to women's entrepreneurship in Kenya

For the purpose of this study "barriers" are defined as those factors tending to inhibit potential entrepreneurs entering the MSE sector. These may also be external in nature and beyond the control of the potential entrepreneur. "Constraints", tend to limit growth of MSEs by confining them in terms of scale and scope of operation. They could also be said to be internal in nature and may be controlled to some extent by the entrepreneurs. Some of these barriers and constraints include: financial aspects; gender roles; social inequality; entrenched cultural and traditional practices; technology; legal; institutional and policy levels, among others (IFC/World Bank, 2006; Kibas, 2006).



Women's concerns and gender-related constraints tend to negatively affect equal participation of both sexes at the local, institutional and policy levels. Hence, this may lead to a failure to utilize the full potential of human resources for wealth creation, as one section of the population, which forms the majority, is left out or only allowed limited opportunities.¹⁰ Disabled women entrepreneurs face bigger barriers than other women entrepreneurs in general, in the form of limited mobility, discrimination, myths/negative cultural attitudes, overprotection, marginalization and lack of specific funding that takes into consideration their conditions. Other specific barriers will be determined during the primary research.

4.3.1 Financial and credit availability and accessibility

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth. In a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998), the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. These factors have become a major barrier to the growth potential of businesses owned by women.

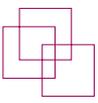
Although more than a quarter of households in Kenya are women-headed, only five per cent of the women own land in their own name (Feldman, 1984). At a recent "Kenya Gender and Economic Growth Assessment" seminar in May 2006, a case clearly illustrating the plight of women was presented by an official from the Ministry of Trade and Industry. A loan approved for the woman applicant by the Joint Loan Scheme at the Ministry, failed to materialize because her husband refused to pledge the family's land title deeds as collateral. Owning title deeds as collateral to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (Karanja, 1996). The Government is, however, moving towards solving this problem through the Sessional Paper No. 2 of 2005 and the Micro-Finance Bill of 2005. The latter became an Act of Parliament in December 2006.

Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Microfinance institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (Stevenson and St-Onge, 2005; Alila et al., 2002). However, this is no longer the key barrier and constraint, but a lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) that now hampers women's entrepreneurship in Kenya. Whereas many MFIs emerged to provide initial and working capital, relevance and cost-effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Government of Kenya, 1999).

Financial Availability: The case of Women Economic Empowerment Consort (WEEC)

To obtain finances from WEEC, women must organize themselves into groups of 15 to 30 members, register with the appropriate Government Ministry and pay an initial WEEC membership fee of KES3,000 (US\$40). Members of each group must be willing to contribute an initial KES2,000 (US\$28) to the group, meet monthly, contribute to a savings plan and undertake to guarantee each others loans, before they are granted loans. The initial loan amount is limited to KES4,000, after the above conditions have been met. Then 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. Each group holds elections every two years and dividends are calculated and shared accordingly. The average loan amount is about KES6,000 (US\$80). A WEEC credit officer trains groups on aspects of starting and managing a revolving credit fund.

10. Source: Interview with Alice Munala of United Disabled Persons of Kenya on 14 August 2006.



Where accessible, the cost of credit was found to be expensive for most MSEs; for instance, the interest rates charged by some MFIs is as high as 54 per cent per annum. This coupled with a short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost round the clock to service the loans. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business. This is common to most formal sources of credit as well as MFIs.

United Women's Savings and Credit Co-operative Society (UWSACCO) was started by a group of professional women and consultants. It gives loans of KES100,000 (US\$1,370) to KES1,000,000 (US\$13,700). To address the problem of high interest, the interest rate is only one per cent per month (or 12 per cent per annum). UWSACCO targets middle-income women and above, and operates on the principles of the cooperative movement and appears to be self sustaining.

The Chief Executive of the Association of Micro Financing Institutions (AMFI) indicated that women still face many barriers in accessing microfinance, but the association has not yet done anything specific to explore or address particular constraints (Stevenson and St-Onge, 2005, p. 30). This could be an admission that, even with the many MFIs emerging with the aim of addressing women's particular microfinance needs, there is, as yet, no solution in sight.

Though commercial banks and Development Finance Institutions (DFIs) have vast financial resources, their impact is yet to be felt among the MSEs, and particularly by women entrepreneurs, most of whom have no collateral. Consequently, most banks have created special facilities to support MSEs as a result of Government encouragement and their own need to expand. However, many entrepreneurs and, in particular women, tend to steer clear because of lack of information, and conditions such as high transaction costs and interest rates averaging above 35 per cent per annum. Commercial banks, which have microfinance programmes, include Cooperative Bank of Kenya, Kenya Commercial Bank, Barclays Bank, Standard Chartered Bank, Equity Bank, National Bank of Kenya and K REP Bank. The secondary findings indicate that most women entrepreneurs, including those with disabilities, do not access credit from formal sources, especially commercial banks and DFIs.

There is need for the primary research to address the constraints, outreach and impact of the loans provided by the MFIs, commercial banks and DFIs to women and disabled women entrepreneurs in the MSE sector.

4.3.2 Legal and regulatory barriers

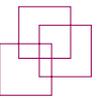
These include: registration of business names; obtaining licenses; adhering to statutory requirements and contracting. Due to the aforementioned factors, women entrepreneurs are the least prepared to engage in contractual processes key to doing business in Kenya. Contracts involve long legal processes such as leasing, drawing up business contracts, legal representation and other aspects which place the woman entrepreneur in a disadvantaged position. Most MSEs find these processes lengthy and time consuming, thus they cannot grow or expand their enterprises (K'Obonyo, et al., 1999).

4.3.3 Appropriate technology

Appropriate technology is one that is suitable to the environment, culture and level of development of the people (www.unido.org). In Kenya, there is a general lack of appropriate technology available to disabled women entrepreneurs (McCormick and Pedersen, 1996). During a recent visit to APDK and UDPK, there was no data available on adaptive technology or assistive devices suitable to women entrepreneurs with different types of disability. During the primary phase of this study, it will be important to follow up on this issue.

4.3.4 Limited entrepreneurial culture and management skills

There is a general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of MSEs.



Njeru and Njoka (1998) point out that due to patriarchal social authority structures, women received substantial family support in the start-up stages of their businesses, but later on such support is limited, restricted or withdrawn for fear of husbands losing dominance over their wives. Moreover, there are many socio-cultural factors in Kenya impacting negatively on the upbringing of girls. Many ethnic cultures socially condition girls to acquire the need for affiliation, rather than achievement. The situation is worse for disabled girls since they are discriminated against in their access to education, in addition to being viewed as "a bad-omen" for the family. They are sometimes even hidden by their families from the outside world.

Other studies carried out in Kenya have attributed the lack of entrepreneurial culture among Kenyan women to: lack of confidence and self belief; lack of a variety of strong and relevant networks; passive learning methods; and, starting up enterprises without adequate prior preparation. There is a need for entrepreneurial training to socially condition the youth, and particularly girls, to develop a desire for achievement. This can be achieved by way of profiling and/or imitating successful women entrepreneurs. Other constraints and barriers include a poor social background, inadequate and inappropriate training and preparation for entry into MSEs, and socio-economic discrimination (Njeru and Njoka, 1998; Mutuku et al., 2006).¹¹ The situation is worse for disabled women entrepreneurs who have low self-esteem and view their disability as inability, even in MSEs.

Management skills, lack of occupational experience in related businesses for many women entrepreneurs has been indicated as a constraint to growth. Kibas (2006) identified lack of opportunities for management training, financial management, marketing and people management, to be limitations facing them. Those with disabilities are more affected because of the challenges they face, not only in accessing training venues, but also training materials.

4.3.5 Women's "heavier household financial and time burden"

Many women are "income poor", yet have to provide for their families. Competing financial needs between family and business becomes one of the major constraints to enterprise growth. With many women being poor, the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside. This results in a reduction of the capital invested and hence curtails further growth (Alila et al., 2002). According to Munala (2006) of UDPK, the household financial burden is worse for disabled women entrepreneurs, who may have less regular income than women without disabilities, but have a number of dependants.

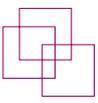
Most women entrepreneurs in the MSE sector are married with more than six dependants, often with little or no assistance from their spouses (McCormick and Pedersen, 1996). Therefore, women entrepreneurs have a heavier household financial burden than men. For instance, in the WEEC case cited earlier, these financial burdens further complicate their lives, making MFI membership an additional burden, rather than helping women take control of their finances and live better lives.

According to Saito et al. (1994), women in Kenya are "time poor" due to their dual roles in the household economy and the labour market, as mothers, housekeepers, wives and owners/managers. In addition, such dual roles do not give women adequate time to plan and manage their businesses well, thus leading to dismal performance or even closure of women owner/managed MSEs. Women's poor performance in MSEs, is due to their dual "role conflict". Further research may be useful to compare the time burden of women entrepreneurs with and without disabilities, respectively.

4.3.6 Lack of risk mitigating mechanisms for women in MSEs

Loans offered to women by MFIs propose a variety of short-term credits aimed at their business and household needs. For instance, both K-REP and KWFT, which are the largest MFIs offering credit, in addition to business loans, also offer consumer, medical and education loans to cater for related needs.

11. Although it is noted that some women with disabilities do have self-esteem, this sentiment was expressed in an interview with Alice Munala of UDPK on 14 August 2006.



Loans from Kenyan microfinance institutions tend to be limited in amount, have no grace period, are short term in design and carry very high interest rates. Consequently, most women entrepreneurs are likely to have multiple short-term loans to cater for both business and social needs.

Studies have shown that loans to MSE entrepreneurs only satisfy a fraction of their financial needs. When they are exposed to personal risks resulting in losses beyond their means, competing needs for cash limit the growth of their enterprises. They also tend to contribute to the collapse of such businesses. This calls for a need to restructure the financial products available to women entrepreneurs to include long-term micro-insurance products.

Makokha (2006) established in her study that women entrepreneurs have financial social demands that compete with business capital, leading to a diversion of capital away from business needs. Some of these factors include housing space, health, old age and divorce. Therefore, the study concluded that there was need to develop long-term financial products such as micro-insurance. While microfinance provides working capital and disposable incomes to women in MSEs, micro-insurance products¹² would ensure that the assets of these entrepreneurs are protected if their income is diverted from their businesses. The MFIs would also benefit as their clients' sustainability would contribute to their own. Some specific products that need to be rolled out freeing capital and benefiting women entrepreneurs include: loan insurance; life insurance; pension; house insurance; health insurance; asset insurance; and, long-term housing loans or mortgages. Disabled women entrepreneurs, however, would find it more difficult to access such products since, traditionally, most companies have always been reluctant to insure disabled people.

4.4 Supply side constraints affecting potential women entrepreneurs in Kenya

On the supply side, a number of constraints impact on potential women entrepreneurs in the MSE sector. These include gender disparities in education and training, employment, asset distribution and levels of empowerment. They are elaborated below.

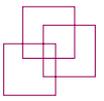
4.4.1 Gender disparities in education and training

Although MSEs are now generally recognized as a viable strategy to even out socio-economic disparities between men and women, socio-cultural factors continue to discriminate against women. For example, in education, preference is given to boys. Thus, the educational level of most women entrepreneurs is very low, creating a barrier to them accessing training and other business development services. In Nairobi, for example, many of them come from disadvantaged social backgrounds and are not well informed about business processes and operations and, therefore, fail to take full advantage of opportunities. As noted by Namusonge (2006), entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment.

The Kenyan education system does attempt to cater for boys and girls with disabilities at all levels of education, either in institutions for the disabled or through integrated programmes in regular learning institutions. Institutions are encouraged to have vocational training units to teach technical skills. In addition, the free primary education introduced in 2002, responding to one of the United Nations Millennium Development Goals, did enable many previously excluded groups of children, including those with disabilities, to gain access to education.

Following the all inclusive education system, a project in Oriang in Rachuonyo District, spearheaded by LCI, provides preventive and early intervention support aimed at integrating disabled children into the regular school system.

12. Despite the fact that micro-insurance is a relatively new concept and that traditional insurers have ignored the MSE sector due to the special obstacles of serving it, MFIs in Asia, namely, the Grameen Bank and the Self-Employed Women's Association in India (SEWA) have successfully rolled out micro-insurance products to cater for the other financial needs that women entrepreneurs have beyond their business needs. The objective is to ensure that the women are able to sustain their enterprises and to break out of the poverty cycle.



The project is providing an environment conducive to this special group by making available ramps to buildings, disability-friendly utilities, water, sanitation, and visual and hearing aids.¹³ Despite the availability of facilities for the education of disabled children, most of them are not utilized to full capacity. In most communities disabled children are not taken to school because of myths and other socio-cultural inhibitions, as discussed elsewhere in this study. Nevertheless, all those with disabilities who have attended school leave with some skills suitable for entry into the job market. However, they are disadvantaged in their prospects as employers tend to discriminate against them. Society is generally reluctant to integrate the disabled, even if many of them have similar or superior expertise.

4.4.2 Disparities in gender Human Development Indicator (HDI)

The UNDP's HDI score for Kenya (2001), which measures the socio-economic development progress of a nation, declined from 0.531 in 1990 to 0.514 in 1999 and revealed gender disparities. Incidences and intensity of poverty among women in Kenya are higher than men, in rural and urban areas. It was also observed that the lingering legal and cultural discrimination, which impedes women's access to property ownership (especially land) and employment opportunities, has contributed immensely to their low status and lack of empowerment. These important findings indicate the need for integrating gender issues into strategies to improve entrepreneurship among women in Kenya.

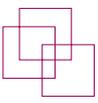
Kenya, like many other developing countries, is characterized by inequalities in human development. Inequality may have different meanings in different contexts. In this context, inequality is conceptualized as the disparity in the distribution of indicators attributed to human development in the economic domain. Gender inequalities often manifest themselves in the form of differential access to resources and opportunities. Current estimates indicate that women, especially those in rural areas, are particularly disadvantaged, with their labour often undervalued and underutilized. Generally, women in Kenya are more likely to be unemployed than men and have lower average incomes. The result is that more women than men are poor (Human Development Report, 2001, p. 17).

4.4.3 Gender disparities in employment

The above is confirmed, as noted earlier, by the fact that only 30 per cent of women were in wage employment in the last two years (GoK Economic Survey, 2005). Women's employment is important to the economy, particularly in MSEs, since it is previous employment that, in most cases, provides the initial capital for the MSEs (Kibas, 2006). In the modern wage sector, women's employment accounts for only 30 per cent of the total (GoK Economic Survey, 2005). Even though, in the rural areas, labour force participation for women is much higher than men (about 70 per cent), most of their activities are unpaid and include basket weaving, retail trading, food processing and minor industries. The result is that fewer women than men in MSEs work for pay and some of them work as co-owners without pay.

A number of World Bank studies have shown that gender equality leads to faster economic growth and that inequality, especially in education, leads to lowering of the economic growth rate (Klassen, 1999). The gender disparity in employment and income earning opportunities in Kenya has been attributed to a number of factors, including occupational segregation in the labour market, social attitudes towards women, inadequate capacities in terms of knowledge and skills, and lack of gender sensitive policies and programmes.

13. Source of information: Musa Wambua, an Education Officer, Special Needs Education Department, Ministry of Education, Science and Technology, during an interview on 8 August 2006.



4.4.4 Decline in economic growth

According to the economic survey review of 2005, Kenya performed badly in the 1990s. Compared to the first post independence decade when the economy recorded an average of 5.3 per cent per annum, growth slackened considerably to only 2.1 per cent in the 1990s before turning negative in the year 2000. Decline in economic growth has serious implications for gender inequalities. It tends to widen the gap in resource allocation. In 1999, the per capita income in Kenya was estimated at US\$306 compared to US\$360 in 1989. Lower per capita income erodes the capacity of individuals to access basic socio-economic goods and services that are essential for a decent life. This is especially so for the disadvantaged social groups, such as women and particularly disabled women.

A fall in the Gross Domestic Product (GDP) growth rate also meant reduced social spending on health, education and even support for disadvantaged social groups, such as women who wanted to engage in MSEs. Occurring concurrently with the Structural Adjustment Programmes (SAPs) this led to actual increased cost in services to private individuals (GoK Economic Survey, 2005).

4.4.5 Asset distribution disparities

Land remains by far the most important asset of the rural people. In the MSE survey of 1999, 70 per cent of the labour force is made up of women involved in agricultural activities. Women in the rural areas depend on land for production and livelihood. Family and marital status dictate the ownership of assets and property in favour of men. Culturally, ownership of land and fixed assets is the man's domain. Access to and ownership of land for women is, therefore, important to poverty alleviation and entrepreneurship, in terms of collateral for loans and other financial needs.

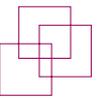
4.4.6 Rural-urban disparities (spatial isolation)

There is a pronounced rural-urban disparity in economic development in Kenya. This has been mainly due to the outcome of an underlying economic, ideological and socio-cultural orientation that perceived rural areas as peripheral to urban areas. This perception gave rise to a development model that placed urban areas at the top of the development agenda. The result has been that rural areas have been left behind in many spheres of development. Although this has changed a great deal over the years, the relics of policy bias are still evident to date. Labour force participation of women in the rural areas is much higher than that of men. Women are disadvantaged with low incomes from these agricultural activities as they cannot equitably participate in off-farm economy in MSEs in Kenya. The result of the rural-urban disparities is that more women than men in rural areas are poor, less educated, and less informed about the availability of employment opportunities (Human Development Report, 2001, p. 18). This tends to relegate them more to the chores surrounding the village and the farms in the rural areas.

4.4.7 Gender and disability disparities in empowerment

Empowerment is expected to bring about fairness and recognition of the contribution of both men and women in the economic development of a nation; that is, giving them equal opportunity in decision-making and use of resources. An area in which women have been particularly disadvantaged is decision-making. Generally, women have been marginalized in politics and economics, reinforced by cultural practices. This marginalization has much to do with the traditional African model in which women were more involved in decisions within the household than at community level.

The Gender Related Development Index (GDI) and the Gender Empowerment Measure (GEM) are two composite indices developed by UNDP to illustrate gender inequalities in human development. GEM is a composite indicator of women's representation in political, administrative, managerial, professional and technical positions, as well as their share of total income. Based on available data, the GEM for Kenya is estimated at 0.44. An analysis of the components of the GEM index, show that women's (including those with disabilities) participation in politics remains very low as evidenced by low representation of women as a whole in various positions in politics and the economy. For instance, women hold only 4.1 per cent of the parliamentary seats in Kenya.



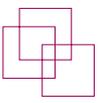
For successful women's entrepreneurship in Kenya, women's participation in politics, decision-making positions, economics and social administration must be improved so that factors inhibiting their participation in MSEs can be clearly isolated and addressed (Human Development Report, 2001). Further research is required to find out the involvement of women with disabilities in politics and national decision-making positions.

In addition to barriers, constraints and problems facing women entrepreneurs without disabilities, those with disabilities operating MSEs encounter special and particular problems; because they are women and because they are disabled. Below are demand-side constraints facing disabled women entrepreneurs:

- Many donors avoid supporting programmes targeting women with disabilities because of the myths and misconceptions that they merely want "handouts" and cannot, therefore, repay loans.
- To many donors and microfinance institutions, disability equals inability to repay loans.¹⁴ Informal evidence has it that disabled women are discriminated against by their parents when educating their children; hence they do not receive adequate education, if any.
- Denial of equal access to education affects their potential to venture into MSEs. Studies have shown that the level of education of entrepreneurs has a relationship to growth and profitability of MSEs (Kibas, 2006).
- Since education empowers women, those with less education have lower self-esteem and, thus, avoid participation in MSEs because they do not think they can succeed.
- With such low levels of education and self-esteem, disabled women do not even participate in forums where their issues are discussed.
- In addition to lack of specialized training institutions targeting disabled women, when training is available, they are disadvantaged because of their difficulties in getting to the venue and for other reasons related to particular disabilities. There are very few specialized training facilities for these women and/or teaching aids are scarce.
- Wage employment affords women the necessary occupational experience to succeed in MSEs, but few women are in wage employment and their number is declining due to retrenchment. Those disabled are further discriminated against and denied employment because of their disabilities. In the formal sector, it is usually assumed that disability is inability, which is out of line with international evidence.
- Working and training premises are not adapted to the special needs of disabled women and men. Open spaces as worksites are not available either, and if they are, are often not within easy reach. For example, Ngara market is very far from the city centre and is inaccessible to disabled women by means of transport.¹⁵
- A general observation in Kenya is that many women with disabilities suffer from a "dependence syndrome": meaning they perceive themselves to be dependent on others.
- Studies show that most women entrepreneurs in small-scale businesses received substantial family and community support at start-up and in the course of running their businesses (Njeru and Njoka, 1998). As has been mentioned previously, people with disabilities are often considered a burden and hidden from the community. If this is the case, often they do not benefit from the same level of support given to women without disabilities.

14. This information was obtained from an interview with Alice Munala of UDPK on 14 August 2006.

15. Source: Interview with Alice Munala of UDPK on 14 August, 2006.



4.5 Potential economic opportunities for women entrepreneurs in Kenya

The legal framework and Government policies, as articulated in various documents culminating in the most recent Sessional Paper No. 2 of 2005, have set the stage for a conducive environment for entrepreneurship development. This Sessional Paper in particular outlines the way forward regarding government policy in specific areas including, legal regulatory environment, land laws, markets and marketing, financial services, skills and technology, business management and gender equity. If provided with a favourable environment, possible economic opportunities for women entrepreneurs would include:

- i) Expanding the markets for their products through exporting into other regional markets and internationally. For example, southern Sudan, Rwanda, Common Market for Eastern and Southern Africa (COMESA) countries, Europe, the Americas and China. This will include taking advantage of such initiatives as the African Growth Opportunities Agreement (AGOA), and the services provided by the export processing zones, especially for textiles and garments.
- ii) Exploiting local markets not yet reached due to lack of production capacity and market information.
- iii) Making use of some of the innovative financial products and services provided by MFIs and commercial banks geared towards supporting MSEs.
- iv) Acquiring relevant knowledge and management and technical skills through training and capacity building for efficient and effective operation of MSEs. Making use of available training institutions offering specific learning may be the way forward to improve the quality and appropriateness of training.
- v) Establishing agro-industries such as food processing.

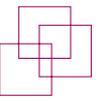
In spite of many efforts in Kenya to empower women entrepreneurs through capacity building and to avail them of needed resources, this study noted that a gap still exists between the supply side of opportunities and the demand side. Most women entrepreneurs appear not to have taken full advantage of these opportunities and those with disabilities appear not to feature in these initiatives. An empirical study using primary data may shed more light on the constraints inhibiting the entrepreneurs.

