Teaching material on trade and gender
Localization for Kenya

Gender and trade liberalization in Kenya: The case of women retail traders

Tabitha Kiriti-Nganga
E-mail: tkiriti@yahoo.co.uk
School of Economics
University of Nairobi

Comments on this document have been received from Simonetta Zarrilli of the Trade, Gender and Development Section, and Vlasta Macku and Cristian Ugarte of the UNCTAD Virtual Institute.

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CET	Common external tariff
COMESA	Common Market for Eastern and Southern Africa
C-WEF	Constituency Women Enterprise Fund
EAC	East African Community
FIDA	Federation of Women Lawyers of Kenya
GDP	Gross domestic product
IT	Information technology
IMF	International Monetary Fund
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MSE	Micro and small enterprise
ODI	Overseas Development Institute
R&D	Research and development
ROSCA	Rotating savings and credit association
SACCO	Savings and credit cooperative organization
SAP	Structural Adjustment Programme
UNCTAD	United Nations Conference on Trade and Development
WEF	World Economic Forum
WTO	World Trade Organization

1 Introduction

In August 2010, Kenya adopted a new constitution that emphasizes equality for both women and men. Constitution Article 27 (3) states: “Women and men have the right to equal treatment, including the right to equal opportunities in political, economic, cultural and social spheres” (Republic of Kenya, 2010: 40). However, women in Kenya are not yet able to fully benefit from the opportunities offered by the Constitution because of the country’s cultural norms, lack of access to resources, education levels, and their family responsibilities.

Kenya has embraced trade liberalization policies which can have different effects on men and women because of the differences in the roles, responsibilities, rights, and opportunities assigned to them by society, and consequently, may exacerbate gender inequality or reduce it. In that sense, such policies cannot be regarded as gender-neutral.

In this context, this material aims to provide evidence on whether men and women in Kenya are benefiting from trade liberalization, or whether measures need to be taken to improve the situation. More particularly, it aims to (a) enhance the understanding of the specific challenges and opportunities that trade and trade policies present to women and men; (b) contribute to the design and implementation of trade and other macroeconomic policies which would maximize opportunities for all; (c) facilitate the successful integration of women into more technologically advanced and dynamic economic sectors; (d) help mitigate existing gender disparities and prevent future ones; (e) facilitate women’s empowerment and well-being; and (f) support the mainstreaming of gender in trade policy (UNCTAD, 2004).

After reading this teaching material, students should be able to:

- Analyse the structure of Kenya’s economy and trade;
- Discuss Kenyan trade policy;
- Understand and interpret Kenya’s gender profile;
- Discuss trade liberalization and its impact on women retailers in Kenya; and
- Identify policies and areas of intervention to increase the benefits of women’s participation in retail trade.

2 Kenya’s economy and trade

International trade has gained importance as a source of economic growth for developing and developed countries alike. It is therefore expected that removing trade barriers can improve development perspectives of participating countries because imports increase competition and variety in domestic markets, benefiting both consumers and domestic production. Trade can also stimulate domestic firms to adopt best practices, and also increase the size of their markets for goods and services, resulting in lower average costs and increased productivity. Finally, trade helps a country earn foreign exchange which can be used to finance imports.

With trade liberalization, resources move to expanding areas of the economy, creating jobs, while resources in contracting sectors are displaced, resulting in unemployment and hardship. Some countries – and especially developing countries – may find that trade does not take place on a level playing field because higher production costs may make their goods less competitive in the international markets, while cheaper goods from more developed countries may flood into their domestic markets and destroy local production of competing equivalents.

In this context, this section assesses the structure of Kenya's economy and trade and provides an overview of the country's trade policy in the context of its overall development strategy.

2.1 Structure

Kenya's economic growth rate has been erratic since independence. In the first and second decades after independence in 1963, average Gross Domestic Product (GDP) growth ranged around 6 and 7 per cent. However, in the 1980s, that growth rate fell to 4.2 per cent and then declined to 2.2 per cent in the 1990s. At the turn of the century, the average growth rate rose slightly to 3.6 per cent and increased further to 5.8 per cent in 2010 before falling again to 4.4 per cent in 2011. It then expanded by 4.6 per cent in 2012 and by 5.7 per cent in 2013, and the government projects a similar growth pattern in the coming years. Kenya achieved lower-middle-income status in 2012, according to the revised national statistics released by the Kenya National Bureau of Statistics on 30 September 2014. It is now the ninth largest African country, with annual GDP of $55.2 billion (Republic of Kenya Economic Survey, various years).

The main sectors that drive the economy have had positive growth of varying magnitudes in recent years, as shown in Table 1. From 2008 to 2013, wholesale and retail trade grew at an average rate of almost 6.8 per cent, followed closely by financial intermediation and construction at 6.7 and 6.6 per cent, respectively. Construction grew at an average annual rate of 5.1 per cent. Average growth of manufacturing was almost 3.5 per cent, while agriculture and forestry grew by 1.4 per cent. In 2013, wholesale and retail trade grew by 7.5 per cent, beating all other sectors. It was followed by financial intermediation and the transport and communication sector, which recorded growth rates of 7.2 and 6 per cent, respectively, and by electricity and water and construction, with respective growth rates just below 6 per cent. The growth of manufacturing accelerated to 4.8 per cent in 2013 due to increased investor confidence, the easing of inflationary pressures, and stable exchange and lending rates. In contrast, growth in the agricultural sector decelerated to 2.9 per cent, mainly as a result of inadequate rainfall in some grain-growing regions.

Table 1: Growth rates of the main drivers of Kenya's economy, 2008–2013 (per cent)

Sector	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Agriculture and forestry	-4.1	-2.6	6.4	1.5	4.2	2.9
Transport and communications	3.0	6.4	5.9	4.7	4.7	6.0
Manufacturing	3.5	1.3	4.5	3.4	3.2	4.8
Financial intermediation	2.7	7.2	9.0	7.8	6.5	7.2
Construction	8.2	12.7	4.5	4.3	4.8	5.5
Wholesale and retail trade	4.8	3.9	8.0	7.3	9.0	7.5

Electricity and water	5.3	-3.0	9.5	-2.6	10.3	5.9

Source: Republic of Kenya Economic Surveys (various years).

As shown in Table 2, sectoral contributions to GDP over 2003–2013 reveal several trends. First, the contribution of agriculture and forestry dropped by more than 12 percentage points, from 25.3 per cent in 2003 to 13.1 per cent in 2013. This may be attributed to the rise in the price of imported inputs such as fertilizer, and reliance on rain-fed agriculture affected by drought and climate change. Second, wholesale and retail trade and transport and communications saw steady growth in their contribution to GDP: the share of wholesale and retail trade rose by 9.4 percentage points (from 8.7 to 18.1 per cent) while the share of transport and communication rose by 6.7 per (from 9.2 to 15.9 per cent). This may be due to increased use of information and communication technologies in money transfers through the M-PESA[1] service, improvement in infrastructure following construction of the Thika Highway, and continued liberalization of the economy. Third, manufacturing, after a drop in 2009–2011, picked up and increased its share in GDP to 9.7 per cent in 2013, the same position where it was in 2003. Finally, the shares of construction and other sectors remained more or less stable during the 10-year period.

Table 2: Contribution of Kenya's main sectors to GDP, 2003–2013 (per cent)

Sector	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture and forestry	25.3	24.4	23.8	23.4	22.7	22.3	23.5	21.4	23.8	19.5	13.1
Transport and communications	9.2	9.9	10.4	11.3	11.4	10.3	9.9	10.1	9.9	12.9	15.9
Manufacturing	9.7	10.0	10.5	10.3	9.7	7.7	6.7	6.8	6.4	6.8	9.7
Financial intermediation	4.3	3.5	3.4	3.9	4.7	4.6	5.4	5.6	6.3	6.1	6.6
Construction	3.3	3.8	4.0	3.9	3.8	3.8	4.1	4.3	4.2	3.7	4.1
Wholesale and retail trade	8.7	9.2	9.2	9.3	9.7	10.2	9.8	10.2	10.5	21.3	18.1
Fishing	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.6	0.5	0.5	0.5
Mining and quarrying	0.5	0.5	0.5	0.5	0.7	0.7	0.5	0.7	0.7	0.7	0.6
Electricity and water supply	2.1	1.9	2.0	1.8	1.5	2.1	2.2	2.0	1.0	1.4	1.4
Hotels and restaurants	0.9	1.3	1.4	1.5	1.6	1.1	1.7	1.7	1.7	1.7	1.5
Real estate, renting and business services	5.9	5.7	5.6	5.6	5.5	5.1	4.9	4.8	4.4	4.3	4.1
Public administration and defense	4.1	4.2	4.5	4.5	4.4	5.0	5.0	5.5	5.0	5.5	6.7
Education	8.0	7.8	7.3	6.9	6.9	6.3	6.0	6.2	5.8	6.1	6.7
Health and social work	2.7	2.6	2.6	2.5	2.5	2.4	2.5	2.5	2.4	2.4	1.9
Other community, social and personal services	4.0	3.9	3.8	3.6	3.5	3.4	3.3	3.3	3.2	3.2	3.5

Source: Republic of Kenya Economic Surveys (various years).

[1] M-PESA (M for mobile, *pesa* is money in Swahili) is a mobile phone-based money transfer and microfinancing service, launched in 2007 by the largest mobile network operators in Kenya and Tanzania.

The total number of persons engaged in both formal and informal sectors of Kenya's economy increased in the past decade. During the period of 2006–2013, the number of jobs in the economy rose from close to 9 million to 13.5 million, that is, by 50 per cent. However, most of the new jobs were created in the informal sector. Between 2003 and 2007, the informal sector contributed 1.8 million (or 90 per cent) of newly created jobs, and in 2012–2013, the informal sector contributed 626,000 (or more than 84 per cent) of newly created jobs (Republic of Kenya Economic Survey, various years).

