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**EMPOWERING KENYAN WOMEN THROUGH THE WOMEN'S ENTERPRISE  
FUND: BACKWARD PROGRESS?**

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**By**

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University of Zimbabwe**

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## **Abstract**

This study sought to investigate the impact of the Women's Enterprise Fund (WEF) on women's economic empowerment. This was informed by the fact that despite women constituting almost half of Kenya's population, they experience socio-economic inequality. Yet, economic empowerment of women is a key issue in the process of the development of the country. Access to and proper utilization of financial resources is one way to enhance women's, especially rural women's, socio-economic empowerment and to ensure poverty reduction. To remedy the past exclusion of women from economic participation, the government introduced the Women's Enterprise Fund to bridge this gap. I sought to investigate whether the Fund is achieving its objectives to empower women economically. The study employed the women's law approach as its overall methodology to explore the lived realities of women entrepreneurs. The research study is based on empirical data collected through a number of methods including interviews with individual women entrepreneurs, women's groups and key respondents. The findings reveal the 'dark side' of micro credit and the negative impact the Fund has had on women economically as a result of operating an outdated and inefficient model. It is concluded that there is a need for re-evaluating the entire scheme, especially as it relates to the group's lending mechanism that results in high default rates. The study recommends the reform of its operational mechanism to enhance its quality and ensure its sustainability.

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**Declaration**

I, James Muriithi Ngoju, do certify that this Dissertation is my original work. It is a reflection of my honest research effort. I declare that it has not been presented before for any Degree in any academic Institution.

Signature..... Date.....

## ***Dedication***

*To all women entrepreneurs working hard to break the 'glass ceiling' and ensure equality.*

## Acknowledgements

This research project was not carried out in solitude. I owe my deep gratitude to various people who played a role to make it a success and see it come to fruition.

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To all I say, *Asante!* Thank You!



## **Abbreviations and acronyms**

ACHPR	African Charter on Human and Peoples' Rights [1981]
AGPO	Access to Government Procurement Opportunities
BPFA	Beijing Platform for Action
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women [1979]
CWEFC	Constituency Women's Enterprise Fund Committee
CWES	Constituency Women's Enterprise Scheme
DWEC	District Women Enterprise Committees
FGD	Focus group discussion
FI	Financial intermediary
ICCPR	International Covenant on Civil and Political Rights [1966]
ICESCR	International Covenant on Economic, Social and Cultural Rights [1966]
KES	Kenya Shillings
MDG	Millennium Development Goal
SACCO	Savings and Credit Cooperative
SHG	Self-help group
UDHR	Universal Declaration of Human Rights [1948]
WEF	Women's Enterprise Fund
Women's Protocol	Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa [2003]

## **Currency exchange rate**

US\$ 1 = Kes. 102 (As at 18 March, 2016) (Source: Central Bank of Kenya)

## **List of national laws, polices and guidelines**

Constitution of Kenya, 2010

Gender Policy, 2011

Kenya National Commission on Human Rights Act

Kenya Vision 2030

National Gender and Equality Commission Act

Sessional Paper No. 2 of 2005

## **List of international and regional human rights instruments**

African (Banjul) Charter on Human and Peoples' Rights (ACHPR) [1981]

Protocol to the African Charter on Human and Peoples' Rights on the Rights of  
Women in Africa (Women's Protocol) [2003]

Beijing Declaration and Platform for Action [1995]

Convention on the Elimination of All forms of Discrimination Against Women (CEDAW)  
[1979]

International Covenant on Civil and Political Rights (ICCPR) [1966]

International Covenant on Economic Social and Cultural Rights (ICESCR) [1966]

Universal Declaration of Human Rights (UDHR) [1948]

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## **Executive summary**

The purpose of this study is to identify the impact of microcredit driven empowerment processes of women in Kenya within the context of the Women's Enterprise Fund (WEF). Despite the fact that women constitute almost half of the Kenyan population, they have been traditionally excluded from different spheres of public participation including in the political and economic spheres. The Constitution of Kenya 2010 acknowledges that women are a marginalized group and have been previously discriminated on the basis of their sex. This societal discrimination has hindered progressive development.

Women's exclusion from access to finance and participation in economic activities has been influenced by a number of factors in the past, most of which are culturally defined. Culture has been found to influence negatively women's economic participation in that it generally shapes their entrepreneurial behaviour.

A number of global initiatives have been put in place to mainstream gender in all aspects of development and to give women an equal playing field on which to participate in economic activities. Various campaigns pushing for the inclusion of women in the development process have been carried out for decades culminating in the enactment of various international and regional laws and policies that underscore the need for gender equality and poverty reduction. Access to microcredit has been identified as a step which will contribute to poverty alleviation.

However, access to micro-credit especially to the rural poor has not been easy. This is because women in Kenya experience social and economic discrimination due to the patriarchal nature of our society. The government is alive to this fact and has put in place special provisions to ensure women are on a par with their male counterparts. This is done through gender mainstreaming in the all sectors of the government. The government introduced the Women's Enterprise Fund in 2007 which is a flagship project under the social pillar of Kenya's vision 2030. The Fund, which targets Kenyan women aged 18 years and above, focuses on empowering women economically through the provision of micro-credit and business support services to develop their enterprises. However, this study has revealed challenges and gaps in the implementation of the Fund.

This research sought to investigate the implementation mechanism of the Women's Enterprise Fund and its impact in Kitui Central Constituency in Kenya as a case study.

The research outcomes revealed several challenges faced by the different categories of women both in the rural and urban areas. Among the challenges included the Fund operating on an inefficient and outdated model, delays in loan disbursements, inadequate information dissemination to prospective borrowers and high default rates for loan repayments. The study came up with recommendations on how to further make the Fund more adaptive to women's economic needs and to ameliorate the problems of access to and effective utilization of the financial services. The recommendations include the review of the implementation mechanism especially as it regards the group lending scheme, simplification of loan application procedures and the elimination of bureaucratic procedures.

## **CHAPTER ONE**

### **1.0 INTRODUCTION AND BACKGROUND TO THE STUDY**

#### **1.1 Introduction**

This chapter presents the introductory part of the study that covers the research assumptions and questions; the statement of the problem and the objectives of conducting the research. Small and micro-enterprises are gaining popularity as a path to job creation and providing women with an opportunity and a way of improving both their economic and social status. Women's entrepreneurship in particular plays a critical role in the economic development of communities (Stevenson & St-Onge, 2005). It enhances livelihoods in the family while on a larger scale creating national wealth. Harnessing women's entrepreneurship development is critical for the achievement of the broader development objectives. These include economic growth and development (Stevenson & St-Onge, 2005a). However, many women entrepreneurs are operating and are faced with more challenging environments than men in conducting their business activities. The challenges that hamper all entrepreneurs such as high production costs and non-conducive business environment have a greater bearing on women entrepreneurs as opposed to their male counterparts (Stevenson & St-Onge, 2005a). This is coupled by the fact that women are hampered by gender specific challenges such as their limitation to access key resources, like land and credit facilities. The legal framework and the socio-cultural environment also work against their favour as will be explored by this paper.

The Women's Enterprise Fund (WEF) is one of the strategies put in place by the government to bridge the gap of gender specific constraints women traditionally face as a barrier to obtain credit. The introduction of this Fund was meant to create affordable access to credit for women facing difficulties in accessing loans from the main stream banks and micro-finance institutions. However, despite the creation of the Fund, women's lives especially in the rural areas, who were the principal beneficiaries, has not significantly improved as a result. It is against this background that I went to the field to collect data. Despite the fact that women form a prominent marginalized group of society, their contribution to the economy and general development of the country is so significant that it cannot be overlooked.

There are various reasons that have been advanced on the need to empower women economically. Among them is the efficiency argument. Empowered women have greater self-esteem and confidence. They participate in decision making and have a greater control of their lives in all spheres including economic and social circles. Economically empowered women have a greater possibility of starting and managing a business. This in effect has a positive impact on themselves and their families (Kantor, 2001).

## **1.2 Statement of the problem**

Access to credit is probably the biggest hurdle to economic empowerment. Affordable and accessible credit is crucial to women entrepreneurs as it provides an opportunity to engage in business and in turn this helps them create wealth and employment. However, the greatest impediment is that most women have been excluded from the mainstream and formal financial services providers (Kinyanjui, 2006).

In Kenya, although women constitute 51 per cent of the total population (Republic of Kenya, 2003), the majority of them have been shunned by the banks and other financial service providers. As a result they are excluded from engaging in entrepreneurship and business ventures. This is due to the rigorous and stringent requirements needed including collateral which many women fail to fulfil. In light of these challenges, the government conceived the idea of a fund to specifically offer women with micro-credit loans in order that they may participate in the economic construction of Kenya. The fund was aptly named the Women's Enterprise Fund (WEF).

The Fund would allow for the distribution of wealth across various social groups and give previously excluded women an opportunity to access credit at favourable interest rates, less the stringent requirement and bureaucratic procedures of commercial lenders (Women's Enterprise Fund, 2009). However, has the original intention of the Fund been achieved nine years after its launch? Has the Fund had an impact in improving the economic livelihoods of women? These are the questions I will be interrogating as part of this paper.

I began my research with the premise that access to credit is a positive step to ensure women's economic empowerment and hence an affirmative action step. However, my point of departure is that access to credit is not an end in itself and does not necessarily translate to

women's economic empowerment. In instances of poor implementation, it may in fact be a source of oppression and therefore result in the indebtedness of women. This study takes the academic discourse further by examining the negative impact or the 'dark side' of the poor implementation of the Fund on women's economic activities. Few studies have been carried out on the impact the Fund has had in terms of the limited growth of women's businesses and challenges faced in its implementation. The impact of the Fund is core to this study and necessitated the need to investigate the provision of micro-credit in relation to other factors which include socio-cultural factors, awareness of the Fund and channels of information dissemination.

### **1.3 Main objective of the research**

The study investigated the groups and individuals that have been advanced loans by the Women's Enterprise Fund scheme as well as potential beneficiaries. The main objective of the research was to investigate the real lived realities of women in their economic empowerment journey with a view to proposing legal and policy reforms especially as they relate to the WEF scheme. The overarching question I seek to interrogate is, 'Have we finally come up with a cure-all panacea for women's economic empowerment through the WEF?' In order to uncover the women's lived realities, I ventured into the study field and collected relevant empirical data with a view to facilitating policy reforms and re-evaluating the Fund.

Other research objectives included:

- Establishing the challenges encountered by women in their utilization of the WEF.
- Examining the procedure of accessing the Fund.
- Identifying the challenges experienced by the Fund in the extension of its services.

### **1.4 The research assumptions**

I made several assumptions before the commencement of the research. The assumptions were influenced by the knowledge I acquired from the women's law class as well as my own experiential data. The starting point was the interrogation of the women's lived realities. This led me to discern the issues I needed to investigate in the field, including the role played by



the actors on the ground. I therefore came up with the below assumptions in order to test them in the field. The following were my assumptions.

1. The government has a duty to ensure gender equality and women's economic empowerment.
2. Some women are facing socio-cultural factors that are limiting their accessibility to and effective utilization of the Women's Enterprise Fund (WEF).
3. Effective utilization of the WEF is hampered by bureaucratic application procedures.
4. Most women are unaware on how to benefit from or how to access the WEF.
5. Funds allocated to women's groups are inadequate to enable them to establish viable businesses.
6. There has been inadequate information dissemination to enable women to effectively utilize loans offered by the WEF.
7. Inadequate training and skills and poor framework implementation hinder women's involvement in business activities.
8. Women are excluded from decision making which hampers their active involvement in the utilization of the WEF.
9. The WEF has not empowered women to effectively utilize the 30% procurement quota opportunities for women.

### **1.5 The research questions**

These are the research questions asked as a result of the above assumptions:

1. Does the government have a duty to ensure gender equality and women's economic empowerment?
2. Do some women face socio-cultural factors that limit their accessibility to and effective utilization of the Women's Enterprise Fund (WEF)?
3. Is the effective utilization of the WEF hampered by bureaucratic application procedures?
4. Is it the case that most women are unaware of how to access and benefit from the WEF?
5. Are funds allocated to women's group inadequate to enable them to establish viable businesses?

