

# MINISTRY OF GENDER, SPORTS, CULTURE AND SOCIAL SERVICES

## GUIDELINES FOR THE WOMEN ENTERPRISE FUND

### Background of the Women Enterprise Fund

The Women Enterprise and Development Fund was conceived in December 2006 by the Government as a strategic move towards addressing poverty alleviation through socio-economic empowerment of women. The current projected population of women aged 18 years and above is Fifty two point nine per cent (52.9%)\* of the total population. The Government has set aside Kenya shillings one billion (1 billion) in the 2007/2008 financial year for Women Enterprise Fund.

The fund will facilitate enterprise and development initiatives among women through a revolving loan disbursement to individuals and groups.

The fund disbursement process will be done through Financial Intermediaries and the District/Divisional Women Enterprise Committees (DWEC).

### The Women Enterprise Fund disbursement to women.

The women enterprise fund will be disbursed through:-

#### A. Loan through Micro Finance Intermediaries:-

The on-lending component of the Fund will be through Financial Intermediaries such as banks, Non Government Organizations (NGOs), Savings and Credit Co-operatives Organizations (SACCOS) and Micro Finance Institutions (MFIs), from which the Women will access funds to start or expand viable businesses. The financial Intermediaries will on-lend the funds allocated to them from which the Women will access directly either as individuals or as organized entities such as groups, cooperatives, and companies. Kshs.640 million has been allocated to this component.

#### B. Constituency Women Enterprise Scheme

The Constituency Women Enterprise Scheme has an allocation of 1 million per constituency. It will target viable enterprises of women groups within the constituency. It will be managed by the Divisional Women Enterprises Fund Committee (DWEFC)

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\* Source – Analytical report on population projection volume VII

## **PURPOSE OF THE FUND**

1. Provide loans to existing micro-finance institutions (MFIs), registered non-governmental organizations (NGOs) involved in micro financing, and savings and credit co-operative societies (SACCOs) for on-lending to women enterprises;
2. Attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business markets or business incubators that will be beneficial to women enterprises;
3. Support women oriented micro, small and medium enterprises to develop linkages with large enterprises;
4. Facilitate marketing of products and services of women enterprises in both domestic and international markets;
5. Support capacity building of the beneficiaries of the fund and their institutions.

## **THE LOAN FUND DISTRIBUTION**

- Kshs.640 million will be channelled through the Micro Finance Institutions to on-lend to legally recognised women owned enterprises.
- Kshs.210 million will be allocated to constituencies each getting Kshs.1 million.
- Kshs.30 million will be used by the Fund for capacity building for women groups and their institutions.
- Kshs.100 million will be used by the Advisory Board and the Secretariat for administrative purposes.
- Kshs.20 million will be used by the Department of Gender and Social Services for community mobilization

## **MINIMUM CONDITIONS FOR ACCESSING WOMEN ENTERPRISES FUND**

- One must fall in the age bracket of 18 and above.
- Must be a female Kenyan.
- One must have intention of investing in Income Generating Activities (IGAs).
- The groups must be registered by appropriate authorities, and must have been in existence for three (3) months.
- The fund is a loan and therefore shall be repaid.

## **FUND DISBURSEMENT**

### **A. THE REVOLVING LOANS THROUGH MICRO-FINANCING INSTITUTIONS**

#### **Features:**

- The loan will be disbursed through Financial Intermediaries;
- Efforts shall be made by the Ministry to identify areas that are not covered by the approved Financial Intermediaries so that other credible Intermediaries operating in the region can be engaged to on-lend the funds
- The loan targets all forms of women owned enterprises whether individual, companies, groups or co-operatives. The loan will be accessible to any women owned enterprise operating in Kenya;
- The loan will attract interest rate of 8% per annum on a reducing balance;
- Flexible collateral;
- The loan amount is dependent on the nature of business proposed and the lending terms of the financial Intermediary;
- Financial Intermediary will seek approval for loan amount exceeding Kshs.500,000 from the Funds Advisory Board.

