ASSESSING WHAT WORKS FOR WOMEN'S ECONOMIC EMPOWERMENT (WEE) IN THE IMPLEMENTATION OF KENYA'S CREDIT GUARANTEE SCHEME

TECHNICAL REPORT

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List of Acronyms

AFAWA Affirmative Finance Action for Women in Africa

AGPO Access to Government Procurement Opportunities

BKF- Biashara Kenya Fund

CGS- Credit Guarantee Scheme

IMF- International Monetary Fund

MSEA- Micro and Small Enterprises Authority

MSME- Micro, Small and Medium Enterprises

NGAAF- National Government Affirmative Action Fund

SDG- Sustainable Development Goals

UN- United Nations

UNDP- United Nations Development Programme

UNIFEM- United Nations Development Fund for Women

WEE- Women’s Economic Empowerment

WEF- Women Enterprise Fund

YEDF- Youth Enterprise Development Fund

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Executive Summary

Kenya's Credit Guarantee Scheme (CGS) was established as part of the presidential economic stimulus package in response to the impact of the COVID-19 pandemic on medium, small and micro enterprises. In order to contain the pandemic, the government put in place measures such as the closure of public spaces and restriction of movement. These measures had long term and adverse consequences for many businesses. Enterprises such as hotels, restaurants and private schools lost most of their business and had to lay off staff and some even shut down. The cost of essential services, such as transport also increased significantly, thus affecting enterprises that rely on these services. Thus, even retail businesses use transport services to move their goods from one point to another were significantly affected. Other measures such as the dusk to dawn curfew also affected many businesses, particularly those in the informal sector which tend to operate on flexible working hours.

In order to cushion MSMEs and to support their recovery, the CGS was established and anchored in law under the Public Finance Management (Amendment) Act (2020). This Act amends the principal Act, which is the Public Finance Management Act (2012), in order to provide for the establishment of the Credit Guarantee Scheme and to vest the National Treasury with the mandate of implementing the scheme. This amendment came into force in August 2020, and thereafter, the National Treasury passed the Public Finance Management (Credit Guarantee Scheme) Regulations, to operationalize the scheme. In December 2020, the Cabinet Secretary for the National Treasury announced an allocation Kshs. 2 billion to this scheme. In the 2021 national budget, a further Kshs. 1 billion was allocated the scheme. Seven mainstream banks, including ABSA, Diamond Trust Bank, Co-operative bank, Credit Bank, Stanbic Bank, NCBA and Kenya Commercial Bank were then mandated to roll out loans under the scheme.

The CGS allows banks to issue loans that are backed with the government guarantee, so that if borrowers default on repayment, the government covers up to 25% of the initial loan principal amount. The Credit Guarantee Scheme provides an opportunity for MSMEs to access credit at a subsidized collateral percentage. Collateral is one of the main challenges for MSMEs in accessing finance. The shared risks by the governments on 50-50 basis enables banks to request a lower percentage of the collateral required as compared to normal loans. This is meant to enable increased access to credit facilities by MSMEs.

Given the significance of the CGS, the WEE Hub conducted policy advocacy in order to promote the inclusion of gender specific provisions within the legal and regulatory framework of the CGS. In addition, the WEE Hub conducted this research study with the aim of monitoring the extent to which the implementation of the CGS was gender inclusive. A mixed methods study, using quantitative and qualitative methods was undertaken from September-December 2021 in the following five counties: Nairobi, Kajiado, Kitui, Kirinyaga and Nakuru. The study was designed so as not to ask direct questions about the CGS to all study participants, except the key informants from implementing banks. This was in order to avoid exposing the government and implementing banks to the issue of moral hazard where borrowers who know that their loan is guaranteed by the government deliberately default of repayment.

In partnership with the Kenya National Bureau of Statistics, the WEE Hub collected quantitative data using a survey questionnaire. Qualitative data was gathered using the following methods: key informant interviews, focus group discussions and case narratives. The findings of the study reveal that the CGS currently targets formal enterprises. The government has put in place requirements which MSMEs must comply with in order to be eligible for CGS backed loans. These requirements include formal registration of the enterprise and tax compliance. Thus, informal enterprises do not benefit from the CGS. In terms of the formal enterprises, there is little gender variance in how very formal enterprises seek and access credit. Thus, formal enterprises that are owned by women are not very different from the formal enterprises owned by men and both prefer to borrow from banks.

Further, in the context of formality 76% of the male owned enterprises that were surveyed applied for credit as compared to 71% of the female owned enterprises. This shows that more male owned enterprises applied for credit as compared to the female owned ones but this gender variance is not very high. The study also noted a gender variance in terms of the levels of credit approved between male and female borrowers. Female owned enterprises, had lower levels of credit approved compared to those which owned by men. These findings may be attributed to the fact that most women owned enterprises may still lack the levels of collateral that can allow them to access higher levels of credit. Further, while men are more likely to take risks by putting up high value collateral, women tend to be more cautious and take fewer risks.
This is contrasted with the informal enterprises, where women run enterprises prefer to borrow from women's groups through table banking. Informal male enterprises prefer to borrow from

SACCOS and banks, primarily because men do not form collective agency groups and instead prefer to operate as individuals. Because women tend to borrow as groups and then distribute the monies to individuals within the group, they tend to access lower levels of credit as compared to men, but at the same time, their rate of repayment is very good, hence increasing the confidence of lenders in providing credit to women's groups. Thus, women tend to access credit with greater ease through their groups as compared to men. Men tend to borrow as individuals, which makes it harder for them to access credit, but when they also tend to access higher levels of credit as compared to women.

Gender differences in terms of access to credit are therefore very sharp and acute with regard to informal enterprises. What we see therefore is that formality tends to even out the playing field for men and women. Thus, because the CGS is currently targeting formal enterprises, it may not have significant impact in responding to gender specific concerns.

1.0 Background

Micro Small and Medium Enterprises (MSMEs) financing in Kenya is often a function of family finances and informal lending (Central Bank of Kenya, 2021). Studies indicate that less 30% of MSMEs rely on bank-sourced income for working capital or financing (Central Bank of Kenya, 2021). On the demand side, this low uptake is a factor of incoherent financial statements, poor business projections, lack of registration of businesses among others. On the supply side, the World Bank Principles on Credit Guarantee Schemes also highlight that in emerging markets, between 55% and 68% of MSMEs are either not served or are served minimally by financial institutions (World Bank, 2015). Lenders, and particularly banks may perceive MSMEs as high risk borrowers, and this is compounded with the difficulties that lenders may face in assessing and managing such risks (Hansen, et al, 2012). While there are other lenders who target the MSMEs, such as micro-finance institutions and SACCOS, this has still not provided competition to banks so as to spur them to also target the MSMEs, and this is primarily because banks have more lucrative markets in lending to governments and large corporates, meaning that there is not much impetus to banks to target MSMEs (Hansen, et al, 2012).

Thus, there are factors both on the demand and supply side which result in limited financial inclusion of MSMEs. This has impacts on economies in general, because MSMEs are important source of employment, and this has meant that increasingly, there is a need for governments to intervene and promote the financial inclusion of MSMEs (World Bank, 2015).

With regard to gender, the problem is compounded because women are less likely to borrow as compared to men, making it necessary to understand the gender differences in access to credit by MSMEs (International Finance Corporation, 2011). While women's enterprises make a substantial proportion of MSMEs, most of them are unable to attain optimum growth. 60%

of women-owned businesses fail due to lack of continuity in stock (Muthathai, 2017). Lack of funds has affected 80% if the expansion of businesses in terms of number of employees and stock. Women owned businesses are smaller in size, enjoy lower profits and take-home pay in comparisons to men's enterprises (International Finance Corporation, 2011). One of the contributing factors to this is that women's enterprises have the low access to credit and other financial services (Muthathai, 2017). This means that there is a causal link between gender inequality and limited access to credit by women (Ongena & Popov, 2015). Gender inequality in this context means that there are cultural and social norms which influence the behaviour of women. Such behaviours include the tendency by women entreprenuers to shy away from applying for credit (Ongena & Popov, 2015). But interestingly, (Ongena & Popov, 2015) report that there isn't much variance in loan denial rates for men and women, hence gender bias tends to be more relevant in the beliefs that women have concerning their ability to apply for credit, meaning that gender bias is more visible in the demand side of credit, rather than on the supply side.

In addition to these general challenges that MSMEs face, pandemics such as COVID-19, which are more likely to wipe out personal savings and income, destabilize the more often relied upon MSMEs working capital (Center for Financial Inclusion, 2021). Further, The COVID-19 pandemic has had significant gender impacts (Mbote and Meroka-Mutua 2020), thus compounding the problems that women owned MSMEs currently face.

As a response to the impact of the COVID-19 pandemic on MSMEs, the President unveiled the economic stimulus package of May 2020 (State House, 2020), where the provision was made to set aside funds for the setting up of a Kenya's Credit Guarantee Scheme (CGS) to support recovery of MSMEs. This provision was further anchored in law, following the passing of the Public Finance Management (Amendment) Act (2020). This Act amends the principal Act, which is the Public Finance Management Act (2012), in order to provide for the establishment of the Credit Guarantee Scheme and to vest the National Treasury with the mandate of implementing the scheme. This amendment came into force in August 2020, and thereafter, the National Treasury passed the Public Finance Management (Credit Guarantee Scheme) Regulations, to operationalize the scheme. In December 2020, the Cabinet Secretary for the National Treasury announced an allocation Kshs. 2 billion to this scheme. In the 2021 national budget, a further Kshs. 1 billion was allocated the scheme. Seven mainstream banks, including ABSA, Diamond Trust Bank, Co-operative bank, Credit Bank, Stanbic Bank, NCBA and Kenya Commercial Bank were then mandated to roll out loans under the scheme. These banks have been issuing CGS backed loans to MSMEs since early 2021. As at 30th September 2021, participating banks had issued CGS backed credit facilities to 620 MSMEs distributed across 41 counties. 15% and 5% of the CGS backed loans that had been issued as at 30th September 2021 went to women and youths respectively.

What we see therefore is that Kenya's CGS generally conforms to the World Bank CGS principles, tailored to the specific country profile and needs. Thus, Kenya's CGS is established independently under a clear legal and regulatory framework; funds have been allocated to it in the national budget; it has a risk management framework; it has a well defined eligibility criteria; it is subject to rigorous financial reporting mechanism; and periodically, the scheme is required to provide nonfinancial information, such as gender disaggregated information on how women are accessing the scheme as compared to men. It also has near countrywide reach.

Thus, credit Guarantee Schemes, particularly those which are designed in line with the accepted best practice (World Bank, 2015) are aimed at reducing the financial constraints that MSMEs face (Douette et al, 2012), but because women owned MSMEs tend to avoid taking out credit due to the operation of gender norms and other structural barriers that result in gender inequality there is a probability that women owned MSMEs in Kenya may not benefit from the country's CGS. We can see already that so far, only 15% of CGS beneficiaries are women. It is therefore important to understand the extent to which women owned MSMEs are benefitting from the CGS and whether the scheme is helping women's enterprises to recover from the effects of the pandemic.

2.0 Research objectives

The overarching objective of the study was to assess the implementation of the Credit Guarantee Scheme (CGS) and its impact on women- owned businesses. The specific objectives were:

i) To identify the factors which impact women's access to credit;
ii) To assess the extent to which women run enterprises access the Credit Guarantee Scheme;
iii) To identify the challenges and opportunities specific to WEE in operationalization and implementation of the CGS.

3.0 Methods

3.1 Conceptual Approach

The grounded theory approach, which emphasises the importance of using the lived experiences of women to inform theorization and concept building (Hellum & Stewart, 1998). Thus, empirical data gathered in the study and which revealed the lived experiences of women was taken as the starting point for theorization on the question of women's access to credit. In particular, theorisation on the issue of gender and access to credit, where women are seen as less likely to access credit, was subjected to the empirical knowledge on women's lived experiences. Thus, women's experiences were used to build up knowledge on how barriers to women's access to credit operate in the lives of women. Thus, barriers such as the binary between formality and informality and the plurality of sources credit were analysed through the lens of the lived experiences of women.

To provide an example of how the grounded theory was applied and used in this study, it is useful to highlight issue of formality and informality in the context of access to credit. The starting point was the desk review process, where it was highlighted that there are gender asymmetries in access to credit, so that women owned enterprises are less likely to apply for credit. Through empirical data, our study found, women who operate formal enterprises are just as likely to apply for credit as men and there are fewer differences between male owned and female owned formal enterprises in terms of access to credit. Formal female owned enterprises are better off as compared to informal female owned enterprises s because women who run formal enterprises are able to access higher levels of credit including facilities that cushion them from business shocks such as the CGS and their businesses are more likely to survive for longer. However, more women remain mostly in the informal sector not because this is their preference, but primarily because they face challenges that limit them from formalizing their enterprises. Such challenges include the cost of establishing and maintaining formal enterprises and lack of training and skilling in running formal enterprises.

These findings about the experiences of women were then used to analyse the binary between formality and informality, where in our analysis we found that women are more likely to be economically empowered through access to credit when they run formal enterprises. This further informed our recommendations that women should be supported to establish and maintain formal enterprises as a long term objective towards women's economic empowerment, which is a divergence from the idea that financial products such as the CGS should be designed to accommodate informal enterprises. The study, however, recognizes the importance of taking short term measures to allow informal enterprises to also benefit from such products as the CGS, because presently, most women owned enterprises are informal and still require to be supported, particularly as they continue to recover from the COVID-19 pandemic.

3.2 Study Design

The WEE Hub's research design for the CGS project is informed by the design of the CGS itself. The CGS is a unique financial product, because it seeks to provide partial guarantees for the usual loan products that banks issue. The issue of moral hazard, where borrowers purposely default on payments because they are aware that their loan is guaranteed is thus one that required to be factored in the research design. Secondly, while the government provided that loans under the CGS should be provided at single digit interest rates, this has not been possible, given that the CGS backs the usual loan products offered by the banks, and generally these loan products are not offered at single digit interest rates. Thirdly, it took some time for banks to begin offering CGS backed loans, particularly because a lot of work had to first be completed in terms of establishing the lending mechanisms under the scheme.

The methodology entailed working with the Kenya National Bureau of Statistics and the National Treasury to develop the sampling frame, identify study sites and collect quantitative data. In collaboration with these partners, the WEE Hub designed qualitative and quantitative tools. In order to avoid exposing implementing banks to the issue of moral hazard, data collection instruments were designed to refer to credit in general instead of being specific about the CGS. To ensure co-operation of the implementing banks, the WEE Hub held consultative meetings with their CGS teams where the research design was discussed and key issues that they identified as challenges were addressed. In particular, there was need to ensure legal compliance on issues of data protection in line with the Data Protection Act 2019.

3.3 Study Sites

The study was conducted in the following 5 counties: Nairobi, Kajiado, Kitui, Nakuru and Kirinyaga. Nairobi was selected due to its cosmopolitan nature, and also because it has a high number of women entrepreneurs who meet the CGS criteria. Further, Nairobi also has the highest uptake of CGS in the country and also a high number of registered MSMEs. Kajiado was selected because it is a rural county, where cross-border trade also occurs between the Kenya-Tanzania border. Kajiado also has had some high uptake of CGS. Thus, Kajiado provided an important comparison with Nairobi, given that it is a rural county, and was also likely to have women entrepreneurs who meet the CGS criteria, given the cross-border trade that happens in the county. Kirinyaga was selected, given that it has mix of both rural and urban settings, and is also home to some of the financial institutions which are implementing the CGS programme, although it had not recorded any CGS beneficiary as September 2021. Kirinyaga was therefore an important study to help understand the factors that limit uptake of CGS. Kitui and Nakuru were selected based on two criteria, first is the uptake of the CGS and second is the number of MSMEs registered in those counties. Nakuru has a high uptake of CGS, while Kitui has low uptake, but both have a high number of registered MSMEs. From these selected counties, the CGS uptake as at 30th September 2021, the uptake was as follows: Nairobi 200, Nakuru 28, Kitui and Kajiado 3 beneficiaries each, and Kirinyaga 0.

3.4 Data Collection Methods and Study Participants

i. **Key informant interviews with the CGS implementing banks:** Key informant interviews were held with CGS teams from the implementing banks. This was first category of key informants and CGS teams from the following 6 banks were interviewed: KCB (2), Co-operative Bank (2), NCBA (2), Credit Bank (3), Stanbic Bank (8), ABSA (1). These interviews were conducted after the pre-arrangement meetings.

ii. **Key informant interviews with local leaders at various levels:** 45 key informant interviews with women leaders, community leaders, women's groups and other lending institutions such as micro-finance institutions.

iii. **Focus Group Discussions with women and men entrepreneurs:** 17 focus group discussions in the five study counties. 3 FGDs were held in each county as follows: 1 FGD of 8-12 established women entrepreneurs; 1 FGD of 8-12 start-up women entrepreneurs, and 1 FGD of 8-12 male entrepreneurs. In Nairobi, we held the following extra 2 FGD: 1 FGD of 8-12 start-up women entrepreneurs and 1 FGD of 8-12 male entrepreneurs.

iv. **Case narratives with women entrepreneurs:** 15 case narratives of women entrepreneurs in the five study counties. 3 case narratives were conducted in each county. These were case narratives of women entrepreneurs, where they were interviewed, their businesses observed and their stories of success documented. The case narratives were purposively selected through the dung beetle technique. The inclusion criteria were that the selected women were entrepreneurs who are running enterprises that may be classified as start-ups (thus the age of the business should be below one year); women who are running established micro enterprises (the age of the business should be more than one year, and the business should employ at 1-10 people); and women who are running established small enterprises (the age of the business should be more than one year and it should employ 11-50 people). These enterprises selected for the case narratives were located in the five study counties.

v. **Quantitative survey**: Using a detailed questionnaire, quantitative data was collected from women and men and entrepreneurs who were purposively sampled based on the KNBS business enterprise survey.

3.5 Procedures

Research participants who were included in the case narratives and FGDs were selected based on whether they run enterprises that might qualify for CGS backed loans. Mobilization of the participants was done through the WEE Hub's networks and partners that work enterprises in the grassroots. In particular, Techno Serve played an instrumental role in mobilizing the participants in these two categories.

Key informants who included community leaders, women leaders, government officials at county level and women's groups were recruited into the study through the WEE Hub's network and database of local mobilizers. The local mobilizers connected the research team with this category of participants and the research team directly organized with the participants to conduct the key informant interviews.

