

**BARRIERS FACED BY WOMEN GROUPS IN ACCESSING UWEZO FUND IN
KIKUYU CONSTITUENCY, KIAMBU COUNTY**

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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Date.....

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N69/77439/2015

Supervisor

This research project has been submitted for examination with my approval as the university supervisor.

Sign.....

Date.....

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DEDICATION

To God whom I owe my all. To my family whose love and support continues to sustain me and to my beautiful daughters, you are my world.

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LIST OF ABBREVIATIONS AND ACRONYMS

AGPO	Access to Government Procurement Opportunities
CBD	Central Business District
CBO	Community Based Organization
CHIP	Children's Health Insurance Program
DFID	Departments for International Development
FIDA	Federation of Women Lawyers
FSD	Financial Sector Deepening
GDP	Gross domestic product
GoK	Government of Kenya
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Standards
MSE	Micro and Small Enterprises
NACOSTI	National Commission for Science, Technology and Innovation
PWDs	Persons with Disabilities
RoK	Republic of Kenya
SIDO	Small Industries Development Organization
SMME	Small, Medium and Micro Enterprise
UAE	United Arab Emirates
UNIDO	United Nations Industrial Development
UNRISD	United Nations Research Institute for Social Development
USA	United States of America
WEF	Women Enterprise Fund

WIEGO	Women in Informal Employment Globalizing and Organizing
YOUWIN	Youth Enterprise with Innovation in Nigeria
YEDF	Youth Enterprise Development Fund

ABSTRACT

This was a cross-sectional descriptive study on the barriers faced by women groups in accessing uwezo fund in Kikuyu Constituency, Kiambu County. Specifically the study focused on institutional capacity and financial literacy dimensions of these barriers. The target population were the registered women groups in Kikuyu Constituency. A sample of 6 women groups; three who were successful in accessing Uwezo fund and three who were unsuccessful in accessing the fund comprised the study population. Qualitative data was collected through focus group discussions and key informant interviews. The study was guided by the women's empowerment framework theory. The findings show that financial literacy is a barrier to the women groups' access to Uwezo fund. The groups lack book keeping skills, have no knowledge on how to prepare business plans and loan expenditure plans and have no avenues of receiving training on financial management. In terms of institutional capacity barriers, there is limited knowledge amongst the groups on administration of Uwezo fund and the application procedures. The capacity building program was also found to be ineffective. Therefore the study recommends simplification of the application procedures and subjection of the application process to less rigorous requirements and processes to significantly improve access to the fund. All registered women groups should have access to the capacity building which will equip them with the necessary knowledge and skills required during the application process.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The concept of empowering women economically has been a major concern all the world over. To reduce global poverty, the empowerment of women in developing countries is crucial as they make up the world's most poor population. (Intel, 2012; UNRISD, 2010). The International Monetary Fund (2013) report "on economic effects of gender inequality" show that women's equal access to income earning opportunities as men would raise the country's GDP growth rates by: 34% in Egypt, 12% in UAE, 9% in Japan, and 5% in USA, denoting women's capacity to fully contribute to global economic growth and prosperity (IMF, 2013).

African governments have made a lot of effort to help women in entrepreneurship projects more so through programmes such as Small and Medium Enterprise Projects in Ghana, Nigeria, South Africa and Tanzania (Wolsink, 2010). In South Africa and Nigeria for example, the governments have to a certain degree, recognized the importance of developing a strong sector known as the Small, Medium and Micro Enterprise, as mentioned above,(SMME or MSMEs as they are referred to in Nigeria), which could promote and achieve economic growth, wealth creation and creation of jobs (Van Der Merwe, 2012). To this end, the governments have over the years focused on the development of individuals considered to be previously disadvantaged, especially female entrepreneurs (Van Der Merwe, 2012). Similarly Healey (2012) observes that the Government of Tanzania has also not been left behind in its efforts to support women

entrepreneurs through special initiatives to reach out to women, and organizations which are supported by governments.

Women in Kenya comprise of 51% of the total population and hence their contribution to economic development is very important but accessibility to financial services amongst other factors has hampered their contribution to the economy (Government of Kenya, 2003). One of the strategies of the gender policy of 2002 anchored on the global gender equality and women empowerment trends, was the strengthening of the Micro, Small and Medium Enterprises (MSE) in the informal sectors by the Government of Kenya. The Government hoped to accomplish this through creation of national micro finance policy and establishment of programs that will favor the disadvantaged groups such as women in order to increase their access to financial services. It was hoped that these strategies formulated by the government will lead to economic growth, reduction of gender gaps in participation in the economic growth and ultimately improve the welfare of all its citizens (Government of Kenya, 2006).

Women groups in Kenya experience many obstacles in accessing credit from conventional financial institutions. According to a survey conducted in Kenya by Paul (2006) on well-being showed evidence that over 50% of women in Kenya are poor and have no access to financing from the traditional financial institutions as they cannot provide security for the loans e.g. land title deeds. Braunstein and Welch (2012) noted that most women are poorer than men on average and lack collateral, thus are more credit-constrained. Similar challenges are faced by the women groups in accessing

devolved funds. Oduk (2010) cites the processing time of loan applications as one of the main challenges. The long and complicated application process significantly affects the groups in terms of loss of other opportunities they could be pursuing and also affects their ability to plan ahead. A report by FIDA (Federation of Women Lawyers) (2009) cited inaccessibility of the application form, the general obscurity of the application process, widespread ignorance, and lack of knowledge on how to fill in the forms as the specific hindrances. A Baseline Survey on the Impact of Youth Enterprises Fund and the National Development Fund for Persons with Disabilities (2013), stated that outstanding comments were made on the application process for the funds process with some respondents describing it as corrupt and complicated.

The owners and managers running SMEs must possess appropriate skills and abilities for the SMEs to be successful (Okpara and Wynn, 2007). Women entrepreneurs living in the rural areas encounter several challenges in running their businesses including lack of basic accounting skills, lack of business management and technical expertise and social-cultural limitations (UNIDO, 2003). Michelle (2011) posits that women not only lack collateral to enable them secure loans but are also disadvantaged by the fact that they have limited financial skills. WEF accountability statement published in April 2013 also highlighted low financial literacy levels among other barriers facing the women borrowers (Republic of Kenya, 2013).

In 2013 the Uwezo fund was launched by the Government of Kenya to bridge the gap between women and the youth who had been deprived of credit (Nyutho, 2014). The

fund aims at enabling the government in attaining the economic pillar of the Vision 2030 by providing youth, women and persons with disabilities affordable credit for business innovations and expansions leading to job and wealth creation. In the 2013/2014 Financial Year, a total of Kshs 197 million was disbursed to the 12 constituencies in Kiambu County under the Uwezo Fund to support women and youth-led enterprises.

The County Government notes that over 1,193 women groups had benefited from the Women Enterprise Fund out of the over 1800 registered women groups (Kiambu Government, 2013). In Kikuyu Constituency however, the uptake of the fund is low. According to Annah (2015), only 60 out of the registered 324 women groups in Kikuyu Constituency had received Uwezo fund. This is a clear indication of inaccessibility of the fund despite its availability which could be attributed to institutional barriers and lack of financial literacy to aid accessibility.

1.2 Problem statement

The government of Kenya has created several affirmative action funds such as Youth Fund, Women Fund and Uwezo fund aiming at promoting SMEs hence reduce the unemployment rate among the youth and women and to improve the economy (RoK, 2014). Despite this effort by the government, the uptake of these government funds remain low. Moreover, despite recognizing the obvious disadvantages women entrepreneurs face in comparison with men, little has been done to address this concern (Athanne, 2011).

