

Doing Business in Kenya:
REFLECTION OF
WOMEN SMEs **2024**



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ABOUT VIFFA

Viffa Consult is a Kenyan based SME and Startup research and policy think tank whose core mandate is conducting in-depth research on issues affecting Kenyan SMEs and Startups, analyzing existing policies and propose evidence-based recommendations to improve the business environment for SMEs and Startups, engage with government, private sector, and civil society stakeholders to advocate for policy reforms and initiatives that support SME and Startup growth and disseminating research findings, policy recommendations, and best practices through publications, mainstream media and online platforms among others.

Viffa is a member of the Association of Start-ups and SMEs Enablers of Kenya (ASSEK) and Association of countrywide innovation hubs and a very active knowledge partner in the Kenyan SME and start-up ecosystem.

Viffa has worked with a wide spectrum of stakeholders in design and delivery of MSME and Startups programs such as ; AUDA-NEPAD, Government of Kenya ministries and county government, development partners (GIZ, Foreign, Commonwealth and Development Office-FCDO), business member organizations (Kenya National Federation of Jua Kali Associations, Association of startup and SME enablers of Kenya (ASSEK) , Association of countrywide innovation hubs, Block chain Association of Kenya, Digital Financial Services Association Of Kenya among others)

ACRONYMS

SME	Micro Small Medium Enterprises
WEF	World Economic Forum
BPS	Budget Policy Statement
BETA	Bottom-Up Economic Transformation Agenda

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METHODOLOGY

The study sampled 144 MSMEs in 14 sectors across 10 counties in Kenya selected randomly.

Table 1: MSME Sectors Covered

1.	Agriculture
2.	Business Services
3.	Construction & Housing
4.	Education
5.	Energy
6.	Financial Services
7.	Hospitality
8.	Healthcare
9.	Media and Entertainment
10.	Tourism & Travel
11.	Manufacturing
12.	Transport and Logistics
13.	Wholesale-Retail
14.	Information Technology

Table 2: Sample Counties Covered

1.	Mombasa
2.	Nairobi
3.	Nakuru
4.	Kilifi
5.	Kajiado
6.	Nyeri
7.	Kiambu
8.	Uasin Gishu
9.	Homa Bay
10.	Kisumu

BACKGROUND

Empowering women in the economy and closing gender gaps in the world of work are key to achieving the 2030 agenda for sustainable development and achieving the sustainable development goals; 5 of achieving gender equality and 8 to promote full and productive employment and decent work for all as well as goal 1 of ending poverty, goal 2 on food security, goal 3 on health and 10 of reducing inequality

The Kenya Kwanza Administration under 2024 Budget Policy Statement (BPS), reaffirms the priority policies and strategies outlined in the Bottom-Up Economic Transformation Agenda (BETA) and as prioritized in the Fourth Medium Term Plan of the Vision 2030 five key areas being; MSMEs, Digital superhighway and creative industry, Agricultural Transformation and Inclusive Growth, Housing and Settlement and Healthcare.

SMEs are the backbone of Kenya's economy contributing significantly to job creation and economic growth. However, their full potential remains untapped due to various factors such as access to market, access to finance, management skills gap and regulatory challenges among others.

Kenya has made great strides since independence on many fronts such as socio economic development among other areas.

Despite great strides, Kenyan society still holds on to traditional norms that drive gender inequality underpinned on a set of unwritten rules and beliefs which influence and shape expectations and behaviors of people in society.

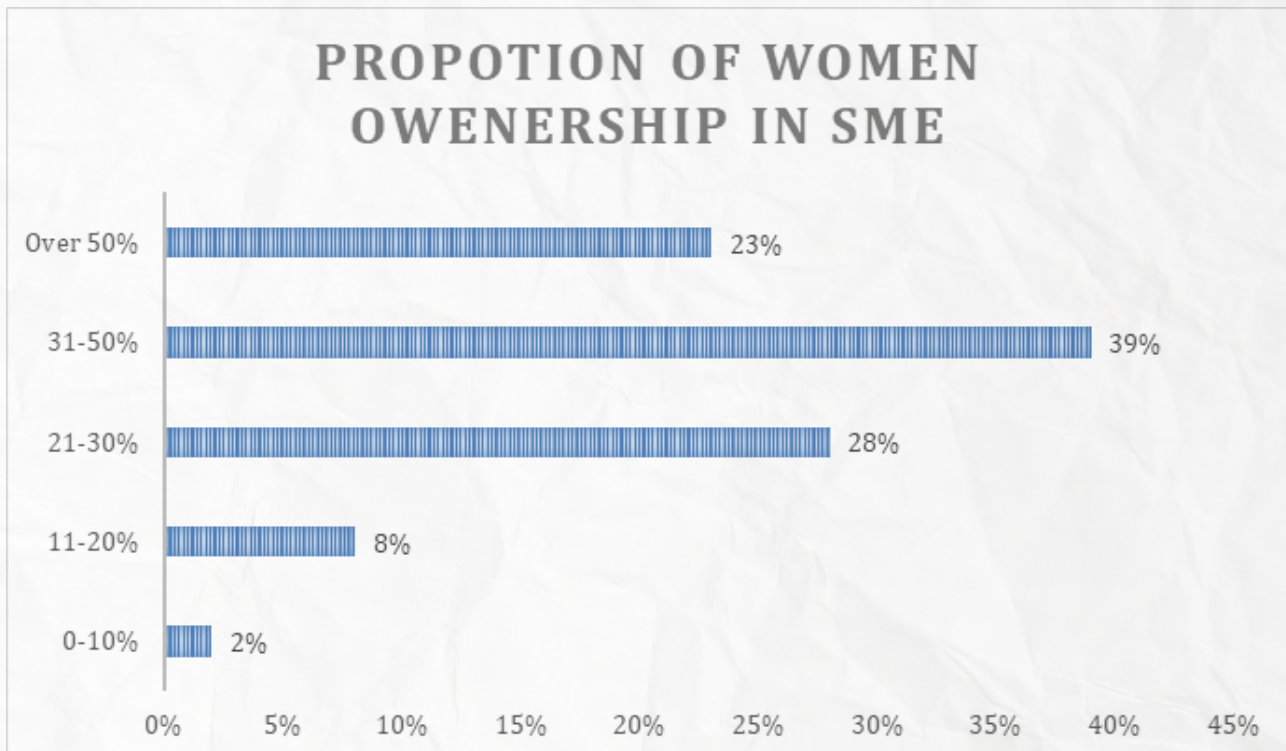
For example, there are unwritten beliefs and rules that define the role of women in society and generally acceptable behavior. Therefore, women experience an unnecessary barrier that cripples their ability and potential to largely participate in the economy.