Key informants from the CGS implementing banks were reached following formal introductions of the WEE Hub by the National Treasury. These formal introductions facilitated the WEE Hub to organize pre-arrangement meetings with the banks in order to explain the study the CGS bank teams and thereafter to organize for the collection of data through key informant interviews.

For the quantitative survey, a stratified sampling (stratified by business size and ownership (male/female) was developed collaboratively with KNBS, borrowing from World Bank's Enterprise Survey Sampling Methodology. The ideal sample size is determined by the precision, confidence level and variance the study chooses. This study used a precision of 7.5% and a confidence level of 90%. The World Bank formula for calculating the ideal sample size is as below

$$n = \left[\frac{1}{N} + \frac{N-1}{N}\,\frac{1}{PQ}\left(\frac{k}{Z_{\frac{1-\propto}{2}}}\right)^{2}\right]^{-1}$$

Where

- n is the sample size
- N is the population of businesses
- P is the proportion of occurrence/phenomenon in the population e.g. proportion of business owned by women
- Q=1-P - proportion of non-occurrence/phenomenon in the population e.g. proportion of business owned by men
- K is the precision
- Z is the z-score for the level of confidence (α)

Table 1 below illustrates the application of the formula on different population sizes and the ideal ssample size (large enough) to conduct statistically robust analyses with levels of precision at a minimum 7.5% precision for 90% confidence intervals.

Table 1: Applied Sample Sizes with 7.5% Precision and 90% Confidence

Population size (Number of business/firms in a county)	Sample Size (recommended sample size is ..)
100	55
200	75
300	86
400	93
500	97
600	100
700	103
800	105
900	106
1000	107
1250	110
1500	111
1750	113
2000	113
2500	115
3000	116
5000	117
10000	119
50000	120
100000	120

For purposes of this study, the same formula was used on the population of businesses in the counties. To avoid biasedness, P and Q were assumed to be even at 0.5. The calculated sample size was then increased by 10% to account for non-response. Thus, using this formula, the following were the targeted sample sizes for each study county:

- Kajiado- 243
- Kirinyaga- 303
- Kitui- 310
- Nakuru- 362
- Nairobi- 270

Total targeted sample size**- 1,488**

KNBS provided sample frame/list of business in each county and this was used to select specific enterprises to interview. The list of the businesses together with their locations and contact details were provided to the enumerators who then visit the businesses to administer the questionnaire.

3.6 Data Analysis

Audio recordings of the qualitative data were transcribed and a codebook was developed using key themes derived from the KII and FGD guides using the ATLAS software. Quantitative data was analysed using SPSS software and the results were presented in graphs and tables.

3.7 Ethical Considerations

The research permit was obtained from NACOSTI and was shared with the County Commissioners and County Director of Education in each of the study counties. Research teams were trained on the principles of research ethics and the importance of interacting with research participants in a manner that is sensitive and respectful.

The purpose of the study was clearly explained to the research participants and their consent to participate in the study was obtained. Participants were assured that their data would be kept confidential and the data protection measures to ensure that their personal details are not released were also explained. Research participants were informed of their right to refuse to participate in the study, to refuse to answer any specific survey question(s), or to end their participation at any point during the data collection exercise.

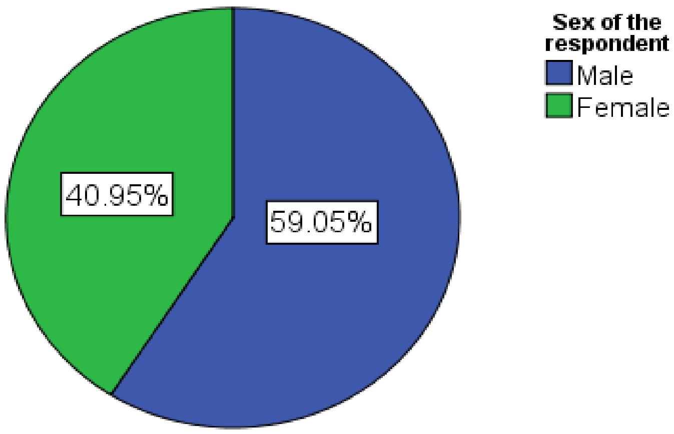
4.0 Presentation of Quantitative Data

4.1 Characteristics of Respondents

Sex distribution of respondents

1,015 businesses were visited but 202 did not give consent mainly because they had since closed or relocated. Therefore, the sample size for subsequent analysis is 813 respondents, 478 males and 335 females. The share of respondents by sex is shown in Figure 1 below while Table 1 in ***Appendix* 7** shows the distribution by sex and county.

Figure 1: Sex of respondents



From Table 2 below, 51% of the female and 49% of the male respondents interviewed were between 35 and 49 years and were married. There was no significant difference between the education status of males and females. About 59% of the respondents had attained tertiary education.

Table 2: Demographic and business characteristics of the respondents

		Frequencies/Counts		*Total*	*Vertical percentage*		
		Male	Female		Male	Female	P-Value
AGE IN YEARS	18-24	11	9	20	2%	3%	0.000
	25-34	63	102	165	13%	30%	
	35-49	235	170	405	49%	51%	
	50-60	144	47	191	30%	14%	
	Above 60	25	7	32	5%	2%	
Marital Status	Single	47	65	112	10%	19%	0.000
	Married	413	251	664	86%	75%	
	Separated	9	14	23	2%	4%	

	Widowed	9	5	14	2%	1%	
Level of Education	Primary	23	23	46	5%	7%	0.45
	Secondary	171	115	286	36%	34%	
	Tertiary	284	197	481	59%	59%	
	No	11	22	33	2%	7%	

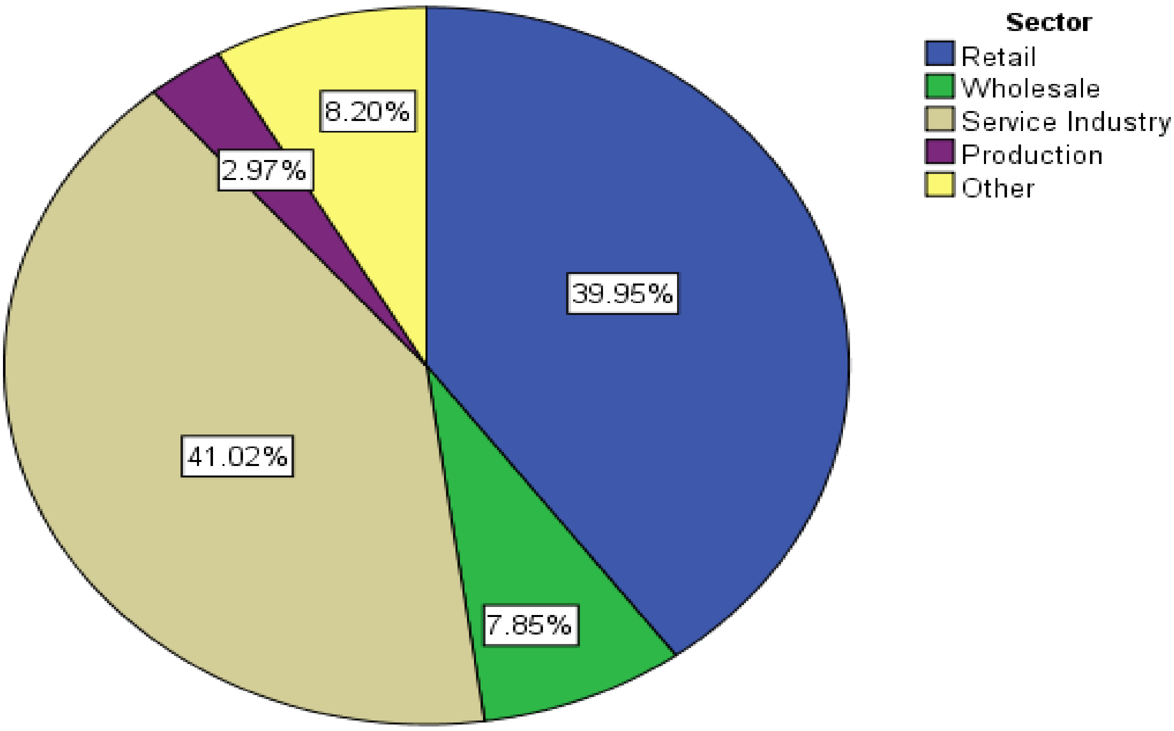
In all the five counties, more businesses were male owned compared to female owned. The respondents were drawn from five counties and were fairly distributed in this study. As shown in table 3, 29% of the respondents were from Kajiado county followed by Nairobi county with 22%, Kitui with 19%, Nakuru with 16% and Kirinyaga with 13% respectively. This is shown in Table 3 by sex of respondents.

Table 3: Respondents by county

		Sex of the respondent		*Total*
		Male	Female	
Nairobi	Count	102	81	183
	%	20.6%	23.5%	21.8%
Kirinyaga	Count	57	54	111
	%	11.5%	15.7%	13.2%
Kajiado	Count	154	96	250
	%	31.0%	27.9%	29.8%
Nakuru	Count	93	40	133
	%	18.8%	11.6%	15.8%
Kitui	Count	90	73	163
	%	18.1%	21.2%	19.4%
Total	Count	496	344	840
	%	100.0%	100.0%	100.0%

The sector distribution of the respondents is shown in Figure 2. Most of the businesses surveyed were involved in the service industry. This includes businesses such as saloons, hotels, restaurants and café and transport services. Retail trade was the second most common type of business among the respondents. Sector distribution of respondents by county and sex is shown in ***Appendix 7*** Table 2 & 3 respectively.

Figure 2: Sector of respondents



4.2 Gender Differences in Business Characteristics

Table 4 below shows the key features of the male and female owned businesses surveyed. Most businesses that were surveyed were registered had an operating licence, had bank accounts and kept business records. Over 90% of the businesses surveyed had a KRA Pin and at least had a bank account. Male owned enterprises were more likely to have KRA PIN, have a bank account and keep business records. However, a significant number of businesses (36%) did not have business plans. A business plan is an important tool because it enables entrepreneurs as well as their employees, to lay out their goals and track their progress as their business begins to grow. This also makes the business attractive to lenders and other investors.

Table 4: Characteristics of businesses by gender

		Frequencies		*Total*	*Vertical percentage*		
		Male	Female		Male	Female	P-Value
License	Licensed	486	336	822	98%	98%	0.583

	Not licensed	10	7	17	2%	2%	
	Registered	449	315	764	91%	92%	0.299
registered	Not registered	47	28	75	9%	8%	
KRA pin	Have KRA Pin	410	267	677	83%	78%	0.59
	No KRA Pin	86	75	161	17%	22%	
Kept records	Kept business records	444	303	747	90%	88%	0.334
	Not kept business records	52	40	92	10%	12%	
Has bank	Has bank account	399	255	654	80%	74%	0.023
account	No bank account	97	88	185	20%	26%	
Has	Has business plan	362	227	589	73%	66%	0.021
business plan	No business plan	134	116	250	27%	34%	
Operation	<2	7	4	11	1%	1%	0.532
Years in	2-5	82	66	148	17%	19%	
operation	6-10	206	147	353	42%	43%	
	10+	200	122	322	40%	36%	
Number	<10	367	250	617	74%	73%	0.344
of	10-49	109	83	192	22%	24%	
employees	50-99	12	3	15	2%	1%	
	>99	9	5	14	2%	1%	
Turnover	<500001	85	77	162	19%	25%	0.184
Annual	500001-5M	287	179	466	63%	57%	
Sales	5M-800M	86	58	144	19%	18%	
	>800M	1	0	1	0%	0%	
County	Nairobi	102	81	183	21%	24%	0.02
	Kirinyaga	57	54	111	11%	16%	
	Kajiado	154	96	250	31%	28%	
	Nakuru	93	40	133	19%	12%	
	Kitui	90	73	163	18%	21%	

Most businesses, both male and female owned had been in operations for between 6-10 years and over 10 years. About 73% of the businesses employed between 0-9 employees and 23%

employed between 10-49 employees. MSMEs businesses are important drivers of job creation. This is because they operate close to a locality, thus offering employment opportunity to the local people, and this also provides desirable sustainability and innovation in the economy as a whole. A large number of people transact with the MSMEs directly and indirectly. In Kenya, MSMEs account for over 90% of the new jobs created annually.

The features of the business surveyed by county is shown in *Appendix 7* Table 4**.**

4.3 Loan applications in the last 6 months and outcome

Out of 841 businesses, 166 (19.7%) had applied for credit in the last 6 months. More male – owned enterprises (76%) applied for credit than women-owned enterprises (71%). A similar study by Andres et al. (2020) showed similar findings and attributed this disparity to the difficulties in terms of collateral requirements and a high-risk profile that women enterprises incur in credit application. As a result, many women do not even initiate the credit application process. About 74% (123 businesses) of the applicants had had their loans approved, 6% (10 businesses) received a lower amount than applied for approved while 13.3% had not been approved. Loan application by females is more likely not to be approved than by male (18% versus 10%).

Table 5: Loan applications in the last 6months and outcome

		Male (%)	*Female (%)*	*Total*	*Percent*
	Those who applied	71(76%)	52(71%)	123	14.6
	Those who applied but amount approved was lower than what was applied	6(6%)	4(5%)	10	1.2
	Those who applied but loan not yet approved	9(10%)	13(18%)	22	2.6
	Those who applied but waiting feedback	7(8%)	4(5%)	11	1.3
	Total Applied	93(100%)	73(100%)	166	19.7
	Not applied	**403**	**272**	**675**	**80.3**
	Total	496	345	841	100.0

Applications for credit by county are summarized in Table 5 & 6 in *Appendix* 7.

There were no differences observed in sex, level of education, number of employees, years in operation, annual turnover, business registration and business records among those who applied versus those that did not. This means that other structural differences such as collateral requirements could have hindered the businesses from applying for credit. However, there is a significant difference between those who applied for credit and those did not apply for credit across various age-groups. Younger respondents were more likely to have applied for loans, possibly due to higher education attainment which increases awareness and other related competencies. The comparison of applicants and non-applicants is presented in Table 6 below. Credit application by county is shown in Appendix 7 Table 5.

Table 6: Credit application/not applied by selected demographic and business characteristics

		Number		**Total**	**Percentages**		
		Applied	*Did not apply*		*Applied*	*Did not apply*	*p-value*
Sex of the respondent	Male	92	402	494	19%	81%	0.200
	Female	73	271	344	21%	79%	
AGE of respondent IN YEARS	18-24	8	13	21	38%	62%	0.030
	25-34	34	135	169	20%	80%	
	35-49	85	326	411	21%	79%	
	50-60	37	168	205	18%	82%	
	Above 60	1	31	32	3%	97%	
Level of Education of respondent	Primary	8	40	48	17%	83%	0.852
	Secondary	59	235	294	20%	80%	
	Tertiary	98	398	496	20%	80%	
Number of employees	<10	120	494	614	20%	80%	0.994
	10-49	39	153	192	20%	80%	
	50-99	3	12	15	20%	80%	
	>99	3	11	14	21%	79%	

Years in operation	<2	0	11	11	0%	100%	0.140
	2-5	32	114	146	22%	78%	
	6-10	77	276	353	22%	78%	
	10+	55	266	321	17%	83%	
Turnover Annual Sales	<500001	28	133	161	17%	83%	0.783
	500001-5M	90	375	465	19%	81%	
	5M-800M	31	113	144	22%	78%	
	>800M	0	1	1	0%	100%	
Business registered?	Yes	149	613	762	20%	80%	0.405
	No	16	59	75	21%	79%	
Keep business records	Yes	149	596	745	20%	80%	0.331
	No	16	76	92	17%	83%	

Despite their economic importance, MSMEs face challenges in accessing credit facilities needed for the growth of their businesses. This is mainly due to lack of adequate collateral and information asymmetry which make them unattractive to lenders. The COVID-19 Pandemic has further worsened the situation causing reduced business turnover and disruptions in markets. With reduced turnover and disruptions in the market and supply chains, many MSMEs, especially those owned by women were, and still are, unlikely to attract affordable and quality credit. As a result, and as shown in the survey findings, many MSMEs did not even initiate the process credit application and for those that did, some received lower amounts than what they applied for or did not qualify.

4.4 Considerations while choosing credit providers

As shown in Table 7 below, interest rate was the most important parameter for both male and female business owners in their choice of a credit provider. This is because lower interest rates reduce the cost of doing business for the businesses and hence reducing cash flow constraints. Turn-around time was also a key parameter among the respondents as this would enable them to get the credit as and when needed by the business. Collateral requirements was also one of the considerations and businesses prefer lenders with flexible collateral requirements since most MSMEs lack adequate collateral to secure their credit facilities.

Table 7: Considerations while choosing credit providers

	Frequency		*Total*	*Vertical percentage*		*Total*
	Male	Female		Male	Female	
Fast Turnaround time	32	13	45	32%	20%	28%
Favorable interest rates	40	30	70	40%	47%	43%
Low Collateral	14	12	26	14%	19%	16%
Other (Specify)	13	9	22	13%	14%	13%
Total	99	64	163	100%	100%	p-value=0.399

4.5 Type of lender where credit was sought by sex of respondents

Banks and Saccos were the main source of credit for both male and female owned businesses. This is because banks are prudentially regulated by the Central Bank of Kenya and Saccos by the Sacco Societies Regulatory Authority. This means that these institutions adhere to market conduct practices including fair interest rates. In addition, Banks and Saccos allow for restructuring and rescheduling of loans in case a business is in financial distress. This enables the business to stay afloat especially during this COVID-19 Pandemic period, which has disproportionately impacted many MSMEs businesses resulting to reduced turnover and disruptions in the market and supply chains.

Table 8: Type of lender where credit was sought by sex of respondents

	Number of applications			*Number approved*			*Rate of approval*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Bank	55	33	88	46	26	72	84%	79%	82%

Micro-finance institution	7	9	16	6	6	12	86%	67%	75%
SACCOs	25	12	37	23	7	30	92%	58%	81%
Women's Groups/Table Banking	1	2	3	0	0	0	0%	0%	0%
Digital lenders	8	8	16	8	7	15	100%	88%	94%
Relatives	5	1	6	4	0	4	80%	0%	67%
Shylocks	1	1	2	1	1	2	100%	100%	100%
NGOs	4	1	5	4	0	4	100%	0%	80%
Others	1	0	1	1	0	1	100%		100%
Total	107	67	174	93	47	140	87%	70%	80%

Number of loan applications (174) is higher than the number of businesses that applied for loan (166) because some business applied for loan from more than one lender (multiple response question). From Table 8 above, loan approval for male owned businesses is consistently higher than for female owned businesses.