Table 3 shows the sectoral breakdown of the absolute number of jobs in the formal sector. All sectors show a general upward trend in employment during the overall period examined, except from 2008 to 2009, when there was a huge drop in formal employment in most sectors, partly as a result of the global financial crisis and partly due to the country's post-election violence in early 2008.

In 2013, the agriculture and forestry sector was the largest formal employer in the country, with 303,800 jobs (34.5 per cent of the total formally employed workforce). Second was the manufacturing sector, with 254,100 jobs (28.8 per cent), followed by the wholesale and retail sector (211,400 jobs or 24 per cent) and the construction sector (112,000 jobs or 12.7 per cent). The relative importance of the sectors in terms of their contribution to employment has not changed significantly since 1999.

Table 3: Growth in formal employment by sector in Kenya, 1999–2013

	Wholesale and retail trade		**Agriculture and forestry**		**Manufacturing**		**Construction**	
	Number of employees	**Growth rate (per cent)**	**Number of employees**	**Growth rate (per cent)**	**Number of employees**	**Growth rate (per cent)**	**Number of employees**	**Growth rate (per cent)**
1999	147,300	–	249,600	–	183,600	–	52,200	–
2000	149,100	1.22	251,300	0.68	182,900	-0.38	52,300	0.19
2001	150,800	1.14	254,700	1.35	183,100	0.11	52,400	0.19
2002	151,400	0.04	256,300	0.63	196,400	7.26	52,500	0.19
2003	156,700	3.50	259,600	1.29	208,700	6.26	53,100	1.14
2004	161,700	3.19	264,800	2.00	211,000	1.10	54,400	2.45
2005	169,300	4.70	272,300	2.83	216,900	2.79	55,700	2.39
2006	179,600	6.08	280,300	2.94	223,500	2.04	57,900	3.95
2007	189,800	5.68	289,000	3.10	237,900	6.44	61,200	5.70
2008	196,400	3.48	289,700	0.24	237,000	-0.38	64,900	6.05
2009	171,100	-12.88	285,900	-1.31	234,400	-1.10	73,000	12.48
2010	180,600	5.55	289,300	1.19	236,700	0.98	81,400	11.51
2011	189,600	4.98	289,000	-0.10	245,200	3.59	88,800	9.09
2012	197,100	3.96	295,500	2.25	245,400	0.08	98,700	11.15
2013	211,400	7.26	303,800	2.81	254,100	3.55	112,000	13.48

Source: Republic of Kenya Economic Surveys (various years).

Employment in Kenya's informal sector has constantly grown over the years. Table 4 shows the number of persons employed in the informal sector in Kenya between 2009 and 2013. After posting employment growth of 8 per cent over 2009 and 2010, the informal sector had employment growth of 6.3 per cent in 2011 and 5.9 per cent in 2012. In 2013, informal sector employment stood at 11.2 million persons, that is, almost 83 per cent of the economically active workforce. Urban areas had higher growth in informal employment – 16.7 per cent compared with a marginal increase of 0.8 per cent in rural areas during 2012 and 2013 (Republic of Kenya Economic Surveys, various years).

Table 4: Informal employment by sector in Kenya, 2009–2013 (millions of persons)

Activity	**2009**	**2010**	**2011**	**2012**	**2013**
Manufacturing	1.77	1.89	1.96	2.04	2.24
Construction	0.25	0.24	0.26	0.28	0.29
Wholesale and retail trade	5.18	5.61	6.01	6.41	6.71
Transport and communications	0.27	0.29	0.31	0.33	0.34
Community, social and personal services	0.84	0.92	0.97	1.03	1.17
Other	0.395	0.426	0.449	0.457	0.502
Total	**8.71**	**9.38**	**9.96**	**10.55**	**11.25**
Urban	2.88	3.083	3.25	3.41	3.98
Rural	5.81	6.29	6.71	7.14	7.19

Source: Republic of Kenya Economic Survey, 2014.

Table 4 shows that wholesale and retail trade accounted for the largest number of jobs in the informal sector between 2009 and 2013, employing 6.7 million persons in 2013, most of them women. Some of the factors that led to the rise in this sector are an enabling environment, trade liberalization (which makes it easier to import goods), lack of employment in the formal sector, and the ease of operating without a license because of a lack of proper regulation. The second largest informal employer, manufacturing, only provides about a third of the jobs compared with wholesale and retail trade. Almost two-thirds of informal jobs are concentrated in rural areas.

Kenya still mainly exports raw materials or products with low value added. Its share in global manufacturing exports has been constantly falling, from 0.18 per cent in 1980 to 0.06 per cent in 1994 and 0.02 per cent in 2013. While this still compares favourably with neighbouring Uganda and Tanzania, the performance is unimpressive compared with South Africa, whose share of global manufacturing exports is about 0.3 per cent (Republic of Kenya Economic Survey, 2013). Kenya's objective is to have a manufacturing sector that is diversified, robust, and competitive. According to Kenya Vision 2030, this can be achieved by restructuring key local industries that use local raw materials but are uncompetitive, and by exploiting opportunities to add value to local agricultural production, intermediate imports, metals, and plastics.[2] However, this may not be easy to achieve because of high levels of inefficiency, low productivity, and an unfavourable business climate due to insecurity, which hinders both foreign and local investment.

As shown in Table 5, Kenya's top five export products (tea, horticulture, coffee, tobacco, and soda ash) accounted for 51 per cent of the country's total exports in 2013. Tea and horticulture were the leading foreign exchange earners, accounting for 23 per cent and 19.6 per cent of total

[2] Kenya Vision 2030 is the national long-term development plan that aims to transform Kenya into a newly industrializing, middle-income country that provides a high quality of life to all its citizens by 2030 in a clean and secure environment (Republic of Kenya, 2007). See http://www.vision2030.go.ke.

export earnings, respectively. Export earnings from tea increased by 52 per cent between 2009 and 2013, while those from horticulture increased by 37 per cent during the same period. Export earnings from coffee fluctuated over the period, while those from tobacco and soda ash increased by 32 per cent and 8 per cent, respectively.

Table 5: Value of Kenya's top five export products, 2009–2013 (millions of Kenyan shillings)

Product	**2009**	**2010**	**2011**	**2012**	**2013**
Tea	68,766	91,617	102,236	101,441	104,648
Horticulture (cut flowers and vegetables)	65,220	72,092	83,331	81,129	89,339
Coffee	15,309	16,244	20,863	22,271	16,328
Tobacco and tobacco manufactures	10,411	10,562	18,633	16,615	13,709
Soda ash	8,305	7,265	12,371	9,724	8,997
Total	**323,571**	**385,441**	**484,507**	**479,706**	**455,689**

Source: Republic of Kenya Economic Survey, 2014.

Kenya's top five imported products – refined petroleum, packaged medicines, motor vehicles, industrial machinery, and hot rolled iron – accounted for almost 49 per cent of the country's imports in 2013 (Table 6). Refined petroleum products and industrial machinery were the leading imports between 2009 and 2013, with an increase of 153.8 per cent and 76.8 per cent, respectively, during the period and a combined 34.3 per cent share of the total import bill in 2013. Importation of hot rolled iron also increased by a considerable 139 per cent during the period due to the Kenyan government's ambitious infrastructure expansion programme, including the Thika Highway and Jomo Kenya International Airport, and an increase in real estate construction by private developers.

Table 6: Value of Kenya's top five import products, 2009–2013 (millions of Kenyan shillings)

Product	**2009**	**2010**	**2011**	**2012**	**2013**
Refined petroleum products	99,550	122,004	199,120	237,557	252,673
Packaged medicines	22,994	27,879	39,681	41,307	40,114
Motor vehicles	50,115	55,812	62,870	73,768	83,330
Industrial machinery	130,929	158,721	177,174	194,666	231,440
Hot rolled iron	33,776	43,558	62,087	56,667	80,749
Total	788,097	947,206	1,300,749	137,4587	1,413,316

Source: Republic of Kenya Economic Survey, 2014.

The top five destinations for Kenyan exports are Uganda (12 per cent), Tanzania (12 per cent), the Netherlands (10 per cent), the United Kingdom (9.8 per cent), and the United States (8.2 per cent). The top five origins of imports into Kenya are India (27 per cent), China (20 per cent), South Africa (5.1 per cent), Japan (4.6 per cent), and the United Kingdom (4.3 per cent).[3]

Table 7 shows that the value of Kenya's imports between 2003 and 2013 grew faster – by more than fivefold – than the value of exports which increased by slightly more than threefold over the same period. Consequently, the country's trade balance continued to worsen, reaching a deficit of Ksh9.5 billion in 2013 when the value of imports was 3.1 times that of exports.

[3] See the Observatory of Economic Complexity's Kenya Profile at http://atlas.media.mit.edu/profile/country/ken.

Table 7: Values of Kenya's exports and imports, 2003–2013 (billions of Kenyan shillings)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Exports	1.4	1.6	2.1	2.3	2.6	3.2	3.2	3.9	4.8	4.8	4.6
Imports	2.8	3.6	4.4	5.2	6.1	7.7	7.9	9.5	13.0	13.7	14.1

Source: Republic of Kenya Economic Surveys (various years).

In 2013 alone, Kenya's total exports declined by 3 per cent, while total imports increased by 2.8 per cent. This led to a deterioration of the export-import ratio from 37.7 per cent in 2012 to 35.5 per cent in 2013. The trade balance deteriorated further by 6.3 per cent in 2013, mainly due to a reduction in exports. The country's overall balance of payments position declined from a surplus of KSh123 billion in 2012 to a surplus of KSh74 billion in 2013.

2.2 Trade policy

Trade plays a significant role in Kenya's growth and development through its linkages with all the sectors of the economy by creating channels through which goods and services can reach consumers. Trade also plays a critical role in reducing poverty by creating employment and providing medium-sized and small enterprises with opportunities to sell their products at more favourable prices in international markets. Kenya Vision 2030, the nation's long-term development plan, aims for Kenya to develop an efficient and competitive domestic market and become an export-led and globally competitive economy. Vision 2030 emphasizes policies aimed at empowering vulnerable groups such as women to enable them to fully take part in nation building. Activities in this area include strategy and legislation development, training for gender officers, recommendations for affirmative action, and improvement of collection and analysis of gender-disaggregated data. The latter activity included production of the Kenya Gender Data Sheet 2008 and establishment of a database on recruitment, promotions, and political appointments of women in public service in a bid to achieve 30 per cent public employment of women. It also includes establishment of an enterprise fund for women to enable them to engage in trade and other income-generating activities.