4.6 Efforts being made to empower women in MSEs in Kenya

A survey of the MSE sector indicates that several interventions are being carried out by a number of stakeholders to ensure that the sector plays its role fully. The Sessional Paper No. 2 of 2005, launched by the Ministry of Labour and Human Resource Development (MLHRD), defined eight key areas for formalizing and strengthening the MSE Sector. These eight key areas included, putting in place infrastructure, policy development, marketing, training and skills development, technology transfer, legal and regulatory structures, and access to finance. Both the Government and the private sector (including the NGOs) are engaged in various efforts to empower the entrepreneurs, in particular women, to grow their enterprises. The following are some of the key efforts identified by this study.

4.6.1 Creation of gender desks in ministries

The Ministry of Gender, Culture, Sports and Social Services has been the lead Ministry in addressing the social and welfare issues that affect women. It is concerned with formation and registration of women's groups at the grass-roots level and the appointment of social officers who would address gender issues. In recognition of the importance of mainstreaming gender issues in Government activities, it is a requirement that gender desks be established in every government ministry as soon as possible. This effort is being coordinated by the above Ministry.



Although, currently, there is no actual data on women's involvement in MSEs, most Jua Kali enterprises have registered a large number of women as participants in MSE associations. Most of the registered groups that work with the Ministry of Labour and Human Resources (MOLHRD) showed that more women than men were registered; they also participated very actively within their associations. There were concerns, however, that the men's agenda would take priority (Sessional Paper No. 1 of 1986). To enable women entrepreneurs to have a voice, the MLHRD has created a gender desk within the Ministry and other ministries are expected to follow.

4.6.2 Establishment of the gender commission in the Ministry of Gender, Sports, Culture and Social Services

The Kenyan Government has institutionalized its commitment to addressing gender inequalities by creating a National Gender Commission mandated to establish gender desks in all government ministries. The Sessional Paper No. 5 of 2005 provided a framework for the operationalization of gender mainstreaming in policy, planning and programming in Kenya. Today, Kenya is one of only two African countries with an active local chapter of the Organization of Women in International Trade (OWIT) in the private sector. Indeed, encouragement from OWIT promoted the creation of the Gender Unit in the Ministry of Trade and Industry.

The Sessional Paper recognized that the socio-cultural attitudes held by women and men, together with their socialization, were of particular significance in determining their unequal status. While it also recognized how development initiatives impact differently on them, the challenge the country faces today is how to create an enabling environment, and to take the steps needed to eliminate this inequality. Such steps should recognize the roles and responsibilities of women and men in the development of the country.

4.6.3 Gender and equality development (persons with disabilities)

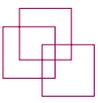
In order to incorporate special interest groups in the development process, the Government, through the Ministry of Gender, Sports Culture and Social Services, prepared the National Disability Plan of Action as part of the African Decade of Persons with Disabilities (1999-2009). This led to a national conference, in 2004, with the theme "African Decade 1999-2007 Kenya Reflection and Action". Conference participants included those with disabilities, DPOs, civil society development partners, and Government representatives. As part of the implementation process, by an Act of Parliament, the National Council for People with Disabilities was formed in 2004. The Council is a semi-autonomous Government agency. One of its key objectives is to improve the socio-economic capacity of those with disabilities through activities, such as the establishment of MFIs.

Despite the above conference and subsequent action plan, to date there are no known organized and supported entrepreneurship activities for disabled people and, in particular, women. The four umbrella organizations for the disabled in Kenya hope to start such activities in the future, with donor funding and support. (Interview with Mwaura of the National Council of Persons with Disabilities on 8 August 2006.)

4.6.4 Establishment of a Women's University of Science and Technology

The establishment of Keriri Women's University of Science and Technology is one of the positive affirmative actions taken to empower women in MSEs. This gives young women a chance to study science and technology, the foundations for creativity and innovation and elements essential for the growth of MSEs. This means more access to technical education for women and, hence, empowers them to enter MSEs.

In public universities, the entry qualification for women, for all degree programmes, has always been a point lower, as part of an affirmative action scheme. This allows for more women students, who may not have had as many educational opportunities as men, to acquire a university education. There is an assumption that with the knowledge and skills acquired in life, women graduates will have a better chance of being entrepreneurial.



4.6.5 Reducing poverty level

The World Bank's Country Assistance Strategy recognizes that "women are more likely to be poor and vulnerable to adverse shocks than men". By implementing the recommendation to set up a Commission for Poverty Reduction, and reviewing its operations to streamline its activities, the Government will focus on improving the lives of women, including their participation in MSEs. It has embarked on strategic approaches to alleviate abject poverty among its citizens by putting in place action plans aimed at improving living standards, particularly for women.

4.6.6 Increasing agricultural productivity and exports

According to the MSE survey of 1999, women in Kenya supply 70 per cent of labour in the agricultural sector. An increase in productivity and exports should enhance women's incomes and their participation in off-farm economic activities. The Government's efforts include, providing credit to farmers, looking for markets by opening up the Eastern Africa market, signing International Trade Agreements, and reducing trade import/export barriers. There are a number of other initiatives being carried out by donors and NGOs to enhance the productivity of entrepreneurs. One such initiative is the Kenya Business Development Services (BDS) funded by the USAID. The objective of BDS is to increase growth and incomes among rural MSEs through access to markets and business services enabling them to compete.

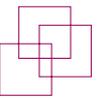
Specifically, BDS selects sub-sectors of high growth potential for MSEs, and identifies market inefficiencies along the value-chain. As critical constraints are identified, the delivery of appropriate business services to rural MSEs on a commercial basis is facilitated. The areas of emphasis include: business linkages, cluster development, and embedded facilitation between lead firms and MSE producers. To date, the key activities target tree fruits with a focus on avocado, passion and mango. Based upon the geographical location of the trees, activities are targeted, in the commercial services to farmers, on safe and proper use of agrochemicals, with 6,000 MSEs accessing such services. Given that 47 per cent of women in MSE employment are in rural areas (National MSE Baseline Survey), it would be logical to conclude that many of them are benefiting from the BDS. The primary research should, therefore, aim at establishing the actual number of women benefiting, and make recommendations on whether or not there is a need for such projects to be more effective in mainstreaming gender and disability.

4.6.7 Reducing the high HIV/AIDS rate for women

The HIV/AIDS prevalence rate in Kenya is higher for women than men. The women's infection rate in the 15 to 19 age bracket is five times higher than for men. The increasing number of widows and orphans has significantly increased both women's workload and financial burden, and has impacted on their ability to contribute to economic growth. The Government has made tremendous efforts to educate the population on the dangers of HIV/AIDS in order to curb its spread. Other measures include the establishment of Voluntary Counseling and Testing Centers (VCTs), access to free drugs for HIV/AIDS patients, and the Sexual Offences Bill in the process of enactment. For the disabled, the NCPD has just completed pamphlets and posters on HIV/AIDS awareness. It plans to start an AIDS Control Section and also form a technical group to deal at the National Aids Control Council.¹⁶ Despite the absence of empirical data, it has been reported that disabled women in Kenya are more vulnerable to sexual abuse. For example, men offering assistance in return for sexual favours increase the chances of exposing these women to HIV/AIDS.¹⁷ It is hoped that the enactment of the Sexual Offences Bill, now before parliament, will help protect disabled women from such abuse. The continuing Government effort to educate the entire population on the dangers of HIV/AIDS and the issuance of free antiretroviral drugs to patients will enable women to contribute more to the national economic growth. women and disabled women entrepreneurs and to recommend specific programmes targeting them.

16. According to the National Council for Persons with Disabilities, there are no figures on HIV/AIDS prevalence for the disabled, but the Council operates on the World Health Organization (WHO) figure of 10 per cent.

17. Source: Interview with Alice Munala of UDPK on 14 August 2006.



4.6.8 Meeting the Millennium Development Goals (MDGs)

To overcome some of these constraints, the MDGs were adopted five years ago by all world governments as a blueprint for building a better world in the twenty-first century, including full participation of women and men in social and economic development (<http://www.un.org/millenniumgoals/>). This has not been fully realized in Kenya. The MDGs were expected to promote poverty reduction, education, maternal health, gender equality and combat child mortality, AIDS and other diseases.

Other efforts that support the MDGs are being undertaken by the Kenyan Government. They include enactment of the proposed new constitution, amendment of the inheritance laws to allow women to inherit land and property and amendment of the Children's Act. While gender equality is, in its own right, a millennium development goal (MDG No. 3), increasing research indicates that gender equality is essential to meet all MDGs, including empowerment of women to participate more in economic growth activities, such as MSEs (www.undp.org).

In education, national free primary education is a confirmation of the Government's commitment to responding to one of the MDGs, enabling many previously excluded groups of children to gain access to education.

4.6.9 Meeting the Government of Kenya's 7 per cent real GDP growth rate

It is generally agreed that to achieve the targeted 7 per cent real GDP growth rate, it will be necessary to eliminate gender-based inequalities in education and support access to agricultural inputs by women. The targeted creation of 500,000 jobs per year, in accordance with the Government's Economic Recovery Strategy (ERS), will mean breaking down barriers facing women in MSEs and increase formal sector employment.

4.7 Mainstream small business development services available to women entrepreneurs in Kenya

According to the MSE Baseline Survey of 1999, there are about 260 organizations, private and public, national and international, government and non-governmental, with support programmes for MSEs in Kenya. In an attempt to understand the scope of these organizations, the 1999 survey enquired into the different types of assistance received by MSE operators interviewed. The operators cited both formal and informal, and financial and non-financial assistance.

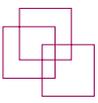
Formal assistance was received from mainstream support institutions, while informal assistance was received from family, relatives and friends. In general, the 1999 Survey concluded that there seemed to be considerable support available for MSEs in Kenya. However, as the survey data was to reveal, relatively few MSEs used such support services. It will be of interest, during the second phase of this study when collecting primary data, to find out if both women and men have equal access to business development services.

In its plan of action regarding MSEs, the Government, in the specific Sessional Papers, has made provision for development partners to support the sector. The partners who are currently involved include: USAID, UNDP, ILO and DFID.

4.7.1 Formal financial support for MSEs

The Kenyan financial sector is diversified. Both formal and informal financial markets exist. Formal financial support is provided by commercial Banks, NGOs, MFIs and SACCOs, among others. They employ an integrated approach, disseminating information and building capacity of women's groups in effective management of revolving funds.

An example of the mechanisms used by formal financial support providers is WEEC, an MFI targeting women at the grassroots level, mainly in Kajiado District in Rift Valley Province and in two other Districts in Central Province.



K-REP is another MFI actively participating in MSEs micro-financing in Kenya. K-REP operates various micro-financing schemes from the K-REP Bank. Among them are the Juhudi, Chikola and Katikati loan schemes, supporting men and women entrepreneurs.

The Juhudi method involves small groups. Each Juhudi group comprises four to eight smaller groups, consisting of three to eight individuals. The Chikola loan programme works through the already existing rotating savings and credit self-help groups that are composed of individual micro-entrepreneurs (Kioko, 1995). These are micro-loan programmes with minimum amounts of KES15,000 (US\$205) to finance MSEs using the group-based approach. To be eligible, you must be a Kenyan citizen, over 18 years old, own and operate a legal business "within the Juhudi area of operation", have total assets not less than KES250,000 (US\$3,425), and be willing to abide by "all the Juhudi rules and regulations". The loan size increases with the proportion of savings required. The savings, which primarily serve as "collateral" for the loans, are deposited in the groups' account.

In terms of outreach, most MFIs choose their area of operation, and only women who are in that chosen area can benefit. Not all areas are, therefore, covered, indicating that there are many MSEs that have not been reached. There are no known, tailor-made financial products targeting women with disabilities. Those previously operational were limited in scale and have since failed. This is with the exception of a project of APDK at Mukuru. As reported by the Executive Officer, Mr. Ndegwa, the Association has a community-based rehabilitation centre at Mukuru for women with disabilities in MSEs. During the primary phase of this study, we will examine this programme in detail.

4.7.2 Microfinance mechanisms of mainstream commercial banks

Most commercial banks have special products for the MSEs, in most cases offered along with other normal banking facilities. Concerns have, however, been raised as to the conditions of access to them and the cost of money borrowed. An example of financial support mechanisms used by commercial banks is the microfinance unit of the Cooperative Bank of Kenya. Financial support for MSEs from this bank ranges from KES15,000 (US\$205) to KES300,000 (US\$4,110), repayable in six months. Table 6 illustrates this scenario.

Assuming a charge of KES4,110 (US\$56) on KES15,000 (US\$205) for six months, the charge per annum would be KES8,220 and the interest rate would, therefore, total 54.8 per cent per annum. With increasing competition in the financial sector, it is likely that interest rates will gradually stabilize in favour of women in the MSE sector.

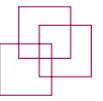
4.7.3 Informal financial support

Informal financial support services include several variations on Merry-Go-Rounds (MGRs) and ROSCAs. Informal financial support mechanisms have their roots in traditional mutual guarantee systems, making them very popular. A typical ROSCA involves a group of 5 to 10 members and operates on simple principles, namely, regular meetings where each member contributes agreed amounts of money and each member gets a turn as the recipient. Usually there is no interest charged on the loan or earned on the savings, unless the ROSCA borrowed the money from MFIs for lending on.

It is possible that informal financial support from ROSCAs is popular because there are no hidden interest rates charged on loans. Formal financial support is seen to be too expensive for many women entrepreneurs and hence they treat this as a last resort. (Stevenson and St-Onge, 2005).

4.7.4 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 those 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 are informal financial support mechanisms which are savings-led and do not work well when external capital (such as borrowing from MFIs for lending on) is introduced. External capital, borrowing for lending on, stresses the mechanism, sometimes causing a breakdown in the system.

Although ROSCAs appear to be very popular among women in the Jua Kali, and "very small" enterprises, they are not effective for growth-oriented women entrepreneurs as stated by one of them. The approach adopted by the ROSCAs is to require the members to start a savings group. Members save for six months, attend weekly group meetings, and then start borrowing. The process is lengthy, yet it is based on the group-lending mechanism being applied by NGOs and MFIs.

It is possible that these mechanisms do work well for the Jua Kali, and "very small" women MSEs, but they are not effective for growth-oriented women MSEs. If women MSEs are to grow, there must be a change in these mechanisms. In addition to being ineffective, such mechanisms compound the heavier time-burden of women entrepreneurs. Their heavy financial burden of membership fees, savings and group initial fees, worsens their household financial burden. These mechanisms, therefore, compound their financial burden. Primary research will, however, shed more light on the extent of this burden.

4.7.5 The role played by NGOs

The role played by NGOs cannot be over-emphasized. Organizations such as Care International, World Vision, Plan International, are working in areas such as relief and welfare, technical innovation, national development, public health, agriculture, advocacy, grassroots development agencies and other networks. However, due to time constraints and bureaucratic procedures of accessing these organizations, the research team was not able to acquire adequate data on their activities. The primary research will address the role played by NGOs in more detail.

4.8 Formal and informal financial support

The proportion of loans from formal sources (NGOs, MFIs, commercial banks, SACCOS, etc.) in 1999 was more (5.71 per cent) than in 1995 (3.4 per cent) and 1993 (4 per cent). This reflects an increase in the number of support organizations providing credit to MSEs, an increased geographical spread across the country, and their relocation to urban and rural areas. Of the formal sources, NGOs are the most important source of credit to MSEs. This is reflected in the number of NGOs focusing their support on provision of credit to them, increasing from 46 in 1995 to 130 in 1999. Currently, there are a number of women-based microfinance institutions. The KWFT is the leading institution with many branches across the country. Others include, Women's Economic Development Co-operation (WEDCO) and WEEC. Most of these institutions are based on the Grameen Bank model of group contributions and guarantees (Nyerere, 2004).

However, as pointed out by the 1999 survey, demand for MSEs credit in Kenya is the least studied aspect of the sector, and cannot, therefore, be estimated with certainty. The survey indicated that 96.3 per cent of the loans required by MSEs do not exceed KES100,000 (US\$1,370), 70 per cent do not exceed KES20,000 (US\$274) and only 36 per cent exceed KES100,000 (US\$1,370), while 40 per cent do not exceed KES10,000 (US\$137).

Table 6 shows this trend. On average, it was noted that about 83 per cent of women in the MSE sector require loans not exceeding KES20,000 (US\$274) compared to about 36 per cent of men. Overall, 89.6 per cent of MSEs indicated they had not received credit from any source, while 10.4 per cent did. The distribution of credit received was as follows: commercial banks 1.5 per cent; NGOs 2.8 per cent; ROSCAs 2.5 per cent; and, from family and friends 1.5 per cent.



Table 6: Start-up and additional capital for MSEs (per cent)

Amount (KES)	Start-up capital		Additional capital
	1995	1999	
1 - 1000	62.5	38.8	27.9
1,001 - 5,000	19.6	31.3	27.7
5,001 - 10,000	6.3	11.1	10.9
10,001 - 20,000	4.3	8.7	7.9
20,001 - 50,000	3.8	5.5	4.1
50,001 - 100,000	2.4	2.4	2.9
100,001 - 500,000	0.9	1.8	3.2
500,001 +	0.1	0.4	0.3

Source: National MSE Baseline Survey 1999

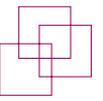
The starting bracket for start-up capital in 1995 was KES0-1,000, while in 1999 it was KES1-1,000. The main sources of start-up and additional capital are analyzed in Table 7. As noted, the main source for both start-up and additional capital is family and the entrepreneurs' own funds.

Table 7: Main source of start-up and additional capital (per cent)

Source	Start up-capital (%)	Additional capital (%)
Family/own funds	90.4	80.0
Family/friends loan	5.4	7.8
Money lender	0.7	0.1
Bank	0.6	1.3
Non-bank credit institution	0.3	1.0
Rotating credit society	0.8	1.6
Government loan	0.2	0.8
NGOs	0.1	1.3
Cooperatives	1.0	1.6
Trade credits	0.1	0.3
Other	0.3	4.3

Source: National MSE Baseline Survey 1999

The 1999 Baseline Survey told the story more clearly by noting that the bulk of MSEs credit (69.1 per cent) came from informal savings and credit associations, mostly ROSCAs, family and friends. During the second phase of this study, when collecting primary data, it will be of interest to find out why this is.



4.8.2 Business development services

Business development services comprise non-financial services that are aimed at capacity building. They include training services, marketing and institutional support. Management training for MSEs focuses on building the capacity of entrepreneurs, by transfer of the relevant knowledge and skills needed to successfully run the enterprise. This includes skills in financial management, marketing, human resource management, and entrepreneurship training. Mainstream MSE training institutions providing such training, do so to complement particular occupational, technical, professional, trade or artisanal skills their clients already possess. Similar to many developing countries, in Kenya most businesses owned/managed by women are micro in scale, located in rural areas and require little capital. They also require little or no technical skills. It is these unique characteristics of women's entrepreneurship that make them not choose business development services like their men counterparts. However, a few institutions offer targeted training to entrepreneurs, they include Christian Industrial Training Centers (CITC's), Federation of Kenya Employers (FKE), VSO, KIM, JKUAT, the national polytechnics, the Kenya Institute of Business Training (KIBT), and a number of NGOs using donor funding. Overall, not as many women entrepreneurs use BDS, because of cost, access, necessity, or availability (Stevenson and St-Onge, 2005). Men entrepreneurs, however, use BDS more, since they operate larger MSEs, requiring more capital and technical skills. As mentioned earlier, due to women's dual roles and, sometimes denial of husband's permission to leave home, many of them are unable to access these services. According to UDPK programme officer, disabled women entrepreneurs are disadvantaged in accessing BDS on account of discrimination and their immobility.

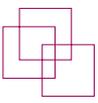
Technical, professional, trade, occupational or artisan skills training, focus on inculcating or equipping workers with practical skills, such as carpentry, masonry, tailoring, weaving, mechanical engineering, electrical engineering, purchasing, or logistics management. This is done through the national polytechnics and technical training institutions, numbering over 46 and spread throughout the country.

UDPK has rehabilitation activities for those with disabilities in general, but they do not target women, or disabled women, entrepreneurs. The primary research will investigate why there are no specific technical, vocational and business training programmes and recommend how such training can be made available in future.

Other business development services include technical assistance, marketing outlets, pre-constructed sheds and Assistance to Business Creation (ABC). Technical assistance is a broad label that includes assisting MSE operators to carry out technical/professional activities such as book-keeping, marketing, inventory costing, and choice and installation of appropriate computerized systems. In general, it is given on a one-to-one basis at the MSE business site. Some organizations provide marketing outlets for their MSE clients' products.

According to the 1999 Survey, only 7 per cent of MSEs had received one form or another of non-financial assistance between 1995 and 1999, in spite of the increasing number of formal and informal organizations in Kenya, offering all types of this. Also, access to non-financial assistance varies by sector. Notably, 14.4 per cent of MSEs in the service sector had accessed and used non-financial assistance, compared to 6.2 per cent in manufacturing, 3.7 per cent in trade activities, and 3.4 per cent in construction.

During the second phase of this study, when collecting primary data, it will be interesting to find out why MSEs in the service sector use more non-financial support services than other sectors.



4.8.3 Access to infrastructure

One of the major barriers and constraints to MSE growth, identified by previous studies, is lack of adequate infrastructure. The term infrastructure also relates to adequate supply of electrical power, access to roads, water and sewerage, security of tenure of business premises, and telecommunications. Good infrastructure has the effect of promoting MSEs by lowering the cost of doing business. Women entrepreneurs and, in particular those disabled, face even more constraints relating to infrastructure. First, many women entrepreneurs are located in rural areas where there is very limited infrastructure. Second, women entrepreneurs operate micro scale enterprises and cannot afford to pay for appropriate infrastructure even when it is accessible. A recent visit to both APDK and UDPK also revealed that there are no adapted technologies specifically targeting disabled women entrepreneurs.¹⁸ For example, there are no specially designed business premises for them and no specialized road networks, toilets and telecommunication systems. There is, however, one project, the LCI Oriang project, providing ramps to buildings, fitting disability-friendly utilities, water, improving sanitation and providing mobility, visual and learning aids, but it is very limited in scope.

The 1999 National MSE Baseline Survey established that infrastructure problems were more acute in rural-based MSEs. Some of the efforts made to alleviate the problems include construction of an industrial area in Buru Buru, Nairobi, by the NCKK, construction of the Nyayo sheds by the Ministry of Research, Technical Training and Technology, and the construction of 600 sheds in five urban areas by the Government of Kenya, with assistance from the German Society of Technical Cooperation (GTZ) and the current Government Rural-Electrification Programme.

The recent establishment of courier companies such as Securicor Courier and Easy Coach courier services, and the coming of Safaricom and Celtel mobile phones have also helped to improve infrastructure.

During the primary state of this research, it will be necessary to make recommendations on ways of improving infrastructure for women entrepreneurs in general, and women entrepreneurs with disabilities in particular.

4.8.4 Access to risk insurance cover services

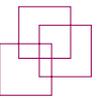
Another shortcoming of MSEs is lack of risk-mitigating services. Whereas the formal wage sector is provided with numerous risk-mitigating services, there are very few providers to the MSE sector.