Several studies have explored the socio-cultural barriers to women's access to finances through commercial outlets such as commercial banks (for example, Kimuyu and Omiti, 2010; Msiringi, 2011). Scholars such as Muriungi, 2012 and Otieno, 2011 have examined women's experiences with microfinance schemes albeit privately owned enterprises. Additionally, several studies (Annah 2015 and Oduk 2010) on women enterprise and development (which is part of the government grant) only look into women's loaned funds in terms of challenges and successes in loan repayment and not access to the funds. Given the foregoing, there are limited studies on challenges facing women groups in accessing state-owned funds such as Uwezo, more so, when such funds are part of affirmative action to economically empower women.

Therefore, this study sought to bridge these gaps by investigating barriers faced by women groups in accessing Uwezo Fund in Kikuyu Constituency by focusing on institutional capacity and financial literacy dimensions of these barriers. To do so, it was guided by the following research questions:

1.3 Research Questions

- i. What are the institutional and financial literacy barriers to women groups' access to Uwezo fund in Kikuyu Constituency?
- ii. How do these barriers affect women groups' access to Uwezo fund in Kikuyu Constituency?

1.4 Objectives of the Study

1.4.1 Overall Objective

To assess barriers faced by women groups in accessing Uwezo fund in Kikuyu Constituency, Kiambu County.

1.4.2 Specific Objectives

- i) To establish institutional and financial literacy barriers to women groups' access to Uwezo fund in Kikuyu Constituency
- ii) To determine how these institutional and financial literacy barriers affect women groups' access to Uwezo fund in Kikuyu Constituency

1.5 Assumptions of the Study

The study's assumptions were that women groups'

- i. Lack of institutional capacity and low financial literacy levels are major barriers to women groups' access to Uwezo fund in Kikuyu Constituency
- ii. These barriers affect the women groups' access to Uwezo fund in Kikuyu Constituency

1.6 Significance of the Study

The study highlights the institutional and financial literacy barriers to women groups' access to Uwezo fund which could inform significant government intervention in improving access of the fund by the target groups. Cumulatively, this would translate to women's economic empowerment which is part of the strategy under Kenya Vision

2030's Economic Pillar. The study would also shed light on the extent to which bureaucratic obstacles can stifle affirmative action aimed at eliminating collaterals originally demanded of women by lending institutions.

Additionally, the study would identify context specific challenges for women groups in Kikuyu Constituency in terms of institutional and financial barriers in accessing the fund, which would aid the county government in formulating targeted interventions to improve access. Lastly, the study would act as a source of literature for further research and development practitioners may use the recommendations to improve accessibility of similar programs.

1.7 Scope and Limitations of the Study

The study sought to assess barriers faced by women groups in accessing Uwezo funds in Kikuyu Constituency, Kiambu County. It specifically aimed at establishing the extent to which the institutional capacity and financial literacy affect the access of the women groups to Uwezo fund. The study was purely qualitative in terms of identifying institutional and financial literacy barriers in accessing Uwezo fund by the women groups and as such, it could not bring out the quantitative frame and correlative limitations of these barriers. The study could not consider the experiences of the women groups with commercial or private lending institutions in terms of access to funding.

1.8 Definition of Key Terms

Devolved Funds: Devolved funds include monies that are meant to trickle down to local communities for the sake of local development initiatives in Kenya, in this case the Uwezo Fund.

UWEZO fund: It is a government affirmative action fund that aims to provide funds to the youth, women and persons with disabilities to enable them to start and grow their businesses. 'UWEZO' is a Swahili word for "able".

Barriers: For the purpose of this study "barriers" refer to challenges and constraints which are institutional and financial in nature that inhibit potential beneficiaries (women groups) from accessing Uwezo fund.

Financial literacy: Is the ability to understand how money is transacted, managed and invested. It further refers to specific knowledge and skill set necessary for sound financial management.

Government loans: Financial support from the government that target the women and/or women and youth with a characteristic of being cheap and lenient terms and conditions

Institutional Capacity: An organization's ability to realize its mandate and vision.

Women Owned SME: Those small firms that have an average of two to fifty employees and asset value between half to a million Kenya shillings and are formed by women who are the key decision makers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section presented literature review on women groups and Uwezo fund and is carried out along the following sub-topics: An overview of Government affirmative funds in Kenya, overview of Uwezo funds and the barriers faced in accessing Uwezo fund. The section concluded with a discussion on theoretical and conceptual framework which will guide the study.

2.2 Government Affirmative Funds in Kenya

According to Ostrom (2015), there is need to increase the percentage growth of devolved funds in annual revenue by the government so as to strengthen community empowerment through this fund. To achieve this goal, there is need to increase not only the amount but also the efficiency and effectiveness of devolved funds, and further amplifying the voices of the poorest local communities so as to channel their developmental concerns into public policy. (IMF, 2010).

The Government of Kenya initiated the affirmative funds for Youth and Women with the objective of providing seed capital for business startups and expansion (Alambo, 2014). The government established affirmative action funds such as the Women Enterprise Fund (WEF) and Uwezo Fund with the realization of the effectiveness of SMEs in wealth and job creation thereby addressing the challenge of unemployment.

YEDF and WEF disburse funds through their Constituency offices and financial intermediaries while Uwezo Fund disburses funds to Youth, Women and Persons with disability (PWDs) through their Constituency offices (Kimani, 2015). In addition, the Government initiated the 30% public procurement affirmative action which requires all Public Agencies (Ministries, Departments and Agencies) to set aside a minimum of thirty percent of their procurement spending to be awarded to Youth, Women and PWDs entrepreneurs.

The aim is to facilitate these entrepreneurs to expand their businesses and create employment in the Supply Chain Business. According to Ostrom (2015) the programme is being implemented across the country under the banner “Access to Government Procurement Opportunities” (AGPO). Since inception in 2013, the Ministries alone have been able to disburse over Kshs 26 billion to these groups. The anticipated impact on job creation and economic empowerment of the target groups is yet to be established, hence the need for this audit and impact assessment.

2.2.1 Devolved Funds and Women Empowerment

The World Bank, (2005) defines empowerment as expansion of freedom of choice and action so as to strengthen one’s authority and control over resources and decisions that affect one’s life. Alfayo (2015) emphasizes the economic empowerment of women as the most important enabler of other empowerments. It amplifies their voices, broadens their choices and builds their confidence to claim their position in society (WEF, 2011).

Golla et al (2011) argues that an economically empowered woman is one who able to succeed and advance economically and poss thees power to make and act on economic decisions. According to WIEGO (2010), its important to wholly understand the gender disparities and their consequencesf for women to achieve full economic empowerment.

Gender based financing in Kenya has come to the forefront since the inception of women enterprise fund (WEF) in 2009. Gender Responsive budgeting by the Kenyan Government and the establishment of the WEF and Uwezo Fund has also had a positive impact on women Self-help Groups (Swain and Wallentin, 2009). This is in line with the Doha Declaration on Financing for Development (2008) which strongly advocates for gender equality and the empowerment of women in achieving effective development and creation of a strong economy.

Despite the initiative by the government to introduce devolved funds in Kenya, their real effects are yet to be experienced in many communities in Kenya. According to Ogolo (2009), most people in Kenya were reported to lack knowledge and showed no interest in new development intiatives by the government. According to Orinah, (2013) most people live in abject poverty hence they are more focused on meeting their immediate basic needs and not the long term development projects which devolution aims at. These people rarely have time out of their income generating activities to participate in and actively interogate the new establishments (Alfayo, 2015).

2.3 Uwezo Fund

Uwezo fund was launched in 2013 by His Excellency the President of the Republic of Kenya to facilitate the access of women, youth and persons with disabilities to affordable credit to promote innovations and business growth for ultimate economic prosperity (Nyutho 2014). A flagship programme for vision 2030, this fund was created through the Ministry of Devolution and Planning and was enacted through legal Notice No. 21 of the Public Finance Management Act 2014.

One of the goals of the fund according to Alfayo (2015), is to strengthen businesses and encourage innovations by youths, women and PWDs at the constituency level, and the other is to avail mentorship opportunities which will build the capacity of the groups and lead to successful bid for the 30% government procurement opportunities set aside for these groups.

