ACCESS TO FINANCE FOR WOMEN-LED SMES IN KENYA

CHALLENGES AND OPPORTUNITIES
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### ACRONYMS

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<tr>
<td>M-SAWA</td>
<td>Maendeleo Sawa</td>
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<td>MEDA</td>
<td>Mennonite Economic Development Associates</td>
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<td>NGO</td>
<td>Non-governmental organization</td>
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<td>SE</td>
<td>Small Entrepreneurs</td>
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<td>SMEs</td>
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<td>LF</td>
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<td>GEM</td>
<td>Gender Equality Mainstreaming</td>
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<td>NGAAF</td>
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<td>AGPO</td>
<td>Access to Government Procurement Opportunities</td>
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ABSTRACT

The M-SAWA project, funded by the Global Affairs Canada (GAC) and implemented by Mennonite Economic Development Associates (MEDA) was a 7-year project which completed activities in July 2022. The project sought to increase business profitability and economic growth in Kenya, focused on 20 counties with high poverty levels. MEDA provided grants to support increased Gender Equality and Women Economic Empowerment, implemented through partner small and medium enterprises (SMEs) identified as Lead Firms (LFs) and Business Associations (Bas).

Access to finance is a major barrier for women-led SMEs in Kenya and globally. The purpose of this paper is to highlight the challenges that women-led SMEs face in accessing finances from financial institutions, as well as offer recommendations on how to address them. This paper focuses on three issues namely:

1) Documenting some of the country’s investment regulations that hinder or facilitate women entrepreneurs’ access finance from global and Kenyan context;

2) Identifying specific barriers and opportunities for women-led SMEs as they relate to investment regulations in Kenya; and

3) Recommending what can be done better to assist women led SMEs to access the finance they need to sustainably grow their businesses.

Data for writing this paper was collected through desk review of various reports and policy documents, and primary data collection from selected LFs. The paper highlights a number of policies that discriminate against women including policies which: limit the ability of women to own assets that can be used as security for accessing financing; affect the ability of women to own collateral and property rights; limit the ability of daughters to inherit assets from parents; mean that wives do not have equal rights to inherit assets after death, divorce, or separation and which limit equal control of assets for women during marriage.

The paper observes that the government has made some effort to reduce barriers to accessing finances for women-led SMEs including introducing women funds like Women Enterprise Fund (WEF), Uwezo Fund and National Government Affirmative Action Fund (NGAAF). However, there are practical barriers that women continue to face in accessing financing including: heavy and rigorous application procedures; limited understanding of the financing processes; lack of proper business records, financial reports and business growth
tools like sound business plans and strategic plans; limited understanding of the main principles of financing; limited understanding business financing products that allow exploitation by some financiers who push products that are very expensive and are not responsive to the business needs; and finally women lack tangible assets or resources to act as securities because most start-ups utilize leased spaces with a limited asset base.

To support women-led SMEs to overcome these barriers, this paper provides a number of recommendations drawing on the experience of the M-SAWA project. One, there is need to scale up technical assistance and business development services (BDS) to women-led SMEs. Secondly financiers and investors should provide financial products that are responsive to the needs of businesses. Third, financiers need to avoid complex processes for accessing funds as this complexity discourages women from applying and exposes women to potential exploitation. Fourth, financiers should design products that attract women, not focusing on their capacity to pay but focus on the potential of the business to contribute to economic growth and provide employment. Fifth, the financiers should be patient enough to listen to the stories of women in business start-ups and innovate patient financial products to match with the pace of business grow. Finally, women in start-ups SMEs should be trained and encouraged to document every formal step they take towards business establishment.

**ACKNOWLEDGEMENTS**

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<th>Authors</th>
<th>Calais Caswell, Winnie Musiomi and Ann Sabania</th>
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The Equitable Prosperity through Private Sector Development (EPTPSD) Project, also referred to as the Equitable Prosperity or Maendeleo Sawa (M-SAWA) project was implemented by Mennonite Economic Development Associates (MEDA) in Kenya from 2015 to 2022. The M-SAWA project was made possible with the generous support of the Government of Canada, through Global Affairs Canada (GAC).