According to the Republic of Kenya Economic Survey (2014),[3] the government aims to improve the country's terms of trade by expanding measures to facilitate export growth, such as establishing Special Economic Zones. Kenya also wants to enhance bilateral arrangements with regional economic blocs in order to expand trade. Domestic trade policy is focused on improving the business environment in the distribution and wholesale, retail, and informal trade. The latter sector faces challenges such as complex licensing and regulatory framework, high transportation costs, inadequate logistics and information technology skills, lack of access to affordable credit, insufficient business management skills, weak supply chains, and poorly serviced business premises, among other problems (Ministry of Trade, 2009).

[3] The survey is published annually by the Kenya National Bureau of Statistics. It presents key social and economic information about the Kenyan economy over the past five years and examines the previous year's objectives of various government departments. The information in the surveys forms an important source of input for planning, budgeting, and policy design and monitoring.

2.2.1 Trade policy formulation process

Trade policy formulation, implementation, and coordination are the responsibility of several ministries, with the Ministry of Foreign Affairs and International Trade spearheading the process. Under an optimal arrangement, the process of designing trade policy includes various stages from the time a policy need is identified up to when it is given presidential assent. These stages are described below.

- Once a policy need has been identified, the Permanent Secretary in the Ministry of Foreign Affairs and International Trade sets up a task force to collect views on the policy issue at hand and develop a Sessional Paper.
- A stakeholder discussion of the views collected by the task force is then held.
- The Joint Industrial and Commercial Consultative Committee and the Department of External Trade play a significant role in coordinating the discussions among the stakeholders.
- After these discussions have taken place, the ministry draws up a Cabinet Memorandum seeking cabinet approval.
- Once the memorandum is approved by the cabinet, the ministry, in consultation with various stakeholders, draws up a draft policy.
- The office of the Attorney General then prepares a draft bill for parliamentary debate.
- The cabinet and the president respectively approve the Sessional Paper to give it legitimacy.
- Once it receives presidential assent, the bill becomes an Act of Parliament, which can be enforced by law.
- The policy is implemented by the relevant bodies, either private or public, depending on the sections of the act.

It is important to note that many other policy decisions are made at the ministry level, often in consultation with stakeholders (for example, through gazette notices). However, due to the many challenges faced by women, such as illiteracy, or their lack of representation at all these stages, their needs may not be articulated in the trade policy. It is also important to note that Kenya's trade policy process does not involve a gender analysis, so the gender impact of a given trade policy may not be known until after its implementation.

2.2.2 Evolution of trade policy

The import substitution phase (1960s–1980s)

When Kenya gained its independence, the new government inherited an industrial policy based on import substitution. Sessional Paper No. 10 of 1965 mainly centered on industrial development and promoted enhanced protection of the domestic market to help develop industries (Republic of Kenya, 1965). The policy had a key influence on the development of Kenya's trade regime during the first 10 years after independence. Its objectives were to generate rapid growth of industry, ease balance of payments pressure, and increase employment. After the foreign exchange crisis in 1971, the government chose to introduce strict import controls rather than devalue.

The policies in the Third Development Plan (1974–1978) revolved around issues related to empowering citizens. To promote domestic trade, the government planned to continue disbursing loans and providing training to small traders through various programmes. It also built industrial centres to promote development of the manufacturing sector. In other sectors, such as agriculture, the overriding policy strategy was to build local capacity and increase output through education and training, research and extension services, the provision of infrastructure (e.g. water), and the extension of credit facilities.

As the import-substitution regime progressed, a large bureaucracy developed supervising and implementing import bans and controls, allocating foreign exchange, issuing trade licenses, etc. By the end of the 1970s, the high costs of the import substitution strategy to Kenya's economy were already evident. The collapse of the regional market meant that firms started operating at excess capacity, and pressure mounted on the Kenyan government to increase protection of local manufacturing.

The Fourth Development Plan (1979–1983) signaled a change in government policy towards a more open strategy. The plan acknowledged that past industrial growth had been fostered by excessive protection, resulting in an industrial sector that was uncompetitive, overly capital-intensive in relation to Kenya's factor endowments, and a heavy net consumer of foreign exchange. The plan alluded to the use of tariffs as the principle form of protection for industries rather than quantitative restrictions, and it stated that tariffs were to be rationalized and reduced over time. Other recommended measures included a more liberal foreign exchange rate policy and the strengthening of export promotion schemes. In this phase of Kenya's development, the policymaking process was primarily dominated by the government. Trade policy processes and consultations were mainly the preserve of interministerial deliberations. The Central Bank of Kenya was responsible for issuing licenses for importation, and marketing boards and cooperatives were key regulatory institutions. The era was marked by minimal participation of the private sector, civil society, or donors.

Trade liberalization in the era of structural adjustment programmes (1980s)

In 1979, coffee prices fell and oil prices escalated, leading to serious balance of payment problems (Ronge and Nyangito, 2000). Kenya was forced to seek financial aid from the World Bank and the International Monetary Fund (IMF) and signed its first structural adjustment loan in 1980, with conditions attached. Implementation of Structural Adjustment Programmes (SAPs) involved promoting non-traditional exports, liberalizing marketing systems, and reforming international trade regulations, among other measures. Trade liberalization under SAPs was characterized by the tariffication of quantitative barriers, the subsequent reduction of tariffs, and tariff dispersion.

Kenya's Fifth Development Plan (1984–88) emphasized the role of private enterprises in industrial development and commitments to support export-oriented industries (Odhiambo and Otieno, 2005). A key policy was to promote non-traditional exports, while maintaining some of the mechanisms of import substitution such as import licensing and the government's direct involvement in production. The government also stated its support for regional and international trade cooperation. Policies to promote domestic trade were largely similar to previous plans in that they revolved around initiatives such as training, credit, and information transfer. Inherent weaknesses in the economy due to weak implementation of SAPs and other policies led to Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth (Republic of Kenya, 1986; Odhiambo and Otieno, 2005). The Sessional Paper emphasized a change from reliance on import substitution and protectionism towards a policy of exposing industry to international competition and encouraging non-traditional exports. The paper committed the government to moving away from restrictive import licensing and high tariffs, and laid out a system of incentives designed to encourage exports under an export promotion strategy.

The export promotion phase (1990s)

In 1988, a second push to liberalize the trade regime began and was more successful. The Sixth Development Plan (1989–1993) presented an export promotion strategy that centered on creating an enabling environment for export growth. This was to be achieved through institutional reform, reduction and restructuring of tariffs, abolition of export duties, introduction of export retention schemes, improvement of foreign exchange and insurance regulations, and establishment of the National Export Credit Guarantee Corporation. During this period, commercial attachés were stationed in major trading partner countries and trade missions were organized to emerging markets (Ng'eno *et al.*, 2003). The plan acknowledged that some of the export incentives announced earlier were not yet operating as envisioned and thus recommitted the government to their implementation.

The Seventh Development Plan (1994–1996) proposed regulatory changes to make investments in bonded factories and Export Processing Zones more attractive. By the end of 1994, 40 enterprises were approved to operate in six Export Processing Zones, and by the end of 1995 the only remaining barrier to international trade was the imposition of countervailing duties. Institutional arrangements for this period were still not well defined, and the government was the key player in policy design and negotiations. The period was also characterized by a heavy influence of multilateral organizations but little involvement of private sector investors in trade policymaking (Odhiambo and Otieno, 2005).

Economic recovery strategy (2003–2010)

During the period from 2003 to 2010, Kenya's trade policy framework focused on maximizing benefits from trade through trade promotion strategies, sector-specific strategies, commodity-specific strategies, and regional and international trade regulations. This process required addressing a number of constraints, including governance, poor infrastructure, high business transaction costs, insecurity, unfair competition from cheap imports, and difficulties in accessing external markets (Republic of Kenya, 2003). According to the Economic Recovery Strategy for Wealth and Employment Creation (2003–2007), various measures were put in place to address these constraints (Republic of Kenya, 2003). The measures included:

- Incentive schemes for the manufacturing sector (e.g. duty and value-added tax exemptions or remissions on imported inputs);
- Establishment of the secretariat on counterfeit control and a commercial court;
- Strengthening of surveillance on transit imports to avoid diversion;
- Active participation in regional and international integration and cooperation schemes such as the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA);
- Application of special safeguard measures under COMESA to protect the sugar and wheat industries;
- Improvement of market access for Kenyan products, particularly in the European Union and Africa;
- Expansion and strengthening of partnerships with the private sector, especially in negotiating trade protocols;
- Development of an export development strategy to consider all sectors with export potential, including a review of existing export development incentives and a focus on measures required to ensure diversification of export markets and therefore reduce vulnerability to unilateral decisions on trade;
- Building capacity to monitor international trade malpractices in order to effectively apply anti-dumping and countervailing measures.

2010 to the present

Kenya's 2010 Constitution underscores the importance of foreign policy in driving international trade (Kenya Law, 2010). For this reason, the Ministry of International Trade was merged into the Ministry of Foreign Affairs. Today, trade policy is shaped by Kenya's membership in trade agreements. The country's trade regime is guided by market-driven principles of liberalization under the World Trade Organization (WTO) and increased efforts towards regional economic integration, which have resulted in the establishment of the EAC, COMESA, and the Intergovernmental Authority on Development.

With the establishment of the EAC, the tariff structure is now tailored to the common external tariff (CET) and may change subject to COMESA's CET once that tariff is established. WTO agreements have also influenced the direction of trade policy, as well as the capacity to participate in trade negotiations. These recent developments have created an intricate web of relationships that encompass domestic, regional, and international actors.