The table also shows a disparity between men and women access to credit from various sources. Men are more likely to access credit from banks and Saccos compared to women. Women were more likely to access credit from microfinance institutions and table banking groups compared to men. This shows that microfinance institutions and groups are important sources of credit to women enterprises.

A major challenge for women owned enterprises is that some financial institutions may not be equipped or offer credit products that meet their unique needs. Female business owners face a number of constraints. They might not have the collateral required to secure a loan typically a fixed asset in the form of a land title or property deed which constrain their access to credit or owning property needed to meet their operational needs.

As observed from key informant interviews and focus group discussions, some MFIs and SACCOs consider household items owned by women as collateral such as Television, furniture, and electronics. This helps overcome the collateral challenge since most women may not possess cultural assets such as land for collateral.

Digital lenders such as M-shwari, KCB M-PESA, FULIZA, TALA and OKASH are also becoming popular sources of credit especially for MSMEs due to fast turn-around time and non-requirement for collaterals. On the other hand, the low limits based on maximum advances by digital lenders of digital credit may not meet much of the business needs. Additionally, the high interest rates charged by digital lenders may be counter-productive for micro borrowers who have low turnovers. The move to have digital lending regulated by the Central Bank of Kenya is welcome since the gains brought about by digital lenders in terms of fast turn-around time will be preserved while ensuring that they charge fair interest rates and adhere to good business practices.

4.6 Level of credit received/approved

Out of 166 loan applications, 132 were successful as shown in Table 9. About 64% of the successful applicants received 500,000 thousand or less, 14% received between 500,001 and 1 million, 11% were granted between one and three million loan while about 11% were loaned between three and five million. This is consistent with the Central Bank of Kenya, 2020 MSME survey that showed that loans from commercial banks as at December 2020 averaged Ksh. 86,000, Ksh.2.9 million and Ksh.7.7 million for micro, small and medium enterprises respectively.

Male owned enterprises had higher levels of credit approved compared to female owned enterprises. This implies that women owned enterprises receive lower credit amounts than what their businesses require.

Table 9: Level of credit received/approved

	Frequency		*Total*	*Vertical percentages*		*Total*
	Male	Female		Male	Female	
Less than 500,001	58	26	84	67%	58%	64%
500,001-1,000,000	9	10	19	10%	22%	14%
1,000,001-3,000,000	11	4	15	13%	9%	11%
3,000,001-5,000,000	9	5	14	10%	11%	11%

Total	87	45	132	100%	100%	p-value= 0.301

Access to adequate credit in terms of amount and quality credit in terms of tenor and interest rate is important for MSME businesses. MSMEs may have limited revenue and need working capital to pay their operational bills including rent, utilities, and the salaries of staff as well as to finance growth needs. They need working capital financing with a sufficient grace period to allow them to stay in business. This working capital funding should have a relatively long tenor as the income that will be used to repay these credit facilities will not be earned immediately due to unique business risks and outlook. Typically, a credit facility is obtained by a borrower and the funds are invested in a productive activity which generates income. The income is then used to repay the credit facility. The credit tenure should be long enough to enable the borrower meet the repayment instalment.

4.7 Purpose for which credit is needed

As shown in table 10, most businesses were affected by the Covid 19 pandemic and hence needed credit to recover their operations. Other important reasons for borrowing was to increase stock and business expansion. About 8% of the businesses borrowed to repay other debts they previously had.

Table 10: Purposes for which credit was needed

	Frequency		*Total*	*Vertical percentage*		
	Male	Female		Male	Female	Total
Business recovery after suffering effects of COVID-19	49	33	82	33%	33%	33%
Business expansion by opening other branches	31	24	55	21%	24%	22%
Off-setting other debts incurred before	15	6	21	10%	6%	8%
Increasing stock	48	30	78	32%	30%	31%
Other	7	6	13	5%	6%	5%
Total	150	99	249	100%	100%	100%

4.8 Use of Credit

From Table 11, about 33% of the respondents did not use the credit borrowed for the intended purpose. Credit diversion was higher among male owned enterprises than female owned enterprises. Credit diversion by county is shown in *Appendix 7* Table 7.

Table 11: How credit was utilized

		Frequency		*Total*	*Percentage*	
		Male	Female		Male	Female
Used the credit for the purpose you borrowed it	Yes	27	17	44	35%	30%
	No	50	39	89	64%	70%

From table 12 below, health and rent emergencies were the main causes for credit diversion among the respondents. Similar observations were made during the focus group discussions and the key informant interviews. Credit diversion increases the probability of default. This diversion risk is high among men (35%) as shown in table 10 compared to women (30%). Credit diversion is occasioned by competing needs such as school fees, medical expenses, health and food for both men and women. For men, we see an additional purpose for credit diversion, which is construction, and this is particular to men only. This additional need may account for the gender variance where the rate of diversion is higher among men. This negates the use credit for originally intended purposes.

Table 12: Credit was diverted to the following pressing/emergencies

	Frequency		*Total*
	Male	Female	
School fees	2	6	8
Health	7	5	12
Rent	8	4	12
Food	2	0	2
Repayment of other credit	2	2	4
Others: construction, electricity bill, staff dues etc	6	0	6

Total	27	17	44

4.9 Loan Repayment

Table 13: Loan Repayment: started making repayments

	Frequency		*Total*	*Vertical percentage*	
	Male	Female		Male	Female
Yes	68	49	117	88%	88%
No	9	7	16	12%	13%
	77	56	133		

From table 13 above, most of the respondents had started making repayments on their credit facilities. As observed in the FGD, KII and Case narratives, many business owners are increasingly becoming aware of the need to build a good credit history through prompt repayment of their credit facilities. This will make their subsequent credit applications easier and even increase their loan limits. There was no significant difference in this between male and female owned business enterprises.

Table 14: Loan Repayment: Make the repayments with ease

	Frequency		*Total*	*Vertical percentage*	
	Male	Female		Male	Female
Yes	41	33	74	60%	67%
No	27	16	43	41%	33%
Total	68	49	117		

From table 14 above, a significant number of businesses (37%) both male and female owned were not able to make their loan repayments with ease. This could be mainly attributed to the negative effects of Covid 19 pandemic that occasioned travel restrictions and hence disrupting the markets, supply and demand. The economic effect of COVID 19 also resulted to loss of jobs. Some industries completely closed down for example horticulture, hotel businesses, tours and travels. With loss of jobs, the purchasing power is weakened and hence the demand for goods and services is reduced. As a result, many businesses are recording reduced turnovers and cash flows and hence may struggle to meet their debt obligations in good time as shown in table 15 below. The incidence of unpaid loans among respondents by county is shown in *Appendix 7* Table 8.

Table 15: Any unpaid loans

			Sex of the respondent		Total
			Male	Female	
	Yes	Count	118	78	196
		%	23.8%	22.7%	23.4%
	No	Count	377	265	642
		%	76.2%	77.3%	76.6%
Total		Count	495	343	838
		%	100.0%	100.0%	100.0 %

From table 14, 23% of the respondents had unpaid loans. Outstanding financial obligations such as unpaid loans reduce exert added pressure on cash flows and have the potential to reduce access to credit by the enterprises. There is no significant difference between male and female respondents in terms of probability of reporting unpaid loans.

4.10 Business Capacity Development

Table 16 shows that about 80% business owners had not received information about business trainings. From the 20% who received the information, 73% attended the training. Most of the training sessions were facilitated by government institutions. All the respondents found the training to be useful and 64% of those attending the trainings shared with the information with others.

Table 16: Business Capacity Development

		Frequency		*Total*	*Percent*		*Total*
		Male	Female		Male	Female	
Received info about business trainings	Yes	101	70	171	20%	20%	20%
	No	393	272	665	80%	80%	80%
Attended such trainings?	Yes	73	52	125	72%	74%	73%
	No	28	18	46	28%	26%	27%

Convening organization	Government institutions	31	15	46	42%	29%	37%
	Banks	16	8	24	22%	15%	19%
	WEE Hub	1	0	1	1%	0%	1%
	Other	25	29	54	34%	56%	43%
training useful	Yes	73	52	125	100%	100%	100%
Shared information about the trainings?	Yes	40	40	80	55%	77%	64%
	No	33	12	45	45%	23%	36%

5.0 Presentation of Qualitative Data

5.1 Access to credit

Women entrepreneurs apply for credit mostly in groups. It is more likely for women who operate sole enterprises and do not belong to women's groups not to take loans.

> *"I have been at my shop for five months and I have not borrowed any loan because of fear of the interest attached yet you are very new to the business. I use my savings." Female Start Ups FGD, Kajiado.*

> *"I too have not borrowed a loan; I use the little I have. You find the terms and conditions of paying back the money are not favorable for the business. They might be weekly." Female Start Ups FGD, Kajiado.*

> *"Some of the reasons some women too don't apply for loans are the same ones I have said. Most women here don't take individual loans, they take in a group. That is why most women don't take loans because once one defaults your household items are auctioned. Due to business being low most of them are not taking the loans."*

Accessibility of credit also depends on the source of credit. Many of the women who were interviewed indicated that they have not taken loans from formal sources such as banks. Instead, they prefer table banking in groups and individuals can access credit from the table banking depending on whether the rules of the group allow this. Some of the groups indicated that they have access loans through micro finance, and the micro finance institutions trust them to repay because they know that the group will hold individuals accountable so that they do not default. Thus, being in women's groups helps women to access credit.

"I take loan through chama but I have never taken one from the bank but I take through women chamas." Case Narrative, Nairobi.

"We usually look at ones business and there are groups we join called Mukelio." KII, Kitui
"Mukelio or chabi. If you are not able to contribute the chabi and you ask for a loan at Kenya Women we cannot give you because if you are not able to pay Mukelio then you will still default and put us in the problem of contributing to pay for your loan because others will also want to apply for loans. Others have children in school and want loans. If I fail to pay, another member too fails to pay it means there will be no money for other members to borrow. We don't allow such people in our groups. We would rather have a small group of few members like ten, meet for thirty minutes, pay our contribution and leave." KII, Kitui

"You can hardly find a woman going to the bank. They love being where they are, we have representatives who come and see how the group is faring on they recommend and fill in the necessary details." KII, Nairobi.

5.2 Preferred sources of credit for women run enterprises

Women run enterprises seem to prefer table banking. They also borrow from banks and SACCOS as groups, and less as individuals.

"You can hardly find a woman going to the bank. They love being where they are, we have representatives who come and see how the group is faring on they recommend and fill in the necessary details." KII, Nairobi.

There is also the option of loans on stock, where women who do not have capital or security are provided with stock to sell and from their profits, they pay for the stock, however, the challenge with this type of loan on stock is ensuring that the stock is fully paid for through daily sales.

"I hawked for like three years .time passed and the kids were growing up, I realised

it's not profitable. By God's grace i came to know where I could get my carpets .I got there and talked to the owner, explained that I had no capital. He agreed to give me stock, I take the profit and pay for the carpet. I could now get my own carpet without a loan." Female Start Up FGD, Kajiado.

"Sometimes the shop is full but it's the items you get from the wholesale in debt. You sell then pay. You have borrowed items worth ten thousand, everyday after selling two thousand, you pay the debt. When they finish, you go order more .It's a cycle of debts." Female Start Up FGD, Kajiado.

5.3 Differences in how female and male run enterprises access credit

Women run enterprises are more likely to take loans as compared to male run enterprises. This is may be attributed to the collective agency among women, which builds trust among lenders because the group ensures that individuals within it will repay the loans. It is not common for men to form groups for collective agency, and instead, they prefer to operate as individuals. This limits their capacity to take loans. Banks and SACCOS are also lending increasingly to groups, hence access to credit might be easier when one is in a group as opposed to when one is operating as an individual.

"At the low end, we do it through groups and guarantee each other. This has very low defaults. It ensures social responsibility. We have flexibility for this group. We have unsecured loans and you built your collateral as you save." KII, Co-operative Bank.

"Wanaume hawaendi sana sana kwa chama (Men don't go to the groups)." Male FGD, Nakuru.

"Men don't take loans. Their work is mostly individual and they don't work in groups, but banks mostly want to lend to groups. It is women who can form groups and borrow through the groups, but me don't like groups." KII, Kajido.

However, men whose wives are in groups are still able to access credit through their wives.

"I have taken credit before because I depend on credit but through women. This is because we don't have groups for men. So if my wife is registered and belongs to different groups, we take loans and then when we pay we apply for another one." Male FGD, Nakuru.

"Men are accessing because through the group it is like a family loan because the guarantor is the man. So through the women the men are accessing because it is the women the guarantor so they send the women to their group so they guarantee like a family loan. But also the men they access through the individual and also through checkoff where we have the civil servants whereby we give them loans." KII, KWFT.

While men are less likely to take credit as compared to women, men are more likely to take higher levels of credit when they borrow as compared to women. This may also be attributed to the fact that men take loans as individuals and therefore as individuals, they are able to access higher levels of credit, unlike the group loans which are then shared out to individuals within groups and each individual gets only a small share of the group loan. It might also be attributed to gender dynamics in ownership and control of assets whereby men have more control over land and property which can be used as security for loans.

"What I can say I have never dealt with chamas I have been dealing with banks. Let's say for banks if it is December season like for the business I do and let's say I have been given some work to do, and I need 1,000,000/=. If I go to the bank they will send their officer to come and assess my business and if they see I am capable they will give me the credit. So my business will not stop. I don't know what happens in groups but what I have seen with banks they help. Like the hotel that is in my mind maybe it will need some years to come. If I need like 5,000,000/= or 10,000,000/= again with banks it is good to have discipline to save. In business if you don't have a loan you are servicing, in business you have to have loans and the discipline to pay. You may need 50,000,000/=, you know you cannot borrow 50,000,000/= from a chama. So if your dream is high and you discipline yourself and say in three, five or ten years to come the bank can give me credit of 100,000,000/= so they can give such money and that is the beauty of it." Male FGD, Nakuru.

"I'll say men take higher amounts of loans. Women start from low levels as they grow. But men come when maybe they have some security and a project they want to complete so they take a loan and give security so they can complete their project. But women will start small and we grow with them." KII, Nairobi.

Further, men prefer to take loans from banks and SACCOS, which are more likely to offer higher levels of credit.

"We mostly go for it in banks and SACCOS." Male FGD, Kirinyaga.

5.4 Impact of credit on women's enterprises

Many governments have identified women-owned small-scale firms as a critical area of concern in their efforts to drive development in low-income nations. These businesses are identified as the engines necessary for emerging nations to fulfil their development ambitions. Key business growth indicators include the number of production lines, number of business outlets, level of monthly sales, and the number of employees. Lack of access to financing is the top difficulty small-scale entrepreneurs face in the small and medium business sector. Therefore, the nurturing and development of women-owned small-scale enterprises represent an essential element in most economies' growth strategy and hold particular significance. As such, facilitation and provision of tools that would spark their growth, such as the provision of credit and lowering of credit cost, is essential for the ripple effect' economic growth to be felt. Therefore, the study sought to investigate the impact of credit on women's business.

Taking credit has positive impact on women's enterprises, because it contributes to growth of their businesses. Business expansion through increased stock in order to match demand. For example, some businesses that started as "Mama Mboga" have grown into retail shops courtesy of credit access. Women can expand the scale of their operations. Women also reported that taking credit has helped them to improve their businesses practices, so that they keep proper accounts and can track their profits and loss, as this helps them to keep up with repayments.

"I remember I started with a stock of 50,000/= but now after taking loans I can buy stock worth 100,000/=." Case Narrative, Nairobi.

"For me taking loans is what has helped, stock taking and keeping records. You know the loss and the profit." Case Narrative, Nairobi.

"I started taking loans when I just had Mpesa agent only. I continued taking loans and started selling items here, increased my stock, opened equity agent, KCB agent. So whenever I take a loan it expands my business." KII, Kitui.

Women who were unable to start businesses can do through access to credit. This is because they are now able to access start-up capital. Some have employed attendants due to the credit hence the increased number of employees.

"Credit has helped the women because in the early 80s if we can see even in the markets very few women were in business but like today if you move to the markets 80% or 90% business you find they are women even in the market you will find most of the people working in the businesses are women," KII, Kitui.

Anti-poverty targeted loaning was noted whereby some organizations like Kenya Women give women credit in the form of products like water tanks and solar panels. These products make the life of these women easier and aid in poverty alleviation. They have improved household livelihood.

"…other products we have… if it they can access the water tank to fetch water, time the woman was spending going to the river to fetch water can be converted into business...The other thing like the solar they were using paraffin. So she has solar, the children can read well without problem and also other assets which can assist them in the business…" KII, Kitui.

"I can say a lot because I have benefited from loans. Loans have taken me far as I had earlier said I was very low and how our livelihood was a challenge. Through these loans we have been able to improve our livelihood. We used to sleep under a tent but because of the loan we moved from the tent to a house. I also said through the loan I was able to acquire a motor bike and I no longer walk. I worked hard and cleared the loan. Again I have a business that is consistent and I am able to pay the loan. So if you take a loan with good plans you can go far but if you take it without plans you will fail. So I must say I have benefited," Female FGD, Nakuru.

Women are now able to educate their children. Women can take charge of the day-to-day running of their households, pay the fees of their children, and successfully manage their businesses.

> *"It normally has a lot of benefits, because if it is children, these days you cannot meet so many children along the road, this because you go apply for a loan and take the children to school. If you decide on table loan you pay school fees for primary and if you choose Fortune you pay for a whole year then you now remain struggling to pay back." KII, Kirinyaga.*

> *"It's changing lives, it's changing lives. I've seen women are now, especially the single ones taking their children to school, after they have at least secured a small loan, start a small business, save something small for the baby, for their babies and you find them going to school, especially a girl child." KII, Kajiado.*

5.5 The uses of credit

Women entrepreneurs reported taking loans for the purposes of starting or expanding their businesses.

> *"One can take a loan when business is down and they want to expand it." KII, Kitui.*

> *"I usually take a loan when I realize I need to add more stock for instance if I don't have rice I buy it and if I don't have flour I buy a bundle, sugar too. When I get such money I replenish my stock. So even for whatever stock I may have I still had more stock so that I don't have to go back and buy again. Like what I am doing now is once I sell I replenish stock of what I don't have. So when I take such a loan I buy more stock like ten bundles of flour, three bundles of sugar so I replenish stock that is are zero level, so I stay for a week without going to buy of send somebody." KII, Kitui.*

Sometimes, loans taken for purposes of the business can be diverted for family use.

