

WOMEN

& THE ECONOMY IN KENYA

Contributions to the Economy,
Constraints and Policy Options

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Executive Summary

This policy brief condenses the finding on the women and the economy research studies that was carried out and forms the basis for policy recommendation that we are making as a result of that report.

Gender equality is good economics that results to significant socio-economic benefits for economic development. The World Bank in its report '*Women, Business and the Law 2020*' reveals three reasons why gender equality matters in development. First, gender equality promotes productivity gains by lowering barriers that constrain women participation in economic opportunities such as employment and entrepreneurship. Second, women's resource endowment and access to economic opportunities provide relatively higher developmental outcomes for children through investment in education, health, food and nutrition.

These investments positively affect human capital and therefore contributes to long-term economic development through inter-generational benefits. Third, socio-economic empowerment of women through gender equality enhances their agency/oversight role in institutional and policy decisions that benefits the society through good governance.

Despite the significant socio-economic benefits that can result from gender equality, women continue to be disadvantaged across the world, especially in developing countries. The World Economic Forum's Global Gender Gap Report 2020 shows that gender gap is higher in Sub-Saharan Africa (SSA) compared to developed countries. The Report ranks Kenya at position 107 out of 153 countries. Within Sub-Saharan Africa Kenya is ranked at position 20 out of 34 countries. The report ranks countries on four pillars: Economic participation and opportunity, educational attainment, political empowerment, and health & survival. Kenya demonstrates higher gender gaps in the first three pillars, which are also the focus in this report. The gender gap indicators used by the World Economic Forum also largely mirror those earlier identified in the World Bank's World Development Report, particularly with regards to access to economic opportunities, opportunities to earn income and educational attainment.

In Kenya private sector provides 95% of the formal and informal sector employment and therefore remains the engine for socio-economic transformation. Third, while the Kenyan government has made some policy initiatives to promote gender equality in access to education, finance and public procurement opportunities, women are yet to benefit as anticipated.

This Policy Brief is our contribution to the cause of women's economic development and we hope that the recommendations made will be well received and considered for action

DAISY AMDANY
EXECUTIVE DIRECTOR-CRAWN TRUST





SUMMARY

This policy brief highlights key findings and policy recommendations from a research report on Women and the Economy undertaken by the CRAWN Trust. It covers insights on socio-economic status of women in Kenya within the public and private sectors, an assessment of implications of COVID-19 pandemic, quantification of contributions of women to Gross Domestic Product (GDP) through the formal sector, the informal sector and unpaid care work, and an assessment of gender mainstreaming in planning and budgeting.

**Women
in Kenya
continue to be
disadvantaged
in terms of skills
development,
employment,
ownership of
enterprises, ...**

Policy Problem

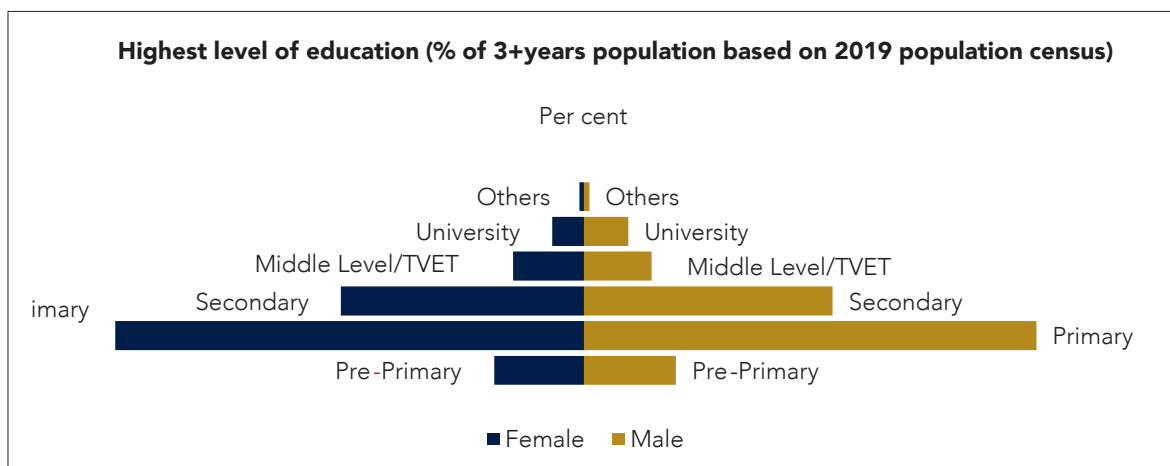
Despite the significant socio-economic benefits that can result from gender equality, women in Kenya continue to be disadvantaged in terms of skills development, employment, ownership of enterprises, access to finance and representation in decision making positions within the public and private sectors. Women are disproportionately engaged in unpaid care work and informal sector, thus denying them opportunities offered by the formal sector, besides making their economic contributions invisible. The emergence of COVID-19 pandemic has revealed that women are more vulnerable to economic shocks. The pandemic has disproportionately affected women through job losses, increased commitments to unpaid care work and escalation in domestic violence.

Developmental Benefits of Gender Equality

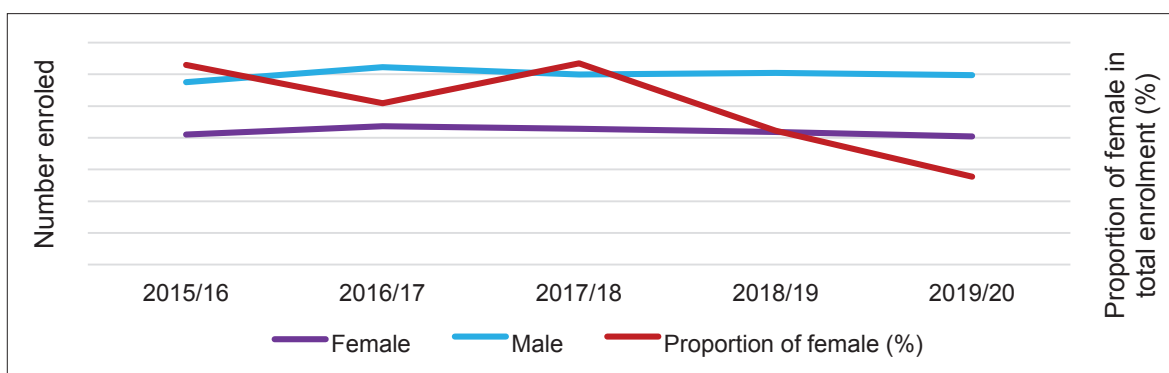
Expanding opportunities for women presents the Country with significant socio-economic benefits for economic development. It promotes productivity growth by addressing barriers that hinder women participation in economic opportunities such as employment and entrepreneurship. Women's access to economic opportunities provide higher developmental outcomes for children through investment in education, health, food and nutrition. Socio-economic empowerment of women also enhances their oversight role in institutional and policy decisions that benefits the society through good governance.