In Africa, women are the backbone of communities and the continent's greatest potential to unlock economic growth as they provide the majority of labor with the least amount of resources. Cognizant of the multiple roles women play in society and the handicap they face in running their businesses based on socio architecture of our society, the study seeks to explore;

1. The topography of women in business
 2. Effects of systemic shocks to their business
 3. Unique challenges faced and proposed solutions.
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Survey Results

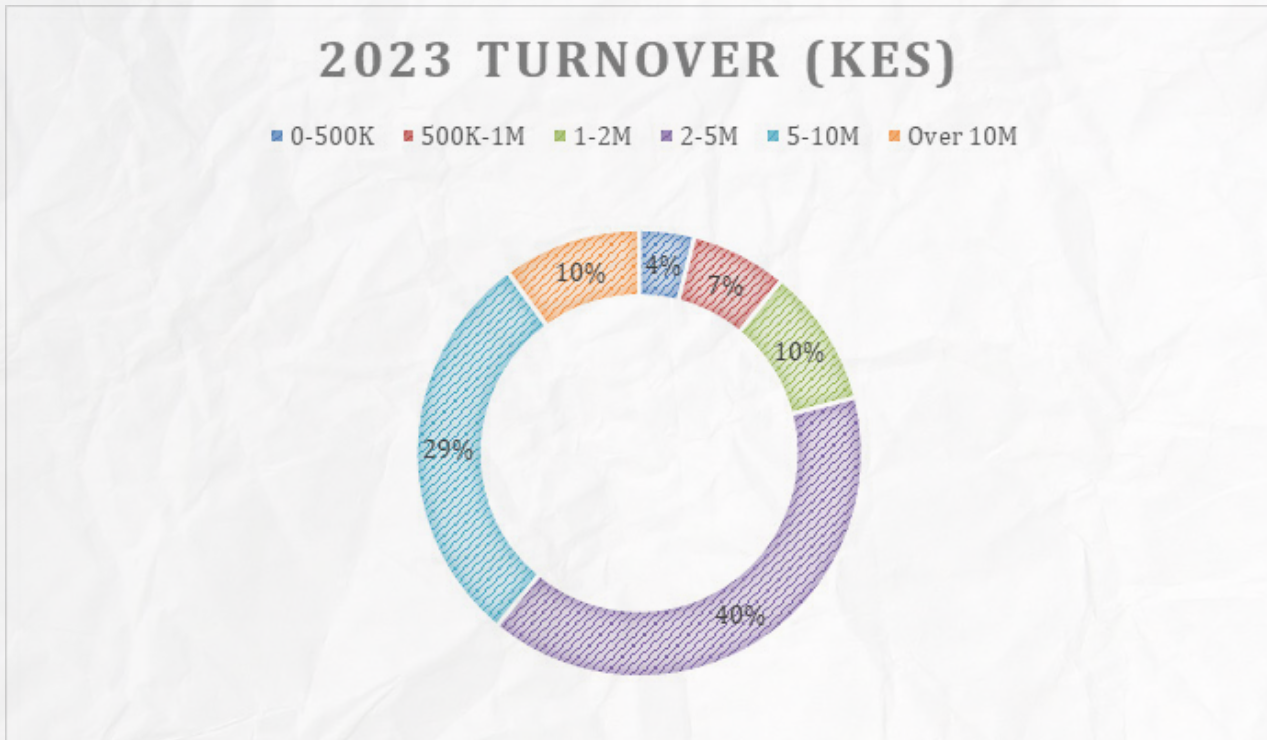
Proportion of Women Ownership in SMEs



Insight

- 2 percent of MSME surveyed indicated that women owned up to 10 percent of the business with 8 percent owning between 11-20 percent, 28 percent owning between 21-30 percent, 39 percent owning between 31-50 percent and 23 percent owning over 50 percent of the business
- Women owned SMEs in India account for 20 percent of 63 million SMEs employing 22 to 27 million people, with Nigerian women in business accounting 41 percent of MSMEs both instances highlighting women breaking barriers and redefining traditional gender roles in entrepreneurship according to PWC Impact of women on Nigeria's economy