According to Makokha (2006), provision of risk-mitigating services to MSEs would greatly boost growth of MSEs owned/managed by women. Such services include insurance cover, loan insurance, house insurance and asset insurance. The study recommends that such cover should be taken in the name of women owners/managers to protect them from losses in the event of widowhood or divorce.

4.8.5 Technology transfer institutions

Technology is at the centre of MSE development. This requires an understanding of processes in the sector before sourcing and transferring suitable technology. It is also important to note that many places in the country do not have electricity and, hence, the institutions should focus on areas without it or water and other essential structures. Such institutions include Approtech Intermediate Technology, KIE, and the Kenya Industrial Research Development Institute (KIRDI). However, there are no specific initiatives designed for women entrepreneurs in Kenya.

18. Source of information: Interview with Chadwick Safu of Leonard Cheshire International on 9 August, 2006.



4.8.6 Donor initiatives

Donor strategy for supporting MSEs has been mainly that of using intermediaries, such as NGOs and Government. A number of microfinance institutions are funded by donors for lending on to entrepreneurs. This is the case for KWFT, ECLOF and K-REP. There are also cases where commercial banks have acted as intermediaries to extend credit to MSEs, either under loan guarantee schemes or other arrangements. AMFI, which is the umbrella organization for microfinance institutions in Kenya, also receives funding from USAID for its operations. Among the key donors supporting women's entrepreneurship are: the Japanese International Corporation Agency (JICA), GTZ, USAID, and UNDP. However, it is noteworthy that most of the donors do not directly target gender equality in their policies.

JICA is supporting women in agriculture, specifically in horticulture, in several areas of the country, through training. The training is conducted by Jomo Kenyatta University of Science and Technology. GTZ, a bilateral donor, works through the Government. It is currently supporting a project in agriculture in Kuria District, a component of which targets women. Women are taught how to make energy-saving wood stoves for themselves, and as an income-generating project. A women's group has been equipped with this skill and is expected to replicate it to other groups.

In the USAID programmes, gender issues have been given priority in terms of targeted intervention, to the extent it insists that MFIs continuously increase the percentage of women they serve. The Agency is currently supporting KWFT, which offers financial services to women only. In addition to KWFT, USAID also supports several MFIs through concerted support for the AMFI. It is also working with AMFI and the Central Bank of Kenya to improve the legislative and regulatory framework for MFIs through the proposed Microfinance Act. The Omena Fish Women Traders in Kisumu are also among those supported by the USAID in the form of training on fish processing and linking them to buyers overseas (telephone interview with Pharesh Ratego, 8 August 2006).

The UNDP, through its project "Sensitization of Financial Institutions, Commercial Banks and Insurance Companies", supported a review and assessment of the needed reform of legal and operational policy frameworks to support women's access and control of investment capital through existing financial institutions. Seminars and workshops were held with government and banking institutions, officials and women's groups to identify constraints and opportunities to increase the economic empowerment of women, through access to credit.

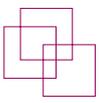
The UNDP, through a co-financing effort with the EU, implemented a bee-keeping project for Kibera slum women. The women obtained hives on credit and repaid loans after a private company called Honey Care purchased the honey. A total of 40 women were involved in this project. They represent 40 households with a total of 200 individuals who benefit directly from the sale of the honey. The project ended in October 2004, but was supposed to continue with another funding arrangement. The status of this project will be established during the primary research phase (<http://www.un.org/millenniumgoals/>).

The ILO/AfDB growth oriented women entrepreneurs programme being implemented by IFC will pave the way for women entrepreneurs to receive business planning training and loans to support the growth of their businesses. Some beneficiaries of the programme will be women owners of enterprises with potential for growth in the MSE sector.¹⁹

Informal evidence shows that currently there are no MSE development programmes deliberately addressing gender and disability disparities in Kenya.²⁰

19. It was difficult to get reports, publications or even interviews from most NGOs and donors. More information is expected to be obtained on their activities with women entrepreneurs in MSEs during primary research.

20. Source: Interview with Alice Munala of UDPK on 14 August 2006.



5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the secondary desk research

The general purpose of the study on women entrepreneurs is to make positive contributions to the Economic Recovery Strategy for Wealth and Employment Creation of the Government of Kenya. However, the purpose of the secondary research, the subject of this report, was to determine current and relevant studies and document their contribution to the understanding of the factors affecting the development of women entrepreneurs, including those with disabilities, in micro- and small-scale enterprises in Kenya.

5.1.1 Scope

This phase of the study has been able to establish a number of issues regarding women entrepreneurs involved in MSEs. Despite the limited number of empirical studies conducted, this study did establish the scale, scope and profile of MSEs in Kenya, in terms of employment generation, gender disparities and women entrepreneurs' access to support services. It was established that MSEs contributed 76.5 per cent of the total employment generation in 2004. Of this, 47.4 per cent of the employees were women; this percentage, however, rose to over 60 per cent for those engaged in micro-enterprises only. The MSE sector also contributed a significant proportion to the GDP of, at least, 18 per cent. Over 60 per cent of the MSEs were engaged in trade-related activities. The study established that there is a general lack of data on disabled women entrepreneurs.

5.1.2 Definition and support

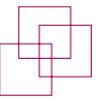
It was established that women entrepreneurs could be classified into the following profiles: the Jua Kali micro-enterprises, the 'very small' and the 'small-scale', based on the legal framework, level of employment and scope of MSE operations. The total number of women engaged in this sector was estimated to be at least 600,000. As regards support services to MSEs, it was estimated that there are currently over 260 organizations country wide, providing one type of assistance or another, including both financial and business development services. It was also established that there were no specific programmes targeting disabled women entrepreneurs. The scope of the AfDB-ILO Growth-Oriented Women Entrepreneurs report, did not include medium-sized women owned enterprises.

5.1.3 Policies

The MSE policy environment dealing specifically with women and disabled women entrepreneurs, found that not many empirical studies have been carried out in this area. General policy studies, however, have been conducted by the IDS (University of Nairobi) and Kenya Public Policy Research and Analysis (KIPPRA) among others. As evidenced by the number of Sessional Papers and Development Plans that specifically mention the MSE sector, the Government has indeed made significant efforts to promote this sector. The papers include the 1986, 1992, 1996 and the 2005 Sessional Papers setting out Government policy on MSEs and the informal sector. It was, however, observed that the implementation of these policies was weak. It was also noted that the institutional and legal framework, especially for the urban entrepreneurs, mainly hawkers, who do not have permanent places to work, has yet to be formulated and implemented.

5.1.4 Barriers and constraints

Women's concerns and gender-related constraints tend to negatively affect equal participation at the local, institutional and policy levels.



From the studies reviewed in this secondary phase of the research, findings on the barriers and constraints to women's entrepreneurship in MSEs, including those with disabilities, may be summarized into the following clusters:

- immobility
- financial constraints
- conflicting gender roles
- gender inequality
- discriminatory cultural practices
- inappropriate technology
- constraints at the legal, institutional and policy levels and supply side constraints, such as disparities in education and training, and employment.

These barriers and constraints acted as pointers for further study to identify how interventions could be packaged for effective solutions.

This study noted that not many empirical studies have been conducted to map out the potential economic opportunities for women entrepreneurs in Kenya; this also applies to studies on efforts being undertaken to empower women in MSEs. From the available government documents and reports, however, it was noted that there is sufficient potential for women MSEs in Kenya to develop and grow. There are also a number of initiatives being implemented to empower them, ranging from establishing gender desks in various government ministries, the establishment of a Gender Commission, and the setting up of the NCPD. However, there have been no studies mapping out potential economic opportunities for disabled women entrepreneurs.

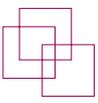
5.1.5 Support mechanisms

On support mechanisms (including mainstream support services) to women entrepreneurs, studies indicate that there are a number of financial and non-financial interventions in place to assist the MSEs in general. The latter include mainly training and capacity building, marketing and business advisory services. NGOs with special programmes for women entrepreneurs are limited to specific MFIs, such as KWFT, WEEC and WEDCO, which also tend to be limited in geographical scope. Disabled entrepreneurs are generally not catered for, the incorrect assumption being that they will be supported alongside the others. NGOs appear to be in the forefront in supporting women entrepreneurs through special schemes. Donors, however, tended to use intermediaries and the government machinery to reach the beneficiaries.

5.2 Conclusions

Based on the findings from the secondary phase of the study, it may be concluded that women MSEs are quite entrepreneurial and need to be supported to grow and expand. This includes both women and disabled women entrepreneurs. It may also be concluded that the empirical studies conducted in this area are few, and mostly general in nature, save for government publications, such as Sessional Papers, reports and development plans that only set the policy framework and regulations. Hence, the need to carry out more focused studies on women MSEs based on actual field work and involving key respondents, such as the entrepreneurs themselves and other stakeholders. This may include contributing to the national baseline survey, which is long overdue, in conjunction with the Central Bureau of Statistics (scheduled for August 2006).

Government policies and relevant legislations have, to a large extent, only been on paper, not on the ground; there is little implementation of some of the policies that would have supported women's entrepreneurship.



Disabled women entrepreneurs appear to have been most affected because of no clear legislation to encourage and support them. There are, however, a number of NGOs now attempting to assist them, in addition to what the government ministries are doing.

In other interventions, finance was found to be available and accessible from a number of MFIs and commercial banks operating in the sector. Conditions to be fulfilled, including the terms of repayment for most loans to MSEs, were said to pose major challenges to the entrepreneurs, especially at the micro level. Most of the financing in this sector is sourced from the NGOs and the donor community using intermediaries to reach them. It was also noted that the disabled appear to have been neglected in general, and more particularly disabled women entrepreneurs. There is little evidence of any empirical studies on the entrepreneurial activities and performance of the disabled.

5.3 Recommendations

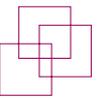
On the basis of this study, it is generally recommended that a comprehensive study (primary data collection) be conducted to address the major issues raised in the secondary research. The field study should, therefore, inquire into policies, strategies in place, impediments (if any), impact of the current interventions and the role of various stakeholders (government, NGOs, faith-based and community-based organizations and the donor community) as regards their participation in the MSE sector, with particular emphasis on women, women entrepreneurs and women entrepreneurs with disabilities. The primary study should, therefore, focus specifically on the following:

- a) Establishment of a united front to advocate for the rights of women, women entrepreneurs and women entrepreneurs with disabilities, for example through the formation of functional women entrepreneurs' associations.
- b) Restructuring of the short-term multiple loans of women entrepreneurs to include long-term insurance products ensuring that their assets are protected and their income not wasted on domestic emergencies, but freed for business. This will also lead to the sustainability of MFIs.
- c) Creation of a central coordinating body for women's entrepreneurship development and establishment of a desk for disabled women entrepreneurs within it.
- d) Setting up of a data base for disabled women entrepreneurs in Kenya, detailing who they are, their location, activities, challenges and categorizing them according to their various disabilities and the constraints they face as a result.
- e) Engage in deliberate efforts to develop financial and support programmes that meet the needs of disabled women entrepreneurs. Existing financial and business development institutions, donors and NGOs should be encouraged to develop specialized programmes and schemes to address the needs of these women.

5.4 Hypothesis for the primary data

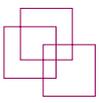
This study aims to examine all the environmental factors affecting women and disabled women entrepreneurs engaged in micro- and small-enterprises in Kenya. The hypotheses to be used in the primary research are based on the three hundred and sixty (360) degree approach to enable exhaustive inquiry into factors affecting these women. Specifically, the study will test the hypothesis that the performance of women and disabled women entrepreneurs, compared to their men counterparts, is largely determined by the following variables:

- availability of adequate BDS;
- availability and accessibility of credit;
- enterprise products and skills of the entrepreneurs;



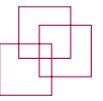
- entrepreneurs' empowerment (the extent of their confidence);
- socio-cultural influences;
- family and household expectations;
- business and other associations.

It is also hypothesized that women and disabled women entrepreneurs, are disadvantaged in their growth orientation, firstly, because of their gender, secondly because of their disabilities and thirdly, because of some unsupportive government policies regarding gender and MSEs.

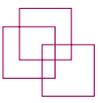


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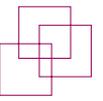
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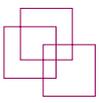
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- The Calvert Group's Calvert Women's Principles: www.calvert.com/pdf/womenprinciples.pdf
- Doing Business Database: <http://rru.worldbank.org/Doing Business/>
- The International Center for Research on Women (ICRW): <http://www.icrw.org/html/about/about.htm>
- UNDP's Gender Mainstreaming: <http://www.undp.org/gender/tools.htm>
- UN Millennium Development Goals: <http://www.un.org/millenniumgoals/>
- Planned MSE Census: August 2006: www.cbs.go.ke

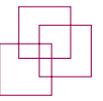


APPENDIX 1

Second Sessional Paper No. 2 of 2005, Development of Micro and Small Enterprise for Wealth and Employment Creation for Poverty Reduction: Gender Equity Objectives

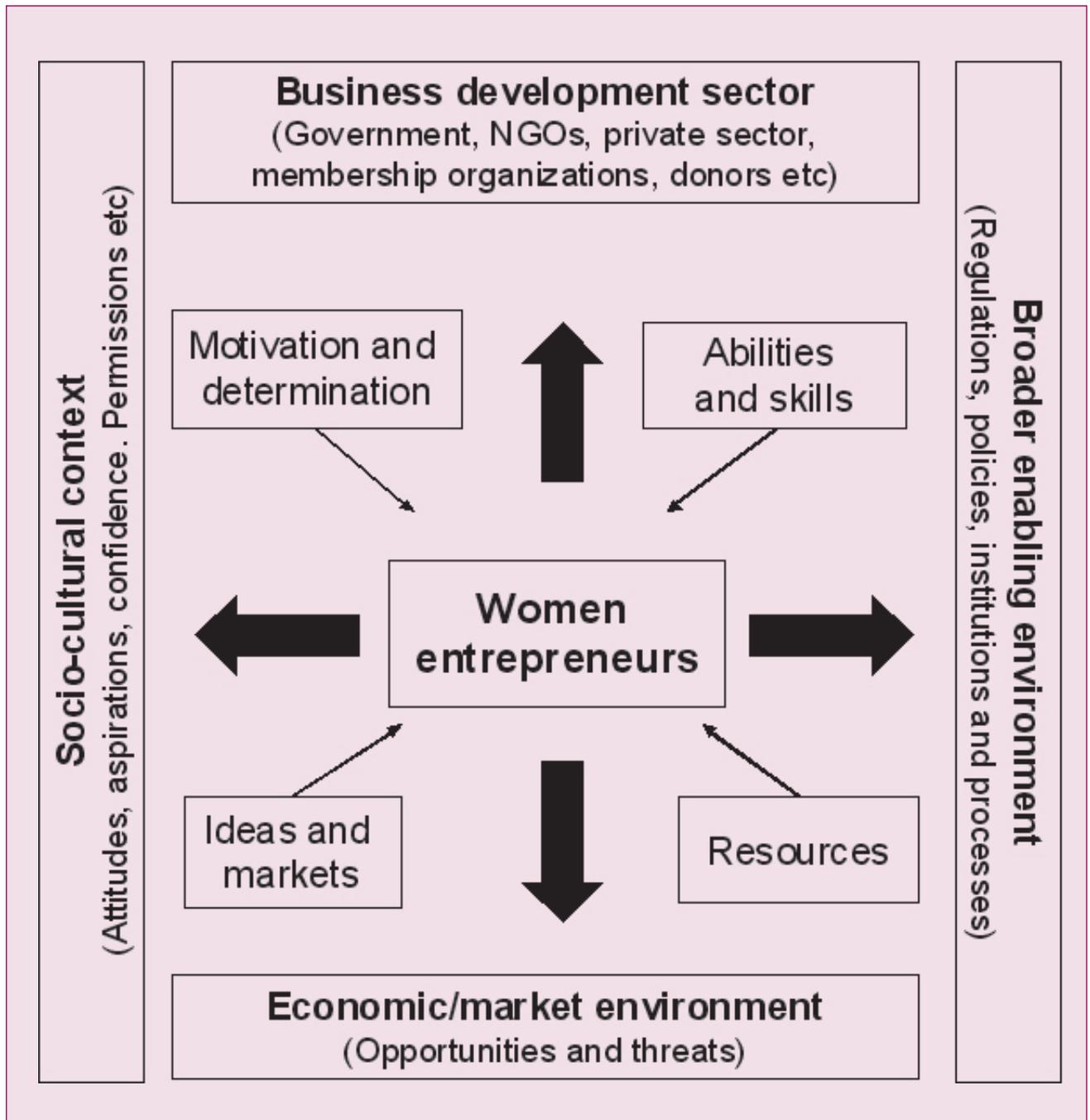
Sessional Paper Operational Target	Strategies	Possible actions to achieve operational target
4.39	<ul style="list-style-type: none"> ♦ Equal Access to Financial services ♦ Institutional Capacities of ministries and parastatals in gender integration ♦ Greater access to education, technological development and entrepreneurship 	<ul style="list-style-type: none"> ♦ Contributing to the development of a more supportive and enabling policy, legal and regulatory environment for promoting women entrepreneurs and women entrepreneurs with disabilities. ♦ WED Capacity Building for Ministries and parastatals as well as donors, BDS Providers, NGOs, Micro/Finance institutions and DPOs ♦ Conducting organizational self check (FAMOS check) for service providers, including financial services, for inclusion of gender, disability concerns and women's economic empowerment in existing structure ♦ Identification and establishment of market led vocational skills training for women entrepreneurs with and without disabilities
4.40	<ul style="list-style-type: none"> ♦ Increase awareness of gender issues in MSE development context ♦ Elicit sector specific gender mainstreaming strategies ♦ Identify gender related constraints in MSE development ♦ Establish monitoring and evaluation mechanisms, in particular in associations of entrepreneurs 	<ul style="list-style-type: none"> ♦ Support women entrepreneurs associations (WEAs), Disabled Persons Organizations (DPOs) to strengthen their organizational capacity to mobilize women entrepreneurs and women entrepreneurs with disabilities at local, regional and national levels and support their integration into mainstream and other vocational skills training, micro and small enterprise development, and microfinance programmes and to offer marketing assistance ♦ Conducting organizational self check (FAMOS check) for service providers, including financial services, for inclusion of gender, disability concerns and women's economic empowerment in existing structure. ♦ Carry out research into the situation of women entrepreneurs in Kenya
4.41	<ul style="list-style-type: none"> ♦ Collect and avail gender disaggregated data to facilitate responsive planning and policy formulation ♦ Promote more marketable and remunerative products for women entrepreneurs 	<ul style="list-style-type: none"> ♦ Support the Kenyan Bureau of Statistics in ensuring gender sensitivity during the 2005 census on MSEs ♦ Women entrepreneurs in selected regions participate in regional, national trade fairs and exhibitions and training in IYES. ♦ Support WEAs and DPOs to strengthen their organizational capacity to mobilize women entrepreneurs and women entrepreneurs with disabilities at local, regional and national levels and support their integration into mainstream and other vocational skills training, micro and small enterprise development, and microfinance programmes and to offer marketing assistance
4.42	<ul style="list-style-type: none"> ♦ All MSE support programmes and projects designed to ensure equal opportunities 	<ul style="list-style-type: none"> ♦ WED Capacity Building for Ministries and parastatals as well as donors, BDS Providers, NGOs, Micro/Finance institutions and DPOs

Source: Grania Mackie, International Labour Organization (2006, p. 15)

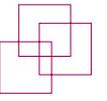


APPENDIX 2

360 degree approach to researching women entrepreneurs

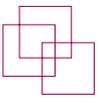


Source: Adapted from: Richardson, Howarth and Finnegan (2004, p 60)



Factors affecting Women Entrepreneurs in Micro and Small Enterprises in Kenya

A Primary Research Report



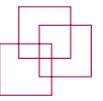
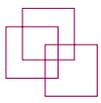
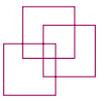


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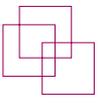
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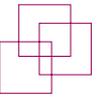
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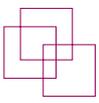


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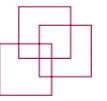
We are indeed grateful to the many individuals and organizations that assisted in the compiling of this report. A special thanks goes to the field research assistants in Mombasa, Karatina, Kisumu and Kakamega.

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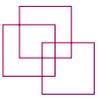


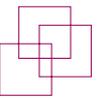
ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AMFI	Association of Microfinance Institutions
APDK	Association of Physically Disabled of Kenya
BDS	Business Development Services
CED	Centre for Enterprise Development
DFID	Department for International Development
DMSED	Department of Micro and Small Enterprise Development
EPC	Export Promotion Council
EPZA	Export Processing Zones Authority
FKE	Federation of Kenya Employers
K-ECLOF	Kenya Ecumenical Church Loan Fund
GDP	Gross Domestic Product
GOK	Government of Kenya
GTZ	Germany Society of Technical Cooperation
GOWE	Growth Oriented Women Entrepreneurs
ICT	Information Communication Technology
IFC	International Finance Corporation
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
LDC's	Least Developed Countries
KEPSA	Kenya Private Sector Alliance
KIM	Kenya Institute of Management
K-REP	Kenya Rural Enterprises Programme
KWFT	Kenya Women Finance Trust
ME	Men Entrepreneurs
MFI	Microfinance Institutions
MGSC&SS	Ministry of Gender, Sports, Culture and Social Services
MLHRD	Ministry of Labour and Human Resource Development
MOTI	Ministry of Trade and Industry
MOYA	Ministry of Youth Affairs
MSEs	Micro and Small Enterprises
NCPD	National Council of Persons with Disabilities
NCWK	National Council of Women of Kenya



NGO	Non Governmental Organisation
OWIT	Organisation of Women in International Trade
RA	Research Assistant
SACCOS	Savings and Credit Co-operative Societies
SNV	Netherlands Development Organisation
UDPK	United Disabled People of Kenya
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
CCWSACCO	Chamber of Commerce Women's Savings and Co-operative Society
WE	Women Entrepreneur
WEA	Women Entrepreneur Association
WED	Women's Entrepreneurship Development
WEDGE	Women's Entrepreneurship Development and Gender Equality





EXECUTIVE SUMMARY

I. Introduction

This study examines the issues affecting women entrepreneurs (WEs) and WEs with disabilities in the Micro and Small Enterprise Sector. The aim of the study is to determine the extent to which these issues affect the women's performance. This analysis further aims to make a positive contribution to the Kenyan economic recovery strategy by examining the crucial role that WEs play in generating wealth and employment creation in the country.

By using a 360-degree model, the study looks at the issues affecting these women including - the availability and accessibility of Business Development Services (BDS), credit, the personal empowerment of WEs, the impact of society, culture and community, their participation in associations and socialization in the community; influence of the family on the enterprise, and the impact of government and other support mechanisms. The study also looks at what WEs consider important in their lives.

