EFFECTIVENESS OF THE WOMEN’S ENTERPRISE FUND IN IMPROVING THE LIVELIHOODS OF WOMEN GROUPS IN KIAMBAA CONSTITUENCY, KIAMBU COUNTY

BY

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DECLARATION

I confirm that this project paper is my original work and has not been submitted for examination in any other university for the award of a degree.

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This project paper has been submitted for examination with my approval as the University Supervisor.

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The Women’s Enterprise Fund (WEF) was created by the Government to assist women entrepreneurs with micro credit to boost their enterprises and also create more opportunities for self-employment in the informal sector. WEF was launched by the Kenya Government in 2007 with the principal objective of economic empowerment of women. Although women contribute considerably to rural economic activities, they gain neither recognition nor status from their work (Kabir et al. 2012). Women lag behind men in access to land, credit and decent employment even though a growing body of research shows those enhancing women’s economic options boosts national economies. This study sought to establish the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency. Specific Objectives of the study were: To establish the number of women groups that have accessed WEF loans in Kiambaa constituency between 2007 and 2012 and how were they selected. To identify the businesses into which WEF loans were put and the subsequent results. To establish the extent to which businesses supported by WEF loans have helped in improving the livelihoods of women groups in Kiambaa constituency. To analyse the challenges in access to and use of WEF loans in Kiambaa constituency. The site of the study was Kiambaa Constituency in Kiambu County. A total sample size of 70 made up of 63 respondents and 7 key informants filled structured questionnaires and an unstructured questionnaire respectively. The study found that there were 90 registered women groups that had accessed WEF in the constituency between 2007 and 2012 totaling to Ksh. 5,500,000. All the respondents indicated that their groups did not pay any interest on the WEF loan that they took, only a 5% administration fee that was paid up front. The types of business activities undertaken by the women groups were livestock farming (chosen by 33.3%), soft loans commonly referred to as table banking (23.8%), horticultural farming (17.5%) and salon business (6.3%) among others. The monthly income of most women groups (44.4%) was above Ksh. 10,000 followed by below Ksh. 5,000 (33.3%) while the incomes of most individual members in women groups increased by between Ksh. 10,000 and Ksh. 30,000 (68.3%). The living standards for most respondents improved as a result of the microcredit they received from WEF as realized in improved savings, housing, furniture, health, clothing, food, finances, education, socio-cultural relations and self-esteem. The most notable challenge faced in accessing and using loans by individuals in women groups is the long duration for accessing loans and little or no business training. Reducing duration for accessing loans (chosen by 65.1%) is the most preferred strategy to mitigate the challenges faced in access to loans. For the government to administer the funds to reach more recipients, the study recommends that loan amounts be increased, while business training, WEF awareness and product marketing should be undertaken. Further studies are recommended in other constituencies and counties in the country.
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1.1 Introduction

There are agreements that isolation of women constrains potential to generate income as evidenced by studies such as one conducted in rural Bangladesh (Schuler and Hashemi, 1994). Poor access to financial capital especially by women correlates strongly with deficiency in their income earnings and lack of assets that can be used to enhance development of livelihoods (Akudugu, 2011). Access to financial capital by people in rural areas helps to build their asset base that allows them to mitigate risk, plan for the future and invest in education and other needs thereby improving their livelihoods (Akudugu, 2011). Financial capital such as the Women’s Enterprise Fund is therefore a critical component of any rural or urban development (Akudugu, 2011).

The Women’s Enterprise Fund (WEF) was created by the Government to assist women entrepreneurs with micro credit to boost their enterprises and also create more opportunities for self-employment in the informal sector. WEF has the mandate of providing money for lending, facilitating investment in commercial infrastructure beneficial to women enterprises and supporting micro, small and medium enterprises (MSMEs) run by women to develop linkages with large enterprises. WEF facilitates local and external marketing of products made by women’s micro, small and medium enterprises and also supports capacity building of the beneficiaries of the fund and their institutions (MGCSD, 2011).

The Ministry of Planning and Vision 2030, through the Poverty Eradication Commission has put aside funds for women and youth groups through constituency and district development offices (Nation Correspondent, 2011). WEF was launched by the Kenya Government in 2007 with the principal objective of economic empowerment of women. WEF loans reach out the target beneficiaries through financial intermediaries and also directly through C-WES. Recent figures indicate that Kshs 2.6 Billion has been loaned through 74 financial institutions and C-WES to over 649,000 women. Similarly, 145,000 women have benefited from training in loan management and business skills facilitated by the fund. At the moment, a specified amount is allocated to each constituency while the financial partners run another scheme called...
According to the 1999 National Micro and Small Enterprises (MSEs) Baseline Survey, there were 612,848 women in micro and small enterprises in Kenya accounting for 47.4% of all MSEs (Mwobobia, 2012). Women groups operating MSEs in Kenya include those running small scale enterprises (Mwobobia, 2012). They are differentiated by their demographic profiles, extent of previous business practice, needs, access to resources and growth orientation (Mwobobia, 2012). Most of the rural women provide for their families through subsistence farming and other agricultural activities supplemented by petty trade or micro enterprises (Mwobobia, 2012). However, many women entrepreneurs lack entrepreneurship skills, adequate management education and capital necessary for successful business (Nzomo, 1986; Leildholm and Mead, 1986).

Some estimates indicate that women represent 70% of the world’s poor (UN Women, 2010). In Kiambaa, over 10% of the people who are poor and depend on agriculture for a living are in this condition due to land fragmented into small uneconomical farm sizes thus affecting productivity in the agricultural sector. Poverty is also caused in Kiambaa by poor marketing systems and inaccessibility to credit facilities. Large numbers of casual labourers, many of whom are women are grossly underpaid and also add to the numbers of the poor (GoK, 2008).

Mainstreaming women in the financial services sector is therefore one of the best ways to boost the critical role played by women in socio-economic development and breaking the vicious cycle of poverty (MGCSD, 2011). Women who go into entrepreneurship are inadequately prepared due to limited capital and low financial literacy (UN Women, 2010). Akudugu (2011) states that low cost financial capital such as WEF provided to individuals especially women transforms their lives. WEF is useful to women and addresses the perennial challenges they face in their desire to venture into entrepreneurship development. However, WEF faces constraints such as low financial literacy among women, slow creation of awareness, negative perceptions like that the fund is a grant or loan, fears about borrowing and the existing economic slowdown (MGCSD, 2011).
Although women contribute considerably to rural economic activities, they gain neither recognition nor status from their work (Kabir et al, 2012). Women have considerable potential to contribute to the development of the nation but face many challenges such as not controlling assets like land, vulnerabilities to domestic violence, HIV and AIDS. Women also face the challenge of poverty due to discrimination in education, healthcare, employment and credit (UN Women, 2010). Social exclusion and marginalization alienates women from mainstream society hence social and economic costs of failure to include women in development are enormous (MGCSD, 2011). Female entrepreneurship has also been identified as a major force for innovation and job creation (Kabir et al, 2012).

According to the 2009 Population and Housing Census Results, the population of women in Kenya stood at 19,417,639 which is over 51% of the population (GK, 2010). Majority of these women are faced by a myriad of challenges led by poverty and not being able to control assets hence resulting in poor means of livelihood. Indeed, employment is considered an essential basic need as well as an important means of empowering a country’s population (ILO, 2002). Women lag behind men in access to land, credit and decent employment even though a growing body of research shows that enhancing women’s economic options boosts national economies.

Other constraints which face women groups are conditions by some financial intermediaries, drought and insecurity for majority of rural women beneficiaries practicing subsistence agriculture. It is therefore important to find ways to improve farm outputs to increase yields in order to promote food security and improve livelihoods (MGCSD, 2011). Those beneficiaries that are already in business face challenges that stifle growth and survival such as marketing in form of lack of market information which leads to exploitation by middle men and high transport costs due to poor roads (Ibid). Other challenges are production of substandard products from using rudimentary tools and technology which make the products uncompetitive. There is also lack of affordable and suitable premises since business premises in suitable locations are too expensive (MGCSD, 2011).
Some of the fears attributed to borrowing from banks include banking being only for the rich and the risk of repossession of assets in case of default. The challenges faced by women include cultural factors which do not allow women to own assets that are required as collateral by banks, high transactions costs in the form of interest rates and bank charges and access costs due to long distances from towns (MGCSD, 2011). In addition, WEF faces low public awareness despite WEF's existence for the past four years and politics through a misconception on the fund's rationale that it is a political fund. For this reason, the fund needs to be insulated from politics (MGCSD, 2011).

There is increased attention and focus being put on Small and Medium Enterprise (SME) investment’s survival and growth in Kenya as an important sector that can accelerate sustainable economic growth and help the country reach the Vision 2030 objective of being a middle income country by year 2030. It is therefore important that the growth of SMEs be sustained. Much effort and resources have been put in the area of formal credit and financing without addressing the effect of micro finance such as WEF on livelihoods of women groups.

The positive impacts that were envisioned in the disbursement of WEF have however been met with draw backs that have arisen in the way the fund is accessed and the extent of its effect on improving livelihoods. Some of these drawbacks standing in the way for success of the fund include inadequate training on financial literacy, slow creation of awareness on WEF and costs of accessing the loans and repayments as exhibited by women traveling long distances to access information and avenues of loan disbursement. In addition, some financial intermediary partners have exhibited stringent conditions in disbursement of loans. Similarly, very little work has been done regarding the number of women groups that have accessed WEF, the challenges faced to access and use it, and its contribution to the socio-economic development of the country and its citizens. The study therefore sought to investigate the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency.
The Overall Research Question of this study is; what is the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency?

1.3.2 Specific Research Questions
The study was guided by the following specific research questions:

i. How many women groups have accessed WEF loans in Kiambaa constituency between 2007 and 2012 and how were they selected?

ii. Into which businesses were WEF loans been put and with what results?

iii. To what extent have businesses supported by WEF loans helped in improving the livelihoods of women entrepreneurs in Kiambaa constituency?

iv. What are the challenges in access to and use of WEF loans in Kiambaa constituency?

1.4 Objectives of the Study
1.4.1 Overall Objective
The main objective of this study is to establish the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency.