6. Has there been inadequate information dissemination to enable women to effectively utilize loans offered by the WEF?
7. Does inadequate training and skills and poor framework implementation hinder women's involvement in business activities?
8. Are women excluded from decision making which in turn hampers their active involvement in the utilization of the WEF?
9. Has the WEF empowered women to effectively utilize the 30% procurement quota opportunities for women?

## **1.6 Demarcation of the study**

The study was carried out in Kitui Central constituency, which is the administrative and commercial hub of Kitui County, one of the 47 Counties in the country (Figure 1). It is one of the 8 constituencies that make up Kitui County. The constituency is located at the heart of the County covering an area of 636.2 square kilometres. The constituency is divided into five administrative wards namely: Mulango, Kyangwithya East, Miambani, Kyangwithya West and Kitui Township. It has a population of 131,715 people (KNBS, 2010). I conducted my research in four wards, two urban and two rural wards in order to get the different voices of women and how the Fund had impacted their lives (Source: Soft Kenya, 2013).



## CHAPTER TWO

### 2.0 LEGAL AND CONCEPTUAL FRAMEWORK

*'Economic empowerment is the capacity of women and men to participate in, contribute to and benefit from growth processes in ways which recognize the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth.'*

*(Eyben et al., 2008)*

#### 2.1 Introduction

This chapter contextualizes the literature review on the area of women's economic empowerment in order to explore the concept further and how it relates to my research objective. I also give an overview of the Women's Enterprise Fund (WEF) and its operational mechanism for a clear understanding of the Fund. The international, regional and national human rights and legislative frameworks as it relates to women's economic empowerment are also discussed.

#### 2.2 About the Women's Enterprise Fund (WEF)

The Women Enterprise's Fund (WEF) is a government agency under the Ministry of Public Service, Youth and Gender Affairs. The legal instrument establishing the Fund is a Legal Notice<sup>1</sup> under the Government Financial Management Act of 2005.<sup>2</sup> The Fund was established as a flagship project of Kenya Vision 2030<sup>3</sup> under the social pillar. This economic blueprint recognizes the key role that women play in the economic development of the country.

The policy acknowledges the marginalization that women have traditionally faced and calls for the eradication of obstacles that women have hitherto faced in their quest to contribute to the national development process. The policy recognizes that limited access to credit has been a great impediment to women's economic advancement. The policy further takes cognizance of women as a vulnerable group since they experience multi-faceted challenges and high

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<sup>1</sup> No.147 Government Financial Management (Women Enterprise Fund) Regulations, 2007.

<sup>2</sup> Sections 26 and 35.

<sup>3</sup> Kenya's Vision 2030 is the national long term development policy that aims to transform Kenya into a newly industrializing middle-income country providing a high quality of life to all its citizens by 2030. The vision comprises of three key pillars that is economic, social and political.

poverty levels and other forms of exclusion in the public sphere. Under its social pillar it provides for the need to mainstream gender equity in all major areas by ensuring fundamental changes in opportunity and economic empowerment of women. It recognizes the challenges women have encountered to access resources and their previous disempowerment at the national, community and household spheres, as well as their under representation in governance structures. The Kenya Vision 2030 developmental blueprint acknowledges that women's capabilities have been limited due to inadequate access to capital and training. To remedy this, the policy advocates the allocation of funds and training to women entrepreneurs and the need to increase their participation in all the governance structures (Republic of Kenya, 2007).

The WEF has a major aim of ensuring enterprise growth among women through a revolving loan scheme to both individual women and groups of women. Proper implementation of the Fund was supposed to eliminate hurdles women face in accessing credit, and establishing enterprises (Women Enterprise Fund, 2009). It was started in 2007 as part of the government's commitment to the Millennium Development Goals (MDGs) on gender equality and women's empowerment (KIPPRA, 2010).

The Fund is also mandated to strengthen the knowledge, capacity and skills of women as well as to ensure supportive infrastructure for women's businesses. The scheme is funded wholly by the national treasury through the budgetary allocation under its parent ministry. However, currently government allocations have diminished greatly. Being a revolving fund, it was supposed to be self-sustaining. This has not been possible due to various challenges experienced by the Fund as will be discussed later in this paper. In order to keep afloat, the Fund is seeking support from donors and other development organizations for partnership.

The potential beneficiaries of the Fund are women aged 18 years and above. There are various ways in which one may benefit from the micro-credit. Individuals, companies or self-help groups (SHGs) are eligible to apply for loans. Men may be part of a company or self-help groups; however, their participation is restricted. Men's stake should not exceed 30 per cent of the total membership and they are not eligible to hold any leadership positions in the group or company, including acting as signatories to the bank account. The group or company must have been in existence for at least 3 months. Eligible groups are provided with

application forms from the District Gender and Social Development Services offices at the county and national level.

The loan applications are vetted by the Constituency Women's Enterprise Fund Committee (CWEFC). The committee is made up of: District Gender and Social Development Officer, the District Officer, the local *Maendeleo ya Wanawake* (Women's organization) representative, Youth's Enterprise Development Officer or the District Youth Officer, Representative of local financial intermediary (FI) partner and Women's Enterprise Fund Officer (Constituency volunteer).

There are two avenues of benefitting from the WEF:

- (a) **The Constituency Women's Enterprise Scheme.** This is open to registered self-help groups. The groups should have a minimum of 10 members in order to qualify. Men are allowed to participate in the groups but they must not be more than 30 per cent and they should not hold any leadership positions. In order to access funding through this channel the groups must have been in existence for a minimum of 3 months. This is referred to as the *Tuinuke* Loan (meaning, self-raising). It targets mostly those living in remote areas that cannot be accessed by financial intermediaries.

In this scheme no interest is charged, however, there is a 5 per cent administrative fee that is deducted up front. During repayment the groups are required to pay for the advanced amount inclusive of this 5 per cent fee. After the loan disbursement a one or two months' grace period is allowed before the repayment can commence. The repayment period covers one year and a monthly penalty of 1 per cent per month is levied against defaulters.

The loan scheme applies the graduated principle in terms of which the loan amount increases as the repayment is made. The first loan is Kes. 100,000 (US\$ 1,000); the second loan is Kes. 200,000 (US\$ 2,000); the third loan is Kes. 350,000 (US\$ 3,500)<sup>4</sup> and the maximum amount was Kes. 500,000 (US\$ 5,000).

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<sup>4</sup> In the entire Constituency where this research was conducted no women's group had gone beyond the third cycle of loan disbursement.

In this scheme borrowers are jointly and severally liable for all loans taken out; meaning that members are liable for each other's loan and any of them can be held fully responsible for an outstanding loan.

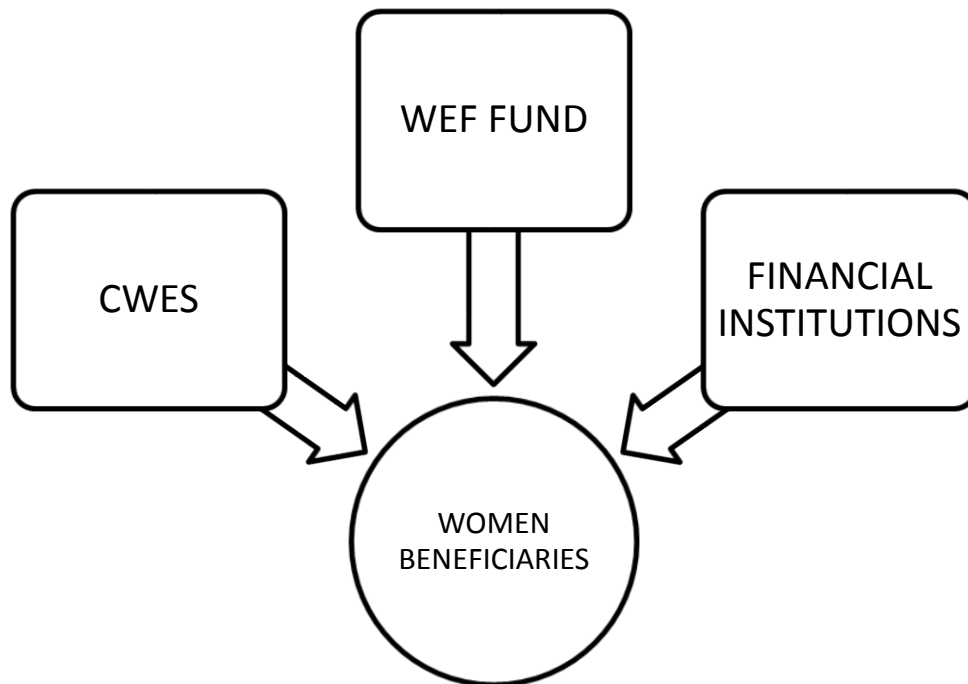
- (b) **Financial Intermediaries Scheme.** This channel is open to both companies whose majority shareholders comprise women and registered groups as well as individuals who may approach any of the financial intermediaries of the WEF, who conduct their normal credit appraisal and evaluation process. These include banks, Savings and Credit Cooperative Societies (SACCOs), and other micro-finance institutions. The loan product is referred to as *Jiimarishe* (meaning, to establish oneself). The salient features of the loan include an interest rate of 8% per annum on a reducing balance. A maximum amount per borrower is Kes. 2,000,000 (US\$ 20,000). However, the application process is rigorous and an application of any amount of Kes. 500,000 (US\$ 5,000) and above requires the approval of the WEF's board which is mandated to vet the credit worthiness of the applicant. The repayment period is a maximum of 36 months.

However, the requirements for accessing these loans were the conventional requirements, that is, collateral, a good business track record of 3 years and above, having a clean credit record and an approved business plan by the lending financial institution. This loan is similar to the more conventional lending relationship with individual clients. Therefore, the individual loans were unpopular since few women could meet the above criteria as will be explored further in the findings chapter.

The distribution channels are explained in the figure below:

The figure below shows the various channels through which women beneficiaries can access the WEF. The channels are through financial institutions, which include banks and other micro-finance institutions and through the Constituency Women's Enterprise Scheme. Both channels draw their funds from the WEF for onward distribution to the potential borrowers.

**Figure 2: Diagram showing how women can access the Women’s Enterprise Fund**



(Source: Women’s Enterprise Fund, 2009)

### **2.3 Group constitutions**

The respective groups are regulated by rules and regulations as contained in their various constitutions and by-laws that they formulate. The Fund officers are supposed to direct the members on the basics of drafting group constitutions. Group constitutions are crucial to regulate the proper workings of groups and remedy cases of misuse of power and misconduct by individual members. The constitution also provides for the loan repayment mechanism for loans disbursed. The salient feature of a group constitution includes group membership and those who are eligible to join the group; the objectives of the group, the financial management according to the group’s internal regulations, and the conduct and discipline of group members. However, not all groups interviewed had drafted a constitution or by-laws governing their operation. This is resulted from poor monitoring by the Fund’s officials.

### **2.4 Conceptualizing economic empowerment: What is it?**

Empowerment means different things to different people. The concept of women’s economic empowerment as discussed by various stakeholders is explored below.



Kabeer (1999, 2005) defines empowerment as the process by which those who have been denied the ability to make strategic choices, acquire such ability. She says that empowerment can be explored closely through the following inter-related pathways: agency, resources and achievements. Agency in relation to empowerment implies the ability to actively exercise choices, which challenges power relations. Resources are not only material but human and social as well. They include the actual allocation of resources as well as future claims and expectations of them. Resources also refer to the rules and norms which govern their distribution and exchange in different institutional areas (Kabeer, 1999). The financial institutions, rules, norms, social relationships and power relations that contain and define agency and access to resources make up the opportunity structures of empowerment (Kapitsa, 2008: 2). Empowerment is fundamentally a relational concept, coming into view out of interactions between women and powerful actors. Empowerment is therefore a transformative process that challenges not only patriarchy but also the structures of class which determine the conditions of men and women (Batliwala, 1994; Kabeer, 1994).