> *"Sometimes loans have no benefit, because you may take a loan with the intention of expanding your business but you find you have emergencies and you end up using all the*

money you borrowed on those urgent needs. The other needs outweigh the need for business expansion." Women's FGD, Kitui.

5.6 The impact of credit on women's families

When women take out loans to support their husbands, this also has the effect of impacting their families positively, by allowing women to provide for the needs of the family.

> *"I tailor both men and female clothes and I have been facing challenges in my business. I was very confused because I didn't have capital. When my wife went to for training at So They Can and was taught about business. When she joined the group, the group helped me so much. I was stuck but when my wife joined the group, that time we were operating under a tent, we couldn't afford food it was actually a challenge to make money and business was low. When my wife joined a women group like Francis has said we benefited. We were able to move house from the tent to an iron sheet structure, as we continued to access credit we continued to pay and we experienced growth. Now I can tailor more clothes and business is doing well and it has really helped us. I have been able to educate my children because of that group. So when a woman is in the group and I am there we sit down, discuss and agree and we are helped by that group called So They Can and it has taken us far. We have reached that level because of the group. So we have come this far and God has helped us. Through the credit we have been getting I was able to bring stones and build a house. Even if the house is not that big we now are in a good place even when you visit we cannot feel ashamed like we used to. So the group has taken us far and we have been accessing credit which has improved our lives. We are thankful and we pray to God that we continue to get more credit and we will go far. So I am thankful because of this." Male FGD, Nakuru.*

However, as a result of providing for the family through loans which are meant for the business, women struggle to meet the loan repayment and to keep their businesses afloat.

> *"We give them money and we see them start a small business. You then see the business proceeds, but when she wants to start repaying the loan, the stock reduces. Because she has to pay for school fees, lunch each and everything in the house. That is a woman. Indeed, you have seen this is the business, these is the stock, the business is doing very*

well but when they start to pay the debts, they start declining because the interest for the chama. If someone is to give up on hope, the business will go under." KII, Nakuru.

While access to credit may help women's enterprises to grow and thus to empower women to a point where they are able to contribute to their family's finances, this does not necessarily result in greater autonomy for women within the home or their enhanced ability to participate more in decision making processes because their husbands rely on them to access credit. This was particularly evident among the Maasai, where cultural and gender norms still limit the extent to which women can make decisions within the home. Thus, while economic empowerment may have positive impacts for women and their families, this in itself has not resulted in the transformation of cultural and social norms.

"So she won't have a right to say I will sell. Because the man will say, I gave you permission to get into the group. I gave you permission to take the milk of my cows to sell the milk of my cows. You know the cows are for the men. So I've given you the cows to sell the milk, so still when you get the money back, then it is my cows. You are also mine." KII, Kajiado.

"The other challenge that husbands from this area are drunkards so business women with such husbands we face problems because when our husbands see money all they can think of is to get drunk. So if you seek his decision of whether to apply for a loan he will quickly tell you to go for it and he is okay. But once you tell him here is the money I applied for and I am going for stock he will say okay go for stock. When you go for the stock he will be aware that your business has expanded and will be asking for money all the time, you will pay for your children's school fees. In other words you will be using the money from business to pay school fees yet the grace period you are given is short. He will ask for money to buy alcohol and you cannot say no because you have stock and he is seeing it. So at times you don't inform him you just keep quiet and you apply for the loan and keep it in the bank whereby you will be buying little stock at a time. When you let your husband know you have taken the loan and you do everything including paying school fees you will face challenges paying the money back. That is why many people don't want to apply for loans. You will be frustrated by the lender once you default because you took the loan but were not able to pay. So as women if

we can be trained on how we can plan on using loan money we can benefit a lot." Women's FGD, Kirinyaga.

Through the forming of groups for purposes of pursuing economic goals, women are also able to challenge other social issues that affect them. For instance, among the Maasai, women's milk co-operatives are also challenging issues such as female genital mutilation (FGM). Married women also indicated that they need to seek their husband's permission before taking a loan, because in cases of default, their husbands will still find out and this may cause friction in the marriage.

"Sometimes they have shelters. This money collected by women in groups, because here culture is a selling point for them, they sell belts, so it is not just an individual effort. It is basically for their livelihoods. To improve their quality of life and also, they advocate to stop FGM. They have vocational programs. They buy sewing machines. They teach girls. So they don't go into such kind of life where they are married off as third wives." KII, Kajiado.

"Like you see on the issue of FGM its is something that was very rampant in this community, and mostly in Nilotic communities, so you find they have safe havens and that's usually driven by the young generation like they don't want these young girls to go through these practices. and they are same people who work with the cooperatives and table banking. they also get funding, they get rescues centers to counsel the girls." KII, Kajiado.

Women also indicated that they mostly inform their husbands about taking credit, but this is often problematic, as the husbands may interfere with their plans, and so they would prefer a situation where they do not have to disclose.

"I have to discuss with my husband, we agree and he gives me permission to take the loan. So we will both support each other to clear the loan." KII, Kitui.

"You have to consult your husband so that in case you default and they find your husband at home he will be aware of what happened. If you fail you will be sent away by your husband. That is for the SACCO loan." Women's FGD, Kitui.

"In that case, it depends, there are those who when giving you loans, they come to your house to survey what you have. So, you can't take a loan when you have a spouse and then they come take your TV and maybe your husband bought it. In most cases you have to be in agreement. You know he would also not agree his things to be carried." Women's FGD, Kajiado.

5.7 Ease of accessing credit

The ease with which one can access credit depends on the source of the credit. There are banks such as Equity which can provide credit with ease, but other sources are more difficult to obtain credit from.

"Like with Equity all is easy especially if I compared with Chambers where we were told to go apply for loans. Like when we were joining the group we were encouraged to open an account with Equity because it is easy to get a loan from Equity bank, even with payment they have no problems. The interest is low. The customer care workers are good, they explain to you what to do."

Women may also find it difficult to meet the conditions set by lenders and this makes it difficult for women to access credit.

"Because we will be asked for security and as a group we don't have. Personally for me it is easy because I get loans from banks and microfinance but as an individual." KII, Kitui.

"We are able, but I personally, I do face some challenges. Like I was in a Sacco somehow and you know with this Sacco's you got to deposit some of the money there, so that you will be given some of the money you want. So it reached a day that I wanted a good handsome of money and my shares were enough to give me the much I wanted. But to get a guarantee from the Sacco it was a problem because you have to look for someone who is in a Sacco. Someone who is in that Sacco, and again someone who has enough savings who can be your guarantor. I searched, and searched and searched and I didn't get. So, I was forced to withdraw from the Sacco, I join another one. To join the other Sacco there, they don't want to look at the savings so now I withdrew back from the Sacco and I joined the bank." KII, Nakuru.

5.8 Level of credit accessible

Women's enterprises reported getting low levels of credit as one of the major challenges that they face in accessing credit through table banking. While women entrepreneurs reported favouring table banking over banks or SACCOS, they however reported that one of the disadvantages with table banking is the low levels of credit that is accessible.

> *"With banks, even though you are not always successful when you apply for a loan, but at least you can be hopeful that if you succeed, you will get the amount you want or close to that amount. But for the chama, you can only get smaller amounts and sometimes it might not be sufficient to do what you want." Women's FGD, Kitui*

> *"I begun with 10000 and paid, went to 20000 now am at 50000 and am still on it." Case Narrative, Nakuru.*

"I have been with ASA for 10 years, but so far, I have only borrowed 95,000." KII, Nairobi.

> *"They start with 1500 and that's what we borrowed." Case Narrative, Kirinyaga.*

Repayment of higher levels of credit was also cited as a factor that limits women from borrowing higher sums of moeny. Women fear taking out large sums of money in credit, because the interest they will pay will also be higher.

> *"I would want to borrow large sums of money. But let me tell you, if you want to be okay, just go slowly so that you don't end up worse off. Loans can make businesses collapse, and that's what we were taught. Someone might be able to borrow 200,000 and repay, and I can't go for that same amount myself because my ability is different. So I go step by step. I started at 15,000, and increased to 25,000. Then we were told that if you cannot repay 25,000 then just remain at 15,000. So you start slowly, you move from 15,000 to 25,000 and to 40,000. And I like moving slowly like that." Case Narrative, Nakuru.*

Implementing banks also indicated that women may still shy away from taking higher levels of credit which may be backed by the CGS.

"Most of the women apply for about 2.5M, 800K, 1M, 1.5M. On average they will do about 2M compared to their male counterparts who will do from 2.5 to 5M." KII, NCBA.

"The women in that portfolio are just maybe 1%, it is negligible, but in terms of averages the loan is about maybe 1 million or 1.5 million." KII, Credit Bank.

"Credit sizes are between 100,000 to 1.5 for the women. For men mostly, one million to three million." KII, Stanbic Bank.

5.9 Repayment of Loans

Our study examined the views of men and women entrepreneurs on loan repayment under different loaning institutions. Further, we sought to establish how the existential loan repayment regimes influence women's choices of credit uptake, the challenges unique to listed institution and the drivers for timely loan repayment.

Perceived burden of fixed repayment period: The informants noted that commercial banks remain inflexible with their grace period and do not reduce the repayment amounts even in the face of pandemics such as COVID-19 that has negatively affected the business performance. Incidences like disease burden, fire guttering business premises that are uninsured were noted as non-issues in re-negotiating repayment terms with commercial banks. Consequently, the loan-beneficiaries end up as defaulters, which technically render them as credit unworthy given that they cannot repay their loans in time.

"… you become a defaulter by terms which are beyond your control, like COVID 19 came, affected our businesses, a majority of us were not able to pay back our loans because now you are relying on a business which has closed down... so banks should understand when it is a pandemic like that…even if they are adding interest after recovery which is to be spread over time, I think we can also be able [pay back the loan]," KII, Kitui.

The narrative is not to avoid loan repayment but to undertake the same under relatively flexible terms [period] of repayment dictated by the business climate.

"You know banks should understand what their customers are going through like for now [COVID-19 period] …For example, if I were paying 10,000/= per month and now I am not getting the 10,000/= so I will be paying 3,000/= and the repayment period prolonged until I clear the loan. When things improve, I go back to the initial amount pay until I clear." KII, Kitui.

Our findings reveal that borrowers perceive commercial banks' interest rates as being high. This means that during repayment most of the profit from the business goes into loan repayment if one borrowed from the banks hence the business owner might be left worse off than they were before borrowing.

"Loans from banks helps, but the interest is high so when you make your profit 50% or 70% of it pays for the interest. So you are left with little profit of even 30%." KII, Kitui.

Cyclic borrowing to evade conflict and asset auctioning: Whereas the banks remain inflexible with their repayment amounts and period, our interview revealed that SACCOs exercise callous recovery measures which may deter women entrepreneurs from borrowing. The loanees are expected to clear the loan repayment on time, and cases of defaults would sometimes lead to auctioneering of property, resulting even to family conflicts.

"SACCO loans have tough recovery processes if you default so one has to look for ways of getting the money, even if it means stealing," Women's FGD, Kitui.

To avoid the tough recovery measures, the entrepreneur's resort to cyclical borrowing, in which case, the respondents indicated that one ends up borrowing from another source to settle the current debt. Women servicing loans from more than one institution often become debt-strapped and fail to meet their loan-servicing obligations. Some resort to borrow a new loan to settle a previous loan. This may have negative implications on business growth and expansion. It leaves the women worse off as they will have additional debts.

"One may be forced to borrow from friends to repay the loans," Women's FGD Nairobi.

Unlike the commercial banks, SACCOs are deemed as having friendly repayment process. They are considered to listen to clients' situation with the option of repayment schedule adjustments dependent on the prevalent economic situations around the borrowers.

" Like in the SACCO if a member doesn't have enough installments for payment and

they have a little, they are accepted…." KII, Nakuru.

Digital lenders as user-friendly platforms: The rise in internet-mediated lending platforms received favorable assessments by the borrowers. Applications like Tala and M-Shwari only send a reminder message to pay, in which case, one does not experience pressure in repayment, and sometimes one can even fail to repay the loan on time without dire consequences.

"I appreciate Fuliza, M-shwari, Tala. When I go to the market and I don't have money, I use them. This is because at the market if you delay, someone else will take the goods or the broker will sell them [goods] at a high price. During repayment, they only send a message which doesn't really force someone to pay," Case Narrative, Nakuru.

Chamas as the flexible magic: The Chamas are preferred as lending schemes given their flexibility in repayment.

"My observation when I take a loan from the Chama it is easy to pay…If every month you are expected to pay 3,000/= while running your business you have that mindset that at the end of the month I am expected to pay 3,000/=. So you have to plan or have that mindset in a month or every day if I can save 100/= at the end of the month I will have 3,000/=. So I will not be stresses and it will be easy to pay." Women's FGD, Nakuru.

Getting loans from table banking was preferred by most women in the informal sector. This is because of the very low interest rates as compared to other financial institutions. Additionally, the grace period is also very accommodative, making repayment easier given the small size nature of the businesses of borrowers.

"Table banking interest is low and the duration you are given is like four or three months making repayment easier." Women's FGD, Kajiado.

Shylocks as loan-repayment pressure cookers. While shylocks happen to offer the quickest turn around in lending, the repayment terms are damaging to businesses highly vulnerable to market shocks without any form of insurance to cushion the owners. Our results show that shylocks demand payment on the exact date as in the agreement. Failure to do so increases the interest rate, increasing the loan amount, making it very difficult to complete loan repayment. The repayment period is usually concise, putting much pressure on the borrower.

"They [shylocks] look at the due date, by tenth of the month, you must have repaid thirty thousand if not the interest increases," Men's FGD, Kajiado.

"...at shylock, the interest is more, as I said, for every 1,000/= at shylock you pay interest of 300/=...Even the duration assuming shylock has given me 20,000/= he expects one to clear full amount in a month's time," KII, Kitui.

5.10 Uptake of affirmative action funds

While MSMEs are able to access affirmative action funds, they face a number of challenges in doing so, such as lack of knowledge and sensitization on how to access the funds, difficulty in meeting the requirements, low levels of credit, and political interference.

"Like the affirmative action funds these are things they access. And when they get the funds, they go to businesses." KII, Kajiado.

"For the women enterprise fund, we were required to get a certificate but we didn't get money." KII, Kitui.

"I have heard about the loans from government, but no one has told us how to access them and where to start. I have never taken that loan." KII, Kitui.

"There is this money for WEF which we had hoped to apply so that it could boost us a bit so that we can increase in our savings so that at least one can get a good loan which would be useful. So you find in the WEF, you apply and it takes long till you get tired. For example, we have applied severally, we have never even been given the teacher to teach us, so we have never been given even for one day, for all those years." KII, Nakuru.

"Mostly like UWEZO Fund the government loans most of the times you will find it is the politicians who influence or handle them. At times you can have a business idea but you find you didn't support that gentleman who is there [politician] so he will end

up not giving you the chance to access that money because you never supported him. Do your research and you will see, even if they are saying the money is on the ground or is meant for everyone, the problem of the government loans is just that, let us say even if they have brought them down most of the time you will find if not the MP, Governor, if not Governor MCA in connection they have interfered. So to help the low businessman, they handle it as if it is a political issue. So you end up missing." Male FGD, Kitui.

5.11 Implementation of CGS

The requirements for one to qualify for a CGS backed loan are also making it difficult for implementing banks to lend to MSMEs. This is because the requirements, such as registration of the business, having a tax compliance certificate and having audited business accounts, target very formal enterprises, yet most MSMEs in Kenya are informal.

"One of the things is that the business must have been in existence for at least two years. The other thing that was very key was on the registration certificate of the business. Basically it implies that you are not dealing with customers who have not registered their business. Yes, you need to provide your business registration and over and above that, you'd have to provide the license from the county government. That one is another key document. Another thing that these businesses needed to provide, was the tax compliance certificate." KII, KCB.

"For Gikomba market where we get quite a number of clients, we only lent to one so that means we are actually lending on this other side instead of CGS. Because they are not meeting the requirements in terms of the tax compliance certificate, the business registration for example so yes we are not turning that down but we are lending from this other arm." KII, Stanbic Bank.

"Part of the feedback we have given Treasury is that the government needs to increase the cover because if you look at other guarantees that the banks have with other partners, they do up to 50% of coverage and this gives a bit of comfort in terms of the banks' interest in pushing these monies out. So they need to look at how they can increase the amount being covered. secondly the issue has always been the registration of businesses because this insistence is locking out many customers whom we would

put in this category of CGS. But by virtue they have not registered we cannot consider. So this is a good segment of the market just like you are talking about the informal sector we cannot consider. The other issue is tax compliance certificates. we are facing this challenge with our customers insisting that they are sole proprietors and they are wondering why they are being asked for a tax compliance certificate. Our role is a bank is to also help push and help ensure there is compliance. So this has been an impediment cos they can't produce this paper work. Perhaps just a business permit we should be able to consider them. They are wondering, why must they register, why must they have a tax compliance, why all these requirements?" KII, NCBA.

"Formalization of businesses and make registration easier. We have also asked about licensing eg farmers. On tax compliance, 92% of businesses in Kenya are not unregistered so CGS is only targeting 8%. Government needs to check on the requirements. They may be too high for the businesses." KII, Co-operative Bank.

"Aside from that, we have not seen a great uptake the uptake has not been to our expectations and the uptake is mostly tied to 2 items so the first item is on the requirement for KRA certificate confirming you are a taxpayer. Most people do not look at KRA as a favourable partner so to that extent, the moment you ask somebody, our normal lending does not require KRA compliance documentation. So you then ask somebody for KRA certification they could call off because KRA do not look favourably within the industry and people then feel if I expose myself to KRA I'll be put under more scrutiny.so that is one level of challenges." KII, Stanbic Bank.

Some of the lending institutions also indicated that they have lent to informal enterprises that do not meet the CGS criteria, and at this level, repayment is still good, thus the requirements set out by government which lock out the informal enterprises from accessing CGS do not necessarily result in lower levels of default.

"We lend to informal MSMEs. The risk is high but they pay. We ensure we maintain a good relationship with them. At the low end, we do it through groups and guarantee each other. This has very low defaults. It ensures social responsibility. We have flexibility for this group. We have unsecured loans and you built your collateral as you save." KII, Co-operative Bank.

5.12 Uptake of CGS

The uptake of CGS has been low for the implementing banks. This is as a result of the scheming being very recent and its roll out being fairly recent, in early 2021.