1.4.2 Specific Objectives
a. To establish the number of women groups that have accessed WEF loans in Kiambaa constituency between 2007 and 2012 and how were they selected.

b. To identify the businesses into which WEF loans were put and the subsequent results.

c. To establish the extent to which businesses supported by WEF loans have helped in improving the livelihoods of women groups in Kiambaa constituency.

d. To analyse the challenges in access to and use of WEF loans in Kiambaa constituency.

1.5 Justification of the Study
The supply of credit to people in rural areas who constitute a larger population is an important issue. Since women constitute a larger percentage of the population, any intervention aimed at alleviating poverty must of necessity to integrate their interests. Improving the extent of access
A vital part of any rural development strategy especially one designed to rectify longstanding inequalities and to generate broad based growth (Akidugu and Egyir, 2009).

The study informed on the contribution of WEF in achieving economic and social growth and also provide valuable information on its appropriateness as a development strategy for poverty alleviation. WEF was launched in 2007 with the objective of empowering women economically through enabling them start SMEs and improve existing ones. Despite this importance of SMEs to women empowerment and the problems inherent, very limited research has been done to assess the effectiveness of WEF in improving the livelihood of women. There is little information on the relationship between micro credit and employment creation. The study informed on the effective strategies for improving the livelihood of women groups and provided information to policy makers and stakeholders, contributed to the body of knowledge and also created opportunities for further research.

1.6 Scope and Limitations of the Study

This study focused only on women entrepreneurs in Kiambaa constituency due to limitation of funds and time constraints. The study examined how the livelihood of women has improved by focusing on women owned SMEs and by examining the amount of business income after credit from WEF. It also looked into their ability to meet basic needs, their entrepreneurial skills, marketing and social status after the credit.
CHAPTER TWO
LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction
This chapter reviews both published and unpublished literature that is relevant to the study topic and objectives. It summarizes existing information on women entrepreneurs, businesses in the informal sector and the extent of how the micro credit from WEF has improved business performance of women entrepreneurs. It also looks at challenges in access to and use of WEF loans and the extent to which businesses supported by the loans have improved the livelihoods of women entrepreneurs. The chapter concludes by formulating both theoretical and conceptual frameworks.

2.2 Women Entrepreneurs and the Informal Sector
This section tackles characteristics of women entrepreneurs in the informal sector and the role they play in the local economy. The informal sector is an economically efficient system supporting a large population in Kenya and those employed by the sector are engaged in small activities mainly for survival.

2.2.1 Characteristics of Women Entrepreneurs
Dzisi (2008) opines that entrepreneurship is related to personality traits to the individual entrepreneur such as commitment, determination and perseverance. It is also linked to the drive to achieve and grow, persistent problem solving, internal locus of control or high need for power and innovativeness. Other forms of behavior for the entrepreneur include self discipline and intense desire to succeed (Dzisi, 2008). Schumpeter’s 1934 model described an entrepreneur as the innovator who introduces something new into an economy while Kirzner’s 1997 theory indicates how a market arises and why, and a concept of alertness by individuals to profitable opportunities to gain pure profits. Both models perceived the entrepreneur as the driving force of the market economy (Dzisi, 2008).

Entrepreneurship is the ability to make decisions or allocate resources under conditions of risk due uncertainty while entrepreneurs are individuals who do new things or do things that are already being done in a new way (Hebert and Link, 1988 in Njeru, 2003: Schumpeter, 1934: 12-
Bertrand (2010) states that an entrepreneur is one who undertakes innovation, finance and business acumen in an effort to transform innovations into economic goods. This is in response to a perceived opportunity in the form of a start-up company (Bertrand, 2010). Mwobobia (2012) defines a woman entrepreneur as a woman who has initiated a business, is actively involved in managing it, owns at least 50% of the firm and have been in operation for one year or longer. Mwobobia (2012) also defines an SME (Small and Micro enterprise) or MSE (Micro and Small enterprise) as a business owned by an individual entrepreneur who employs between 1 and 20 people as the business grows.

Activities of women entrepreneurs in developing countries are usually small-scale or micro enterprises in trade and services (Dzisi, 2008). However, women are now setting up businesses based on radically innovative ideas that solve bigger problems and these activities are important drivers of growth in many of the world’s economies (Dzisi, 2008). Traditional economic and entrepreneurship theories interpret the success of a business on its financial performance and profitability (Dzisi, 2008). Hence business success is determined by financial indicators including growth rates, business size, turnover, profitability and the number of people employed (ibid). However, some studies have shown that women measure success by their level of self-fulfillment and personal achievement (Dzisi, 2008).

Jyoti et al (2011) reveal that the reasons and motivations for starting business activities by rural women include earning money or attractive source of income, enjoying a better life, availability of loans, favourable government policy and influence of success stories. Others are personal satisfaction, desire to utilize own skills and talent, unfavourable present working environment, self employment and employment of others, gap in the market, assurance of career and family security, fulfillment of creative urge and economic necessity. Female entrepreneurs have also been shown to be motivated most by the need for self achievement (Jyoti et al, 2011). However, the development of rural entrepreneurship depends on socio-economic development of the people (Jyoti et al, 2011).

Many women entrepreneurs lack entrepreneurship skills, adequate management education and capital necessary for successful business. Rare education among the SMEs may act as a
constraint to the success of the entrepreneur as it isolates her (Nzomo, 1986; Leildholm and Mead, 1986). However, the relationship between the level of education and successful management of SMEs is positive but weak (Chuta and Lieldholm, 1985). According to Jeffrey and Ishaq (1988), the success of the firm as defined by benefit-cost ratios is significantly related to education and skills. Participants such as women entrepreneurs in the informal sector lack requisite skills and the low levels of education among them cause poor perception of the monetary economy (Kabwegyere, 1978).

The above is evidenced in the example of university educated entrepreneurs who employ a wide range of techniques whereas entrepreneurs with only elementary education tend to choose the simplest techniques which can have an effect on the performance and growth. However, capital plays a vital role in determining the chances of success and growth though this relationship is not linear (Olakanpo, 1968).

Capital on its own may not lead to success if not wisely handled therefore highlighting the importance of entrepreneurial skills and capabilities together with other factors (ibid). According to Wahome and Ngethe (1987), education in Kenya may not be a major factor given that most entrepreneurs are primary school leavers whose education may not have a great impact on the profits. Majority of these entrepreneurs are apprentices whose level of education is very low and yet very successful. This implies that it is the training that one gets and not his education that has an effect on business performance.

WEF has had 649,000 beneficiaries and has trained 145,000 women in loan management and business skills. In Kiambar, 90 women groups have been funded from a WEF disbursement of Kshs 5,500,000. Kiambar had been ranked fifteenth with a repayment rate of 122% and a loan balance of Kshs 2,618,213 (Nation Reporter, 2012).

2.2.2 Women in the Informal Sector
The informal sector is regarded in terms of economic activities undertaken, mode of production, organization and scale of operation (Sethureman, 1991). In Kenya, the informal sector is a predominant feature in the economy and is developed out of the people’s efforts to generate
Women entrepreneurs in the informal sector operate under a dynamic sector which takes advantage of locally available resources for purposes of economic survival (Were, 2005). The informal sector where they operate is a product of rapid urbanization and increased unemployment (ibid). Coughing and Ikiara (1988) describe the informal sector as semi organized and unregistered activities undertaken by self employed persons in the markets, stalls, street pavements in urban centers and in uncompleted buildings.

The informal sector is an economically efficient system supporting a large population in Kenya and those employed by the sector are engaged in small activities mainly for survival. Sethureman (1991:17) describes the sector as consisting of small scale units engaged in the production and distribution of goods and services with one primary goal of generating employment and incomes to participants notwithstanding the constraints of capital and both physical and human know how. In Kenya, women tend to operate enterprises associated with traditional women’s roles such as hair styling, restaurants, hotels, retail shops and wholesale outlets (Mwobobia, 2012). In Kiambaa, small scale farming of dairy cattle, poultry, pigs and sheep is also undertaken (GoK, 2008).

With looming unemployment crises the government has recognized the vital role of the sector in income generation, employment creation and the creation of an enabling environment. The government hopes to tap potential within the sector to facilitate economic development and industrialization (Himmerstrand et al., 1994). The sector has a free entry and easy exit due to minimal capital required to set up an enterprise and many entrepreneurs in the sector see it as a means of earning a livelihood in the absence of formal employment.

Due to dynamism in the sector, there is minimal government regulation and monitoring which gives room to haphazard business practices. The sector depends on inter-firm linkages and individual networks in marketing, has very little record keeping hence has difficulty in computing annual profits while over half of the entrepreneurs have no bank accounts thus have little access to formal credit provision (K-REP, 1999). The sector is faced by challenges such as limited access to infrastructure while being operated without security of tenure hence running a risk of displacement on a daily basis. This limitation inhibits the practice of the entrepreneurial
The oppressive business environment in which the sector operates makes the sector to focus on flexible market specialization as a way of risk management. This enables the entrepreneurs to manage risks of operation and minimize expenses (McCormic, 1996). Though there has been little structural implementation in tapping the potential of the sector by the government, the informal sector is rich in diversity of initiative and operations which has made it flexible and dynamic.

North (1990) identifies the rules of the financial game to include various institutions, the first being the societal constraints that shape human interaction and encompassing a wide range of formal and informal rules in business. The other group of institutions concerns business credit whose markets are doubly stratified by size. The rules of the financial game are heavily weighed in favor of large business enterprises and individuals with collateral to back up their loans. Collateral is defined in terms of physical assets and immovable assets such as land and buildings are preferred.

Special banks and NGO loan programmes for small enterprises offer more favorable terms but reach a tiny minority of enterprises. Many of these programs are therefore secured by social, rather than physical capital (North, 1990). KIPPRA (2001) from its survey results show that SMEs are unattractive to lenders due to their low incomes. Banks perceive SMEs as bad credit risks or not stable business to base borrowing and can therefore not satisfy collateral requirements. They also believe that small loans are costly since larger loans mean bigger returns. However, the financial crisis experienced in economies all over the world has changed this perception.