The findings of this report aim to answer the following key questions:

1. What are the major characteristics of the WEs (including those with disabilities) operating in the MSE sector?
2. What are the key factors (i.e. economic, socio-cultural, legal and regulatory, political, educational and psychological) that affect women in small enterprises in Kenya?
3. To what extent have the services of BDS providers been accessible, relevant, effective and efficient in relation to the needs of WEs?
4. What interventions are required to effectively assist WEs, in particular those with disabilities, in nurturing and growing their businesses?

II. Summary of the major findings

The findings listed below provide an insight into the general profile of a woman entrepreneur and WEs with disabilities. It aims to provide a clearer understanding of the MSE sector with regard to the challenges and opportunities facing WE's in Kenya. The study was conducted in Mombasa, Karatina, Kisumu and Kakamega.

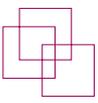
By using the 360 degree method, the study found that:

1. Profile of a Woman Entrepreneur

Eighty per cent of the WEs surveyed, including those with disabilities, were below 40 years of age. Most of them are married and have an average of 3 children. At least 70 per cent have completed primary education. Just over 35 per cent of these women went on to attend secondary school. Seventy four and a half per cent of the entrepreneurs said they lacked managerial and technical skills. WEs with disabilities said they had acquired some basic entrepreneurial skills.

2. Challenges and barriers facing WEs

The entrepreneurs cited a number of distinct challenges when questioned. One of the major barriers quoted is a lack of sufficient capital for expansion (55 per cent) and/or cash for the business (30 per cent). To add to these challenges many of the women cited a lack of managerial skills as yet another obstacle. WEs with disabilities were found to be most affected as a majority of them indicated that they lacked sufficient cash to expand.



3. Business Development Services (BDS)

It would seem that most WE's are unaware of the availability of the Business Development Services given the low take-up of the service - only 14 per cent of the entrepreneurs surveyed availed of the BDS training and business counseling. Marketing services were also utilized by a negligible number of WEs with disabilities despite the fact that they acknowledged the relevance of such services to their businesses.

4. Contribution of Financial Institutions to WE development

For a variety of reasons over 40 per cent of entrepreneurs do not access credit. Of those who do, most borrow from commercial banks. Others source loans from MFIs/NGOs and from co-operative societies. Thirty per cent of WE's borrow from commercial banks. Conditions for borrowing are generally found to be more prohibitive and costly for men and WEs with disabilities than those without disabilities.

5. Empowerment of WEs and WEs with disabilities

Most entrepreneurs feel somewhat empowered by engaging in the business; as 53 per cent of WE's and 41 per cent WEs with disabilities. However, 48 per cent of WEs with disabilities felt less empowered as compared to WEs (43 per cent) by the process of decision-making and the use of resources.

6. Impact of socio-cultural expectations

Society, culture and community impact the entrepreneurs' ability to run their business. WEs with disabilities (32 per cent) said they were more prone to be affected by tradition and expectations from the community than their counterparts who do not have disabilities (24 per cent).

7. Participation in the relevant business associations

As regards participation in business associations, WEs with disabilities led as 71 per cent belonged to social groups as compared to the rest of the WEs. By contrast, few of the same entrepreneurs belonged to business associations in comparison to women without disabilities. From these findings, it has been identified that WEs with disabilities largely belong in the social group of people who receive moral support as opposed to business support.

8. Influence of the family and household activities

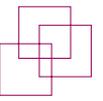
To a large extent, the entrepreneurs agree that their families play a key role in influencing them. Most WEs receive some form of assistance from their families in running the enterprise - such as labour and financial support. Those with disabilities feel they receive less support (in the form of labour) from their families. All the entrepreneurs interviewed used some of the enterprise income for family; WEs with disabilities tend to use more as compared with the others.

9. Efforts by the government to empower women economically

Sixty three per cent of the entrepreneurs stated that Government support of the MSE sector is inadequate. They feel it is not reaching most of the entrepreneurs. Most entrepreneurs feel they are not receiving enough support, with those with disabilities topping the list. This includes business development support services such as training, information provision and marketing through exhibitions among others. From the findings of this study, it is evident that there are not enough government ministries/agents, NGOs and donors specifically targeting WEs with disabilities.

10. NGO and donor initiatives

With the exception of the availability of micro finance, NGO and donor support is having a negligible impact, according to a majority of the entrepreneurs.



11. Future goals of the entrepreneurs

Fifty-seven per cent of the women interviewed see business growth as a priority. Their subsequent goal is to acquire their own business property followed by self-improvement through education and training. WEs with disabilities topped the list of those keen to grow their businesses at 63 per cent as compared to the other entrepreneurs at 55 per cent.

III. Recommendations

A. Business Development Services

Though BDS are available, for them to be accessible to WEs, it is recommended that:

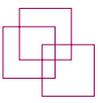
- a. Special programmes are developed to target WEs including those with disabilities.
- b. Finance be made available to enable them to access business development and other services.
- c. Marketing business services available to entrepreneurs with special needs should be encouraged in an effort to create a greater awareness of the availability of such services.
- d. Provision of business incubation services by involving the private sector and donor community.
- e. WEs should be given more international exposure. This could be achieved for instance by including them in government delegations. The women could use such opportunities to make contacts for both long term and short term business opportunities.
- f. Advocacy for change: Targeted programmes aimed at relevant institutions should be developed to improve the perception of WEs, especially those with disabilities.

B. Financing

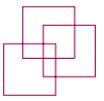
- g. Development of women-tailored products: Financial institutions should be encouraged to develop new products and services to target WEs taking into account the strengths and weaknesses of women borrowers. A bespoke targeted package of asset financing and/or lease hire facilities, for instance, would minimize the diversion of funds from non-business needs - a common problem among women borrowers.
- h. Institutional capacity and structure: Relevant institutions should create specialized departments to address women's needs. This would directly enhance the dissemination of information regarding the available services especially in rural areas. The institutions should also take proactive steps towards developing the business skills of WEs. This should include the use of specialized programmes with an inbuilt mechanism to monitor the progress of such capacity building initiatives.

C. Enhancing the performance of WEs

- i. Train and capacity build the key stakeholders in the areas of identifying and supporting WEs' needs.
- j. Streamline the services needed by people with disabilities in all sectors including business development services, banks and training institutes.
- k. Develop and implement regular campaigns targeted at all stakeholders to raise awareness of the challenges and opportunities facing people with disabilities.
- l. Encourage and support women entrepreneur associations where women with disabilities are included.



- m. There is an urgent need to have policies under the African Decade Action Plan implemented. Resources must be allocated to ensure the plan is realized.
- n. Establish affirmative action in the areas of export promotion and university admission.
- o. Information dissemination: there is a pervasive lack of information about disability issues in entrepreneurship development. Disability issues need to be articulated at all levels using mass media and other forums.
- p. Parents of children with disabilities need better access to business financing opportunities in order to finance their children's rehabilitation and treatment. This would go a long way toward combating poverty in families affected by disability.
- q. The relevant government ministries, in conjunction with other stakeholders, need to develop and implement comprehensive policies that will encourage and support women's entrepreneurship on a sustainable basis.



1. INTRODUCTION

1.1 Background

The Micro and Small Enterprise sector (MSE) has been recognized throughout developing countries as an engine to development and as a vehicle towards fulfilling the Millennium Development Goals (MDGs) adapted in the UN Millennium Summit in 2000. Chief among these goals is the reduction of poverty and the assistance of developing countries in the areas of wealth creation and the improvement of living standards. The importance of MSEs in social and economic development has long been recognized by the ILO and hence the need to support their viability, expansion and growth. (ILO Report, 2007 - Assessing the Enabling Environment for Women in Growth Enterprises).

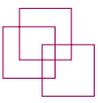
Women, who form the majority of micro and small entrepreneurs in both rural and urban areas, are among the most vulnerable members of society who tend to be marginalized even though they play a major role in economic and social development. Their involvement in the MSE sector is therefore essential if poverty is to be reduced. Though it is widely accepted that women, including those with disabilities, play a crucial role in contributing to the development of the economy, they continue to remain on the periphery. In most instances, their contribution is generally seen as invisible and tends to go unrecognized. This is further complicated by the limited studies outlining this situation. Hence specific programmes to promote WEs are scant and non-specific in nature.

ILO initiatives on Micro, Small and Medium Enterprises (MSMEs) in the countries in the region, particularly in Ethiopia, have highlighted the need to focus attention on this sector by promoting and supporting these women. In the study supported by AfDB and ILO on the same, it was discovered that the challenges facing WEs are two-fold. The first is to "... legitimize and strengthen the base of economic activity for the large number of existing women-owned MSMEs, including those owned by WEs with disabilities" (ILO/AfDB, p. 2). The second is to promote entrepreneurship and business opportunities which have the potential to grow faster among the women with relevant education and skills. To overcome these challenges, the report goes on to say, it is essential that WEs be given better access to both financial and non-financial resources. This also includes addressing gender-related institutional, cultural, and legal impediments which hinder their growth. It is with this background that the ILO, with funding from Irish Aid, commissioned this study on the factors which affect women entrepreneurs in Kenya.

This report discusses the findings of the primary research phase of the study on factors affecting WEs in MSEs in Kenya. It is a follow-up to the secondary phase which identified recent and relevant studies on factors affecting the development of women's micro and small-scale enterprises. The secondary study concluded that entrepreneurial women in MSE need to be supported in order to grow and expand. Both WEs and WEs with disabilities were found to be equally entrepreneurial. It was also found that empirical studies conducted in this area were few, and mostly general in nature, save for government publications, such as sessional papers, reports and development plans which only set the policy framework and regulations. Hence, the field study was justified in order to have a more focused and in-depth inquiry on women MSE and other stakeholders.

This study involved conducting field research through data collection, analysis and recommending the way forward as regards the development of women MSEs. The study unearthed and confirmed how specific factors were impacting on WEs in the MSE sector in Kenya - including WEs with disabilities. From these findings, it is expected that most of the stakeholders, including the government and the donor community will be better informed when developing programmes to enhance WEs' performance in the MSE sector.

This primary research study, being a follow-up to the secondary research, is a collaborative effort between the International Labour Organization (ILO), Irish Aid Partnership Programme and the Centre for Enterprise Development (CED) at the Kenya Institute of Management (KIM), Nairobi. The secondary research was commissioned in November 2005 with the primary research started in September 2006.



The main aim of the primary research was to identify and analyze the factors affecting WEs involved in MSE both in the urban and rural areas in Kenya. The women in this study represent both entrepreneurs with and without disabilities. It also compares their experiences with a sample of men entrepreneurs in similar business activities in the MSE sector.

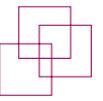
1.2 Country profile

Kenya is one of the East African states located astride the Equator and occupying 569,140 sq. km. - an area slightly larger than France. The current population, according to the UN Department of Economic and Social Affairs (2006), is estimated at 36.7 million people with a literacy rate which ranges between 75 and 85 per cent; with the female rate about 10 points lower than the male. The age structure of the population is young, with 42 per cent of the population aged under 15 and only 2.6 percent 65 or older. The education system offers eight years of compulsory primary education, beginning at age six, four years of secondary school and four years of university education. The language of instruction from the secondary stage onward is English. Primary enrolment since 2002 has included about 75 per cent of the country's children. Kenya has five public universities and about twice as many private institutions of higher education. The government also provides opportunities for higher education through several polytechnic institutes and several dozen teacher-training colleges.

Kenya's economy is market-based, with some state-owned infrastructure enterprises. It maintains a liberalized external trade system. Kenya continues to be the primary communication and financial hub of East Africa. It enjoys the region's best transportation links, communications infrastructure and trained personnel. However, like most developing countries, high levels of unemployment and poverty are some of the key issues affecting the economy. Kenya's GDP was about US\$17.39 billion in 2006. Per capita GDP averages US\$450 annually supporting a population of about 33 million people. Adjusted in purchasing power parity (PPP) terms, per capita GDP in 2006 was about US\$1,200. Kenya is the most industrially developed country in East Africa, with manufacturing accounting for 14 per cent of gross domestic product (GDP). Industrial activity is concentrated around the three largest urban centers - Nairobi, Mombasa, and Kisumu. This is dominated by food-processing industries such as grain milling, beer production, sugarcane crushing and the fabrication of consumer goods, e.g., vehicles from kits. Kenya also has an oil refinery that processes imported crude petroleum into petroleum products mainly for the domestic market. In addition, a substantial and expanding informal sector (the micro-enterprise sector) engages in the small-scale manufacturing of household goods, motor-vehicle parts and farm implements.

The country's natural resources include: wildlife - Kenya's largest foreign exchange earning sector - followed by flowers, tea and coffee. In 2006 tourism generated US\$803 million, up from US\$699 million the previous year. The total arable land in the country stands at 5 per cent. Agriculture remains the population's main occupation and source of income. In 2006, Kenya's labour force was estimated to include about 12 million workers out of whom almost 75 per cent work in agriculture. The number employed outside small-scale agriculture and pastoral work (i.e. in trade and the small enterprise sector) is about 6 million. In 2004 about 15 per cent of the labour force was officially classified as unemployed.

The MSE sector has long been recognized as a vehicle for providing most non-farm employment whilst also an important contributor to Kenyan wealth creation. For instance, according to the 2003 Economic Survey, employment within the MSE sector increased from 4.2 million in 2000 to 5.1 million in 2002; with the informal sector accounting for 70.4 per cent of total employment opportunities. In 2001, the informal sector accounted for 72.8 per cent of total employment opportunities. This percentage rose to 74.3 per cent in 2002 and 76.5 per cent in 2004 highlighting the immense potential this sector has (GoK Economic Survey, 2005, p.73).



1.3 The MSE sector in Kenya

According to the 1999 National MSEs Baseline Survey, there were 612,848 women in MSEs in Kenya, accounting for 47.4 per cent of the population working in MSEs. These WEs tended to operate enterprises associated with traditional "stereotype" gender roles such as hairstyling, restaurants, hotels, retail shops and wholesale outlets. They tended to operate smaller enterprises than their male counterparts, with the average number of employees in a female-owner/managed MSE being 1.54 versus 2.1 for male owner/managed MSEs. About 86 per cent of the workers in these MSEs, were women owner/managers themselves, 4 per cent were hired workers, with the remainder being made up of unpaid family members and/or apprentices. Whereas for the male operated enterprises, only 68 per cent of the workers were the male owner/managers themselves, 17 per cent hired workers and the remainder being made up of unpaid family members and/or apprentices. The 1999 survey also indicates that women in MSEs tended to operate smaller MSEs, in comparison to those operated by men - thus earning less income than men. They made an average gross income of Kshs. 4,344 per month as compared to Kshs. 7,627 for men entrepreneurs. This shows a disparity that needs to be addressed so as to increase their participation and hence raise the income for WEs including those with disabilities in the MSE sector.

As employment shrinks in the formal sector, there is a corresponding increase in growth and employment creation in the Micro and Small Enterprises (MSE) sector. The 1999 Micro and Small Enterprises baseline survey revealed that there were about 1.3 million micro and small scale enterprises employing 2.3 million people (GOK, 1999). On the contrary, large organizations (both public and private) employed approximately only 1.6 million people. Consequently, there has been a quest in the least developed countries (LDC's) to support growth of the MSE sector as a source of employment and economic growth.

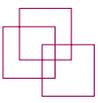
This study focuses on the lower, middle and upper levels of the micro enterprises due to the fact that earlier ILO studies, such as the Growth Oriented Women Entrepreneurs report, (conducted in collaboration with the African Development Bank (AfDB), focused on the higher levels.

1.4 The research approach

This study forms the second phase of research on the factors affecting WEs in Micro and Small Enterprises (MSE) in Kenya. The secondary phase, which was the first to be conducted, involved carrying out a critical literature review on what has already been achieved in the MSE sector. To briefly clarify: this research is based on questionnaires and interviews; the secondary research was based on desk research only - i.e. secondary sources. Thus the secondary research forms the basis for this primary research. Consequently, the primary research was done second.

This study encompassed identifying, condensing and distilling lessons learnt from previous studies, and published reports on women, WEs, and MSE development in Kenya. A review of relevant policies, laws, resolutions and administrative procedures governing entrepreneurship by women in Kenya, and an overview of the financial and business support mechanisms available to WEs in the country was conducted. MSEs, for the purpose of the study, are defined as businesses operating in both the informal and formal sectors of the economy and employing between 5 and less than 20 employees (GOK, 2005). This definition is consistent with what Stevenson et al. (2005) refers to as: "very small" enterprises with 6-10 employees operating "in-the-open" and "small-scale" enterprises with 11-50 employees operating from legitimate business premises.

This primary research employed a combination of purposive and stratified sampling techniques to identify and sample the entrepreneurs. Purposive sampling involved selecting respondents based on specific predetermined criteria including: operating an enterprise in a specific sector (trade, service or manufacturing), having a physical location, being registered as a business owner (e.g. a local trading license in the market); and/or membership in a registered business association.



In the field however, snowballing played a major role in terms of identifying respondents including those with specific disabilities in the given geographic areas of interest. Stratification in this study was based on the number of employees working in the enterprise as well as taking account of their gender. Categories identified were - the lower micro (0-5), upper micro (5-9) and lower small (10-15) enterprise levels. For gender, the categories were WEs, WEs with disabilities, men entrepreneurs and men entrepreneurs with disabilities.

The population of interest for this study comprised all WEs, including those with disabilities operating in the MSE sector. Though the intention was to categorize the various disabilities into physical, hearing and visual impairment, the actual numbers in the field became a limitation. They were either very few or no respondents with these specific physical challenges who were entrepreneurs. Hence for the purposes of this study entrepreneurs with disabilities are collectively termed as same i.e. - entrepreneurs with disabilities. The scope of the study focused on micro and small enterprises owned and operated by WEs. These entrepreneurs were engaged in various entrepreneurial activities in all the sub-sectors i.e. trade, service and manufacturing. Male entrepreneurs operating similar enterprises, (including those with disabilities), formed part of a sub-population for comparison purposes.

Overall, the study aims to determine the following: key barriers and constraints, size of enterprises, growth potential, entrepreneurial vision, participation in associations, the role of the family in the enterprise, the influence of society, culture and the community. For the purpose of this study, the owner of an enterprise is defined as the main contributor of capital to the enterprise as well as the initiator of that enterprise. A female-owned enterprise is one whose principal shareholder (and manager) is the woman; similarly, a male owned enterprise is that business whose principal shareholder is the man.

The study also examines the role of government and other key stakeholders including NGO's in the MSE sector, with specific interest on WEs. It investigates the policies, strategies, initiatives and impact of government intervention in the MSE sector with special emphasis on women's entrepreneurship. To substantiate the primary research, a stakeholder's consultative forum (see page 59) was held to discuss and refine the draft report findings.

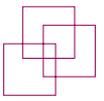
1.5 Key research questions and objectives of the study

The purpose of this primary study is to identify key factors which influence the performance of WEs in the Micro and Small Enterprise sector. Based on the secondary research, the following broad research questions emerged:

- What are the major characteristics of WEs (including those with disabilities) operating in the MSE sector?
- What are the key factors (i.e. economic, socio-cultural, legal and regulatory, political, educational, psychological, etc.) that affect women in small enterprises in Kenya?
- To what extent have the services of BDS providers been accessible, relevant, effective and efficient in relation to the needs of WEs?
- What interventions are required to effectively assist WEs, in particular WEs with disabilities, in developing and growing their businesses?

To guide the primary phase of the study, the following objectives were pursued:

1. Determine the extent to which WEs access Business Development Services.
2. Determine the contribution of Micro Financing Institutions (MFI's) to the development of WEs in Kenya.
3. Determine the extent to which women are empowered (by making major decisions in their families, associations and in their businesses).



4. Determine the impact of socio-cultural factors on women's entrepreneurship.
5. Assess women's participation in social, spiritual and business groups.
6. Determine the impact of role conflict between family and business on women's entrepreneurship.
7. Isolate the key barriers and constraints facing potential and existing WEs.
8. Identify major efforts being taken by the government and international organizations to address the key barriers and constraints mentioned above.
9. Identify major support mechanisms available to WEs in Kenya, with an assessment of the outreach, impact and effectiveness.
10. Determine the extent to which women with disabilities in business are more disadvantaged than their counterparts without disabilities.

1.6 Overview of the areas of study

This study was geographically limited to three pre-selected regions namely - Karatina (Central region), Kisumu/Kakamega (Western region), and Mombasa (Coast). The study combined both rural as well as urban entrepreneurs for comparison purposes. The three districts were chosen based on their strategic locations and their large population of entrepreneurs. The study areas are shown in the map of Kenya given as Figure 1.

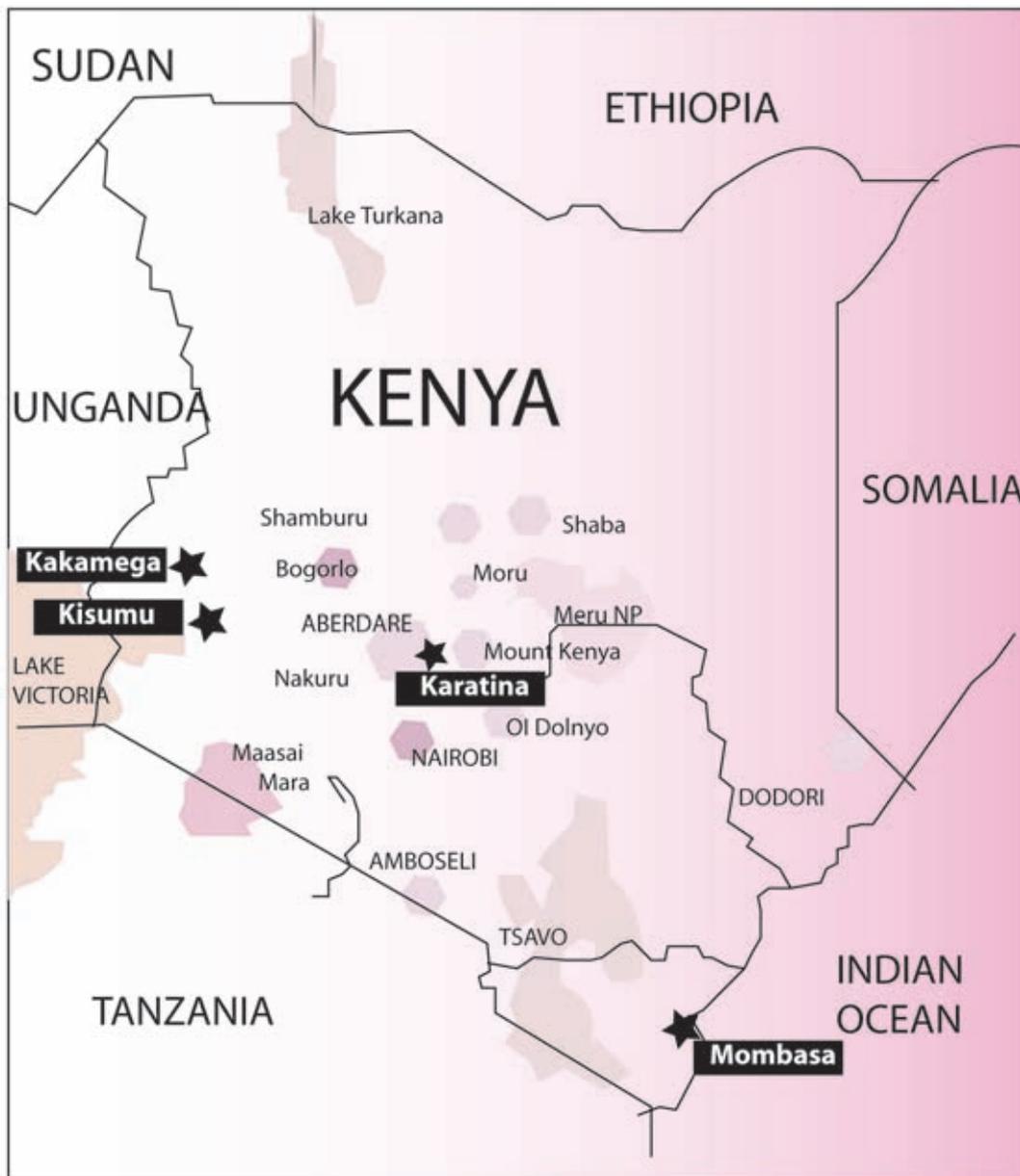
Kisumu is a port and the third largest city in Kenya, located on the shores of Lake Victoria in the Western Highlands. In 1901, it became the administrative centre of the area following the completion of the railway line from Mombasa. For decades it was the hub of transport activity between the coast and Uganda and Western Tanganyika, but the splintering of the East African Community in 1977 cost it much of its business and the town seems to have been slumbering ever since.

