Gender and Economic Growth Assessment & Voices of Women Entrepreneurs in Kenya

May 2006 Launch
“Gender inequality is a serious economic issue in Kenya. Addressing it will lead to improved outcomes not only for women themselves, but for families and the society as a whole.”

- Permanent Secretary, David Nalo, Ministry of Trade and Industry
Key Products

Request from the MoTI to provide…

1. Gender and Economic Growth Assessment (GGA)
2. Voices of Women Entrepreneurs publication

Process:

- Combined World Bank/IFC team guided by key Ministry counterparts and National Commission on Gender in Kenya

- Extensive consultations with 100+ stakeholders on draft findings and recommendations (women’s business associations, KEPSA, PSD Donor Group, civil society)
Women’s economic contribution in Kenya is significant –

- Own 48% of MSMEs
- Dominate agricultural products (Provide >80% of labor for food production & 50% for cash crop production)
- Large source of untapped growth & commercial opportunity (Better loan payback rates)
But Women Are Constrained by:

1) Lower education levels
2) Double time burden
3) Fewer opportunities to accumulate savings
4) Unequal access to land rights & control of resources
5) Poor access to formal financing
6) Impact of HIV/AIDS

Women's access to resources in Kenya

<table>
<thead>
<tr>
<th>Resource</th>
<th>Access %</th>
</tr>
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<tbody>
<tr>
<td>MSME owners</td>
<td>70</td>
</tr>
<tr>
<td>Access to credit</td>
<td>30</td>
</tr>
<tr>
<td>Access to extension services</td>
<td>20</td>
</tr>
<tr>
<td>Land ownership</td>
<td>10</td>
</tr>
</tbody>
</table>

International Finance Corporation (IFC) World Bank Group
### Linkages Between Gender and Growth

<table>
<thead>
<tr>
<th>Access to education</th>
<th>If female primary &amp; secondary school enrolment could be brought up to the level of male enrolment, annual GDP growth could increase by 3.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Inequalities in access to land, credit &amp; inputs also limit growth: reducing inequalities could increase agricultural yields by 22%</td>
</tr>
</tbody>
</table>

Eliminating these barriers could result in:

- One-off increase in 4.3 percentage points of GDP growth
- Year-on-year increase of 2 to 3.5 percentage points in GDP growth
Addressing gender inequalities in Kenya is therefore critical for:

- Attaining, or possibly exceeding, the ERS GDP growth target (7% per year by 2010)
- Increasing formal sector employment
- Increasing agricultural productivity and exports
- Reducing poverty and inequality
- Achieving all 8 Millennium Development Goals
GGA Report highlights the following key issues:

Ch 1 - Gender and economic growth nexus
Ch 2 - Legal framework
Ch 3 - Access to land and property rights
Ch 4 - Access to finance and collateral
Ch 5 - Access to the formal sector: business entry & licensing
Ch 6 - Access to justice
Ch 7 - International trade and labor
Ch 8 - The way forward & the PSD strategy
In Women’s Voices.....

- **Accessing international markets is a total nightmare. We don’t have a databank of needed information.**

- **I am director and I’ll go to the bank. But they go to the back and call my husband. I am always asking, supposing it were my husband here, would you have called me?**
Women in Kenya:
- Supply 70% of labor in agriculture but own only 1-6% of land
- Obtain property rights often through a man
- Excluded from formal registration practices
- Can be ineligible for cooperative membership

“A lot of property in this country is owned by men. I think this is a trend that needs to be changed.” - Patience Nyaoga, Tintoria Laundry
### Recommendations for increasing access to land and property rights

<table>
<thead>
<tr>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promulgate training manual for Magistrates and customary leaders on women’s property rights</td>
</tr>
<tr>
<td>Amend the Succession Act to eliminate discriminatory provisions</td>
</tr>
<tr>
<td>Prioritize publication of law reports on women’s property rights</td>
</tr>
<tr>
<td>Strengthen dissemination of knowledge about women’s property rights and how women can enforce them</td>
</tr>
<tr>
<td>Continue with training of Land Control Board and DLT members in gender issues and monitor impact at the local level</td>
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</tbody>
</table>
Bureaucratic barriers prevent women from growing their businesses

Women perceive tax and customs as greater constraints to business growth

- “Business registration is very cumbersome. If you are a woman, you do not have time.”
  - Mary Okello, Makini Schools