Kenya's National Trade Policy acknowledges that the formal trade sector in Kenya does not offer equal opportunities to men and women (Ministry of Trade, 2009). Women are concentrated in the informal sector and account for 70 to 80 per cent of persons engaged in micro and informal trading in Kenya. The government has proposed promoting the empowerment of women and integrating and mainstreaming them into all levels of trade and investment.

2.3 Discussion questions and exercises

1. Discuss the factors that have led to the increased growth of the wholesale and retail sector in Kenya.
2. Discuss how Kenya's trade policy is designed, implemented, and monitored. Who are the participants in these stages?
3. Discuss Kenya Vision 2030 with regard to women and development (the document is available at http://www.vision2030.go.ke).

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3 Gender profile of Kenya

The starting point for this section is an overview of the position of women in Kenyan society, with a view to enhancing the understanding of the country's gender gaps. In this context, the section aims to draw a gender profile of Kenya, discuss the role of women in the country, and analyze the sectors where women are concentrated.

The total population of Kenya as of 2011 was slightly over 45 million people, with an annual growth rate of 2.96 per cent. Table 8 shows the age structure of the Kenyan population by gender. There were 108,542 more females than men in the total population, with more women particularly in the age groups of 55 years and over, and slightly more as well in the 15–24 age group.

Table 8: Population of Kenya by gender

Age group	Share (per cent)	Male (millions)	Female (millions)
0–14	42.1	9,494,983	9,435,795
15–24	18.7	4,197,382	4,202,399
25–54	32.8	7,458,665	7,302,534
55–64	3.7	751,296	910,523
65 and over	2.8	548,431	708,048
Total	100	22,450,757	22,559,299

Sources: IMF (2011); Republic of Kenya (2010).

The World Economic Forum's (WEF) 2014 Gender Gap Index ranks Kenya 37th out of 142 countries in the world with a score of 0.7.[4] The index takes into consideration labour force participation, wage equality, earnings, legislators, senior officials and managers, professionals,[5] literacy, primary, secondary and tertiary enrolments, life expectancy, and parliamentary and ministerial participation. Details of the gender indicators and the rankings of Kenya are shown in Table 9.

[4] The gender gap is defined as the discrepancy between men and women in terms of opportunities, status, attitudes, and other variables. The Gender Gap Index ranges between 0 and 1. Hence, a score of 1 reflects equality between men and women in the variables considered in the index, while a score of 0 shows significant inequality.
[5] Information on legislators, senior officials and managers, and professionals is not available for Kenya.

Table 9: Gender Gap Index rankings for Kenya

Gender indicator	Female	Male	Female-to-male ratio	Ranking
Labour force participation (per cent)	63	73	0.86	46
Wage equality			0.70	43
Estimated earned income (in purchasing power parity US$)	2,054	2,238	0.92	4
Literacy rate (per cent)	67	78	0.86	112
Enrolment in primary education (per cent)	82	81	1.01	30
Enrolment in secondary education (per cent)	48	52	0.94	104
Enrolment in tertiary education (per cent)	3	5	0.70	116
Healthy life expectancy (years)	54	52	1.04[a]	90
Women in Parliament (per cent)	19	81	0.24	78
Women in ministerial positions (per cent)	33	67	0.50	19
Years with female head of state	0	50	0.00	64

Source: World Economic Forum (2014).

[a] The highest ranked country in the Gender Gap Index in terms of life expectancy had a score of 1.18. A score of 1 means that there is no gap between the number of years that men and women live. A score above 1 indicates that women live longer than men.

Although Kenya ranks well in some gender indicators such as life expectancy (higher than men) and primary school enrolment, women's labour force participation rate is lower than that of men, women earn less than men,[6] and women have lower literacy rates. There are also fewer women in Parliament and women hold less than half of ministerial positions.

Table 10 presents additional gender indicators on employment and leadership, and participation in science, technology and research. It shows that women's scores are lower than those of men in both areas. Only 39 per cent of women have accounts in formal financial institutions, meaning that they depend on informal sources such as what is known as "merry-go-round" lending and on usurers to finance their businesses. The table also shows that only 13 per cents of firms in Kenya have females in top management, meaning that most decisions on management are made by males.

Table 10: Additional gender indicators for Kenya

	Female	Male
Employment and leadership		
Share of women/men employed in the non-agricultural sector (per cent of total non-agricultural employment)	32	68

[6] The remuneration gap is captured through a hard data indicator (ratio of estimated female-to-male earned income) and a qualitative variable gathered through the WEF's Executive Opinion Survey (wage equality for similar work). Unfortunately, most developing countries do not have the data for weekly earnings needed to calculate average weekly full-time equivalent earnings.

Percentage of women/men with an account at a formal financial institution	39	46
Ability of women to rise to positions of enterprise leadership; data from survey responses on a scale from 1 to 7 (1 = worst score, 7 = best score)	4.8	
Firms with female top managers (per cent of firms)	13	
Firms with female participation in ownership (per cent of firms)	49	
Science, technology, and research		
Percentage of Internet users (female/male)	20.5	35.8
Percentage of women/men who used a mobile phone in the last 12 months	67.9	74
Percentage of tertiary level students in science, technology, engineering, and mathematics	18	82
Percentage of tertiary level graduates in science, technology, engineering, and mathematics	19	81
Percentage of PhD graduates	30	70
Percentage of total research and development (R&D) personnel (full-time equivalent)	39	61

Source: World Economic Forum (2014); Republic of Kenya (2010).

Kenya has a score of 0.5[6] in the WEF's Gender Gap Index for parental authority in marriage and parental authority after divorce.[7] The score for inheritance rights of daughters also is 0.5. Although the Constitution guarantees inheritance rights for women, the reality on the ground is usually different because customary law still prevails and women find it hard to inherit their parent's or spouse's property. The same score of 0.5 is achieved for women's access to land ownership and women's access to credit. On the other hand, the index found that 27 per cent of women from 15–49 years old underwent female genital mutilation, and that Kenya does not have legislation punishing acts of violence against women in cases of domestic violence – the country has scores of 1 in both areas, which is the worst possible ranking. There were no data on legislation prohibiting gender-based discrimination, although the Constitution guarantees equality between men and women. Women's access to property other than land has a score of 1.

The Kenya Institute for Public Policy Research and Analysis and the Overseas Development Institute report that, in 2009, the proportion of persons of working age (15–64) not in school and unemployed was 21.6 per cent for females and 9.8 per cent for males (KIPPRA, 2013).[8] In terms

[6] The measure used by the index for the areas discussed in this paragraph differs from the one used other areas where 0 was the lowest possible score and 1 the highest possible score. Conversely, in this paragraph, the variable takes a value of 0 when there is specific legislation in place, i.e. in the most desirable situation. The score of 0.25 indicates that there is specific legislation in place but there are widespread problems with implementation; 0.5 indicates that there is general legislation in place or specific legislation is inadequate; 0.75 indicates that legislation is being planned, drafted, or reviewed or existing legislation is highly inadequate; and 1 indicates that there is no legislation, which is the least desirable situation (WEF, 2014).

[7] Parental authority in marriage refers to legal guardianship of a child during marriage, and parental authority after divorce refers to custody rights over a child after divorce (WEF, 2014).

[8] This information should be considered with caution. Some adults may not work by choice or because they do not have the time, as they spend a lot of their time in the care economy, and not because the market is not hiring them.

of early childhood education, the proportion of males was 41.3 per cent compared to 42.3 per cent females.

In conclusion, the gender profile for Kenya shows that the country is doing well in some gender indicators such as female life expectancy and primary school enrolment, but less well in women's labour force participation, literacy, employment and leadership, and science, technology, and research.

3.1 Role of women

In post-colonial Kenya, the role of women was mainly to till the family land, plant, harvest, care for the children and husband, and maintain the household. The main products women could grow and had some control over were mainly subsistence crops for household consumption. They could sell some of them for cash to buy things like paraffin and other small household items. They could also keep goats and chickens for milk and eggs, but they could not sell the goats without consulting their husband or a male relative. They could look after the family cattle, but they did not have control over the sale of milk or the cattle themselves, since the cattle were owned by the men. In other words, women were socialized as homemakers and cultivators. They had access to their husband's land, but they did not have control over it because the land was registered in the names of their husband or a male relative. This increased women's economic dependence on their husbands or male relatives (Kristjanson *et al.*, 2010).

Today, women in Kenya work in every area of the economy, and must be taken into account for the country to grow and develop. The role of women in Kenya's economy is generally underestimated. Women successfully run families and earn virtually no income doing so. They are regarded as natural caretakers and nurturers. Most of the activities they perform are not taken into consideration in measuring GDP, since they pertain to the "care economy" and are therefore unpaid. Institutional biases against women are exacerbated by cultural factors that make society view men as the primary breadwinners. A woman is regarded as a worker only to the extent that the output of her tasks enters the exchange network, despite the fact that women spend longer hours than men in activities ranging from cooking to cultivating, harvesting, herding or milking cattle, cutting grass, toting water, collecting wood for fuel and fodder, mending clothes, and otherwise maintaining a household.

Due to the commercialization and monetization of the Kenyan economy, women have combined the care economy with paid work and taken up roles that used to be performed by their male counterparts. Men have not reciprocated correspondingly by taking up female roles. As such, women in Kenya are not only involved in the care economy, but also in agriculture, the services sector, trade, and manufacturing. On top of their major contribution to agricultural production, women still do almost all the housework and a range of other tasks as mentioned above, and they are responsible as well for most social and religious duties. Consequently, women have much less time than men for leisure, education, or training.

According to the Republic of Kenya's Economic Survey (2014), some 88 per cent of women in the country reside in rural areas, where they make a major contribution to the local economy in self-employment or as unpaid family workers. In urban areas, women mainly work both in the care economy but also in the services sector, such as in education as primary school teachers, in health as nurses, in retailing or manufacturing, or as nannies, making significant contributions to the economy.