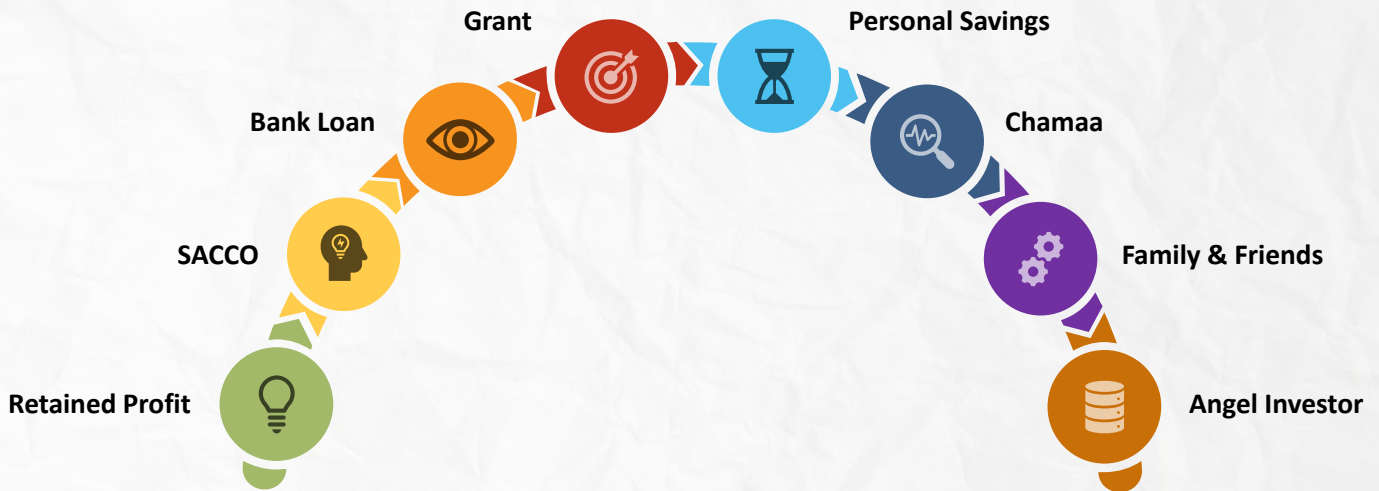
2023 Turnover (KES)



Insight

- 11 percent of women SMEs surveyed posted turnover upto 1 M for the year 2023, 50 percent between 1M and 5M, 29 percent 5 to 10M and 10 percent over 10M Kes
- The world economic forum global gender gap report for 2023 ranked Kenya as 77th with top African countries being Namibia 8th, Rwanda 12th, South Africa 20th, Mozambique 25th and Burundi 35th out of 146 countries.
- Kenya specifically ranked 16th globally and 7th in Africa on economic participation opportunity and 134 on education attainment. Kenya experienced a decline on the two parameters of economic opportunity and education attainment between years 2022 and 2023 moving from 6th to 16th (economic participation opportunity 2022-2023) and 118th to 134th (education attainment 2022-2023).
- The data points to the great need by SME stakeholders to develop more inclusive programs that cater for women in business.

Major of source of business finance in 2023



Insight

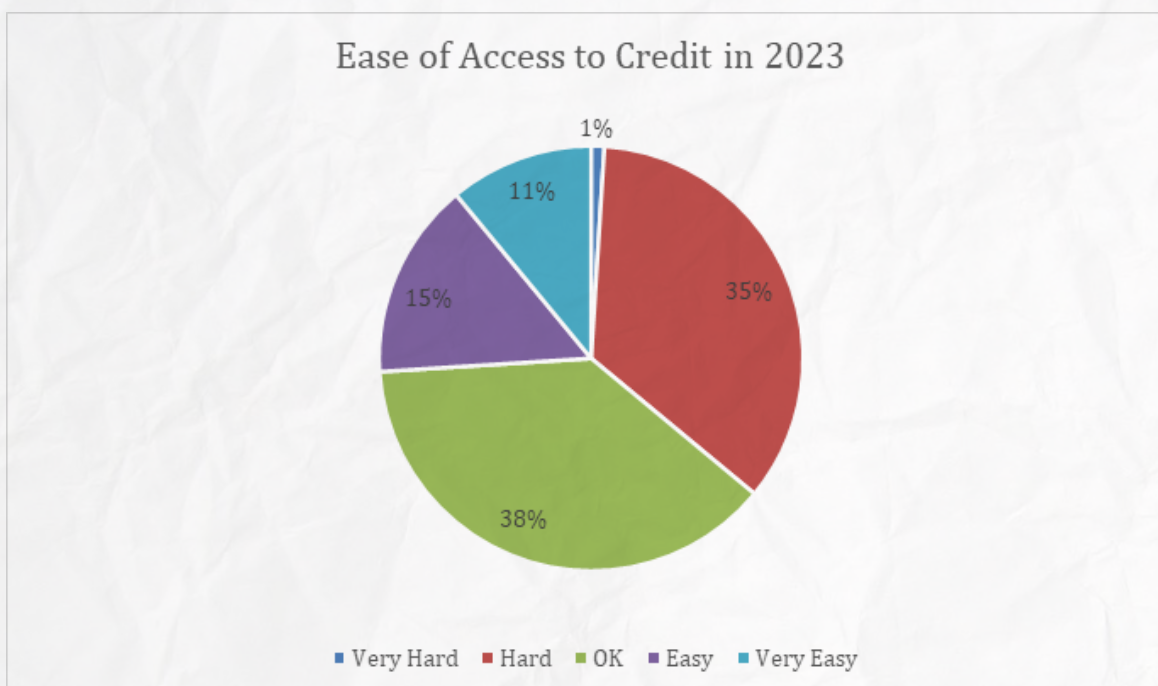
Access to finance by women through formal financial institutions still remains a challenge with other countries facing similar challenges such as India