We would like to thank M-SAWA’s many partners, staff and MEDA’s generous private supporters.
1. INTRODUCTION

About the M-SAWA Project

The Equitable Prosperity through Private Sector Development (EPTSDP) Project also referred to as the Equitable Prosperity or Maendeleo Sawa (M-SAWA) Project is a seven-year, $28.7 million CAD initiative funded/implemented by Mennonite Economic Development Associates (MEDA) (supporters, partners, and investors) with funding from Global Affairs Canada (GAC) implemented from 2015 to 2022.

M-SAWA aimed to contribute to Kenya’s economic growth and increase job creation by improving the business, environmental and gender performance of small and medium enterprises (SMEs) and small entrepreneurs (SEs) in 20 select counties along the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) and Northern Corridors in the following 3 project focus sectors: Agriculture/Agribusiness, Construction/Allied Industries, and Extractives. In support of this goal, MEDA offered Matching Grants to Lead Firms (LFs), Business Associations (BAs) and SMEs. The project worked with 2 categories of SMEs – LFs and other SMEs benefiting from business development services (BDS), access to investment/financing, and participation in BAs/SME alliances. LFs are defined as SMEs with strong supply and/or distribution chain linkages with SEs which were engaged to implement initiatives supporting the growth of the LF along with its suppliers/distributors. In this context, LFs are ‘inclusive businesses’ that play pivotal roles in moving their industry and other value chain actors forward.
The MEDA M-SAWA Learning Series

This paper is part of a series of learning documents developed by MEDA focused on identifying and sharing key lessons learned over the life of the M-SAWA project. There are a total of 9 documents in this series, each focusing on a key project element, namely:

1) Best practices and lessons learned in delivery of Business Development Services (BDS)
2) Collaboration between Business Associations and Lead Firms
3) The impact of COVID-19 on SMEs and Lead Firms
4) The impact of Technology adoption grants (TAG) Grants
5) Access to Finance for Women-led SMEs
6) Business Case for Gender Equality Mainstreaming (GEM)
7) Use of Environmental Action Plans (EAPs) with SME Partners
8) Impact of Environmental Sustainability Grants (ESG)
9) Promoting Investment in the SME sector in Kenya

This learning paper focuses on the best practices and lessons learned around increasing access to finance for women-led SMEs supported by MEDA’S M-SAWA project.

2. METHODOLOGY

The data used to write this paper was collected through desk review of various reports and policy documents, secondary data collection through phone calls to project partner LFs sampled purposefully based on the subject matter. The paper incorporates and builds on the project’s women’s economic empowerment (WEE) data and recent publications from MEDA focused on the following 3 objectives:

1) Documenting investment regulations that hinder or facilitate women entrepreneurs’ access to finance from a global and Kenyan context;
2) Identify specific barriers and opportunities for women-led SMEs as they relate to investment regulations in Kenya; and
3) Recommend what can be done better to assist women-led SMEs to access the finance they need to sustainably grow their businesses.
3. BACKGROUND

Access to Financial Services in Kenya

Access to financial services that are affordable, and sustainable is a critical
driver of successful businesses, both micro and macro. There is ample evidence
that financial inclusion aids the growth of micro and small enterprises, reduces
the exposure of poor and rural communities to income shocks, and ensures
development is sustainable and equitable.\(^1\) Women make up over half of the
world’s population and make significant contributions to the economy. It is
estimated that Small and Medium-Sized Enterprises (SMEs) with partial female
ownership represent 31\% to 38\% (8-10 million) of formal enterprises in
emerging markets.\(^2\) In the U.S., women-owned businesses are growing at twice
the rate of all firms, generating $1 trillion in sales, and employing more than 7
million workers.\(^3\) In China, women own one-third of small businesses, of which
17\% have more than 1,000 employees. In Kenya, 80\% of Kenya’s working
population are engaged by SMEs providing income to people at the grassroots
level and contributing up to 40\% of the country’s gross domestic product. These
small businesses are mostly informal and represent 80\% of annual job creation,
thus encouraging economic inclusion, development and empowerment all while
reducing unemployment.