Kakamega is a town in western Kenya lying about 30 km north of the Equator. It is the provincial headquarters of Western Province. It is also headquarters to the Kakamega District - one of the eight districts of Western Province. The town has a population of 73,607. Kakamega is less than 100 km north of Kisumu. The main economic activity is farming and fishing.

Karatina is a town in Nyeri District, Central Province, Kenya. It is on the Nairobi-Nyeri highway, 20 kilometres south-east of Nyeri town and south of Mount Kenya. Karatina has an elevation of 1,868 metres. It is home to the municipal council and headquarters of the Mathira administrative division. Karatina municipality has a population of 6,852, all of whom are classified as urban.

Coast/Mombasa is the second largest city in Kenya, lying on the Indian Ocean. It has a major port and an international airport. The city is the centre of the coastal tourism industry. The town is also the headquarters of Mombasa District which, like most other districts in Kenya, is named after its chief town.

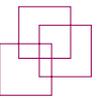
Figure 1: Areas of Study



1.7 Sample size

Initially we had planned to use the clients of micro-finance institutions. However, as the research progressed, it was realized that most of the small entrepreneurs were not clients of MFIs. Hence we resorted to qualitative methods. The sampling process for this study therefore used purposive approaches which incorporated 'snowballing' - use of lists from various associations/organizations and references by the entrepreneurs interviewed and other players in the MSE sector. Organizations such as UDPK, KREP, FAULU and KIM branches (where research was taking place) are among the key.

This study surveyed a total of 413 respondents distributed across the four regions - Kakamega (Western), Kisumu (Nyanza), Karatina (Central) and Mombasa (Coast). The highest numbers of disabled male entrepreneurs (36.4 per cent) are from the Western region, while Central had the highest number of WEs with disabilities (46.4 per cent). It could be suggested that because of the active business environment in the Central region there seems to exist a high instance of entrepreneurship.



WEs are also better able to accommodate themselves in this environment. Common types of disability among the respondents are: hearing, albinism, visual impairment and physically impaired i.e. those on crutches and wheelchairs. Table 1a shows the distribution of entrepreneurs sampled per location and by gender.

Table 1a: Distribution of entrepreneurs in sample size by location

Gender	Location				Total
	Kisumu	Kakamega	Coast	Karatina	
Male	24	15	42	35	116
Female	34	42	68	64	208
Male/Disabled	12	1	11	9	33
Female/Disabled	6	5	19	26	56
Total	76	63	140	134	413
Percent	18.4	15.3	33.9	32.4	100

Distribution by sector: the main sub-sector which the majority of the respondents operate in is trade - represented by 55.9 per cent; these are mostly WEs. This is followed by the services sector. The large volume of people working in the trade sector could be attributed to the fact that trading requires minimal start-up capital; the risk levels are also a good deal less than in other sectors. Table 1b shows the distribution of respondents per sector.

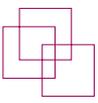
Table 1b: Distribution of current businesses per sector

Gender	Current Business						Total
	Service		Trade		Agri-business		
	Frequency	%	Frequency	%	Frequency	%	
Male	42	36.2	61	52.6	7	6.0	110
Female	75	36.1	122	58.7	8	3.8	205
Male/Disabled	12	36.4	20	60.6	1	3.0	33
Female/Disabled	19	33.9	28	50.0	7	12.5	54
Total	148	35.8	231	55.9	23	5.6	413

Table 2 below is an analysis the distribution of women-run enterprises by type and town. WEs with disabilities constituted 13.5 per cent of the total respondents in this report.

Table 2: Distribution of Women's Enterprises by Type and Town

Town of interview	Type of Enterprise			Total
	Lower Micro	Uper Micro	Small	
Karatina	88	4	6	98
Kisumu	39	1	0	40
kakamega	37	1	1	39
Coast	81	4	2	87
Total	245	10	9	264
Percent	92.8	3.8	3.4	100



1.8 Data collection

Data was collected through face to face interviews using questionnaires based on a review of secondary data. The data collection instruments comprised of three questionnaires; one was for the entrepreneurs, the other for government and its agencies and the third was for business services organizations. Eight Research Assistants (RAs) were hired and trained in gender and disability issues. The RAs were also taught about enterprise development and interviewing techniques before data collection began.

The team was equally distributed in each region i.e. two per region based on their proximity to their usual stations or place of work. To check on the validity and reliability of the data collection instruments, pre-testing was done and the required revisions were carried out before the field work began. Interviews were carried out by the RAs and monitored by the researchers who provided the quality check. Of the 413 respondents interviewed, there were 264 WEs and 149 men entrepreneurs. The interviews were largely carried out at the respondents' premises. Items covered by the questionnaire include: business development services, credit, personal empowerment, influence of society, culture and the family among others.

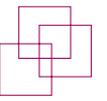
With regard to the role of government in the MSE sector, data was collected by interviewing 10 senior government officers from the following Ministries: Labour and Human Resource Development (MLHRD) - Department of Micro and Small Enterprise Development, Ministry of Trade and Industry (MOTI), Ministry of Gender, Culture, Sports and Social Services (MGSC&SS/Ministry of Gender), Ministry of State for Youth Affairs (MOYA), Ministry of Agriculture (MOA) and the Ministry of Environment & Natural Resources (MOE&NR). The selection was made by virtue of their mandates and involvement in issues relating to women's entrepreneurship

A combination of safeguards was used to reduce problems inherent in the interview technique. One safeguard was in the design of the interview guide. An attempt was made to simplify the interview as much as possible, then train the regional research coordinators, who in turn trained the RAs on how to maintain consistency and relevance when collecting data. Furthermore, for each item on the questionnaire, the interviewer was required to check one of the choices which represent the interviewee's opinion or knowledge, skills or state of mind. Some of the responses were re-structured during analysis so as to assist in the generalization and comparison between responses. In some cases, where language was seen as a barrier, language translators, including sign language experts, were employed to make the questions better understood.

The data collected was then cleaned and coded to apply the SPSS computer processing package. Data which could not be coded was analyzed using content analysis. This involved categorizing and summarizing the responses to each question, and developing specific themes for discussion and analysis.

1.9 Definition of key terms

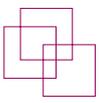
- i. Business ownership: The owner of an enterprise for the purpose of this study is defined as the person originating the business idea, making the initial business investment and the person who is the key decision maker regarding the operation of the business.
- ii. Woman Entrepreneur: An entrepreneur who is the main shareholder and manager, similarly; a male owned enterprise is that business whose principal shareholder is the man.
- iii. WEs with disabilities: The female entrepreneur who is physically challenged i.e. physically disabled, visually impaired etc.
- iv. Small Enterprises: Enterprises employing more than 10 people, but less than 50.
- v. Lower micro-enterprises: Enterprises which employ up to five paid people.
- vi. Upper micro-enterprises: Enterprises employing between 6 and 10 paid employees.



1.10 The Structure of the Report

This report is organised under the following sections:

- Findings of the study on the factors affecting WEs including those with disabilities,
- Overview of the study
- Profile of WEs
- Profile of enterprises
- Enterprise Financing
- Factors surrounding WEs
- Business Development Services
- Gender empowerment
- Impact of traditions, culture and community.
- The role of the government
- The role of NGOs
- The Role of Donors
- Case studies of successful entrepreneurs
- Summary of Major Findings
- Recommendations



2. FINDINGS OF THE PRIMARY STUDY

2.1 Overview of the study

The aim of the study was to determine the extent to which the various factors surrounding WEs affect their performance including that of women with disabilities. It further aims to make a positive contribution to how WEs performance can enhance the economic recovery strategy for wealth and employment creation in the country.

A number of key issues were identified during the field research. Each region had some unique challenges facing the MSEs. In all the four regions i.e. Kakamega, Kisumu, Mombasa, and Karatina, the following were observed as being common - general lack of technical and managerial skills, poor infrastructure, lack of an enabling environment, cultural beliefs, traditional practices that look down upon women, lack of appropriate business development services and credit facilities targeting entrepreneurs with disabilities. Specifically, in Kisumu (Nyanza) and Kakamega (Western), key issues affecting women's entrepreneurship include - high poverty and illiteracy levels. For the physically disabled, the lack of support from micro-financing institutions complicates the problem of targeting persons with disabilities. It is also evident that there are strong cultural beliefs and traditional practices which result in the social stigmatization of people with disabilities, leading to their being marginalized by both family and community.

In Mombasa (Coast), the key observations include a high concentration of women enterprises in the lower micro segment with many of the enterprises being in gender stereotyped businesses such as salons, tailoring and dressmaking. Male owned enterprises, on the other hand, were in more varied business sectors. Business development services are not available for the majority of micro and small medium enterprises owned by men and women. These issues and constraints can be classified into the following categories - Internal constraints (internal to the entrepreneurs) such as lack of knowledge, skills and abilities and external constraints (external to the entrepreneur) such as the enabling environment, technology, financial and legal issues.

The findings are organized under the following categories: demographic, enterprise profiles, enterprise growth, and the role of the government and that of business development organizations. To better understand the factors affecting WEs, comparisons (through cross-tabulations) have been made between WEs and WEs with disabilities, male entrepreneurs and male entrepreneurs with disabilities.

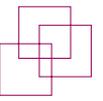
2.2 Profile of the WEs

This study focuses on WEs who have been in business for at least two years. Table 3 shows the distribution of WEs by age.

Table 3: Age of WEs including those with disabilities

Age bracket	Frequency	%
Less than 20	0	0
20-39	213	80.7
40-49	49	18.5
50-59	2	0.8
60 and above	0	0
Total	264	100

The findings indicate that over 80 per cent of WEs are below 40 years of age. The next age group of people between 40 and 49 years of age make up 18.5 per cent of respondents. The high number of women in the 20-39 group could be a result of the high rate of unemployment in the formal sector. Reasons for them going into business are discussed in detail later in the report.



2.2.1 Marital status

The highest number of respondents in the study were married. By gender analysis, men entrepreneurs in this survey represented the highest numbers of married respondents, followed by men entrepreneurs with disabilities, then WEs and the lowest represented by WEs with disabilities. Men with disabilities appeared not to have a problem with getting married as compared to their women counterparts. Marriage has been debated as being one of those factors that might affect WEs. On average, most of the WEs are married and thus have the added responsibility of having to both run a business and be expected to undertake the household chores as dictated by tradition. Table 4 looks at the marital status of WEs.

Table 4: Marital status of WEs

Marital Status	Frequency	%
Married	150	56.8
Separated	16	6.1
Single	85	32.2
Widowed	13	4.9
Total	264	100

2.2.2 Household size

Overall, family sizes are fairly distributed with almost equal percentages between those with less than 3 children (38.3 per cent) and those with between 3 and 5 children (36.6 per cent). However, a majority of WEs (41.8 per cent) and WEs with disabilities (39.3 per cent) had less than 3 children. A large proportion, (46.6 per cent), of the men entrepreneurs had large family sizes ranging between 3 and 5 members, while the women with disabilities had an average of less than three members.

2.2.3 Education and skills levels

The highest number of WEs were educated to secondary school level, represented by 35.6 per cent, followed by primary school level - 34.4 per cent. Very few WE's - 3.1 per cent - are university graduates.

This finding is in line with Gakure (1995) which concludes that the majority of WEs in the country are high school graduates. Most of the WEs are concentrated in the lower micro category, irrespective of their levels of education. Other such findings were mentioned by McCormick (2001) where she states that, on average, WEs are less educated than their male counterparts and twice as likely as men to be illiterate due to institutional and cultural mores. Table 5 gives a summary of the entrepreneurs' formal level of education by business category.

Table 5: Formal education by type of enterprise

Formal Education	Type of Enterprise				Frequency	%
	Lower Micro	Uper Micro	Small			
Informal/none	17	1	0		18	6.8
Primary	87	2	2		91	34.5
Secondary	85	4	5		94	35.6
College	50	1	2		53	20.1
University	6	2	0		8	3.0
Post-graduate/Masters	-	-	-		-	-
Total	245	10	9		264	100



As regards the skill levels, most of the WEs (as indicated by 74.5 per cent), do not have business management skills. Such skills include: finance, production management, marketing and human resources management. Again, this can be attributed to the lower level of education of WEs as compared to their male counterparts. The result of this being that they are less likely to benefit from management and technical skills training programmes. This would imply an urgent need for capacity building and training. Table 6 summarizes the technical skills possessed by the respondents.

Table 6: Technical skills

	Computing	Entrepreneurship	Manufacturing	None	Total
Women Entrepreneurs	42	63	2	101	208
Women Entrepreneurs With disabilities	9	25	0	22	56
Total	51	88	2	123	264

2.2.4 Experience in business

The entrepreneurs were asked to state the duration and type of previous work they were involved in prior to starting their current enterprise. The highest number of WEs - 40.5 per cent - was in business for over 5 years, implying some level of stability. Businesses owned by women with disabilities were in the main less than three years old. This corresponds with past studies (McCormick, 2001), which show that women enterprises are smaller than men's and are therefore less likely to grow. It might also explain the long duration spent in the same business. Table 7 below summarizes the length of time spent working in the current enterprise.

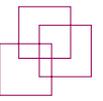
Table 7: Duration in current business

Level of business experience	Frequency	%
Less than 3 years	87	33.0
3-5 years	70	26.5
Over 5 years	107	40.5
Total	264	100

From the findings, the highest number of WEs - 68.2 per cent - do not have previous business experience; those with disabilities stated that they have unrelated business experiences. Thus most of the entrepreneurs are operating without prior experience of running an enterprise. Table 8 gives a summary of the timeline spent in a previous business.

Table 8: Duration in previous business

Level of business experience	Frequency	%
Less than 3 years	41	15.5
3-5 years	26	9.9
Over 5 years	17	6.4
Not applicable	180	68.2
Total	264	100



2.3 A Profile of the enterprises

Over 90 per cent of WEs operate in the lower micro level i.e. they employ up to 5 persons. These entrepreneurs have, in addition to creating a job for themselves, created jobs for at least 4 other Kenyans. Notwithstanding the positive contribution this makes to the economy, there remains a need to shift these enterprises from lower micro to small and eventually to larger businesses.

2.3.1 Sector, products and services

The main sub-sector that women and women with disability are engaged in is in the trade business - 57.1 per cent. These findings are similar to a 2005 ILO study which found that WEs dominate the trade sector. The services sector comes next, represented by 35.2 per cent of respondents.

Table 9: Sector of business by enterprise category

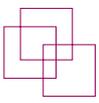
Business sector	Category of Enterprise				
	Lower Micro	Uper Micro	Small	Frequency	%
Services	84	5	4	93	35.2
Trade	142	5	4	151	57.2
Production	2	0	0	2	0.8
Transport	2	0	1	3	1.1
Agri-business	15	0	0	15	5.7
Total	245	10	9	264	100

2.3.2 Number of employees in the Women operated enterprises

Table 10 shows the amount of employees in women-run businesses.

Table 10: Number of employees in the business

Number of Employees	Frequency	%
1-5	247	93.5
6-10	10	3.8
11-15	5	1.9
16-20	1	0.4
Over 47	1	0.4
Total	264	100



2.4 Experience of starting and growing a business

This section looks at the experiences faced by the WEs when starting and growing their business.

2.4.1 The start-up experience

The survey looked into the reasons why women start their businesses and of their experiences in doing so. From the consultative workshop, it was noted that financial institutions are biased towards women based on their marital status, age and especially towards women with disabilities.

WEs are unable to meet financial institutional requirements such as collateral and business records. They also lack the business skills that these institutions look for. The WEs' extensive family role is also a hindrance as they try to manage the process of seeking and getting the financial support from these institutions. The WEs feel that financial institutions lack an understanding of their needs. This is even more keenly felt by women with disabilities. They feel that such institutions focus more on gender rather than on the potential a business woman can have by being successful or indeed by being a useful client.

For disabled persons generally and entrepreneurs with disabilities, the transport system and buildings do not have adequate facilities to cater for their special needs. This is a challenge these entrepreneurs face in starting and operating their businesses. When it comes to training and capacity building, the programmes and learning materials are largely standard in nature and tend not to cater for the specific needs of people with disabilities e.g. use of sign language and Braille. Beliefs and taboos in certain communities and cultures are a hindrance to female ownership and in the transfer of property - hence a constraint on commerce. As regards the government, NGOs and donors, women with disabilities do not receive the support that they clearly need to get started in business. There are no funding policies for them in place; no existing or very little information exists to help disabled entrepreneurs.

2.4.2 Motivations for business ownership

In order to determine the factors that affect WEs, it was necessary to find out why these entrepreneurs went into business in the first place. A majority of the entrepreneurs, (71.2 per cent), indicated that they went into business as a form of employment, i.e. they were looking for an occupation or job. The next main reason is to supplement family income - represented by 22.7 per cent.

Table 11: Factors motivating start-up enterprises

Primary Reasons for business ownership	Frequency	%
To be self employed	188	71.2
Supplement Family Income	60	22.7
Quit job to do Business	14	5.3
Previous Family Business	2	0.8
Total	264	100

Only 0.8 per cent of respondents cited family tradition as a motivation to set up in business.

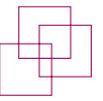


Table 12: Reasons given for choosing to start their own business

Preferences	Frequency	%
To be self employed	188	71.2
Family tradition	2	0.8
Brings high income	14	5.3
Others	60	22.7
Total number of responses	264	100

2.4.3 Business ownership

Enterprise ownership is another major factor determining female empowerment in the MSE sector. From the study, it emerged that most enterprises were self-owned with 90.1 per cent of the respondents indicating as such. The next category of ownership is family ownership - a total of 4.8 per cent. The WEs with disabilities led this category with 94.6 per cent stating that they owned the business. This compares with 88 per cent of other entrepreneurs. Comparing WEs to their male counterparts, more men entrepreneurs (92.2 per cent) owned the enterprises. A small proportion of the WEs without disabilities, (4.3 per cent), stated that the enterprises belonged to their spouses. Most enterprises mentioned are sole proprietorships, which might explain their limited markets and resources for expansion.

2.5 Enterprise financing

2.5.1 Capital invested in the start-up

Start-up capital for most of the women's enterprises ranged from Kshs. 0-100,000 representing 84.4 per cent of the respondents. The majority of these fall in the lower micro category. This is followed by the Kshs. 100,000 - 200,000 bracket which accounts for 8.7 per cent. Again, most of these fall into the lower micro enterprise set-up. Table 13 show the capital invested in the enterprise at the start-up stage.

Table 13: Capital invested in the business at start-up

Start-up Capital % Kshs 000	Lower Micro	Uper Micro	Small	Total	%
0-100	214	4	6	224	84.8
101-200	17	5	1	23	8.7
201-300	4	1	1	6	2.3
301-400	2	0	0	2	0.8
401-500	4	0	0	4	1.5
Over 501	4	0	1	5	1.9
Total	245	10	9	264	100



2.5.2 Sources of start-up capital

The major source of borrowing for both men and WEs is from mainstream commercial banks. However, the WEs, including those with disabilities, said their main source of borrowing - 61.7 per cent - is from personal savings, followed by loan from family or friends. Both the men and WEs found borrowing conditions either prohibitive or very costly or prohibitive but not very costly. Table 14 gives a summary of the start-up capital by enterprise category.

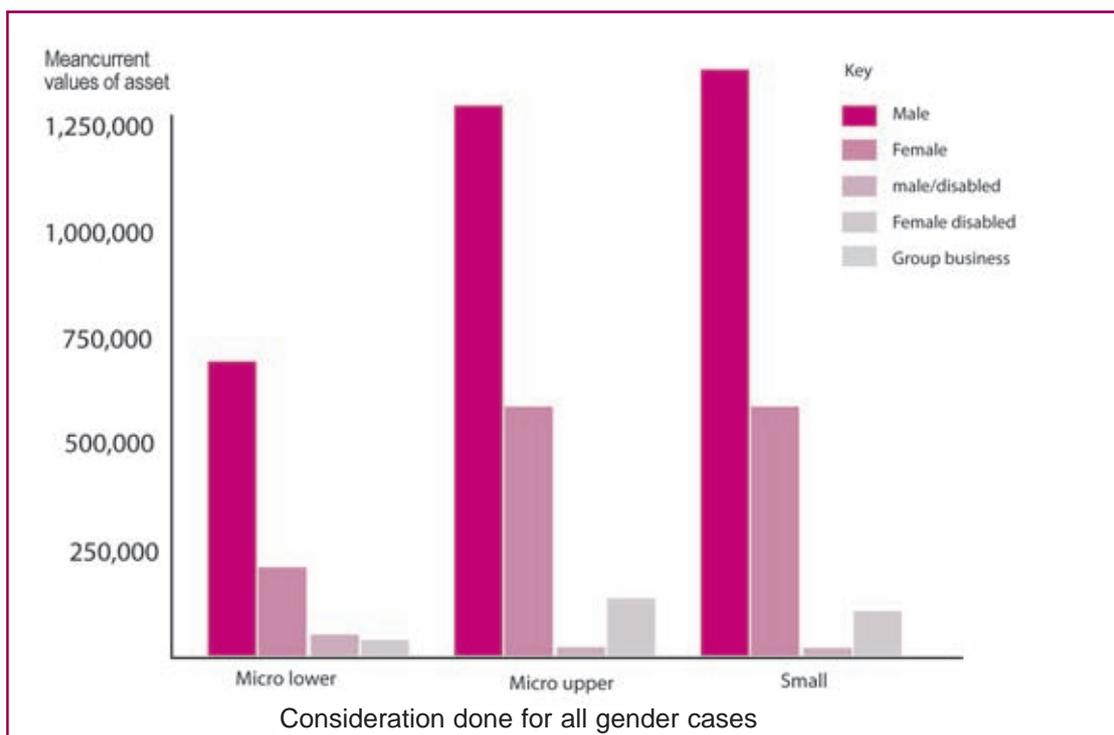
Table 14: Main source of Start-up Capital by Enterprise Category

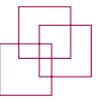
Main source of start-up Capital	Lower Micro	Uper Micro	Small	Total	%
Personal saving	155	5	3	163	61.7
Retirement Benefits	7	0	1	8	3.0
Loan from Family/ friends	62	4	3	69	26.1
Loan from mainstream banks	13	1	1	15	5.7
Loans from cooperatives	2	0	0	2	0.8
Loan from NGO	6	0	1	7	2.7
Total	245	10	9	264	100

2.5.3 Size of the enterprise against start-up capital

Concerning the size of the enterprise vis-à-vis the start-up capital, men entrepreneurs dominated at all three levels of enterprises. WEs without disabilities also had higher starting capital as compared to WEs with disabilities. It was also found that the start-up capital at each level increased progressively from the micro lower at an average of below Kshs. 100,000, through to the micro upper (Kshs. 100,000-200,000) to the small enterprises with over Kshs. 200,000. The WEs with disabilities ranged from below Kshs. 20,000 as at micro and Kshs. 100,000 for the micro upper. Figure 2 illustrates these comparisons.