2.3 Role of Microcredit in SMEs and Livelihoods of Women

Halkias et al (2011) identify access to capital and mobilizing start up resources as the greatest barriers to formation and success of business. Granting more women access to credit and thus elevating their economic power will likely translate to better living standards while women entrepreneurs are also more likely to employ other women (Halkias et al, 2011). Being a key stimulus for development, microfinance is also a powerful weapon against poverty (Halkias et al, 2011).
Morris and Somerset (1971) opine that some of the problems that Africans face in entering business are capital, working capital and lack of knowledge and training in business management. According to Daniels, Mead and Musinga (1995), only a small number of SMEs in Kenya have benefited from any form of credit or non-financial assistance. To them, most enterprises solely relied in their personal savings and re-invested their profits to finance their enterprises. This is consistent with House (1984) who states that the performance of SMEs in Nairobi’s informal sector is influenced by the amount of capital growth since the business was started among other factors.

Microcredit can create considerable opportunities for people to utilize lumps of money to improve incomes and reduce vulnerability. It can also have positive or negative impact. Studies by both ILO (1972) and Nzomo (1986) have given prominence to factors such as capital shortages which is identified as a major constraint for business growth. Availability of capital is therefore closely related to availability of credit facilities which is cited by Morris and Somerset (1971) as a major difficulty faced by entrepreneurs in starting businesses. Curtes, Berry and Ishaq (1987) hold the same view and argue that access to a particular source of finance is probably as much as a consequence as a cause of SMEs success. Kilby (1982) also concurs and cites lack of cash and working capital as some of the major handicaps facing SMEs.

In the informal sector, the need for an improved informal sector financing is stressed and by implication, the existence of a desired level of capital or savings is accepted (King and Abuodha, 1991). This implies that informal sector entrepreneurs cannot finance their own investments. Credit is needed to finance the difference between actual savings and desired level of capital or savings. According to Ngethe, Wahome and Ndua (1987), both the rural informal sectors as well as the urban informal sector finance most of their investments from agricultural incomes, from profits, gifts and loans from spouses and relatives and to a limited level, loans from agencies (King and Abuodha 1991). Perhaps the mushrooming of Microfinance institutions in Kenya and the success of banks focusing on Small and Micro Enterprises in Kenya has made microfinance one of the principal development topics in Kenya (McCormick, 1997).
in the recent past in Kenya, the perceived obstacle has been taken to be that poor access to formal credit sources constrains Small and Medium Enterprises (SMEs) growth. However, for the most part, empirical evidence supporting such an assumption has been weak if not lacking. Nevertheless, millions of shillings have been spent on programs that seek to mitigate this perceived obstacle. Programmes such as WEF were specifically tailored to mitigate this perceived obstacle (McCormick, 1997). WEF assists women entrepreneurs in expanding and starting new businesses thereby creating new jobs for themselves, families and other Kenyans. WEF provides wholesome financial solutions to the challenges that women face in starting and growing businesses such as access to credit, high cost of funds, lack of collateral and low financial literacy.

WEF was launched in 2007 with the objective of empowering women economically through enabling them start SMEs and improve existing ones. WEF has registered achievements such as the disbursement of Ksh 801 million through Financial Institutions (FIs) to over 25,000 women entrepreneurs across the country and Ksh 289 million through C-WES to all constituencies thus benefiting 180,900 individual women organized in Self-Help Groups (MGCSD, 2011). Other achievements include training of the Divisional Constituency WEF Committees, women entrepreneurs expanding and starting new businesses thereby creating new jobs for themselves, families and other Kenyans and the establishment of an operational secretariat with own staff. To aid in the activities of the WEF board, the board is structured to consist of the advisory board, the management of the WEF secretariat and divisional constituency WEF committees (MGCSD, 2011).

Kabir et al (2012) define a livelihood as the set of capabilities, assets and activities that furnish the means for people to meet their basic needs and support their wellbeing hence fulfill both material and experiential needs. Livelihoods are not simply a localized phenomenon but are connected by environment, economic, political and cultural processes to wider national, regional and global areas (Kabir et al, 2012). Capabilities refer to social networks and individual or collective endowments or achievements such as education and skills while activities are the actual undertaking of the individual in making a living (Chambers and Conway, 1992). A livelihood includes income (in both cash and kind) as well as the social institutions, gender
to support and sustain a given standard of living (Ellis, 1998:4). A livelihood also involves access to and benefits derived from social and public services provided by the state such as education, health services, roads and water (Lipton and van der Gaag, 1993).

Akidugu (2011) also states that access to financial capital plays valuable roles in reducing the vulnerability of women farmers through asset creation, income and consumption smoothing and provision of emergency assistance. Access to financial capital also contributes to empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge. In addition, access provides the opportunity for beneficiaries to transform their lives from that of extreme poverty and hopelessness to one of dignity and self-integrity (Akudugu, 2011). The development of the local economy whereby individuals move past subsistence living to increased disposable income levels results into improved livelihoods for beneficiaries and communities as a whole (ibid).

2.4 Effect of Poverty on Livelihoods in Kenya

Poverty is a major concern of governments all over the world and continues to be an impediment to human development and economic progress (KIPPRA, 2002). According to KIPPRA (2002), in absolute terms, poverty is defined as a state where one cannot raise the income required to meet the expenditure for purchasing a specified bundle of basic requirements. Poor households are therefore characterized by insufficient food, perpetual hunger and heavy reliance on handouts (KIPPRA, 2002). Poverty is also seen as a system of exclusion from society and from its social and productive systems (Fallavier, 1998 in Mwenda and Muoka, 2004). Halkias et al (2011) states that women can play a key role in poverty reduction by contributing additional income given that they provide majority of Africa’s labour. However, their productivity is hindered by widespread inequality in education as well as unequal access to land and productive inputs (Halkias et al, 2011).

About 70% of Africa’s population and roughly 80% of the continent’s poor live in rural areas (Mwenda and Muuka, 2004). UNDP (2012a) notes that the proportion of people living on less than $1.25 a day was 47% while the absolute number of people living in extreme poverty in 2008
Most African countries have low HDIs with Sub-Saharan Africa still living in extreme poverty. In Kenya, two thirds of the poor live in high and medium potential agricultural areas in the central and western regions of the country (KIPPRA, 2002). Kenya had a low HDI of 0.509 and was ranked 143 in the world with the population of persons living below $1.25 per day standing at 19.7% in 2011 (UNDP, 2012b). The poverty rate in Kenya is estimated at 46% with 19% of the population or 9 million people living in absolute poverty (Muindi, 2012). Kenya also had a poverty rate of 17.6 percent for women and 18.0 percent for men in 2005 (ILO, 2012).

The incidence of poverty in the country has also been found to be higher in the rural areas at 49.1% as compared to urban areas at 33.7% (GoK, 2012). Such poverty is hard to reverse due to its inter-generational and multi-faceted nature and is characterized by persons who have no access to productive assets, education, health care, income, food, decent housing and clothes among others (Muindi, 2012). Poor health and related expenses also constitute the most often stated reason for households declining into poverty (Muindi, 2012). Poverty is a systematic bottleneck and its high incidence is closely linked to inadequate access to productive resources particularly financial capital (Akudugu, 2011).

Sustainable poverty reduction has been achieved by pursuing strategies that emphasize economic growth, employment creation and provision of basic social services (KIPPRA, 2002). However, economic growth will not produce jobs and cut poverty unless it is inclusive and unless the needs of the poor and the marginalized are at the centre of development priorities (UNDP, 2011). When women have equal opportunities and freedoms, economic growth accelerates and poverty declines more rapidly (UNDP, 2011).

Since Africa’s population is mostly rural, growth in agriculture has a disproportional effect on poverty. One strategy for increasing and sustaining rural agriculture is to provide and increase access to microcredit (Mwenda and Muoka, 2004). Sustainable microfinance empowers women because they as a group are consistently better in promptness and in reliability of payment of credit. Targeting women as clients of the microcredit programmes has also been a very effective
increased income accrue the general welfare of the family (Mwenda and Muoka, 2004). Women also benefit from the higher status they achieve when they are able to provide new income (ibid). Targeting women is important as there are higher levels of female poverty and women’s responsibility for household well-being while also achieving both gender equality and human rights (Mwenda and Muoka, 2004).

According to a survey conducted in 2006 on the well-being in Kenya, women constitute 29% of formal wage employment. The low formal wage employment may be attributed to low education attainment and is one of the reasons for disparities in income. The report found out that 50.8% of females are poor with 31.2% of poor households being female headed (GoK, 2010). Poverty and inequalities have made groups unable to take advantage of opportunities that economic growth offers (WB, 2011).

2.5 Challenges Facing Women Entrepreneurs

Women throughout the world especially those in rural areas of developing countries have been said to have less command over productive resources such as land, capital, information, education and in the type of entrepreneurial activity in which they engage (Akidugu and Egyir, 2009). As a result, women face difficulties in accessing credit due to collateral requirements (Mwobobia, 2012). They therefore face difficulties in obtaining start up funds while lack of social capital and networks result into less access to venture capital funding (Jyoti et al, 2011).

Women may therefore face limited opportunities to make savings or undertake business expansion and diversification. Women also lack information on how to get a loan, have financial demands or multiple responsibilities that compete with business capital which leads to diversion of capital away from business needs to domestic ones. As a result, expansion and training are limited (Mwobobia, 2012). Women entrepreneurs have work related problems such as labour absenteeism, lack of skilled labour, difficulty in retaining work force and low productivity of labour (Jyoti et al, 2011). Women are not able to take up training due to family while the rural women appear not driven by profit but the need to provide for their families (Jyoti et al, 2011).
According to Akidugu and Egyir (2009), poor access to credit may also be as a result of the failure of microfinance institutions to properly consult beneficiaries before formulating their credit schemes. Where the loan application procedures are long and complicated access to credit is also limited especially in situations where many of the borrowers are illiterate (Akidugu and Egyir, 2009). The use of harsh and coercive methods such as police and court threats by lenders also contributes towards limited access to credit (ibid).