However, financial exclusion continues to be a global problem, for women in
particular. For instance, the World Bank cited that 70\% of women in Africa
are excluded from traditional financial institutions, including money lenders,
credit facilities, and Chama groups, leaving them unable to access financial
services. This puts women at a disadvantage in their ability to pursue economic
opportunities.\(^4\) The FinAccess Household survey 2021\(^5\) shows that financial
inclusion and access dimensions in Kenya have expanded from 85.6\% for male
and 80.4\% for female in 2019 to 85.9\% for male to 81.7\% for female in
2021. This means that more women can borrow and pay within the stipulated
timelines in various financial institutions.

In Kenya, most SMEs and SEs access financial services from Commercial Banks,
Microfinance Institutions (MFI), Savings and Credit Cooperative Societies

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Programming,” Development in Practice, 29:8, 965-973

\(^2\) IFC and McKinsey (2021). Women SME mapping exercise


(SACCOs), Insurance, Pension and Digital Financiers (FinTech). Financial service providers are key players that can contribute to either addressing or escalating financial exclusion of women. In 2017 for instance, women formed 45% of active savers and 48% active borrowers, while men active savers were 33% against 23% active borrowers in Kenya. Microfinance Institutions (MFIs) matter in the lives of poor people as they provide lending for productive purposes to support sustainable livelihoods for those at the lower end of the income scale especially women.

The data reviewed indicate that though women are the majority consumer of the MFI services, the usage dropped to 1.7% in 2017, the lowest use rate of any financial service provider, and it is important to understand the gender impacts of this decline as women have been the predominant consumers of MFI products and services, and stand to benefit most from transformative improvements in MFIs or lose where services are sub-par.

Secondly, Banking Systems in Kenya are yet to fully meet the financial needs of women as only 5% of MSMEs (which is where women are the majority represented) get financing from banks. SACCOs remain a predominantly male domain because most of the socio-economic activities supported by SACCOs are male dominated, e.g. the dairy, tea, coffee, and sugar sectors as well as formal employment.

With regards to digital financing, mobile ownership and internet use in Kenya stands at 92% for men against 86% for women, representing a gender gap of 7%. Low literacy levels, high cost of technology and more limited access to information may account for the gender gap since poor women are likely to be left out. Most women rely on informal financing like shylocks and social capital groups like table banking, because in most cases they are not bureaucratic. However, these institutions may not have access to the scale of capital needed to support business growth. Surprisingly, access to informal financing reduced from 8.4% in 2019 to 6% in 2021, meaning that fewer women were able to access financing to support their enterprises.

**Regulatory environment and Access to Finance for Women-led SMEs**

Regulations are critical drivers of financial inclusion in any country because they can create a positive enabling environment for women SMEs to access.

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finance. However, it is also evident that the regulatory environment may also hinder financial access for women, due to the challenge of non-existent laws, improperly designed laws, as well as the existence of harmful social norms, stereotypes and beliefs that are not addressed in law, nor well understood or adequately tackled by financial inclusion programmes.