In relation to women's empowerment, Kabeer (2001) states that it is the process through which women gain their capacity for exercising strategic forms of agency in relation to their own lives as well as in relation to the larger structures of constraints that position them as subordinate to men. She speaks of the ability of all women to fully participate in, contribute to, and benefit from economic growth and development. It is a broad term encompassing a range of diverse but integrated socio-economic strategies. It recognizes that within this framework there are a variety of sub-groups deserving special attention, including women from historically disadvantaged communities, young women, women with disabilities, and women living in rural areas. Economic empowerment includes developing skills for self-sufficiency with the aim of eliminating the need for social welfare in the future and promoting independence.

Women's empowerment involves the breaking of personal limitations. Economically empowered women are able to save their families, have enough food for themselves and their family, afford to keep all of their school-age children in school (at least secondary school and possibly even university), afford to maintain their home and all household utilities, including electricity, potable water and proper sanitation. They can always afford the medicine and healthcare services their family needs; they always feel respected and can express their opinions in public and participate in all major decisions of their families. Therefore, women's

economic empowerment gives women more visibility to engage in the public sphere (Kabeer, 1994). According to the World Bank (2006) economic empowerment is about making markets for women in which they can compete. This therefore underscores the fact that women have to reclaim their space in the economic sphere. It includes the process of increasing the capacity of groups and individuals to be in a position to make choices and transform such choices into real action.

The International Centre for Research on Women made the case that economic empowerment is essential both to realize women's rights and achieve broader development goals such as economic growth, education and poverty reduction (Golla *et al.*, 2011). It includes women's ability to succeed and advance economically and the power to make and act on economic decisions. According to UNDP (2008), women's economic empowerment includes targeting initiatives to expand women's economic opportunity and to strengthen their legal status and rights as well as their participation and inclusion in decision making. It therefore entails the process of increasing women's power over economic decisions to influence their lives and the community. Thus women need to access credit, information and skills to utilize available resources effectively.

The Kenya Gender Policy, 2011 defines empowerment as follows:

‘The process by which people gain knowledge and skills and are able to take appropriate measures to influence the *status quo* of the marginalized and the under privileged groups. It also includes the decision making power in the national, community and household level.’

The empowerment of women therefore, calls for changes in the institutional and organizational processes which seek to position women differently from men. It also refers to women's understanding of the causes of their subordination and involves understanding of the self and the need to make choices that may go against cultural or social expectations; it includes knowledge about legal rights. Therefore, empowerment includes activities that build people's self-esteem and confidence and respect for their dignity.

Empowerment happens when individuals and organized groups are able to imagine their world differently and to realize that vision by changing the relations and structures of power that have been keeping them in poverty (Eyben *et al.*, 2008: 6). The ability to exercise

choices entails three inter-related dimensions: access to resources, power to decision making and the outcomes which are the achievements as a result of empowerment. Activities should be considered as empowerment if women are challenging the gender and social norms to effectively improve themselves.

## **2.5 Empowerment and access to credit**

As noted by Hulme (2000), the impact of women's access to micro-credit has been a double-edged sword. There have been two sides to the debate. Proponents of micro-credit argue that access to loans has had a positive bearing on women's empowerment and enhancement of gender equality. However, on the flipside, micro-credit is believed to have a negative impact on women.

The positive impact includes the advancement of women's economic independence and attainment of greater self-confidence (Kabeer, 2001). Canadian International Development Agency (CIDA, 1998) identified the benefits of micro-credit to include increased self-esteem of women and their increased role in the household due to increased economic resources. CIDA therefore argues that micro-credit has contributed to both women's empowerment and economic development. Arinaitwe (2006) is of the view that micro-credit has a positive effect on women's businesses, their households and their overall economic conditions.

On the flipside, however, Goetz and Gupta (1996) have demonstrated that men have a large controlling stake in loans advanced by women, yet the burden of repayment is shouldered by women. This has the effect of exacerbating women's poor economic status. Women's subordination is reinforced by failure to repay. Chowdhury (2008) argues that the potential of access to credit to enhance poverty reduction and women's empowerment is uncertain and has been contested.

It is evident that the key themes in women's economic empowerment journey include choice and decision making in relation to markets and economic opportunities. It also relates to the two dimensions of resources and opportunity which are two sides of the same coin. Resources as previously stated include both tangible and intangible resources for instance credit and skills respectively. The process of women's economic empowerment involves therefore a multi-dimensional approach and includes freedom and choice in the economic and

social spheres in order to better one's life. It includes decision making power and the ability to control resources.

## **2.6 Domestic legal framework**

In Kenya, the push for gender equity has been prominent and culminated in the enactment of various policy and legal interventions including the promulgation of the Constitution of Kenya, 2010. Also several key pieces of legislation and important policies have been put in place. These include: the National Gender and Equality Commission Act and the subsequent establishment of the National Commission on Gender and Equality in 2011 and the drafting of the National Policy on Gender and Development in 2006. These policies and laws are geared towards gender equality and have a direct bearing on women's economic empowerment.

The Kenyan Constitution contains a number of provisions that relate to the promotion of women's rights and gender equality. Some of the important Constitutional provisions on women's rights include the following:

Article 27(4) prohibits discrimination in any form or grounds including on grounds of sex. It includes the right of equal treatment of men and women encompassing the right to equal opportunities in political, economic and social spheres. In order to give realization to these rights the state shall take legislative and other measures, including affirmative action programmes and policies designed to redress any disadvantage suffered by individuals or groups because of past discrimination.

Further, the state shall take legislative and other measures to implement the principle that not more than two thirds of the members of elective or appointive bodies shall be of the same gender. Article 260 of the Constitution defines a 'marginalized group' as one which, because of laws and practices before or after the effective date, was or is disadvantaged by discrimination due to any of the grounds provided in the non-discrimination clause. Marginalized groups include women who were previously discriminated against on the grounds of sex.

Article 56 provides that the state shall put in place affirmative action programmes designed to ensure that marginalized groups are provided special opportunities in economic fields. Article 10 provides for the national values and principles of governance that bind all state officers, public officers and state organs when they make or implement public policy decisions. Included among the values and principles of governance is the participation of all people in the economic sphere and sustainable development. Inclusiveness, equality, non-discrimination and protection of the marginalized is also required to be upheld.

Socio-economic rights are covered in Article 43<sup>5</sup> of the Bill of Rights. Article 20(5)(b) provides that in the interpretation of economic rights the state shall give priority to ensuring the widest possible enjoyment of the right or having regard to the vulnerability of particular individuals. Article 21(3) emphasizes the need to address vulnerable groups within the society including women.

The Constitution therefore provides for specific rights, of equality and non-discrimination especially on the basis of sex and for the taking of affirmative action steps in order to ensure gender equality. It places a specific responsibility on the state to take measures for the realization of these rights and to account for action taken in this regard.

Further, there are other policy documents that provide for the promotion of economic enterprise, for instance, Sessional Paper No. 2 of 2005 formulated by the Ministry of Finance (on development of micro- and small enterprises for wealth and employment creation for poverty reduction) provides that the promotion of equality of opportunity and elimination of all forms of discrimination based on sex is a functional step that provides necessary conditions for effective development. The policy paper further provides that the government pursues policies to empower women and increase their access to credit (Republic of Kenya, 2005). Further, the Commission on Revenue Allocation, mandated to ensure the equitable distribution of public resources, has in place the Marginalization Policy, 2013. The policy calls on the government at all levels, both at the County and the National level, to put in place affirmative action steps to ensure the realization of socio-economic rights of women in accordance with the Constitution.

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<sup>5</sup> Article 21(2) of the Constitution provides for the progressive realization of economic and social rights. This is in accordance with General Recommendation No.3 of the Economic Social and Cultural Rights Committee.

A summary of some of the relevant laws that affect women’s economic empowerment are summarized in Table 1.

**Table 1: Summary of laws that affect women’s economic empowerment**

Legal Framework	Year	Details
Constitution of Kenya	Promulgated 2010	Includes affirmative action, equality and non-discriminative provisions through a strengthened bill of rights.
The National Gender and Equality Commission Act	Enacted 2011	Ensures gender equality and freedom from discrimination in all national and county policies, through the establishment of the Gender Commission.
Kenya National Commission on Human Rights Act	Enacted 2012	To promote respect for human rights with powers to receive and investigate independently and redress violations of human rights.
AGPO Procurement Regulations	2013	To facilitate government procurement by enterprises owned by women.
Gender Policy	2011	To promote gender mainstreaming in national development processes and engender the national budget and implement socio-economic activities; and to promote women’s entrepreneurship.
Micro-Finance Act	2006	Streamlines the micro-finance sector to create a suitable environment for women to access credit.

## 2.7 The international and regional legal framework

The basis of this discussion is on the recognition that the state is the key duty bearer in upholding the protection, fulfilment and respect of human rights in Kenya. Rights safeguarded in the conventions discussed herein are enforceable in Kenya. Consequently, under the international human rights conventions, Kenya has committed itself to the realization of the full complement of human rights.<sup>6</sup> This obligation imparts to government specific responsibilities including the requirement to take reasonable policy, legislative,

<sup>6</sup> By virtue of article 2(5) & (6) of the Kenya Constitution.

administrative and any other appropriate measures to achieve progressive realization of human rights for all its citizens.

When a state ratifies an international treaty, the government commits itself to the obligations contained within the treaty: to protect, to respect, to fulfil and to promote human rights. Failure to perform any one of these four obligations constitutes a violation of such rights.

The obligation to respect requires states to refrain from interfering with the enjoyment of economic and social rights. Therefore, the exclusion of women from governance structures is a violation of the right to respect human rights by the government. The obligation to protect requires states to prevent violations of such rights by third parties, including in this case, micro-finance institutions. This right also entails an obligation to safeguard access to judicial remedies as a result of any infringement. The obligation also entails the need to do away with discriminatory clauses. The obligation to fulfil requires states to take appropriate legislative, administrative, budgetary, judicial and other measures towards the full realization of such rights.

The obligation to promote entails awareness creation and information dissemination regarding human rights to ensure their better enjoyment. This in effect empowers groups and individuals. The fulfilment of human rights depends on people's awareness of the existence of the rights and procedures to enforce them.

Most of the salient features of the human rights normative framework are realized on the basis of accountability, the principles of universality, non-discrimination and equality, the principle of participatory decision making processes, the recognition of the interdependence of rights and the fact that the enjoyment of some rights may be dependent on or contribute to the enjoyment of others (Alston *et al.*, 2013).

From a human rights perspective, poverty and by extension the lack of access to economic opportunities consists in the non-fulfilment of a person's human rights to a range of basic capabilities; to do and be the things he or she has reasons to value. The international human rights treaty most clearly focusing on the question of discrimination on the basis of sex is the International Convention on the Elimination of all forms of Discrimination against Women (CEDAW). The ratification of CEDAW paved the way for greater government attention

everywhere on the role of women in development programmes and on strategies for eliminating discriminatory practices against women.

Article 3 of CEDAW establishes that state parties shall take appropriate measures in all fields particularly in the social, economic and cultural fields, including legislation, to ensure the full development and advancement of women. The Committee on the Elimination of Discrimination against Women has stated that under certain circumstances, the non-identical treatment of women and men will be required in order to address differences. Pursuit of the goal of substantive equality also calls for an effective strategy aimed at overcoming the under-representation of women and redistribution of resources and power between men and women.<sup>7</sup>

Article 13(b) of CEDAW provides that state parties shall take all appropriate measures to eliminate discrimination in the areas of economic and social life and to ensure the right to bank loans and other forms of financial credit.

The convention recalls that ‘discrimination against women violates the principles of equality of rights and respect for human dignity, is an obstacle to the participation of women, on equal terms with men in the economic and social life and, hampers the growth of the prosperity of society and the family and makes more difficult the full development of the potentialities of women in the service of their countries and of humanity...’ It also provides specific standards related to gender equality in the spheres of economic and social life. The convention contains a number of other Articles relating to women’s economic empowerment including equal rights in employment such as equal pay (Article 11); rights of rural women including participation in development planning (Article 14); and equal rights of both spouses in the ownership and management of property (Article 16).