Mwobobia (2012) states that women entrepreneurs face discrimination, are ignored by bank officials and hence tend to turn to informal savings groups. In rural areas, women suffer from gender stereotyped perception of self, lack confidence and assertiveness which are major barriers, while poor education results in women being ill-equipped to manage businesses (ibid). Carter (2000) states that when women enter self employment, they do so with fewer financial assets, less experience in management and are under-resourced in terms of their human and social capital (Carter, 2000). Since women not only have fewer financial resources than men, they are also more reluctant to take on large sums of debt when starting a business. However, initial under-capitalization has been found to have a long term effect on business survival and success (Carter, 2000). In addition, finance for the ongoing business may be less available due to women’s inability to penetrate informal financial networks (Carter, 2000).

Women entrepreneurs also face challenges while dealing with local authorities characterized by too many and expensive licenses and harassment by inspecting officials (Mwobobia, 2012). They also have poor access to justice due to lack of finance, contacts and time and lack education due to gender bias and later due to failure to utilize business development services due to cost, access, necessity or availability (Mwobobia, 2012). Inadequate human resource management skills among women results into loss of personnel and poor relationships with employees (Mwobobia, 2012). Due to lack of resources to respond to competition and services, enterprises run by women perform poorly. They lack information on markets, marketing skills and alternatively are not able to increase their market share in rural settings where markets do not expand (Mwobobia, 2012).
Theoretical Framework

This study was explained by the use of four theories, the Grameen Bank Model, the Achievement/Motivation Theory, Social Contract Theory and the Rational Choice Theory.

2.6.1 The Grameen Bank Model

The Grameen bank scheme is based on the vision of Professor Mohammed Yunus of alleviating poverty among the poorest of the poor by giving microcredit to particularly poor women in Bangladesh. The Grameen bank was established in 1976 by Professor Yunus to deliver bank credit to poverty-stricken villagers. The high loan repayment rate experienced by the bank proves that small loans to villagers are an effective means of encouraging self-reliance, boosting incomes and saving people from poverty, malnutrition and death. The model works through groups which are referred to as "group based finance" or "solidarity group lending schemes. In this model, group members are jointly liable for each other's loans. The scheme relies on peer pressure to ensure repayment. This is used as social collateral instead of the required physical collateral such as land or formal assets which formal lending institutions require and which poor people like the unemployed young people can afford.

Microcredit programs that adopt group lending practices can benefit from better targeting and better loan repayment if group lending results in self-selection, peer monitoring and creating of social collateral. Social collateral is a powerful incentive for repayment among defaulters (Khandker, 1988:5). The concept behind this approach is that if a member is having difficulty with repayment or relaxes, others in the group are expected to put pressure on that member to repay or the whole group has to pay the loan on behalf of the member.

This model is applicable in this study because the WEF board is using this approach. Poor women lack formal collateral requested by many financial lending institutions and the microloans from the WEF are expected to open opportunities for women to start or improve their existing businesses and thus improve their livelihood.
The Achievement/Motivation Theory

One of the proponents of this theory is David McClelland (1961: 210,234,242) who spells out specific behavior patterns that pertain to entrepreneurs. These include, that they make decisions based on facts and not good fortune since they are neither impractical dreamers nor gamblers. They minimize risks by performing in conditions of moderate uncertainty where their efforts and skills make a difference. When there is no risk, the high achiever does not feel challenged since anybody can succeed.

High achievers do not work at routine tasks but only tasks which require mental manipulation, originality, or new angle of approval for successful solution of problems. Furthermore, they are energetic, good organizers and long range planners who consider alternatives before them. High achievement and entrepreneur roles blend so well that through trial and error, high achievers settle in entrepreneurial positions after finding that entrepreneurship is what they have. Culture is one of the major determinants of high achievement, as high achievers come from those societies which encourage hard work. It encompasses all the shared ways of thinking, beliefs, understanding and feelings as well as work practices, consumption and social interactions in general (Berger et al, 1991:22).

Entrepreneurs are driven in a certain fashion by characteristics of unique attitudes, needs and values. Psychological components include the various needs hence the need for self achievement is associated with entrepreneurial motivation (McClelland (1961). Entrepreneurship requires efforts of creative imagination, skills judgment of future costs and revenue possibilities and ability to read selected aspects of a complex social situation. This ability to read selected aspects of a complex situation that others have ignored is entrepreneurship and depends on culture (Berger et al, 1991:54). An entrepreneurial culture is an environment that prepares the community as a whole to take advantage of available business opportunities in the society.

Culture provides support for entrepreneurship at all levels of development to realize their potential regardless of gender, colour or race. Different societies in the world have cultures that can either facilitate or inhibit entrepreneurship. The government in this context is encouraging women entrepreneurs in Kiambaa constituency and other constituencies to take up opportunities
all enterprises by obtaining micro credit to boost their businesses. Women being the backbone of the Kenyan society are not only creative and innovative but are also expected to take advantage of the fund since they have the potential of high achievers.

2.6.3 Social Capital Theory

A major proponent of this theory is James S. Coleman (1926-1995) who held that Social Capital is the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action (Coleman, 1988). Social Capital is also the expected collective or economic benefits derived from the preferential treatment and cooperation between individuals and groups as a result of social networks having value hence can increase productivity. It is a resource based on trust and shared values and develops from the weaving together of people in communities. In application of Social Capital Theory to this study, women come together to form groups that apply for the WEF loan. Members take the WEF loans on the strength of belonging to the women groups and sign agreements on the mode of repayment and on the enterprises they wish to utilize the funds. These groups ensure that the women effectively utilize the credit to achieve improved business performance and profitable enterprises hence increased income, and improvement of living standards. The group ensures that at the individual level, every member plays her part in the enterprises while at the group level, WEF receives payment for the loan. The result will be profitable enterprises, increased income and improved of living standards.

2.6.4 Rational Choice Theory

Among the proponents of this theory are Talcott Parsons and James Cohen. According to Parsons, action is rational in so far as it pursues the ends possible within the conditions of the situation by the means which, among those available to the actor, are intrinsically best adapted to the ends. The starting point here is that the actor knows the facts of the situation in which he acts and the conditions necessary for the realization of his ends or goals (Wallace, 1969). In other words, action is orientated to the attainment of goals and systems of action are evaluated by the individual who judges each system to be desirable or not, useful or not, gratifying or not and ranks all these systems according to their value to him in attaining his goals (Madge, 1962).
Cohen is of similar view that persons act purposively toward a goal which is shaped by values. In application of the Rational Choice Theory to the study, women in groups make the decision to apply and access the WEF loan which is intended to boost their enterprises and also create opportunities for self-employment in the informal sector. Ideally, the women are expected to effectively utilize the credit to achieve improved business performance and profitable enterprises hence increased income, and improvement of living standards. The income thus obtained is used to finance socio-cultural activities like household consumption expenditures such as food and payment of health bills. The income is also used to pay school fees and buying school uniforms and some is saved.

However, most of these women are also faced with various challenges in utilizing the loans. Among these challenges is poverty which may cause them to make the decision to utilize the WEF loan on basic requirements such as food, health, education and other socio-cultural activities instead of the intended income generating activities. As a result, none of the intended positive results such as profitable enterprises, increased income and improved of living standards will be achieved. This will return the individuals back to their previous status characterized by poverty.

### 2.7 Conceptual Framework

The following conceptual model illustrates the main variables of the study. The resource base upon which women build their livelihoods is categorized into financial capital such as access to credit like WEF, natural capital such as land, physical capital such as equipment, social capital such as membership of a social group and human capital such as characteristics of women (level of education, age, marital status, level of poverty, innovativeness, experience or knowledge of a new farming technique) and capacity building (Business training/ Advice, Access to information). The capital assets are interrelated and are employed by women in their off farm or on-farm income generating activities. The characteristics of women entrepreneurs in the informal sector influence them to apply and access the micro credit from WEF while capacity building in entrepreneurship skills will enable the women to access and effectively utilize the credit, leading to improved business performance. This will lead to viable and profitable enterprises, increased income, and improvement of living standards of women entrepreneurs.
These activities give a certain output which is transformed into income and is used to finance consumption expenditures such as food and payment of health bills. The income is also used to pay school fees and buying school uniforms and part of it is saved for future use. These activities are all interrelated and constitute livelihoods. If the savings are not used to finance consumption expenses, it is used as equity funds to finance the income generating activities. Increase in income is therefore central to livelihood development since it is used to promote the attainment of other livelihood outcomes constituting improvement in livelihoods. Access to credit such as WEF and savings opportunities are expected to lead to increment of capital assets in general and financial capital in particular hence improvement in livelihoods.
Improving the Livelihoods of Women Entrepreneurs

Improved Livelihoods

Socio-cultural

Food

Health

Education

Savings

Income

Output of women
(Business Performance
Increased stock, profit,
Employees, Equipment and
tools)

Income generating activities

Natural capital

Physical capital

Human Capital
Capacity Building
Business training/
Advice, Access to
information

Financial Capital
Access to WEF
Number of women,
Time, Selection
Criteria/Collateral
requirements

Social capital

Capital Assets / Resources upon
which livelihoods are built
According to Mugenda and Mugenda (1998:56), a variable is defined as a measurable characteristic that assumes different values among subjects. The Independent Variable will be operationalized as follows:

In this study, the independent variable Effectiveness of WEF was indicated by the characteristics of women entrepreneurs in the informal sector, their access to WEF and Capacity building of the women entrepreneurs.

**Characteristics of Women were measured by:**
- Level of education: Referred to years of schooling up to the highest attained standard. Age: Refers to the number of years for an individual since birth.
- Marital status: Referred to whether an individual is single, married, divorced or widowed.
- Level of poverty: Referred to an absolute measure of individual well-being related to income, consumption or human development.
- Innovativeness: Referred to the ability to discover and introduce new ideas in business.
- Experience in business: Refers to the period spent in business.

**Access to WEF** was measured by:
- Number of women: Referred to the number of women obtaining microcredit from the fund.
- Time: Referred to the time spent to get the microcredit or duration between applications and disbursement of the loan.
- Criteria for selection and Collateral requirements: Referred to the requirements to be fulfilled by applicants for the loan.

**Capacity building through WEF** was measured by:
- The type and length of business training offered: Referred to the type and length of entrepreneurship skills/business management training.
- Business advice: Referred to timely information sought from experts.
- Access to other sources of information: Referred to the ease of obtaining timely input from other stakeholders.
Improved livelihood of women entrepreneurs was indicated by performance of business and improved livelihood of women entrepreneurs.