Figure 2: Comparison between size of enterprise and start-up capital





2.5.4 Enterprise capitalization

A key element for the success of an enterprise and particularly with the micro and small enterprises is having sufficient capital. This study aims to determine the source of starting capital and the current financial position or value of the enterprise. By determining the current position, the growth levels of the enterprise may be ascertained. Sources of capital at start-up include the entrepreneurs' own savings, grants and gifts from family and friends, loans from family members and friends and credit/loans from financial institutions. The institutions were categorized as mainstream banks, co-operatives, MFIs and NGOs. This study found that the most common source of cash for entrepreneurs in the MSE sector is from their own savings. The next most common source is a loan from family and friends.

By comparing women and men entrepreneurs with disabilities, a higher percentage of women (67.9 per cent) used their own savings compared with men at 57.6 per cent; a higher number of men with disabilities (33.3 per cent) borrowed from family and friends as compared with women in the same category (23.2 per cent).

2.5.5 Sources of borrowing for the business

Both men and WEs borrowed from mainstream commercial banks (27 per cent). The other sources include: family (8 per cent), friends (6 per cent), social groups (7 per cent) and business groups (4 per cent). From Tables 15 (a) and 15 (b) it can be seen that most WEs in the lower micro level of business utilized most of the sources of borrowing. Most entrepreneurs found borrowing conditions either prohibitive or very costly 25 per cent. In general, WEs interviewed said they did not borrow money from family, friends, social groups, business groups, banks, MFIs or NGOs. This finding is in line with past studies which have established that lack of funding was one of the major barriers faced by WEs (Ethiopian Women Entrepreneurs Going for Growth, May 2003).

Another major finding, which is contrary to past finding, indicates that WEs from most categories (excluding those with disabilities) get a lot of their credit from the bank as opposed to MFIs, as was the case in past. A possible reason is that most of the country's banks have relaxed their terms of borrowing to include SMEs while at the same time MFIs, which have been a traditional source of borrowing for WEs, have not changed their conditions with the times. Borrowing funds from family, friends, social groups and business groups is very low among WEs, as stated by only 45 out of 208 women interviewed.

If WEs are contrasted with WEs with disabilities in relation to borrowing from commercial banks, the study establishes that the trend is the opposite. Most WEs with disabilities do not use borrowed funds, only a few borrow small amounts from family, friends, mainstream commercial banks and cooperatives. Out of the 56 women with disabilities interviewed, 26 did not use borrowed funds while 30 borrowed from all the other sources combined. This finding indicates that although WEs are disadvantaged as far as sources of credit are concerned, WEs with disabilities are even more disadvantaged.

Table 15a: Sources of borrowing by WEs per level of enterprise

Sources of Borrowing	Category of Enterprise						
	Lower Micro		Uper Micro		Small		Total
	Frequency	%	Frequency	%	Frequency	%	Frequency
Family	15	93.8	1	6.3	0	0	16
Friends	11	84.6	1	7.7	1	7.7	13
Social Groups	17	100.0	0	0	0	0	17
Business Groups	9	100.0	0	0	0	0	9
Mainstream Commercial Banks	58	92.1	1	1.6	4	6.3	63
Cooperatives	7	100.0	0	0	0	0	7
MFI/NGO	8	88.9	0	0	1	11.1	9
N.A.	66	89.2	6	8.1	2	2.7	74
Total	191	91.8	9	4.3	8	3.8	208

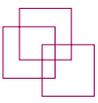


Table 15b: Sources of borrowing by WEs with disabilities

Sources of Borrowing	Lower Micro	
	Frequency	%
Family	7	12.9
Friends	6	11.1
Social Groups	3	5.6
Business Groups	1	1.9
Mainstream Commercial Banks	3	5.6
Cooperatives	4	7.4
MFI/NGO	4	7.4
N.A.	26	48.1
Total	54	100

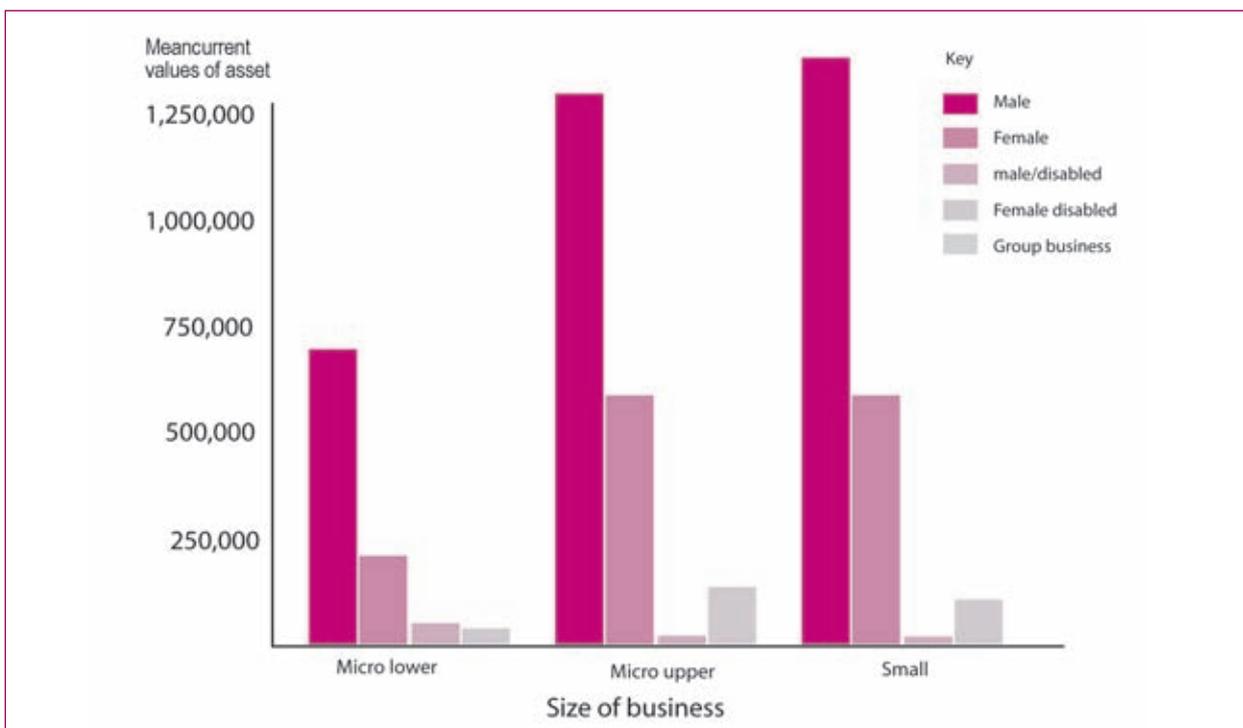
2.5.6 Source of funds for loan repayment

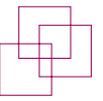
Most entrepreneurs used profits from their businesses for loan repayments - an average of 36 per cent for all entrepreneurs. The biggest challenge faced by all entrepreneurs was that of cash flow (30 per cent), followed by excess credit to customers (14 per cent) and inadequate skills, knowledge and experience. Most entrepreneurs suggested they required business training and advice (63 per cent) against 37 per cent who indicated that they did not require the training. Most entrepreneurs said they do not have a problem with cash demands on the business from family members.

2.5.7 Enterprise size against current assets

Men entrepreneurs were in the majority in terms of size and assets of their business at all levels. This increased from an average of about Kshs. 700,000 to about Kshs. 1.3 million at lower micro to small scale enterprises. From Figure 3, we can see that WEs own slightly less than half of these current assets at micro levels but this fell to below 20 per cent at the small scale level. WEs with disabilities owned less business assets than their counterparts at the micro levels at slightly over 60 per cent at small scale level.

Figure 3: Enterprise Size against current assets

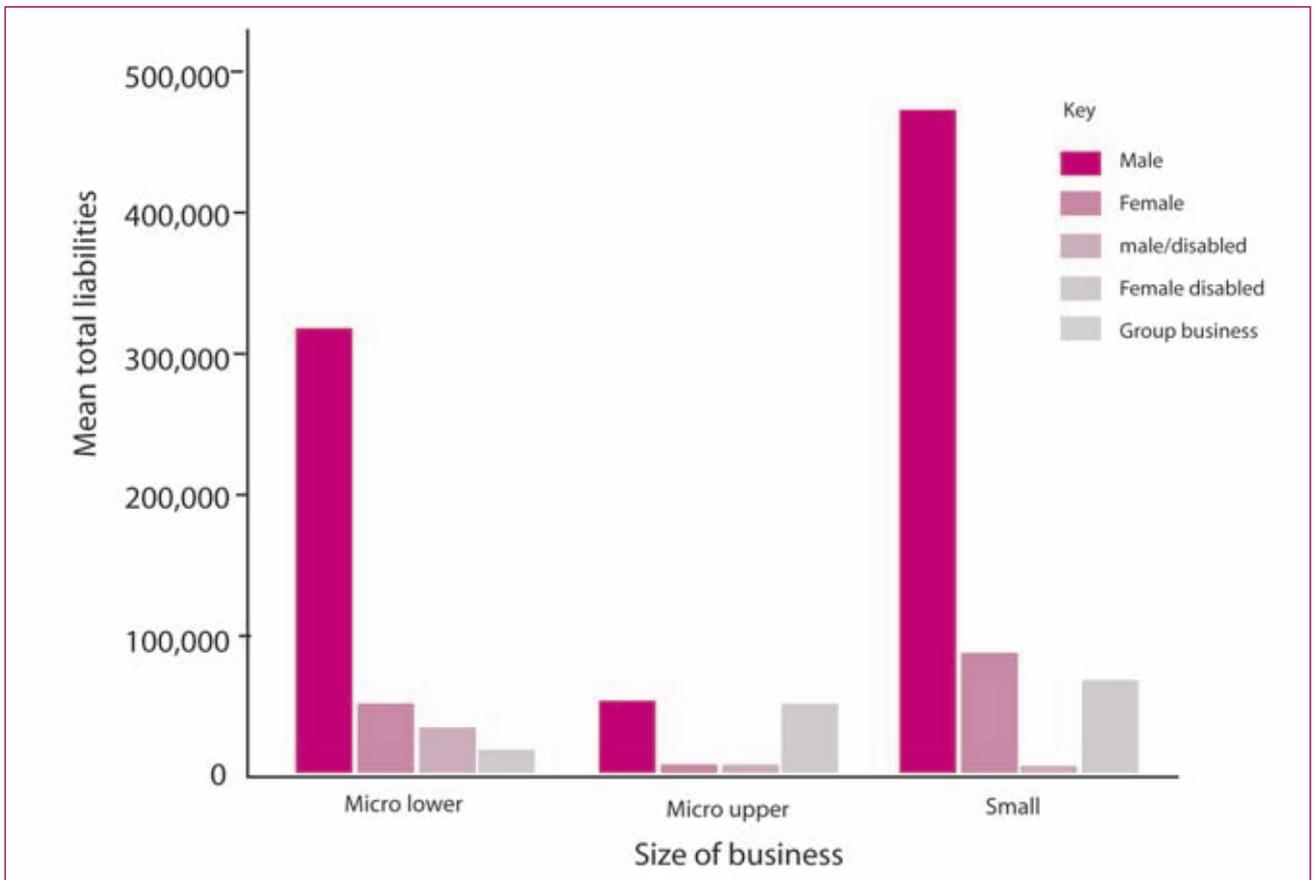




2.5.8 Size of enterprise against liabilities

In terms of the size and liabilities of their enterprises, WEs have a much lower extent and range than men entrepreneurs. Men entrepreneurs have relatively much higher liabilities at lower micro level - over Kshs. 300,000 - against less than Kshs. 100,000 for the WEs of the same size. At the small enterprise level, the liabilities were as high - close to Kshs. 500,000 - whereas for WEs the level stands at less than Kshs. 100,000. As illustrated in Figure 4, total liabilities at micro upper level for both WEs and those with disabilities are fairly equal - at close to Kshs. 50, 000.

Figure 4: Enterprise Size versus Total Liabilities



Consideration done for all gender cases

2.5.9 Enterprise size against net assets

The net assets of an enterprise provide a financial overview of the performance of a business. When this is compared with the start-up capital used, a more accurate reflection of the progress of the varying enterprises can be ascertained. At lower micro level, WEs have own slightly over 50 per cent of assets compared to men. This proportion decreases at upper micro and small enterprise levels to below a quarter of the net assets - at Kshs. 900,000 and about Kshs.180,000 respectively. From Figure 5, we can see that men entrepreneurs, compared to WEs, are ahead in terms of size and net business assets at all levels i.e. at lower micro, upper micro and at small enterprise level.

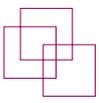
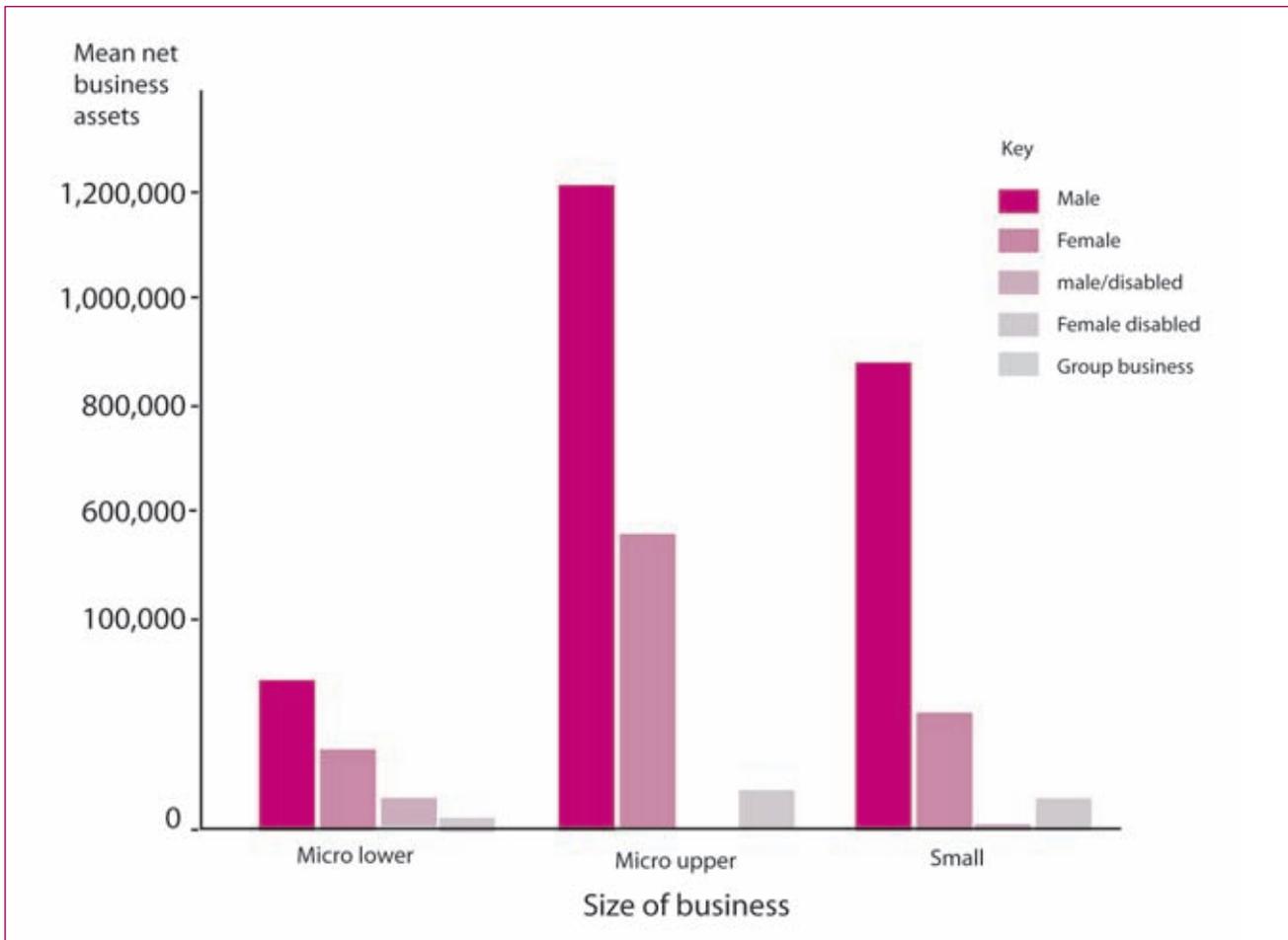
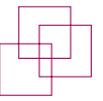


Figure 5: Enterprise size against net business assets



Consideration done for all gender cases



3. FACTORS SURROUNDING WEs

The study focused on the extent to which the entrepreneurs used business development services and available credit, issues of empowerment, and the extent to which they are affected by culture, society and community. It also examines how associations impact them and how the role of family and the household influence the enterprise. In addition, the study also explores efforts undertaken by government, stakeholders and other support mechanisms.

3.1 Business Development Services

This research looks into the various business development services on offer to WEs, including those with disabilities. The study aims to identify the BDS objectives and products. We will look at what strategies are in place for promoting the WEs in the MSE sector in Kenya as well as the challenges they face. We will also look at the impact that these interventions have. Lastly, the research seeks to explore the strategies that the BDS providers have in place to address the best way forward for promoting and assisting these women. A total of nine BDS providers were interviewed. Six of the 9 agreed that, when MSEs receive the necessary services, they more often than not create employment and growth; there is also a resultant diversification of their products.

3.1.1 Objectives of BDS

The key objectives for the involvement of BDS in the MSE sector include:

- Enhancing the living standards of women and their households.
- Enhancing the sustainability and growth of these small businesses so as to improve the livelihoods of the entrepreneurs.
- To alleviate poverty and create wealth, which in turn has a positive impact on the economy as a whole. This is done in line with the government's strategy of poverty reduction and wealth creation.
- To assist entrepreneurs' develop a savings culture and to mobilize resources for growth and expansion.

3.1.2 Products and services

BDS organizations provide the following services to the WEs:

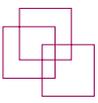
- Business and managerial skills training
- Business advisory and counseling services
- Marketing - provision of information about markets including export markets. Some BDS providers facilitate women who wish to participate in trade fairs and exhibitions.

3.1.3 Challenges

There are a number of unique challenges facing WEs. Most of these stem from their multifaceted roles as businesswomen, parents and home makers.

Some of the challenges include:

- Poor attendance of training sessions due to the distance of training venues. Oftentimes the timing of these sessions conflicts with the women's roles as mothers and or their household duties.
- Poor communication network due to non user-friendly infrastructure, prohibitive costs and low literacy levels among the entrepreneurs.



- Cultural barriers (including religious ones in some communities) in certain localities tend to limit full utilization of the services available.
- Legal requirements: respondents told us that unregistered businesses are unable to access financial assistance.

3.1.4 Impact of BDS interventions

Given the diversity of the services provided, the impact of BDS intervention is relatively diffuse. In some cases however, BDS organizations, have spurred on a healthy group dynamic and a savings culture among MSEs. This has resulted in some entrepreneurs accessing loans for their businesses. The impact of BDS is partly affected by a very low take-up rate - an average of 15 per cent of WEs participate in training and business advisory services. Marketing support is rarely available, and when it is, the usage is also low. All entrepreneurs except those with disabilities find training and business advisory/counseling services useful for their businesses. WEs with disabilities find the advisory services more relevant for business expansion and diversification.

3.1.5 Strategies for future development of women's enterprises

There are plans, especially through MFIs, to continually review the BDS products pertinent to the growth of women enterprises.

Examples of ongoing product development include plans to:

- Diversify products by lending to entrepreneur funds to assist with school fees, hospital bills and to provide an annual bonus to those who save.
- To use forums like churches and mosques to reach WEs and expand outreach for existing products and services. Faulu Kenya, for example, mentioned that it has plans to incorporate women with disabilities into the relevant BDS services. Equity Bank is planning to provide integrated financial services tailored for qualifying WEs, without discriminating against those with disabilities.

3.2 Gender empowerment

The empowerment of WEs is generally seen in terms of their ability to make decisions within their own enterprises as well as having their voices heard in family matters. In this context, personal empowerment refers to the extent to which the woman entrepreneur is involved in decision making, time usage in the household, income usage, expenditure, rent payment and ownership of the household among others. Very often this can depend on the marital status of the woman. Generally speaking, single or widowed women are more empowered when it comes to decision making.

3.2.1 Decision making

Fifty-four per cent of the WEs surveyed said they feel somewhat empowered by owning and running their business. Only 5 per cent of the entrepreneurs feel they are not empowered. Male entrepreneurs were the most empowered (66 per cent) followed by female (54 per cent), then women with disabilities (41 per cent). Nearly 40 per cent of males with disabilities said they feel empowered. The findings in relation to women entrepreneurs conform to popular belief that men are generally more empowered at household level than women. The reason why most female entrepreneurs with disabilities are the least empowered is likely to be due to their disabilities. Table 16 is a summary of the responses given regarding empowerment and decision making.