Article 13 of the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa obligates state parties to adopt and enforce legislative and other measures to guarantee women equal opportunities in work and career development and other economic opportunities. Article 19 thereof provides that women shall have the right to fully enjoy their right to sustainable development. Under this provision state parties are required to

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<sup>7</sup> General Recommendation No. 25 on CEDAW Art.4, para.1, on ‘temporary special measures’, Committee on the Elimination of Discrimination against Women, January 2004, para.8.



take all appropriate measures to promote women's access to credit, training, skills and extension services at rural and urban levels in order to reduce the level of poverty among women.

In addition, the Fourth World Conference on Women in 1995 adopted the Beijing Declaration and Platform for Action, which indicated a number of strategic objectives and actions, notably on the role of women in the economy and the need to promote women's economic independence including ensuring equal access for all women to productive resources and opportunities.

In paragraph 166 it recognizes that the realization of women's economic empowerment will be in conformity with the Millennium Development Goals on women's empowerment and gender equality. It further provides for gender mainstreaming, that is, the application of gender perspectives to all spheres of women's lives. The declaration also identified the need for more analysis on the impact of globalization on women's economic status. Many actions were recommended to promote women's economic rights and independence, including access to economic resources (United Nations, 2004). The Platform emphasized the fact that the empowerment of women and gender equality are pre-requisites for achieving political, social, economic, cultural and environmental security among all peoples.

The Vienna Declaration and Platform of Action<sup>8</sup> recognize that 'the human rights of women are an inalienable, integral and indivisible part of universal human rights. The full and equal participation of women in economic and social life at the national, regional and international levels and the eradication of all forms of discrimination on grounds of sex are priority objectives of the international community.' The principle of non-discrimination has been restated by other human rights instruments. For example, Article 1 of the Universal Declaration of Human Rights provides that all human beings are born free and equal in dignity and rights. Article 3 of the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) oblige states to ensure the equal right of men and women to the enjoyment of human rights. The International Covenant on Economic, Social and Cultural Rights (ICESCR) recognizes 'the equal right of men and women to the enjoyment of all economic, social and cultural

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<sup>8</sup> Adopted at the World Conference on Human Rights A/CONF.157/23,1993.

rights' and prohibits discrimination based on, among other things, one's sex. Article 7 on equal remuneration for work of equal value is also relevant to women's economic empowerment.

It is evident from the discussion above that women's economic empowerment has become increasingly visible within the international policy framework. Currently, there is a growing recognition that prevailing patriarchal structures and stereotypical attitudes towards women's roles in society has impacted negatively on the ability of women to function as economic agents in society. Women have been wrongly perceived as a marginal economic group, rather than as a positive socio-economic force. As entrepreneurs they have significant untapped potential as wealth creators (Stevenson & St-Onge, 2005b).

As a result, concerted initiatives have therefore been put in place by various agents such as the African Development Bank (AfDB), the International Labour Organization (ILO) and more recently the Government of Kenya, through the establishment of the WEF, to address impediments to women's active involvement on the productive economy and more specifically to support women's entrepreneurship. The empowerment of women is viewed as a critical factor in the eradication of poverty since they have been historically restricted by unjust social and economic structures and a lack of resources that have impeded their full and active participation. (World Bank, 2006)

## **2.8 Conclusion**

In this chapter I have interrogated the concept of women's economic empowerment and the legal and regulatory framework within which the WEF operates. The international, regional and national legislation regarding socio-economic rights particularly the right to economic empowerment has also been discussed. As is made evident from the above, the legal mechanism is in place to ensure women enjoy socio-economic rights. However, as noted by Tsanga and Stewart (2011) there is a need to understand the contexts in which the law operates. The law in its formal construction is very confining in terms of conceptualizing and resolving problems in a holistic and situation sensitive manner. There is a need to employ various mechanisms, including resource allocation and training to make the law effective. The following chapter examines the methodologies employed to test the research assumptions and answer the research questions.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGIES AND METHODS**

#### **3.1 Introduction**

This chapter outlines the research methodologies and data collection methods employed in the field in collecting data deemed appropriate in line with the research assumptions and circumstances encountered in the field. Methodology has been defined as a theory and analysis of how research is conducted (Hellum, 1990: 17).

The research was mostly qualitative in nature, with a key interest in capturing the female voices that had interacted with the Women's Enterprise Fund (WEF) as beneficiaries and the key stakeholder respondents. Men's voices were also captured for comparative analysis for the topic under study. As stated by Stewart (1997: 47) men's voices were necessary for a balanced view on the topic under study. The methodological aspect of this study was to a large extent influenced by the women's law approach, a 'bottom-up' approach that takes women as a starting point. Thus a gender-relational perspective was used to bring out the lived experiences of women in their economic empowerment journey.

The sampling of the respondents was done randomly but with a view to capture both the rural and urban perspectives. Through desk and internet research I realized that not much literature existed on how the Fund had impacted on the lives of women who had been advanced credit.

The research methodologies and methods used are explained in greater detail as enumerated below.

#### **3.2 Methodologies**

##### ***3.2.1 Women's lived realities in their economic empowerment journey***

The grounded women's law approach was the over-arching approach used in the research journey as it enabled me to explore the women's lived realities and to investigate the law and policies and how they affected them (Dahl, 1987). This approach was relevant as it enabled me to look at the various laws and policies and how they have affected women's enterprise development on the ground with a view to improving their position. Grounded theory is an iterative process which facilitates continuous engagement between legal concepts, theoretical

generalizations as well as assumptions and knowledge of empirical data from women's and men's lived realities on gender relations, local practices norms and procedures (Bentzon *et al.*, 1998: 18).

Women's law methodology is predicated on the need to capture women's lived realities as a means of assessing the adequacy of the socio-economic and legal mechanisms in place, with the aim of redressing any existing gender specific injustices. This methodology helped me to appreciate that women are not a homogenous group and their opinions will vary depending on their education, age, marital status, religious beliefs and exposure. This led me to interview both women who conducted their businesses in the urban and rural areas and across all age groups. My main focus was the women entrepreneurs and the need to capture their voices and understand their situation. These women were my starting point. Their views regarding the Fund were varied as will be evident from the findings chapter. This methodology helped me to look at the laws and the policies on the WEF and compare them with the lived realities I encountered on the ground.

The 'dung-beetle' technique was instrumental to follow up on emerging issues: as I interviewed any one or number of respondents they would lead me to the next respondent/s I needed to interview. This led to data accumulation for analysis and sorting out later. For example, by interviewing the field officer, she directed me to women in the constituency who had benefitted from the Fund. These women's groups further led me to other women's groups facing similar challenges. This methodology enabled me to be open minded as I collected the data for emerging issues that were not initially anticipated. For example, I had assumed that there was a seamless transition from group loans to individual or personal loans.

Instead of commencing with desk research, I took the woman entrepreneur herself as the starting point. I interviewed her on the impact of the Fund on her economic empowerment as she shared her lived realities. I employed this methodology with all my respondents during the course of the research. Through this, it became clear to me that despite the fact that the Fund is a 'noble' intervention that seeks to reduce poverty by presenting opportunities to women to realize their full potential, it had wide ramifications on women's livelihoods due to poor implementation policies and through operating on an outdated model. This methodology was efficient since it assessed the gap between what was contained in the policies and the law and compared them with the actual happenings on the ground. This methodology was also

most suitable since it identifies the problems women face in their journey to gain economic independence. I wanted to ascertain whether the introduction of the Fund has revolutionized women's access to credit. What was the impact on the ground?

I planned my work by keeping a diary for the appointments I had secured with my respondents and plan for follow-up interviews if possible. For example, I did a follow-up meeting of one group I interviewed in order to scrutinise a copy of their group constitution and I was present as they conducted their group activities. This was a mixed group consisting of both male and female members. This methodology was very effective since I could get information first hand, straight from the 'horse's mouth', so to speak. It revealed multiple realities of the woman entrepreneur. Some women had made significant strides as a result of accessing micro-credit and even managed to expand their businesses. On the other hand, several individual women and groups had become further indebted as a result of the provision of a loan.

### ***3.2.2 Women's economic empowerment: A fundamental human right***

The human rights based approach is based on the fundamental and universality of human rights. This approach involves examining the rights at stake and corresponding duties. This methodology helped to examine whether the Kenyan Constitution and other legislation and policies are in line with international standards prescribed in human rights instruments in the realization of women's economic empowerment and the extent to which they comply with the law. This is in light to women's role in economic development. The question I sought to answer was whether the duty bearers are fulfilling the duty to promote and protect the economic rights of women. It is based on international human rights standards directed towards protecting and promoting human rights and the need to eliminate social and economic discrimination (Alston *et al.*, 2013). Women's economic empowerment is central to the achievement of gender equality and the implementation of international commitments that range from the international declaration of human rights to regional human rights instruments and policies.

I examined how the state was treating women as rights holders. The human rights approach identifies rights holders and their entitlements and corresponding duty bearers and their obligations, and works towards strengthening the capacities of right holders to make their claims and of duty bearers to meet their obligations (Alston *et al.*, 2013).

I also interviewed women on why they thought the state was obligated to ensure their economic empowerment and their awareness on human rights issues particularly as it relates to equality, non-discrimination and equal participation. The importance of interdependence and inter-relatedness of human rights was also explored. For example socio-economic rights to food, health and education is dependent on economic empowerment. These rights should be seen as mutually supportive as opposed to mutually exclusive. This underscores the interconnectedness of human rights and development.

In the course of the research I was able to gauge the human rights approach and find out what policy and legislation the state is obligated to undertake, what it has done and what it has failed to do. The need for equality and non-discrimination principle as enshrined in Article 27 of the Constitution in relation to access to socio-economic rights was also examined.

The basic principle of human rights is that they are universal, inalienable, indivisible and interdependent (Alston *et al.*, 2013). Article 2(5) of the Kenyan Constitution provides that ‘the general rules of international law shall form part of the law in Kenya’. And Article 2(6) provides that any treaty or convention that Kenya has ratified shall form part of the laws of Kenya. Article 21(4) provides that the state has an obligation to enact and implement national legislation in order to fulfil its international obligations in regard to upholding human rights and fundamental freedoms. Therefore, Kenya has obligations under the international and national human rights framework. The human rights aspect cut across the entire research work.

### ***3.2.3 Actors and structures perspectives and women’s economic empowerment***

This framework describes how groups are influenced by existing rules and conditions governing the specific structure. Structuration theory is based on the assumption that the structure is both enabling and constraining, but does not totally determine the actor’s behaviour (Bentzon *et al.*, 1998: 100-103). The actors who are operating the Fund for instance the government and non-governmental agencies have an influence on women’s lives regarding how the scheme is implemented. They decide the start-up credit advanced to women. Different group members, spouses and other family members also have an influence on how the funds are going to be utilized.

This methodology was used to examine how these legal, social and cultural norms, values and institutions affect women's lives and determine their choices that relate to accessing and utilising credit. Structures responsible for facilitating women's access to credit from social groups have effects, both directly and indirectly on women's groups. This methodology enabled me to identify the key state officers I needed to interview. These included credit managers, the WEF field personnel, administrative officers, including chiefs. These actors play a role in implementation of laws and formulation of policies and therefore have the capacity to effect change.

This approach was engaged to analyze the role of the government in carrying effective information dissemination on the Fund's scheme as well as capacity building in terms of the training of the women's groups. It was useful to assess the implementation of the scheme by the various actors on the journey to women's economic empowerment. The structure has a bearing on the approach that will be adopted and a direct impact of how the women would benefit as well as how the programme is delivered and implemented, for example, as regards the regulation of group formation. Through this approach I investigated the following aspects: Do the actors focus on women's challenges in utilizing the Fund and their lived realities? Are the impacts from these loans ever determined? What is the role of state and non-state actors in advancing women's entrepreneurship empowerment? Other key actors whose role is often overlooked are the constituency volunteers. These are the contact persons with the women's groups and how they relate has a bearing on women's attitudes towards the Fund.