2.3.1 The Principles of Uwezo Fund

According to Wangari (2014) the principles aims to guide the fund's distribution among the youth, women and persons with disabilities with the first principle calling for a fair and equal distribution of the funds to the identified groups. The second principle on accountability aims at ensuring that government maintains its responsibility to its citizens for its decisions and actions. The third principles is on accessibility done through ensuring accessibility of resources at the lowest level of engagement. In relation to the aforementioned objectives, the fund also creates an opportunity for the women and youth to take advantage of and organize themselves with the fund on how well to exploit further

opportunities like the 30% procurement slots reserved by the government (Nyutho, 2014).

2.3.2 Requirements and Procedures in Accessing Uwezo Fund

There are several requirements put in place by the government that have to be met before one qualifies for the Uwezo fund. The first requirement is registration of the group which must have a membership of 5 to 15 members, with the Department of Social services. The groups must have been in existence for a period of 6 months and are also required to make the application at the constituency and where they are based. The age limit for the youth group members is 18 to 35 years and the women groups must consist primarily of women.

The second requirement is that group operate a table-banking structure, popularly known as 'chama' members contribute a certain amount of money on a monthly basis according to the groups set rules and procedures. The group is required to have a bank account run and managed by the group and, to produce evidence of their monthly contribution by providing bank statements when applying for the fund. They also need a recommendation from their location Chief and a loan repayment guarantee form signed by each group member. Further a recommendation letter from a recognized individual in their community such as business and religious leaders is required in validating the group's credibility. (GoK, 2013).

The procedures of accessing the fund also include signing up for Capacity Building Program once launched in the constituency followed by ensuring that you meet the eligibility criteria. Finally the group is required to fill the application form available at the constituency level or on the Uwezo Fund website. The completed form is to be submitted to the Constituency Uwezo Fund Management Committee attaching the relevant documentations. The Committee will then notify the groups on the status of their application once all the relevant documentation has been received (GoK, 2013).

2.4 Barriers faced in accessing Uwezo funds

2.4.1 Institutional Capacity

This study defines institutional capacity as the ability of an organization to fully deliver its mandate and realize it's vision and mission. Small business holders' limited access to sustainable financial services limits them from enjoying credit facilities. In most cases however, the problem of access originates from the institutions especially the formal institutions through their lending policies including set minimum loan amounts and conditional borrowing.

According to Otieno, (2011) strong institutions are recognized based on the expertise and adequacy of their work force. Existence of adequate qualified personnel is paramount to the success of the Uwezo Fund. The available literature does not indicate whether the institutions running Uwezo fund are adequately staffed. Dugmore and Lacy (2010), indicate that some of the greatest pitfalls to effective capacity management arise from the inability to understand the importance of performing the capacity management process on

all resources that need to be managed for the service to be delivered and meet the agreed standard. These resources according to Healey (2012) ranges from technical components to service providers' staff and managers who are also resources that needs to be planned. This accordingly may help in program evaluation by determining grey areas that are critical to focus on while assessing its implementation.

Ostrom (2015) observes that importance is given to loan screening by informal lenders unlike the formal finance as opposed to monitoring credit use. The screening process involves a number of processes such as the lender's assessment of the prospective borrower through non-credit transactions over a period of time, requests for references and guarantors, establishing the credibility of the lender by visiting the lender's village to conduct background checks, and visiting the applicant's farm or place of business. When lending money to groups, screening includes observation of individual members' habits, personal knowledge of individuals by financiers and recommendations by group members. (Fusarelli, 2012).

2.4.2 Financial Literacy

Financial literacy can be defined as ones capacity in forming calculated and sober judgement, ensuring successful management of money (Lusardi and Mitchell, 2007). Financial literacy is also a merger of consumer's/ investor's grasp of financial concepts and products such as appreciation of the risks and opportunities involved, the ability to make the right choices when these risks and opportunities arise and to know when and where to seek help (World Bank, 2009). Financial literacy thus (Lusardi, and Mitchell,

2007) is a combination of a person's skills, knowledge, attitudes and ultimately their behavior towards money.

DFID (2008) indicates that in developing countries only 50% of the adult population had basic knowledge on financial products. This study further discovered that in seven African countries, only 29% of adults owned a bank account and that approximately 50% used neither formal nor informal financial products. In Kenya, FSD (2009) reported that more than half of the population (59.5%) are unable to access formal financial services. A study by Chen and Volpe, (2008) which aimed at assessing the gender differences in personal financial literacy amongst college students shows evidence of lack of awareness on personal finance amongst the female students. The study in comparing the gender differences in gender matters, further observed the significant impact of education and experience in improving the financial literacy of both men and women.

Financial literacy is a barrier to profitability of their businesses (Alessie, 2011). Low level of financial knowledge and skills in business can be portrayed through various ways such as poor investment choices, inability to budget for finances and mixing of domestic and business finances and so on. Despite all the financial empowerment initiatives by the government to empower women and their businesses such as the launching of Uwezo fund (2013), women enterprise fund (2007), and directive from the president (2014) that in all government procurement, 30% of the contracts should be given to women, the performance of women-owned businesses is still wanting.

A study carried out by Opiyo (2013) attributed rampant financial illiteracy in Kisumu as contributing to youth and women groups defaulting on loans which they had borrowed to start and grow their businesses. The high default rate (40%) is raising concerns amongst the fund managers of exhaustion of the revolving funds which will deny new borrowers opportunities to access the funds. Another major concern to funds managers according to a study on the Youth Enterprise Development Fund (YEDF) and the Women Enterprise Fund (WEF), is the rate at which borrowers are defaulting on their loans, noting that some have even stopped servicing their loans completely.

Nderitu (2010) in her study on factors influencing effective implementation of women empowerment projects, concluded that training in financial management and ensuring full participation in the various stages of the decision making process by the women could contribute to effective management of women empowerment projects in Kigumo. Sherief (2008) report on bottleneck to women economic empowerment in Africa indicated lack of formal education and low skills level inhibited the women entrepreneur's ability to run competitive business.

2.5 Theoretical Framework

2.5.1 Women's Empowerment Framework

The women Empowerment Framework by Sara Longwe (1990) which aims to help planners interrogate the meaning of women's empowerment in practice guided this study. The framework then guides the planners to critically assess the degree to which a development intervention reinforces this empowerment. Longwe defines this

empowerment of women as equipping them occupy equivalent positions with men and to equally participate in the process of development and consequently have power to control factors of production equally with men. (GEM, 2002).

The Longwe framework is particularly valuable to organizations and individuals committed to equality and empowerment of women as a method of analysis as it permits an evaluation of areas where women have already achieved equality and the areas which need attention. The framework is anchored on five different 'levels of equality' which are fundamental to the empowerment of women. They are; Control, Participation, conscientisation, Access and Welfare. Welfare addresses the socio-economic status of women compared to men in terms of food supply, income and medical care including nutrition while access addresses ability of women to use factors of production such as credit, land and education. A third key element of the framework is "Conscientisation" which is acknowledgement of those discriminatory practices that create gender-related challenges and recognizing that women themselves may be contributors to this discrimination. Participation calls for equal contribution of women to the decision making process, in policy formulation, planning and administration. Finally 'Control' advocates for the balance of powers between the genders in assessing and controlling the factors of production (Longwe, 2002).

The extent to which these are present in any area of social or economic life determines the level of women's empowerment hence the framework is the most appropriate to use in this study. The framework also enables gender and development workers to analyze

development organization's degree of commitment to women's equality and empowerment. They do this first by identifying which 'levels of equality' are addressed by a particular intervention, and second by assessing which 'levels of recognition' of women's issues exist in the project objectives (Williams, 1995).