Educational Attainment

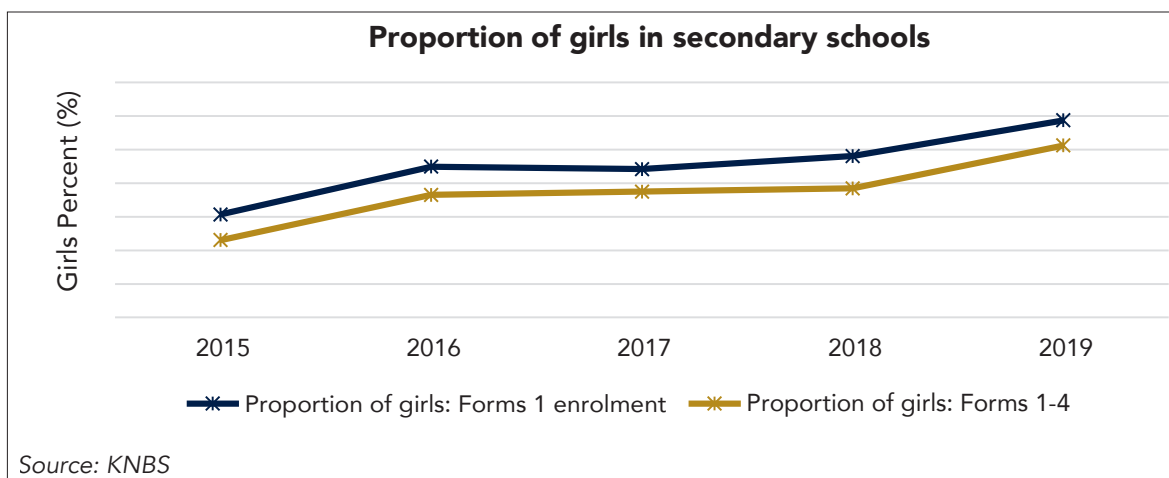
There exist substantial gender gaps in access to education particularly for secondary and university education. This suggests some constraints in upward educational progression for female students. Some of the challenges facing female educational progression include early marriages, child labour in low income and slum areas and disparity in pastoral communities preferring to support boys' education.



The enrolment in universities has recently declined, but disproportionately higher for female students. This trend is attributed to more stringent accreditation requirements for universities by the government and reduction in number of students scoring the minimum university entry score.

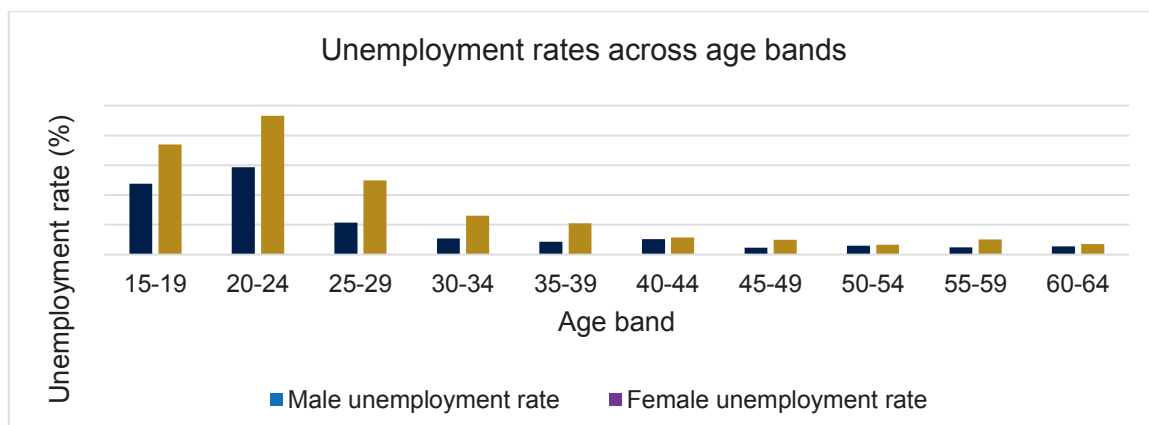


The proportion of female students in form one enrolment increased from 48.1% in 2015 to 50.9% in 2019. Similarly, the overall proportion of female students in secondary schools (Form 1-4) has increased from 47.3% to 50.1% over the same period. The growth in enrolment is attributed to the government policy of targeting 100% transition from primary to secondary education. The overall proportion of female students (average of Form 1 to Form 4) has however remained lower than that of form one. This reveals that despite the government policy on 100% transition rate from primary to secondary schools, an average of 0.8% of girls who join form one do not complete form four.



Labour Force, Unemployment and Poverty

Women labour force participation at 75.6% lags that of men at 79.2%. This means that fewer women are working for pay, profit, or seeking employment. Low education levels and the commitments of women and girls as homemakers explains this lower labour force participation rate. Further, skills constraints in industrial and technology sectors limit women in exploiting opportunities in emerging sectors. Fewer women take Science, Technology, Engineering and Mathematics (STEM) courses due to factors such as lack of role models, gender stereotyping and challenges in accommodating family responsibilities. For example, between 2015/2016 and 2019/2020 female students accounted for only 23% of the university placements for engineering courses. Overall, women accounts for 64.5% of the unemployed persons in Kenya and unemployment is relatively high across all age groups.