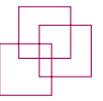


Table 16: Gender empowerment

Gender	Very Empowered		Less Empowered		Not Empowered		Total
	Frequency	%	Frequency	%	Frequency	%	Frequency
Male	76	65.5	35	30.2	5	4.3	116
Female	111	53.4	90	43.3	7	3.4	208
Male Disabled	13	39.4	17	51.5	3	9.1	33
Female Disabled	23	41.1	27	48.2	6	10.7	56
Total	223	54.0	169	40.9	21	5.1	413

3.2.2 Time spent at the business decision making

Around three-quarters of the entrepreneurs surveyed spend more than 8 hours a day at their businesses. This obviously leaves them less time to spend with their families. As indicated in Table 17, around 78 per cent of WEs spend 8 hours a day or more looking after their business.

Table 17: Amount of time spent at the business

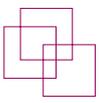
Gender	8 hrs and above		Less than 8 hrs		Total
	Frequency	%	Frequency	%	Frequency
Male	87	75.0	29	25.0	116
Female	163	78.4	45	21.6	208
Male Disabled	22	66.7	11	33.3	33
Female Disabled	43	76.8	13	23.2	56
Total	315	76.3	98	23.7	413

3.2.3 Personal goals and future projections

In conclusion, WEs were asked about their ambitions 5-10 years hence. The responses were recorded in order of priority i.e. business growth, further education/personal improvement, their children's education and whether they aimed to own their business property. Just over 20 per cent of women said they wished to own their business property. Next on the list is a desire to attain further education/personal improvement. In contrast, just 14 per cent of women with disabilities expressed a desire to own their business property. As shown in Table 18, just over half of the women interviewed said they wanted to achieve business growth.

Table 18: Future projections

What Do You Want To Achieve in Future?									
Gender	Business Growth Improvement		Further Education/ Personal Property		Educate my children		Own Business		Total
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	
Female	115	55.3	42	20.2	6	2.9	45	21.6	208
Female Disabled	35	62.3	10	17.9	3	5.4	8	14.3	56
Total	150	56.8	52	19.7	9	3.4	53	20.1	264



3.2.4 Family support

This research also sought to establish the influence that family and household responsibility has on the women's performance. The types of support which were analyzed include: financial, labour, and moral support. Most entrepreneurs interviewed (68 per cent) said they receive assistance from their families in the running of the business. Thirty-eight per cent receive support in the form of labour. Twenty per cent receive financial support; while 10 per cent of respondents said they receive moral support. This finding is in line with past studies which have established that SMEs rely heavily on family labour (Gakure, 2005). Table 19 gives a summary of the support an average family gives to a business.

Table 19: Family support to business

Type of Support	Frequency	%
Financial	52	19.7
Labour	101	38.3
Moral Support	27	10.2
None	84	31.8
Total	264	100

3.3 Impact of traditions, cultural beliefs and practices on WEs

The role of society, culture and the community manifests itself in the traditions, beliefs and practices affecting WEs. Nineteen per cent of entrepreneurs feel they are hugely affected by tradition. This finding concurs with past studies where 24 per cent of female entrepreneurs, including female entrepreneurs with disabilities (at 32 per cent), were more affected by tradition than their male counterparts. Interestingly, male entrepreneurs with disabilities feel more unfairly impacted by tradition (15 per cent) than other male entrepreneurs at only 5 per cent.

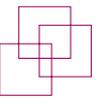
3.4 The role of government

MSE development comes under the remit of several Kenyan government ministries, namely, the Ministries of Labour and Human Resource Development (MLHRD), Trade and Industry (MOTI), Youth Affairs (MOYA) and Gender, Sports, Culture and Social Services (MGSCSS). But even within these Ministries, there are only a handful of initiatives which directly concern the development of women's entrepreneurship. The role of the government appears to be that of regulator as well as that of policy maker with regard to the development of the MSE sector.

3.4.1 Policies and government regulations on MSEs

Policy governing MSE development in Kenya has been evolving since the early 1970s with the participation of government and various development partners. During that time, there have been tremendous strides made towards formalizing the informal sector. This has been done with a view to using the sector as a vehicle for poverty reduction and wealth creation. In the early 1980s, the Government established fully-fledged divisions in various Ministries to monitor the implementation of MSE programmes and to drive the continuous policy improvement agenda for the sector.

Sessional Paper No. 1 (1986), entitled "Economic Management for Renewed Growth" laid a foundation for the establishment of MFIs. This resulted in the creation of institutions, such as Kenya Rural Enterprise Programme (K-Rep), Kenya Women Finance Trust (KWFT) and Faulu Kenya. These are still the largest MFIs supporting the sector, particularly WEs.



Subsequently, the Sessional Paper No. 2 of 1992 on Small Enterprise and Jua Kali Development in Kenya was geared towards improving existing policy, the regulatory environment, gender specific issues, and policy measures aimed at improving access to credit facilities and the provision of non-financial services. Future policy statements on the MSE sector, including Sessional Paper No. 2 of 2005 "Developing of MSEs for wealth and employment creation for poverty reduction," emphasized gender equity in terms of increasing equal access to resources and services in the sector. It failed however to articulate policy for the development of women enterprises.

None of the above sessional papers considered the issues of people with disabilities. However, today in Kenya, there exists a national plan of action which lays out the government's intention of formulating national policies, enacting legislation, developing and implementing programmes for the promotion of full and equal participation of persons with disabilities. The policies, once formulated, are expected to spearhead the formulation of appropriate policies specific to people with disabilities, implement the Disability Act (2003), mainstream disability concerns in government policies, monitor and review existing and any relevant emerging legislation. Yet to date, no tangible policy to guide the development of WEs with disabilities has been put in place. The on-going national registration of persons with disabilities may be a springboard for further considering the needs and well-being of disadvantaged people. Through the Ministry of Gender, Sports, Culture and Social Services, the government has prepared the National Disability Plan of Action as part of the African Decade of Persons with Disabilities (1999-2009). This is meant to incorporate special interest groups in the national development process. The ministry oversees the role of the Gender Desks in the various government ministries to ensure gender mainstreaming in government programmes and activities. Due to capacity issues, this has not yet been effectively implemented.

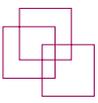
The Micro and Small Enterprises Act was enacted in December 2006 to provide for the establishment of a council to facilitate the development of MSEs, create a MSE fund and for related purposes. Whilst this is a commendable government initiative, specific issues regarding the development of women's entrepreneurship have hitherto been either treated lightly or omitted altogether. Civil servants interviewed from various government ministries and agencies say there is very little policy in the area. A few strategies that favour women and their businesses are outlined below.

The Ministry of Trade and Industry allocates at least 30 per cent of all loans to WEs. A women's desk which handles all issues affecting WEs has now been established. This is aimed at ensuring the inclusion of women in programmes implemented or coordinated by the ministry. Indeed the training on offer is sometimes organized solely for WEs.

The Ministry of Youth Affairs is trying to help individual youths or young people's group businesses by giving them access to support in the form of training, finance and business counseling. This is done through the Youth Fund. Whilst this is a national strategy by the government to involve youth in entrepreneurship development, the Kenya Women Finance Trust (KWFT) has been given the mandate to organize training and access business financing for women youth entrepreneurs. This is facilitated by the same Youth Enterprise Development Fund. The initiative is a worthwhile one and needs to be replicated by other government ministries and programmes.

The Ministry of Agriculture is committed to the promotion of the agro-processing business and competitive products across the country. This study shows that, although the majority of business people in agri-business are women, it is not as a result of government planning.

The Ministry of Gender, Sports, Culture and Social Services has a policy of inclusion and of mainstreaming gender issues in all its programmes. None of the respondents in the survey spoke of policies that target women with disabilities.



3.4.2 Strategies to achieve government policies and regulations

The government representatives interviewed mentioned that the following strategies are applied in an effort to support women's entrepreneurship: the establishment of the women enterprise development fund (Women Fund), the registration of women, access to information and training, the youth enterprise fund, and the joint loan board.

1. The establishment of the Women Enterprise Development Fund (Women Fund)

The setting up of the Women Fund is expected to greatly empower women toward growing their businesses. The respondents agree that for a long time women have been at a disadvantage in comparison to their male counterparts. This is especially felt in their ability to access business finance because of the stringent loan conditions in place at the commercial banks.

2. Registration of women's groups

The respondent from the Ministry of Gender, Sports, Culture and Social Services explained that this strategy helps women access loans from MFIs since most MFIs use the group guarantee system. In addition, some women groups qualify for grants from the ministry. In particular, groups of WEs with disabilities, benefit from such grants. The grant given under this arrangement does not exceed Kshs. 20,000.

3. Access to information and training

In an effort to support women's entrepreneurship development in Kenya, MOTI, MOA and MOE&NR provide training services. The following training is now on offer: training in business management; information on import and export trade, marketing, training in agro-processing and agri-business as a whole, information on counterfeit products and access to business advisory services. This information is disseminated through chief's gatherings (barazas), seminars, workshops and the media as is appropriate.

4. The Youth Enterprise Development Fund

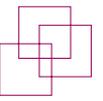
Targeting youths between the ages of 18 to 35, the Youth Fund aims to empower youth towards establishing and growing their businesses, either individually or in groups. One of the disbursement methods is at constituency level i.e. the funding of organized youth groups. The other is through financial intermediaries. According to the survey, women participants in youth fund activities are in the minority but as mentioned above, KWFT implements a portion of the fund meant for young women to increase their inclusion in Youth Fund activities.

5. Joint Loans Board

This is an old initiative of the Ministry of Trade and Industry; the scheme helps to finance small and medium-scale enterprises. Available at district level, it provides loans to the tune of Kshs. 20,000 to Kshs. 100,000. According to the ministry officer interviewed, more men than women access loans from the Joint Loans Board, due largely to the less restrictive collateral loan requirements.

3.4.3 Impact of government policies

The primary research has revealed that only a small percentage of WEs with disabilities has benefited from the government's policies and strategies. Except for some grants they receive through the Ministry of Gender, there are no policies that secure assistance in their favour. For the other WEs, it is just as difficult to measure the impact that a few favourable policy elements have on their businesses. The government spokespersons interviewed indicate that women are becoming increasingly aware of the benefits of belonging to a women's group.



Though still only a small percentage, there are an increasing number of women who attend training and participate in export marketing. As a result, employment has been created, incomes have increased and generally business growth is being realized by the women. It should be noted however, that the impact is not widespread: many women do not participate in the initiatives available to them; in particular, most WEs with disabilities. In general, they have remained isolated and as such they are largely unaffected by the help on offer. Those who have benefited are the ones in receipt of special services; an example outlined is a group of WEs with disabilities involved in beekeeping and raising tree seedlings for sale in Karatina. These activities are coordinated by the Forest Department in the Ministry of Environment and Natural Resources.

3.4.4 Other initiatives available to WEs include the following:

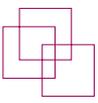
- i. The Mathira Disabled Association in Karatina, Nyeri, is supported by Safaricom. It keeps bees as a source of income generation.
- ii. The respondents observed that there is a need to be mindful of stigmatization issues surrounding people with disabilities. There is also a need to designate business worksites for them in market places, to set up accessible information centres and continually make these women aware of available opportunities.
- iii. Other areas of possible collaboration between the public and private sector include the provision of credit facilities, training - especially in business management and value addition, information dissemination, and the creation of a disability-friendly environment in public places to encourage WEs with disabilities to fully participate in activities with others.

There are also a number of other government agencies involved in promoting WEs in the MSE sector in Kenya. These include Export Promotion Council (EPC) and Export Processing Zones Authority (EPZA), both under the Ministry of Trade and Industry. EPC is involved in research, dissemination of export trade information, training in export trade procedures and management, organizing trade fairs and exhibitions, supply chain development and linking entrepreneurs to access export trade finance.

The EPZA, on the other hand, assists MSEs in sourcing finance, business incubation policy development, facilitating incubator activities and the dissemination of information on investments. The business incubator facility under construction at the Export Processing Zones in Athi River is about to open its doors to local MSE entrepreneurs. It is thought that WEs will benefit from this initiative. Another government agency with an input into enterprise development in Kenya is the Kenya Private Sector Alliance. It is primarily concerned with policy formulation (e.g. Microfinance, the MSE Bill and HIV/AIDS) and information links.

3.5 Role of Non-Governmental Organisations (NGOs)

The study identified many NGOs involved in the promotion of women's entrepreneurship. These include MFIs such as Kenya Women Finance Trust (KWFT), Kenya Rural Enterprise Programme (K-REP), Faulu Kenya, Jitegemee, Kenya Ecumenical Loan Fund (K-Ecluf), Organization of Women in International Trade (OWIT), United Disabled Persons of Kenya (UDPK), Federation of Kenya Employers (FKE), National Council of Women of Kenya and the Kenya Institute of Management, to mention a few. UDPK is involved in developing disability policies, inputs in HIV/AIDS policies, training disabilities' organizations, capacity building for disadvantaged groups and networking with MFIs to provide initial capital for WEs with disabilities. Overall, UDPK has been greatly involved in creating awareness and assisting in the economic empowerment of women with disabilities and the parents of children with disabilities. The MFIs provide financial services and training to their clients. KWFT is the only MFI that is dedicated solely to WEs. However, the other MFIs have a large number of women clientele and are worth mentioning in this study.



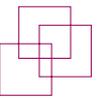
Examples of MFIs offering finance and capacity building to WEs are mentioned above. The team learned that K-REP Bank is one of the three participating banks which disburses funds under the Growth Oriented WEs Programme. (OWIT) is primarily involved in formulating gender policies and facilitating networking for women in international trade with a view to capacity building, market access and information dissemination. In summary, many of the NGOs are involved in providing credit to MSEs, capacity building and helping them to access markets. The Kenya Institute of Management (KIM) is a key player in supporting women's entrepreneurship. It does this through training, consultancy services and research and information dissemination. KIM has also made a remarkable contribution by providing training material for clients involved in training women in business start-up, management and planning. A recent contribution by the KIM is the development of business planning modules for the ILO/AfDB GOWE programme which is being implemented by IFC.

The Chamber of Commerce Women SACCO organizes trade fairs and exhibitions and continually conducts feasibility studies on market information for WEs. The main support the SACCO accords business women is helping them access credit for capital and investments through the cooperation enjoyed with equity and co-operative Banks. The Chamber helps women with product development, capacity building of upcoming SACCOs, business linkages and HIV/AIDS support. The SACCO has branches across the country and is expanding its outreach. The Federation of Kenya Employers (FKE) has the role of building the capacity of WEs Associations (WEA) by providing a voice and improving lobbying skills. It also facilitates meetings with stakeholders in gender mainstreaming, coordinates skills training in collaboration with ILO, promotes awareness on HIV/AIDS through WEs and offers information to WEA on organizing trade fairs. FKE houses the ILO/Irish Partnership Programme which deals with gender mainstreaming, disability and HIV/AIDS issues in so far as they affect women's entrepreneurs.

3.6 Role of donors

Since the 1980s and increasingly through the 1990s to the present, donor organizations have been involved in promoting entrepreneurship in Kenya. Some of these include United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO), Netherlands Development Organization (SNV), and International Finance Corporation (IFC), Department for International Development (DFID) and United States Agency for International Development (USAID). UNIDO is involved in product design and development, packaging, branding and e-commerce. It also assists in developing agricultural value-added products. In addition, UNIDO provides capacity building and industrial services. The SNV, on the other hand, specializes in advocacy, lobbying, capacity building and the promotion of Information Communication Technology (ICT) in rural SACCOs.

UNDP is primarily involved in capacity building, collaboration linkages, policy formulation and offering support to stakeholders, e.g. government and the private sector. In this regard, the Kenyan Government has received a lot of support towards the implementation of the Youth Fund and the Women's Fund. The recently launched Women's Fund is collaboration between UNDP and Equity Bank. The International Finance Corporation is implementing a special programme targeting Growth Oriented WEs (GOWE), with funding from the African Development Bank's (AfDB) Credit Guarantee Facility. This programme provides business planning, training and technical assistance, project financing and access to business information to WEs with a growth strategy. Some of the Growth-Oriented WEs should ultimately benefit from this programme. The International Labour Organization (ILO) is involved in gender mainstreaming in business development services provision, capacity building, promoting advocacy and voice and organizing trade fairs, trade links and value chain analysis. Through its work with WEDGE, ILO is involved in developing innovative support services and products such as technical tools. Finally, the research team has learned that gender issues are at the heart of USAID's intervention. Apart from funding the Omena Fish Women Traders in Kisumu and linking it to overseas markets, its strategy supports intermediaries, particularly Kenya Women Finance Trust (KWFT) and the Association of Microfinance Institutions (AMFI). The impact of the Omena project is limited to the Kisumu area only. This study did not come across any specific programmes, supported by donors, which target WEs with disabilities.



4. CASE STUDIES ON EXPERIENCE OF WE_s

The case studies that follow recount the life stories of two successful entrepreneurs and draw attention to issues affecting WE_s. The names of the respondents have been changed to protect their identity.

Case study 1: Catherine Munyiva Kilonzo - Owner of Namirembe Café

Namirembe Café is located in the central business district of Mombasa. It is a sole proprietorship hotel business owned by Mrs. Catherine Munyiva Kilonzo. Catherine is married and is a mother of three school-going children. Mombasa and the coast region are dotted with tourist attractions and facilities which draw a large number of tourists every year. Thus a well-run café in Mombasa can potentially generate good business - not only from regular local clients but also from passing tourists. Catherine's friend was operating a similar business (a café) at the same site but she moved to bigger premises in a more prestigious part of town. Her friend's move was part of a strategy to diversify and expand into other towns around the country. Since the friend's business was very successful, Catherine decided to set up a café as part of the hotel. That is how the business idea was born in 2004.

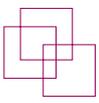
She injected a start-up capital of Kshs. 200,000. Most of this was raised by her husband from savings as he has regular employment. She also secured a loan of Kshs. 50,000 from K-REP. With this capital, she was able to buy the initial assets, such as furniture, a freezer, TV and DVD player. In addition to providing meals, the TV and DVD provide good entertainment and a source of relaxation for her clients. The business enjoys a central location and an excellent site.

Catherine started the café to expand her business with the objective of generating more income and obtaining financial freedom. It started out as a small venture with only two employees. Initially sales were low as she had a very small customer base. After implementing a number of marketing initiatives over an eight month period her customer base began to grow. The café's main attraction is its quality food and quick efficient service. A key factor which has contributed to the success of Namirembe Café is Catherine's ability to network with women's business and social groups. Here, she has access to a wealth of business advice, potential clientele and information on securing loans from financial institutions.

Namirembe opens at 5.30 am and closes at 9.00 pm. These opening hours allow Catherine to serve breakfast, lunch and dinner to her customers. The strength of the business lies in the fact that she has carved out a niche by specializing in African Dishes. When a tourist thinks of African cuisine, he or she knows where to go - Namirembe Café. These factors, coupled with keen prices, excellent customer service and delicious, unique food, combine to give this café a competitive edge over the competition, especially DL Cafeteria. The Café now employs seven people.

Catherine's success story has not been without its fair share of challenges; chief among these are her high cost base: the price of flour, cooking oil and vegetables. Vegetables, for example, come to Mombasa from Nairobi and other towns further out. This means the cost of doing business can be more expensive - as increased transport costs translate into an increase in the price of the foodstuffs she has to buy in. Recently the management has sought out raw materials from wholesalers who sell at lower prices. Notwithstanding these everyday challenges, Namirembe Café is doing a brisk trade.

The central location of the business is also a big advantage. As well as the regular customers who come for lunch and snacks, the bulk of her clientele arrives in the form of walk-in or passing trade. Catherine did not tell us her monthly income but she was proud of her car. She also told us that her children attend the best school in Mombasa. At the time of conducting this interview, Catherine was planning to expand the business by opening another restaurant in a different part of town.



Case study 2: Jocylene Jambo - Director and founder of DOTCOM College

"I am 38 years old, married with 3 children (2 boys aged 6 and 4 years and a girl aged 12 years). I am the second born in a family of seven (3 boys and 4 girls), I was born to middle-class parents. Dad worked as a police officer and my mom worked as a civil servant. I was brought up by both parents - who loved and cared for us always. Life drastically changed for us (children) when I was in first-form in high school - my parents divorced! Not knowing what had happened back home (as I was in a boarding school), I carried my bags hurriedly for home. I was shocked to arrive to no home as the building had been destroyed by relatives. My parents had each sought transfers to new stations without informing us. Some of my younger siblings had moved with mom. I was terrified and had to seek refuge at my maternal relatives who took me to where mom was.

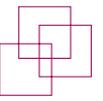
Life was never to be the same from then on for us. Our parents remarried almost immediately after the divorce and at this point, they shared their siblings. I was taken by a maternal uncle who stayed and worked as a lecturer in a national polytechnic at the coastal town of Mombasa. I joined a private day high school in Mombasa; having transferred from a prestigious girls boarding school. It was the most difficult experience in my early life as I had to tend to my uncle's business most of the time - sometimes I had to miss classes in order to be at his business. However, I graduated from high school and immediately joined college on a part-time basis - taking a secretarial course. My uncle relocated to Nairobi after two months and I was left alone.

I managed to secure employment as a receptionist with some doctors as I attended evening classes. I obtained my certificate and enrolled for a Diploma in ICT at the polytechnic. My passion to tend to my siblings compelled me to work harder - both in college and at work; and on attaining my diploma, I secured a job with an NGO that I served for 8 years. I got married when in employment to a civil servant. Due to his frequent transfers to various parts of the country, and given that we had school going children and three other dependants (orphaned children) to support, it was necessary that I resign to come back home and tend to the family. This I did with fear as I didn't know what would become of me as a housewife. Although my husband believed that his income would be sufficient for the family, I felt compelled to support my siblings who were still in school. Meanwhile we relocated to Bungoma town in Western Kenya so as to be near our rural home.

With the savings from my former employer, I bought one computer and a printer and started a secretarial bureau in June 2003 in Bungoma town; having been jobless for a year. The initial capital was approximately Kshs. 180,000 which included Kshs. 80,000 contributed by my husband for the purchase of a photocopier. Despite the challenges i.e. competition among others, I saved whatever money I could to plough back into the business.

The bureau grew from strength to strength. Since I was eager to expand and realizing the demand/market for ICT training, the idea to transform the bureau into a training institute developed. I therefore started Dominion Training Institute in June 2003 with the primary objective to offer ICT courses and Bureau Services. With six computers and three rental rooms with some furniture, the institute was born with six students.

Demand for other courses emerged so I thought positively to start market-oriented courses. In March 2004, I approached Kenya Institute of Management (KIM) for accreditation to enable us offer their programmes and we were granted that in January 2007. The demand for accounting and other related courses which are examined by KASNEB, led to the college being approved as an examination centre in early 2007. It was the second examination centre in Bungoma district. This gives us a bigger market for our programmes. In the meantime, back in 2004, I made an application for registration by the Ministry of Science and Technology. It took a long time - due to government bureaucracy - but was finally approved in October 2007.