### Key recommendations on access to the formal sector

<table>
<thead>
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<tr>
<td>Repeal Registration of Business Names Act, replace with streamlined regime based on international best practice</td>
</tr>
<tr>
<td>Replace the Companies Act with new regime based on international best practice in common law countries (Min of Justice– GJLOS / FLSTAP / Law Reform Commission)</td>
</tr>
<tr>
<td>Introduce legislation relating to deregulation to enable unnecessary and burdensome licensing requirements to be repealed or amended by Ministerial order</td>
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<tr>
<td>Regulatory impact assessments (including gender) should be required for Cabinet approval</td>
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</table>
Access to finance is a key constraint for women

- Lack of Collateral
- Lack of Information
  — on financing options and business skills
- Lack of Formal Credit Information System
- Lack of Credit Supply for SMEs
  — SMEs lending products lacking
- Legal and Regulatory Framework Issues
  — Unregulated MFIs and SACCOs
  — Incoherent legal framework for moveable personal asset interests

“There are a lot of funds at the micro level. But we can’t be all small time traders.”

- Esther Passaris, Adopt a Light
## Recommendations for increasing access to finance

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<tr>
<td>Prioritise reform of Part IV of the Companies Act, the Chattels Transfer Act and common law in relation to moveable property securities law</td>
</tr>
<tr>
<td>Collect and report gender disaggregated data on the MSE sector by ensuring future surveys and mapping exercises are gender sensitive</td>
</tr>
<tr>
<td>Strengthen legislation to enable efficient exchange of credit information between Financial Institutions, especially between MFIs and Banks</td>
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</table>
Women lack access to justice

"Kenyans need education on their civic rights. In absence of this knowledge, it becomes very difficult for small businesses to grow."

- Alice Kamunge, Vera Beauty College

Formal courts are too costly, time consuming, and complex

Negative attitudes towards women prevail

Table: Cost of Enforcing a Contract in Selected Commonwealth Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Time (days)</th>
<th>Cost (percent of debt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>50</td>
<td>4.8</td>
</tr>
<tr>
<td>Botswana</td>
<td>154</td>
<td>24.8</td>
</tr>
<tr>
<td>Uganda</td>
<td>209</td>
<td>22.3</td>
</tr>
<tr>
<td>Tanzania</td>
<td>242</td>
<td>35.3</td>
</tr>
<tr>
<td>Kenya</td>
<td>360</td>
<td>41.3</td>
</tr>
</tbody>
</table>
## Recommendations on strengthening women’s access to justice

1. Strengthen training for judges, magistrates, chiefs and police on laws relating to women’s property rights

2. Publicise High Court decisions confirming women’s inheritance and property rights and ensure they are applied in Magistrates Courts

3. Ensure GLOS M&E system includes gender disaggregated data to assess impact of justice reforms on women

4. Ensure proposed national legal aid system adequately addresses gender issues, and strengthens community based justice
Gender Issues in Trade and the Labor Market

- Women in Kenya are well-represented in the labor market

- But
  - evidence of discrimination by participation, wages & occupation
  - Need to update employment laws

- Trade offers opportunities in export sectors like cut flowers & textiles. Benefits include:
  - more formal employment,
  - higher wages
  - better working conditions training opportunities)

- But
  - need complementary measures
  - skills upgrading
  - access to credit, trade-related information and marketing

“The horticulture industry is a very technical field. These are areas where we need a lot of technical assistance and training. – Elizabeth Thande, Wet Farm Ltd.
## Recommendations on Trade and Labor

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<tr>
<td>Enhance collection and reporting of gender disaggregated data to facilitate research into the impact of trade on gender issues</td>
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<tr>
<td>Institute an affordable and effective enforcement regime to implement new laws.</td>
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<tr>
<td>Conduct trade capacity building for MoTI on multilateral and regional trade agreements</td>
</tr>
<tr>
<td>Undertake regulatory impact assessments on proposed new labor laws, including a gender assessment</td>
</tr>
<tr>
<td>Upgrade skills, training, capacity building and economic literacy for women entrepreneurs MSEs</td>
</tr>
</tbody>
</table>
Unleashing the economic power of women in Kenya – for the benefit of all

“I can uplift a lot of women. I am employing other women and giving them a chance.” - Roseanne Ndiga

“Women’s entrepreneurship, the obstacles women face and the potential they offer to create both wealth and well-being are a world-wide phenomenon.” - Margaret Snyder, Founder UNIFEM