Saudi Arabia and other countries in the Middle East serve a good example of how regulatory environment can exclude women from accessing financial and other capital resources that are critical to run their SMEs. For example, The Male Guardianship derived from the Koran dictates that ‘Men are the protectors and maintainers of women, because God has given them one more [strength] than the other, and because they support them from their means.” In a number of Arabic states, women cannot own, inherit or even control assets as they favor the male heads of the household. This governing Islamic legislation is the key obstacle to women’s participation in society and economy.9

In Sub-Saharan Africa, countries like Tanzania, Uganda, and Zambia still have at least one of these discriminatory policies in place, limiting women entrepreneur’s ability to own assets.10 For example, Tanzania’s Local Customary Law (Declaration No. 4) Order, Schedule 2 declares that “The first heir of the deceased is the first male child by his most senior wife. If the deceased did not leave a male child by his senior wife, his first male child from any wife shall be the first heir.” This local customary law effectively leaves women and girls at the very lowest tier regarding claims to family assets.11

Some countries have regulations to support women-led SMEs by helping them to access financing. For instance, the US government limits competition for certain contracts, giving priority to women-led SMEs and encouraging them to participate. Additionally, some contracts are restricted to only economically disadvantaged women-owned small businesses.12 These policies and practices enable more women to engage in meaningful economic activities.

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4. RESULTS AND DISCUSSION

Investment regulations that hinder or facilitate women entrepreneurship access to finance

Women entrepreneurs face discriminatory policies which limit their ability to access finance. Regulations which directly constrain women SMEs in accessing finance can be separated into two types of policies:

1) Policies which limit the ability of women to own assets, and subsequently limiting collateral required to access finance and

2) Policies which limit female participation in the business ecosystem which restricted their ability to efficiently access finance.

Policies which limit the ability of women to own assets include:

- Policies affecting the ability of women to own collateral and property rights,
- The ability of daughters to inherit assets from parents,
- Wives having equal rights to inherit assets after death, divorce, or separation; and
- The ability for women to have equal control of assets during marriage.

According to the World Bank’s Women, Business, and the Law 2021 database, Kenya still has in place policies which limit women’s access to finance. For example, one law states that “if the surviving spouse is a widow, such life interest [of deceased estate] shall be determined upon her re-marriage to any person”. This law restricts surviving widow-entrepreneurs in their ability to claim asset ownership after remarriage, subsequently making it more difficult for remarried widows to access finance without being allowed to claim previous assets under the first marriage.13

An example of policies which limit women’s participation the business, hence limiting access to finance includes the Kenya’s Registration of Business Names Act, Article 6(1) (h) which adversely affects married women entrepreneurs by requiring them to include their husband’s name (therefore linking any potential credit risk) in the business application process.14

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Investment regulations that facilitate women’s access to finance and participation in business

Non-discriminatory legislation has become more common and explicitly protects women entrepreneurs’ rights to ensure equal business opportunities and equal access to finance and/or credit. 43% of countries (82 out of 190) currently have legislation in place specifically prohibiting discrimination with regards to accessing credit.15 Governmental policies can either directly or indirectly encourage women-led SMEs access to finance.

Direct laws and policies that facilitate women-led SMEs’ access to finance are those that allow the government to support private sector organizations, providing SMEs with access to finance, tax incentives for investing in or partnering with SMEs and establishing governmental programs to provide direct access to capital for women-led SMEs. The Kenyan government has taken direct measures to set up entities which provide access to capital or directly finance women-led SMEs through specially designed funds, domestic development banks, and grant deployment programs. This approach involves enacting legislation which creates an internal administration keeping all of the financing

Access to Finance for Women-Led SMEs in Kenya: Challenges and Opportunities

and approval processes within the government, eliminating any need for private sector involvement. Examples of government-run funds are:

- **Women Enterprise Fund (WEF)** – WEF is a government-supported initiative first established in legal code in 2012 to “provide subsidized credit to Kenyan women entrepreneurs for enterprise development”. The WEF also provides additional services targeting women led SMEs including capacity building and developing linkages between SMEs and other private sector networks.

- **Uwezo Fund** – This is a government-backed revolving fund operationalized by legislation in 2014 which aims to “expand access to finances for the youth, women, and persons with disabilities at the constituency level”. The fund attracts a maximum interest rate of 1%, a low interest rate favourable for women-led SMEs.