**Performance of business:** In this study was measured by:

- **Increase in stock:** Refers to the difference between the initial and the subsequent amount of stock in the business.
- **Increase in profit margin:** Refers to the difference between the initial and the subsequent profit in the business.
- **Increase in number of the employed:** Refers to the difference between the initial and the subsequent number of the employees in the business.
- **Increase in equipment and tools:** Refers to the difference between the initial and the subsequent number of equipment and tools in the business.

**Improved livelihood:** Refers to improvement of living standards and in this study, will be measured by:

- **Ability to buy more and better food items:** Refers to the difference between the initial and the subsequent amount of food items bought.
- **Ability to pay school fees:** Refers to the improved ease of settling school fees obligations.
- **Ability to pay other bills:** Refers to the improved ease of meeting housing, medical and clothing needs.
- **Ability to meet other financial obligations:** Refers to the ability to attend to emergencies requiring finances.
3.1 Introduction

This chapter looks at the methods that were used to gather data in the study and outlines the research site, research design used, sample design and methods of data collection and analysis which were utilized.

3.2 Study Site

The site of the study was Kiambaa Constituency in Kiambu County. The constituency was purposively selected because of its high number of women who live in poverty. The constituency has been ranked fifteenth among other constituencies in Constituency Women’s Enterprise Scheme (C-WES) loan repayment. There were 90 women groups in Kiambaa which had borrowed Kshs 5.5 million and had a loan balance of Kshs 2,618,213.

The site was convenient to the researcher due to the researcher’s familiarity with the area. According to the 2009 population census, Kiambaa covers an area of 189.1 Km$^2$ and has a population of 253,751 persons. There are 127,955 females out of the total population of Kiambaa. The area has a population density of 1,342 persons per sq.km which is higher than other constituencies within Kiambu County (GoK, 2010c). Majority of women in Kiambaa have only attained primary education (52,933) followed by those who have attained secondary education (34,188) and only 10,870 and 3,186 women have attended tertiary institutions and university respectively (GoK, 2010d).

Motorized accessibility in most parts of the area is good though a few areas are not easily accessible. Most land is fragmented into small uneconomical farm sizes hence low agricultural productivity. Over 70 percent of the population relies on agriculture for livelihood through small-scale farming such as livestock rearing, tea and coffee farming. There are several coffee estates which employ a large number of casual labourers who are grossly underpaid. As a result, poverty and unemployment are widespread within Kiambaa constituency (GK, 2010a and GK, 2009). Only 47,192 persons were recognized as formally employed in Kiambaa in 2009 (GK, 2010a and GK, 2009). The contributory factors include poor marketing systems for farm produce,
Lack of entrepreneurial skills among women has also significantly contributed to the rise in levels of unemployment and poverty (GOK, 1991). The informal sector activities being undertaken by women in Kiambaa constituency include small scale agribusiness activities such as dairy cattle farming, keeping poultry and fish farming. Other activities undertaken by women in Kiambaa constituency are operating hair salons, food kiosks, cyber cafes and involvement in trading such as hawking.

3.3 Study Population

3.3.1 Unit of Analysis

According to Singleton et al (1988) the unit of analysis is that which the researcher wishes to study, understand or explain. The unit of analysis for this study was the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency.

3.3.2 Unit of Observation

The unit of observation is the element or aggregation of elements from which information is collected (Singleton et al, 1988). The units of observation in this study were the women groups that have benefited from the WEF and directly through the C-WES and their businesses.

3.4 Sampling Design

A sample is a small group of individuals obtained from an entire group or accessible population having a common observable characteristic (Mugenda and Mugenda, 1999). Sampling is therefore a process of selecting a sample from a population to become the basis for predicting the prevalence of an unknown piece of information, situation or outcome regarding the population (Kumar, 2005). Purposive sampling and simple random sampling was employed to select women groups and individual respondents. According to Mugenda and Mugenda (1999), in purposive sampling, cases are handpicked because they are informative or they possess the required characteristics. The investigator relies on his or her expert judgment to select units that are
3.4.1 Sampling Procedure
The sampling frame was obtained from the total number of women groups (90) that have accessed credit directly through the Constituency Women Enterprise Scheme (C-WES). The list was obtained from the Ministry of Gender, Children and Social Development (MGCSD). A sample of 10% was drawn from beneficiary groups using simple random sampling totaling to 9 out of 90 groups. From each of the 9 groups, seven members were selected using simple random sampling to bring a total of 63 respondents (7x9).

Two key informants were selected using purposive sampling method from each of the following: Divisional Constituency WEF Committee, the District WEF committee and local administrators to bring a total of six key informants. One community development assistant was also selected purposively. The total sample size was 70.

Table 3.1: Sampling Frame

<table>
<thead>
<tr>
<th>Category of respondent</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women Group Members</td>
<td>63</td>
</tr>
<tr>
<td>Divisional Constituency WEF Committee</td>
<td>2</td>
</tr>
<tr>
<td>District WEF committee</td>
<td>2</td>
</tr>
<tr>
<td>Local administrators</td>
<td>2</td>
</tr>
<tr>
<td>Community development assistant</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>

3.5 Data Sources and Methods of Data Collection
3.5.1 Data Sources
The study used both Primary and Secondary data sources. Primary data were collected directly from the respondents. This included women entrepreneurs in the groups and individual
enterprises, key informants who included Government officials. Secondary data were gathered from relevant documents to the study such as government reports, minutes, policy documents, World Bank reports and Bulletins and ILO documents.

3.5.2 Methods of Data Collection and Research Instruments

This study was both qualitative and quantitative and involved the use of both structured and unstructured questionnaires. The structured questionnaires were administered on officials and members of the women groups and provided the quantitative data. An unstructured questionnaire or interview guide was administered on the key informants who were the sources of qualitative data.

3.6 Data Analysis

The collected quantitative data from the completed questionnaires underwent editing to detect and correct errors and omissions. The data were then put in categories or classes through coding, then tabulated and counted. Descriptive statistical tools such as percentages and frequency distributions were used to analyze quantitative data which was presented in tabular form. The researcher organized and analyzed the data and used SPSS computer package to process the data.

The collected qualitative data from the completed interview schedules were edited and cleaned up. The data were then put in categories, themes or patterns for coding purposes then analyzed by content analysis. The researcher then interpreted both the quantitative and qualitative data and presented the research findings.
CHAPTER FOUR
DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction
The main purpose of this study was to establish the effectiveness of WEF in improving the livelihoods of women groups in Kiambaa constituency. The sample for the study comprised 63 respondents drawn from each of 9 groups including seven members. The women groups were Wendo Self Help Women Group, Sunshine Bidii Women Group, Karura Furaha Widows Group and Amani Women Group, Chosen Few Self Help Group, Muungano Women 'B' Group, Ngaita 'B' Mwireri Women Group, Kiyo Women Group and Kazi Bora Women Group. In addition, views from seven key informants were also incorporated into these results. These included two from the Divisional Constituency WEF Committee, two from the District WEF committee, two local administrators and one community development assistant.

This chapter reports the results of analysis of data covering the respondents’ background information, the number of women groups that had accessed WEF loans in Kiambaa constituency and the businesses into which WEF loans were put. The chapter also looked at the extent to which businesses supported by WEF loans had helped in improving the livelihoods of women groups and the challenges in access and use of WEF loans in Kiambaa constituency.

All the respondents indicated that the groups comprised of not more than ten members. Most respondents (79.4%) were above 39 years followed by those between 32-38 years represented by 17.5%. These results showed that the fund was popular among elderly women. This can be attributed to elderly women making a larger portion of the population of women in the rural areas and due to more awareness through church and similar gatherings. Elderly women are also thought to have retired from formal employment and therefore use the opportunity offered by WEF. Many of the younger women may however be in urban areas seeking or in employment or staying with their spouses.

Majority of the respondents (66.7%) were married followed by the widowed (27%) and those that had never gotten married or divorced (4.8%). These results indicated that married women have stronger socio-cultural relations hence readily enjoy membership of social groups than
4.2 Access to WEF Loans by Women Groups, 2007 and 2012
This section explains the number of women groups that had accessed WEF loans in Kiambaa constituency and how they were selected.

4.2.1 Number of Women Groups in Kiambaa Constituency
In this study, the 63 respondents came from 9 women groups with each group producing 7 respondents. The women groups were Wendo Self Help Women Group, Sunshine Bidii Women Group, Karura Furaha Widows Group, Amani Women Group, Chosen Few Self Help Group, Muungano Women 'B' Group, Ngaita 'B' Mwireri Women Group, Kiyo Women Group and Kazi Bora Women Group. On average, each group consisted of between 15 and 20 members.

Most of the women groups in Kiambaa (77.8%) had operated for a period of 5 to 7 years. The rest of the groups (22%) had operated for between 3 and 4 years. The reason for this is because most of these groups were formed immediately or shortly after WEF was launched in the year 2007. This period was marked by high interest in WEF among women as a path towards financial success.

4.2.2 Number of Times Loan Accessed
All of the respondents indicated that their groups did not pay any interest on the WEF loans that they took. WEF loans sourced directly from the WEF board (C-WES) had a 0% repayment interest rate. However there was a 5% administration fee that was deducted upfront. Most of the respondents (66.7%) indicated that their groups had accessed WEF loans only once followed by 22.2% who had accessed it twice during the study period. Only 11.1% of the respondents indicated that they had accessed WEF thrice. Table 4.1 shows these results. Even though WEF loans attracted zero percent interest, many groups do not take the loans as often as expected due to difficulties in repaying previous loans or below par performance of the businesses.
Nelly, a member of Amani Women Group noted the following on the number of times they accessed loans:

“Some businesses like food kiosks and hawking do not give good returns hence we are not able to service our loans in time. This prevents us from borrowing more loans from WEF.