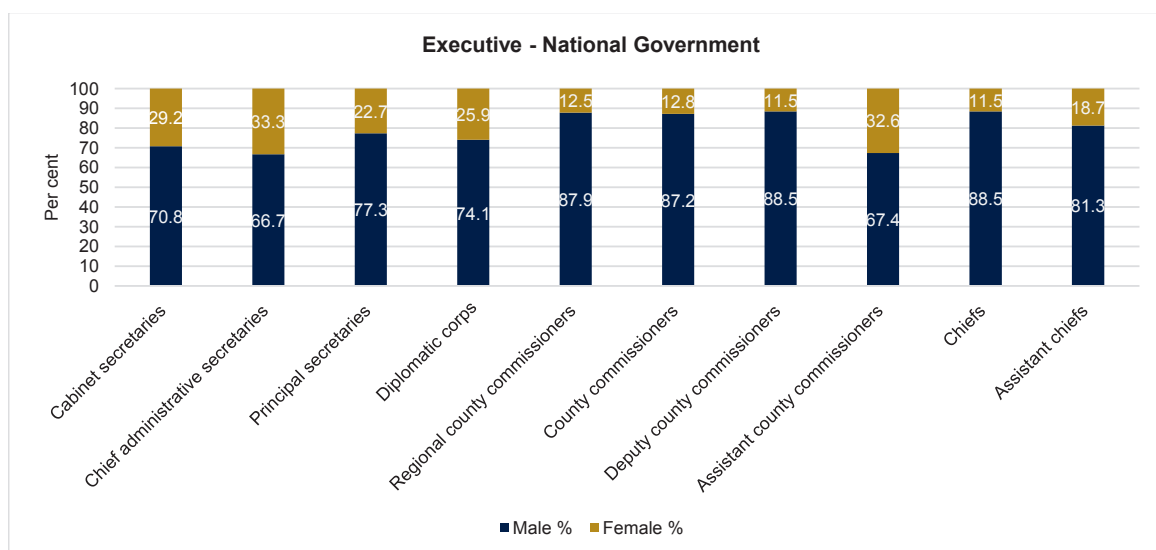


Source: KNBS

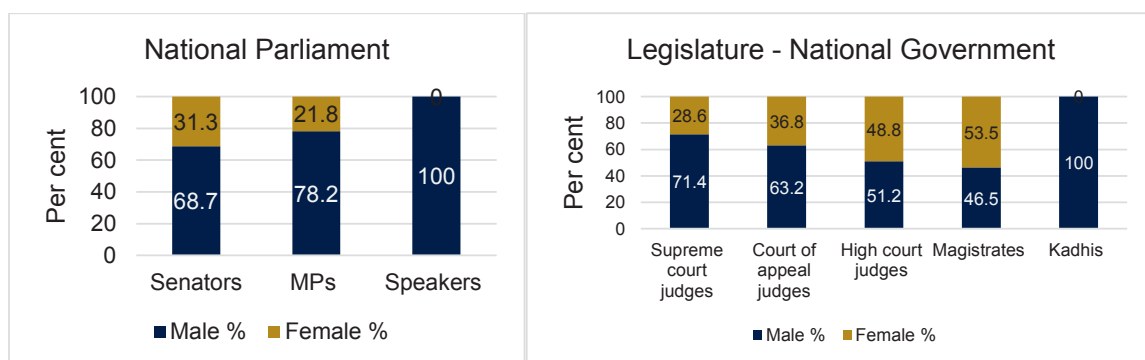
A larger proportion of female-headed households are classified as poor (30.2%) compared to male-headed households at 26.0%. The poverty problem is more severe among the households headed by female who are widows, with poverty rate of about 36.6%. Higher poverty rates among female-headed households results from resource-constraints and challenges accessing employment opportunities.

Women Representation in Public Sector Decision-Making Positions

Women representation in key decision-making positions remain low at the national and county levels. This is despite the Constitution of Kenya providing for gender equality in key decision-making position within the public sector. It is a constitutional requirement that not more than two-thirds of the members of elective or appointive positions are of the same gender - Articles 27(8) and 81(b). Women representations in key decision-making positions such as the Parliament provide important avenues for a holistic socio-economic development of the Country, which may otherwise be overlooked. For instance, during the 11th (2013-2017) and 12th (current) Parliamentary Sessions, the women parliamentarians in Kenya have sponsored Bills on topical issues such as family and gender, special interest group representations, health (including maternal and mental healthcare), food security and nutrition, governance, education and information, security and peace building, human rights and natural resources management.

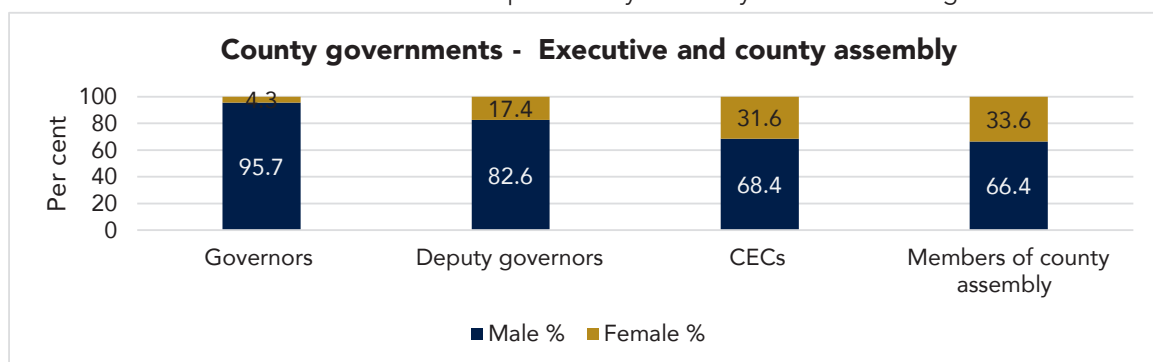


Source: KNBS



Source: KNBS; MPs mean Members of Parliament

At the county governments level, the two-third gender principle has only been achieved for members of county assembly. This is largely credited to the requirement of Article 177(b) of the Constitution providing for special seats to ensure no more than two-thirds of the membership of county assembly are of the same gender.



