

**POLICY ECOSYSTEM FOR
WOMEN'S ENTREPRENEURSHIP**



Kenya

Barriers, Support Mechanisms & Policy Actions



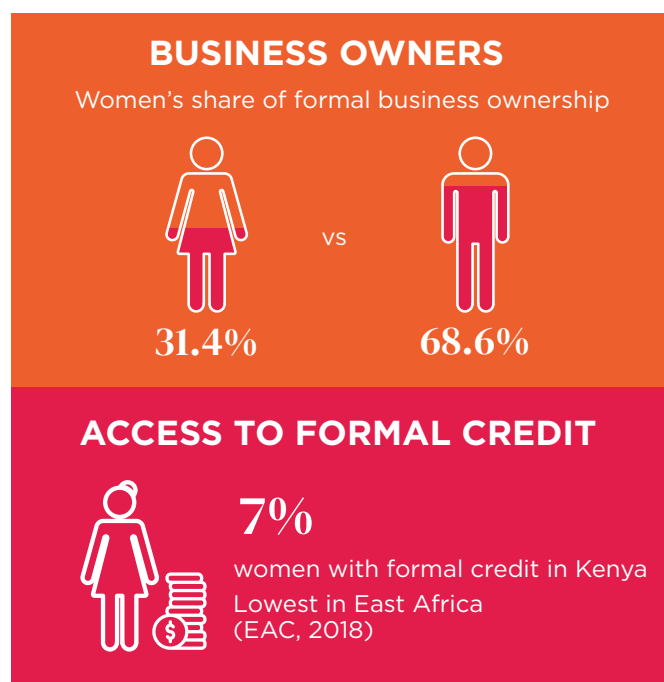
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Introduction

Women's entrepreneurship and micro, small and medium enterprises (MSMEs) are vital drivers of innovation, job creation, wealth generation, family welfare and sustainable development (UN women, 2020). However, women's participation in the workforce and in entrepreneurship remains limited, underscoring the urgent need for a policy ecosystem that fosters gender equality and supports women's entrepreneurship.

In Kenya, there is a significant gender gap in formal business ownership, with only 31.4 % of businesses owned by women (Cherie Blair Foundation for Women, 2023). This disparity is attributed to many factors, including policy and regulatory ecosystem, limited access to affordable support services and gender-specific barriers and challenges. Only 7 % of women in Kenya have access to formal credit, the lowest rate in East Africa (EAC, 2018), which affects their ability to grow and transition to formal businesses. This highlights the urgent need for a policy ecosystem that tackles gendered barriers, promotes equity and advances the development of women entrepreneurs.

Against this backdrop, the Women Creating Wealth - Intergenerational Edition (WCW-I) project, part of the broader Graca Machel Trust (GMT) initiative, is dedicated to gender-transformative enterprise development across several African countries, including Malawi, Zambia, Tanzania, South Africa, Senegal and Kenya.



This policy brief focuses on Kenya as a case study. It aims to inform evidence-based policies and strategies that foster an enabling environment for women entrepreneurs and that drive economic growth, gender equality and social development. The study examined policies, regulations and programmes at national, regional (East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), Intergovernmental Authority on Development (IGAD)) and African Union (AU) levels to assess effectiveness, identify gaps and recommend improvements. Barriers faced by women entrepreneurs were analysed and support mechanisms and best practices were evaluated. Using a mixed-methods approach, including document analysis, policy mapping and key informant interviews (KIIs) with women entrepreneurs, the study provided insights into challenges such as access to finance and markets, and it offers recommendations for effective policy strategies.



Key Messages

- Despite the critical role of women's entrepreneurship in driving economic growth and development, there is a significant gender gap in Kenya, with only 31.4 % of businesses owned by women.
- Women in Kenya face significant barriers to accessing formal credit, with only 7 % able to secure formal financing. High collateral requirements, gender biases in lending and low financial literacy hinder their business growth.
- Women entrepreneurs in Kenya face a fragmented regulatory landscape, with unclear business licensing and bureaucratic hurdles, making it difficult to formalise and grow their businesses across different counties.
- The Uwezo Fund, Women Enterprise Fund (WEF) and the Youth Enterprise and Development Fund (YEDF) support women, including young entrepreneurs. However, challenges such as limited accessibility due to digital application processes, repayment issues and weak evaluation systems hinder their effectiveness and impact on women's business growth.
- Women entrepreneurs have limited access to training, technical skills and networking, particularly in male-dominated industries, where exclusion from mentorship programmes and industry events prevents them from expanding their networks and opportunities.
- Policy recommendations must adopt a comprehensive approach to support women entrepreneurs, focusing on improved access to financing, streamlined regulations, expanded training and mentorship, reduced bureaucracy, enhanced digital literacy and strengthened safety in both digital and physical environments.