2.5.2 Relevance of the theory to the study

Welfare addresses the basic needs such as food supply, income and medical care. Uwezo fund can improve the welfare of women by enabling them to start and grow their businesses and hence improve their welfare from the income they receive from these businesses. The gender gap at the welfare level results from inequality of access to training opportunities, information, and other resources. The institutional and financial literacy barriers are therefore a hindrance to the satisfaction of women's welfare needs in Kikuyu Constituency.

Through increased access to financial skills training programs the women groups may be able to improve their access to Uwezo fund. The Institution is tasked with making the information about Uwezo fund as well as training on financial literacy accessible throughout the constituency. Information required to aid the women groups to enable them access the fund can be provided to them by the relevant institution or the women groups themselves can increase their own access. The latter suggests the beginning of the process of conscientisation.

Conscientisation entails the women groups' realization of the contribution of institutional discriminatory practices and their limited financial skills to their lack of access to Uwezo fund. Collective action including looking for innovative ways of improving their financial skills e.g. through partnerships with local NGOs for capacity building support is therefore required to remove these discriminatory practices and improve access to Uwezo fund. Further, application of strategies such as improving access to information and communication is crucial in the conscientization process. The process is motivated by women's urge to understand and identify the causes of the challenges they face and formulate strategies of mitigating those challenges.

Participation/mobilization is therefore the action level which complements conscientisation. First, it involves the women groups coming together, recognizing and analyzing the financial and institutional barriers impeding their access to Uwezo fund. The women groups' may then begin to identify strategies such as collaboration with the county government, civil societies and other women groups to push the government to remove the institutional and financial literacy barriers so as to improve access to the fund. At the institutional level, it also includes involvement of the women groups interrogation of the assessment, design, implementation and evaluation of the Uwezo fund initiative.

The institutional and financial literacy barriers to Uwezo fund prevent women from exercising control over their lives through financial independence as a result of investment of the funds received from Uwezo in sustainable and profitable businesses. At the institutional level, control translates to existing laws and regulations being

favorable to women's economic empowerment and assessing to what extent the project increases women's control over resources in Kikuyu Constituency.

2.6 Conceptual Framework

Based on the preceding literature review and discussion, the systematic diagram figure 2.1 was developed to show the relationship between the variables identified for the study. It shows the relationship between the independent which are institutional capacity and financial literacy, and the dependent variables which is access to Uwezo fund. The moderating variable is the attitude of the women groups towards Uwezo fund.

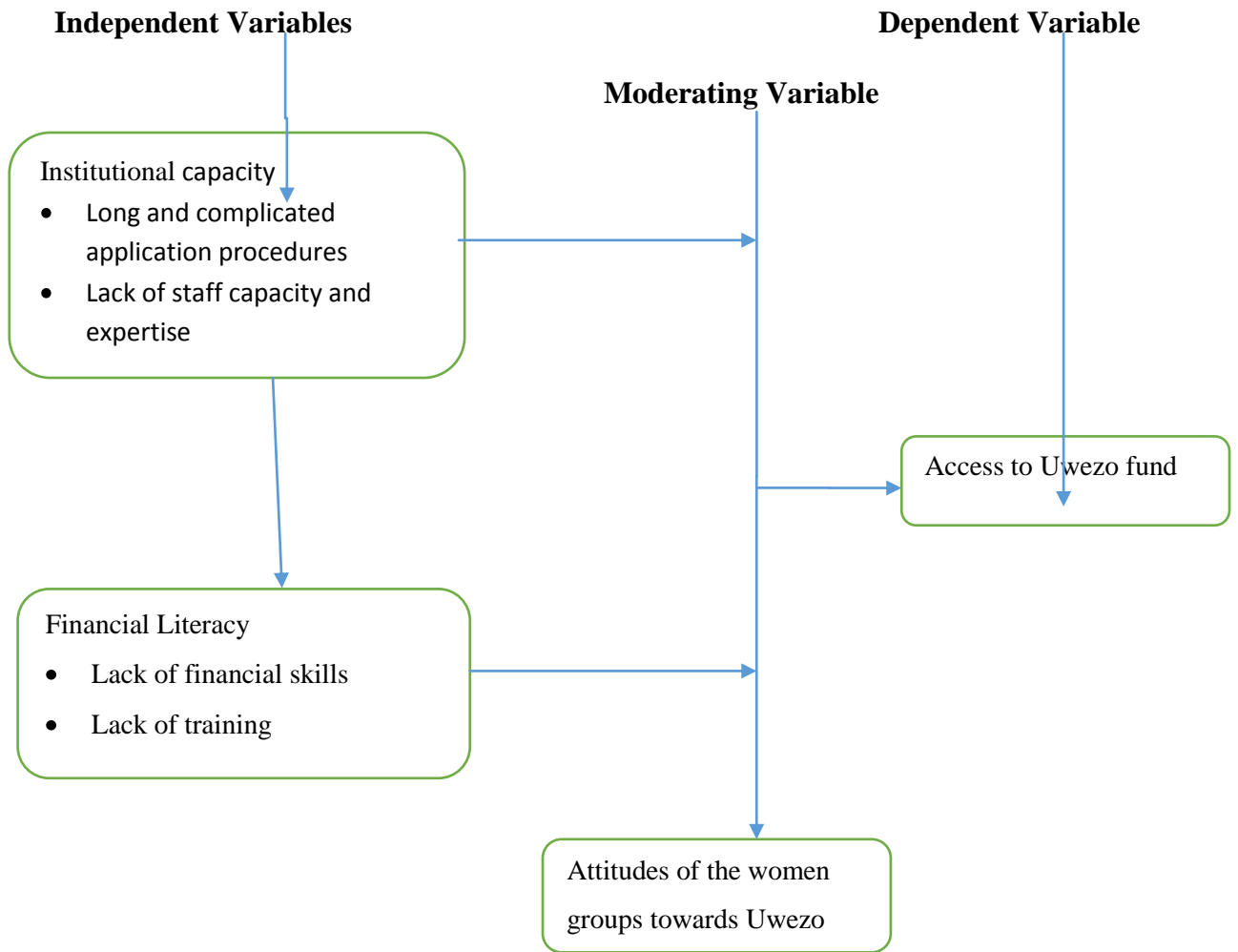


Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section presents the research methodology. It presents the location of the study area, the research design, population of study, the sample size and sampling procedures, data collection methods, data analysis, presentation and interpretation. The section concludes by discussing ethical considerations that guided the study.

3.2 Research site

Kikuyu Constituency is one of eleven constituencies in Kiambu County and lies within the Nairobi metropolis and is approximately 25 km from the Nairobi Central Business District (CBD) (Kikuyu Constituency Strategic Plan, 2014-2018, 2013). The constituency has a large population of 125,402 and covers 175.7 square kilometers representing a population density of 713 persons per square kilometer (KNBS, 2010). The population comprise of 61,184 males and 64,218 women. The sex proportion of men to women is 1:105. 2015 population projections for Kikuyu constituency indicate a figure of 148,432 with a population density of 844.

The population is projected to reach 157,012 in the year 2017 with a density of 893 persons for a square kilometer. The rise in expected population could be explained by the high national population growth rate of 2.7% and increased immigrants who work in Nairobi but prefer to live in Kikuyu constituency (KNBS, 2010). There 324 registered groups in Kikuyu constituency. At any one time, the acceptable suitable amounts for a

group/institution is Kshs. 50,000 on the lower side and of Kshs. 500,000 on the higher side.



Figure 3.1: Map of Kikuyu Constituency

3.3 Research Design

This study adopted a cross-sectional descriptive research design. This design used qualitative methods to collect data. The study used focus group discussion and key informants to collect the data. The data was analyzed according to the variables stated in the study objectives and direct/verbatim quotes used to present the findings.

3.4 Study Population and Unit of Analysis

The target population for this study were registered women groups in Kikuyu Constituency, Kiambu County. The unit of analysis were the individual women groups.