3.2 Sectors where women are concentrated

According to the 1999 Kenya Population Census, women form the majority of the population in Kenya (Republic of Kenya, 1999). Yet they are still not fairly represented in economic activities - their participation and share in formal sector wage employment is smaller than that of men - even though the situation shows some signs of improvement. For instance, according to the Republic of Kenya's Economic Survey (2005), men accounted for 70 per cent of wage employment and women for only 30 per cent in 2003 and 2004. By 2013, the share of men had fallen to 64 per cent and that of women increased to 36 per cent of wage employment. Table 11 shows the breakdown by industry and gender between 2011 and 2013.

Table 11: Formal employment in Kenya by sector and gender, 2011–2013

Activity	2011		2012		2013	
	Male	Female	Male	Female	Male	Female
Agriculture and forestry	234,200	107,2000	209,900	127,800	217,800	128,900
Manufacturing	234,200	107,200	192,800	78,100	201,500	78,800
Construction	94,700	12,600	94,200	21,900	106,700	23,600
Wholesale and retail trade	135,000	35,700	147,000	51,000	159,200	53,200
Transport and communications	68,800	7,700	62,200	13,000	63,900	12,500
Human health and social work activities	41,900	59,600	41,600	63,100	45,300	67,500
Total employees in wage employment	1,478,600	649,100	1,366,600	789,000	1,452,500	813,200
Regular (per cent)	82.0	74.1	88.7	91.6	88.0	90.1
Casual (per cent)	18.0	25.9	11.3	8.4	12.0	9.9

Source: Republic of Kenya Economic Surveys (various years).

Note: The table does not include all formal sector activities.

Female workers in Kenya tend to be concentrated in the informal sector.[9] This primarily involves informal retail trade, including operating micro enterprises such as hairdressing, selling used clothes, operating small grocery kiosks, or selling vegetables in open air markets; selling tea, chapatti, or *mandazis* (doughnuts) to workers at construction sites; and involvement in community, social, and personal services.[10] The informal sector is quite important in terms of employment, but it mainly involves small firms or firms with few or no employees. The sector

[9] Unfortunately gender-disaggregated data do not exist for employment in the informal sector.
[10] The latter category can include public administration, education, domestic services, and others services such as hair dressing.

offers opportunities to the most vulnerable populations such as women, unemployed youth, and, in the worst cases, children.

Apart from their involvement in agriculture, many women in Kenya also engage in retail trade (World Bank, 2012). However, women's retail businesses do not generally grow as expected: they usually start small, grow very slowly, and end up small compared to those of men. Most of these enterprises are home-based or operate illegally in unserviced plots. Because of their restricted movement, many women who could run businesses from their home are blocked from economic activity by lack of access to markets. Most women lack entrepreneurship skills and have no knowledge of how to successfully run a business. This renders them economically handicapped and without the means to educate themselves about business practices. Lack of capital to finance the growth of their enterprises also constrains women's enterprises.

3.3 Gender gaps in access to and control over resources

3.3.1 Access to income and employment

Women who earn an income can use it to empower themselves by starting a business, investing in something, ensuring food security at the household level, or even using the income for farming activities. The income can come from employment, from the sale of produce, or from transfers from the government, churches, relatives, charities, or local or international non-governmental organizations. Employment can be a source of empowerment for both women and men, especially if it puts them in control of income. The 2010 Kenya Demographic and Health Survey asked currently married respondents whether they were employed (worked formally or informally to earn a living, or held a paid job) at the time of the survey and, if not, whether they were employed in the 12 months preceding the survey.[11] Table 12 shows details of employment and cash earnings of currently married women,[12] and of men who were employed in the 12 months preceding the survey.

Table 12: Employment and cash earnings of currently married women and men in Kenya, 2009

			Share of currently married respondents employed in the last 12 months, by type of earnings (per cent)					
Age	**Per cent employed**	**Number surveyed**	**Cash only**	**Cash and in- kind**	**In-kind only**	**Not paid**	**Total**	**Number employed**
				Women				
15–19	40.3	212	50.7	10.7	7.2	31.3	100.0	85
20–24	54.4	958	56.8	7.8	3.1	32.2	100.0	521
25–29	66.3	1,088	61.5	12.1	1.6	24.5	100.0	722
30–34	71.4	962	63.6	12.7	1.3	22.4	100.0	688
35–39	71.3	694	62.7	10.6	0.9	25.3	100.0	494
40–44	78.1	548	65.4	12.5	0.6	21.6	100.0	427
45–49	73.3	466	54.5	14.9	0.4	30.3	100.0	432
Total,	**66.6**	**4,928**	**60.9**	**11.6**	**1.6**	**25.8**	**100.0**	**3,280**

[11] The survey covers the entire country using a representative sample of 10,000 households.

[12] The table reports on employment of married women because they are more likely to stay at home than single women.

women, 15–49								
50–54	*	*	*	*	*	*	*	*
				Men				
15–19	**	3	**	**	**	**	**	3
20–24	100.0	100	71.1	7.8	0.6	20.5	100.0	100
25–29	99.6	296	77.2	7.1	2.8	12.9	100.0	295
30–34	98.0	384	76.7	8.7	1.7	12.8	100.0	376
35–39	99.0	294	80.2	5.6	1.9	12.3	100.0	291
40–44	99.6	279	68.8	9.3	4.5	17.4	100.0	277
45–49	99.1	236	74.6	8.5	3.4	13.5	100.0	234
Total, men, 15–49	99.1	1,592	75.4	7.8	2.6	14.1	100.0	1,578
50–54	98.1	187	59.6	13.3	8.3	18.8	100.0	185
Total, men, 15–54	99.1	1,780	73.7	8.4	3.2	14.6	100.0	1,763

Source: Kenya Demographic and Health Survey (Republic of Kenya 2010).
* There were no women in the 50–54 age group who were employed.
**Only 3 men in this age category were employed.

Approximately 66.6 per cent of currently married women aged 15–49 were employed in 2009, compared with 99.1 per cent of married men. Younger women, especially those aged 15–19 and 20–24, were less likely to be employed[13] than were women in other age groups compared to men in the same age groups. In fact, women start wage employment (whether formal or informal) at an earlier age than men, and in the 15–19 year-old age group, 31.3 per cent of women are not paid for their work, compared to 20.5 per cent of men in the same age group. As women get older, their likelihood of being employed increases, going from 40 per cent among women aged 15–19 to 78 per cent among women aged 40–44, compared to 99.6 per cent of men in the same latter age category. At this age, women may likely have already had children and their children may already be young adults. So women are freer from childcare responsibilities and regarded as less risky by employers (e.g. no maternity leave).

Of those employed, 61 per cent of women and 75 per cent of men aged 15–49 are paid only in cash for their work. More than a quarter (26 per cent) of women are not paid for their work compared to 15 per cent of men. Table 12 also shows that the women surveyed reached the upper age limit of wage employment at an earlier age (49 years old) compared to men, who worked up to 54 years old. In essence, the table shows that there are gender gaps in employment and earnings, with women getting a raw deal compared to men, which negatively affects their chances of growing businesses.

3.3.2 Access to land

Land can be used in many ways, including for subsistence farming, cash crop farming, or as collateral for credit to finance other businesses. Access to, control over, and ownership of land is

[13] These are women of childbearing age who may also be considered risky by employers due to needs for maternity leave or for days off to care for a sick child.

influenced by diverse factors that include gender, age, and marital status. Land in Kenya is mainly controlled by male household heads on the assumption that the rights are held in trust for all in the household.

Women hold only about 1 per cent of registered land titles in Kenya, with around 5 to 6 per cent of registered titles held in joint names, meaning that 99 per cent of the land is in men's hands (Kenya Land Alliance and FIDA, 2006).

Therefore, even though women have access to use the land, most of them do not have freedom to make decisions about its use. These decisions are made by the husband or male relatives, or by the community if the land is communally owned. In most cases, these decisions are made in the absence of women. Smith *et al.* (2008) argue that before the enactment of the new Constitution in 2010, Kenya's myriad of land statutes discriminated against women by (a) invoking customary law, which generally confers exclusive control of land to men, to govern land rights; (b) vesting in men absolute sole ownership rights to registered land; and (c) adopting procedures that insulate customary laws from appeal and judicial scrutiny. Even under the new Constitution, which allows women to inherit land, customary land law still prevails because it is hard to change people's mindsets, and women still have to fight for the same land rights as men, especially at the household level. It is even worse for unmarried or divorced women who have returned to their parents' home, since women are expected to be married and inherit land from their husbands. In such cases, the brothers or male relatives may disinherit them. Although some women try to fight for their rights, they find it difficult because legal procedures are costly and in most instances the disputes lead to family feuds that most women want to avoid. According to customary land law, women in Kenya have usufruct rights to land only when their husbands are alive, but after that, male relatives have the right to take the land from them.

3.3.3 Access to financial resources

While men and women in Kenya face similar difficulties in accessing credit, these difficulties are greater for women than men. This is because women lack collateral (since family land and other properties are registered in men's names); because fewer women than men are in formal employment (hence women are higher-risk borrowers); because most women have lower income levels than men; and because financial institutions do not design appropriate products and outreach strategies to reach women. Without secure land rights, women farmers have little or no access to credit or the benefits of membership in rural organizations such as credit cooperatives and banks, which are the main avenues available for credit. This restricts the type and size of businesses that women can operate.

As a result of these constraints, women resort to informal money lenders such as usurers, who charge them very high interest rates. Kenyan women also use rotating savings and credit associations (ROSCAs) (known locally as "merry-go-rounds"), or savings and credit cooperative organizations (SACCOs), which extend small loans for short periods of time that are usually not large enough to serve as start-up capital for larger businesses. Consequently, female-run businesses start small and most often never grow. Even though women entrepreneurs make up nearly half of all micro and small enterprise owners, it is estimated that they receive less than 10 per cent of the available credit (Republic of Kenya, 1999; Mwobobia, 2013). And although microfinance is a great poverty reduction tool, it offers only limited support for women who want to grow their enterprises beyond the micro level. Women business owners who have outgrown the maximum loan limits from microfinance institutions have great difficulties obtaining loans even as small as KSh1 million (US$10,989) from commercial banks. Women allege that commercial banks discriminate against them and prefer dealing with male clients (Amanda *et al.*, 2007).

