



UNIVERSITY OF NAIROBI



# Evaluating the Effectiveness of Incubating Women's Collective/Group Businesses for Replication

Presentation before Technical Committee

By

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# Objectives of the WBI Collectives Baseline

- Assess women's access to business development services (including the provision of information, knowledge, skills, and advice on the various aspects of a business).
- Evaluate individual groups' governance structures and their capacity to facilitate the growth/formalization of their business.
- Assess existing structures that support the growth of individual members such as the benefits of being in the group (whether they can access the support/benefits from elsewhere as a group, i.e., banks, institutions, or county government).



# Methodology

- Data was collected from 16 collectives in 12 counties, using a mixed method approach, with both qualitative and quantitative methods.
- Three specific methods were used as follows:
  - Group key informant interviews were conducted with 5 leaders from each collective.
  - A group quantitative questionnaire was also administered still to the leaders of the collectives.
  - 3 individual members of each collectives were surveyed using a quantitative questionnaire.
- KNBS was the main partner in conducting the baseline. The process of collecting quantitative data entailed the use of tablets running the CAPI software. Before embarking on the data collection, the research team was trained by the KNBS team.



# Outputs & Status

- Key outputs include the analysed data and a report of the study.
- Report submitted for review and findings used to inform implementation.





# Findings

- The following discussion highlights key themes from the findings. These themes inform the needs which the WBI project needs to address in order to respond to the needs of the collectives. The key themes covered include:
  - Reasons for establishment of collectives
  - Registration
  - Access to and use of credit
  - Savings
  - Access to markets
  - Training needs



# Reasons for Establishment of Collectives

- Collectives were established in order to support the business needs of individual women in the grassroots. Some of the challenges which women faced and which led them to establish collectives include: poverty, inability to access credit through banks and other formal lending institutions and the need for support in running their business more efficiently and effectively, for example as a collective, it is easier and cheaper to source raw materials.
- Individuals join the groups because they see such groups as providing opportunities for growth, and such opportunities are better accessed by the groups rather than by individuals. Further, through the groups, individuals are able to address the challenges that their businesses face, which would have been difficult to address as individuals.



# Registration

- Most of the collectives are registered as social groups under the registrar of societies and some also have county licenses. Out of the sixteen collectives, eight of them (50%) had a county license, while thirteen of the groups are registered as social groups (81.25%). Additionally, eight of them (50%) possess both.
- Registration of individual businesses within the groups was minimal, with a big proportion of the individual members (69.90%) running businesses which are not registered.
- Reasons for non registration of individual businesses include: High cost of registration (35.30%); unfavorable business environment (25.00%); lack of knowledge (19.10%) and difficulty in procedures (17.60%).



## Access to Credit

- Only three collectives (18.75%) had applied for loans whereby two of them (12.5%) received from the Women Enterprise Fund (WEF), and one group (6.25%) had received funding from the bank.
- The obstacles to accessing credit cited include fear (6.25%), stringent requirements (12.5%), Lack of collateral (12.5%) and lack of knowledge on where to access loans (18.75%).
- The main sources credit for the individual businesses were table banking (56.70%); MFI/SACCOs (19.40%); Mobile money (10.40%), Banks (7.50%) and AAFs such as WEF (4.50%) and NGAAF (1.50%).
- With regard to the AAFs funds for women UWEZO fund was the most popular one at 39.60%; followed by Women Enterprise Fund (26%), Youth Enterprise Development Fund (18.80%), NGAAF (6.50%) and CGS (1.30%). About 8% of the women interviewed had not heard about any AAFs.





# Use of Credit

- Most loans obtained by individual business owners were utilized in expanding their existing income-earning activity (57.50%). Loan diversion for the following purposes was also noted: payment of school fees (17.50%), emergencies & buying agricultural inputs (5%), building houses, weddings/celebrations and starting new income-earning activity all at 2.5%.



# Savings

- One of the main activities of the collectives is to provide a means through which members can save through table banking.
- Most of the collectives, 43.75% save their money in banks, with the second option being table banking, which was preferred by 31.25% of the groups.
- For individual women within the groups, savings was done through the following: Women's group/Chama/Table banking (37%) were reported to be the main means of savings, followed by bank at 30%. Other modes of savings included Mobile money (17%), microfinance (13%) and home (3%).



# Access to Markets

- A quarter of the collectives (25%) said that they can access markets in other counties, two collectives (6.25%) could access EAC markets while none at all (0%) had access to other international markets.
- More than three-quarters (over 75%) of individual businesses didn't have access to markets outside their counties, markets in the EAC or even other international markets. However, markets outside the counties were more accessible (22.90%) as opposed to markets in EAC (14.50%) and other international markets (2.40%).
- None of the collectives (0%) had utilized AGPO because of constraints such as cumbersome process (18.75%), unfairness in the process (12.5%), Lack of knowledge (18.75%), Cost of application (18.75%), tender documents not available (12.5%) and lack of business registration (6.25%). Others felt that their groups were so young to qualify for AGPO (12.5%)
- None of the individual business owners had accessed a government/national tender. Most tenders awarded were from private entities (70%) while 30% of them were from the county government.



# Training needs

- Access to finance (50%)
- Market access in other countries, the EAC, and other international countries (31.25%)
- Business management (37.5%)
- Mentorship (18.75%)
- Value chain addition (12.5%).
- Additionally, digital marketing was a topic that thirteen of the groups (81.75%) expressed interest in regards to information technology.
- Physical training is the preferred mode of training for fifteen collectives (93.75%) while one group (6.25%) preferred a blended mode of training.



# Lessons

- The core purpose of business incubation is to respond to the needs of businesses so as to support and strengthen them. The findings indicate that some of the key support needs that the business collectives have include:
  - Business registrations
  - Access to credit
  - Training on key aspects including market access, business management and value chain addition
  - Support in accessing more and diverse markets
  - Supporting collectives to market their own products so as to reduce reliance on middle men
  - Access to technology for business management and digital marketing
  - Address information asymmetry in relation to AAFs



# Outcome

- The lessons learnt from the baseline survey have been used to inform and shape the WBI project. The needs identified through the baseline survey are being addressed in the following ways:
  - Training on value addition of raw products, particularly agricultural produce such as potatoes
  - Support in access to credit through policy dialogues with KCB and Hustler's fund
  - Support in accessing diverse markets through training and linkage with key players such as the AGPO secretariat.

*Thank you!*

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