The college was also approved as a KNEC examination centre which is a big boost to its growth."

As a woman entrepreneur, Jocylene came up against a number of difficult challenges. These include:

- Stringent conditions attached to credit facilities e.g. requiring land title deed to access credit facilities.
- Cultural and custom beliefs that a woman cannot succeed in business.
- Lack of support; people ask questions like: "How can a woman be the owner of such a business?"
- Poverty in the community, as manifested by the late paying, by students of school.
- A lack of sufficient resources meant it was impossible to carry out a marketing strategy.
- Staff theft and sabotage.

The other challenges Jocylene experienced while running her business include government bureaucracy, lack of financial support and punitive bank interest rates.

Despite the above limitations, Jocylene has managed to:

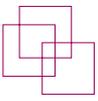
- Register and train over 300 students from 2004 to date.
- Improve training facilities by acquiring:
 - ◆ 22 computers
 - ◆ Increase rental rooms to 14
 - ◆ Purchase sufficient furniture
 - ◆ Create employment for over 17 workers.
 - ◆ Enlist consultants who train staff on a continuous on-the-job basis.
 - ◆ Enlist the services of consultants who advise on legal and professional matters.

At present, the Institute offers 7 Training programs namely: ICT, Business Management/Administration, Accounting and Finance, Human Resource Management, Purchasing and Supplies Management, Marketing Management and Journalism and Mass Communication. The bureau section of the business is also going strong.

Jocylene continued: "At the moment, I have won a tender to supply all the government offices at Bungoma District Headquarters with computers and stationery for the current financial year. I have kept going strong largely due to the following: strong moral (and material) support from my husband, support from financial institutions, support from consultants - who have always been available to give me advice and counseling, - and the demand for my products. The Financial Institutions gave me support in terms of loans and advise. To date the following institutions have advanced loans to us for equipment and growth: KWFT gave us Kshs. 300,000, Barclays Bank Kshs. 100,000 and Equity Bank has given as an overdraft loan facility. Before these loans were advanced to me, I had to undergo a series of steps including getting consent from my husband that he would guarantee them.

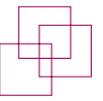
As regards my future plans and dreams, I am looking forward to:

- a) Acquiring land to construct the Institute's own premises.
- b) Establish strategic alliances for collaboration with both local and foreign universities.



- c) Expand training programs to meet the ever-increasing demand for new programmes.
- d) Acquire sufficient, modern, appropriate equipment and furniture for the institute.
- e) Attract, develop and retain qualified and highly experienced staff for the institute.

In conclusion, I wish to state that, I have discovered that it is possible to succeed in business as a woman, if there is persistence, perseverance, discipline and the desire to serve the community. I have focused on achieving my long term goal of being a successful woman business entrepreneur. Currently my business is worth Kshs.1.2 million from an initial investment of Ksh. 200,000."



5. SUMMARY OF MAJOR FINDINGS

5.1 WEs characteristics

It was found that 80 per cent of WEs including those with disabilities are below 40 years of age. Most of them are married and have an average of 3 children. As regards education, at least 70 per cent have completed primary education with 35.6 per cent of respondents having gone on to secondary school. Managerial and technical skills were found to be lacking among 74.5 per cent of entrepreneurs. The WEs with disabilities, however, have some basic entrepreneurial skills.

5.2 Challenges and barriers facing existing and potential WEs

One of the major barriers facing the enterprises under study is lack of sufficient capital for expansion (55 per cent) and/or cash for the business (30 per cent). This is followed by a lack of managerial skills. WEs with disabilities are most affected as most of them indicated that they lack sufficient cash to expand.

5.3 Business Development Services (BDS)

It would seem that most WEs are unaware of the availability of the BDS - given the low utilization of such services. Marketing services were also largely under-utilized by most WEs despite the fact that they realize their importance.

5.4 Contribution of Financial Institutions to WE development

In general, over 40 per cent of entrepreneurs do not access credit. Of those who do access credit, most borrow from commercial banks; this is followed by loans from the MFIs/NGOs and from co-operative societies. Borrowing conditions are more prohibitive and costly for men entrepreneurs with disabilities and for WEs with disabilities.

5.5 Empowerment of WEs and WEs with disabilities

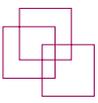
Most entrepreneurs are somewhat empowered through engaging in the business; as 53 per cent of Women Entrepreneurs and 41 per cent of WEs with disabilities stated.

5.6 Impact of socio-cultural expectations

Society, culture and community impact WEs' ability to run their business. WEs with disabilities (32 per cent) say they are more affected by traditions and expectations from the community than their counterparts who do not have disabilities (24 per cent).

5.7 Participation in the relevant business associations

As regards participation in business associations, WEs with disabilities led the way - 71 per cent belong to social groups. From these findings, it is noted that WEs with disabilities are part of social groups which tend to give them moral support but limited business support.



5.8 Influence of the family and household activities

All entrepreneurs agree, to a large extent, that their families play a key role in their business lives. Most WEs get some form of assistance from their families in running the enterprise in the form of labour and financial support. Those with disabilities receive less labour support from their families as compared to the other WEs. All the entrepreneurs interviewed use some of their enterprise income for household purposes.

5.9 Efforts by the government to empower women economically

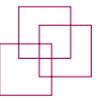
Sixty three per cent of the entrepreneurs say that government support of the MSE sector is inadequate. It is simply not reaching most of the entrepreneurs. Most entrepreneurs feel they receive the bare minimum in terms of support, with those with disabilities topping the list. This survey has found that there are no government ministries/agents, NGOs and donors who specifically target WEs with disabilities.

5.10 NGO and donor initiatives

With the exception of the availability of micro finance, NGO and donor support appears to have made little impact, according to a majority of the entrepreneurs interviewed.

5.11 Future goals of the entrepreneurs

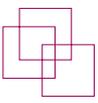
Most WEs are interested in business growth (57 per cent), followed by the acquisition of their own business property and self-improvement through education and training.



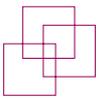
6. RECOMMENDATIONS

The following recommendations are made in order to enhance the MSE sector:

- i) Business development services should be made more readily available. Awareness campaigns and training should be carried out by the key stakeholders. For instance, community based organizations, local NGOs, UDPK and similar organizations should be supported by donor agencies with a view to conducting courses/programmes to meet the emerging needs of WEs.
- ii) MFIs and commercial banks should market their services more widely and make them more affordable to the MSE sector.
- iii) Capacity building of all WEs should be undertaken by donors and government through the Ministry of Trade and Industry and Ministry of Gender, Sports, Culture and Social Services to provide them with the skills, knowledge and positive attitudes to go forward.
- iv) The government, NGOs and other stakeholders in the MSE sector should encourage WEs to diversify their businesses rather than concentrate in one sector i.e. trade. This would have the effect of eliminating the stiff competition between similar businesses and therefore create more potential for growth.
- v) Society and the community at large should be made aware of the needs of WEs and specifically those with disabilities. People should be made aware of their valuable contribution so that they might be more friendly and supportive towards them.
- vi) Given that only a small percentage of WEs belong to business associations where they can get assistance in terms of skills etc, it is recommended that these entrepreneurs are encouraged to either form or join existing business/professional associations. Existing associations such as OWIT should raise its profile and create awareness of the benefits that can be gained by co-operation.
- vii) Encourage family support but train and counsel the members so as not to deplete business resources for the family up-keep.
- viii) The government, through the Ministry of Trade and Industry and Ministry of Gender, Sports, Culture and Social Services together with the NGOs should facilitate the development and implementation of appropriate training and capacity building programmes to assist entrepreneurs; and particularly, those WEs with disabilities.
- ix) Since WEs with disabilities face unique barriers and constraints, it would be of great benefit to them if special programmes were set up to meet their needs.
- x) UDPK should be allocated further financial resources as well as human capacity to effectively serve WEs with disabilities, and people with disabilities in general.
- xi) Open training programmes should be available to women entrepreneurs based on their needs.
- xii) Loan products offered by MFIs and commercial banks around the country should be revised to meet the needs of WEs. More individual-based products need to be developed.
- xiii) The government, NGOs and other partners providing support services should create awareness of the services available through national, regional and international forums.



- xiv) There are many other donors supporting women's entrepreneurship in the MSE sector than those mentioned above. The donors' strategy is to work through intermediaries, for instance: NGOs and the government. For the success of this partnership, the groups need to work closely to co-ordinate the efforts and finances available in order to maximize the available resources and avoid duplication as much as possible. Knowledge sharing forums are very useful to meet this goal.
- xv) Most WEs are married women who have enormous household responsibilities. BDS providers should ensure that training is conducted at places and times convenient to WEs. It is also advisable to have advisory and counseling sessions take place at their businesses to make it more convenient for the women. Similarly, training could be arranged in nearby locations that are more convenient in terms of transportation services.



7. RECOMMENDATIONS FROM A NATIONAL STAKEHOLDERS CONFERENCE IN NAIROBI, OCTOBER 30, 2007

Based on the thematic approach, three key groups were formed to deliberate on the factors affecting WEs. The individual groups looked at the following: Finance, Women with Disabilities, Business Development Services, Culture and the Community, Government, NGO's and Donors. The recommendations under each theme are outlined below.

7.1 Financing

Some of the key recommendations from the conference include:

i. Development of women-tailored products:

Once they understand and appreciate the needs and requirements of women and women with disabilities engaged in business, financial institutions should develop a new range of products and services that target WEs. One such product would be a combination of asset financing and lease hire facilities. This would minimize the diversion of funds to non-business needs - one of the common problems among women borrowers.

ii. Institutional capacity and structure

Many of the concerns expressed by WEs reflect weaknesses in the way financial institutions are structured and their inadequacies when it comes to handling women clients. It is therefore recommended that the institutions create specialized departments to address women's needs. The institutions should also make deliberate efforts (including the use of specialized programmes) to develop the capacity of WEs in terms of their business skills. These programmes should contain inbuilt mechanisms to monitor the progress of such capacity-building initiatives.

iii. Distribution of special funds

Funds aimed at addressing imbalances do not always trickle down to the disadvantaged WEs especially those with disabilities. The terms that are finally imposed by the participating financial institutions sometimes negate the original objectives. It is therefore proposed that the government intervenes and plays a more active role in ensuring that these funds reach these women. Financing should come with terms that are appropriate to their circumstances.

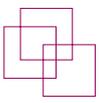
iv. Advocacy for change

In order to improve the situation of WEs, negative perceptions held by financial institutions need to be addressed. In order to realize the desired changes, efforts and programmes should be initiated so as to undertake a continuous advocacy campaign for positive change.

7.2 Disability (physical and visual)

In order to enhance the enabling environment of WEs with disabilities, a number of recommendations were made:

- a. Ministry of Culture and Social Services should protect people with disabilities.
- b. There is a need to intensify follow up on initiatives that are already in place.
- c. Disability needs to be mainstreamed in all sectors including business development services, banks and training institutes.
- d. There is a need for a massive government led awareness campaign on disability



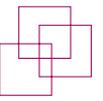
- e. Creation of a Women Entrepreneur Association where women with disabilities feel they can join as members.
- f. There is an urgent need to have policies under the African Decade Action Plan implemented. Resources must be allocated to turn them from aspiration to action.
- g. Affirmative action when it comes to export promotion activities and university admission.
- h. Information: there is a pervasive lack of information on disability issues. Disability issues need to be articulated at all levels using mass media and other forums.
- i. Parents of children with disabilities need to have access to all business financing opportunities to be able to finance their children's rehabilitation and treatment and to combat poverty in families affected by disability.

7.3 Business Development Services

Although BDS is generally available in the country, it is not easily accessible to women and women with disabilities engaged in entrepreneurship. A number of policy interventions are proposed to make BDS services more accessible.

These include:

- a. Programmes, projects and initiatives which facilitate the expansion of subcontracting arrangements, the application of affirmative action, the facilitation of training, the providing of grants and subsidies to facilitate access to BDS.
- b. Creation of a ministry in charge of women affairs and a department for women development which would foresee issues of women with disabilities.
- c. Ensure the implementation of the Disability Act.
- d. Undertake research and development, especially in manufacturing with a view to increasing participation of WEs.
- e. Provide incubation services and technology transfer.
- f. Encourage and promote partnership between churches and stakeholders - especially in the areas of information dissemination and advocacy for attitude change, TOT programmes and promotion of peer mentoring initiatives.
- g. Promote networks and linkages among various entrepreneurial support agencies so that BDS providers can refer their clients to others for further support and assistance.
- h. Promote private sector initiatives in areas such as subcontracting.
- i. Promote the use of appropriate technology especially for women with disabilities.
- j. Allocation of funds should be based on certain targets (percentage of total) geared specifically at women.
- k. WEs should be given more international exposure by including them in government delegations. The women could use such opportunities to seek out business opportunities.



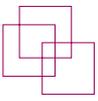
7.4 Culture and community

The following recommendations were made regarding the development of an entrepreneurial culture in the community:

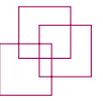
- Policy Level
 - ◆ The government should create a marketing department for Kenyan WEs both locally and internationally (foreign missions) and create a statistical database and website.
 - ◆ Education system should be innovatory to make it more practical in terms of promoting entrepreneurial skills.
 - ◆ Women advocacy.
 - ◆ Legal regulatory system should be revised and be business friendly.
 - ◆ A ministry dedicated to small and medium entrepreneurs should be created.
- Institutions
 - ◆ Should come up with innovative ways of lending to women.
 - ◆ Institutions should be regulated to make sure WEs are not exploited.
 - ◆ Encourage more MFIs/bankers at local level to promote healthy competition and demystify financial jargon.
- Service providers
 - ◆ Should integrate their method of service provision/training to connect WEs with service providers.
 - ◆ Should make services affordable so they can be easily accessed.
 - ◆ Should bring services closer to the people as opposed to the current approach which is more elitist in nature.
 - ◆ Must be practical in the type of services they provide.
 - ◆ Should have resource centres for research and information dissemination.
 - ◆ Should undertake preliminary preparation of the WEs and engage in monitoring and evaluation of the services provided so as to gauge their effectiveness and impact.
- Public agencies
 - ◆ Should provide short ongoing courses/day workshops etc. to empower people. Change the mindset of local leaders e.g. chiefs could organize information dissemination seminars and workshops.
 - ◆ Should carry out more research and come up with home-grown solutions.

7.5 Government, NGOs and donors

- Policy
 - ◆ There is a need to intensify consultations with the entrepreneurs to establish their needs before embarking on any initiatives or interventions.
 - ◆ Policy needs to be documented.

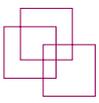


- ◆ Awareness creation should be intensified including through places of worship and schools.
- ◆ Awareness creation should be intensified including through places of worship and schools. Special needs programmes should be designed to specifically take a broad view of disability.
- ◆ Awareness creation should be intensified including through places of worship and schools. The channels of communication should be opened and made more effective.
- ◆ Awareness creation should be intensified including through places of worship and schools. There is a need for a more formalized collaboration with NGO's and donors.
- Service providers
 - ◆ TOT to be community based for purposes of ensuring continuity.
 - ◆ Research should be carried out before the design and implementation of programmes; these should aim to reach rural areas.



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APPENDIX 1

Annex 1: Questionnaire

Research on Factors Affecting Women/Men Entrepreneurs in Micro and Small Enterprises in Kenya

QUESTIONNAIRE A: FOR THE ENTREPRENEURS

Questionnaire for the Women and Men Entrepreneurs including those with disabilities

This Questionnaire is to be used by the Researcher/Research assistant when interviewing the respondent. The following questions will be asked and responses written as accurately as possible in the spaces provided after each question.

Part 1: PERSONAL DETAILS

1. Name of the enterprise and physical location

(i) Province ii) Town/city/Village
(iii) Business street/village.....

2. The entrepreneur: Female () Male () Female Disabled () Male Disabled ()
Note: Type of disability: a) Physical () b) Hearing () c) Visual ()

3. Marital status: Single () Married () Separated () Widowed ()

4. Family size: Less than 3 () between 3 and 5 () More than 5 ()

5. Level of education and training:
Informal/none () Primary () Secondary ()
College () University ()

6. Key skills and abilities: None () Yes ()

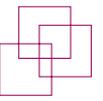
If you have specific abilities/skills please, give details below and how you acquired them (apprenticeship, on-the-job training, workshops, formal training)

a) Management skills - list specific abilities:

.....
.....
.....

b) Technical skills e.g. computing etc - list key skills:

.....
.....
.....



Part II: ENTERPRISE DETAILS

1. Number of employees in the enterprise: Women Men.....
i) Full time.....ii) Part time.....iii) Relatives Paid.....

iv) Relatives Unpaid v) Number paid.

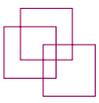
Number unpaid
2. Type of enterprise and sector (Brief description of products and or services offered)
.....
.....
.....
3. (a). Duration in the current enterprise (in years):
i) Less than 3 years () ii) 3 - 5 years () iii) Over 5 years ()

(b) Any other business experience prior to the current one?
.....
.....
.....

(c) Duration in the previous enterprise (in years):
i) Less than 3 years () ii) 3 - 5 years () iii) Over 5 years ()
4. Enterprise Assets, Liabilities and Capital:

a) How did you start this enterprise?
.....
.....
.....

b) Why?
.....
.....
.....
5. Who owns the business?
.....
.....
.....
6. Do you own any other business or businesses?
.....
.....
.....
7. What other income generating activities are you engaged in?
.....
.....
.....



8. a) Starting capital in Kenya Shillings and the source(s):

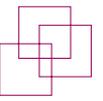
	Sources of starting capital	Amount in Kenya shillings
1		
2		
3		
	Total start-up capital	Kshs.

b) Value of all enterprise assets currently

	Type or kind of the asset (e.g. stock, debtors etc)	Current value Kshs
1		
2		
3		
	Total assets currently	Kshs.

c) Value of all the enterprise liabilities:

	Type or kind of liabilities (e.g. creditors, loans etc)	Current value Kshs
1		
2		
3		
	Total liabilities currently	Kshs.
	Total current value of business (ii less iii)	Kshs.



Part III: ENTERPRISE GROWTH

1. Business Development Services (BDS): To what extent do you use the following business development services (if available or accessible to you): training, business advisory services, and marketing? How relevant are they to your business (i.e. are they appropriate?)

a) Training:

.....
.....
.....

b) Business Advisory (counselling and mentoring):

.....
.....
.....

c) Marketing Services:

.....
.....
.....

From (a) to (c) above, which one is working best for your business?

.....

2. Credit: Accessibility and availability of credit for the enterprises.

a) How accessible is credit to you?

.....
.....
.....

b) How much money have you borrowed to date?

.....
.....
.....

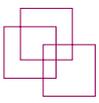
c) From who have you borrowed?

.....
.....
.....

d) To what extent do the conditions imposed by micro finance institutions and financial institutions affect you?

i) Are there conditions?

.....
.....



ii) How do they affect you?

.....
.....

iii) Do you think they affect you because you are a woman disabled?

.....
.....

e) List the sources of funds for loan repayment in order of importance.

.....
.....
.....

f) Do you repay your loan from your business proceeds?

YES..... NO

If no, list other sources of funds

.....
.....
.....

g) Are you facing any challenges in managing your cash and credit transactions?

YES..... NO

If yes, list the challenges in order of priority of how they affect your business

.....
.....
.....

h) Do need advice on how to manage your credit or cash? Please explain.

.....
.....
.....

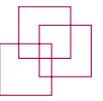
3. Empowerment: The extent to which the women/men entrepreneurs are empowered indecisionmaking in the household, ownership and use of resources and use of time.

a) Ownership and use of resources

i) Are you a widow/widower? YES..... NO

ii) If yes, does widowhood affect you as a woman /man entrepreneur?,
Please explain.

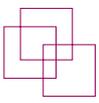
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- b) Use of time
 - i) What amount of time do you spend on the business?
 - ii) What amount of time do you spend on your family?
 - c) Decision making in the household (who makes major decisions) regarding
 - i) How you manage your time in the household
 - ii) Business income and expenditure
 - iii) Who pays the rent/house ownership?
 - iv) Other major issues in the household
- (i) Very empowered () ii. Less empowered () iii. Not empowered (). Explain.
.....
.....

4. Society, Culture and Community: The impact of socio-cultural expectations on the WEs.

- a) How do traditions, beliefs and practices of your community affect your business?
.....
.....
- b) In which associations or community organisations are you involved in?
.....
.....
- c) How do these community associations assist you?
.....
.....
- d) How do they assist or limit you in your business?
.....
.....
- e) Do you belong to any business associations? YES/NO
.....
.....
- f) Do these associations help you as a woman/man entrepreneur?
.....
.....



5. **Associations and socialisation in the community:** The participation of women/men entrepreneurs in the relevant associations in society and the extent to which their voices are heard.

.....
.....

6. **Family influence on the enterprise:** The influence of the family and household responsibilities on the performance of WEs.

a) How does the family assist you in your business?

.....
.....

b) What kind of assistance do they offer (if any)?

.....
.....

c) What impact does your enterprise have on the family? (Has the quality of life improved or become worse?)

.....
.....

d) Do you have a specific budget for your family and for the enterprise? Explain

.....
.....

e) Are there times when you use your business income for family needs? Yes / No?
Explain.

.....
.....

f) In your opinion, what support should the family and the community as a whole provide you with to enable you progress in your business and improve the livelihood of your family?

.....
.....

7. **The barriers and constraints facing potential and existing women/men entrepreneurs**, including those with disabilities, in Kenya including socio-cultural, educational, technological, legal and financial aspects.

a) List the key barriers and constraints you face as a woman/man entrepreneur?

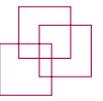
.....
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b) How do these barriers affect your enterprise?

.....
.....

c) What advice do you give so as to overcome such barriers?

.....
.....



8. Efforts being undertaken in Kenya (by government, NGOs and donors) to economically empower women/men entrepreneurs.

a) In your opinion what efforts are being undertaken by the Kenya Government to support you and your enterprise?

.....
.....
.....

b) What about the NGO's and other donors in you know?

.....
.....
.....

c) How are these efforts in a) and b) above empowering you as a women entrepreneur?

.....
.....
.....

9. Other support mechanisms for women/men entrepreneurs: The support mechanisms available to WEs in Kenya, with an assessment of their outreach, impact and effectiveness (including, where possible, cost-effectiveness).

a) What are these support mechanisms and or programs existing to support your enterprise in the community?

.....
.....
.....

b) Are they reaching you effectively in this location? Explain.

.....
.....
.....

c). How have these support strategies impacted on your business and the livelihood of your family?

.....
.....
.....

10. What do you want in life?

a) What is important in your life? List in order of priority 3 key things.

.....
.....
.....

b) What do you want to achieve say in the next 5 years? 10 years?, and in your life time?

.....
.....
.....

c) What do you need in order to reach there (as indicated in (b) above)?

.....
.....
.....