### Table 4.1: Number of Times Loan Accessed

<table>
<thead>
<tr>
<th>Number of Times loan accessed</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>42</td>
<td>66.7</td>
</tr>
<tr>
<td>Twice</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Thrice</td>
<td>7</td>
<td>11.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

#### 4.2.3 Amount of Loan Borrowed

The results in the Table 4.2 below show that most respondents (66.7%) borrowed between Ksh. 40,001 and 50,000 from WEF while 33.3% borrowed above Ksh. 50,000. It can be deduced that most of the women groups were not accessing loans more than once partly due to lack of commitment among members and fear of servicing large amounts of loans.

Bernard, the WEF officer in Kiambu had this to say on the amount of loans:

“WEF was offering Ksh 50,000 for the first loan, Ksh. 100,000 for the second loan and Ksh. 200,000 for the third loan. The groups in Kiambaa had the opportunity to borrow these loans”.

This means that loans increase upon successful repayment of previous ones.

### Table 4.2: Amount of Loan Borrowed

<table>
<thead>
<tr>
<th>Amount of loan borrowed (Ksh.)</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>40001-50000</td>
<td>42</td>
<td>66.7</td>
</tr>
<tr>
<td>Above 50000</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
that the criteria for award of a WEF loan were uniform for all women groups. Felister, a Community Development Assistant, had this to say on the criteria for award of loans;

“A group should be registered and have a registration certificate, an active/operational group account indicating a regular source of income and some savings, a filled loan application form, focused group mission and a self-prepared business proposal. Other criteria are a minimum of 10 members in a group with 70% women membership and 100% women leadership.

Bernard, the WEF officer in Kiambu concurred with the above comments and also stated;

“The self help groups should be registered with the Ministry of Gender and Social Services, operate within the constituency and have a group constitution. The group should have minutes of the group meeting indicating the resolution to borrow, have copies of identity cards for all members and propose to carry out a business. The group should collect and fill an application form from WEF and submit the same.”

All the respondents indicated that they accessed their loans within the duration of 1 and 3 months of application and that the process of loan disbursement was fair. Before WEF loans were disbursed to women groups and individuals, applicants had to satisfy the criteria for award of a loan to ensure that the groups are genuine and that the loans would be properly utilized. This assisted in ensuring sustainability of the process of loan disbursement by keeping out potential defaulters. Consequently, all applicants that met the criteria for loan award received the loan.

Margaret, a member of Karura Furaha widows group also had this to say on the criteria for award of loans;

“At WEF, our group was not required to produce collaterals such as title deeds and car logbooks and they told us that we as members will guarantee each other.”
This section discusses the various types of businesses into which WEF loans were put and the results thereafter.

4.3.1 Types of Business

Women groups in Kiambaa used WEF loans to operate various businesses. About 33.3% of the respondents were undertaking livestock farming followed by advancing soft loans to individual members commonly known as table banking (23.8%); horticultural farming (17.5%); and salons (6.3%). Other business activities undertaken by the women groups included running food kiosks, earning income from real estates and hawking. Livestock farming was preferred due to the ready market for milk by the dairy Sacco called Ndumberi and the ability by most members of taking care of dairy cattle as a result of experience. Similarly, loan disbursement or table banking was preferred due to its demand by persons in need of ready finances to address personal emergencies and high returns.

Nelly, a member of Amani Women Group noted the following on table banking:

“Most members do other businesses and take loans from the group to improve their stock. The group charges a substantial interest of between 5 and 10 % monthly or sometimes after two weeks. This grows the amount of money within the group and the money is shared out as dividends annually motivating the members”.

In general, agricultural business activities such as horticultural farming were more prevalent due to the favourable weather and soil conditions. The other business activities such as salons, food kiosks and hawking were undertaken on a smaller scale due to low demand while the need for large capital requirements for real estates made it an unattractive choice.

Nelly, a member of Amani Women Group also had this to say on agricultural business activities and income from rental houses:

“When we received the first loan, we bought goats for each member and after sometime the goats became many and we took another loan. We sold the goats and bought three dairy cattle. We were able to save our earnings and eventually we were able to buy a plot”.
### Table 4.3: Types of Enterprise

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>Soft loans/Lending</td>
<td>15</td>
<td>23.8</td>
</tr>
<tr>
<td>Horticulture</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>Salon</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Food kiosk</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Real estate</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Hawking</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

#### 4.3.2 Duration in Business since inception

A number of the women groups (44.4%) had operated their businesses since inception for more than 5 years followed by those who had run their businesses between 3 1⁄2 and 5 years (33.3%). Other groups had operated their businesses for less than a year (11.1%) and between 1 1⁄2 and 3 years (11.1%). It can be deduced that many women groups interviewed started business ventures around the same time the WEF was launched.

<table>
<thead>
<tr>
<th>Duration in Business since inception</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>7</td>
<td>11.1</td>
</tr>
<tr>
<td>1.5-3 years</td>
<td>7</td>
<td>11.1</td>
</tr>
<tr>
<td>3.5-5 years</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>Above 5 years</td>
<td>28</td>
<td>44.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

#### 4.3.3 Income from Business

As shown in Table 4.5, the monthly income from businesses by most women groups (44.4%) was above Ksh. 10,000 followed by below Ksh. 5,000 (33.3%) and those of between Ksh. 5,000 and 10,000 (22.2%). It can be deduced that women groups received good incomes from the businesses hence the WEF loans had been utilized well.
### 4.3.4 Value of Stock

The stock for the businesses for most of the women groups was valued at between Ksh. 40,001 and 50,000 (33.3%) followed by between Ksh. 5,000 and 10,000 (22.2%) and that of between Ksh. 10,001 and 40,000 (17.5%). Only 14.3% and 12.7% of respondents indicated that their groups had stocks valued at between 40,001-50,000 and above Ksh. 100,000 respectively. This shows that most of the stock was valued at less than Ksh. 50,000. The stock that was valued above Ksh. 50,000 was attributed to groups formed 5 years earlier and had taken the loan more than once, gradually growing the stock.

#### Table 4.6: Value of Stock

<table>
<thead>
<tr>
<th>Value of stock</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 5000</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>5000-10000</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Above 10000</td>
<td>28</td>
<td>44.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

### 4.3.5 Growth in Stocks

There were increases in stock of above Ksh. 100,000 for most businesses (63.5%) run by women groups attributable to the WEF loans. There were also increases in stock of between Ksh. 30,000 and 100,000 in businesses (36.5%) after receiving WEF loans. The changes in stock were as a result of improved business performance hence the businesses run by the women groups were...
Lucy, an official of Sunshine Bidii Women Group had this to say on the changes in stock:
“\textit{Our dairy cattle business is doing very well since we now sell our milk directly to the milk SACCO which is very prompt in payment. This has enabled us to save and buy another dairy cow}”.

Mr. Kibugi, the area chief in Kiambu town made an important observation on the changes in stocks:
“\textit{Due to WEF, some of these women were able to increase the stock in their stalls at the market place}.”

\textbf{Table 4.7: Growth in Stocks after WEF Loan}

<table>
<thead>
<tr>
<th>Growth in stocks after WEF loan</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>30000-100000</td>
<td>23</td>
<td>36.5</td>
</tr>
<tr>
<td>Above 100000</td>
<td>40</td>
<td>63.5</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100.0</td>
</tr>
</tbody>
</table>

\textbf{4.4 Business and Livelihoods}

This section discusses the extent to which businesses supported by WEF loans have helped in improving the livelihoods of women groups in Kiambaa constituency. Livelihoods are the sets of capabilities, assets and activities that furnish the means for people to meet their basic needs and support their wellbeing hence fulfill both material and experiential needs (Kabir et al, 2012). Businesses supported by WEF loans helped to improve the livelihoods of individual members in women groups by increasing incomes. The increased incomes enabled the members to buy more and better food items, pay school fees, pay for housing, medical and clothing needs and attend to emergencies that required finances.
women groups increased as a proportion of the incomes realized by the women groups. This means that as the income of the group increased, the income of individual members also increased. Table 4.9 shows that majority of the respondents (68.3%) indicated that their income increased to between Ksh. 10,000 and Ksh. 30,000. The rest of the respondents (17.5% and 14.3%) also confirmed that their income had increased by between Ksh. 30,001 and Ksh. 50,000 and between Ksh. 50,001 and Ksh. 70,000 respectively. These results show that WEF loans had assisted individuals in women groups to raise their incomes through realizing profits from their respective businesses. This increase in income contributed towards improvements in livelihoods of women group members.

Livelihood referred to living standards of women group members. Their livelihoods improved and enabled them to buy more and better food items, pay school fees, pay for housing, medical and clothing needs and attend to emergencies that required finances.

Alice, a member of Kiyo Women Group had this to say on increase in income:
“The earnings from our horticultural business grew due to better prices negotiated by the Export Promotion Council through WEF on our behalf. At the moment, all members receive better dividends from the business”.

<table>
<thead>
<tr>
<th>Increase in income after loan (Ksh.)</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000-30,000</td>
<td>43</td>
<td>68.3</td>
</tr>
<tr>
<td>30,001-50,000</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>50,001-70,000</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**4.4.2 Effects of WEF on Livelihoods of Individuals in Women Groups**
The effects of WEF on the livelihoods of individuals in women groups were largely positive. All the respondents were able to realize savings from the income they obtained from their businesses. Majority of them reported that as a result of the microcredit they received from WEF,
they were able to buy more and better food items, pay school fees, pay for housing, medical and clothing needs and attend to emergencies that required finances. Very few of the respondents indicated that their living standards had remained the same while no respondent reported that their living standards had worsened.

Joan, a member of Kazi Bora women group, made the following remarks on the effects of WEF on livelihoods:

“I was able to change the roof of my house to iron sheets and now my family is not rained on during the rainy season. My husband also recognizes my contribution to the family property and therefore I can make decisions about our assets.”

The same sentiments were expressed by Stanley, a member of Chosen Few Self Help Group:

“I built a brick house and plastered the floor of the house. Now my children are not worried about being infested by jiggers.”

From the study, those who experienced improvements in their living standards and those whose living standards did not change reported the following results; housing (90.5% improved, 9.5% remained the same), furniture (81% improved, 19% remained the same), health (93.7% improved, 6.3% remained the same), clothing (84.1% improved, 15.9% remained the same), food (88.9% improved, 11.1% remained the same), finances (92.1% improved, 7.9% remained the same), education (88.9% improved, 11.1% remained the same), socio-cultural relations (88.9% improved, 11.1% remained the same), self-esteem (92.1% improved, 7.9% remained the same) and control over asset and stock (90.5% improved, 9.5% remained the same). As presented in figure 4.1 below.
Nyambura, a member of Wendo Self Help Group, had this to say on the effect of WEF on livelihoods:

“I was able to buy a sofa set valued at Ksh. 7,000 and now my house is very neat. Some neighbours request to host their guests in my house”.