Apart from the abovementioned issues, it should be noted that most of the 40 per cent of Kenyans who have bank accounts are men. The lack of knowledge among women as to how banks operate, how to develop viable business plans, and how to separate capital for business from that for consumption makes it difficult for women to access credit.

Because of the difficulties that women in Kenya encounter in accessing formal and informal finance, the government established the Women Enterprise Fund in 2007 to provide alternative financial services to women who are excluded from the formal and informal financial sectors.[14] The Fund provides affordable loans to women enterprises; attracts and facilitates investment in commercial infrastructure oriented at micro and small and medium-sized enterprises such as business markets or incubators beneficial to women enterprises; helps women enterprises develop linkages with large enterprises; facilitates marketing of products and services of women's enterprises in both domestic and international markets; and supports capacity-building of beneficiaries.

Women's groups can access funds directly through the organization's Constituency Women Enterprise Fund (C-WEF), which has offices in all districts in the country and is managed by the District Gender and Social Development Officer. Borrowers are charged zero interest and the loan must be paid within one year, with a three-month grace period. However, a one-time administrative fee of 5 per cent is charged. Only registered women's groups of 10 members or more with a minimum of 70 per cent female membership can access funds through the C-WEF system. Loans are not available for individuals. All of the group's leadership positions must be held by women, and the group must have a bank account and must have been registered for at least three months. Loans to groups through the C-WEF are generally quite small, usually around KSh50,000 (US$549.5).

Another way that women's groups, individual women entrepreneurs, or women-oriented companies can obtain loans from the Women Enterprise Fund is by using the services of a financial intermediary, in which case the group is charged an interest rate of 8 per cent per year on a reducing balance.[15] A maximum amount per borrower who belongs to a women's group is KSh200,000 (US$2,198). An amount KSh500,000 (US$5,494) requires approval by the Women Enterprise Fund Board, and the repayment period is a maximum of 36 months. Flexible security varies depending on the financial intermediary and the credit appraisal of the borrower. For loans borrowed through the C-WEF, the collateral is the group itself, which acts as a guarantor; shares and stocks that are quoted in the Nairobi Stock Exchange; or household items.

[14] More information is available about the Women Enterprise Fund on its website at http://wef.co.ke.

[15] The interest rate is calculated on the remaining unpaid loan after every payment, which makes the payment smaller and smaller as one continues to pay.

As at October 2009,[16] the Women Enterprise Fund had loaned KSh 894 million (US$9.8 million) to women, including KSh 685 million (US$7.5 million) through financial institutions and KSh 209 million (US$2.3 million) through the C-WEF. The Fund provided loans to 170,307 women in 2012, and since its inception in 2007, the Fund has provided loans to a total of 484,245 women across the country.

Although the aim of the Women Enterprise Fund is to help women obtain start-up capital and promote linkages of women-owned micro, small and medium-sized businesses with larger enterprises, female entrepreneurship in Kenya remains quite small. There are several reasons why the Fund has had a limited impact. First, it has done little to build the capacity of women and their institutions. Only 115 women have been trained in entrepreneurship. Second, the amounts loaned are relatively small (KSh5,000, or US$55, per woman on average, on the assumption that a women's group consists of 10 women) for an individual woman to start up a business. Finally, the Fund not been instrumental in promoting local and international marketing, linking women-owned micro, small and medium-sized enterprises to larger enterprises, or attracting or facilitating investment in infrastructure that supports women enterprises, such as markets and incubators. Only 310 women have been trained in export trade, and only 50 women have received support to participate in international trade fairs.

3.3.4 Access to human capital

Human capital can be built up through education and training, and it is important to empower women to run profitable and growing businesses. However, there are gender gaps in Kenya in terms of educational enrolment from the primary to the university level. Table 13 shows the levels and gender gaps in gross enrolments by gender in education institutions in Kenya.

Table 13: Gross enrolments and gender gaps in education institutions in Kenya, 2003, 2008, and 2013

Year	Primary (millions)				Secondary (thousands)				University (thousands)			
	Total	M	F	Gap F/M	Total	M	F	Gap F/M	Total	M	F	Gap (F/M
2003	7.21	3.70	3.51	0.95	8.63	4.48	4.15	0.93	6.76	4.41	2.34	0.53
2008	8.56	4.362	4.20	0.96	13.82	7.47	6.36	0.85	12.28	7.35	4.93	0.67
2013	10.18	5.15	5.03	0.98	21.04	11.28	9.77	0.86	32.46	19.32	13.14	0.68

Source: Republic of Kenya Economic Surveys (various years).
Note: The gender gap is measured by dividing the number of females enrolled by that of males.

As shown in Table 13, fewer females than males have been enrolled at all levels of education in Kenya. Primary school enrolment is almost at par for both girls and boys because primary education has been free since 2003. However, at the secondary school level the gender gap widens because of high dropout rates and low transition rates from primary to secondary schools. At the university level, the gap remains wide, although it narrowed slightly between 2003 and

[16] These are the latest data available.

2013, mainly because of the parallel degree programme in public universities,[17] the opening of many private universities in recent years, and loans offered by the Higher Education Loans Board.

The gender gap in education translates into most women not knowing a lot about what is required to open or run a profitable business, and it confines them to operating small businesses that never grow. In addition, women in Kenya have inadequate access to training and limited opportunities to avail themselves of external, formal managerial capacity-building support. This is due both to cultural constraints and to a lack of time, given the amount of time women put in the care economy (Kiriti, 2003; Stevenson, and St-Onge, 2005). Women also have little technological capacity because of low levels of this type of education and training among women entrepreneurs. Most women entrepreneurs have either no education or a primary school education, which translates into a lack of adequate business and technological skills critical to starting and running a business.

3.3.5 Access to time as a resource

Amanda *et al.* (2007) contend that in Kenya, employment and national accounts data do not capture non-market activities (where women predominate) and therefore fail to demonstrate the full contribution of women to the care economy and the extent of the female work burden. Women in Kenya are time-poor because of their dual roles in the care economy and the labour market. On average, women in Kenya work longer hours (12.9 hours) each day than men (8.2 hours), yet they earn less because more of the hours they work are not remunerated (Saito *et al.*, 1994). Ritchie *et al.* (2004) also found that in Kenya girls spend more time on non-remunerated work in the form of household work compared to boys. Women in rural areas of Kenya are burdened with household tasks such as pounding grain, collecting firewood, fetching water, tilling land, planting, weeding and harvesting, looking after livestock, caring for children, and cooking for the family. Only 30 per cent of households in Kenya have access to potable water, and fetching water alone can account for up to 40 per cent of a woman's day, taking from 3 to 5.25 hours (Were and Kiringai, 2003). Blackden and Wodon (2006) report that men in Kenya spend 258 minutes per day doing agricultural work compared to 372 minutes for women. Childcare is also an important time burden for women in Kenya. Women's labour time and flexibility are therefore more constrained than men's. The disproportionate cost borne by women in terms of child-rearing and family responsibilities also limits the time that they can devote to economic activities, which means they may have less time to develop and grow their businesses (Blackden and Morris-Hughes, 1993).

In addition, because women tend to be time-poor (combining family duties with running their businesses) and have limited access to financial resources, they are less likely to register their businesses or insure them. As a result, they are not able to access loans from formal financial institutions or even recover after a fire, theft, or any other setback, which limits the growth of their enterprises (Amanda *et al.*, 2007).

[17] Under this programme, initiated by the government of Kenya in 1996, public universities admit fee-paying students but the costs of the bulk of regular students (admitted through the former Joint Admissions Board) are met by the government. The two groups of students are taught separately, hence the term "parallel," but they follow the same syllabus.

3.4 Discussion questions and exercises

1. What does a life expectancy score of 1 mean? Which is better: a life expectancy score of 1.18 or 1.04? Explain your answer.
2. The Constitution of Kenya guarantees women's right to inheritance, yet they find it hard to inherit their husband's or parent's property. Explain the reason for this.
3. Explain why women's output is not usually acknowledged in GDP, even though women work longer hours than men
4. Explain some of the factors that influence access to, control over, and ownership of land in Kenya.
5. What do you think the government of Kenya should do to reduce the gaps in women's access to and control of resources?

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4 Trade liberalization and its impact on women retailers in Kenya

Trade liberalization is the removal or reduction of barriers to trade that facilitates the movement of goods and services from one nation to another. It includes dismantling of tariff measures such as duties and surcharges, export subsidies, and non-tariff barriers such as licensing regulations, quotas, and arbitrary standards. As mentioned earlier, gender differences in the control of resources, the division of labour, and decision-making can affect women's ability to benefit from trade liberalization. In fact, trade liberalization in Kenya has produced mixed results for women.

This section focuses on the case of women retailers in Kenya. It provides an overview of women in retail trade, investigates the impact of trade liberalization on women retail traders, and discusses whether women benefit from the trade liberalization policy.

4.1 Overview of women in retail trade

As has been mentioned throughout this report, most women entrepreneurs operate micro and small enterprises (MSEs). According to the Kenya National Micro and Small Enterprise Baseline Survey in 1999, there were approximately 1.3 million MSEs in the country employing 2.3 million people (Republic of Kenya, 1999).[18] Only 11.7 per cent of MSEs indicated they were registered businesses and only 39.4 per cent had operating licenses. Close to two-thirds of all MSEs were in the trade sector, meaning that a large proportion of them were involved in the buying and selling of commodities (Stevenson and St-Onge, 2005). The average size of an MSE was 1.8 persons, and the owners themselves accounted for almost 75 per cent of total MSE employment. In fact, 80 per cent of total MSE employment involved only owners and their family members. The average earnings of women in MSEs represented only 57 per cent of the average earnings of their male counterparts. The probability of the enterprises collapsing was higher for women-owned enterprises than for men, while the probability of the business growing was lower for women than for men. The reasons for this were because women spent less time in their businesses than men, few women had insured their business against risks such as fire, women lacked financial capital and the skills needed to run a business, and lower profits increased the probability of women-owned enterprises going bankrupt as compared to those of men.