Source: CECs; CECs mean County Executive Committees

Private Sector Participation

The share of informal sector employment is growing in Kenya, accounting for 83% (15.1 million jobs compared to 3.1 million formal sector jobs) of the total employment in 2019. This trend is explained by flexibility to operate with minimal capital in the informal sector and high costs of doing business within the formal sector attributed to taxation and regulatory compliance. Informal sector however presents some challenges

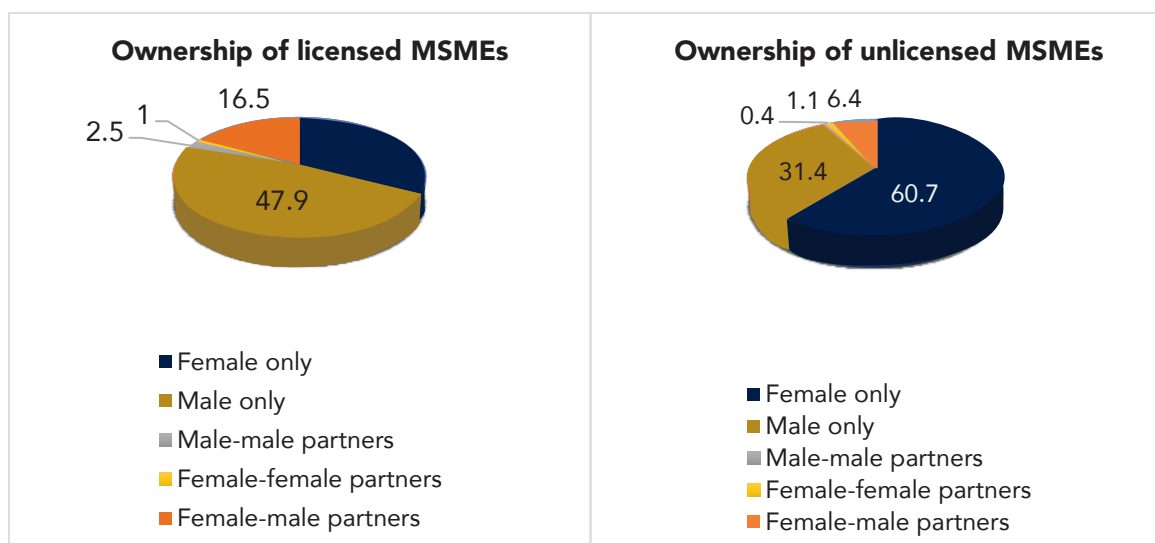


“

Low education levels and the commitments of women and girls as homemakers explains the low labour force participation rate.”

including weak social protection and compliance with health and safety standards, tax administration and difficulties in compiling national socio-economic statistics such as employment and contributions to Gross Domestic Product (GDP). Policy measures targeted to benefit informal sector enterprises are also hard to implement as in the case of COVID-19 pandemic. Informal enterprises also face higher business environment challenges such as access to markets, public services and finance.

Women employment and ownership is mainly within micro enterprises that operate within the informal sector. Most of these enterprises are not registered, and at the minimum also lack licenses from county governments because they largely operate in the open market.



Source: KNBS: MSMEs means Micro, Small and Medium Enterprises.

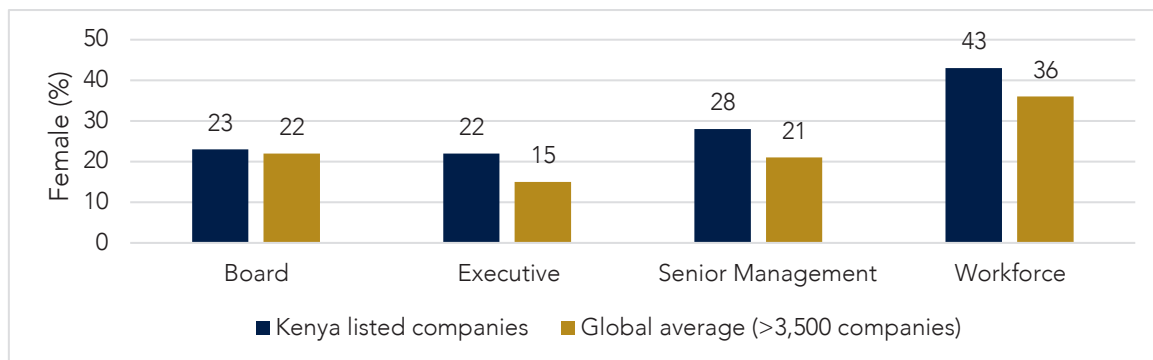
Women ownership and management within the formal sector enterprises is lower in large firms compared to small firms and medium firms. Smaller firms tend to have low resource base and therefore face multiple challenges related to accessing markets, finance, innovation, technology adoption and utilities.

Gender Indicator	Small firms	Medium firms	Large firms	All firms
Firms with female participation in ownership (%)	45.5	57.5	32.2	47.5
Firms with a female top manager (%)	22.1	9.9	8.8	18.1
Permanent full-time workers that are female (%)	32.5	30.8	22.9	31.5
Full-time production workers that are female (%)	28.1	23.9	27.2	26.0
Full-time non-production workers that are female (%)	35.2	36.1	31.5	34.8

Source: World Bank Enterprise Survey 2018

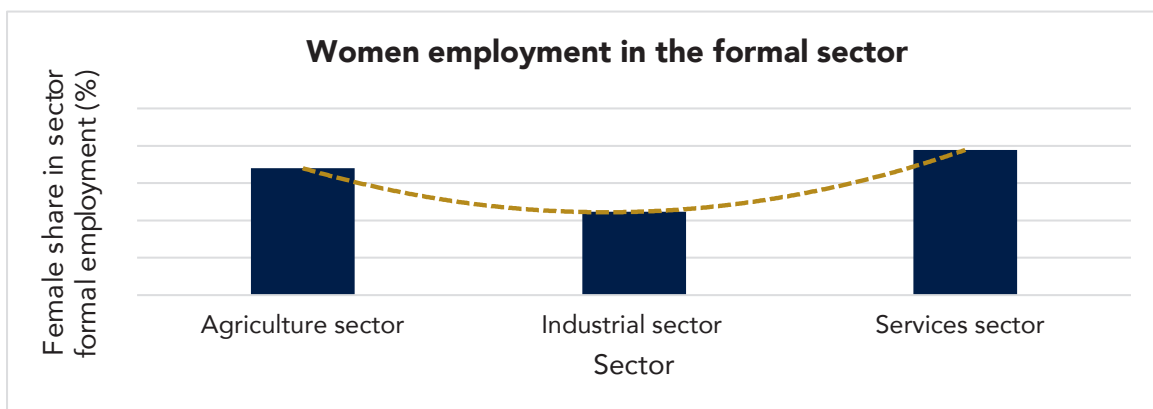
Women account for 23% of board members and 22% of executive officers within companies listed on the Nairobi Securities Exchange (NSE). There is a strong positive association between higher gender equality score and flexible working arrangements of enterprises. Gender representation is higher within services (particularly communications and financial sectors) compared to the industrial sector.