### ***3.2.4 Semi-autonomous social fields***

The semi-autonomous social field is a concept developed by Sally Falk Moore (1978). It describes and tries to analyze the rule generating and the rule upholding processes which affect the position of gender relations in a situation where a plurality of normative structures informs human interactions. Moore uses the concept of semi-autonomous social fields to show that the social space between the body politic and the individual are interposed various smaller social fields to which individuals belong. These social fields have their own customs and the rules and means of coercing or inducing compliance.

Social arrangements may be collectively stronger than the law and, more often than not, law has not had and could not be expected to have the apparently intended effect precisely

because of semi-autonomy of the social field in which it has to operate. Since the realities of daily life dictate the appropriate solutions for the target group, an inspection of semi-autonomous social fields 'draws the connection between the internal workings of an observable social field and its points of articulation within a larger setting' (Moore, 1978). Thus it became necessary in this research to investigate semi-autonomous social fields like the clan elders and local chiefs in order to understand their role in women utilizing the Fund. This methodology enabled me to identify the arenas where actions and decisions are taken that, in practice, affect the position of women outside of the set laws and policies.

### ***3.2.5 The realities of gender imbalance***

Gender is defined as socially constructed roles, behaviour, activities and attributes that a given society consider appropriate for men and women. Sex on the other hand, refers to biological and physiological characteristics that define men and women. Female and male are sex categories while masculine and feminine are gender categories. Gender cannot be defined by one's anatomy; it is not categorized as male or female. Gender differs from a classification based on sex in that there is little evidence to suggest that gendered differences are biologically inevitable (while sexual differences are largely biologically determined). Gendered differences are only sociologically inevitable, that is, culturally and socially ascribed notions about the behaviour that is expected from a person of a particular sex, mostly being masculine or feminine character (Meena, 1998: 119).

Assumption number 2 was informed by gender stereotypes, the underlying view being that women, especially in rural settings, are expected to look after their family and engage in household chores, the socially ascribed responsibilities for unpaid care work. Men, on the other hand, wear the tag of provider or breadwinner. Women who seem to disturb this order are particularly shunned by the community and seen as arrogant (Meena, 1998). In such circumstances many women would be apprehensive in accessing credit, if not sanctioned by their spouses. I analyzed this perceived perception in the field and what was the social and cultural underpinning that affected women's utilization of the Fund.

A different aspect of the theory involves looking at the roles of women and men in the community which was constructed from specific child rearing practices and the socialization they received in the society they lived in (Bentzon *et al.*, 1998). These misconceptions affect women's economic empowerment in the groups they are involved in. This approach was



useful particularly in mixed groups that had both women and men in order to assess the gender dynamics and how the group affairs are conducted as well as the kind of business activities women engaged in and whether the choice of enterprise was informed by these socially ascribed notions of gender.

I endeavoured to capture some men's voices and found out what was their take on their wives being involved in economic enterprise. I realized that women entrepreneurs face some gender-specific constraints. For example, women are constrained to specific sectors of the economy, mostly low end economic activities. This was evident in my findings. Women also tend to have different needs than men when it comes to entrepreneurial support. They needed male approval to use household's goods as collateral. Therefore, the men's influence on how the money would be utilized was overbearing.

### **3.3 Sources and methods of data collection**

Various multifaceted methods of data collection were employed as enumerated below; they all had different effects on the data that I was collecting. I used both primary and secondary sources of data collection. Secondary data collection was done through review of books, journals and articles on women's entrepreneurship in order to determine the progress so far made by women in their economic empowerment journey. Several international instruments and documents were also reviewed to compare Kenya's compliance. Primary data was obtained through participatory interviews, focus group discussions and in-depth interviews with key informants.

#### **3.3.1 *The sample***

There was random sampling of the women's groups under investigation. However, I ensured that I interviewed women who conducted their economic activities in urban and rural areas. I had a research sample of 25 women's groups; the average number of women per group was 16. I also interviewed ten individual women entrepreneurs. The study sample was restricted to allow for a detailed gathering of data from the groups within the available study period. Men's voices were included in as much as the Fund allows their participation to a maximum of 30 per cent as explained above. I also interviewed WEF managers at the constituency and national level. My initial point of interest was to conduct purposive sampling, that is, women and groups who had applied for credit from the Fund. The respondents were traced to their

places of business, homes or in social places like schools and church compounds. However, during such interviews other women who had not interacted with the Fund were also interviewed. Table 2 gives details of the respondents sampled for this research.

**Table 2: Showing the sampling of the research respondents**

Respondents	Male	Female	Total
Women Groups(FGD) <sup>9</sup>			<b>21</b>
Mixed Groups <sup>10</sup> (FGD)			<b>4</b>
Constituency WEF Manager	-	1	<b>1</b>
Women's group leaders		16	<b>16</b>
Individual Women Entrepreneurs	-	10	<b>10</b>
Chief	2		<b>2</b>
Member of County Assembly (MCAs)	2	-	<b>2</b>
Monitoring and Evaluation Officer	1	-	<b>1</b>
Micro-Finance Credit Manager	1	-	<b>1</b>
District Accountant	1	-	<b>1</b>
<b>TOTAL</b>	<b>7</b>	<b>27</b>	<b>59</b>

### 3.3.2 *In-depth interviews with key respondents*

These were basically government professionals and technical persons in the economic sector, who had a role to play in the women's economic empowerment journey. These were already identified before going to the field; however, others were added to the list as the research progressed. They included, for instance, the credit managers of financial intermediaries. They were identified by virtue of the influence they have on women's economic empowerment agenda. My interview with the key respondents centred on their role on influencing policy relating to the WEF.

<sup>9</sup> A focus group discussion consisted on average 11 members of particular group.

<sup>10</sup> This refers to groups that had men as members.

This method was particularly useful since it assisted me to understand in-depth, the working model of the Fund and to probe answers for clarification. Among the duties of the key respondents included vetting the various groups and ensuring their registration. The respondents included the women WEF officers, Monitoring & Evaluation officer, District gender persons, local area chief, etc. Finally, as I concluded the interview with each respondent I gave them an opportunity to comment on the sustainability of the Fund and suggest improvements they thought could be made to further empower women economically.

However, I was unable to interview the local area woman representative Member of Parliament. All the appointments I had secured with her were cancelled at the eleventh hour as she had other engagements. It would have been quite enlightening to get her views on the Fund, especially on the role of politicians concerning how the Fund is utilized in their respective constituencies as well as her role as a representative of women in the constituency.

### ***3.3.2 Desk research***

This was the initial step I undertook while designing the research project in order to get an insight into the subject of devolved funds in general and the WEF in particular. I realized that most scholars had written on how the Fund has empowered women's access to economic opportunities. However, I found that there were gaps in implementation of the Fund's strategies and sought to interrogate these shortcomings as well as those in which the Fund may have actually impoverished women's lives economically.

I conducted a review of relevant literature to gather what other scholars have written on the subject under study which meant that I perused library books, journals and internet sources. This was particularly useful in the research preparation, analysis and the final write-up of this paper. As a result of desk research I came to understand the dynamics of the various strands of the Fund and their influence on women's empowerment.

I also consulted relevant laws in the area of women's economic empowerment including the Constitution of Kenya 2010, international and regional human rights instruments and related articles.

### **3.3.3 Group interviews**

Group interviews were particularly useful when I wanted to get the views of the officials of the groups like the chairpersons, treasurer and the secretary together with the trainer. This method was useful as the officials were open about the challenges and the impact of the Fund on their group members. It also enabled me to triangulate data received from the general group. Appendix 1 gives the list of women's groups interviewed.

### **3.3.4 Individual interviews**

Individual interviews were useful in instances where some women were not comfortable about airing their views in a group setting. I would make follow-up meetings and clarify issues that emanated from a focus group discussion. This included one-on-one interviews. For instance, many women could not discuss in public how their spouses influenced their level of participation in the group. I used interview guides which gave me leeway and the opportunity to probe further and seek clarifications. The questions were flexible and kept on evolving based on the emerging themes as the research progressed. In the process, the respondents were open to 'tell their story'.

### **3.3.5 Focus group discussions (FGDs)**

I organized focus group discussions (FGDs) with the help of the local volunteer of the women's groups in the constituency since she dealt with several women's groups and had a good rapport with the women. She could also speak the local dialect with which I was not conversant.

This method was useful when the group was large and I wanted to have different views and opinions from group members. It also allowed for free and vibrant interaction between the members through the sharing of ideas and brainstorming. This method proved quite useful in providing much rich data that I collected regarding the workings of the groups. I used it with women in a common group since they could easily identify with each other and their common challenges. I could also get different opinions from members of the same group.

It was also easy to get women into groups during their weekly meetings as opposed to individually since they were involved in various economic or household activities. However, the disadvantage with this method was that not all group members would express a contrary opinion in the presence of a man who was a member or when the officials had taken a certain

position on a specific subject and only had one side of the story. However, this was remedied by the conducting of individual interviews.

### **3.3.6 Observation**

I observed how the groups conducted their meetings in compliance with their constitutions, for example, on the mode of decision making to utilize the funds advanced. I also observed the various enterprise activities that the women have engaged in, ranging from the planting and managing of small vegetable gardens, street vending and market stalls where they sell wares such as second-hand clothes, fruits and vegetables or conduct mobile money transfer businesses (M-Pesa). This method was useful in gathering information that could not be obtained directly through questioning. Through observation I could relate what I saw with the data I received directly from the respondents. This method also enabled me to obtain first hand reliable information which I have not exaggerated.

### **3.3.7 Ethical considerations**

Before the interview process started, I clarified that I needed the respondents' consent and this ensured that their participation was voluntary. I also introduced the topic under study and informed them of the reason for the research and the need for them to share their experiences openly and honestly. Audio recordings were taken with the consent of the respondents.

### **3.3.8 Limitations of the study**

Since the field research was conducted in the rainy season and during the projected heavy El Nino rains, some roads and bridges had been washed away. This rendered some areas, especially rural areas, inaccessible. As a result I was unable to carry out some follow-up interviews with women's groups in these areas. At times it was difficult to carry interviews with some of the women respondents due to their occupation with their multiple responsibilities as entrepreneurs, wives and mothers.

The other limitation was the language barrier. The research was conducted in the Lower Eastern part of Kenya and I was not conversant with their local dialect, *Kikambalanguage*. I had to be accompanied by a translator/research assistant during the entire research period. This was necessary as some women respondents were not fluent or comfortable conversing in the national languages of Kiswahili or English. As a result some vital information may have been lost in translation or not accurately captured. Some respondents also thought that I had

come with funding for their problems so some of their answers may initially have been exaggerated. Also the research area was vast which meant that I travelled long distances in order to capture the various voices in the field. It also took some time before I got clearance from the relevant government departments before I could commence collecting data and interviews from the field. However, the challenges encountered did not substantially affect the validity of the data collected.

### **3.4 Conclusion**

This chapter looked at the research methodologies and methods employed in the field to collect the research data. It also discussed the significance of the approaches and the methods employed and my field experience in the data collection process. A presentation of my findings is discussed in the next chapter.

## CHAPTER FOUR

### 4.0 WOMEN'S ECONOMIC EMPOWERMENT - THE UNMET EXPECTATIONS

#### 4.1 Introduction

In this chapter the main findings as guided by the assumptions are discussed. The underlying theme in this chapter is the accessibility and impact the Women's Enterprise Fund (WEF) has had on women's economic empowerment. As previously noted, women's economic empowerment is a crucial factor in sustainable development and attainment of gender equality and poverty reduction. Women create wealth and reduce poverty through their engagement in entrepreneurship in the economy. They also contribute through their unremunerated work in the home economy to sustain the livelihood of their families and communities (Kantor, 2001). I used different methodologies and methods to arrive at my findings as discussed in the previous chapter. The findings are grouped according to the main themes under investigation. Closely related assumptions have been grouped together and their findings presented as one. The main aim of the research was to examine the empirical evidence on the impact of micro-finance with respect to women's empowerment and challenges faced. In light of this, it became clear that access to credit can play an important role in the lives of women but its design and implementation will determine the extent to which it promotes women's economic empowerment. Access to credit does not 'automatically' empower women. When such programmes are well structured, however, they can make important contributions to economic productivity.

