



# PRESENTATION ON THE GROWTH ORIENTED WOMEN ENTERPRISES PROGRAM IN KENYA

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# Challenges Faced by WEs

- Smaller size: WEs are smaller than those of male counterparts (1.54 employees vs 2.1 in male enterprises). This hampers their growth
- Financial Constraint: though WEs have lower default rate, they have low access to credit. This is explained by:
  - Lack of financial records
  - Limited capacity to prepare business plans
  - Perceived higher riskBanks thus result to collateral based lending.
- Lack of collateral to secure credit
- Lack of access to Business Development Services
- Low representation of Women in leadership position (no voice)
- Lack of Role models - Mentoring



# Kenyan women own 48% of 1.3 m Kenyan MSMEs but:

- Their enterprises don't grow (97% stay micro/ survival)
- Profitability 43% lower than those owned by males
- Legal practices and laws constrain access to and control over land and resources (1% ownership and 5% joint ownership of land)

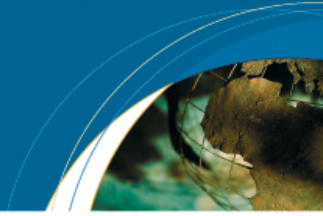


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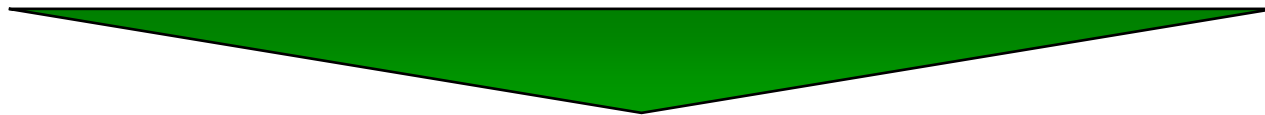
- Work harder for less (unpaid, under paid, unequal pay)
- Domestic responsibilities make them ‘time poor’
- Less educated and exposed (37% tertiary vs 63% university ed. and networks)
- Lack of collateral results in less than 9% access to bank finance
- Gender stereotypes keep women in soft less profitable sectors



# Currently Women Enterprises face large barriers to growth.



- WEs' investment capacity is currently limited by financial constraints and a lack of access to credit.
- Commercial Banks are reluctant to extend credit to Wes
- Lack/Low Level of Education, Capacity Building and Marketing Information



Guarantees can be used as a mechanism to address these issues and reduce the risks associated with extending loans to Women Enterprises in particular and SMEs in general.



# Guarantee as a Financial Tool

- **A guarantee is a promise by a third party, the guarantor, that she will be liable if the borrower fails to fulfil their contractual obligations to a lender.**
- **In developing countries, guarantees have been traditionally directed towards large infrastructure projects, attracting capital inflows and access to capital markets and facilitating trade.**
- **In most OECD countries, there are Guarantee Schemes which are directed towards SMEs, which, for the most part, is not the case in Africa.**



# Main Features of GOWE Kenya Program - Objectives

- Fill in existing financing gap to GOWEs.
- Lower collateral requirements & enhance access to credit for GOWEs.
- Enhance management and technical capacity of GOWEs in order to support their growth.
- Strengthen BDS providers to make them more relevant
- Enhance capacity of WEAs to strengthen their advocacy role
- Complement access to finance with capacity building and vice versa