Table 3: Demand and Supply Side Women Finaccess challenges

Demand Side Finaccess challenge	Supply Side Finaccess challenge
<ul style="list-style-type: none"> • Limited financial awareness and understanding of financial products • Lack of adequate collateral • Lack of confidence to approach financial institutions 	<ul style="list-style-type: none"> • Lack of financial products for women SME • Perception of high risk profile due to lack of collateral • Perception that bank branches are unwelcoming • High transaction cost

Source: International finance corporation: MSME Finance Improving access to for women owned businesses in India

Ease of Access to Credit in 2023



Insight

- 46 percent of women surveyed indicated getting finance was difficult with 38 percent indicating okay with 16 percent indicating it being easy
- The world economic forum global gender gap report 2023 that benchmarks the current state and evolution of gender parity across four key dimensions {Economic participation and opportunity, Education attainment, Health and survival, Political empowerment} under Kenya reports access to finance by women (Table 4).

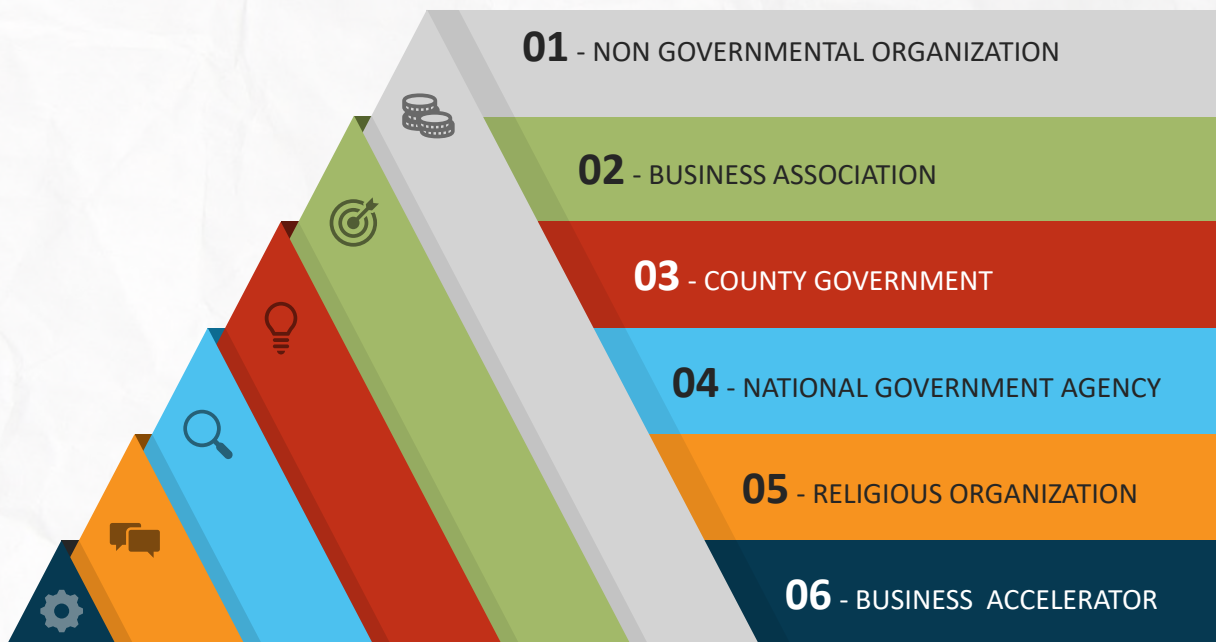
Table 4: WEF Global Gender Gap 2023 Kenya Profile –Women Access to Finance

Access To Finance Indicator	Status
Access to financial services	Near Equal Rights
Inheritance rights for widows and daughters	Restricted rights
Access to land assets	Uneven rights
Access to non-land assets	Uneven rights

Source: WEF Global Gender Gap 2023 report

- The government of Kenya established an affirmative action fund for women among others that have performed sub optimally leading to consolidation of the affirmative action funds as well as establishing a public entity to support credit guarantee scheme for MSME with a host of other programs such as movable property security scheme in limbo
- Kenya can borrow from India which set a target of 5 percent public sector bank lending to women combined with regular monitoring and evaluation of the program to track its performance.
- Similarly, India established a program that encourages rights for women by offering incentives for registration of property with women homebuyers benefiting from tax exemptions, lower stamp duties leading to women accessing collateral hence women led SMEs accessing business finance