Within the formal sector, women account for 22% of jobs in industrial sector, compared to agriculture (34%) and services (39%). Women therefore benefit less from national wealth created through the industrial sector. Fewer women take Science, Technology, Engineering and Mathematics (STEM) courses that are required within the industrial sector.



Source: Stichting Equileap Foundation/Nairobi Securities Exchange

When informal sector is considered, agriculture contributes 70% of the total employment, employing 75% of the women in Kenya. Women however face severe challenges even within the agriculture sector owing to limited land ownership, access to extension services, access to finance for investment in modern technology and agricultural equipment, limited opportunities for membership of cooperatives and access to reliable markets for farm produce. While women provide bulk of the labour in agriculture, they do not enjoy the returns proportionately due to depressed productivity resulting from these intertwined challenges and low wage earnings.

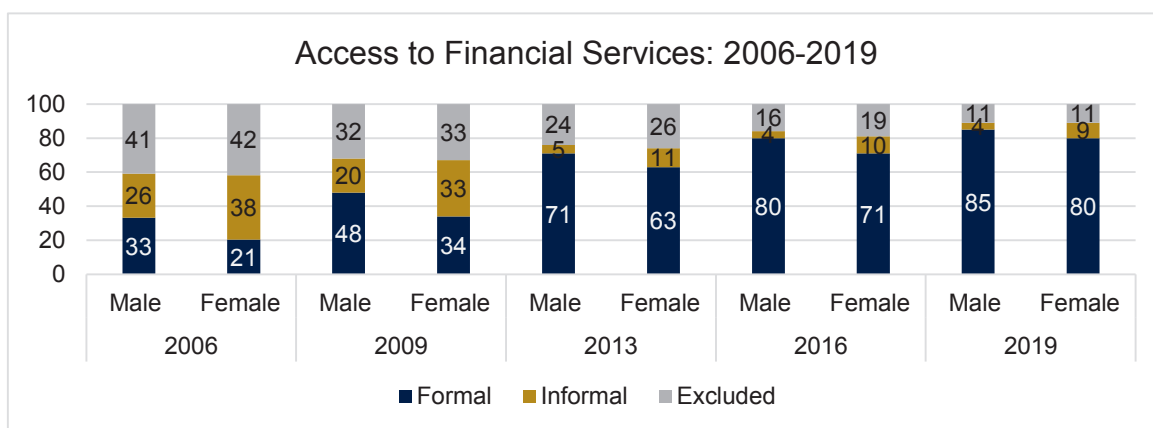


Source: KNBS

The 2016 Micro, Small and Medium Enterprises (MSME) Survey shows that over 400 MSMEs are closed annually, of which 66% are owned by women. The main reasons for closures are financing challenges (30%); personal reasons (23%); few customers/competition pressures (20%); and shortage of stock and raw materials (6%). Among the owners who closed businesses, the top three next moves they take are: 34% do not engage in any other business; 29% start working for someone else; and 23% started other business.

About 20% of the Kenyan women lack access to formal financial services. More women depend on informal financial services that are faced with challenges such as loss of savings and weak credit history. On a positive note, gender gap in the overall access to formal financial services narrowed from 12% in 2006 to 5% in 2019. Factors contributing to the pending gender gap in access to formal financial services include low financial literacy, cultural barriers and lack of collateral to access credit.

75%
 Percentage number of women employed in agricultural sector.

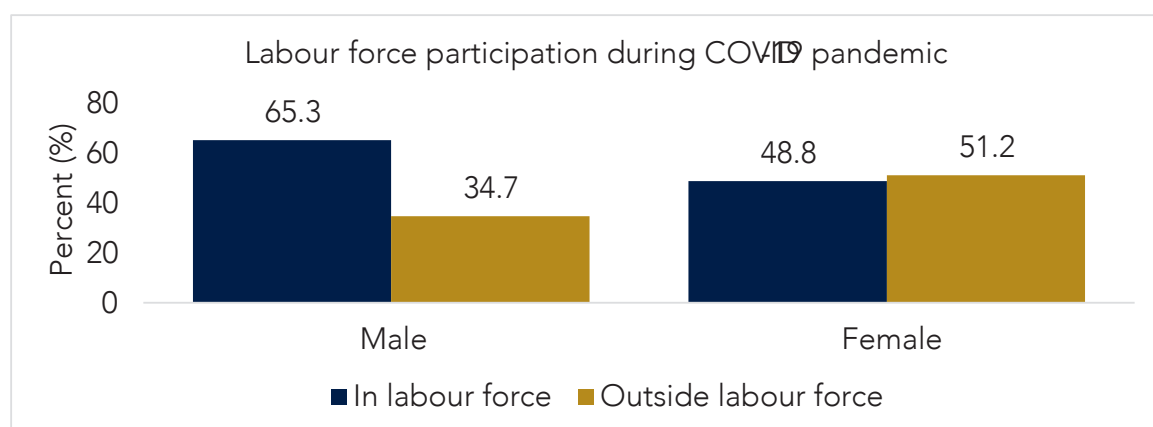


Source: KNBS/Central Bank of Kenya

Women’s usage of insurance and pension services remains disproportionately low while payment services (leveraging on mobile money) remains high. Low usage of insurance and pension demonstrates vulnerability of women to shocks especially in retirement age. The low usage of these financial services is explained by the fact that women mostly operate in the informal sector and perform unpaid care work.