- **National Government Affirmative Action Funds (NGAAF)** – NGAAF is a semi-autonomous government agency which “enhances access to financial facilities for affirmative groups” which include women, youth, and persons with disabilities. The fund has a bias limited to financing for women led SMEs.

Indirect policies that affect women-led SMEs’ access to finance include those which provide investment frameworks in domestic investment ecosystems, policies that create alignment of overall gender strategies (including access to finance for women-owned businesses), SMEs corporate income tax strategies and those that increase women-led businesses involvement in government procurement.

In the Kenyan context, the National Policy on Gender and Development is a policy framework managed by the Ministry of Public Service and Gender designed to “establish and strengthen Affirmative Action efforts aimed at reducing gender inequalities and geographical disparities in the distribution of natural resources and access to productive resources such as land, labour, finances and information and technology.”

Some countries have legislation that requires women-led SMEs to receive a certain proportion or value of government procurement contracts per year. Having a required minimum amount of government procurement contracts go to women-led SMEs can provide recipient women-led SMEs with more income to use as collateral and attract capital as well as a strong business and credit

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reputation so that other investors will be more likely to provide additional financing.

In Kenya, the Access to Government Procurement Opportunities (AGPO) department has a “legal requirement for women, youth and persons with disabilities to access 30% of Government Procurement opportunities”. While this general mandate is vague and does not explicitly support women, the policy applies for women led SMEs and aims to support minority business owners eventually helping them achieve greater access to finance. On the other hand, the Employment Act No. of 2007 prohibits any form of discrimination against any person in employment on the grounds of sex and contains specific provisions to incentivize women’s work, such as three months paid maternity leave.

Finally, Kenya does not have a tiered tax rate but does provide some exceptions for very small businesses. Turnover tax (TOT) at 1% for micro, small and medium enterprises whose annual turnover does not exceed $500 per annum. Other small businesses owned by individuals pay tax directly via that individual who pays based on a tiered scale ranging from 10% to 30%.

Specific barriers for women-led SMEs in relation to investment regulations in Kenya

There are specific barriers for women-led SMEs in relation to investments regulations in Kenya. Some of the challenges and barriers include the following:

- **Discriminatory legislative laws** – Women’s rights to own property are not as clear compared to those of men’s rights, and women often do not have the same right to land. Property rights include a whole range of assets, but the land is considered to be the most valuable one as it is typically needed as collateral. Despite the fact that the government of Kenya has granted and clarified that women have the right to own land, in many locations, the property is still titled in the husband’s name, thus excluding women from being considered creditworthy. Inheritance laws that favor men also exclusively disadvantage women when assets are being distributed. Land reforms and rural development programs often grant titles to the household heads (men), therefore undermining

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19 Women Business and The Law (2012) provides indicators of whether women and men have the same rights over movable and over Immovable property and whether they have the same legal capacity.

20 Goheer 2003; ILO/AFDB 2004; GEM/IFC 2005; Ellis and others 2007; Morrison, Raju, and Sinha 2007; Demirguc-Kunt et. al. 2008
the right to own land for women. Weak property rights disadvantage women in credit markets, as secured property rights to assets that borrowers can pledge as collateral can increase access to capital for women-led SMEs.

- **Cultural environment** – Cultural barriers stem from traditional customs, gender roles, triple roles or having little to no power over intra-household bargaining positions, which later affects their control over earnings. For women entrepreneurs, these factors reduce the incentive to grow businesses and thus their ability to access financial services. Women are often socialized into bearing a large share of the household workload, this is seen even in the non-agricultural households. Customs and social norms dictate the entrepreneurial activities that women can engage in. Social norms are often hard to change, and they further reinforce gender inequalities in the lending and financial institutions. Culturally, men have been seen as the providers and this at times limits women’s control over resources including how to manage their own income.