Women's Entrepreneurship Policy Ecosystem in Kenya

Kenya has comprehensive gender policies that focus primarily on gender equality and women's development, rather than specifically on women's entrepreneurship. These policies are aligned with AU frameworks, including *Agenda 2063: The Africa We Want*, the AU Strategy on *Gender Equality and Women's Empowerment (GEWE) 2018-2028*, which emphasises gender equality across all sectors, and the *Women and Youth Financial and Economic Inclusion 2030 Initiative (WYFEI 2030)*, which aims to enhance financial inclusion for youth and women in entrepreneurship and MSME support.

The Constitution of Kenya (2010) guarantees equality and non-discrimination. This guarantee establishes a legal framework that promotes women's economic participation. It ensures equal opportunities for both men and women in economic activities, including entrepreneurship. While the Constitution supports women's land rights and inheritance, only **6% of women own land titles**, which are crucial for securing business credit, while approximately **48% of women own MSMEs (IFC, 2024)**. Gender affirmative action allocates 30% of government procurement to women, youth and people with disabilities (PWDs). However, access to Government procurement opportunities (AGPO) benefits often go to urban, educated women, which excludes disadvantaged rural women who lack the resources and knowledge to navigate complex procurement systems (Williams, 2024).

In addition, the *Credit Guarantees Policy 2024* (in draft), aims to provide a clear framework that supports the establishment and sustainability of credit guarantees, facilitating credit access for MSMEs (GoK, 2024). It promotes the financial inclusion of specific target groups, including MSMEs owned by women, youth and PWDs. This policy recognises the challenges MSMEs face in accessing affordable credit, as many of them heavily depend on loans from informal sources such as chamas, family and friends as well as savings and credit cooperative societies (SACCOs) that lack required collateral. In 2020, the government launched the Credit Guarantee Scheme (CGS) for MSMEs, as part of the Economic Stimulus Programme, to help MSMEs access quality and affordable credit. To date, 20.3 % of the guaranteed facilities have been extended to marginalized segments of the population, namely women, youth and PWDs. The policy recognises these groups as key target populations that require tailored financial products to meet their specific needs and support MSMEs and start-ups. However, the scheme has not yet reached its target of 30 % outreach to enterprises owned by women, youth and PWDs.

The government's *Women Economic Empowerment Strategy (2020-2025)* (GoK, 2020) supports gender inclusion across all sectors, with targeted business development services that advance women-owned enterprises and evaluation frameworks that assess the impact of women-supported interventions. The Department of Gender and Affirmative Action aims to promote and coordinate gender mainstreaming, the fight against gender-based violence (GBV) and socio-economic empowerment of all people for sustainable development.

Two key women-specific interventions and programmes are the *Uwezo Fund (Gok, 2023)* and the *WEF (GoK, 2022)*. The Uwezo Fund provides financing to women, youth and PWDs who are often excluded from formal financial services.

It has supported 50 842 women's groups, 26 409 youth groups, and 2023 PWD groups, benefiting 789 277 female and 337 452 male entrepreneurs across sectors such as agriculture, trade and services. It has also trained over one million entrepreneurs in business management to foster self-employment and growth. The WEF, similarly, offers affordable credit to advance women's entrepreneurship, with products such as the Tuinuke Loan available at the constituency level. However, both funds face challenges, including low accessibility, low repayment rates due to perceptions of 'free money', unfavorable economic and policy conditions, and weak evaluation systems to assess their impact.