> *"I think it is too early especially for us because we were a little bit slow to pick up the disbursement because of our internal challenges, so we think we started around April to pursue the guarantee under the CGS, and we were still trying to figure that argument, the conditions are very tough, so we can speak conclusively towards the end of the year when we can sort of go back to those enterprises that we funded, that is six months." KII, Credit Bank.*

The uptake of CGS is also affected by the lack of sensitization and awareness creation as part of the design of the scheme's rollout. Thus, there are no deliberate efforts to sensitize the public about the CGS, as implementing banks fear that if customers know that their loan is guaranteed, this would increase the default rate.

> *"Advertisement no. We are not deliberate on this. we are looking at the social risks involved if customers get to know that this backed by the government. We fear they might decide not to pay part or all of the payment if it's a government backed scheme. we concentrate on our existing customers as a priority. Also new customers who come and apply. For us CGS is security and we are not going to advertise security. When you come we appraise, we look at the needs that you have like any other customer. and then we make a decision. then we ask how pressing are the challenges that the customer is facing, how promising is the business. then can she booked under CGS. We are also pushing a lot of customers who are buying machines under CGS. Customers are notified at this point that we have a small amount has been guaranteed. But make them know that this money must be paid bottom line." KII, NCBA.*

> *"Now that they know, you just give them the information as required. Because you can't then go back and say you know you know… It's not there so if someone wants to have the product you still give them. So the thing that we are not doing may be we are not doing and we need to clarify is, we are not going out there and run and advert and*

campaign and say please, come for the money but it is based on local area engagement. If you have a personal customer that you are dealing with, you can highlight it as one of the services that you are offering." KII, Stanbic Bank.

There is higher uptake of CGS by male run enterprises as compared to female run enterprises. Unlike other loan products that target groups, such as those offered through table banking, SACCOS and micro finance, female run enterprises that access CGS do so as sole proprietorships. However, it is not always easy for lenders to determine whether enterprises are female run or male run, because many enterprises will have both men and women at various levels of day to day management and also running of daily operations.

"On women, we have about 20% being taken by women owned enterprises. They come in mostly as sole proprietors" KII, NCBA.

"But now when it comes to limited companies, sometimes when you are working that, sometimes it is a bit difficult, because you know for us how we define a woman owned enterprise is either in terms of shareholding or who oversees the day to day running of the business." KII, KCB.

5.13 Repayment of CGS Backed Loans

Repayment of CGS backed loans has been good, and this may be attributed to the level of due diligence that implementing banks put in before providing loans under the scheme. The banks have their own internal requirements which borrowers must meet, in addition to meeting the requirement by government. Thus, banks only lend to borrowers who meet both sets of criteria. While this may lock out many enterprises, it also ensures that default rate is low.

"So far from the ones that we have given, we have not had challenges with any of them in regards to repayment. From the report, you know, there are certain measures that we normally look at in terms of the loan repayment whereby you start seeing the ones in arrears or the ones that have moved to non-performing loans. At the moment we have not encountered. I don't know whether it is too early considering that that is almost 6 months. So if we began giving in February, and we are now going to the 7th month. But

from the last reports we checked, we have not had any that is non performing. You know there are instances whereby there are customers who default from the beginning. But for these ones so far from what we have given, we don't have any that is non-performing." KII, KCB.

For banks, if customers with CGS backed loans were to default, their losses would be high because the government only guarantees up to 25% of the loan, whilst the implementing banks cover the other 75%.

"The entire lending amount comes from the bank. But in case one defaults the government guarantees 25% of the loan." KII, Co-operative Bank.

"There is no absolute product called CGS. So I have to operate on my standard products and services that I am giving. And remember there is that risk of non-repayment because it is a government guaranteed facility so we are not as aggressive getting it out there that we have a government guaranteed scheme that we need to run because of that potential risk of non-repayment." KII, Stanbic.

"May be I can add, just based on 25% guaranteeing but also when you are presented with the claim process, it is so convoluted and actually you realize even the 25% is not guaranteed in terms of when you do file your claim. So him being the business person he will think should I go under this and even when you are told, when you start recovering you will also need to refund if you are paid up a claim. The government started a good initiative in my opinion, but then introducing so many hurdles that as corporates we have to think twice whether we really want to run with this scheme or just go on lending competitively as we have always done." KII, Stanbic Bank.

"25% guarantee is not motivating enough for the bank institutions. The risk sharing should be improved to 75%." KII, Co-operative Bank.

5.14 Impact of COVID on businesses and their ability to access credit

COVID has had a negative impact on businesses and many reported that business went down as a result of COVID. However, table banking helped women's enterprises to survive during the pandemic.

> *"Women's businesses have survived during corona due to boosting each other, mostly in groups." KII, Nairobi.*

> *"Yes, we take there is a group where we borrow, given and pay but for now, since the outbreak of Corona, we have been in a difficult situation since business went down so you just sleep." Case Narrative, Kirinyaga.*

Banks also reported that while COVID led to some businesses experiencing negative impacts, other enterprises actually thrived during the pandemic, and this may have been as a result of the measures that were taken to help borrowers survive.

> *"Not all businesses went down because of COVID, we actually saw a number of businesses thrive because of COVID. When we did, we were the first bank to do credit moratorium for our customers. When most of these customers saw the financial burden of the credit moratorium they actually opted out of the moratoriums so they opted to go back to normal repayments. So for them to then go then back and make normal repayments, it means that within the bigger picture of business, they are able to run their loan repayments." KII, Stanbic Bank.*

5.15 Mobilization

While training on business is important, women reported that they have not received much training from banks, and mostly, they learn from each other in their groups and also from the actual running of their enterprises. Other lending institutions, such as Micro Finance, also provide training before issuing loans.

> *"We have the existing groups, we have the new groups. For the existing we have a monthly meeting, a monthly budget whereby the officer we attend the meetings. We have the agenda for the day and we also train. We have the agenda, we train and also sometimes [inaudible] we make forums whereby we meet with the women and we look for some specific topics and we train. Yes like the [inaudible] about business so*

sometimes we have that forum and also we have facilitators in the field so they train the women." KII, Kitui.

"Banks rarely train. They rarely train. I think they are advanced and developed so they are looking for that clean customers. We have like that one I told you, Teach kwa kuendelesha. Before you borrow they train you first, they take you for workshops you see which business you can start like bee keeping, like rearing chicken they train them on what they can start and start from where. It is only banks which do not come down and train but the Micro Finances are doing it." KII, Kitui.

"We have never seen these people that they have come to help us." KII, Nakuru.

"They have also done trainings, before, like Kenya Women before we give you a loan you are trained, so it also makes easier for these women to make profit on how they can make more profit on their side to be able to facilitate the payment ya hii loan, so that's another thing because if I don't have the know how, how I can manage my business it will be very difficult , so they are also helping as much as they are giving loan they are also helping to train, yes. And Faulu, by the way I shoud not forget Faulu, and then wale wenye mimi nime interact na wao, and Rafikis, I've seen them training women and at the same time giving small loans." KII, Kajiado.

5.16 Challenges

The challenges reported by women's enterprises relate to the following broad categories: growth of enterprises; application for credit and repayment of credit.

i) Specific challenges faced by women in the growth of their enterprises.

Lack of knowledge in book-keeping, accounting and business management skills. This poses a risk of business failure. Most respondents stated that they do not receive training on running their businesses.

"Something else that happens when one has a business is not knowing how to handle a customer. An example a customer comes to my hotel and I am new in the business. So I don't know how to handle them, how to treat them so that when he goes he comes back again. You know when there is that training and one is shown how to advertise

their business and about sales, so when a customer comes you will know how to handle them quickly so that when he goes he comes back again and comes with another customer," Women's FGD, Kirinyaga.

Limited credit access was another challenge. Despite efforts to increase credit access to women through the various government affirmative action funds and various products that micro finance institutions are coming up with, credit access is still a problem. Most of the loans accessible to the entrepreneurs are not enough to expand their business to levels that they would want to.

"The challenge we have is that we don't have enough capital for businesses. We depend on this money because that's where we pay our rent we buy things in the house. In short it is very challenging of course business is not good and I can't say it's bad because of the new place. Running a business is challenging especially with the business people are even in fact you don't get enough loans as we require," Women's FGD, Kajiado.

Unhealthy pricing of goods. Women enterprises located in the same area and attract the same customers have to be conscious about their pricing. This means that if a competitor charges a lower price for a good, the business will have to lower their prices to the same level even if they are not favourable to avoid customer loss, as customers can quickly shift from one seller to the other. Low prices mean low levels of profits.

"I sell wholesale and retail. I am near his shop. In fact, if we can't we'll find out that she sells flour the same price I'll sell mine. If you sell at 105 or 110, the business remains stagnant. That's our main challenge, the pricing is bad. And the pricing destroys business. Pricing this becomes our main challenge," Women's FGD, Kajiado.

Lack of trust between operating partners. Many of the respondents who operate businesses with their spouses reported that a lack of trust between the partners can always lead to business failure. The results show that husbands tend to pocket away the business money without trust, leaving behind no funds for stock addition, hence a challenge to the business.

"You know business also calls for agreement between husband and wife. Like for instance today I am here and then tomorrow it's my husband running the shop and without trusting each other business will be affected due to lack of trust. If there is no trust the husband will sell and pocket the money. The money that he pockets should be

the one to save and other monies ploughed back to business. So without trust business will go down." KII, Kitui.

ii) Specific challenges faced by women run enterprises in the application for credit.

The first was the lack of a saving history: Banks and SACCOs require borrowers to build a saving history with them for at least six months. This requirement may be a challenge for startups and existing businesses with cash flow challenges. In some cases, women do not get the amount they had applied for, mainly when they apply to mainstream banks. Their savings are little, and therefore may not get enough loans that would boost their businesses. Based on the lending institution's appraisal, an applicant may get less amount, which may not be enough to cater to the intended purpose.

> *"If a lady wants a lot of money and her savings do not allow her, we cannot give her the amount that she wants because her savings are low. And sometimes, you may find that she needs more money, she may go borrow from someone to increase her savings, so we as chama members, don't look at want she has just deposited, we look at how she has been saving." KII, Nakuru.*

> *"It is not easy to access the loan because one has to save some amount of money so that they can qualify for a loan and the percent interest is very high," KII, Nairobi.*

The demand by some lenders that their husbands guarantee them. Some lie they are not married. This is majorly because if the husband guarantees the loan, he will gain control and influence over the use of the acquired loan.

> *"They will say they are single or they talk to the chairlady, if she is the one responsible for signing the form and the whatever they know what to do, or they completely say they are not married. But they are married, I had another friend who was, she is always carrying a photocopy. ID ya mzee [husband's ID copy] and so anytime we need a photocopy for the husband, she has it and attaches. Nobody checks whether the signature is true or not, they sign the signature." KII, Kajiado.*

Lack of guarantors: Most banks and MFIs require that a borrower gets at least one guarantor with a good credit history which may be a challenge. Sometimes group members are forced to find a relative who can lend them money because one guarantor cannot guarantee more than one person in the group before the loanee has cleared.

> *"Yes it is difficult because for instance if you don't have a permit you will be force to apply for one because it is one of the requirements. Again it is not easy to get a guarantor. One's husband too can refuse to be a guarantor. It is not easy to get a guarantor." KII, Kitui.*
>
> *"Getting a guarantor to stand with you is hard because they don't trust you in paying back the loan, this is because once someone default in paying back it's the guarantor who pays instead," Women's FGD, Kirinyaga.*

Most businesses are informal and not registered. This means they cannot access bigger loans as individuals from the banks.

> *"Yeah SACCOs but you have to be established you cannot go and apply for a big loan when you have not established your business." Women's FGD, Kitui.*

Collateral limitations: Lack of collateral limits women access to credit. This is because most assets such as land and livestock and traditional sources of wealth and assets are largely owned by men.

> *"Some loans may require you to have security like which you may not have and your husband may not allow you to use any of their property for example a cow as security, or sometimes when living in town and you want to take a loan, you only household items which may not qualify as enough security therefore you will not get the loan you want. Security for the loan is therefore a challenge," Women's FGD, Kitui.*
>
> *"Yes they don't have because if I am asking for a title and it is with my husband you see that is a challenge. Or even a log book yet the car belongs to my husband. Now women don't have the collaterals," KII, Nakuru.*

Bureaucracies in access of Government Affirmative Funds: Long waiting period after application for Affirmative Action Funds (AAF), coupled with limited knowledge on requirements for access to the said AAF limits the number of businesses that access the funds.

"We faced challenges it has taken a year. We were told to attend seminars where we were taught stayed and it ended that way. After a long time, I was called on the 19th by the official who was teaching us and she told us to meet her at one of the hotels. When we met she gave us a check. Only three groups were given the money. The groups that had an active certificate, had a bank account." KII, Kitui.

The women in table banking depend on the cash that is available to be able to access credit. This means that if members who borrowed previously have not paid back their loans, then other members will have to wait until cash is paid back.

"There are there a lot, you may want to apply for the loan but people don't have the cash because the money comes from the people. Some have borrowed but not returned. Maybe you want to take a loan of fifty thousand but people have returned the cash and it's not adding up. And maybe what you want is that amount it forces you to take more time." KII, Nakuru.

iii) Specific challenges faced by women in the repayment process.

The low and high Business cycles. The business has cycles that are the boom and low periods. During the boom, the entrepreneurs can quickly pay their debts to the various financial institutions. However, profits are meagre during the low seasons and majorly ploughed back into the business; hence, little is left for loan repayment. This means that the business owner will struggle to repay the loan, sometimes leading to defaults.

"There are times we face challenges because of how things are in the country because you find the sales have not been good. You find business is low so we face challenges but when business is good we pay quickly." KII, Nakuru.

"Yes it is very high again the time they will give you; you will not have made that money. Like for example for me in the salon I can stay for a week without getting a client and I am expected to make that payment. Where will I get it?" KII, Kirinyaga.

Kin support withdrawal: Some women are assisted to repay the loans either by their spouses or children. Others have other sources of income that they may use to aid in the loan repayment. However, if the spousal support is withdrawn, or even the other sources of income are reduced, the women will experience difficulties, primarily if they depend on these to repay the loan.

This case is most rampant with the start-ups.

> *"The other thing is…. first is the businesses themselves or no support. The woman was paying alone, she was being assisted by the spouse, the spouse is not working now, the son has lost his job so at times she has difficulty. Because apart from business you may have another source of income, now the other source fails, the business is down. So sometimes you find they have that strain." KII, Kajiado.*

COVID-19 and the reduced profitability: The Covid-19 pandemic led to low business sales hence reduced profits. Most of the women attributed the loan defaults in the past year to this. Due to the low profits, the women cannot make timely repayments. COVID-19 has stifled the business environment. Subsequently, some women borrowers have not been able to repay their loans on time and regularly. For instance, most businesses such as 'Mama Mboga' depend on foot-traffic; thus, the restrictions imposed due to COVID-19 have negative implications on their businesses.

> *"People have gone home because of Corona, we stay at our business but cannot get that money, so it's a big challenge. So women are under a lot of stress because they want to pay the loans, apply for another one and continue working." KII, Kitui.*

Other informants indicated that the repayment period, especially for banks, might not be business-friendly. According to the respondent, some banks require on to make weekly payments. This sometimes is not very sustainable, leading to high defaults rates.

> *"You fail to pay back, because for most of these banks they always want you to make monthly payments or even weekly, but then in that week, you don't get that amount of money you are supposed to pay back. So it accumulates and accumulates until you're unable to pay the debt." Case Narrative, Kitui.*

The loans given to the women are sometimes diverted to other uses and not necessarily business expansion as indicated during loan applications. Even if they use it for business expansion, they will purchase goods they had not intended. This means that the women will experience difficulty during repayment as little to no profit is generated from the loan. The other uses might be school fees payment which does not necessarily generate profit. Alternatively, even spending the loan on other uses; hence, in the long run, the women will experience difficulty during loan repayment.

> *"Yes, we have paid, but some people have not paid yet. When this program started, they gave out loans to different business people like salons, chemists, and shops. They were neither requesting guarantors nor did they come physically to meet the people who applied for that loan…These people use the money in other activities that why they find it difficult to repay. I think we will only manage to repay the loan without any problem if we make sure we boost our business with the requested loan," Women's FGD, Nairobi.*

> *"Yes they face challenges. You will find sometimes you are a single mother and have children in high school so need to pay school fees and don't have money. Or like my business where I am selling perishable goods, once goods perish I go at a loss and don't get back the initial capital I invested. So it becomes a challenge." KII, Nakuru.*

Stock theft also came out as a challenge. Some of the informants indicated that the stock in the business might be stolen. This leaves them with no stock to sell hence no money to repay the loan initially acquired, leading to default.

> *"I got a loan and added more stock in my club. By bad luck my stock of 7,000/= was stolen. So to pay the loan was a challenge and the lender will not want to know whether the stock was stolen but will expect me to pay. So it becomes difficult to pay the loan," Men's FGD, Kitui.*

Business Insurance: It is hard for businesses to repay their loans on time if they are not insured in case of a calamity such as a fire breakout. This is the case, especially for small businesses. In addition to this, the cash flows might still be low for start-ups, hence not enough money to repay the loan.

> *"Another thing small business face is you can take a loan when the supplier has given you products to sell and unfortunately a fire breaks out and all the products get razed down by the fire. We don't take insurance and so won't tell the supplier the products were razed down. We face many challenges, we don't have access to insurance because we have not been reached and we see this as a major thing," Men's FGD, Kitui.*

5.17 How women navigate challenges

Despite the various challenges experienced by women in the repayment process, women have devised ways of coping with these challenges faced during loan repayment to avoid pressure. The women in Kajiado who do table banking buy goats and cows, which they allow to grow, after which they sell the animals to get money. The proceeds from the sales are used to boost their businesses, hence avoiding borrowing.

> *"In this table banking that we do, if we get a profit we buy goats, or cows, sell them after sometime and then we boost our businesses." KII, Kajiado.*

In the chamas, when a member defaults on loan repayment, the savings of that group member are used to clear up the debt. However, if this is not enough, the group members contribute to clearing the balance.