- **Lack of human capital** – Although more women now have greater access to education, they tend to be the least educated entrepreneurs, with lower work experience and education levels in developing countries compared to men. This makes it challenging to develop skills around access to finance as well as business management. For example, low literacy levels among women leads to lack of formal written records and financial management skills which is a major requisite for being investor ready. In addition, male entrepreneurs often have more prior work experience to bring to their business. Further, men are more likely than women to have been employed prior to starting a business and have more wage sector experience.

- **Poor infrastructure** – Poor infrastructure impacts women entrepreneurs’ ability to grow their businesses. Unreliable or poor infrastructure can also be a significant constraint for financial institutions that serve SMEs. Electricity shortages that are cited as a major constraint by both men and women entrepreneurs also impact

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22 Peruvian economist Hernando de Soto, in his book *The Mystery of Capital,* argues that the poor had plenty of capital but that the lack of property rights meant that it was unusable for access to finance.
23 Blackden and Bhanu (1999).
24 Klapper & Parker (2010).
financial institutions’ outreach and consequently access to finance.\(^{27}\) Small women-owned business tends to venture into low income earning business that will generally be less affected by the country’s infrastructure.

- **Poor governance** – Bad and poor governance hurts SMEs. High license fees also affect the financial capability of women-led SMEs such that they may opt-out of paying, leaving them vulnerable to closure or fines as they are not compliant with regulations. Poor governance also puts businesses in the vulnerable position of being victims of bribery.

- **Institutional and Regulatory Issues** – Women-led SMEs often have a poor understanding of the necessary requirements like eligibility documents, to access financial products, thus having minimal capacity to comply with these requirements.\(^{28}\)

- **Risk Aversion** – Many women led SMEs are small, and business advisory firms prefer to work with larger SMEs over small women led SMEs with little to no chance of being financed.\(^{29}\)

- **Financing Products Not Tailored for Women** – Kenya’s finance sector lacks sufficient products and services tailored to the needs of women led SMEs. For example, most financial institutions do not finance start-ups, but a majority of women-led SMEs are start-ups.\(^{30}\)

**Specific opportunities for women-led SMEs in relation to investment regulations in Kenya**

There are specific opportunities for women-led SMEs in relation to investments regulations in Kenya. Some of the opportunities include the following:

- **Establishment of Semi-Autonomous Government Agency** – In Kenya, there have been many different laws passed which establish governmental organizations / initiatives which affect women led SMEs ability to access finance. Agencies such as Women Enterprise Fund (WEF) solely exist to actively provide subsidized credit to women-led and owned SMEs with no collateral acting as a stringent requirement to accessing finances.

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\(^{27}\) IFC (2010).


\(^{29}\) Ibid.

\(^{30}\) Ibid.
• **Gendered government business procurement targets** – The Access to Government Procurement Opportunities (AGPO) program has a quota requiring 30% of all businesses that win a tender from the Kenyan government, to either have more than 30% shares owned by women or more than 30% of women in management of the business.  

• **Access to training and skills development** – Symposia and workshops have been used to train and equip women all over the country with skills that will assist them in managing and sustaining their businesses. One of the requirements of the WEF to be able to access funds is that the entrepreneur has to be trained by the WEF officials, equipping them with skills on how to manage a business.

• **Technological innovations** – Kenya is globally recognized for its effective mobile money mobile phone applications that do not rely on internet connections. These applications often do not require any signatories as well. Women entrepreneurs are mothers and wives and thus have a role to play in taking care of household activities as well as childcare. Some women have so much to do that they do not have the time to seek out finances requiring them to travel a long distance. Technological innovations have been made to allow entrepreneurs to access finances through their mobile phones and receive payments. Mobile applications such as Fuliza, Tala and Branch are able to offer access to quick loans and provide ample time for repayment.

**Addressing Barriers to Access Financing in Kenya by Women led SMEs: A case of VERT Ltd, a Beneficiary of M-SAWA Project implemented by MEDA**

A critical component of the M-SAWA project, was supporting women-led SMEs to grow and expand through increased access to finance. VERT LTD (VL) is one of the women-led businesses supported by the M-SAWA project as a Lead Firm. VL offered a valuable case study to illustrate many of the barriers outlined above and some of the strategies that can be employed to successfully access finance.