The 1999 survey also reported that women were more likely to be operating in the trade sector (75 per cent), and were more dominant than men in textiles (women accounted for 67 per cent of total MSEs in that sector),[19] retail (56 per cent),[20] entertainment (55 per cent), and other manufacturing (68 per cent). The survey showed that women are less likely than men to employ others in their enterprises. The average number of employees in a female-owned MSE was 1.54 compared to 2.1 for male-owned MSEs. In MSEs owned by women, about 86 per cent of the workers were the owner-operators, only 4 per cent of workers were hired, and the remaining workers were either family members or apprentices.

The complicated procedures required to start and operate a business in Kenya most often push women into operating informal sector microenterprises that are individually run or employ less than 10 employees. Women retail traders in Kenya are mainly found in open air markets selling dry goods such as maize, beans, sorghum, green grams and millet, green and ripe bananas, sweet potatoes and Irish potatoes, fruits and vegetables, arrow roots, or yams. They are also found in small stalls operating as tailors or hair dressers, selling tea with doughnuts, chapatti and samosa,

[18] There has not been another survey since 1999.
[19] The textiles sector was defined in the survey as selling clothes, whether new or old, and repairing clothes.
[20] The retail sector was defined in the survey as operating small grocery shops, selling in open air markets, or operating on the streets with only a gunny bag that contains all of the seller's merchandise.

or in beer brewing. Most of them do not own stalls and therefore operate on road sides or on sidewalks outside established business areas. Most often you will see them with their babies strapped on their back as they attend to their customers, since they do not have anyone with whom to leave the baby at home. Others operate from their own homes, where for the most part business is only attended to after household chores have been completed. Women retail traders working in the informal sector in Kenya are often subject to arrest by municipal authorities for violating local laws, and they often have to pay fines or bribes or use other means to solve the problem. Other times their wares are confiscated and they have to pay huge fines to recover them.[21] Due to women's low levels of education and the time they need for their household duties, time-consuming trade procedures and document requirements (such as an application for an operating license or public health certificate) weigh more heavily on women than men.

4.2 Impact of trade liberalization on women retail traders

Trade liberalization policies and practices have different effects on men and women, mainly because of the differences in their societal roles, responsibilities, rights and opportunities. It is therefore important to investigate how trade liberalization has affected women's retail businesses, as that is where most women who do not work in agriculture are concentrated.

4.2.1 Tailoring and dressmaking

This section starts by looking at how trade liberalization has affected women in tailoring and dressmaking. Used clothing was first imported as a duty-free charity in response to regional conflicts during the 1970s and 1980s. The trade evolved into a commercialized business sector in the early 1990s, when trade liberalization policies were introduced into the Kenyan economy. Those policies allowed for the importation of goods such as used clothing at reduced costs due to the lowering of import tariffs (Katrina, 2013). Before the 1980s, tariffs protected the tailoring and local garment-making industries, but after trade liberalization those tariffs were lowered and local factories had to shut down, rendering many women unemployed. Trade liberalization, coupled with the low purchasing power of the vast majority of Kenyans, has made the country fertile ground for imported second-hand clothing. Kenya is one of the world's largest importers of second-hand clothing, commonly referred to as *mitumba.*

Many primary school girls who cannot make it to high school are trained as tailors and dressmakers. However, they find it difficult to use these skills because the market is flooded with second-hand clothes. Those who open tailoring businesses end up closing them because they lack customers, as the sale of imported second-hand clothes has replaced sales of locally made clothing. Mbugua *et al.* (2013) note the reduced market share of local tailoring and dressmaking brought about by imported second-hand clothes and ready-made garments and recommend that the government, together with other stakeholders, help train and fund tailoring and dressmaking enterprises and put in place policy measures to protect these entrepreneurs from unwarranted competition. Attributing the decreasing prominence of locally-made clothes to the increasing demand for second-hand clothes, the Kenyan government has in fact imposed bans on *mitumb*a in

[21] Author's observations and conversations with women sellers in the Nairobi Central Business District in December 2014.

the past in an effort to protect the local textile industry and increase its revenues (Rono, 1999). The decision to initiate a process of stopping importation of used clothes and shoes was among the agreements made at the 16th East African Community Heads of States Summit in January 2015 in Nairobi (Daily Nation, 2015).

On the other hand, the sale of second-hand clothing is a thriving business in Kenya that has created thousands of jobs for both women and men. Even in this sector, however, women's stalls continue to be smaller than those of men because they remain open for fewer hours, as the women owners have to perform household chores before they can open. According to Kinyanjui (2006), 70 per cent of garment traders in Nairobi were women as of 2001. However, despite their prominent presence in the trade, women tend to earn less than men, and men's businesses appear to have higher levels of growth. This can be explained by social and cultural factors, such as differing levels of education between men and women and socially constructed gender roles and responsibilities that limit the amount of time that women can dedicate to developing their businesses. Male operators are also more likely to insure their second-hand clothing stalls than women. Consequently, when fires break out – a fairly common occurrence – women lose all their merchandise and usually the stalls themselves and have no insurance coverage (Chalhoub, 2012).

4.2.2 Small grocery stores and open air markets

Trade liberalization has also affected women operating small grocery stores and in open air markets. Trade liberalization has been an important factor in the growth of supermarkets in Kenya. In 1993, the Kenyan government, in collaboration with the World Bank and IMF, started to stabilize and reform its economy (Tradeport, 1996, cited in Neven and Reardon, 2003). Trade barriers such as import licensing and foreign exchange controls were eliminated, the agricultural sector was liberalized, a process of privatization of parastatals was initiated, and other trade barriers were reduced. The end of import licensing led to a greater variety of products and shifted the retail market from a seller's to a buyer's market in which retailers had to compete for consumer purchases (Neven and Reardon, 2003).

Trade and market liberalization also led to increased imports and more competitors, which favoured bigger stores that could stock a wider assortment of products. Neven and Reardon (2003) note that with more than 200 supermarkets, Kenya is the second most advanced country in terms of supermarket development in sub-Saharan Africa. Kenya has approximately 206 supermarkets in addition to hypermarkets. In contrast, Uganda has one supermarket and Tanzania has four (Business Report, 2000).

Supermarkets in Kenya sell both imported and locally made goods ranging from cooked food to meat, dry goods, fruits and vegetables, clothes, electronics, and furniture. They also double up as pharmacies, offer photo processing services, money transfers, bill payments, and banking options. They are not just found in the big cities such as Nairobi, Mombasa, and Kisumu, but also in rural towns such as Karatina, Kisii, Bungoma, Nyeri, Meru, and Embu. They have also established branches in estates and suburbs where small grocery shops would be operating.

Neven and Reardon (2003) posit that traditional retail outlets with limited selections presented in drab decors – and where consumers cannot pick up items to look at them at their leisure and have to scramble for the attention of the shop attendant behind the counter – leave consumers unsatisfied and create pent-up demand for better alternatives. This demand is then met by the emergence of more modern “all under one roof” store formats that handle up to 50,000 different products and offer consumers the convenience to buy practically everything – a process that in the past involved a day of numerous errands. If, at the same time, these products (as is the case for supermarkets) can be offered at competitive prices, consumers will flock there. Supermarkets are thus competing with local retailers, who find themselves pushed out of the market due to the supermarkets’ packaging, advertising, and layout of goods, all of which attract customers. The entry of retailers with self-service options has started replacing small shops (*dukas*), including butcheries. Consequently, the supermarkets’ venture into the sale of fruits and vegetables has provided stiff competition to *Mama Mboga* (market women) who now find themselves losing their customers to supermarket chains. Corner kiosks are closing as a result, and the losers are mainly women, whose businesses are concentrated in this sector. Most supermarkets are open 24 hours and over weekends and offer discounts on certain items, which makes it impossible for women to operate profitably in their small businesses and shops. Low-income consumers also shop in supermarkets, which crowds out the local *Mama Mboga*.

On the consumer side, of course, long opening hours in supermarkets may make life easier for women as purchasers because they can shop more quickly and save time. Discounts on those basic items that women purchase also benefit them and the members of their households.

4.2.3 Import retail trade

Trade liberalization has also had an impact through import retail trade. Trade liberalization policies account for the proliferation of women in cross-border trade in consumer goods such as food, clothes, jewelry, electrical appliances, shoes, plastic goods, cutlery, toys, and other items that they import from Dubai, Turkey, Thailand, Vietnam, China, Europe, and the United States.

Formerly large shops have cashed in on the craze of this trade and have sub-divided their shops into many small stalls that they sublet to retail traders selling such imported items. Women who have taken advantage of this trade liberalization opportunity occupy entire streets in Nairobi, Mombasa, Nakuru, Kisumu, and other major cities in Kenya, selling mainly clothes.

Gender inequalities in access to and control of factors of production such as land, labour and capital, as well as the challenges of combining productive and reproductive activities, place additional burdens on women. This in turn influences the impact of policies on their well-being (Dzodzi, 2012; Masinjila, 2009). Kenyan women carry the burden of family, child-rearing and other responsibilities that constitute the care economy. In the import retail trade, this is challenging because women have to spend days traveling away from their families. Their multiple responsibilities for childcare, housekeeping, and income generation have implications for their time, productivity, and leisure, all of which contributes to their businesses not prospering as much as those of men. To travel abroad to get supplies, most married women have got to seek permission from their husbands. Accessing credit from formal banks is also problematic due to lack of collateral, so most women rely on ROSCAs or other non-formal financial institutions for small loans, which limits the size of their retail businesses compared to those owned by men.