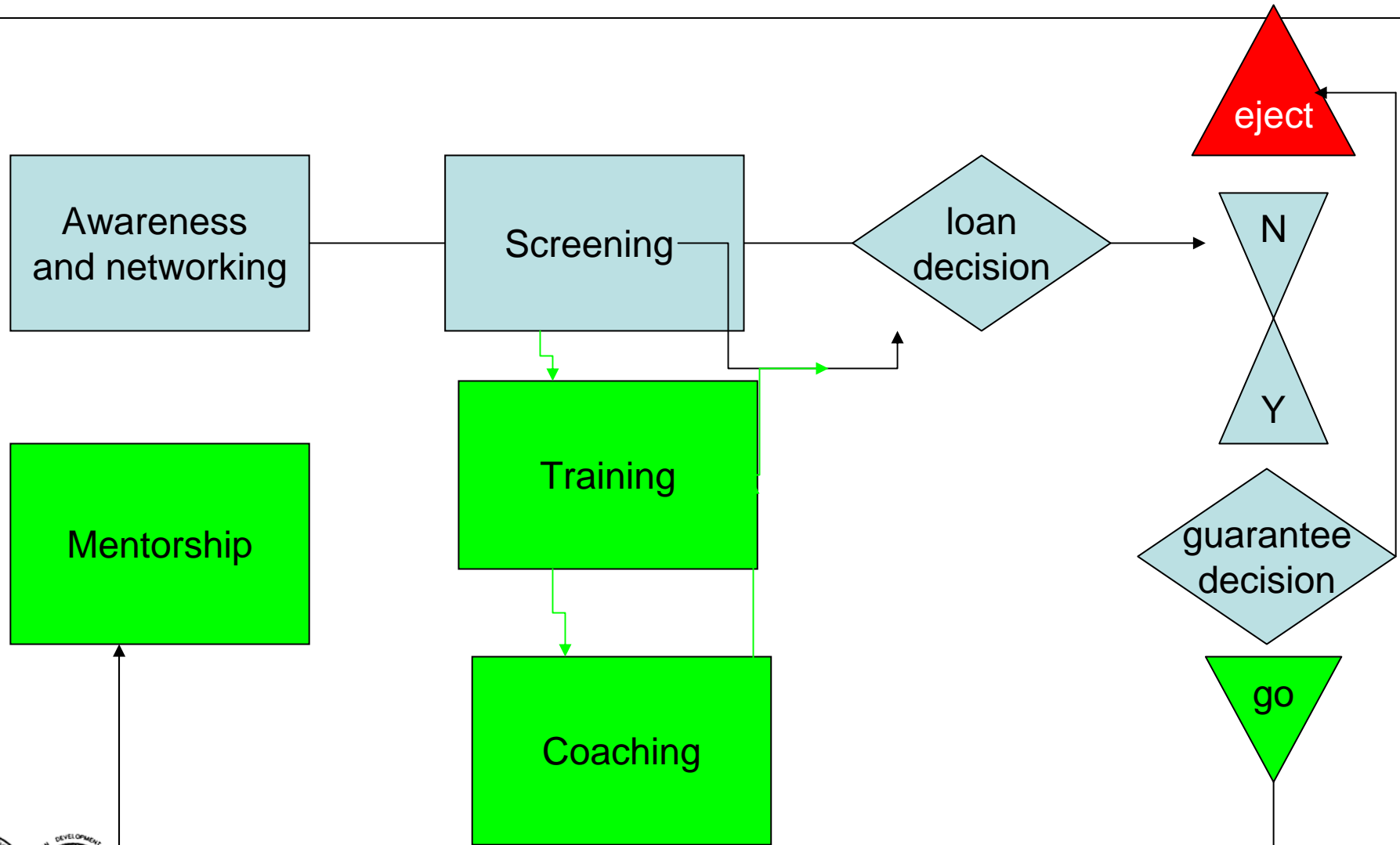
# Main Features of GOWE Kenya Program - Components



- **Guarantee of USD10million** to local banks partner to guarantee 50% of loans extended to target clients;
- **Technical Assistance Facility:**
  - Training of GOWEs, BDS providers, WEAs and FIs.
  - Training and mentoring of GOWEs and WEAs
  - Access to market information
- **Outputs:** Women Portfolio increase, interest rate are lower, loan period extended, SME owned by women can grow and access new markets.



# Process



# Eligibility Criteria

- **Legally registered SME**
- **At Least 2 Years of existence (no start-ups)**
- **At least 51% owned by women**
- **Managed by women at executive level**
- **Loan requested between USD 20,000 and 400,000**
- **Capacity of Business Owner to contribute 20% of Project Cost**
- **Growth potential demonstrated by a Business Plan**



# Expected Results – Outputs and Targets

- TA for GOWEs, Financiers, Business Service Providers and Business Associations
- Program Output and Outcome Targets:
  - 400 loans (16/ bank/ yr) and more enterprises assisted
  - At least 5 bank officers and 5 BDS providers trained per yr.
  - At least 3 WBA assisted
  - Quality portfolio: < 5% default
  - Portfolio increase: 15-20% each (no. of clients and/ or dollar value)

Creation of at least 564 jobs



# Participating Institutions

- African Development Bank (AfDB) – Partial guarantee and Technical Assistance
- IFC PEP Africa – Project Management
- ILO – Background study and Capacity Building
- Local Financial Institutions – Access to Credit
- BDS Providers – Access to Capacity Building



# Program Fit with GGA

- GOWE Program to draw from the GGA report
- Work together to promote the voice of GOWEs and WEAs



# Contact

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