VERT LTD (VL) started in 2001 and operated informally until 2006 when it was legalized as a private limited liability company. The business start-up was driven by the desire and the experience of the funding Director, Jane Maina who had previously worked in the Fresh Produce Products Export Companies. The business model is based on sourcing fresh produce from small-scale farmers spread across the country, that takes an integrated value chain approach to

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increasing efficiencies from farm-level production, through to aggregation, transportation, processing, and marketing.

The source of the start-up capital was the savings from the family. With the limited start-up capital, VL was run from the family premises; the packaging was done at the farm level, with one shipment per week. Later the business moved to a Horticultural Crop Development Authority (HCDA) leased space that supports start-ups in horticultural value chains for exports. VL took advantage of the HCDA leased spaces because it allowed businesses at the start-up stage to pay for cold rooms, working tables and packaging space services. The collective approach saved on costs. However, usage of common service with other value chains brought food safety issues as their products could be contaminated due to the mixing of their products with other poor-quality products.

In 2004, fresh produce export market standards became more stringent and VL had to look for a separate space along Old Airport Road to ensure control of their processes to compliance with the new rules. At this start-up stage, Jane continued to work, and her husband helped manage the business since they needed to ensure that family bills were be paid. In 2006 Jane moved in full time to run VL by formalizing the business. The key focus was putting systems in place, ensuring there are books of accounts, financial and business reports, legalizing the business and implementing record keeping processes.

At the time VL met with MEDA they did not have a business plan to provide a strategic direction for the business. Though Jane had a good story about the business and MEDA’s concept was a good fit for the business needs, she was struggling to meet the criteria for financing of financial institutions. Jane observed that the heavy application procedures, little or no understanding of the financing processes, lack of proper business records, financial reports, lack of proper business growth tools like sound business plans or a strategic plan for the business and little or no understanding of the main principles of financing remain barriers for women in accessing finance. She observed that most women do not understand business financing products and some financiers push products that are not responsive to the business needs. Other barriers include lack of tangible assets or resources to act as security because most start-ups,
start on leased spaces with very little asset base. According to Jane, for VL, just like many start-ups looking for financing, all she had was a nice story, but nothing tangible to tie the good story to.

Jane said M-SAWA support was very strategic, through the grant process VL received needed technical assistance to develop business growth tools including a Business Plan and a Strategic Plan. The rigorous application processes helped VL to have a clear understanding of the tools that businesses require to access financing. The process was tedious but worth it. The business growth tools that VL developed were not only useful for the MEDA grant application process but for the future because the TA from MEDA helped VL to better articulate the purpose of her business, issues she was facing, and the support was critical in business diversification. The business growth tools that VL developed with the support of M-SAWA and the learning throughout the application process helped VL to become investor ready.

Jane stated that the business plan and strategic plans speaks for VL even in her absence. The business growth tools gave the business its life separate from the founder and allows the business to speak for itself. VL has experienced increased visibility and acceptance from other investors and business financiers, which VL attributes at least in part to the TA received by MEDA. VL has received grants from the European Union through which they were able to improve their technical knowhow on food safety. They also used the skills learnt from MEDA’s TA to successfully apply for the Agrify Kenya Challenge Fund.

As a result of the MEDA’s TA to VL, the business has experienced massive growth from one business line to three (French vegetables, mangoes& passion pulp and dried mangoes); business turnover has more than doubled; the business moved from a leased facility to their own established facility with elaborate factory setup. This growth was due to a clear business direction and VL management have increased clarity in the financial products that they need to address their business needs. The Director Jane has also experienced personal growth and her business management skills have been improved.