Most women who take advantage of trade in imported commodities concentrate on imported clothes and other accessories such as perfumes, necklaces, and shoes, while men venture into vehicles, motorcycles, electrical items, and electronics. Men's business thus tend to grow as they open branches in major suburbs and towns, while women`s businesses remain small and do not grow either in terms of increased stock or employment. Customs regulations, complicated import procedures and paperwork, delays at ports, and tariff and non-tariff barriers to trade make it hard for women to take advantage of trade liberalization because they have little knowledge of import procedures and how to handle complications if they arise. The fear of being branded a rebel by going against the normally accepted role of a woman to stay at home also makes women reluctant to travel to source supplies from abroad; most often they send their male counterparts to buy what they need because men do not need permission from anyone to travel abroad.

4.2.4 Cross-border retail trade

Trade liberalization has also affected women in cross-border retail trade. Most of the women engaged in cross-border trade work along the Kenya-Uganda borders through Malaba and Busia, and along the Kenya-Tanzania borders through Namanga, Isebania, and Lunga Lunga. Women trade predominately in low-value and low-profit products such as fruits and vegetables, livestock, meat, and dairy products. Other commodities sold are textiles, shoes, beauty ornaments and products, cereals, and horticultural products such as tomatoes (especially along the Lunga Lunga border crossing to Tanzania). Apart from the horticultural products, the other products are obtained mainly from wholesalers in Nairobi or even from some retailers to be resold again across the borders. Most of the women cross the borders on a weekly or monthly basis. They mainly rely on their own savings to finance their trade, and if this is not enough they may borrow from ROSCAs or welfare organizations. Very few women obtain credit from commercials banks, mainly because of the banks' stringent borrowing conditions, which women are not able to meet.

In a study by Masinjila (2009), Kenyan women traders complained that even microenterprise lenders, including women-specific ones, have punitive requirements for collateral that include attaching and auctioning the property of defaulters. Collateral requirements affect women disproportionately because properties are registered in the name of their spouses due to the socio-gender economic arrangements that prevail in marriages. Lending institutions also charge high interest rates to women because they are considered high-risk borrowers, and women find it difficult to service these loans using income from businesses.

Trade liberalization policies in the East African region, although expected to benefit both men and women in cross-border trade, have not helped much when it comes to women who want to get involved in cross-border trade or are already in it. This is due to gender bias in access to resources, education, and training; inequalities in the distribution of income and resources; unequal access to credit, land and technology; and a lack of knowledge of how international markets operate and, therefore, difficulties competing internationally even if the markets are opened up. The constraints women face – such as non-tariff barriers that impinge on trading (Brenton *et al.*, 2013) – undermine Kenya's efforts to realize its full trade potential. As mentioned earlier, lack of access to finance, information, and formal networks often push women into the informal economy, where their capacity for growth is limited.

Limited education and lack of knowledge about their rights under the East African Customs Union treaties and protocols exacerbate the problems faced by women involved in cross-border trading. In some cases, women are forced to pay customs and immigration officials in order to cross the borders even when the borders are open. They also have problems associated with access to credit to buy supplies, access to social safety nets, language, transport, foreign currency exchange, storage facilities, and health care and sanitation. Masinjila (2009) found that the major strategy used by Kenyan women cross-border traders to surmount these constraints is to bribe their way out of problems or reduce the amount they trade in to very small quantities that may not be detected by customs officials.

4.3 How does trade liberalization affect actors in Kenya's retail trade?

The previous sections make it clear that trade liberalization has opened up opportunities for both men and women in retail trade in Kenya. However, since women's child-rearing and domestic tasks are their primary responsibilities, most Kenyan women have not been able to take advantage of these opportunities because they simply add to their already-daunting existing responsibilities. Those women who have taken up the opportunities have found themselves pushed into the informal sector because of stiff competition with big businesses such as supermarkets, and because women's retail businesses are usually secondary to their child-rearing and domestic responsibilities. In addition, gender inequality in Kenya means that women lack the resources needed to start and grow a business. Most of the retail businesses operated by women remain small and trade in items that bring very little profit. It is important to remember that most of the poor in Kenya are women, either on their own or in female-headed households.

Men, on the other hand, are not subject to most of the constraints faced by women. They have managed to take up the opportunities afforded by trade liberalization, and their businesses have grown faster than those of women. Men also have collateral that they use to borrow both for start-up capital and expansion. They are free to travel abroad to source for supplies without hindrance, whereas women must seek permission from their husband and endure the disapproval of people who may see them as having abandoned their husband and children to chase money.

Trade liberalization has had both winners and losers in Kenya. Big businesses such as supermarkets have certainly benefited from it. In the process, however, they have displaced small businesses where women are concentrated, thus affecting female-owned businesses more negatively than their male counterparts. On the other hand, the supermarkets benefit women as consumers, since they offer discounts and are open long hours, making it easier for women who do not have the time to shop. Cheap imports, especially of second-hand clothes, also benefit women consumers, as they are able to buy clothes for their families on a small budget.

4.4 Discussion questions and exercises

1. Explain the factors that increase the probability of women-owned businesses not growing or closing.
2. Explain some of the reasons that push women to operate unregistered businesses in the informal sector.

3. Explain why trade liberalization policies and practices can have different effects on men and women.
4. How have women benefited from trade liberalization in Kenya?

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5 Conclusions and policy recommendations

Using a case study of retail trade, this teaching material has shown that trade liberalization has had an unequal impact on male- and female-operated businesses. Men have taken up more opportunities afforded by trade liberalization because they face fewer constraints than women. Gender inequality in access to and control over resources such as land, credit, technology, time, education, and training make it hard for women to surmount the challenges and competition brought about by trade liberalization. Additionally, women's businesses come second after the household, child-rearing, and other family tasks for which they are also responsible. This constrains the growth of their businesses.

Kenya should therefore promote gender equality in all aspects of economic policy, including trade. In other words, all aspects and stages of trade policymaking should be gender mainstreamed to reflect a gender perspective and address the goal of gender equality. It is useful to perform a gender analysis of the impact of trade policies, but it is also important to look at the content of trade policies and subject them to gender analysis by including both men and women and other stakeholders in wide consultations at all levels of policymaking.

There are institutional biases in trade policy design, implementation, and monitoring. Trade policies are usually designed at the national, regional, or international levels. The micro level, where gender issues are particularly important, is not usually a priority when these policies are designed and implemented. At the national level, trade policies are developed by the executive arm of government, but in most cases women are not represented at this level. Parliament usually ratifies and monitors implementation of these policies, but with a male-dominated Parliament, most of the policies are passed without gender considerations. In other words, gender aspects are often missing from discussions on the impact of trade policies.

Inadequate consultation on trade policy decision-making in terms of design and implementation begs the questions of who should participate and how they can participate. It is important to inform and consult all stakeholders about the content of a proposed trade policy.

Kenya's Ministry of Foreign Affairs and International Trade needs to:

- Strengthen its capacity to recognize the gender-differentiated effects of trade liberalization;
- Ensure integration of systematic gender analysis in trade policymaking and negotiations;
- Continue to engage with women's business associations and civil society stakeholders to ensure their involvement and input in Kenya's trade policymaking and promotional efforts; and
- Promote gender awareness and social responsibility through appropriate engagement with the private sector.

For their part, women's business associations need to take full advantage of opportunities to engage and regularly interact with the Ministry of Foreign Affairs and International Trade in order to increase their understanding of relevant trade issues.

It is also important to hold seminars and workshops so that relevant stakeholders, including women, understand the possible impact of trade policy and how they can benefit or lose from the outcomes. Trade policies need to be closely examined to determine how fair they are to women.

There is also a need for the government to establish new forms of collateral for women. Even though the Constitution guarantees women inheritance rights, the reality on the ground is usually different.

Legal language such as that governing the establishment of small businesses needs to be simplified so that is can be understood by common people. Licensing for new businesses should also be simplified to eliminate excessive paperwork and complicated legal jargon. It would also be useful to reduce the number of licensing steps and associated costs, and to develop a one-stop shop for business registration and other regulatory requirements.

The government might also consider a regulation to limit the weekend and holiday hours of supermarkets in suburbs so as to provide more opportunities for local retailers to attract customers. This form of market sharing has worked well in countries such as Australia and some other developed countries. The strategy may initially meet with resistance from upper- and middle-class women, but since they have the means to drive to the central business districts to do their shopping in supermarkets that open, such a strategy could be successful over the long term.

Financial institutions and organizations that cater to the interests of women should be reformed to be more gender-sensitive and realistic in terms of meeting the needs of women entrepreneurs. Although Kenya's Women Enterprise Fund has attempted to address some of these issues, the results have not been as far-reaching as expected. Access to finance is based on women coming together as a group, which does not encourage individual entrepreneurs. The amounts that can be borrowed are too small (initially KSh50,000, or US$550, per group) to significantly support the expansion of individual women's businesses. The government therefore needs to encourage the development of financing mechanisms for female-owned businesses through local financial institutions and international development institutions. These lenders can learn from best practices among institutions and in countries that have come up with women-friendly lending solutions.

The government and other stakeholders need to promote:

- Women's access to education through affirmative action in admission, bursary, and scholarships;
- Women's technological development and entrepreneurship through training in business plan development, implementation, and monitoring; and
- IT training and capacity-building for women through seminars and workshops.

Mentoring and sensitization programmes and workshops are also needed to orient women away from traditional activities to non-traditional products that are more marketable and that generate higher profits. Women should also be educated about their rights as enshrined in the Constitution, and, if possible, poor women should have access to pro bono legal representation when fighting for their inheritance rights.

The government should promote gender-sensitive legislation, policies, and regulations directed towards gender equality – such as the two-thirds gender rule in public appointments that is enshrined in the Constitution or the 30 per cent rule as stated in the Kenya Vision 2030 but has not been realized to date – in the context of laws, policies, and regulations that give vulnerable groups and women, in particular, their rightful place as equal participants in society.

Finally, to facilitate more in-depth research on the impact of trade on gender relations and the livelihoods of women in Kenya, the government should enhance collection and reporting of gender-disaggregated data.

5.1 Discussion questions and exercises

1. Discuss whether Kenya’s trade policy has been gender-mainstreamed.
2. In addition to the policy recommendations listed in this material, what else would you recommend to help women in Kenya benefit from trade liberalization?