Implications of COVID-19 Pandemic on Women

Economic disruptions caused by the spread of COVID-19 pandemic have exposed vulnerabilities of women and girls to further inequalities, social and psychological stress. Women owned enterprises are micro or small in nature and largely operate in the informal sector where in most cases they lack sufficient investment and value chain integration to cushion against shocks. Access to stimulus packages promised by the Government hardly benefit this segment of the enterprises due to weak information on the informal sector and their operations outside formal arrangements. Key sectors of the economy that employ women such as horticulture, tourism, accommodation, restaurant and other services have been severely affected by the recent COVID-19 pandemic. Consequently, women have been disproportionately pushed out of the labour market. Women also face skills constraints in more resilient and growing technology sector. For instance, according to the Economic Survey 2020 women accounted for only one-third of persons employed in the information and technology sector.



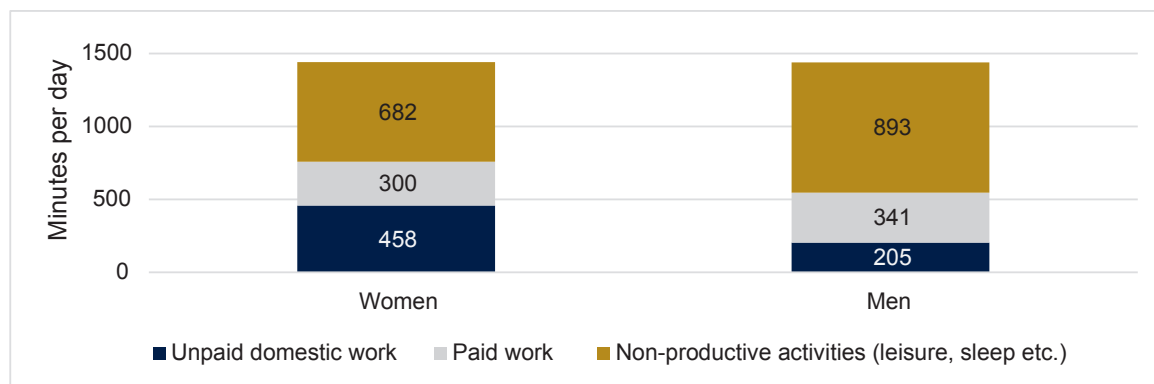
Source: KNBS

The burden of unpaid care work for women also increased during the COVID-19 pandemic. This include caring for children, meals management and preparation and caring for dependent adults including the elderly, for which on average 10% more women reported time allocation have increase compared to men. The increased

burden of unpaid care work means increased gender inequality in access to economic opportunities and incomes. There has also been a surge in gender-based violence and early pregnancies (“shadow pandemic”) that affect women and girls. Overall, 23.6 per cent of the households surveyed by KNBS in June 2020 reported to have witnessed or heard cases of domestic violence in their communities.

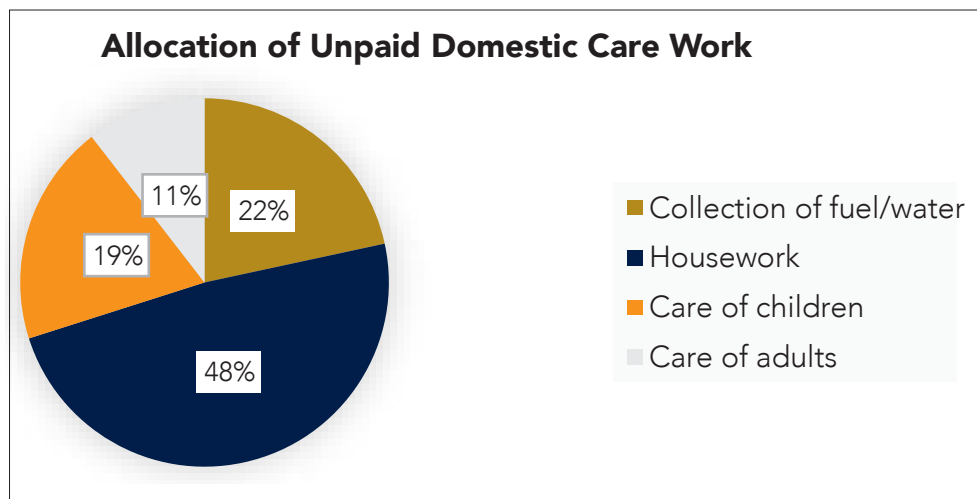
Analysis of GDP Contributions by Women

Women on average spend 458 minutes (7.6 hours) on unpaid care work compared to only 300 minutes (5 hours) on paid work. Moreover, women spend less time on unproductive activities by about 25% compared to men, meaning they have less time for leisure and sleep.



Source: ActionAid - Case of Bamburi (Mombasa county) and Tangelbei (Baringo County)

About 50% of the unpaid care work time is utilised on housework and about a fifth on collection of fuel/water. Care for children and adults cumulatively account for 30% of the unpaid care work time.



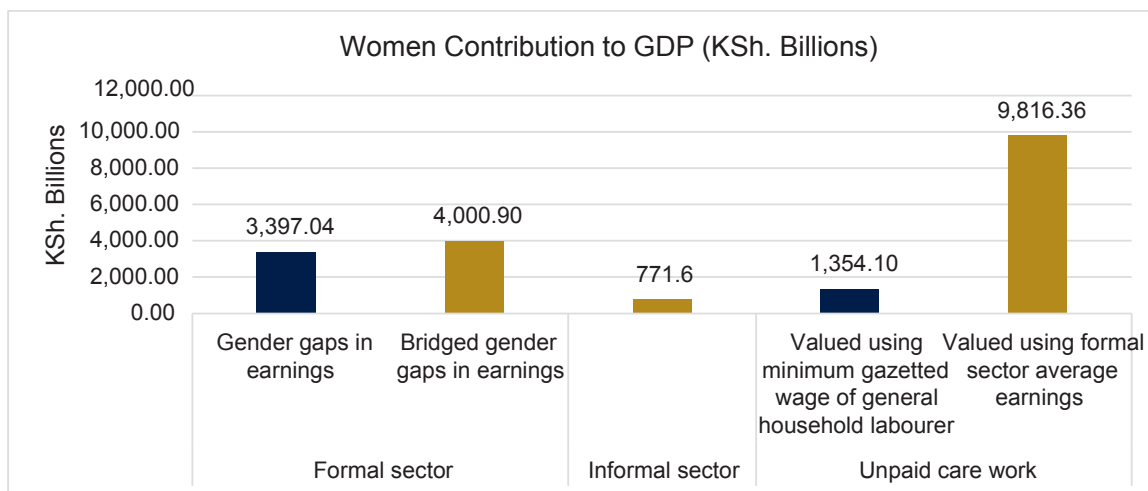
Source: ActionAid - Case of Bamburi (Mombasa county) and Tangelbei (Baringo County)