3.5 Sample Size and Sampling procedures

The study sampled out six women groups in Kikuyu Constituency, Kiambu County. For the purpose of inclusion and to get to the six women groups, a sampling frame of all registered women groups that applied for the Uwezo fund in Kikuyu Constituency was obtained from the Kikuyu Constituency Uwezo fund Office. Three women groups who successfully applied for Uwezo fund and obtained it and three women groups that were unsuccessful in applying for the fund were contacted through the heads of these women groups with the help of the Uwezo Fund County Development Officer to participate in the focus group discussions.

3.6 Data collection methods

3.6.1 Focus Group Discussion

Six focus group discussions were held with the members of the women groups belonging to registered women groups in Kikuyu Constituency who applied for the loan (three groups that successfully applied for the loan and three groups that were unsuccessful). The method was used to collect data on the effects of institutional and financial literacy barriers on women groups' access to the Uwezo fund. Participants in these discussions ranged between 6 and 12 in number. A focus group discussion guide (Appendix 2) was used to collect the data. These discussions were taped.

3.6.1.2 Key Informants Interviews

The key informant interviews were conducted with a the public procurement Oversight Authority officer, the Uwezo fund officer, the women representative of the Uwezo Fund

committee and the Gender and Development Expert drawn from a Non-Governmental Organization in Kikuyu Constituency. The key informants provided information on institutional and financial literacy barriers faced by the women groups in Kikuyu Constituency and how these barriers affect their access to Uwezo fund. Further, they shed light on the current policy frameworks on Uwezo fund and what improvements can be made on the same to increase women groups' access to Uwezo fund. A Key informant interview guide (Appendix 3) were used to collect data. The interviews were taped.

3.7 Data processing, Analysis and Presentation

The taped data was transcribed and coded. Analysis followed in line with specific study objectives as the major themes. Descriptive analysis was used in reporting the findings of the study. Direct quotes (verbatim) were also used alongside the main themes to amplify the voices of the informants while some of the qualitative data was quantified and presented in tables in the demographic section.

3.8 Ethical Considerations

Data collection permit was obtained from National Commission for Science, Technology and Innovation (NACOSTI). The researcher approached the administration of the area where research was carried out, stating intent to carry out research in Kikuyu Constituency, Kiambu County. The researcher informed the participants on the voluntary nature of the study during fieldwork and hence the freedom for withdrawal at will. A consent form (Appendix 1) was used to obtain the approval of the participant's taking

part in the study. The respondents were also assured of confidentiality on the information they shared.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the finding of the study which was analyzed, interpreted and discussed mainly through descriptive analysis. The study used focus group discussions and key informant interviews to obtain the data from the field. The key informants who participated in the study were the public procurement Oversight Authority officer, the Uwezo fund officer, the women representative of the Uwezo Fund committee in Kikuyu Constituency, the chair person or assistant chairperson for each of the selected women groups and the Gender and Development Expert drawn from a Non-Governmental Organization based in Kikuyu Constituency. The focus groups were held with members of the selected women groups who took part in the study.

The findings were presented on the demographic characteristics of the respondents, financial literacy - *book keeping skills, existence of a business plan and loan spending plan, financial literacy trainings received and group specific challenges in financial management* and Uwezo Fund's institutional capacity - *the groups' understanding of administration of Uwezo fund, their experience of the group while applying for the fund, challenges faced while applying for the fund and effectiveness of the fund's capacity building program.*

In the analysis several codes have been used. The first ones are S and U to denote the successful groups and U for the unsuccessful groups. The codes *KI1 – 5* have been used to apply confidentiality and privacy of the respondents in cases where they researcher has used direct quotes (verbatim) and alphabets have been used to code the names of the groups in the order presented in table 4.1.

The key informants codes are; Oversight Authority officer- *KI1*, the Uwezo fund officer - *KI2*, the women representative of the Uwezo Fund committee in Kikuyu Constituency - *KI3*, the chair person or assistant chairperson for each of the selected women groups - *KI4* (*SA, SB, SC and UD, UE and UF for the six groups*) and the Gender and Development Expert drawn from a Non-Governmental Organization- *KI5*. While comments from the focus group members were coded as FGS1-3 for successful groups and FGU 1-3 for unsuccessful groups.

4.2 Demographic Information

This section presents information on the groups that participated in the study, their status in terms of access to Uwezo fund (successful or unsuccessful), the duration of existence and the membership. The status of the groups in terms of access to Uwezo fund was deemed important because it showed the different challenges experienced by the different groups in their effort to seek for the funds and the reasons why some were successful while others were unsuccessful. The period of existence was used to show the groups resillience to the challenges they face in seeking for external funding and strategies that they have use to deal with the challenges. It was also meant to show the number of years

the groups have been in existence and whether they are in tandem with the establishment of the Uwezo fund. The response was presented in table 4.1.

Table 4.1: Women Group which Took Part in The Study

Codes	Membership	Period of Existence (Years)
SA	12	5
SB	15	4
SC	10	6
UD	33	8
UE	17	10
UF	10	3

The finding shows that the groups consisted of three which had successfully qualified for the fund and three which had not. The successful groups were SA, SB and SC while the UD, UE and UF. UE women group was the longest existing group at 10 years with a membership of 17. It was followed by Kihoto women group at 8 years with the highest membership of 33. Then Ugi self-help group was third at 6 years with a membership of 10, SA women group had been in existence for 5 years with a membership of 12, SB women group for 4 years with 15 members while UF had been in existence for 3 years and represented by 10 members.

Further each of the women groups were represented by one focus group consisting of 10-12 respondents and represented by 1 chair person. Therefore the study sampled out 6 focus groups and 6 chair ladies/deputies with an average of 66 respondents. The 66

combined with the key informants summed up to 70 respondents. The successful groups had several opinions on the reasons or how they managed to qualify for the funds as explained by the chairlady from group SA.

“It is not easy to get these funds and we had to put a lot efforts in following up and being patient because the process is not as easy one would expect. We had some of our members expecting the funds to come in three months but unfortunately we were informed of our status after six months” (KI4SA).

In a similar context one member from the focus groups added that;

“We can’t say we are any better than other groups that did not get the money. We just thank God that we were considered in the 2015 Uwezo’s financial year. It does not matter how long a group has been in existence but they look at many other things of which were not doing so well but at least we managed to get the money” (FGS1).

The chairlady for group SC had the following to say on their ability to qualify for the funds.

“I am very elated that we managed to get the funds the first time we applied for it. I have met so many of my friends for other groups they tell very unfortunate stories about their chase for the money. Some have even given up, while others think that we bribed our way out. But it all has to do with following all the procedures and submitting all the documents in the order they are required. Thereafter you just pray to God to intervene”. (KI4SC).

The unsuccessful groups had the following to say about Uwezo Fund.

“Whereas this is a project by the Jubilee Government to empower the underprivileged in the society especially women like us. It is not easy to get it. These people ask for so many things and a group must have a minimum of 5 members and have existed for more than six months to be considered. If the really want to help us, let them remove all those many things and let us have the money” (FIU5).

According to Nyutho (2014), the government has put in place a set of requirements that need to be met so as to qualify for the funds. First, one must be registered with the Department of Social Services or Registrar of Societies with membership of 5-15 members. Preference is given to groups that have been in existence for at least six (6) months. The chair lady from group FGU1 said that;

“It was unfair for them to deny us the money when we submitted everything as they had indicated in the application form. But there is no problem, we will keep trying” (KI4UD).

From these comments it was very clear that there are various reasons for qualifying and not qualifying for the Uwezo fund and most of the groups need to understand that the government has put in place a set of requirements that need to be met so as to qualify for Uwezo funds. First, one must be registered with the Department of Social Services or Registrar of Societies with membership of 5-15 members. The youth group membership must be between 18 and 35 years of age and the women’s group must be made of women.

Preference is given to groups that have been in existence for at least six (6) months. These groups must also be based and operating within the Constituency it seeks to make an application for consideration, (Nyutho, 2014).