The President's directive that requires digital applications for WEF loans excludes women-owned business owners (Munda, 2024), especially those in rural areas with limited digital literacy. This exclusion exacerbates financial challenges and gender disparities. Alternative application methods and digital literacy training for women entrepreneurs are essential for equitable access. In addition, the YEDF, which supports young women entrepreneurs, is imposing stricter collateral requirements due to increased defaults. This limits women's access to affordable loans (Omondi, 2025).



Policy Gaps

- There are no cohesive policies that link national and county levels to support women's entrepreneurship. National programmes are poorly coordinated and communicated at the county level.
- The sub-national MSME regulatory environment includes county-level policies on business licensing and taxes, which vary across counties.
- There is a need for clearer responsibility between national and county governments to support entrepreneurship and ensure accountability. Counties also differ in innovation, digital technology, infrastructure and business costs, including licensing and taxes (Cruz & Uriz, 2022).
- Fiscal policies and budgetary decisions that prioritise gender mainstreaming are lacking.
- The absence of gender-disaggregated data limits evidence to support women's entrepreneurship and inclusive policymaking.

Barriers and Challenges Facing Women's Entrepreneurship in Kenya

LIMITED ACCESS TO FINANCE AND START-UP CAPITAL

In Kenya and across Africa, women's access to finance and account ownership remains disproportionately low. Despite a sound financial system and government funding interventions, only 7 % of women in Kenya have access to formal credit (EAC, 2018; IFC, 2024). All women entrepreneurs who were interviewed highlighted challenges in securing funding to replenish stock and expand their businesses, citing high collateral requirements and gender biases in banking. Some commercial banks request personal details, such as marital status, with married women more likely to receive loans. This disproportionately affects unmarried women. Other banks require collateral in the form of land titles or car logbooks. Women have low financial literacy in comparison to men, which hinders their ability to invest in business (Burga et al., 2021). There is a significant information gap, particularly outside Nairobi, regarding policy interventions and programmes such as the Uwezo Fund that prevents women entrepreneurs from accessing these resources. To overcome these financial barriers, women turn to alternative funding sources, such as microfinance institutions, informal lending circles, online credit facilities and family or friends, although these options are often limited in scope and may fail to meet their needs.

UNCLEAR LEGAL AND GOVERNMENT REGULATIONS

About 75 % of women entrepreneurs in this study highlighted the complex and inconsistent regulatory landscape across counties in Kenya as a major challenge. Some business operation and licensing regulations are communicated verbally and reflect rent-seeking behaviour by government officials which causes confusion for entrepreneurs. A textile industry entrepreneur noted the greater difficulty of opening a new branch in Kisumu than in Nairobi, as regulations in Kisumu are not clearly defined. In addition, multiple agencies, such as the Kenya Industrial Research and Development Institute (KIRDI), the Kenya Association of Manufacturers (KAM) and the Kenya Private Sector Alliance (KAPSA), have unclear and overlapping mandates. This further complicates the process for women who are trying to access necessary information. Furthermore, women face bureaucratic barriers in formal business registration due to a lack of knowledge of the registration process. Low education levels and limited access to policy information hinder women's understanding of the business regulatory landscape, which exposes them to extortion and delays in meeting requirements. Women entrepreneurs suggested that networking and seeking mentorship from experienced business owners or associations could help them better understand and navigate regulatory requirements.

MARKET ACCESS, DISRUPTIONS AND SUPPLY CHAIN ISSUES

Women entrepreneurs reported facing challenges in market access, supply chain disruptions and challenges in product quality. They face significant competition from cheaper alternatives, as customers often prioritise lower-cost options. A pharmaceutical entrepreneur noted that customers tend to prefer generic drugs, while a textile industry entrepreneur highlighted issues with low-quality fabric from suppliers. In addition, an entrepreneur in the cooking gas distribution sector mentioned the inconsistent supply and poor quality of gas, which affects customer loyalty and leads to low profitability. While market disruptions and supply chain issues affect all entrepreneurs, women are more likely to experience safety concerns, especially during late-night operations or in environments where they are vulnerable to theft or violence.