If valued in terms of lost opportunities in earnings for not being employed in the formal sector, women make highest annual economic contributions through unpaid care work (Double officially reported national GDP) compared to about 14% if valued using minimum gazetted wage of a general household labourer, yet this is not accounted for in national statistics. Within the informal sector, women employment and ownership of enterprises is mainly within micro enterprises, contributing about 7.9% of GDP. Informal micro enterprises face many challenges such as access to finance, access to markets, low innovation and technology adoption that limit productivity growth, and impacts of external shocks related to climate change related hazards (e.g. droughts and floods),

458
minutes

Amount of time Women spend on unpaid care work

diseases pandemics (e.g. COVID-19 pandemic) and others such as destruction of assets and stock by fire. Women therefore make minimal GDP contributions through informal sector. Women make moderate economic contributions through the formal sector (about 35% of GDP) due to minimal participation especially in the industrial sector and gender related earning gaps. If gender earning gaps are bridged, women’s contributions in the formal sector would rise to over 40% of GDP.

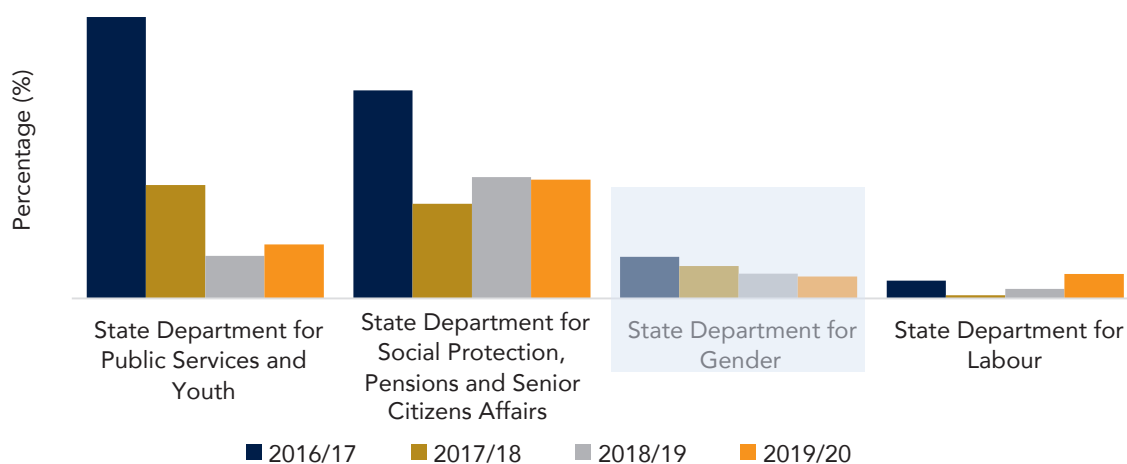


Source: Estimations from KNBS data

Planning and Budgeting for Gender-Sensitive Inclusive Development

Gender responsive budgeting serves as an intrinsic socioeconomic tool for promoting social justice and entrenching gender equality. The allocation to the State Department for Gender as a proportion of total expenditure on social services remains low. It has declined from 7.6% in the fiscal year 2016/17 to 4.0% in 2019/20.

Allocation of National Government Budget to Social Services

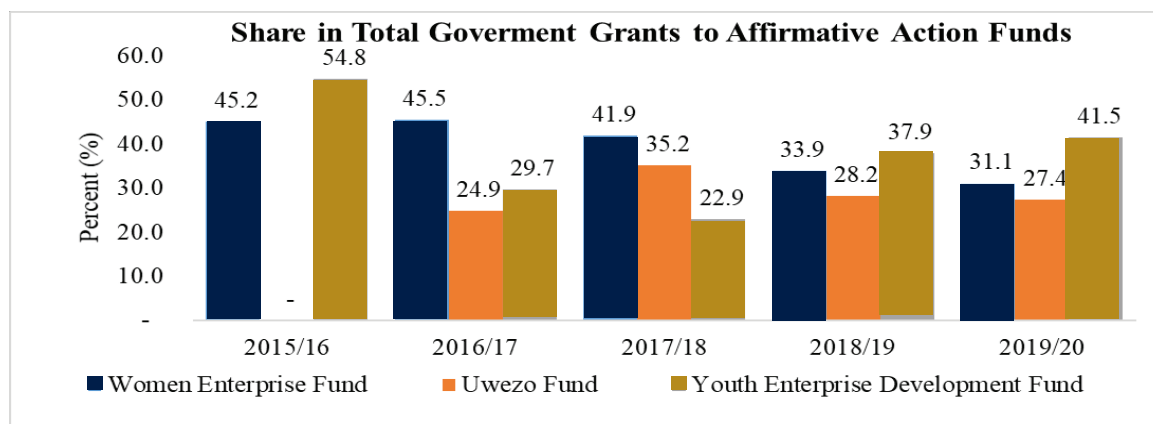


Source: National Treasury and Planning

The analysis of the Fiscal Year 2020/21 budget reveals three insights. First, total expenditure on women empowerment programmes declined from KSh. 4.9 billion in the Fiscal Year 2019/20 to KSh. 3.8 billion in the Fiscal Year 2020/21. Second, while the overall development expenditure as a proportion of total budget averaged 17.4% in the Fiscal Year 2019/20 and 2020/21, the proportion of gender sensitive development expenditure to total development expenditure averaged 0.7%. Third, gender sensitive

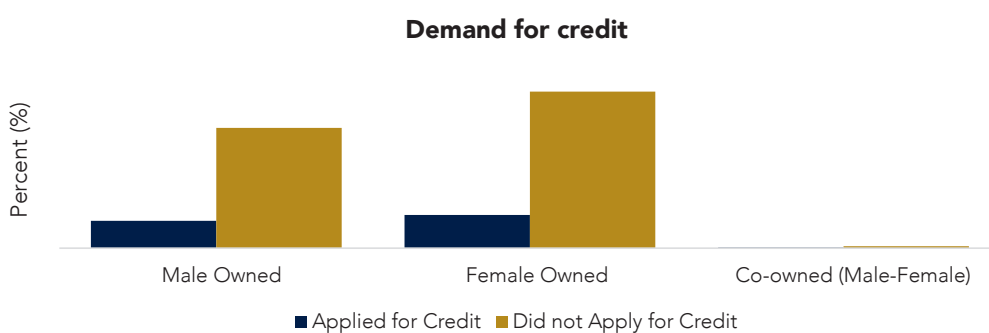
recurrent expenditure constitutes 0.08 percent of total national recurrent expenditure. This is despite the total national recurrent expenditure constituting 82.6 percent of the overall national budget.