Capacity Building program attended in 2023

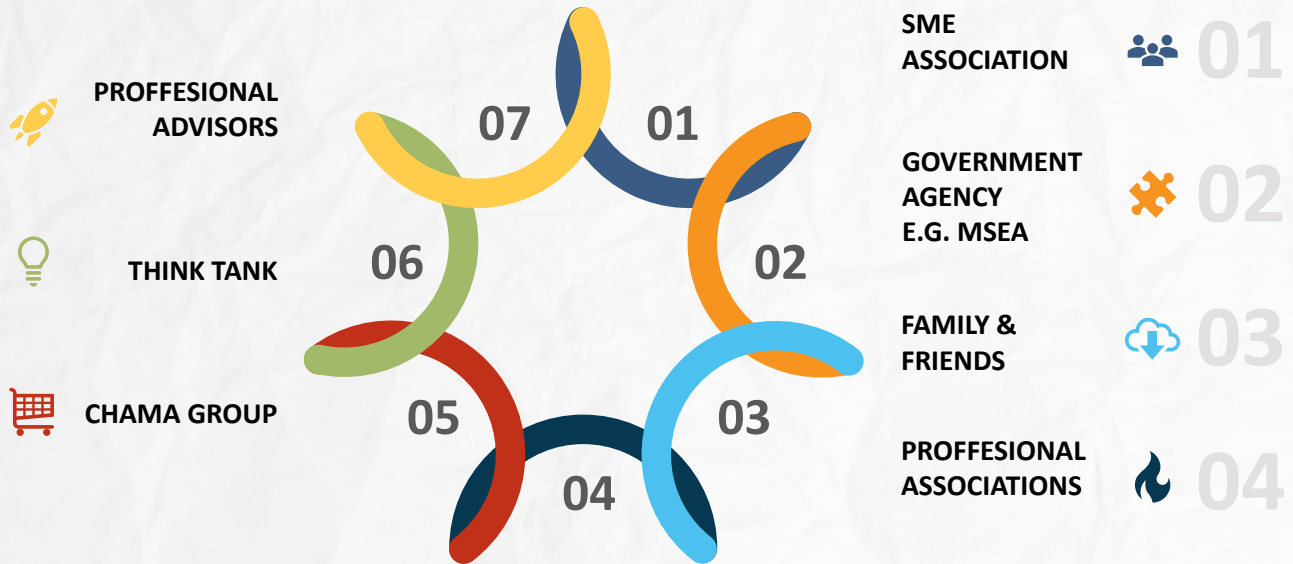


Insight

- There are a host of capacity building programs for women SMEs in Kenya though to have real impact there is need establish such a program within a bigger business development or access to market effort as noted in a Eastern and South African Evaluation management report by UN Women that emphasized the need to link capacity development with sustainable strategy to avoid short term and small scale results
- Cognizant that most women led SMEs operate within county governments, there is need to develop capacity building programs linked with access to procurement opportunities within county government and private sector

Business Support Network Subscribed

Business Support Network Subscribed



Insight

- Female entrepreneurs face unique challenges such as lack of industry representation, bias and discrimination compared to male entrepreneurs among others hence the need for networking.
- Networks help female entrepreneurs connect with other female peers and mentors, break barriers enabling connection with decision makers, establish credibility among peers and create new opportunities among others

Market accessed in the last one year

Market accessed in the last one year



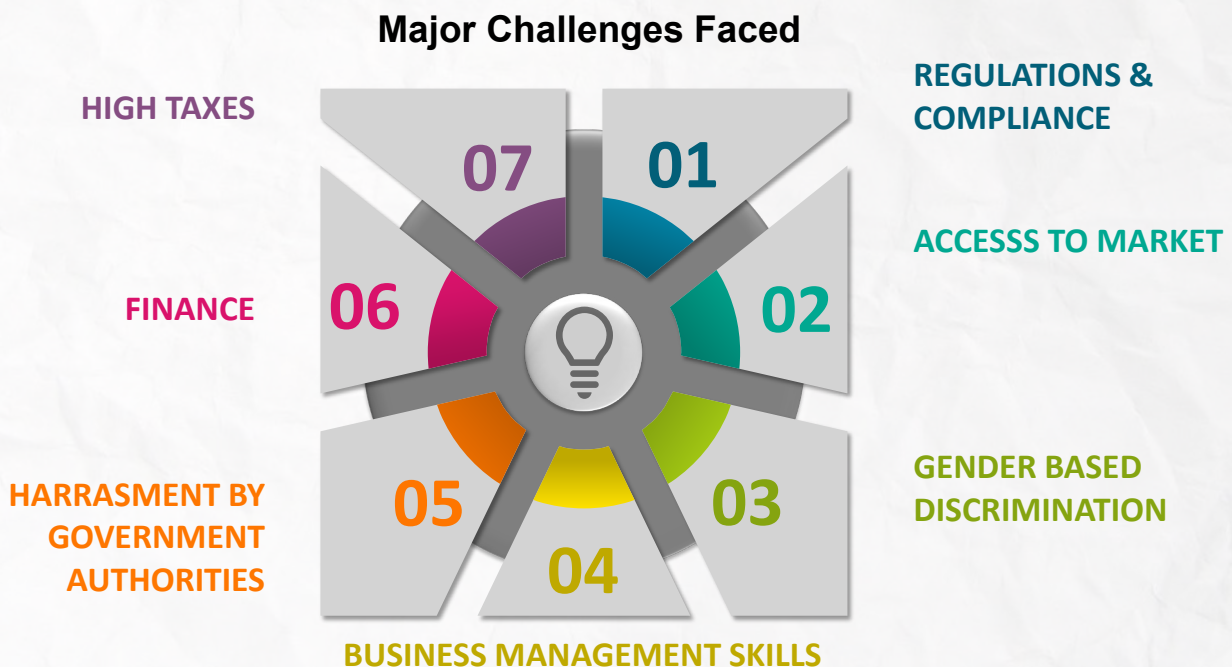
Insight

The AFCFTA whose aim is the creation of a single market to enhance intra africa trade, facilitate investment, improve continental economic integration and boost competitive of African member states among others has the potential to support significant economic growth of women SMEs with UN and AFCTFA reporting potential increase of women wages by 10.5 percent