> *"The group can decide to contribute for the member who has defaulted, however this is still difficult. Remember the person contributing has also struggled to get the money. However, the purpose of the group is to help each other, hence they usually help in contributing for each other, when one is unable to," KII, Kajiado.*

6.0 Discussion

6.1 The impact of formality and informality on access to credit by female owned enterprises

Quantitative data was collected from formal enterprises, which meet the qualification criteria for CGS. This is contrasted with the qualitative data, which was collected from semi-formal and informal enterprises, which do not meet all the qualification criteria for the CGS. Our findings reveal the importance of taking an intersectional approach in analysing access to credit by women's enterprises. There are key differences among female owned enterprises, and one of the most significant differences from our data is whether the female owned enterprises are formal or informal. Thus, formal owned women enterprises are markedly different from the informal ones, as is demonstrated in the discussion below:

i) Formality reduces gender differences in access to credit

In this context, we see that among the formal enterprises, there are fewer differences between the female and male owned enterprises. In particular, the formal female enterprises are just as likely to apply for credit as the male owned ones, and they are also likely to seek credit from the same sources, with banks being ranked as the preferred source of credit for both female owned and male owned formal enterprises. Our quantitative data indicates that characteristics such as sex or level of education among the formal enterprises did not determine the choice whether to apply for credit or not. Thus, for both male and female owned enterprises, the choice to apply for credit or not was determined by other structural factors such as availability of collateral. Notably however, female owned enterprises are more likely to have unsuccessful credit applications, due to these same structural factors such as lack of access to collateral. Our data shows that 18% of female applicants had their loans turned down as compared to 10% of male applicants.

This is contrasted with semi-formal and informal enterprises, where gender differences play a significant role in terms of access to credit. In the context of informality, gender plays a significant role in making the choice to borrow or not. Informal female owned enterprises are more likely to apply for credit as compared to the male owned enterprises, and the preferred sources of credit for informal female owned enterprises are table banking and micro finance institutions, while for male owned enterprises the preferred choice of credit is banks and SACCOs. This is because women owned enterprises form *chamas* through which they are able to access credit, but men are less likely to form such groups. Most sources of credit, including banks, SACCOs and micro-finance institutions are less likely to lend to individuals operating informal enterprises and will instead prefer to lend to groups, as the groups provide additional security by holding individual members accountable so that they do not default on repayments. Thus, because men generally prefer to operate as individuals, and are therefore less likely to meet the requirements set by lenders within the formal market, such as banks, they are less likely to borrow. This may be attributed to the fact that male owned enterprises are more likely to borrow as individuals from the banks and SACCOs, thus accessing higher levels of credit.

ii) Formality increases access to higher levels of credit

Formality is also likely to increase the levels of credit that female applicants are able to access. This is attributable to the fact that among formal enterprises, the preferred source of credit is banks and SACCOs, as compared to informal women's enterprises which prefer to borrow through table banking. Banks and SACCOs are able to loan higher amounts as compared to other sources. Further, formal enterprises find it easier to meet the requirements set by banks for access to loans, as compared to the informal enterprises.

By contrast, informal female owned enterprises are likely to access lower levels of credit as compared to the formal ones. Unlike the formal female enterprises which tend to operate individually, informal women's enterprises prefer to form groups or chamas, through which they access credit. While some banks, such as Co-operative are increasingly lending to informal enterprises, the amounts accessed remain low because the banks lend to enterprises that have organized themselves into groups as opposed to individual enterprises. Thus, informal enterprises access lower levels of credit from banks as compared to formal enterprises, because for informal enterprises, banks adopt the group lending approach as this ensures that the groups hold their members accountable, thus guarding against default on repayments.

It is however important to note that both formal and informal male owned enterprises still access higher levels of credit as compared to the female owned ones. In the context of formality, the upper credit limit for women was reported as Ksh. 1.5 million, which is half that of men, which was reported as Kshs. 3 million. This may be attributed to the fact that female owned enterprises face structural challenges such as access to collateral. Similarly, in the context of informality, male owned enterprises may borrow less often as compared to the female ones, but they are more likely to access higher amounts of credit when they borrow. This is attributed to the fact that informal male owned enterprises prefer to borrow as individual entities from the more formal sources including banks and SACCOs, which generally provide higher levels of credit when lending to individual entities.

Another reason why male owned enterprises are generally able to access higher levels of credit is that they tend to take more risks as compared to the female owned ones. Male owned businesses are more likely to take greater risks, they are more likely to put up large value collateral to access credit, while women owned businesses will be more cautious and will avoid taking high risk credit (Sundheim, 2013).

iii) Informality intersects with gender to create confidence in lending to the informal sector

While formality has traditionally been viewed as providing greater security to lenders by putting in place measures that ensure repayment, our findings show that the intersection between informality and gender has created measures that ensure that borrowers do not default. Thus, while informal men's enterprises may still represent high risk lending due to the fact that they prefer to operate as individual entities, this is different for informal women's enterprises which prefer to form *chamas*. For these women's groups, measures such as regular meetings, saving through table banking and holding each other accountable ensure that individual members do not default on repayments. Women's groups thus promote the confidence of lenders when extending credit to informal enterprises. This shows the importance of collective agency, where individuals pool together and are able to leverage on their collective strengths. Because formal enterprises operate more as individual entities, they lack this collective agency which is found among the informal enterprises. What we see therefore is that the formal lending market can indeed lend to informal enterprises and rely on the mechanisms within the informal sector to ensure compliance with terms of lending.

6.2 Financial inclusion for female owned enterprises

Lenders are increasingly designing financial products that specifically target female borrowers. Thus, the banks interviewed in this study indicated that they are each at different stages of designing and implementing woman-centred financial products. Some of these products have been designed also to meet the needs of informal enterprises, given that many women enterprises are still informal in nature. An example is the Msamaria product currently being rolled by Co-operative Bank, and which is tailor made for women in the informal sector. The legal environment that requires the inclusion of women and addressing practices that negatively discriminate against women has played a key role in promoting women's inclusion in various sectors, including the financial sector. Further, collective agency among women, through which they are able to demonstrate their ability to borrow and repay has created confidence among lenders.

This means that there already exists an environment that allows CGS to be made accessible to female borrowers both within the formal and informal sectors. While the CGS currently benefits borrowers in the formal sector, we see that banks have designed products that target the informal sector, and further that these products are benefiting women owned enterprises within that sector. These type of loan products can be backed by the CGS if the scheme is made more accessible to the informal sector.

6.3 Access to CGS by female owned enterprises

Formal female owned enterprises are more likely to access the CGS as compared to the informal female owned enterprises. This is because as it is currently designed, the CGS requires businesses to meet a strictly formal eligibility criteria, which locks out the informal enterprises.

At the time of conducting this study, the CGS was still in the early days of its implementation, but the findings on how formality and informality impact female owned enterprises are instructive. Because formality tends to even out the playing field between male owned and female owned enterprises, it is likely that there will not be significant gender differences in access to the CGS by formal enterprises. This means that it is likely that female owned enterprises and male owned enterprises will be able to access the scheme on an equal basis.

However, it is important to note that there are more formal male owned enterprises as compared to the female ones. From our data, 59% of the total surveyed enterprises were male owned while 41% were female owned. Statistically, this means that there is a higher probability that more male owned enterprises will access the CGS over time as compared to the female owned ones. Moreover, the formal female enterprises still experience structural barriers such as less access to collateral as compared to the male ones. The fact that the CGS represents a low risk form of lending may appeal significantly to female borrowers, and this may therefore influence their decision to take up CGS backed loans, but again, this would be determined by whether they have knowledge about the CGS. Currently, the CGS is not advertised or marketed by the implementing banks as a means of avoiding moral hazard, and this has impacted its uptake, which is still low two years after the scheme's roll out.

6.4 Factors that limit access to credit by female owned enterprises

Gender norms continue to influence the extent to which female owned enterprises are able to access credit. Our data shows that both within the formal and informal sectors, women owned enterprises access lower levels of credit as compared to male owned enterprises. For formal enterprises, women have less access to collateral, due to male control and ownership of property, and this in turn allows women to access lower levels of credit as compared to men. In the informal sector, borrowing as groups and then sharing out the borrowed amount to individuals within the groups means that women will access lower levels of credit as compared to men who prefer to borrow as individuals. Further, women in the informal sector cannot make decisions about taking out credit without involving their husbands, because men have control and ownership of property that may be used as collateral. Thus, gender norms which inform how men and women are able to access, control, own and use property significantly impact the extent to which women can access credit. Gender norms also inform the levels of credit women are able to access, because where women cannot certain forms of property, such as land for collateral, then they may not be able to access higher levels of credit. Our data indicated that in the context of informality, women primarily use household goods as collateral. In comparison, men can use real property such as land and buildings as collateral. The result is that men are able to access higher levels of credit as compared to women.

6.5 Impact of gender norms in decision-making about access to and use of credit

Our findings show that gender norms influence the decisions that women make about the use of credit. Thus, because the role of running of households is socially ascribed to women, we find that women may divert credit accessed for purposes of their businesses to family use. Family needs thus significantly impact decisions that women make concerning credit accessed for purposes of running or expanding their businesses.

When women divert credit intended for their businesses for family use, this creates a burden on women, because they must still ensure that they repay the credit. Female respondents indicated that they are running enterprises primarily for the purpose of providing for their families and therefore they would use credit meant for their businesses to support their families if the need arose. In this regard, women entrepreneurs indicated that some credit facilities, such loans on stock, are especially useful in meeting family needs. Loans on stock, where one is given stock to sell and then pay back the lender enable women to provide food directly for their families, rather than having to take out money from the business to meet family needs.

We also found that while access to credit generally has the potential to empower women by, allowing them to start or expand their businesses, which in turn enables them to make income, gender norms which limit the extent to which women are able to make decisions about access to credit persist. Thus, married female respondents reported that they still need to obtain consent from their husbands before taking credit. This may further exacerbate the problem of diverting credit intended for business use, because husbands may then ask the wives to give them some of the money they borrowed and they may not necessarily use it for the family. This means that the women will have to still provide for the family and give some money to their husbands, and still repay the loan.

In some instances, women also use their groups to borrow on behalf of their husbands, but at the same time, this does not necessarily give them the agency to make decisions about the use of such credit, and they will still have to repay the loan.

6.6 Sensitization and literacy on affirmative action funds, including the CGS

Our findings reveal that there is a dearth of information about affirmative action funds in Kenya. Most respondents, particularly those in the informal sector, indicated that they did not know of the existence of affirmative action funds, and those who had heard of them, did not know how they can be accessed. This has limited financial inclusion for many entrepreneurs, and more so those operating informal enterprises. There is therefore a need to enhance financial inclusion by sensitizing entrepreneurs on affirmative action funds.

7.0 Conclusions and recommendations

i) The survey analysis has shown that access to credit is still a challenge to MSMEs especially those owned by women. In addition, disruptions in the market occasioned by the Covid 19 pandemic have negatively affected businesses and as result those with credit facilities struggle to repay them on time. From the CBK 2020, MSME Survey, a total of 72,559 MSME loan facilities in the banking industry valued at Ksh.234.7 billion were restructured in 2020 as a measure to reduce the impact of the COVID-19 pandemic on MSME borrowers. These constituted 0.6 percent of total loan accounts and 7.8 percent of the total value of the gross loan portfolio as at December 2020.

   Recommendation 1: Financial institutions should provide flexible repayment terms to accommodate the needs of small businesses that have seasonal cash flows. This may include quarterly repayments, longer grace periods, and loan rescheduling.

Recommendation 2: The design of CGS should respond to the issues that borrowers consider when choosing lenders and to incorporate these preferences in its design. This will make it more likely that many more MSMEs will benefit from the scheme.

ii) A major finding from our data is that informality does not necessarily create high risk lending. Banks are already lending to the informal sector and they report that loans to this market still perform well in terms of repayment. Lending to this market has also resulted in greater financial inclusion for women, because most female owned enterprises are informal.

Recommendation 3: There is an opportunity for banks and MFIs to develop group lending products that target women, and this should be harnessed. This is because many women are in *Chamas* that do table banking and merry-go round but may have limited savings available for lending to members who need funds.

iii) Formality is likely improve access to credit by women run enterprises and it may also result in evening the playing field by male owned and female owned enterprises, thus reducing the gender differences in terms of access to credit. The CGS is designed to target formal enterprises, and because in this context the gender differences are limited, the CGS has limited potential to address specific gender concerns. A focus on informal enterprises, where gender differences are most acute, is necessary if the CGS is to have an impact in addressing gender specific concerns. However, rather than simply make the requirements more flexible so as to allow the inclusion of informal enterprises, it would be more useful to design mechanisms of supporting informal women's enterprises to transition into formality as a means of supporting them and enabling them to meet the CGS requirements.

Recommendation 3: It is important and more sustainable to WEE to support women's enterprises to transition from informality to formality through trainings and other measures such as business incubation. The benefit of accessing the CGS and other credit facilities can be used as an impetus to encourage informal enterprises to join programs that can help them to transition from informality to formality.

iv) Lack of sensitization and information about available financial products, and especially those provided through affirmative action funds, has led to limited uptake of the financial products that are currently available.

Recommendation 4: Credit officers play a significant role in enhancing sustainable credit uptake. They offer both business skills and financial literacy training to listed potential borrowers, which in turn, affect the patterns of use of accessed credit and minimize potential default. Banks can make good use of their credit officers to enhance the business capacity of MSMEs before advancing them credit facilities.

Recommendation 5: Sensitization of entrepreneurs, especially those in the informal sector, on affirmative action funds will enhance access to these funds. This can effectively be done through partnerships between the actors involved in the implementation and disbursement of these funds. Thus for instance, the local administration, such as the chiefs and assistant country commissioners can run sensitization programs in partnership with implementing financial institutions.

v) Gender norms continue to impact women's access to credit. The level of credit that women can access is largely informed by gender norms that are prevalent in given social contexts. Decisions concerning the use of credit are also influenced by gender norms, so that where women are able to access credit, how they use that credit will be influenced by gender norms, and this often results in diversion of credit for family use, thus making repayments difficult.

Recommendation 6: It is important to design and implement programs that are aimed at transforming gender norms so as to enhance access to credit by women. Such programs can be designed collaboratively by the WEE Hub, the State Department for Gender Affairs, the National Treasury and the women's movement, which includes various women's organizations, women's groups and individual women's rights advocates.

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9.0 Appendices

Appendix 1- Quantitative Survey Questionnaire

Study Title

Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Study Objectives

iv) To identify the factors which impact women's access to credit;

v) To assess the extent to which women run enterprises access the Credit Guarantee Scheme;

vi) To identify the challenges and opportunities specific to WEE in operationalization and implementation of the CGS.

Introduction:

Good day. My name is ………………………….. . We are conducting a survey on access to credit by women entrepreneurs for a study with African Women Studies Centre, University of Nairobi, Women's Economic Empowerment Hub in partnership with the National Treasury and Kenya National Bureau of Statistics. I do not represent the government. Your opinion is important for this study. There are no right or wrong responses to the questions you will be asked. All responses will be kept anonymous and confidential. Your responses will not be shared with any members of your community or used for any other purposes other than for this study. Your participation in this survey is voluntary. There will be no reimbursement for your participation in this study. Your participation will contribute to Women Economic Empowerment. The interview will last approximately 30 minutes. You may cancel the interview at any moment if you are uncomfortable to continue with the interview. Are you willing to participate?

1. Yes [Interviewer: Continue with survey questions]
2. No [Interviewer: Thank respondent for their time and proceed to the next respondent in survey]

Date of interview: [___|___ /___|___/ 2 | 0 | 2 | 1]

Time of interview: Start [___|___:___|___] End [___ |___:___|___]

County:

____

Sub-County, Village: GPS Location

____

A. Demographic Characteristics of the respondents

A1. Sex
1. Male
2. Female

A2. Age:
1. 18-24
2. 25-34
3. 35-49
4. 50-60
5. Above 60

A3. Marital Status:
1. Single
2. Married
3. Separated
4.Widowed

A4. Level of Education:
1.Primary
2.Secondary
3.Tertiary (Specify)

A5. Do you have a personal KRA pin?
1. Yes
2. No

A6. Do you have a bank account?
1. Yes
2. No

B. Basic information about the business

B1. What type of business do you operate? (Treasury and KNBS to assist with the categorization)

1. Retail (specify)____
2. Wholesale (Specify)____
3. Service Industry (specify which service)______________________________
4. Production (Specify)
5. Other (specify)____

B2. Which sector is the business in(Research assistant to fill without asking the respondent)

1. Agriculture
2. Building and Construction
3. Energy and Water
4. Financial Services
5. Manufacturing
6. Personal/Household
7. Tourism, Restaurant and Hotels
8. Trade

9. Transport and Communication
10. Others (Specify)

B3. How long has your business been in operation? (Input No. of years)

B4. How many people does your business employ? (Input No. of employees)
zero is not a viable answer

B5. What is your annual turnover?
1. Less than 500,000
2. 500,001-5,000,000
3. 5,000,001-100,000,000

B6. Do you keep business records?
1. Yes
2. No

B7. Does your business have a bank account?
1. Yes
2. No

B8. Do you have a business plan?
1. Yes
2. No

B9. Does your business have a KRA pin?
1. Yes
2. No

B10. Do you have an operating license from the county?
1. Yes
2. No

B11. Is your business registered?
1. Yes
2. No

C. Access to credit

C1. Do you normally need credit for your business? (Specify)

1. Yes (Specify what you need credit for)
2. No (If no, specify why you don't need credit)

C2. Have you applied credit for the last 6 Months?

1. Yes

2. No

C3. If YES in **C3 above**, from which lender did you apply the credit?

1. Banks (specify which bank)
2. Micro-finance institutions (specify)
3. SACCOs (specify)
4. Women's Groups/Table Banking (specify)
5. Digital lenders (specify)
6. Relatives
7. Shylocks
8. NGOs (specify)
9. Others (specify)

C4. Were you personally able to complete the application form?

1. Yes
2. No (go to C5)

C5. If your answer is NO, who completed the application form for you?

1. A consultant at a fee
2. Cybercafé assistant
3. A Bank representative
4. A family member
5. Other (Please specify):____

C6. Was your application successful?

1. Yes (Do not ask question C9)
2. No (Go to C9)
3. Have not yet received feedback on my application

C7. What level of credit were you able to access?

1. 500,000 or less (Specify)
2. 500,001-1,000,000
3. 1,000,001-3,000,000
4. 3,000,001-5,000,000

C8. What difficulties did you experience in applying for the loan?

1. I did not meet the requirements (specify)
2. I did not understand the application process
3. I could not access the application forms
4. The application process took too long
5. Other (specify):____

C9. Were you given reasons as to why your application was unsuccessful? (Skip if answer to C6 is yes).

1. Yes (specify reasons given)

2. No

C10. Why did you choose the specific credit provider in **C3** above?