Catherine, a member of Muungano Women Group, had this to say:

“I am not worried when my child is sick because I have some money to pay for transport and drugs at the district hospital. I can also afford to buy some new clothes from the shop instead of second hand ones at the market”.

Access to microcredit and effectively utilizing it led to improved business performance, profitability and increased income. Subsequently, individuals realized improvement in their living standards by use of income to finance household consumption expenditures. This included
and clothing and also in realizing savings, socio-cultural relations, self esteem, knowledge and control over assets and stock.

The above observations are also expressed by Felister, the CDA officer of Kiambu County Council;

“The effect of WEF on livelihoods of individuals in women groups was that, members can provide better types of food to their families and are able to take care of most financial emergencies because they have savings”.

Nelly, a member of Amani women group also had these comments:

“I am now able to pay school fees for my children and provide them with books for learning. Infact, my first born completed fourth form last year. I sometimes joke with my friends by referring to her as the WEF child. My self-esteem has also greatly improved since I can now socialize with my peers in church and in the neighbourhood because I have something to contribute”.

Bernard, the Kiambaa WEF officer, lauded the results of WEF as follows:

“WEF has enabled women to get into business hence overcoming cultural stereotypes, fear of loans and negative propaganda. Women are able to improve their image in the society through WEF. The fund has created jobs from the businesses run by women, improved incomes and increased access to other markets. It has also impacted on the economy. WEF regional coordinators and volunteers also strive to mobilize and sensitize women about WEF. The fund has given women a better source of finances than banks which have high transaction costs.”

4.5 Challenges Associated with WEF Loans

This section discusses the challenges that are faced by women groups in access to and use of WEF loans in Kiambaa constituency. There were a number of challenges that faced women groups in accessing and in the use of microcredit. However, there are strategies which can be used to mitigate these challenges.

4.5.1 Challenges in Accessing of WEF Loans

The most notable challenge faced by individuals in women groups was the long duration for accessing loans as represented by 77.8% of the respondents. At the time of interview, the time
and disbursement ranged between two and five months for small scale entrepreneurs. This has been as a result of the bureaucracy involved from WEF board to the district and eventually divisional level. Since they operated under market conditions which required immediate supply on identification of markets, businesses may not do well when funding is not received at the opportune time. WEF indicated that the length taken to process the loans was a period not exceeding two months. Another challenge in accessing the loan was low funding which was represented by 22.2% of the respondents. The effect of low funding was that individuals and women groups were not able to engage in businesses of their choice.

These observations are echoed by Lucy, a member of Sunshine Bidii women group:

“Our most pressing challenge in access of WEF is that the loan takes some time before being disbursed. Secondly, the loan is not enough to enable us to do more or engage in other businesses”.

<table>
<thead>
<tr>
<th>Challenges in access of WEF loans</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long duration in accessing loans</td>
<td>49</td>
<td>77.8</td>
</tr>
<tr>
<td>Low funding</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.5.2 Challenges in Use of C-WES

The leading challenge faced by some respondents (33.3%) was little or no business training. This challenge spells out the need for entrepreneurial knowledge to sustain viable and profitable enterprises which is essential for increased income. The second challenge faced in the use of C-WES as represented by 22.2% of the respondents was expensive licenses from the local government. Money that is spent in obtaining the licenses could have been used to add more stock for the business.

The third challenge faced in the use of C-WES was lack of markets and marketing skills as represented by 17.5% of the respondents. Inability to find sufficient buyers was reported to affect
Poverty and competing domestic financial demands was the fourth challenge faced in the use of C-WES (14.3%). The respondents indicated that there were moments when they were tempted to use funds from the business to address domestic issues. The fifth challenge faced in the use of C-WES as represented by 12.7% of the respondents was price fluctuations. Agricultural products such as horticulture and milk occasionally faced price fluctuations. The result was low prices and consequently low incomes.

Alice, a member of Kiyo women group had this to say on challenges in the use of C-WES; “Most of us are not very well educated especially in the area of business. I think we need to be trained in business and assisted to find markets for our products”.

<table>
<thead>
<tr>
<th>Challenges in the Use of C-WES</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little or no business training</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>Expensive license</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Lack of markets and marketing skills</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>Poverty and competing domestic financial demands</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td>Price fluctuations</td>
<td>8</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.3 Strategies to Mitigate Challenges in Accessing Loans

Bernard, the Kiambaa WEF officer, forwarded a number of strategies in mitigation of the challenges. According to the respondents, the most important strategy in mitigation of the challenges faced in access to loans is to reduce the duration for accessing loans as reported by 65.1% of the respondents. Other strategies include disbursing loans at constituency level (14.3%), advancing loans at individual level (11.1%) and increasing funding (9.5%). All these strategies directly address the challenges in accessing loans listed in Table 4.10 above.
### Table 4.11: Strategies to Mitigate Challenges in Accessing Loans

<table>
<thead>
<tr>
<th>Strategies to Mitigate Challenges</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancing loans at individual level</td>
<td>7</td>
<td>11.1</td>
</tr>
<tr>
<td>Reduce duration for accessing loans</td>
<td>41</td>
<td>65.1</td>
</tr>
<tr>
<td>Centralizing loans at constituency level</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td>Increase funding</td>
<td>6</td>
<td>9.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

#### 4.5.4 Strategies to mitigate Challenges in Use of C-WES

Provision of marketing information and skills was the most useful strategy reported to mitigate challenges in the use of C-WES followed by business training. The other strategies were learning from others and poverty alleviation. The application of these strategies will address the challenges in the use of C-WES appropriately.

#### Table 4.12: Strategies to Mitigate Challenges in the Use of C-WES

<table>
<thead>
<tr>
<th>Strategies to mitigate challenges in the use of C-WES</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing information and skills</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>Business training</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Learning from others</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>Poverty alleviation</td>
<td>9</td>
<td>14.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Therefore, this chapter reported the results of the analysis of data covering the respondents’ background information, the number of women groups that had accessed WEF loans in Kiambaa constituency and the businesses into which WEF loans were put. The chapter looked at the extent to which businesses supported by WEF loans had helped in improving the livelihoods of women groups and the challenges in access and use of WEF loans in Kiambaa constituency. Finally, the chapter looked at the strategies in mitigation of the challenges in the use of C-WES.
5.1 Summary of Findings

The findings were made in light of objectives of the study and discovered that there were 90 registered women groups that had accessed WEF in the constituency between 2007 and 2012 totaling to Kshs 5,500,000. All of the groups comprised of not more than ten members. Most of these groups had operated for a period of 5 years or more. Most of these groups had accessed WEF loans only once, borrowing between Ksh. 40,001 and 50,000 from WEF. All of these groups did not pay any interest on the last WEF loan that they took and accessed the loans in the duration of between 1 and 3 months in a fair process of loan disbursement. The types of businesses into which WEF loans were put included livestock farming, loans or table banking, horticultural farming and salon business. Other business activities undertaken were running food kiosks, real estates and hawking.

It was found that the monthly income of most women groups were above Ksh. 10,000 generated from stocks valued at between Ksh. 40,001 and 50,000. The stocks for the businesses increased after receiving WEF loans by above Ksh. 100,000. However, in most of the groups, there was no increase of members. The incomes of most individual members in women groups increased between Ksh. 10,000 and Ksh. 30,000. Majority of the respondents said that their living standards had improved as a result of the microcredit they received from WEF. This entailed improvements in savings, housing, furniture, health, clothing, food, finances, education, socio-cultural relations and self-esteem.

The findings indicated that the most notable challenge in accessing loans faced by individuals in women groups is the long duration for accessing loans followed by low funding. It was also found that the most important challenge faced by majority of the respondents in the use of the loans was little or no business training followed by lack of markets and marketing skills. However, the most important strategy in mitigation of the challenges faced in access to loans is to reduce duration for accessing loans followed by centralizing loans at constituency level, advancing loans at individual level and to increase funding. The strategies available to mitigate
On recommendations for better business performance, it was found that training to improve business skills was most important followed by increasing the amount of loans, product marketing by government and to a small extent, visits to experienced farmers. The study findings indicate that the most relevant recommendation through which government can administer funds to reach more recipients was by increasing loan amounts. This includes fair approvals of loans by officials, reducing the duration of accessing loans hence improving accessibility, and offering loans to individuals instead of groups. Other respondents also indicated that business or entrepreneurship training was important as a recommendation.

5.2 Conclusions
From the above findings, conclusions can be drawn that there were 90 registered women groups that had accessed WEF in the constituency between 2007 and 2012 totaling to Ksh. 5,500,000. These groups were involved in livestock farming, loans or table banking, horticultural farming, salon business, running food kiosks, rental income and hawking. The incomes of individual members of women groups increased thereby improving living standards as a result of the microcredit they received from WEF. This entailed improvements in savings, housing, furniture, health, clothing, food, finances, education, socio-cultural relations and self-esteem. The most notable challenge faced by individuals in women groups in accessing loans is long duration for accessing loans and low funding. The most profound challenge faced by majority of the respondents in the use of the loans was little or no business training and lack of markets and marketing skills.

The most important strategy in mitigation of the challenges faced in access to loans is to reduce duration for accessing loans, centralizing loans at constituency level, advancing loans at individual level and increasing funding. The strategies available to mitigate against challenges in the use of C-WES in order of preference were business training and addressing marketing information and skills. Training to improve business skills, increasing the amount of loans and product marketing are the recommendations for better business performance. For government to
5.3 Recommendations

5.3.1 Policy Recommendations
The government through WEF board should provide business training, increase loan amounts and assist loan recipients to market their products. Training empowers individuals and women groups on the relevant business models that can result in profit and increased incomes. Better loan terms should include reducing the duration of accessing loans, offering loans to individuals instead of groups and giving more repayment time. Visits to experienced farmers are relevant to agricultural enterprises because of the opportunities it creates for learning hence ensuring future success of the agro businesses. The government should spearhead WEF awareness through advertisements and campaigns, and send WEF officers to grassroots to recruit more groups.