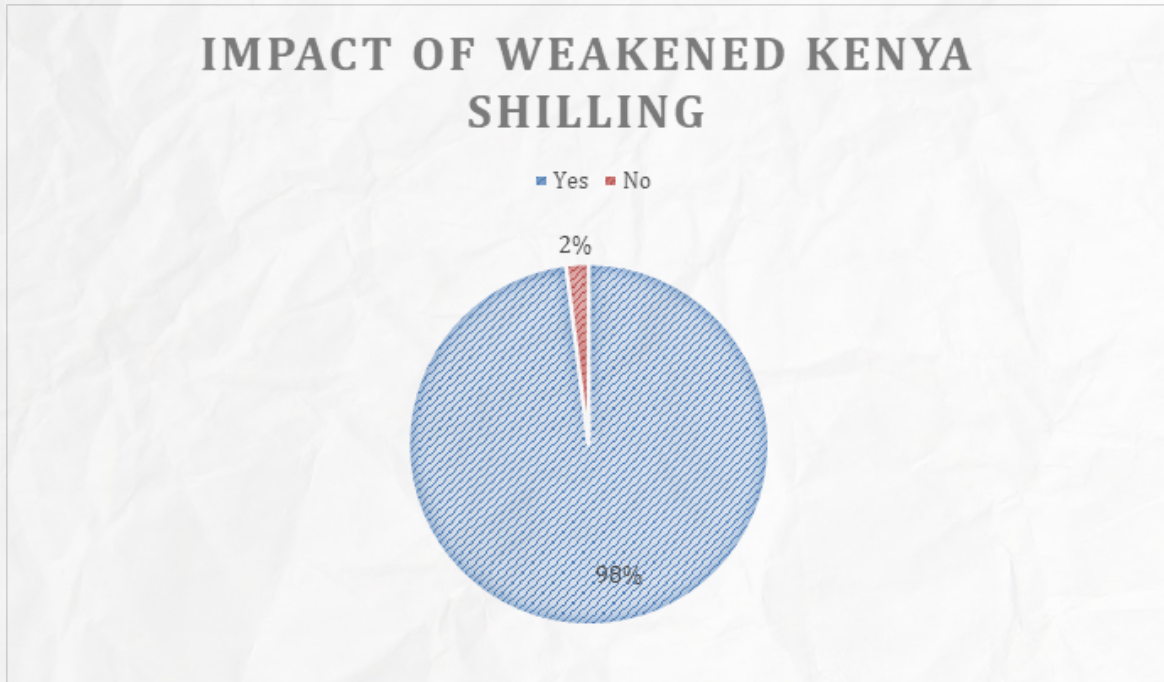
Entrepreneurs support organizations as well as government must facilitate women SMEs through the following support

1. Market identification and feasibility study
2. Mapping of women SME groups and associations
3. Capacity building program that brings relevant stakeholders in supporting access to market
4. Ease of doing Business support (National and count policy support to allow ease of access to market through Joint national ministry, council of governors and SME associations working group)

Major challenges faced



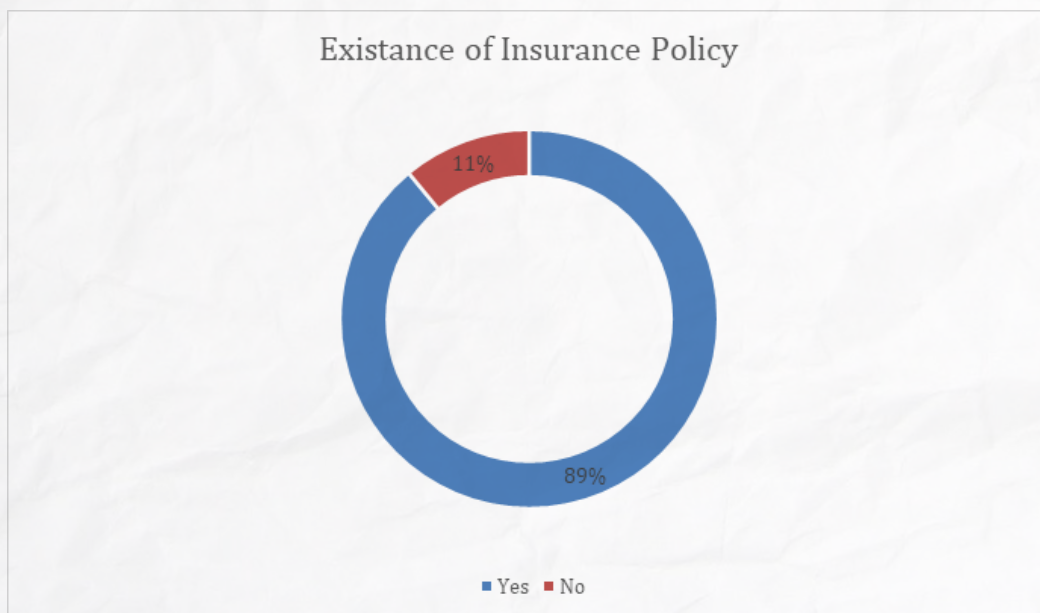
Impact of the weakened Kenya shilling to Business



Effect of weakened Kenya Shilling on Business

Increased cost of imported inputs
Capital Constraint
Increased cost of living
Loss of customers

Existence of insurance Policy

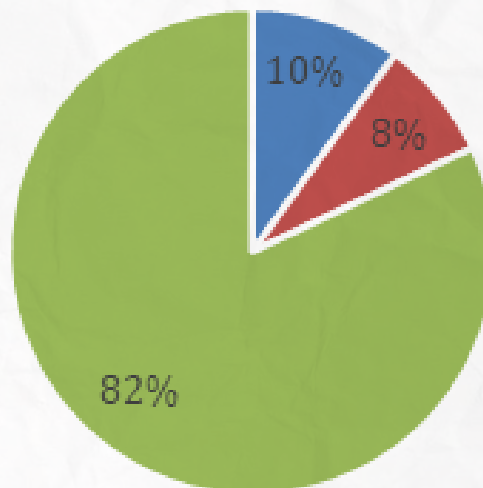


Insight

Access to insurance enables women led SMEs respond to external shocks to their businesses such as a health downturn and natural disasters among others without affecting business cash flow that is needed to run the business and support family on matters such as school fees, food etc.