LIMITED EDUCATION, TRAINING, SKILL DEVELOPMENT AND NETWORKING OPPORTUNITIES

Low education and limited technical and management skills are significant barriers for women entrepreneurs that restrict their ability to start and grow successful businesses (Jozefina, 2010). Many women lack access to workshops, seminars and training across various sectors due to gender bias selection and discrimination. In the construction industry, women face greater difficulty accessing training than their male counterparts. In

addition, limited networking opportunities cause women to miss out on crucial contracts in this male-dominated field, despite demonstrating superior skills. This highlights the need for women-focused business groups, mentorship programmes and participation in industry events that offer valuable networking opportunities. While training for women entrepreneurs is important, combining interventions such as skills development, resource enhancement and access to credit and savings accounts proves to be more effective (Burga et al., 2021).

SECURITY, THEFT AND DIGITAL LITERACY

Women entrepreneurs face heightened risks of theft, fraud and cybercrime due to low digital literacy and vulnerability to online security threats. These security risks are particularly high in environments where businesses are exposed to fraud or operate during early mornings or late evenings, making women more vulnerable. While theft and fraud affect all entrepreneurs, women are often more susceptible due to social and physical vulnerabilities. While digital solutions support women-led businesses, issues such as fraud and cyberbullying remain prevalent, with Kenya leading East Africa with 7 % of fraud cases. While mobile money has provided valuable savings platforms for women, many women using mobile money services have reported fraud due to low digital literacy. This highlights the need for secure payment systems to prevent consumer fraud and investment in physical security measures to mitigate these risks.



Support Mechanisms that Facilitate Women's Entrepreneurship Development in Kenya

CREATING A LEVEL PLAYING FIELD FOR WOMEN ENTREPRENEURS REQUIRES A COMPREHENSIVE APPROACH THAT ADDRESSES THE DIVERSE BARRIERS AND CHALLENGES THEY FACE AND WHICH ENABLES MORE EFFECTIVE SUPPORT FOR THEIR ENTREPRENEURIAL SUCCESS.

ACCESS TO AFFORDABLE FINANCING

Providing low-interest loans with reduced conditions, as seen with the Uwezo Fund and WEF, can eliminate financial barriers. Tailored funding for women entrepreneurs, with lower interest rates and fewer stringent requirements, would enable women to manage cash flow and promote business growth. There is a need to create awareness of existing policy interventions and programmes in which women can enrol. Providing alternative application methods and digital literacy training is crucial to ensuring equitable access to financial services for women entrepreneurs.

STREAMLINING ACCESS TO GOVERNMENT SERVICES AND IMPROVING REGULATORY ENVIRONMENT

Reducing bureaucracy and improving legal frameworks is crucial. Streamlining and harmonising licensing requirements and taxes could avoid the multiplication of approvals and fees that impede formalising businesses. A one-stop platform, such as e-Citizen, could streamline business registration and licensing, especially at the county level. Simplifying access to financing and business incubation, along with clear communication of legal requirements and tax benefits, could ease administrative burdens. Clear communication of policy interventions and programmes would help women to access them.

CAPACITY BUILDING AND TRAINING PROGRAMMES

Training programmes should focus on equipping women with essential business skills, including bundling skills in start-up capital, managerial skills and marketing strategies. Incubating business ideas and providing tools for sustainable business operations could support long-term success.

MENTORSHIP AND COACHING

Programmes such as those offered by GMT and AMI (Africa Management Institute) provide critical guidance, helping women entrepreneurs to scale their businesses, navigate challenges and create successful, sustainable strategies.

The Way Forward

- Kenya has made notable strides in promoting women's entrepreneurship; however, significant barriers remain that hinder the growth and success of women-owned businesses.
- The policy ecosystem, while comprehensive, needs further refinement to specifically address the challenges faced by women entrepreneurs. Issues such as limited access to affordable financing, complex regulatory environments, market access and gender-specific challenges need targeted interventions. Support mechanisms, such as tailored low-interest loans, capacity building programmes, mentorship, and clearer regulatory frameworks, are essential to bridging the existing gender gap in entrepreneurship.
- Furthermore, initiatives that reduce bureaucracy and enhance digital literacy for women entrepreneurs are critical to ensuring their long-term success and sustainability. By aligning policies with the unique needs of women entrepreneurs, Kenya can unlock the full potential of women-led businesses to foster economic empowerment and contribute to broader national development goals. Addressing these barriers through collaborative efforts between government, financial institutions and business support organisations could help to create a more inclusive and supportive environment for women entrepreneurs.



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