Jane Maina says that to help women-led SMEs survive several things needs to be done. First, there is need to scale up technical assistance and business development services to women-led SMEs. Secondly financiers and investors should provide financial products that are responsive to the needs of the business. Third, financiers need to avoid very complex process of accessing funds. Fourth, Jane says that financiers should design products that attract women, not focusing on their capacity to pay but look at their potential of the business to contribute to economic growth and provide employment. Fifth, the financiers should be patient enough to listen to the stories of women in
business start-ups and innovate very patient financial products to match with the pace of business growth. Finally, women in start-up SMEs should be trained and encouraged to document every formal step they take towards business establishment.

MEDA’s support to VL was not only financial and in the provision of TA. Jane notes that MEDA’s continuous presence throughout the project period was critical factor for success. The balanced relationship between MEDA, VL and the farmers was a major factor in ensuring the success of the project. This support was particularly important during COVID-19 pandemic when the fresh produce export market was hit hard. MEDA helped implementing partners including VL to access critical information that helped to build their resilience as they went through the pandemic. Jane remembered the moment when the business was at its lowest due to COVID-19 and she was wondering what to do. It was at this time she received an email from MEDA with timely information on how to survive the shock of COVID-19, a Framework for Rethinking Business in Times of Crisis. The information helped VL to overcome the shocks of COVID-19 pandemic.

5. RECOMMENDATIONS

To ensure women led SMEs overcome the barriers outlined in this paper, MEDA would recommend the following:

- **Policy making and formulation** – There is a need to make and formulate policies that are gender mainstreamed based on an analysis of gender-disaggregated data on SME finance to promote women’s ability to acquire collateral and capital thus making them creditworthy and eligible to receive financial investments to sustain the growth of their businesses.

- **Expand financial infrastructure** – Financial infrastructures such as credit bureaus and collateral registries can increase access to finance for women and reduce the cost of borrowing.

- **Law reforms** – Overturning prejudiced laws and enacting proactive non-discriminatory legislation that effectively promote and increase women-led SMEs capacity in accessing finances.

- **Up-scaling technical assistance** targeting women entrepreneurs including, training and information sharing, offering networking opportunities for women led SMEs to become investment ready.
• **Women-focused procurement programs** – Provide incentives and specific goals for increased procurement by the government of goods and services from women-owned enterprises (specifically women-owned SMEs) within the country such as AGPO.

• **Promote financial literacy and capacity building** – Strengthen women entrepreneurs’ human capital by developing entrepreneurial education and training opportunities that are better aligned to the specific needs of women entrepreneurs.

• **Build networking platforms** – By building networking platforms that would allow women-led SMEs to freely interact with potential investors thus bringing them closer to attaining required funds while reducing negative experiences with investors.

• **Workshop organization** – For women-led SMEs to be able to access finances, they should have an idea of which institutions suit them and their business best. Workshops could be organized by the government, NGOs and private financial institutions to bring this information to the most marginalized groups of women-led SMEs. Increased awareness of financing options puts entrepreneurs in a better position to choose the right product for them.

• **Build capacity of financial institutions** to better serve women entrepreneurs by introducing Gender responsive incentives to financial facilities and investments groups so as to prioritise women-led businesses.

• **Upscale learning and feedback** through research and dissemination. Lead efforts to identify, evaluate, and support the replication of successful models for expanding financial services to women entrepreneurs.

• **Women-Specific Funds/TA** – There are opportunities such as offering women specific funds/support, technical assistance in the form of leadership and governance, and gender equity grants that can invest in gender-related work and financial literacy training.
6. CONCLUSION

Women-led businesses face many challenges including high borrowing cost, limited information and knowledge of equity financiers and bank products. The legal and policy infrastructure needs to be reformed to be more gender responsive and practitioners should continue to leverage gender-responsive incentive mechanisms as key tools to engage the private sector in supporting women’s access to finance. The role of the provision of Technical Assistance and Business Development Services to women-led SMEs in addressing barriers to access financing cannot be underestimated, making projects like M-SAWA essential in continuing to support an improved eco-system for women-led businesses.
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