The groups must operate a table-banking (chama) structure where members make monthly contributions according to the groups' internal guidelines (evidence of monthly contributions is a requirement) and hold a bank account in the name of the group. The group must be recommended by the Chief of the location signed guarantee form executed by each member of the women or youth group individually committing to repay the loan requested by the group. Further, Individual group member must have reference letters from recognized leaders in business, religious organizations, national or county government administration in the location validating the member's credibility (GoK, 2013).

The procedures of accessing the fund also include signing up for Capacity Building Program once launched in the constituency followed by ensuring that you meet the eligibility criteria. Finally the group is required to fill the application form available at the constituency level or on Uwezo Fund website, submit the application form together with relevant documents to the Uwezo Fund Management committee within constituency and await notification of the Uwezo Fund from the Management Committee (GoK, 2013).

4.3 Financial Literacy

Lusardi and Mitchell (2007) defines financial literacy as the ability to make informed judgment so as to make effective decisions regarding the use and management of money. According to World Bank, (2009) financial literacy has also been defined as, the combination of consumer's/ investor's understanding of financial products and concepts including the ability and confidence to appreciate financial risks and opportunities, to make informed decisions, to know where to go for help, and take other effective actions to improve their financial well-being. Financial literacy thus (Lusardi, and Mitchell, 2007) is a combination of a person's skills, knowledge, attitudes and ultimately their behavior towards money.

In the same context, the first objective of this study was to establish the financial literacy levels of the women groups which had applied for the Uwezo Fund in Kikuyu Constituency. To achieve this objective, the groups' financial management skills were assessed under the following sub-variables, namely; book keeping skills, existence of a business plan and loan spending plan, financial literacy trainings received and group specific challenges in financial management.

4.3.1 Book Keeping Skills

In this section the researcher sought to establish the book keeping skills of the groups such as auditing procedures, accountability measurers, tracking of members' contributions and maintenance of their bank accounts. Of the six groups that were interviewed, not a single group was able to provide correct financial record document.

Five groups had a clear flow of their financial record, but were not following the standard accounting procedures such as double entries, had missing receipts and expenditures which could not be accounted for.

A member of one of the focus groups said.

“Here we don’t have to follow all those things you are talking about. In fact most of us don’t even know what they mean and why they are important. All we do is to have a receipt when we make our contributions” (FGS2).

For all groups, there is an individual responsible for the collection of revenue and record keeping. There are no audit procedures that are in place for all the groups. Since there are no proper records kept, there would be no means of auditing the records.

A member of one of the groups that were interviewed said that

“it would be difficult to know if the treasurer, who is the groups accountant has actually recorded the right figures since some group members including herself have no formal education” (KI4SB).

Most of the groups interviewed had bank accounts and the accounts have three signatories who are the group officials although group UF has an account but has not operated the account for quite some time, and thinks that the account could be dormant. Only group SB files all the deposit slips of the money deposited in the bank. Group SB, SC and UD said that they receive periodic bank statement from their banks.

According to one of the key informants interviewed,

“The greatest challenge that hinder women groups from accessing Uwezo fund is lack of proper financial recording. Some groups are not able to attach the required financial documents while applying for Uwezo fund. The only option for the Uwezo fund committee is to deny them funds even if they may be having a great business idea” (KI3).

Another key informant also noted that

“Some groups use documents from other groups while some use falsified bank statements. I have seen a case where two bank statements from the same account were used by two different groups to apply for the same fund” (KI1).

The women representative in the Uwezo fund committee noted that

“The biggest challenge women groups’ face is that they lack financial literacy due to low literacy levels amongst the women in the county. Also due to the coupled gender roles of women, they have very little time to complete and follow up on the lengthy application process (KI2).

This shows that the high rate of illiteracy by most of members of women groups has worked to deny them access to empowerment opportunities and keep locking them out of the economic opportunities and social development ladder. Alfayo (2015) terms economic empowerment of women as the most important enabler of other empowerments. It gives women voices/broaden their choices/dignity and confidence to claim their space in the society (WEF, 2011). Golla et al (2011) argues that a woman is

said to be economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions.

4.3.2 Business Plan and Loan Spending Plan

In this section the study sought to establish if the groups had a business plan and a loans spending plan and their knowledge on preparing the plans. A business plan would give them direction on how they were going to utilize the funds from Uwezo to empower themselves while a loans spending plan would aid the groups in allocating the funds appropriately according to the planned activities.

The study found that all groups had no knowledge of how to prepare a business plan or a loan spending plan. Since a business plan is one of the required documents while applying for the Uwezo fund all groups except group B, contracted the services of an external person to prepare the plans. Group SB had one member who had the knowledge of preparing a business plan.

Their sentiments on business plans were expressed during the focus group discussions as shown.

“I only heard about a business plan during the time we were applying for the fund and therefore we have no such documents in our archives. After we succeeded in getting the money, we just carried out our plans from our earlier activities”
(FGS1).

Another added that;

“We did not implement the business plan we presented during application. We only used it because it was required by the Uwezo fund people, therefore we contracted somebody to do it for us” (FGS2).

Out of the three groups that had received Uwezo fund, only one group B used the funds to implement the business plan they had presented during application. The chairlady said that;

“Since Faith is a long time business lady in her field, she has a lot of experience in business requirements and therefore she was of great help when we’re developing our business plan. Further she guided us so well after we qualified for the funds and we were able to implement our activities according to the plan” (KI4SC).

The other two groups - SA and SC diverted the funds to other uses other than what the funds were intended for. Further the study found that most of the groups also lack knowledge on preparation of business plans and loan spending plans and even when they contract services of external persons to prepare them, they are rarely implemented.

4.3.3 Financial management training

In this section the researcher sought to establish whether the respondents had received any prior trainings on book keeping, business plan and loan spending plan preparation. This question was only applicable to the successful groups (SA, SB, and SC). Training is

offered only to groups that qualify for the funds just a few weeks before the disbursement of the cheque, (GoK, 2013). The study found that the groups had been trained on the basics of preparing a business plan, book keeping and loan spending plan, although no member would comfortably prepare a business plan after the training. Group SC had been trained twice by Uwezo fund and the Women Enterprise Fund (WEF) thought there was no follow up after the initial training.

This is an indication that the groups have no access to trainings on financial management skills that is required to access Uwezo fund as only one group had no prior training before applying for the loan. This could have affected most of the groups especially the ones that failed to get the funds. Even the ones that succeeded were still very incompetent with these important financial management skills and yet they were going to handle money.

According to DFID (2008) shows evidence that only half of the adult population knew how to use basic financial products in developing countries. The same study found that only 29% of adults in seven African countries had a bank account and that approximately 50% used no financial products whatsoever, not even informal financial products. In Kenya, FSD (2009) reported that 59.5% of the population were shut out from the use of formal financial services. A study by Chen and Volpe, (2008) on gender differences in personal financial literacy among college students found out that women generally have less knowledge on personal finance. The study, which tried to compare the level of

gender differences on financial matters, observed that education and experience can have significant impact on the financial literacy of both men and women.

4.3.4 Challenges of Financial Management

In this section the researcher sought to determine the challenges the groups face in terms of financial management. The results show that all the groups (100%) had challenges with booking skills and effective allocation of the loan funds while Group B had additional challenge of financial planning. All groups acknowledged that they lacked financial skills to enable them access the funds and run a sustainable business. In regards to book keeping skills, only one group had a secretary who had the knowledge on book keeping. All the other groups kept incomplete records or had no records at all.

Book keeping was therefore observed as one of the greatest challenge that all groups are facing. One of the groups pointed out that operating a bank account was a challenge for them since they have no money to keep in the account. Auditing procedures also were mentioned as a challenge by three groups. One group member, of one of the groups interviewed, said that they have no idea of the ways through which they can audit the records kept by the treasurer. Illiteracy was a major challenge across all groups noting that without formal education, even the training being offered would not be helpful.