#### 4.2 Structural compliance in empowering women economically

*'Without financial independence, women cannot defend their rights. They cannot be independent.'*  
Ndiaye (2010)

It is recognized that the lack of access to credit services is behind the continued disempowerment of women.<sup>11</sup> Ekumah and Essel (2005) found that inadequate information regarding credit facilities by financial institutions is a major cause of lack of access to credit. In Kitui Central Constituency, it was evident that there is unavailability of effective programs

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<sup>11</sup> Economic Social and Cultural Committee, 2010.

to disseminate information to entrepreneurs in the constituency. The right information communicated at the right time in a right manner has a great impact on the intended recipients. The right information will facilitate accessibility and becomes the power to access credit. From the study it became evident that the right channels of information dissemination would be informal channels, for instance, informal group meetings and through social organizations like churches.

There are many misconceptions about the Fund, mostly due to misinformation given by political leaders to current and potential borrowers, considering that the Fund was initially introduced during an election year. As a result the Fund is riddled with political connotations. Politicians seek to capitalize on the idea for their own agendas. This has mostly affected repayments and has resulted in high rates of default. The local WEF manager in the study area stated:

‘There have been many attempts by politicians, including the local Member of Parliament (M.P.) and Members of the County Assembly (MCAs), to gain political mileage using the Fund. Everywhere I go to present cheques to the groups, these local leaders insist on accompanying me, yet their motive is to misinform the public that the Fund is a free grant from the government. This political interference makes loan recovery problematic.’

Accessibility is further hampered by inadequate personnel. Funding under the Constituency Women’s Enterprise Scheme stream is dependent on volunteers who were engaged in short term contracts. They normally covered vast areas in the constituency with little or no facilitation. This greatly diminished the effectiveness of the Fund for the most deserving prospective borrowers. As such this affected other aspects of the Fund for instance monitoring and conducting trainings.

Despite the availability of the WEF loans, many women in the remote areas still lacked access to the available loans. This is because it required them to travel to urban areas where government offices are located so that they could fulfil the mandatory requirements such as obtaining licenses, incorporating companies and registering business names, etc. This proved to be a big challenge to the woman borrowers. A study carried out by the International Labour Organization (ILO, 2005) puts access to finance as the major obstacle facing women entrepreneurs. As a result:



‘Women often start a business with their own money or money borrowed from family and friends with limited access to other forms of credit.’

Due to the aforementioned factors, women entrepreneurs are the least prepared to engage in contractual processes key to doing business in Kenya. As noted by K’Obonyo *et al.* (1999) the registration of a business involves complicated legal processes such drawing up business contracts, business plans, etc., which place the woman entrepreneur at a disadvantage. Most small and medium enterprises which most women operate find these procedures time-consuming and complicated as a result of which they cannot grow or expand their enterprises.

Further, the Beijing Platform for Action identified economic disparities between men and women as one of the 12 critical areas of concern requiring action by member states. During its 41<sup>st</sup> session (1997), the United Nations Commission on the Status of Women proposed further action and initiatives to be undertaken to promote women’s economic empowerment including the mainstreaming of a gender perspective into all economic policies and programs.

Instances of access were also greatly hampered by excessive delays in the disbursement of loans by the Fund’s secretariat. The WEF officers cited delays in the disbursements of the Fund as a big challenge. Since it is a revolving fund the disbursements are dependent on how all member groups repay their loans. If the rate of repayment is low, fund disbursements is halted to concentrate on loan recovery. As a result, even diligent groups suffer as a consequence; this created long waiting periods for the groups. During a focus group discussion, the treasurer of one group indicated:

‘We had to wait for 9 months to get the second cycle of the funds. Most members had even left the group by then. Our Women’s Enterprise Fund officer told us that due to the fact that other groups in the constituency had defaulted in making their payments, the disbursements were halted to concentrate on loan recoveries.’

Another respondent operating a clothing store in an urban market stated the following regarding delays:

‘I have benefitted with one loan so far. Our group was awarded the first loan of Kes. 100,000 (US\$ 1,000). The group has twelve members. We divided the loan amount equally and I got Kes. 7,900 (US\$ 79). Though the amount was minimal, I was hopeful that during the second cycle the amount would be

increased. However, the Women's Enterprise Fund is yet to disburse the second loan. I want to expand my business but the money is not available to do so.'

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth (Macharia and Wanjiru, 1998), yet economic empowerment for any population is the cornerstone for sustainable development owing to direct contribution to production systems. Various national, regional and international conventions and documentation as discussed earlier have emphasized that enabling the population, regardless of gender, to actively participate in social and economic wellbeing is critical for the long-term and sustainable social, political and economic development of any society.

Most businesses were constrained by the small amounts of loans provided by the Fund under the group scheme for the business venture they had identified to pursue. The first loan is usually Kes. 100,000 (US\$ 1,000) and the requirement is that there must be a minimum of at least 10 women in a particular group. Most groups had more than 10 members. The size of loan therefore was too small to support the establishment of businesses or even their expansion.

The issue of forming groups in order to benefit from loans was also a major setback. Due to constant group wrangles and other dynamics, such as lack of transparency and accountability, some group members felt it was better to have access to individual loans under the joint liability lending scheme. During an interview, one respondent who was in a group that later disintegrated had this to say:

'Initially when we started we were 13 members, but due to group wrangles, some members pulled out without repaying their loan. We are currently only two members. We were forced to repay the loans of the defaulting members, so that we can advance to the next borrowing cycle. But it has been difficult for us and our small businesses have suffered as a result.'

I investigated the concept of group lending which had proved to be problematic for several groups. Currently women's groups just come together as a 'union of convenience' for purposes of accessing funding. Thereafter, they share equally the loan amount once it is disbursed. The WEF officer has this to say regarding group lending:

‘The reason for the group formation is to enable WEF committee access women collectively and ensure group liability. It is a form of social collateral, whereby women guarantee each other and therefore encourage each other to repay the loan when time is due. The Fund is modelled both as an economic and social empowerment tool.’

Another major drawback noted was the lack of field officers and poor facilitation. For instance in my area of study in Kitui central constituency, one field officer was responsible for the entire constituency and even then she did not receive sufficient support to enable her to visit all the women’s groups who had accessed funding for follow-ups and to monitor their progress and conduct training.

Illiteracy or lack of basic education was also a major shortcoming. Most group loan application forms were rejected since they had been incorrectly completed. It also became difficult for such members to conduct banking transactions. McCormick (2001) noted significant differences in the performance of women’s enterprises vis-à-vis those of Kenyan men. Women’s enterprises have the following characteristics: they are usually small scale enterprises generating marginal profits. Their initial capital investment is also very minimal. They mostly operate from home or roadside locations, while their male counterparts are found in commercial and trading centres. Many women are situated in low-end markets which are characterized by few barriers to entry. Therefore, their businesses which are mostly in the service sectors are crowded with no room for expansion.

The second factor has to do with the opportunity to accumulate savings. Because women have lower levels of education and are segregated into lower paying jobs, they accumulate less capital from their savings with which to start a business. Thirdly, women spend less time in their businesses than men because they are expected to carry out their domestic responsibilities, including housework and childcare. This also explains why women are more likely to operate their businesses from the home (McCormick, 2001).

## 4.2 Influence of socio-cultural factors on the utilization of the WEF

*'While it is simple to frame laws to charge husbands who abuse their wives, it is not as simple to deal with the economic violence of capitalism.'*

*(Orford, 1998)*

This refers to a combination of factors at the level of the family and social setting. This mostly affects borrowers organized in groups. As noted earlier, the only motivation of women forming these groups was for purposes of accessing finance. Most group members did not even have any viable economic projects they were planning to engage in but they came together, formed groups and were advanced the loans. The loan issued through the constituency stream is a group loan. Therefore, when one member defaults the entire group is penalized.

Respondents in the urban areas who were doing relatively well in their businesses preferred individual loans under the group lending scheme. However, since the individual loan was only accessible under the financial institutions stream many women did not qualify to meet the stringent requirements like the need for collateral. Women are handicapped in accessing credit as they do not have collateral when it is required (Agarwal, 2003). Agarwal also noted that customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land. Women are subordinated and dependent on their men folk, who have control over the resources. Where collateral was required the husband had to endorse it. This has the effect of the woman's relinquishing control of the loan money they receive.

Socially accepted norms of behaviour and the roles women play in their families can have profound effects on the types of activities in which they can engage (Kings and McGrath, 2002). Agarwal (2003) points out that due to patriarchal social authority structures, women receive substantial family support in the start-up stages of their businesses, but later on, such support is limited for fear of husbands losing dominance over their wives. Gakure (2003) emphasises the stigmatization of women entrepreneurs in Kenyan society, even successful women entrepreneurs are viewed negatively because society does not expect women to succeed on their own without male assistance.

As noted by Kabeer (2001) there is negligible evidence of shift in the gender division of labour as a result of access to micro-credit. From the above findings, it is evident that women are still conducting traditional home-based businesses like small scale farming, such as, poultry farming or vegetable gardening. Such business ventures are labour intensive and earn marginal returns.

This is coupled by the fact that women are not allowed to own anything, as men believe that whatever a woman belongs to the man since he has paid dowry or bride wealth for her. Men are usually seen as breadwinners of the family and are responsible for the whole household's welfare (Kabeer, 2001). Goetz and Gupta (1996) argue that most women's loans are controlled by their male counterparts, yet women are responsible for their repayment. Since women lack control over the use of the loan, the empowerment concept is inadequate. This happens because it is culturally accepted to allow male ownership of properties (Kabeer, 2001).

Most respondents I interviewed confessed that more often than not, they diverted loans to use for covering household expenses. Such women are encumbered with high household demands which impact on their ability to repay the loan or even to invest in business activities. Such diversions of loans lead to women being more indebted and hence disempowered. The use of the Fund's money for personal acquisitions (e.g., for the purchase of household goods) was threatening its viability and original intention. At least two female respondents referred to such contradictions between the Fund's intended and actual use:

'I joined my group in 2012. When we received our initial loan of Kes. 50,000<sup>12</sup> (US\$ 500). I used the money to pay for household bills and pay for school expenses for my two children. I intended to open a retail shop outside my home but it was never established. The loan was too little and I had pressing personal expenses to take care of.'

'I cannot invest the money in a business, when there is an urgent need for food in the house.'

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<sup>12</sup> This was the original amount of loan advanced before it was increased to Kes. 100,000/- (US\$ 1,000/-) in 2013.

The diversion of loans to non-productive activities was the leading cause of the high default rate among the borrowers. This information was confirmed by the WEF volunteer in the constituency when she stated:

‘Many of the loan defaulters confess during loan recoveries that they diverted the money to meet domestic needs like buying of food and payment of school fees. As a result most of them are forced to take up another loan from other sources to pay the initial loan, or else their household goods may be confiscated.’

This finding is supported by Ditcher (2007) who has stated that it is becoming increasingly clear that micro-credit is being used for consumption expenditure as opposed to income generating initiatives. The influence of the applicant’s husband over her application for a loan from the Fund and her use of it was explained by one female respondent as follows:

‘Before taking a loan from the group, I have to consult my husband. So by the time the loan is disbursed my *mzee* (husband) is aware.’

Groups that had a mixture of men and women were also dominated by the men. This is in spite of the fact that the men were in the minority and were not expected to take any leadership roles. During one focus group discussion I observed one male participant who literally took charge of the entire interview. The women members including the chairlady and other officials did not have a chance to participate effectively in the discussion and were reduced to simply looking on as this particular man answered all the questions I asked of the group. This led to me to ponder over the real role of the men in these groups? I had to ask myself, ‘Is there a possibility of the entire agenda for women’s economic empowerment being hijacked by the ‘minority’ male members in the groups?’ These are pertinent questions that need to be addressed. From this discussion it is evident that many of the micro-credit initiatives like the WEF are more theoretical than real for many women who are prevented from exercising their rights by virtue of the operation of the customs and hierarchies which have been discussed above.

### **4.3 Application bottlenecks**

The women also faced challenges in completing the loan application form. The form was only in English and the majority of the women were illiterate or only had a basic education. The women in this category were also bogged down by multiple responsibilities and hence

lacked adequate time to fulfil all the registration requirements and to concentrate on their businesses.