Period Insurance cover was taken

Period Insurance Taken

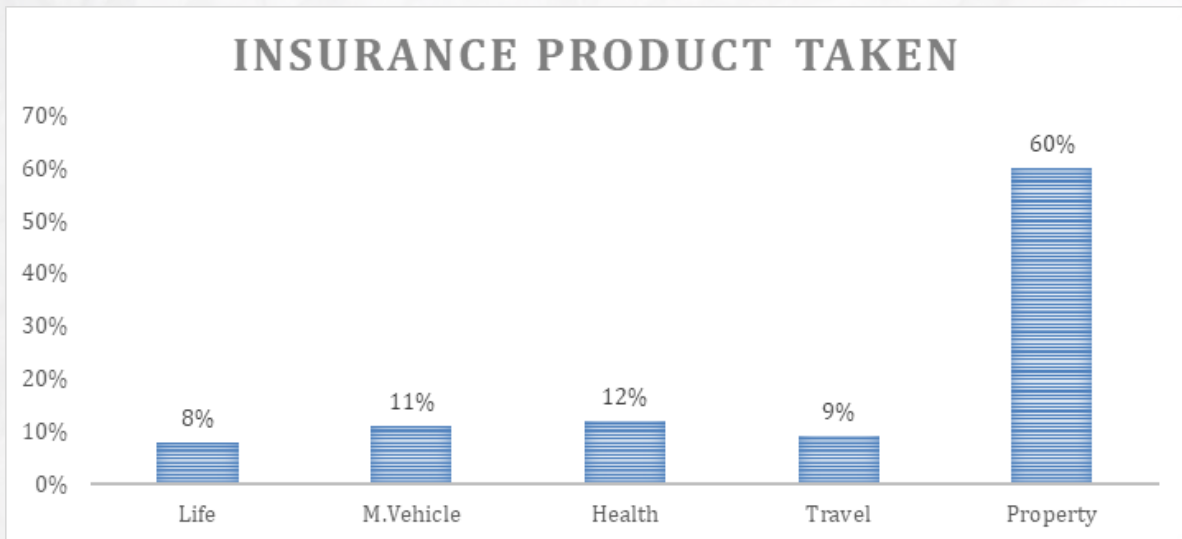


■ Before 2022 ■ 2023 ■ 2024

Insight

More and more women SMEs continue to consider and take up insurance products having appreciated the risk posed by external shocks such as COVID 19 on business operation.

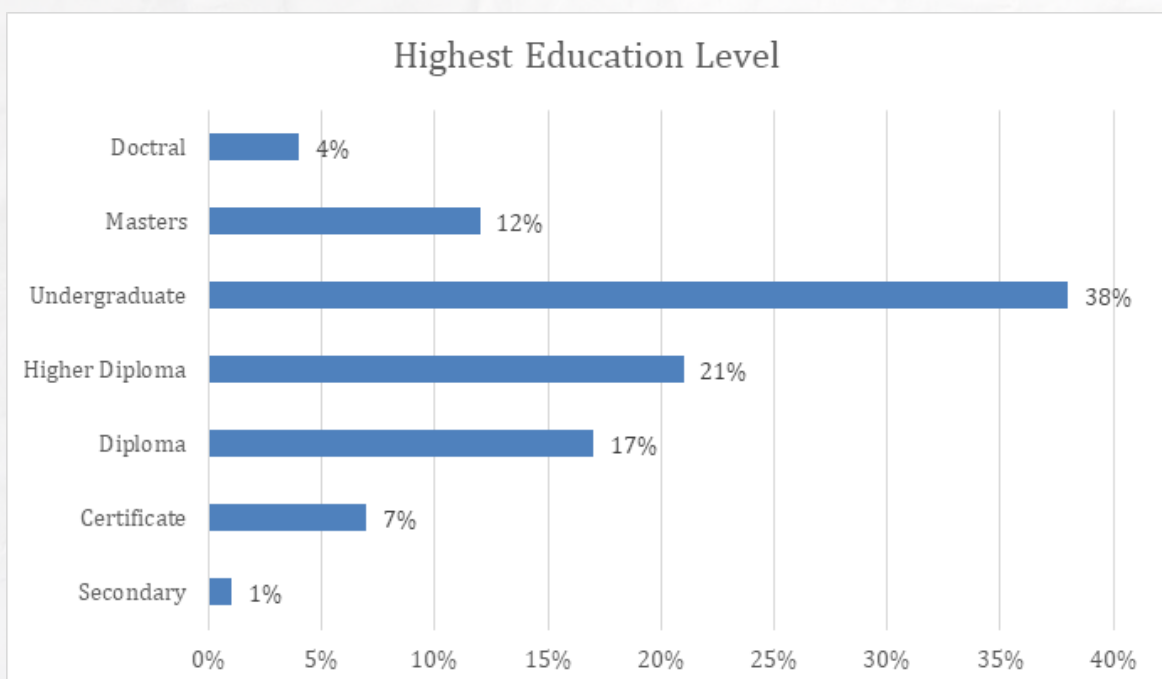
Insurance products taken



Insight

There is great need for insurance companies to invest in affordable solutions that reflect women's unique needs through an empathy map or customer journey as clients, business owners, investors and employees

Highest Education Level



Insight

The world economic forum global gender gap report 2023 that benchmarks the current state and evolution of gender parity across four key dimensions {Economic participation and opportunity, Education attainment, Health and survival, Political empowerment} under Kenya reports access to education and skills by women at near equal to men {49.15% for women vis a vis 50.85% for men} though women still lags on majority of sectors or industries