5.3.2 Recommendations for Further Research
This study focused on the effectiveness of WEF in improving the livelihoods of women groups in the informal sector in Kiambaa constituency. Despite this role being important for auditing the use of WEF loans and its helpfulness to women empowerment through SMEs and the viability of WEF, it has not been given due attention by the government and stakeholders. There is also little information on the relationship between micro credit and employment creation. Further studies are therefore recommended in other constituencies, counties or for the entire country in order to get a true and broad picture of the effectiveness of WEF in improving the livelihoods of loan recipients in Kenya.
REFERENCES


KIPPRA (2001), Legal and Other Constraints on Assets to Financial Services in Kenya: Survey Results. Nairobi: KIPPRA.


**Internet Sources**


UNDP (2012b), “International Human Development Index” (Data).

APPENDICES

Questionnaire for Women Group Members

I am Philomena Wairimu Kamau, an M.A. student from University of Nairobi, Department of Sociology. This interview schedule is aimed at collecting information on the effectiveness of the Women Enterprise Fund in improving the livelihoods of women groups in the informal sector in Kiambaa constituency. The information you give will be treated with utmost confidentiality.

I. Background Information

1. Name ........................................................................................................................................

2. Age

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td>[ ]</td>
</tr>
<tr>
<td>25-31</td>
<td>[ ]</td>
</tr>
<tr>
<td>32-38</td>
<td>[ ]</td>
</tr>
<tr>
<td>Above 39 years</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

3. Gender:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
| Female  | [ ]       | (Tick one)

4. Marital status

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>[ ]</td>
</tr>
<tr>
<td>Married</td>
<td>[ ]</td>
</tr>
<tr>
<td>Divorced</td>
<td>[ ]</td>
</tr>
<tr>
<td>Widowed</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

5. Designation / Title........................................................................................................

<table>
<thead>
<tr>
<th>Designation / Title</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>[ ]</td>
</tr>
<tr>
<td>Official</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

6. Highest level of education

<table>
<thead>
<tr>
<th>Highest level of education</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>[ ]</td>
</tr>
<tr>
<td>Primary</td>
<td>[ ]</td>
</tr>
<tr>
<td>Secondary</td>
<td>[ ]</td>
</tr>
<tr>
<td>College /University</td>
<td>[ ]</td>
</tr>
<tr>
<td>Other (Explain)</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
55

II. Accessibility of C-WES

9. How many times has your group accessed C-WES?
   (1) Once [ ]
   (2) Twice [ ]
   (3) Thrice [ ]

10. What was the amount of loan that you borrowed and when?
    (1) 40,001 ÷ 50,000 [ ]
    (2) Above 50,000 [ ]

11. What was the repayment interest rate for the last loan?

12. What were the criteria and procedure for award of the loan?
    (1) Have a regular source of income [ ]
    (2) Collateral [ ]
    (3) Age [ ]
    (4) Other (specify) .................................................................................................................................

13. Were there collateral requirements?
    (1) Yes [ ]
    (2) No [ ]

14. If yes, what were they?
    (1) Title deed for land / building [ ]
    (2) Vehicle log book [ ]
    (3) Bank deposit [ ]
    (4) Other .....................................................................................................................................................

15. Were they fair in your view? ..................................................................................................................

16. What was the length of time taken to access the C-WES loan (s)?

55
III. BUSINESS PERFORMANCE

17. What type of enterprise does your group engage in?
   (1) Livestock farming
   (2) Horticultural farming
   (3) Food kiosk
   (4) Cyber café business
   (5) Salon business
   (6) Hawking
   (7) Other

18. For how long have you been involved in the above business?
   (1) Less than 1 year
   (2) 1 ½ - 3 years
   (3) 3 ½ - 5 years
   (4) Above 5 years

19. What is the estimated income earned per month?
   (1) Below 5,000/=  
   (2) 5,000/= - 10,000/=  
   (3) Above 10,000/=  

20. What is the value of your current stock?

21. Please quantify the changes that have occurred since your group received the loan from C-WES under the following:
   (1) Stock
   (2) Services
   (3) Number of employees
   (4) Equipment and tools

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22. What would you like to recommend to facilitate better business performance?
   (1) Training to improve business skills [ ]
   (2) Marketing of products by government [ ]
   (3) Increase in the amount of loans [ ]
   (4) Other……………………………………………………………………………………………………...

IV Effects on Livelihoods of Individuals in Women Groups

23. Has your income increased after getting the micro credit?
   (1) Yes [ ]
   (2) No [ ]
If yes, by how much?.........................................................................................................................

Comment briefly on the status of your living standards since you acquired the microcredit in terms of;

24. Housing;
   (1) Improved [ ]
   (2) Same [ ]
   (3) Worse [ ] (Tick one)

25. Furniture;
   (1) Improved [ ]
   (2) Same [ ]
   (3) Worse [ ]

26. Health;
   (1) Improved [ ]
   (2) Same [ ]
   (3) Worse [ ]

27. Clothing;
   (1) Improved [ ]
28. Food;  
   (1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]  

29. Emergency finances;  
   1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]  

30. Savings;  
   (1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]  

31. Education;  
   (1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]  

32. Socio-cultural relations;  
   (i) Improved [ ]  
   (ii) Same [ ]  
   (iii) Worse [ ]  

33. Self esteem and knowledge;  
   (1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]  

34. Control over assets;  
   (1) Improved [ ]  
   (2) Same [ ]  
   (3) Worse [ ]
59.

Have members in your group increased after getting the micro credit?

(2) No [ ]

If yes, by how many?

V: Challenges in Access and Use of C-WES

36. What are the challenges that you have faced in accessing the C-WES loan?

(1) Long duration for accessing loans [ ]
(2) Low funding [ ]
(3) Other

37. What can be done to mitigate the challenges that you face in accessing the C-WES loan?

(1) Reduce duration for accessing loans [ ]
(2) Increase funding [ ]
(3) Centralizing loans at constituency level [ ]
(4) Advancing loans at individual level [ ]
(5) Other

38. Have you have faced any challenges in the use of C-WES loans?

(1) Yes [ ]
(2) No [ ]

39. If yes, please indicate the importance that you have given to the following challenges in the use of C-WES loans. Please use the following key:

1) Very high
2) High
3) Low
4) Very low

(1) Little or no business training [ ]
(2) Discrimination [ ]
(3) Expensive licenses [ ]
(4) Harassment by inspecting officials [ ]
(5) Lack of markets and marketing skills [ ]
(6) Poverty and competing domestic financial demands [ ]
39. What is the level of importance that you have given to the following strategies to mitigate the challenges that you have faced in the use of C-WES loans? Please use the following key:

1) Very high
2) High
3) Low
4) Very low

(1) Business training [ ]
(2) Marketing information and skills [ ]
(3) Learn from others more experienced [ ]
(4) Poverty alleviation [ ]
(5) Other..........................................................[ ]

40. How can government administer the fund more efficiently to reach more women?

Thank you.
Appendix 2: Interview Guide for Key Informants (Divisional Constituency WEF Committee; the Ministry of Gender -District and Divisional Gender and Social Development Officers; Local Administrators- Chiefs; and a Community Development Assistant)

I am Philomena Wairimu Kamau, an M.A. student from University of Nairobi, Department of Sociology. This interview schedule is aimed at collecting information on the effectiveness of the Women Enterprise Fund in improving the livelihoods of women groups in the informal sector in Kiambaa constituency. The information you give will be treated with outmost confidentiality.

I. Background Information
1. Name ...............................................................................................................................
2. Designation /Title...........................................................................................................
3. Name of organization ....................................................................................................

II. Accessibility of C-WES
4. What is the main objective of C-WES?........................................................................
5. Who are the target beneficiaries?................................................................................
6. How many women groups have received the loan since its inception?......................
7. Have these numbers been increasing or decreasing over time?..................................
8. What is the reason for the increase or decrease of the numbers?..........................
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................
8. What are the criteria for the award of the loan?......................................................
9. Are there any collateral requirements?
   Yes [ ]
   No [ ]
   (a) If yes, please explainé é é é é é é é é é é é é é é é é é é é é é é é é é é é é é é é .
   (b) What is the repayment interest rate?........................................................................

10. Do you have a high rate of defaulters?
11. If yes, what reasons do they give that hinder them from prompt repayment?

12. What do you do to defaulters?

13. From lessons learnt, what can be done to mitigate the challenges and improve accessibility of the fund by the women groups?

III. BUSINESS PERFORMANCE

14. What positive changes have occurred since the women groups have received the microcredit from C-WES? At (a) business level (b) At individual level (c) At group level

15. In what way did the loan improve the business performance in terms of;
   (i) Stock
   (ii) Services
   (iii) Number of employees
   (iv) Equipment and tools
   (v) Profit margin
   (vi) Other (specify)

16. What would you like to recommend to facilitate better business performance?

IV Effects on Livelihoods of Individuals in Women Groups

17. In your opinion, has the fund improved the livelihood of women in the groups? (i)
   Yes [    ]
   No [    ]

18. Please comment briefly on whether the living standards of women group members have improved, stayed the same or become worse since they acquired the microcredit in terms of;
iii. Health; é é é é é é é é é é é é ..
iv. Clothing; é é é é é é é é é é é é ..
v. Food; é é é é é é é é é é é é ..
vi. Emergency finances; é é é é é é é é é é é ..
vii. Savings; é é é é é é é é é é é ..
viii. Education; é é é é é é é ..
ix. Socio-cultural relations; é é é é é ..
x. Self esteem and knowledge; é é ..
xii. Control over assets; é ..

V: Challenges in Access to and use of C-WES
19. What are the challenges that face women groups in accessing the C-WES loan? ..
20. What can be done to mitigate the above challenges? é é é é ..
21. What are the challenges that women groups face in the use of C-WES loans? ..
22. What can be done to mitigate the challenges that face women groups in the use of C-WES loans? ..
23. How can government administer the fund more efficiently to reach more women groups? ..

Thank you.