The procedure to have a women's group registered was tedious. The group had to be vetted at several levels. The starting point was the local chief, who more often than not, requested for 'facilitation' to approve the group. The process of filling in forms and fulfilling the registration requirements was also difficult, especially for the rural-based groups. One member of such a group stated:

'The forms are written only in English, which many members don't understand. We were lucky we had a teacher in our group; she is the one who did all the registration requirements on our behalf.'

Financial intermediaries often competed with the WEF loans, since most of them are contracted by the government to offer loans on their behalf. As a result they put so many requirements forward before one can benefit from a WEF loan that they make the loans very unattractive to prospective borrowers.

The need to have collateral when accessing loans through financial intermediaries was an obstacle for loan applicants. This is not a problem for group loans for which household assets are accepted as security. The use of property, e.g., title deeds of land, for collateral security needed spousal consent. Such security documents were most often in the name of the applicant's husband. In some instances, where a woman was advanced a loan under the group scheme, her spouse demanded that its proceeds be used for purposes unrelated to the business enterprise for which they were intended on account of the fact that most of the household goods pledged as security belonged to him and only he could consent to their being pledged.

#### **4.4 The need for information dissemination and training**

*'Microcredit is micro debt.'*

*(Hulme, 2000)*

Micro-credit is often considered an instrument that promotes empowerment. Whilst it can stabilize livelihoods, enhance women's choices, provide start-up funds for productive investment, or business expansion and help previously disadvantaged people be empowered, micro-credit can also lead to indebtedness and increased exclusion unless programmes are

well designed. Not all forms of economic activity are equally empowering. In some instances micro-credit actually subverts women's economic power due to the loan cycle lending structure and the requirements of obtaining a loan. Women's economic empowerment is about providing women with not only resources but also with the opportunities to apply resources in a way that leads to economic success (Kabeer, 2005).

Robinson (2001) and Devaraja (2011) state that the provision of credit to those who do not know how to effectively use it is a burden to both the borrower and the lender and only leads to increasing the debt burden of the already marginalized. Further, VOICE (2008) noted that due to the absence of training, women's traditional roles and gendered division of labour was being reinforced even in the economic activities that they engaged in. This underscores the important role training plays for the effective utilization of the micro-loans. Kannabiran (2005) argues that provision of micro-credit alone, without more, like financial training, aims to provide relief while masking the real causes of the malaise. As pointed out by Menon (2007: 64), micro-credit on its own cannot lead to empowerment of women, because in the absence of training, provision of micro-credit can lead to negative unforeseen consequences rather than empowerment.

Although credit loans are sometimes romanticized as a key poverty alleviation strategy, there is often silence on the consequences to the trader when the loan is not paid on time and in full. In this way, loans may exacerbate poverty and vulnerability (Chirau, 2014). I agree with Kabeer (2005) when she states that the provision of any development resource represents a range of possibilities, rather than a pre-determined set of outcomes. These possibilities are influenced by a host of factors, including the actors responsible for enforcement.

Laws and policies are not self-implementing and in the absence of information dissemination and creating awareness, women cannot take advantage of the positive actions by the government to self-empower themselves (Stewart and Tsanga, 2002). Further Tsanga has advanced the need for legal dissemination as a strategy in order to bridge the gap between the law and the people (Tsanga, 2004: 13) this is so because the law may be provided in paper but in reality there is little or no implementation. Further Article 19(d) of the Women's Protocol to the African Charter and Paragraph 173 of the Beijing Platform for Action both provide for support of women's enterprises through training.



The circumstances in which the law is sought to operate should be taken into consideration. Social and cultural factors such as levels of literacy and access to economic resources and inadequate supporting mechanisms may limit the effectiveness of the policies and laws formulated.

There is therefore the urgent need to come up with strategies in taking the law to the people, thereby empowering them and not just having ‘paper rights’. It was evident from my findings that the mechanism under which the Fund operates was unknown to many, including even those who are the beneficiaries of the Fund. There is therefore a need to address a clear gap between the printed laws and policies and the reality on the ground as to knowledge of them. For instance, the loans provided by the financial intermediaries and the procurement opportunities provided under the Fund were unknown to the women entrepreneurs I interviewed. One credit manager stated:

‘We don’t take time to publicize these loans, since they are usually small loans and it is generally expensive to manage small loans; WEF has not done much to publicize their loans. For us we publicize our products first.’

There has been a lack of awareness of existing credit schemes including the WEF’s prospective borrowers who had been financed under the group scheme. They were not aware of the loans offered by the financial intermediaries. The Constituency Fund volunteer for the constituency stated:

‘Indeed most women are not aware about the Fund and the disbursement mechanism. It is also difficult to identify the borrowers as most of them are averse to the bank requirements which are stringent and include the need for collateral and a business plan which many women cannot come up with. However, this gap can be eliminated with sufficient training and awareness of the different products that are available.’

While the Fund has been touted as a great success the stories on the ground reflect a harsh contrary reality. Often the loans are inflexible in that repayment starts immediately after a one month’s grace period. This puts enormous economic pressure on the women often causing them to default and fall into deeper indebtedness. The need for financial training would be very helpful to this group of women. Most respondents indicated the need for training though they were yet to receive any form of training. Training would also help women entrepreneurs to be able to keep records and monitor their businesses. The current

trend of forming groups in order to ‘cash in’ on the loans resulted in high default rates at the constituency level. The fact is that these women had little or no knowledge of what was really expected of them.

Due to a lack of training and business acumen, many women were engaged in the same kinds of businesses. This meant that their profit margins were very low and such ventures rarely survived. The majority of groups I interviewed were in small scale vegetable farming or street vending of fruits and vegetables near their homes or along the market streets. The lack of business training also resulted to business failure and loan repayment challenges. One chairlady I interviewed noted the need for the group members to be afforded training. She stated:

‘When we were issued with our first cheque, we were informed that we will be trained on business skills. However, since our group was formed three years ago we are yet to see any resource person to conduct any training. Our members find it difficult to make repayment of their loans and we are in arrears.’

Another respondent had the following to say:

‘Our constituency volunteer told us that we would be trained on financial skills and how to establish viable businesses; however, since the group’s formation two years ago we are yet to be trained. I would wish to participate in such trainings when offered.’

To underscore the need for training, Ellerman (2007: 157) observed that the 1997 Annual Report of the World Bank Institute reported that women borrowers who had undergone training had better business practices, and felt more empowered than those who did not access training.

Information dissemination and literacy programmes should be conducted for the benefit of all women in a particular group. The current trend of training the official members only, that is, the chairlady, treasurer and secretary does not address the current information gaps. The training should include the need for self-sufficiency even in the absence of the loans.

In conclusion, there should be more publicity about the Fund and all its various schemes to enable targeted population to take advantage of the programme.

#### **4.5 The need for women's participation in decision making**

This assumption was influenced by the need to investigate whether participation of more women in decision making capacities has a direct bearing and benefit for women in the utilization of the Fund. I began with the premise that numerical representation of women in decision making fora is the starting point. Generally, women have less autonomy and limited influence of the decision making that influence their societies and their personal lives.

There is a need for substantive equality in order for the rights of the women to have a meaningful impact on their lives (Fredman, 2013). Substantive equality is transformative in nature and requires a shift in institutions rather than to expect individuals to conform to the institutions norms. It moves beyond formal equality. It calls for treating women differently so as to achieve equality in their outcomes. Since, in some instances, equal treatment would in fact lead to a disadvantage, it aims at remedying disadvantage as opposed to achieving neutrality.

The right of women to be involved and participate in the governance process cannot be understated since it is a key factor in women's empowerment. Kurebwa (2014) argues that this calls for effective representation of women in public institutions since tangible policies and laws having regard to women's special interests and needs cannot be developed if women are not part of the solution. However, in the case of the WEF this idealism is yet to be fully realized since participation is pegged on masculine values and patriarchal norms of viewing life in the public sphere as a preserve of men (Wulf, 2000: 209). Patriarchal structures continue to shape women's relationships in public life which constantly shapes their levels of participation in governance.

Lucarelli (2005) was highly critical on the way micro-credit was being implemented by misdirecting resources to those who least needed them. This happens in instances where the implementers of the Fund come up with products that they think would be beneficial to women without consulting their intended beneficiaries. This mostly occurs where the women beneficiaries are excluded from participation in the decision making and implementation of the various projects.

Eisenstein (1984) argues that patriarchy ‘transforms males and females into men and women and constructs the hierarchy of gender relations where men are privileged.’ In the case of WEF, out of the eight regional representatives, seven are men with only one woman. This means that women’s voices are stifled despite the fact that real societal progress can only be actualized if women are allowed to participate and articulate their issues through decision making bodies in government. Chowdhury (1994) states that when women are the agents delivering services there is a greater likelihood of increased access for women. Yet, gender inequality is embedded in a series of systemic inequalities including economic exclusion. Addressing the unjust economic situation is an important aspect of addressing gender inequality (McLaran, *et al.*, 2008).

Liberal feminists propose the inclusion of women in development programmes and that men and women work together to solve women’s problems (Tong, 1989). Further, Article 19(b) and (d) of the Women’s Protocol calls for women’s participation and access to credit for sustainable development. The state is required to introduce gender perspective into national development planning procedures. Article 13 provides for states to adopt and enforce measures to guarantee women’s equal opportunities in work and career advancement and other economic opportunities.

Article 2(1) of CEDAW calls for the removal of all discriminatory barriers and exclusions on gender perspectives in all policies. Article 13 mandates states to take appropriate measures to eliminate discrimination in the areas of economic and social life and to access bank loans and other forms of credit. Article 7 provides for the need for women to participate in the decision making processes. A similar provision is to be found in Article 9 of the Women’s Protocol. This provision underscores the need for affirmative action to ensure that women participate in decision making processes. Paragraph 190 of the Beijing Platform for Action mandates states to take measures to ensure women’s equal access to and full participation in power structures and in decision making processes.

During a focus group discussion some women raised concern that their views regarding the utilization of the Fund are never sought, yet they are its primary beneficiaries. One member stated:

‘I am fairly established in my business with some years of experience. I should be given an opportunity to directly participate in the utilization of the Fund and even train other women, since we are the ones who know what our major challenges are. The Fund managers should seek our opinion.’

#### **4.6 Effective utilization of the procurement quota**

The presidential directive that women access 30% of government procurement opportunities has been implemented within the context of the Access to Government Procurement Opportunities (AGPO) program. It is a relatively nascent program.<sup>13</sup> The programme is founded on the Presidential Directive, the Preference and Reservations Regulations, 2011; the Public Procurement and Disposal (Preference and Reservations) Regulations 2011; the Public Procurement and Disposal (Preference and Reservations) (Amendment) Regulations, 2013; the Public Procurement and Disposal Act, 2005 and the Public Procurement Disposal Regulations, 2006.

The aim of the AGPO program is to facilitate the enterprises owned by women to be able to participate in government procurement. This is made possible through the implementation of the special quota for women. It is an affirmative action program aimed at empowering women by giving them more opportunities to do business with the government. This is in line with Article 227 of the Constitution of Kenya on the fair, equitable, transparent and cost-effective public procurement of goods and services, and Article 55 on affirmative action for women.

For one to benefit from the program the requirements include registering a business enterprise with the Attorney General’s office and such business may take the form of a sole proprietorship business, partnership business, limited company or a co-operative society. Membership has to be 70 per cent women and the leadership has to be 100 per cent women.

It emerged while I was in the field that this was a totally new concept as far as my respondents were concerned and none had taken advantage of AGPO or were even aware of its existence. This was in spite of the fact that the WEF was mandated to ensure that women took advantage of the program. However, I interviewed the constituency office in charge of AGPO and he stated that the concept was largely unknown due to inadequate information dissemination. A perusal of the local newspapers indicated that the categories reserved for

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<sup>13</sup> It was launched on 16 October, 2013.

women to benefit from this opportunity are highly gendered<sup>14</sup> in that the categories reserved for women include the supply of cleaning materials, general office stationery, newspapers, bottled drinking water, etc.