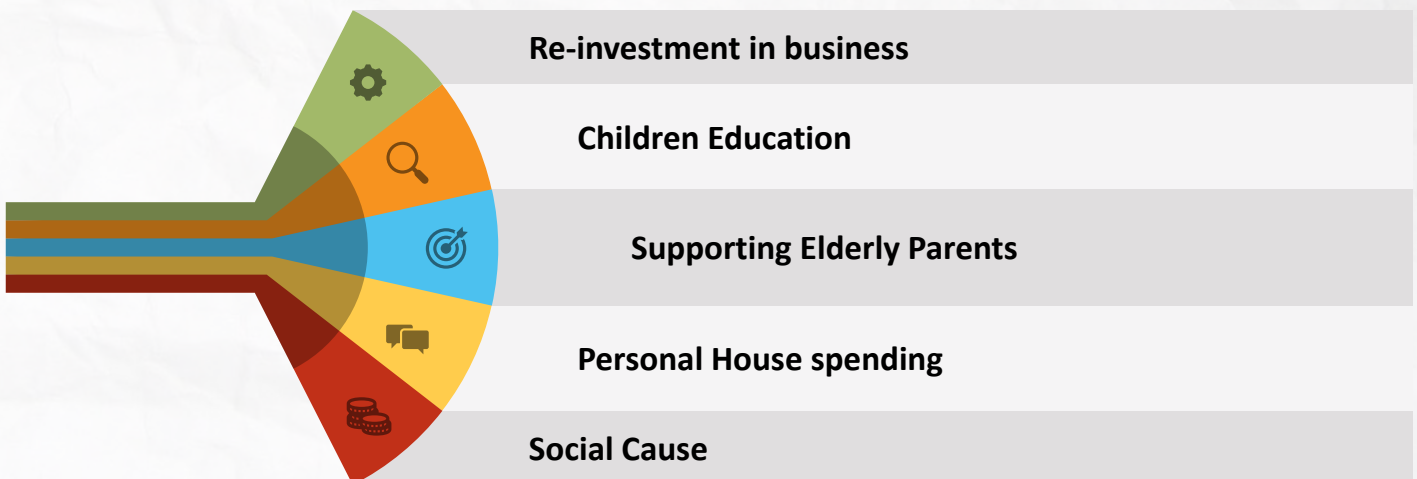
Table 5: WEF Global Gender Gap 2023 Kenya Profile –Women Education and Skills Graduate attainment %

Education & Skills	Female	Male
STEM Graduates	30.73	69.27
Arts & Humanities	47.74	52.26
ICT	30.10	69.90
Natural Sci, Maths & statistics	37.99	62.01

Source: WEF Global Gender Gap 2023 report

Usage of money earned from business

Usage of money earned from business



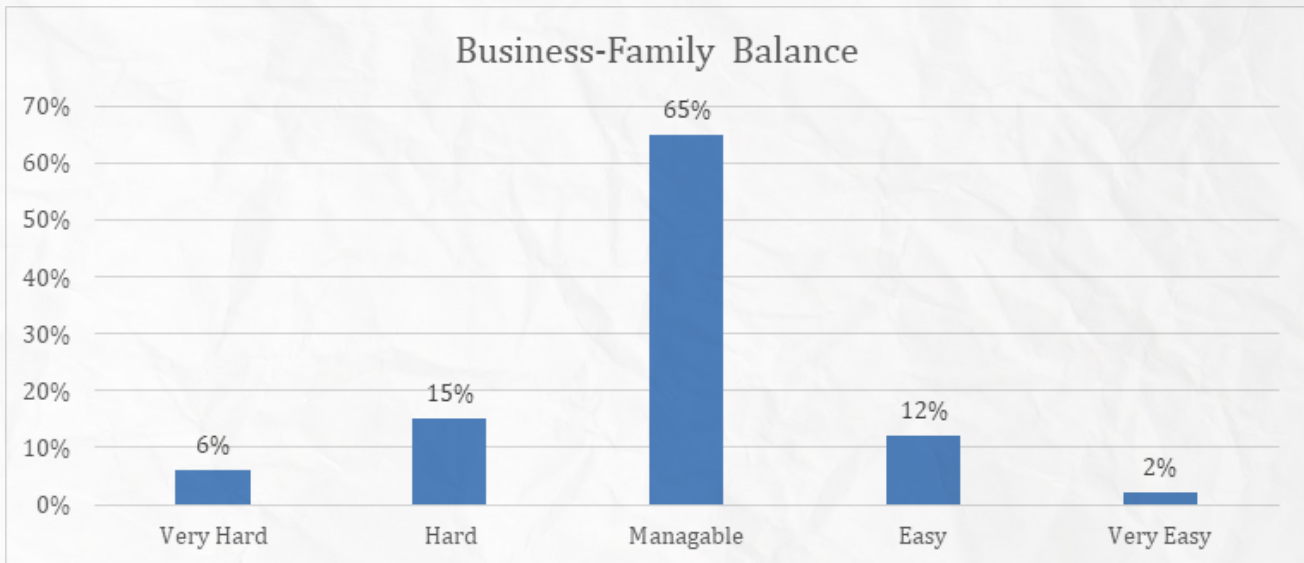
2024 plan in Business



Inspiration for starting business



Business and family balance



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PWC Impact of women on Nigeria's economy 2020



Viffa Consult Limited

www.viffaconsult.co.ke

One Padmore Place, George Padmore Road

info@viffaconsult.co.ke

Tel: +254 769 713 936