4.4 Uwezo Fund's Institutional Capacity

The second objective of this study was to establish the Institutional capacity of Uwezo fund in Kikuyu Constituency. To achieve this objective, the fund's institutional capacity

was studied under the following sub-variables, namely; the groups' understanding of administration of Uwezo fund, their experience of the group while applying for the fund, challenges faced while applying for the fund and effectiveness of the fund's capacity building program.

4.4.1 Knowledge on Uwezo Fund

In this section the researcher sought to determine the knowledge of the respondents about Uwezo fund specifically administration of the fund, institutional framework under which the fund operates and procedures and guidelines in accessing the fund. The results shows that all groups had no information about the administration of Uwezo fund despite the trainings they had been taken through.

Most of them do not know which Ministry it falls under and nor were they clearly able to distinguish Uwezo fund from the other affirmative action funds. Further there was no group with information about the institutional framework under which Uwezo fund operates as majority said that that it is a programme for empowering women, the youths and people with disabilities. Their reactions were specifically captured as follows;

“I had about this programme over the radio when it was launched. Then our chair lady later suggested for us to join it. So we joined because we wanted the money” (FGS1).

Another member from group UD said that;

“I heard about this thing from a friend from group C of how they had applied and gotten the money. I thought it was that easy, but we failed, too bad” (FGU1).

Members of one of the three successful groups said that;

“When we attended the Uwezo fund training, it was mentioned and explained comprehensively but it is not easy to recall all the details about the fund” (FGS3).

Therefore it was observed that there is a general insufficient knowledge about Uwezo fund and how it operates among most of the women groups even after the few training sessions held with the successful groups.

4.4.2 Experience with Uwezo Fund Application Procedure

In this section the researcher sought to establish the groups’ experience in applying for Uwezo fund. The results show that all the successful groups had knowledge on the application procedure of the fund having gone through it successfully but noted that they required a lot of assistance during the application process. All groups complained about the application process being too lengthy, costly and tedious because so many documents are required including profit and loss accounts of previous business activities of the group where some groups wanted to use the fund as initial capital to start their businesses, and therefore could not provide any business records since they were not initially in business. Some responses from chair ladies and members are presented as shown.

“Our group sought a lot of external assistance during application due to lack of a literate member who could understand the requirements of the application”, (KI4SB).

A member from a focus group added that;

“I wonder why they make the process of application so hard and yet the money is ours. What do they mean when they want us to submit bank statements showing our financial operations and yet some us started the group purposely to benefit from the fund?” (FGS2).

Members of one of the groups that did not access Uwezo fund said that it could be their application was rejected due to lack of compliance with all the guidelines the application process. Some group members complained of favoritism by the Uwezo fund officials of their relatives and friends while other complained that there were not enough Uwezo fund personnel to attend to them and the lack of capacity results to long application processing time. The views were summed up as follows.

“How could we qualify for the fund and yet the people in that office only give the money to their relatives/friends? This is another channel of corruption and you only qualify for the funds if you are well connected” (FGU3).

One of the key informants noted that

“Lack of the required documents and failure to follow al the set guidelines are some of the criteria used to eliminate groups. He also noted that most groups

have to repeat the whole application process due to errors and omissions. The process is tedious and requires so many certification by government officials and the group officials. It sometimes costs a lot of money in terms of travelling and documentation. Some groups also give up halfway through the application process and do away with the application” (KI3).

In the end the groups suggested that the solution to these challenges can only come from the government through simplification of the application procedures and the required documentation. One group further suggested that because most group members are illiterate, the appointment of Uwezo fund officers dedicated solely in ensuring that the group understand the application process and assist in the application process including filling in the application forms and checking on documentation would go a long way in ensuring that the groups access the funds.

4.4.3 Uwezo Fund Capacity Building Program

In this section the study sought to determine the effectiveness of Uwezo Fund’s capacity building program in terms of content, staff training skills, content delivery, timing and frequency of the trainings. The findings shows that the Uwezo fund capacity building program is only offered to the groups that have successfully applied for the funds therefore unsuccessful groups did not receive any training. The three groups that had been trained by Uwezo fund noted that the training was helpful to them. Group B was able to implement the skill on Accessing Government Procurement Opportunities (AGPO) acquired during the training and successfully won government tenders. The

Government initiated the 30% public procurement affirmative action which requires all Public Agencies (Ministries, Departments and Agencies) to set aside a minimum of thirty percent of their procurement spending to be awarded to Youth, Women and PWDs entrepreneurs. The aim is to facilitate these entrepreneurs to expand their businesses and create employment in the Supply Chain Business, (Ostrom, 2015).

According to Ostrom (2015) the programme is being implemented across the country under the banner “Access to Government Procurement Opportunities” (AGPO). Since inception in 2013, the Ministries alone have been able to disburse over Kshs 26 billion to these groups. The anticipated impact on job creation and economic empowerment of the target groups is yet to be established, hence the need for this audit and impact assessment. According one member from group C, the training staff was well prepared and delivered the content in a simple and understandable way.

At the same time one member said that

“I am pleased by the ability of the training staff to use the local language to explain some of the concepts. The trainers were also able to use examples that enhanced understanding of the concepts” (KI4SA).

The content of the training manual was also noted to be useful. A member of group A noted that;

“The content of the training was helpful and equipped them for the real business world. We were very pleased by the inclusion of some topics such as government

tendering and business registration. The content arrangement was however not good” (FGS1).

According to one member group SB.

“Some topics would have been taught together. The introduction of new topics between two related topics made us confused” (FGS2).

This concurs with Otieno’s (2011) comments when he says that strong institutions are recognized based on the expertise and adequacy of their work force. Existence of adequate qualified human resources is critical for the success of the Uwezo Fund. The available literature does not indicate whether the institutions running Uwezo fund are adequately staffed. Dugmore and Lacy (2010), indicate that some of the greatest pitfalls to effective capacity management arise from the inability to understand the importance of performing the capacity management process on all resources that need to be managed for the service to be delivered and meet the agreed standard. These resources according to Healey (2012) ranges from technical components to service providers’ staff and managers who are also resources that needs to be planned. This accordingly may help in program evaluation by determining grey areas that are critical to focus on while assessing its implementation.

The key informants also noted that the timing and frequency of the training is not enough to effectively deliver the content. One of the key informants suggested that

“All groups should receive training since it would be too expensive to train them again. Further there should also be follow-up trainings to help the groups in implementing the knowledge taught” (KI4UD).

This shows that the training programmes conducted by the Uwezo fund group is not adequate and in most cases in never reflected in the groups activities even after they have acquired the funds. The programme should develop better training programmes that should be offered to all women groups regularly even the do not qualify so that they can internalize the skills for operations of their groups.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECCOMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study, conclusions, recommendations and areas of further study. The study investigated barriers faced by women face in accessing Uwezo fund in Kikuyu Constituency, Kiambu County. It specifically focused on financial literacy barriers and institutional capacity barriers.

5.2 Summary of the Findings

This sub section gives a brief narration on the findings on financial literacy and institutional capacity barriers to accessing Uwezo fund and of women groups in Kikuyu Constituency, Kiambu County.

5.2.1 Financial Literacy

The study investigated the financial literacy barriers faced by women groups in accessing Uwezo fund in Kikuyu Constituency in Kiambu County. It specifically sought to establish the group's book keeping skills, existence and implementation of business and loan spending plans, trainings received on financial management skills and group specific financial management challenges.

The study findings shows that of the six groups that were interviewed, not a single group was able to provide correct financial record document despite appointment of individuals responsible for the collection of revenue and record keeping. None of the groups have

audited their accounts or have an audit procedures since there are no proper records kept, there would be no means of auditing the records.