1. Fast Turnaround time
2. Favorable interest rates
3. Low Collateral
4. Other (Specify

C11. If you need credit, what is your **MOST** preferred choice of credit providers? (Tick one) (Treasury to assist with the classification)

1. Banks
2. Micro-finance institutions
3. SACCOs
4. Women's Groups/Table Banking
5. Digital lenders (specify)
6. Relatives
7. Shylocks
8. NGOs
9. Others (specify)

C12. Why do you prefer the specific credit provider that you picked in **C11** above?

D. Use of the credit obtained

D1. For what purpose did you apply the credit? (Tick all applicable options)

1. Business recovery after suffering effects of COVID-19
2. Business expansion by opening other branches
3. Off-setting other debts incurred before obtaining credit under the scheme
4. Increasing stock
5. Other (specify)

D2. Did any other factors affect the use of the credit that you obtained?

1. Some pressing/emergency needs arose (specify)
   - i. School fees
   - ii. Health
   - iii. Rent
   - iv. Food
2. Repayment of other credit
3. Gender Based Violence
4. My spouse took the money
5. Other (Please specify)____

E. Loan Repayment

E1. Have you started making repayments?

1. Yes (go to question E2)
2. No (go to question E3)

E2. Are you able to make the repayments with ease?

1. Yes
2. No (specify reasons for saying no)

E3. Why haven't you started making repayments?

1. Lack of funds (Specify)____
2. My business has been closed (Specify)____________________________
3. Repayment period has not yet commenced

Other (specify)

E4. **Currently, do have any loans outstanding?**

If yes, who are the person(s) or institution(s) you owe money to?				
No.	**Original Amount Borrowed**	**Lender**	**Balance Outstanding**	**Full Payment Due on (Date)**
1				
2				
3				
		Totals		

E5. Are you aware of the consequences of failing to repay the credit?
1. Yes (specify consequences)
2. No

F. Mobilization

F1. Have you received any information about business trainings?

1. Yes (what was it on).
2. No (go to Part G).

F2. Have you attended any such trainings?
1. Yes (what was the training on …..indicate).
2. No (specify reasons for not attending).

F3. Who convened the training?
1. Government / National Treasury
2. Banks (Specify which bank)
3. WEE Hub
4. Other (specify).

F4. Were the trainings useful? (Do not ask if answer to F2 is no)
1. Yes (specify how meetings were useful)
2. No (specify why meetings were not useful)

F5. Have you shared information about the training with other women?

1. Yes (specify why respondent has shared information)

2. No (specify why respondent has not shared information)

G. Collective Agency

Now I'm going to ask you about groups in the community.		Is there a [GROUP] in your	Is this group composed of all male	Are you an active	Are you able to influence	Does this [GROUP] influence
GROUP CATEGORIES		**H1**	**H2**	**H3**	**H4**	**H5**
i	Credit or microfinance group (including SACCOs / merry-go-rounds / VSLAs)	YES... 1 NO .... 2 DON'T KNOW 97	ALL MALE……………………….1 ALL FEMALE…………...…...2 MIXED SEX………………..…….3 DON'T KNOW……………….97	YES……1 NO..….…2	YES………...1 NO………2	YES………...1 NO…………2 DON'T KNOW…….97
ii	Mutual help or insurance group (including burial societies)	YES... 1 NO .... 2 DON'T KNOW 97	ALL MALE……………………….1 ALL FEMALE…………...…...2 MIXED SEX………………..…….3 DON'T KNOW……………….97	YES……1 NO..….…2	YES………...1 NO………2	YES………...1 NO…………2 DON'T KNOW…….97

iii	Trade and business association group	YES... 1 NO .... 2 DON’T KNOW 97	ALL MALE……………………….1 ALL FEMALE……………...2 MIXED SEX……………..…….3 DON’T KNOW……………….97	YES……1 NO..….…2	YES…………1 NO………2	YES…………1 NO…………2 DON’T KNOW…….97
iv	Civic group (improving community) or charitable group (helping others)	YES... 1 NO .... 2 DON’T KNOW 97	ALL MALE……………………….1 ALL FEMALE……………...2 MIXED SEX……………..…….3 DON’T KNOW……………….97	YES……1 NO..….…2	YES…………1 NO………2	YES…………1 NO…………2 DON’T KNOW…….97
v	Other (specify): ______________ ___________	YES... 1 NO .... 2 DON’T KNOW 97	ALL MALE……………………….1 ALL FEMALE……………...2 MIXED SEX……………..…….3 DON’T KNOW……………….97	YES……1 NO..….…2	YES…………1 NO………2	YES…………1 NO…………2 DON’T KNOW…….97

I would appreciate if you have any other information that has not been captured in this questionnaire that you would wish to share:

____
____
____
____
____
____
____
____

Thank you for taking time to participate in this survey and for the information you have shared. This is the end of the survey.

Record End Time:

Appendix 2: Women's Focus Group Guide

Study Title

Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Date of FGD: [___|___ /___|___/ 2 | 0 | 2 | 1]

Time of FGD: Start [___|___:___|___] End [___ |___:___|___]

County: ____

Sub-County, Village: ____

Instructions for Interviewers

Note to the interviewers: The focus group is a chance for us to see how participants share memories and meanings. As you know, there are strong hierarchies of age. We really want for everyone to speak in the focus group. If anyone is doing all the talking you can try to invite others to speak. In some cases, due to cultural reasons, women may not talk a lot. It is important to create some rapport and trust in order to put participants at ease.

The important consideration here is to set the norm for participation: be sure that everyone participates, even if that means calling on them, and encourage lengthy comments that explore issues in depth.

We want to get concrete details and move beyond rhetorical responses. We are not happy with answers like "everybody is happy." Prompt their answers by asking, for example, What exactly would happen if they didn’t? or Exactly who would they talk to?

Introduction

I would like to thank you all for coming to this group. My name is ________________. I am working with the University of Nairobi, Women Economic Empowerment Hub.

I would like to say that there are no right or wrong answers in this discussion. We will simply be discussing your views, opinions and experiences on a range of topics. So please feel comfortable to say what you honestly feel. During the discussion ______________________________________ will be taking notes and reminding me if I forget to ask something. However, so that s/he does not have to worry about getting every word down on paper, we would also like to tape record the whole session. Please do not be concerned about this. The recording will just help me remember what you said but it won’t be shared. Is everyone ok with me recording this?

We don’t want to miss anything that is said so it’s important that only one person talks at a time. Remember we want to hear as many different points of view as possible, so feel free to disagree with someone else and share your own opinions. We would like you all to have the chance to express your opinions, so please let everyone have their say. We would like to spend about 60 to 90 minutes with you. We brought some things to drink and eat while we talk. Please also help yourselves to these things.

Business is an important part of social life and important means of generating income for individuals and families. We would like to understand how women participate in business and entrepreneurship, and specifically how they are able to access credit.

Are there any questions before we start?

Let’s begin

Focus Group Protocol

Introduction question: As an introduction, let us go around the group and perhaps each person could give their first name and tell us what kind of business you engage in?

Follow up questions: Let us go round the group again and allow each persons to indicate the size and age of the businesses they operate.

Thank you! We are going to be talking about the businesses that you operate and whether you are able to access credit.

1. **Access to Credit**
   1.1 Do you access any form of credit to run your businesses?
      1.1.1 Probe on the reasons why, whether yes or no.
   1.2 If yes, probe further on the following issues:

1.2.1 Where do you access such credit from?
1.2.2 Probe on whether this is the preferred choice
1.2.3 Probe on why this is the preferred choice

1.3 What is the level of credit women are comfortable applying for? (Probe on the factors that influence women to choose the level of credit that they apply for).

1.4 What is the level of credit you are able to access from the lending institutions? (Probe on the factors that influence the level of credit you are able to access; also probe on whether the level of credit given by lending institutions is different from the level that women apply for).

1.5 Are women able to apply for the credit? (Probe on reasons for answer, whether yes or no).

1.6 Probe on whether there is anyone who assists women in applying for credit?

1.7 What have you heard about the application process for credit?
1.7.1 Probe on ease or difficulty of the application process

1.8 What are your views on the requirements one must meet in order to qualify for a loan (Probe on how easy is it to meet requirements that different lenders give for one to access credit)

1.9 What are your views on the level of credit that is accessible through various lenders?

2. Use of Credit

2.1. What are some of the purposes for which women apply for a loan?
2.2. If they get the loan for their businesses, do they use it for the purpose for which it is intended (Probe on reasons for answer if no; if women do not use the business loan for their businesses, probe on the reasons for this).
2.3. Do women have to explain to the banks the reasons for which they need credit?

3. Repayment

3.1 What are your views on repayment of loans offered by different institutions?
3.2 Probe on whether it is easier to repay loans from banks, SACCOs, chamas, affirmative action funds etc.
3.3 Probe on whether there are specific challenges faced by women in the repayment process.
3.4 Probe on whether they are able to make timely repayments.
3.5 Probe on whether ease of repayment determines the choice of institutions that women go to for loans.

4. Impact of the credit on your business

4.1 What are some of the benefits that women get from credit/loans?
4.2 Probe on the reasons for either positive or negative responses.
4.3 Probe on whether credit has helped to improve your businesses?
4.4 Probe on the specific ways in which credit has either helped or not helped to improve the business.

5. Challenges

5.1. What are some of the challenges that women may face when they apply for credit?
5.2. How do women navigate these challenges? (Probe on the strategies that women use to address challenges).

6. Mobilization

6.1. Have you heard of any meetings or trainings about business training?
6.2. Have you attended any such meetings or trainings?

6.3. Who convened the meetings/trainings?
6.4. Were the meetings/training useful? Probe on the benefits gained from attending such meetings/trainings.
6.5. Have you shared information about the trainings with other women? Probe on reasons for negative or positive answer.

7. Collective Agency

Let's talk about some of the groups that you know exist in your community (give examples like groups/chamas, business groups, investment groups, welfare groups etc)

7.1 Do you belong to any of these groups? (If no, probe on reasons for answer; also if yes, probe on which groups they belong to and why they belong to those groups)

7.2 What is the proportion of men and women in your group? (Probe on the factors that influence this- eg if there are more women than men, probe on the reasons for this).

7.3 What activities do you engage in your group? (Probe for the activities that different groups engage in).

7.4 What is the leadership composition in those groups in terms of gender.

7.5 Let's discuss the extent to which you can influence decisions in these groups. Do you think men and women have the same influence in group decisions?

7.6 How has the group enabled you to improve your businesses and livelihoods?

7.7 How has the group grown and diversified in terms of its activities? (Probe on how this growth has occurred).

8 Autonomy and decision making

Thank you very much. This is the end of our discussion. We are very grateful for your time. Do you have any questions for us?

[Final Thanks and Greetings]

Appendix 3- Men's FGD Guide

Study Title
Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Date of FGD: [___|___ /___|___/ 2 | 0 | 2 | 1]

Time of FGD: Start [___|___:___|___] End [___ |___:___|___]

County: ____

Sub-County, Village: ____

Instructions for Interviewers

Note to the interviewers: The focus group is a chance for us to see how participants share memories and meanings. As you know, there are strong hierarchies of age. We really want for everyone to speak in the focus group. If anyone is doing all the talking you can try to invite others to speak. It is important to create some rapport and trust in order to put participants at ease.

The important consideration here is to set the norm for participation: be sure that everyone participates, even if that means calling on them, and encourage lengthy comments that explore issues in depth.

We want to get concrete details and move beyond rhetorical responses. We are not happy with answers like "everybody is happy." Prompt their answers by asking, for example, What exactly would happen if they didn't? or Exactly who would they talk to?

Introduction

I would like to thank you all for coming to this group. My name is ________________. I am working with the University of Nairobi, Women Economic Empowerment Hub.

I would like to say that there are no right or wrong answers in this discussion. We will simply be discussing your views, opinions and experiences on a range of topics. So please feel comfortable to say what you honestly feel. During the discussion ____ will be taking notes and reminding me if I forget to ask something. However, so that s/he does not have to worry about getting every word down on paper, we would also like to tape record the whole session. Please do not be concerned about this. The recording will just help me remember what you said but it won't be shared. Is everyone ok with me recording this?

We don't want to miss anything that is said so it's important that only one person talks at a time. Remember we want to hear as many different points of view as possible, so feel free to disagree with someone else and share your own opinions. We would like you all to have the chance to express your opinions, so please let everyone have their say. We would like to spend about 60 to 90 minutes with you. We brought some things to drink and eat while we talk. Please also help yourselves to these things.

Business is an important part of social life and important means of generating income for individuals and families. We would like to understand how men participate in business and entrepreneurship, and specifically how they are able to access the credit guarantee scheme.

Are there any questions before we start?

Let's begin

Focus Group Protocol

Introduction question: As an introduction, let us go around the group and perhaps each person could give their first name and tell us what kind of business you engage in?

Follow up questions: Let us go round the group again and allow each persons to indicate the size and age of the businesses they operate.

Thank you! We are going to be talking about the businesses that we operate and whether we are able to access credit.

8. Access to Credit

- 1.10 Do you access any form of credit to run your businesses?
  - 1.10.1 Probe on the reasons why, whether yes or no.
- 1.11 If yes, probe further on the following issues:
  - 1.11.1 Where do you access such credit from?
  - 1.11.2 Probe on whether this is the preferred choice
  - 1.11.3 Probe on why this is the preferred choice
- 1.12 What is the level of credit you are able to access?
- 1.13 Are men able to apply for the credit?
- 1.14 Is there anyone who assists m in applying for credit
- 1.15 What have you heard about the application process for credit?
  - 1.15.1 Probe on ease or difficulty of the application process
- 1.16 How easy is it to meet requirements that different lenders give for one to access credit?
- 1.17 What are your views on the level of credit that is accessible through various lenders?
- 1.18 What are your views on the requirements one must meet in order to qualify for a loan?

9. Use of Credit

- 9.1. What are some of the purposes for which men apply for credit?
- 9.2. If they get the credit, do they use it for the purpose for which it is intended (Probe)
- 9.3. Do men have to explain to the banks the reasons for which they need credit?

10. Repayment

- 4.1 How is repayment under different facilities that offer credit?
- 4.2 Probe on whether there are specific challenges faced by men in the repayment process.
- 4.3 Probe on whether they are able to make timely repayments.

11. Impact of the credit on your business

- 6.1 What are some of the benefits that the credit offers to men?
- 6.2 Has the credit helped to improve your business?
- 6.3 Probe on the reasons for either positive or negative responses.
- 6.4 Probe on the specific ways in which credit has either helped or not helped to improve the business.

7 Challenges

7.1 What are some of the challenges that men may face when they apply for credit?

7.2 How do men navigate these challenges? (Probe on the strategies that men use to address challenges).

8 Mobilization

8.1 Have you heard of any meetings or trainings about business training?

8.2 Have you attended any such meetings or trainings?

8.3 Who convened the meetings/trainings?

8.4 Were the meetings/training useful? Probe on the benefits gained from attending such meetings/trainings.

8.5 Have you shared information about the trainings with other men? Probe on reasons for negative or positive answer.

9. Collective Agency

Let's talk about some of the groups that you know exist in your community (give examples like merry go round/ chamas, business groups, investment groups, welfare groups etc)

9.1 Do you belong to any of these groups

9.2 What is the proportion of men and men in your group

9.3 What activities do you engage in your group

9.4 What is the leadership composition in those groups in terms of gender

9.5 Let's discuss the extent to which you can influence decisions in these groups. Do you think men and women have the same influence in group decisions?

Thank you very much. This is the end of our discussion. We are very grateful for your time. Do you have any questions for us?

[Final Thanks and Greetings]

Appendix 4: Case Narrative Guide

Study Title

Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Objective of the Study Tool

1. To assess the extent to which women run enterprises are able to access credit

2. To examine the extent to which acquired credit is used for expansion of women business enterprises 3. To examine growth of women business enterprises 4. To examine the extent to which access to credit empower women

Introduction

My name is …………..and my colleagues are………… We are from the UON- Women Economic Empowerment Hub. We are going to be asking you a few questions about the business that you operate and how you access credit. During the discussion ____ will be taking notes and reminding me if I forget to ask something. However, so that s/he does not have to worry about getting every word down on paper, we would also like to tape record the whole session. The recording will just help me remember what you said but it won't be shared. Are you ok with me recording this? Thank you!

Themes	*Guiding questions*	*Guidance notes*
Warm up questions	- How are you today? Do you have any questions you would like to ask first?	
Demographic Characteristics	- Would you kindly tell us about your: - Age………… …………………….. - Marital Status……………………… - Level of Education………………….. -Kindly tell us what type of business you operate -Is your business registered? If no, do you plan to register? Do you have a bank account for your business? If no, what mode of banking do you use? -	*Collect information on demographic characteristics of the respondent* *Probe whether business is retail, wholesale or and main trade items* *Probe for mobile banking like "kapu la biashara",table banking, group banking*
Basic information about business enterprise	Now let us talk briefly about your business: -For how long has your business been in operation? -How many people does your business employ?	*Probe for when business started and how many years of operation Probe whether employees are also family members and whether they are remunerated. If they pay themselves and how much*

Access to Credit	-Have you ever applied for /loan for your business? What were your experiences -If you need credit, where would go to? Why? - What is the level of loan do you normally apply for? -Looking at your business and its performance, does it qualify you for the amount requested above? - Are there specific challenges that women entrepreneurs like yourself face in applying for these loans? - What are some of the priority areas you use this acquired loan for?? -What are some of the reasons that have hindered you from acquiring credit/loan? What are some of the reasons that will hinder a woman from acquiring credit/loan?	*Probe for: where the credit was sourced, processes and success or failure to acquire* *Probe for the various sources of credit, both formal and informal and reasons for preference* .Probe for affirmative action funds ;WEF,UWEZO, YOUTH FUND, NGAAF e.tc. *Probe for amount and why* *Probe for self-efficacy and capacity to acquire loans/credit* *Probe requirements like collaterals; household challenges, institutional challenges and business related challenges, probe even what happens after acquiring the loan* *Probe for the uses of the acquired loan*
Use of Credit and Repayment	-What do you normally use the loan for? - What are your views on loan repayment terms and repayment period?	*Probe other usage other than initial reason and the reasons* *Probe for any difficulties, which ones and causes*
Autonomy in Decision Making	-Who makes decision on what on what and when to borrow credit? - Who makes decision on what the loan should be used -who makes decisions on expansion of business	*Probe for self, spouse, relatives etc*

Credit and Business Growth	- In your opinion, can you say that your business has grown since you got the loan ? - According to your experiences are there specific challenges to the growth of women's businesses? Are these cross-cutting for all women businesses? What differences do you observe? - What would be your recommendations to help women grow/expand their businesses?	*Probe for turnover, increase in stock, increase in number of employees etc.*
Collective Agency	-Now, let's talk about some of the groups that exist in your community (give examples like / chamas, business groups, investment groups, welfare groups etc) - Are there women empowerment groups in this area? Are you part of any of these groups? What are the activities of your group? - In what way do you think these help women's empowerment journey? - Do you hold any leadership position in this group? a committee leader, advisor…what does your role entail - Let's discuss the extent to which you can influence decisions in these groups. Do you think the group appreciates your inputs? Why do you say so?	
Vision and Dreams	-What are your dreams about this business?	