#### **4.7 Conclusion**

The findings above paint a clear picture on the impact of the Fund on individual women entrepreneurs. The experiences as expressed by the women themselves who are the main beneficiaries of the Fund and the implementers have been captured. The key theme was the need for WEF to provide individual loans under the group scheme. The WEF should consider the feasibility of providing individual loan products to participants who have been diligent in repaying their group loans. These women should 'graduate' to larger loans to prepare them to participate in the parallel commercial banking system in the future.

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<sup>14</sup> See, the newspaper advert attached.

## **CHAPTER FIVE**

### **5.0 WAY FORWARD TO ADDRESS THE CHALLENGES**

#### **5.1 Introduction**

This chapter will look at ways in which to address the challenges and gaps discussed in the previous chapter. Under the constituency borrowing level, there should be regular training to equip women's groups and individuals with the appropriate knowledge and skills to be able to succeed in business ventures and be in a position to repay the loans. Most groups I interviewed had accessed loans without undergoing any form of training. Training women would equip them with the appropriate skills and knowledge for business success and ability to repay the loans. Training will also assist to equip the women with skills to identify business ventures that can be converted to profitable enterprises. There should be re-negotiated terms for the loan repayment mechanism especially in the absence of training of the entrepreneurs.

The Women's Enterprise Fund (WEF) should conduct proper business monitoring in order to reduce the current levels of high loan defaults and verify exactly the kind of economic activity the groups are conducting. Instead of waiting until the groups default, there should be proactive efforts to assess women's enterprises beforehand. For example, one group had disintegrated and been reduced to only two members. The women would access loans as a group of twelve whereas there were only two members left in the group. This indicates the need to have individual lending mechanisms in the scheme, as opposed to group lending.

Closely related to this is the need to shift from group lending to project based financing. This would ensure that only persons and groups with an economic project would get financing. It was evident from the research findings that groups could access funding despite having no economic venture, hence, the high incidence of loan diversion to domestic and other uses.

The group scheme should be remodelled. This scheme disadvantaged group members who wanted to advance in their businesses. This is because their investment options are tied to the group's success. Loans should be accessed based on the ability to repay as opposed to just forming a group. Consequently, many groups faced challenges as indicated earlier due to the different group dynamics. Yet individual loans offered under the financial intermediaries'

scheme required conventional requirements, *viz.*, collateral, a business plan and a good financial track record. The start-up women entrepreneur would not be in a position to fulfil those requirements.

There is a need to ensure greater information dissemination mechanisms are put in place. Most financial intermediaries were in constant competition with WEF products. As a result they did not take it upon themselves to inform potential beneficiaries on the availability of the loans. This has the effect of disadvantaging the most deserving persons. The WEF volunteers were not doing it due to limited capacity. To remedy this there is a need to come up with a mechanism of reaching out to prospective borrowers on the availability of the loans. Improved coverage will enhance the Fund's mandate of economic empowerment of more women.

Delays in the Fund's disbursements from the government need to be addressed. The whole scheme needs urgent re-modelling. The way it is currently set up, it becomes practically impossible for women entrepreneurs to plan their business ventures. Since most women entrepreneurs were engaged in small scale agricultural practices they are dependent on weather patterns. Therefore, delays in fund disbursements for instance to buy farm implements like fertilizers in time is resulting in business failure and the women making losses.

There is a need to ease up on the bureaucratic application procedures and the simplification of the loan application process. There should be different application modalities to cater for the different classes of women. Women's groups and individuals are not homogenous: there are rural, urban, young, elderly educated, semi-illiterate, skilled and unskilled women. Special attention should be paid easing access to individual loans which have to be approved at different levels, making it largely unattractive and inefficient.

The partnership between WEF and financial intermediaries (FIs) should be reviewed. The FIs were enthusiastic when dealing with women's and gender issues. Such institutions mainly focus on profitability rather than on reducing the gender gap in accessing micro-credit. Despite the fact that the bigger share of government funding was through the FIs, the loans offered by these institutions was unknown to the respondents.



Respondents who accessed this channel of funding had first to take a loan with the FI and the WEF is later given as a ‘reward’ to their loyal customers. The FIs offer commercial loans alongside WEF loans. The commercial loans attract a much higher interest rate than the WEF loan. Individuals who had taken a commercial loan and had repaid it were ‘rewarded’ by being given a WEF loan since the financial institutions were confident of the credit worthiness of such customers. As a result this alienates the most deserving women. There is a need to reform the WEF to enhance its capacity so that it can lend directly to women since this is central to its core mandate.

These issues identified should be addressed as a matter of urgency if the Fund is to achieve its intended objective of effectively empowering women. There is a need for legal, administrative and policy reforms.

## **5.2 Looking at the bigger picture**

It is crucial to appreciate, recognize and meaningfully encourage, and not overlook the important role women play in the development process. Their involvement should start from the policy formulations stages, right through implementation and monitoring and evaluation processes. This accords with the well-known saying, ‘When you empower a woman, you empower communities; when you empower men, you empower individuals’ (Ziso, 2009).

Women hold the potential to not only transform their own economic status; they also have the power to substantially improve the lives of their families and those around them. In their roles as caregivers, mothers, household managers, entrepreneurs, consumers, employees, and employers, women are catalysts for broader development efforts that can have positive ripple effects for their communities, families, and nations.

The following recommendations are possible interventions to enhance the quality of the Fund and achieve its intended objective of empowering women economically. They are informed from the findings as discussed previously.

### **(1) Training on enterprise innovation**

The Fund managers should be engaged in financial literacy of all classes of women and most importantly should emphasize the fact that the loan is seed capital to start a business.

Financial literacy would give women greater confidence to access individual loans. It will also assist women entrepreneurs to identify and invest in the right business informed by market research.

**(2) Simplify the application process**

There is a need to simplify the loan application procedures, especially for the category of rural women who face most difficulties according to the outcome of this research, yet they were the most deserving potential borrowers. The application process should be consolidated into a one stop shop as opposed to the current practice in which it is scattered between different offices. This will reduce the bureaucracy involved in the entire loan management process. Currently the process is long and tedious. There is a need to include less rigorous requirements especially for individual loans. The complex registration process simply undermines the entire economic empowerment objective. Simplifying the process will improve access to the Fund and significantly improve women's economic empowerment.

**(3) Shift to individual loans**

There is a need to concentrate on the individual financial loans and abolish the group lending mentality since it has many drawbacks. A potential borrower should have a viable business idea as a result of market research. However, the current trend of financing women just because they have formed groups has proved to be counterproductive. The Fund as currently structured under the group scheme is likely to generate more failures than successes. Individual investment could spur more growth as opposed to group lending which is prone to wrangles and protracted decision making.

**(4) Enhanced information dissemination strategies**

Adequate information dissemination is important to demystify the Fund and underscore the importance of access to credit to the overall economic empowerment of women in order to fill the information accessibility gap. New ways of information dissemination strategies away from the mainstream media of newspapers and television needs to be explored to target women recipients especially in the rural areas. Most women do not buy newspapers or understand English which is the main language used in promotional brochures.

**(5) Project Based Lending**

There is a need to shift to project based lending so that individuals are financed according to the economic activity they are engaged in, as opposed to the current model which requires women to be in groups without corresponding business support services.

**(6) Legal framework for recoveries**

A legal framework should be developed to recover funds from individual loan defaulters as opposed to continuing with the current groups' scheme where all group members are responsible for one defaulter. This is closely related to the re-modelling of the group fund scheme to individual-based lending. The lending cycles should also be flexible. This would allow individual borrowers freedom of choice in investment and ensure that active women entrepreneurs are rewarded. To this group of entrepreneurs, loan applications should be increased to enable them to engage in viable businesses. Timely and predictable loan disbursements would also enable borrowers to plan their businesses with certainty and as a result enhance growth. The current delays make prospective borrowers give up due to its unpredictable nature.

**(7) Shift in priority**

The Fund should also be modelled as an economic tool as opposed to a social development tool, which is how it is viewed at the moment. This would ensure a shift in focus by all stakeholders to concentrate on the economic empowerment of women.

**(8) Allocation of resources and improved field staffing**

There is a need to allocate more resources to field teams and improve staffing levels to enable them to reach more women through the training and monitoring of business progress. The provision of logistical support such as vehicles to monitor the women entrepreneurs in the vast constituency should be provided. There should also be an increase in the number of field officers to effectively monitor and address the challenges of the women entrepreneurs.

**(9) Timely disbursements of the loans**

There should be timely disbursements of the loans to the beneficiaries. Since the duration between application and receipt of the funds was too long, planning becomes unpredictable. Excessive delay also results to fatigue and many borrowers give up altogether.

Increase amount of loans: The loan allocation ceilings and the fixed cycles were minimal and they need to be significantly increased. The amounts allocated to the beneficiaries fell below the anticipated expectations of conducting viable businesses. The loan guarantee required under the financial intermediaries scheme should also be flexible bearing in mind many women may not have collateral like land title deeds.

#### **(10) Improved Business Monitoring**

The Fund should design and implement a monitoring programme. This will ensure a follow up of women entrepreneurs. In case of any challenges timely interventions will assist the women entrepreneurs and save their businesses from imminent collapse. This will also ensure that the concept of revolving fund is sustainable.

#### **(11) Low Interest Rates**

Most entrepreneurs operate in low end markets. As a result their profit margins are minimal. Such businesses are also faced with high competition due to limited entry barriers. Therefore, reducing the rate of interest would allow more women, especially in the rural areas access the loans. The grace period for repayment should be flexible enough to allow the business to stabilize in the market before repayment. This will avoid situations whereby entrepreneurs will be forced to use the advanced loan to start repayment even before investing the loan to productive ventures.

### **5.3 Areas for further research**

Future research could focus on the sustainability of the Fund under the revolving scheme and the viability of the group lending procedure. Throughout my research it was evident that this was fraught with numerous problems and challenges and needed re-thinking and addressing. While there is a need for credit for women's economic empowerment, it is evident that provision of credit alone is not sufficient to empower women. The model has to be re-evaluated. With the high default rates the revolving concept is untenable.

There is a need to carry out further research to establish how many women's groups have outgrown the Fund and can apply for business loans in the conventional financial institutions at prevailing market rates. Despite the fact that women in the urban areas are running their businesses effectively, they are averse to outgrow the Fund's scheme. There is also need for

further research on the procurement affirmative action step for women, and the reasons for its slow uptake yet it offers considerable avenues for women to economically empower themselves.

#### **5.4 Conclusion**

Women's empowerment and economic development are closely related. Empowering women may benefit development. Unless the need for economic development is properly engendered it shall remain endangered. Women's economic empowerment has the greatest potential to contribute to gender equality. WEF is a positive initiative towards women's economic empowerment but its implementation is wanting and needs strong monitoring systems to ensure that more women get to benefit. Currently, the economic position of women in Kenya still leaves a lot to be desired. The Fund should work to provide a ladder out of poverty and to economic independence and not a safety net of subsidized loans. The Fund is supposed to be an affirmative action step to enable women get a head start on the journey to empower themselves economically. However, as the Fund is currently structured it is yet to achieve this mandate.

There is need to evaluate the policy and legal framework of the Fund, since it is evident from the findings that access to credit does not directly translate to economic empowerment of women without other factors like identifying market opportunities and training. To achieve this there is a need for a comprehensive strategic shift in implementation bringing on board all relevant stakeholders including both government and non-governmental actors.

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## **Appendices**

### **Appendix 1: List of Women's Groups Interviewed**

CIPK Township Women Group  
Eitui ma Ngura  
Good Neighbours group  
Ithookwe Women's group  
Katitika Women group  
KatyethokaImani Centre  
KavetaMuseve Women's group  
Kiembeni Vision group  
Kyambiti Welfare Association  
KyeniKwaMuli Self Help Group  
Mangiika women's group  
MukilyeBoma Parish Women's group  
Muuo Farmers field women's group  
Nzambani Women group  
Nzangathani Women's Players  
NgiikaSelf-help group  
Silanga Women's group  
Victory Self Help group  
Wathimo Women's group  
WikwatyowaKitundu  
Wings self-help group