The gender gaps facing women is further revealed by the continued decline in government budgetary allocation towards the Women Enterprise Fund (WEF) compared to other affirmative action funds, notwithstanding various pronouncements and policy initiatives targeting women. The share of government grants to WEF declined to 31.1% in fiscal year 2019/20 from 45.2% in 2015/16 and has been surpassed by allocations to the Youth Enterprise Development Fund (YEDF). On the other hand, the share of funds allocation to Uwezo Fund increased over the same period.



Source: KNBS

Low demand for credit by women owned enterprises is higher compared to male owned enterprises, perhaps pointing to underlying constraints in accessing loans through the private sector channels. The number of women owned enterprises that reported having not applied for credit was higher at 46% compared to 35.3% of the male owned enterprises. This is due to binding constraints such as lack of collateral and credit history that are often required by lenders such as banks and microfinance institutions. Women have traditionally been locked out in terms of access to ownership and control over land and other forms of property, financial services, inheritance and natural resources.



Source: KNBS

3.8 billion
expenditure on women empowerment programmes, 2019/20



POLICIES Recommendations

- » The government through the Ministry of Labour in collaboration with development partners should conduct regular national-wide time-use surveys to understand allocation of time by women and men in paid work, unpaid care work and leisure activities.
- » Such efforts would be vital in assessing the Country's progress towards Sustainable Development Goal (SDG) 5 in recognizing the value of unpaid care work and promotion of women's full and effective participation in political, economic and public life.
- » Private sector to undertake regular surveys of entities and rankings of gender diversity at all levels including the board, executive and senior management in order to ensure inclusion of women's realities.
- » Respective line ministries should consider gender aspects in the development of emergency response plans, budgeting and other recovery strategies to mitigate the impacts of emerging issues such as COVID- 19 and other unforeseen emergencies.

These include: -

- Designing socio-economic plans and programmes that equitably address the impacts on women and girls. Such as allocation of grants/ low interest loans to women businesses for economic recovery.
- Targeting employees and entrepreneurs at the highest risk of unemployment and income losses.
- Inclusion of women in key recovery decision plans.
- Use of tax and subsidy measures on basic commodities for use by women and girls.
- Tax breaks as economic incentives
- Access to justice and shelters for emerging gender-based violence.

- Enforcement of continuous collection and analysis of gender-disaggregated data to monitor the economic and social impacts of the pandemic on women and girls over short, medium to long-term.

» Revitalise and restructure the affirmative action programmes particularly related to financing and procurement opportunities.

Key issues to be addressed under affirmative action programmes to include: -

- Access to information on programmes.
- Adequate and substantial financial literacy.
- Integrated business development services.
- Adopting favourable lending approaches/models with ease of access (time and cost).

» Adoption/ formulation of transformative care policies at the workplace as recommended by ILO. These include parental leave policies, publicly funded early childhood development and care services, childcare grants, work arrangements (e.g. flexitime) and infrastructure support services such as breastfeeding stations.

» Implementation by relevant line ministries on the Agricultural Sector Transformation and Growth Strategy 2019-2029, to support women in agriculture through extension services, financing, land access/ownership and value addition/agro-processing while looking at agriculture as a business venture.

» Bridging of the gender disparities in earnings in the public and private sectors. On average women earn about 60% of men's earnings within the formal sector. This aggravates already limited participation of women in the formal sector employment. Bridging gender gaps in earnings require addressing structural challenges related to women's skills, flexibility of working arrangements, co-sharing of unpaid care work and access to equal opportunities. In skills development there is need for more involvement of women in Science, Technology, Engineering and Mathematics (STEM) courses to diversify and exploit opportunities in the industrial and the emerging information and technology sectors. To minimise gender biases and stereotypes in pay, regular labour market surveys should include aspects of monitoring the progress in gender equality. This would aid in realisation of the Sustainable Development Goal (SDG) 5, which among other initiatives require strengthening policies and enforcing legislations for promotion of gender equality and empowering of women and girls at all levels, women's effective participation and equal opportunities for leadership at all levels.

» The Ministry of Education should address the gap in attainment of women's education/ technical skills.

- Ensuring deliberate policy approaches on the education policy especially within tertiary institutions on acquisition of Science, Technology, Engineering and Mathematics (STEM) courses so as to provide increased absorption of women and girls in the industrial sector.
- Promoting uptake of STEM subjects in primary/ secondary schools for girls while offering mentorship through exposure to successful women role models in STEM careers. It is also important for learning institutions to address the myth and negative gender biases in career selection.
- Provision of general skills development through skilling/ re- skilling of women and girls for opening opportunities for women participation in the industrial sector in anticipation of the coming industrial revolution and fast tracking of Kenya's vision 2030 while addressing the issue of adult literacy.

- » Relevant government line Ministries should establish mechanisms to enhance supply of private sector, particularly among women entrepreneurs. Such as overcoming of collateral challenges through establishing a robust institutional framework.
 - First, the government should fast-track and approve the draft Kenya Credit Guarantee Scheme Policy.
 - Second, it is critical to have robust Regulations to operationalize the policy and the fund established thereunder, taking cognizance of unique financing challenges faced by women entrepreneurs.
 - Besides supporting existing MSEs/ SMSEs it is also critical to support start-ups with promising growth opportunities.
- » Increment on budgetary allocations to the relevant gender departments and commissions while ensuring enhanced oversight of these funds at the national and county levels for gender sensitive and inclusive development.





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