Appendix 5: Key Informant Interview Guide (Government officials, Women's Organizations and Local Leaders)

Study Title
Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Introduction

My name is ………….and my colleagues are………… We are from the UON- Women Economic Empowerment Hub. We are going to be asking you a few questions about access to and use of credit among entrepreneurs in this community. During the discussion ____ will be taking notes and reminding me if I forget to ask something. However, so that s/he does not have to worry about getting every word down on paper, we would also like to tape record the whole session. The recording will just help me remember what you said but it won't be shared. Are you ok with me recording this? Thank you!

Date of interview: [___|___ /___|___/ 2 | 0 | 2 | 1]

Time of interview: Start [___|___:___|___] End [___ |___:___|___]

County: ____

Sub-County: ____

Venue of Interview:

Gender: ____

Organization where Informant works:

____

Interviewing team details

1. Interviewer's name:______________________ Mobile:________________ Signature:____________

2. Research Assistant's name:______________________ Mobile:________________ Signature:____________

3. Research Assistant's name:______________________ Mobile:________________ Signature:____________

Themes	Guiding questions	Guidance notes
Warm up questions	- How are you today? Do you have any questions you would like to ask first?	
1. Access to credit	- Are women entrepreneurs around here able to access credit to run their businesses? -Where do they access such credit from? -What is the level of credit women are able to access? -Is this different from the level of credit men are able to access? -Are women able to apply for the credit? -Are there differences in how men and women are able to access credit? (Probe on differences). -Is there anyone who assists women in applying for credit? -What have you heard about the application process for credit? -How easy is it for women to meet requirements that different lenders give for one to access credit? Probe on whether there are differences in how men and women are able to meet the requirements. -What are your views on the level of credit that is accessible through various lenders? -What are your views on the requirements one must meet in order to qualify for a loan?	*Probe on the reasons why, whether yes or no* *If yes, probe further on the following issues:* *Probe on whether this is the preferred choice* *Probe on differences* *Probe on ease or difficulty of the application process* *Probe on whether women and men access different levels of credit from different lenders).* *probe on whether these requirements limit the extent women are able to access credit*
2.Use of credit	-What are some of the purposes for which women apply for credit? -How about men, for what purposes do they apply for credit? -If women get the credit, do they use it for the purpose for which it is	*Probe for reasons for answer, whether yes or no).*

	intended? (Probe for reasons for answer, whether yes or no). -What about men, do they use credit for the purposes for which they applied for it? -Do applicants have to explain to the lending institutions the reasons for which they need credit?	
3. Autonomy in Decision Making	-Do women make decisions on what on what and when to borrow credit? -Do women make decisions on what the loan should be used -Who makes decisions on expansion of business	*Probe for self, spouse, relatives etc*
4.Repayment	-What are your views on repayment under different available credit institutions	*Probe on whether some institutions are more friendly and whether this determines the extent to which women decide to go to those institutions for credit).* *Probe on whether there are specific challenges faced by women in the repayment process.* *Probe on whether there are specific challenges faced by men in the repayment process.* *Probe on whether women able to make timely repayments* *Probe on whether men are able to make timely repayments*
4.Impact of the credit on women's business	-What are some of the benefits that the women get from credit/loans? -Has the credit helped to improve women's businesses? Has the credit helped to improve men's businesses?	*Probe on the reasons for either positive or negative responses.* *Probe on the specific ways in which credit has either helped or not helped to improve the women's businesses* *Probe on the reasons for either positive or negative responses.*

		Probe on the specific ways in which credit has either helped or not helped to improve the men's business
5. Challenges	-What are some of the challenges that women may face when they apply for credit? -How do women navigate these challenges? How about men, do they face any challenges when they apply for credit? How do men navigate these challenges?	*Probe on the strategies that women use to address challenges* *Probe on the strategies that women use to address challenges*
6. Mobilization	-Have you heard of any meetings or trainings about business training? -Do women entrepreneurs around here attend such trainings? -How about men entrepreneurs? Do they attend such trainings? -Who has convened the meetings/trainings? -Have the meetings/training useful? -Have enterprises around here improved as a result of such trainings	*Probe on reasons for answer whether yes or no?* *Probe on reasons for answer whether yes or no)* *Probe on the benefits gained from attending such meetings/trainings. ?* *Probe on how enterprises may have benefitted).*
7. Collective Agency	Let's talk about some of the groups that you know exist in your community (give examples like chamas, business groups, investment groups, welfare groups etc) -Do women belong to any of these groups? -How about men? -What is the proportion of men and women in these group? -What activities do the groups engage in? -What is the leadership composition in those groups in terms of gender -Let's discuss the extent to which men and women influence decisions in these groups. Do you think men	

	and women have the same influence in group decisions?	
Conclusion	Is there any other relevant information that you would like to provide that we have not discussed? THANK YOU FOR COMING FOR THE INTERVIEW	

Appendix 6: Key Informant Interview Guide (Implementing Banks)

Study Title
Assessing What Works For Women's Economic Empowerment (Wee) In The Implementation Of Kenya's Credit Guarantee Scheme

Introduction
My name is …………..and my colleagues are………… We are from the UON- Women Economic Empowerment Hub. We are going to be asking you a few questions about the operationalization of the CGS. During the discussion ____ will be taking notes and reminding me if I forget to ask something. However, so that s/he does not have to worry about getting every word down on paper, we would also like to tape record the whole session. The recording will just help me remember what you said but it won't be shared. Are you ok with me recording this? Thank you!

Date of interview: [___|___ /___|___/ 2 | 0 | 2 | 1]

Time of interview: Start [___|___:___|___] End [___ |___:___|___]

County: ____

Sub-County: ____

Venue of Interview:

Gender: ____

Organization where Informant works:

____

Interviewing team details

1. Interviewer's name:____________________ Mobile:______________ Signature:__________

2. Research Assistant's name:____________________ Mobile:______________ Signature:__________

3. Research Assistant's name:____________________ Mobile:______________ Signature:__________

Themes	*Guiding questions*	*Guidance notes*
Warm up questions	- How are you today? Do you have any questions you would like to ask first?	
2. Implementation of the Credit Guarantee Scheme	-What is the Credit Guarantee Scheme? -What are its benefits? -What are the requirements that a borrower needs to have in order to qualify for a loan under the CGS? - How is the CGS currently being implemented? -How are borrowers able to access the CGS scheme through your institution?	*Probe for the specific internal procedures which are followed in the roll out of the CGS* *Probe for specific ways in which gender issues are included in the implementation of the Credit Guarantee scheme.*
2. Uptake of CGS by women entrepreneurs	- What is the proportion of women among those who considered for the Credit Guarantee scheme from your bank? (Probe the % of women compared to men)	

	- Are women entrepreneurs who are considered for the scheme meeting the qualification criteria? -What is the average size of credit that these women entrepreneurs are seeking? -What are some of the limitations that women entrepreneurs face when in their credit applications? -What are some of the challenges the women entrepreneurs experience in accessing the guaranteed credit?(Access to information, fear of loans etc)	*Probe on challenges, including issues on both the substance of the CGS (e.g. the interest rates) and also issues on the procedure (e.g. the time it might take to complete the application process).*
3.Repayment	-How is the repayment of CGS by women's enterprises?	*Probe on specific challenges with regard to repayment.* *Probe on whether there are differences between repayment by women's enterprises and men's enterprises.* *Probe whether women use the loans for the intended purposes (e.g. spent on emergencies such as sickness, school fees, consumption among others)*
4.Monitoring and Documentation	-Is there a system of monitoring how credit obtained through the scheme is used? -Is there a mechanism of assessing and documenting the impact of the CGS on businesses that access the scheme?	*Probe on how gender issues are addressed in the monitoring and documentation process.* *Probe on the gender issues that are being identified through the process of monitoring the use of the CGS.* *Probe on gender issues that are being identified in the assessment of the impact of CGS*

		on business that are able to access the scheme.
5.Design of the Credit Guarantee Product	-Is the current design of CGS enabling women entrepreneurs access credit What needs to be done by Government for aspects of the Guarantee that are not enabling for women enterprises.	*Probe this in terms of a. Guarantee Coverage ratio b. Loan size c. Loan tenure….*
Conclusion	Is there any other relevant information that you would like to provide concerning the CGS? THANK YOU FOR COMING FOR THE INTERVIEW	

Appendix 7: Quantitative Data Analyses

Table 1: Sex of respondents by county

			Sex of the respondent		Total
			Male	Female	
County	Nairobi	Number	102	81	183
		%	55.7%	44.3%	100.0%
	Kirinyaga	Number	57	54	111
		%	51.4%	48.6%	100.0%
	Kajiado	Number	154	96	250
		%	61.6%	38.4%	100.0%
	Nakuru	Number	93	40	133
		%	69.9%	30.1%	100.0%
	Kitui	Number	90	73	163
		%	55.2%	44.8%	100.0%
Total		Number	496	344	840
		%	59.0%	41.0%	100.0%

Table 2: Sector of respondents by county

	Retail	Wholesale	Service Industry	Production	Other	**Total**

Nairobi	Count	31	12	105	15	20	**183**
	%	16.9%	6.6%	57.4%	8.2%	10.9%	**100.0%**
Kirinyaga	Count	70	5	35	1	0	**111**
	%	63.1%	4.5%	31.5%	0.9%	0.0%	**100.0%**
Kajiado	Count	87	30	105	4	24	**250**
	%	34.8%	12.0%	42.0%	1.6%	9.6%	**100.0%**
Nakuru	Count	37	6	67	4	19	**133**
	%	27.8%	4.5%	50.4%	3.0%	14.3%	**100.0%**
Kitui	Count	111	13	32	1	6	**163**
	%	68.1%	8.0%	19.6%	0.6%	3.7%	**100.0%**
Total	**Count**	**336**	**66**	**344**	**25**	**69**	**840**
	%	**40.0%**	**7.9%**	**41.0%**	**3.0%**	**8.2%**	**100.0%**

Table 3: Sector of respondents by sex

		Retail	Wholesale	Service Industry	Production	Other	**Total**
Male	Count	187	41	201	18	50	**497**
	%	37.6%	8.2%	40.4%	3.6%	10.1%	**100.0%**
Female	Count	149	25	144	7	19	**344**
	%	43.3%	7.3%	41.9%	2.0%	5.5%	**100.0%**
Total	**Count**	**336**	**66**	**345**	**25**	**69**	**841**
	%	**40.0%**	**7.8%**	**41.0%**	**3.0%**	**8.2%**	**100.0%**

Table 4: Features of surveyed businesses by county

			County					Total
			Nairobi	Kirinyaga	Kajiado	Nakuru	Kitui	
Level of Education	Primary	Count	1	16	7	3	21	48
		%	0.5%	14.4%	2.8%	2.3%	12.9%	5.7%
	Secondary	Count	28	70	99	34	64	295
		%	15.3%	63.1%	39.6%	25.6%	39.3%	35.1%
	Tertiary	Count	154	25	144	96	78	497
		%	84.2%	22.5%	57.6%	72.2%	47.9%	59.2%
operating license	Yes	Count	175	107	249	131	159	821
		%	95.6%	97.3%	99.6%	98.5%	98.1%	98.0%
	No	Count	8	3	1	2	3	17
		%	4.4%	2.7%	0.4%	1.5%	1.9%	2.0%
	Yes	Count	180	89	204	128	162	763

business registered		%	98.4%	80.9%	81.6%	96.2%	100 %	91.1%
	No	Count	3	21	46	5	0	75
		%	1.6%	19.1%	18.4%	3.8%	0.0%	8.9%
Business KRA pin	Yes	Count	177	64	210	119	106	676
		%	97.3%	58.2%	84.0%	89.5 %	65.4 %	80.8 %
	No	Count	5	46	40	14	56	161
		%	2.7%	41.8%	16.0%	10.5 %	34.6 %	19.2 %
business plan	Yes	Count	150	56	191	110	81	588
		%	82.0%	50.9%	76.4%	82.7 %	50.0 %	70.2 %
	No	Count	33	54	59	23	81	250
		%	18.0%	49.1%	23.6%	17.3 %	50.0 %	29.8 %
Business bank account	Yes	Count	175	52	210	119	97	653
		%	95.6%	47.3%	84.0%	89.5 %	59.9 %	77.9 %
	No	Count	8	58	40	14	65	185
		%	4.4%	52.7%	16.0%	10.5 %	40.1 %	22.1 %

Table 5: Application for credit by county

			County					*Total*
			Nairobi	*Kirinyaga*	*Kajiado*	*Nakuru*	*Kitui*	
applied for credit	*Yes*	*Count*	*55*	*39*	*29*	*18*	*24*	*165*
		%	*30.1%*	*35.5%*	*11.6%*	*13.5%*	*14.9%*	*19.7%*
	No	*Count*	*128*	*71*	*221*	*115*	*137*	*672*
		%	*69.9%*	*64.5%*	*88.4%*	*86.5%*	*85.1%*	*80.3%*
Total		*Count*	*183*	*110*	*250*	*133*	*161*	*837*
		% within County	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Table 6: Successful credit applications by county

		County					*Total*
		Nairobi	*Kirinyaga*	*Kajiado*	*Nakuru*	*Kitui*	
Application successful	*Count*	*0*	*0*	*1*	*0*	*1*	*2*
	%	*0.0%*	*0.0%*	*3.3%*	*0.0%*	*4.0%*	*1.2%*

	Yes (Do not ask question C9)	*Count*	*32*	*35*	*24*	*17*	*15*	*123*
		%	*58.2%*	*87.5%*	*80.0%*	*94.4%*	*60.0%*	*73.2%*
	Yes but the amount approved was lower than what I applied (G	*Count*	*4*	*2*	*2*	*0*	*2*	*10*
		%	*7.3%*	*5.0%*	*6.7%*	*0.0%*	*8.0%*	*6.0%*
	No (Go to C9)	*Count*	*12*	*3*	*2*	*1*	*4*	*22*
		%	*21.8%*	*7.5%*	*6.7%*	*5.6%*	*16.0%*	*13.1%*
	Have not yet received feedback on my application	*Count*	*7*	*0*	*1*	*0*	*3*	*11*
		%	*12.7%*	*0.0%*	*3.3%*	*0.0%*	*12.0%*	*6.5%*
Total		*Count*	*55*	*40*	*30*	*18*	*25*	*168*
		%	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Table 7: Credit diversion by county

			County					Total
			Nairobi	Kirinyaga	Kajiado	Nakuru	Kitui	
Use the credit for the purpose you borrowed it	.000	Count	0	0	0	0	1	1
		%	0.0%	0.0%	0.0%	0.0%	5.6%	0.7%
	Yes	Count	16	10	9	5	4	44
		%	44.4%	27.0%	34.6%	29.4%	22.2%	32.8%
	No	Count	20	27	17	12	13	89
		%	55.6%	73.0%	65.4%	70.6%	72.2%	66.4%
Total		Count	36	37	26	17	18	134
		%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 8: Unpaid loans by county

			County					Total
			Nairobi	Kirinyaga	Kajiado	Nakuru	Kitui	
Unpaid loans	Yes	Count	76	48	25	29	18	196
		%	41.5%	43.6%	10.0%	21.8%	11.2%	23.4%
	No	Count	107	62	225	104	143	641
		%	58.5%	56.4%	90.0%	78.2%	88.8%	76.6%
Total		Count	183	110	250	133	161	837
		%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 9: Age of respondents by county

		AGE IN YEARS					Total
		18-24	25-34	35-49	50-60	Above 60	
Nairobi	Count	5	68	91	18	1	183
	%	2.7%	37.2%	49.7%	9.8%	0.5%	100.0%
Kirinyaga	Count	0	13	50	34	14	111
	%	0.0%	11.7%	45.0%	30.6%	12.6%	100.0%
Kajiado	Count	11	43	126	65	5	250
	%	4.4%	17.2%	50.4%	26.0%	2.0%	100.0%
Nakuru	Count	0	25	64	37	7	133
	%	0.0%	18.8%	48.1%	27.8%	5.3%	100.0%
Kitui	Count	5	20	80	53	5	163
	%	3.1%	12.3%	49.1%	32.5%	3.1%	100.0%
Total	Count	21	169	411	207	32	840
	%	2.5%	20.1%	48.9%	24.6%	3.8%	100.0%

Table 10: Age of respondents by sex

			Sex of the respondent		Total
			Male	Female	
AGE IN YEARS	18-24	Count	11	10	21
		%	52.4%	47.6%	100.0%
	25-34	Count	66	103	169
		%	39.1%	60.9%	100.0%
	35-49	Count	238	174	412
		%	57.8%	42.2%	100.0%
	50-60	Count	157	50	207
		%	75.8%	24.2%	100.0%
	Above 60	Count	25	7	32
		%	78.1%	21.9%	100.0%
Total		Count	497	344	841
		%	59.1%	40.9%	100.0%

Table 11: Marital status of respondents by county

			County					Total
			Nairobi	Kirinyaga	Kajiado	Nakuru	Kitui	
Marital Status	Single	Count	31	16	45	10	15	117
		%	16.9%	14.4%	18.0%	7.5%	9.2%	13.9%
	Married	Count	138	91	182	122	145	678
		%	75.4%	82.0%	72.8%	91.7%	89.0%	80.7%
	Separated	Count	4	4	20	0	0	28

		%	2.2%	3.6%	8.0%	0.0%	0.0%	3.3%
	Widowed	Count	10	0	3	1	3	17
		%	5.5%	0.0%	1.2%	0.8%	1.8%	2.0%
Total		Count	183	111	250	133	163	840
		%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 12: Marital status of respondents by sex

			Marital Status				Total
			Single	Married	Separated	Widowed	
	Male	Count	49	424	12	12	497
		%	41.9%	62.4%	42.9%	70.6%	59.1%
	Female	Count	68	255	16	5	344
		%	58.1%	37.6%	57.1%	29.4%	40.9%
Total		Count	117	679	28	17	841
		%	100.0%	100.0%	100.0%	100.0%	100.0%