At the same time, all the groups could not prepare a business plan nor a loan spending plan. The successful groups despite having been trained on how to prepare a business plan during the fund's capacity building training, could not recall the procedures due to illiteracy. Because a business plan is one of the requirements of accessing Uwezo fund, some groups relied on individual members to prepare the business plan on their behalf while others paid a person who is not a member of the group to prepare one for them. Out of the three groups that had received Uwezo fund, only one group spend the funds implementing the business plan they had presented during application. The other two diverted the funds to other uses other than what the funds were intended for. Finally none of the groups had a loan spending plan.

Out of the six groups only one had received prior financial management training through WEF which is also an affirmative action fund. Only the successful groups had received capacity building training a few weeks before the disbursement of the cheque which indicates that the training did not help them in accessing the fund. The groups whose applications were not successful did not get any training. All groups acknowledged on having a problem in financial management skills specifically book keeping and preparation and execution of business plans.

5.2.2 Institutional Capacity

The second objective of the study was to investigate the institutional capacity barriers faced by women groups in accessing Uwezo fund in Kikuyu Constituency in Kiambu County. It specifically sought to establish; the groups knowledge about the fund including its administration, institutional framework, and procedures and guidelines in accessing the fund, the groups' experience in applying for the fund including way of overcoming the application process challenges; and, groups' experiences with Uwezo fund capacity building program.

The findings shows that all the six groups had no knowledge of the administration and the framework under which Uwezo fund operates and could not clearly distinguish Uwezo fund from other affirmative action funds despite the successful groups' receiving the information during the capacity building training. Prior to application for Uwezo fund, no group had correct knowledge on the procedures and guidelines of application for the fund. The successful groups could only explain the process of the fund application only after going through the long and tedious application process that saw them visit the offices several times.

The unsuccessful groups had limited knowledge on procedures and guidelines of accessing the fund acknowledging that it could have contributed to them not accessing the funds. Therefore it was observed that there is insufficient knowledge on Uwezo fund by all the women groups in Kikuyu Constituency. Further all groups complained about the application process being lengthy, tedious and costly. According to the groups, the

process requires many certification by government officials and documentation and it also costs a lot of money in terms of travel and paying for the required documentation. Some groups wanted to use the fund as initial capital to start their businesses, and therefore could not provide any business records since they were not initially in business. All the successful groups were happy with the capacity building training content, content delivery and the trainers. However, they noted that the allocated time, timing (training after accessing the fund), frequency and content arrangement need to be reconsidered.

The finding further shows that all the groups suggested that the training should not be done when they are about to receive Uwezo fund but after a group is registered. This will equip the group with the necessary with the knowledge required during the application process and boost sustainability of the group. The key informants also agreed that the training happens only once and it is not adequate to equip the groups with knowledge they need. Groups suggested that there should also be follow-up trainings to help the groups in implementing the knowledge taught.

5.3 Conclusion and Recommendations

The study's aim was to shed light on financial literacy and institutional barriers faced by women groups in Kikuyu Constituency. It is clear from the study that financial literacy is a barrier to the women's groups' access to Uwezo fund. The groups lack book keeping skills, have no knowledge on how to prepare business plans and loan expenditure plans and have no avenues of receiving training on financial management. Important to note is that the low literacy levels of the women hampers retention of any skills learnt even after

training, they therefore require simplified and frequent trainings. Therefore the government should partner with private sectors and non-governmental organizations to come up with financial management training programs to enhance the financial literacy of the women groups.

In terms of institutional capacity barriers, there is limited knowledge amongst the groups on administration of Uwezo fund, the application procedures and capacity building program effectiveness. All the groups noted that the application procedure is long, tedious and costly. Making the application simple and restricting application to less rigorous requirements can significantly improve access to the fund by eliminating the cost-disincentive of visiting many offices and in the pre-application stages. Additionally the government should hire more personnel who will guide the groups with the application process especially groups who most of the members are illiterate to make the process more efficient and less costly for the groups.

The Uwezo fund capacity building program was generally noted to be well structured and adequately delivered. However the time allocated to the training coupled with the fact that the training is provided once and only to successful groups was noted as hampering the access of the groups' to Uwezo fund. The capacity building program should be accessed by the women groups that are registered to equip the group with the necessary knowledge required during the application process and boost sustainability of the group. The training should be given adequate time to ensure that the illiterate members fully understand the concepts and are able to apply them. There should also be

frequent refresher trainings and follow ups to the trainings to ensure that the groups are implementing the skills and knowledge learned as required. The government should partner up with other stakeholders in the county to ensure that trainings are held for all groups more than once and before application for the fund.

5.4 Suggestion for Further Research

Based on the findings of this study investigated on the factors influencing financial sustainability of women owned SMEs in Kenya, the researcher suggests that further studies be done on;

1. Demographic factors that determine groups access to Uwezo fund
2. Youth groups to establish whether financial literacy and institutional capacity act as barriers to access of Uwezo fund
3. Effect of formal education on Uwezo fund's access
4. The effectiveness of the procedures and guidelines of Uwezo fund

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APPENDIX I: INFORMED CONSENT FORM

Good morning/afternoon, my name is Nancy Woche, an MA student in Gender and Development Studies at the University of Nairobi. I am carrying out a study on the barriers faced by women groups in accessing Uwezo fund in Kikuyu Constituency, Kiambu County. You have been selected as participants in this study by virtue of the group's lack of access to Uwezo fund. The interview will take about 45 minutes. I hope to have an interactive and candid discussion, however, if you do not want to answer some questions or any questions or don't feel like proceeding with the interview you are free to stop the interview at any time.

I would also request that you allow me to take notes or record the conversation for my data collection. I want to assure you that all of your answers will be kept strictly confidential. Any reference to your name will be off the record to honour the confidentiality agreement. Any information you will give me will be used for this study only and the notes will be destroyed afterwards.

There are no anticipated benefits or risks to you as participants apart from helping me have a better understanding of the barriers faced by the women groups in Kikuyu Constituency in accessing Uwezo fund. Your participation is completely voluntary but your experiences could be very helpful to the county government in formulating targeted interventions to improve access

Please sign here as evidence of your informed consent.

Group leader's signature..... Date

Group Name

Thank you for your cooperation

APPENDIX 2: FOCUS GROUP DISCUSSION

Good morning/afternoon, my name is Nancy Mulu Woche, i am a MA student in Gender and Development Studies at the University of Nairobi. I am carrying out a study on the barriers facing women groups in accesing Uwezo fund in Kikuyu Constituency. You have been selected as participants in this study by virtue of unfruitful attempt to access the fund. The discussion will takeabout 45 minutes.

Section A: Group’s Background Information

Name of the group

.....

Period the group has been in

existence.....

Group

membership.....

Accessed Uwezo fund? YES..... NO.....

I would like to start by asking you some questions regarding the financial management of the group

1. How do you do your book keeping? (probe on person responsible, auditing procedures, accountability, account opening and member contributions)
2. Do you have a business plan and loan spending plan? (probe on budgeting)
3. Have you received any training on the above mentioned areas?
4. Out of what has been discussed in regards to financial management of the group, in which areas are you experiencing challenges?

Now I would like to discuss the group's understanding on the Uwezo fund institutional capacity

1. Are you familiar with the Uwezo fund application procedure? (probe on understanding of administration of the fund, institutional framework under which the fund operates, procedures and guidelines for accessing the fund)
2. Given the procedures above, what are the experiences of the group in applying for the fund?
3. How do you propose to overcome these challenges as a group?
4. What are your experiences with the Uwezo capacity building program (probe on staff training skills, content, content delivery, timing and frequency of the training)

APPENDIX 3: KEY INFORMANT INTERVIEW GUIDE

Title.....

On the preceding debate, I would like us to discuss the following

- i. The challenges faced by the women groups in Kikuyu constituency in accessing Uwezo fund in your own assessment. (probe on institutional and financial literacy barriers as highlighted)
- ii. In your opinion, how can these challenges be overcome and by which stakeholders.