#### **Loan Access procedures/requirements:**

- Applicant must have identification details such as business registration certificates or personal identification papers such as National Identity Card or passport;
- The applicant must have a bank account preferably with the preferred Financial Intermediary;
- The applicant collects loan application form from Preferred Financial Intermediary;
- The applicant must submit the loan application form or self-prepared business proposal to the preferred Financial Intermediary;
- The preferred Financial Intermediary should carry out the assessment of the proposed business to establish financial viability and other relevant technical matters;
- Applicants must participate in loan orientation programme;

- The Divisional Women Enterprise Fund Committee should verify the existence of the groups;
- The applicant will repay the loan with interest rate of 8% to the Financial Intermediary;
- The repayment period and amount will be as agreed with the Financial Intermediary but should not exceed three (3) years.

## **B CONSTITUENCY WOMEN ENTERPRISE SCHEME**

This portion of the Fund is to ensure that all women especially those living in remote areas not well served by Financial Intermediaries are not disadvantaged in accessing the fund.

The features and access procures are as follows:-

### **Features**

- The loan targets enterprises of women groups in the Divisions;
- Accessible **only** to women groups operating within the parliamentary constituency;
- Maximum loan amount per group is Kshs. 50,000;
- Not accessible to individual owned women enterprises;
- The loan attracts no interest but has an administration fee of 5% deductible upfront from the approved loan;
- Proposal screening, recommendation and approval done by Divisional Women Enterprise Fund (DWEF) committees at divisional levels;
- Full repayment in 12 equal instalments after 3 months grace period;
- Groups with male and female membership must have at least 70% women membership and 100% of women in leadership positions;
- Standard Application Form is available to all potential applicants.

### **Loan Access Procedures/requirements**

- Must be a registered group/company/cooperative which is in existence for at least three (3) months as of the date of application;
- The registered entity must have a bank account;

- Prepare business proposal using the Standard Application Form provided;
- Submit the Application Form to the Secretary of the Divisional Women Enterprise Development Fund Committee;
- Divisional Women Enterprise Fund committee evaluates the application using evaluation guidelines provided by the Ministry of Gender, Sports, Culture and Social Services;
- The Divisional Women Enterprise Fund committee recommends to the Advisory Board for the disbursement of the Fund to the group.
- The Women Enterprise Fund secretariat disburses the funds directly to the bank accounts of the approved groups;
- The group repays the loan in instalments in twelve (12) equal instalments after the grace period into the bank account of the Women Enterprise Fund.
- All repayments shall be paid to a designated collection account

## **CAPACITY BUILDING AND COMMUNITY MOBILIZATION**

Another component will be capacity building and community mobilization of women groups and their institutions. This role will be facilitated by the Ministry with a possibility of outsourcing for such services from other institutions with capacity to train women in enterprise and business development skills.

## **INSTITUTIONAL FRAMEWORK**

The Women Enterprise Fund will be managed through three (3) institutions:

- 1. Advisory Board**, which will oversee the management of the Fund and advise the Ministry generally on the operations of the Fund. The Board will be headed by a non- Executive Chairperson and it will have a Chief Executive and staff who are competitively recruited.

### **Composition of the Advisory Board:**

- A Non-Executive Chairperson
- Permanent Secretary, Ministry of Gender, Sports, Culture and Social Services
- Permanent Secretary, Ministry of Finance
- Permanent Secretary, Ministry of Trade and Industry
- Permanent Secretary, Ministry of Agriculture,

- Permanent Secretary, Ministry of Planning and National Development
- Five (5) persons with expertise and experience in enterprise development and financial management.

## **2. Divisional Women Enterprise Fund Committee (DWEFC)**

### **Composition of the Divisional Women Enterprise Fund Committee:**

- The Chairperson must be a woman elected by the committee members but should not be a public servant
- The will be the District Gender and Social Development Officer
- The Treasurer, should be elected by the Committee
- A representative of the Local Authority in the Division (CDA)
- The Divisional Officer (DO) to represent the Provincial Administration
- A representative of a woman with disability
- A Prominent Woman Entrepreneur

### **Role of the District Gender and Social Development Officer**

- Secretary to the Divisional Women Enterprise Fund Committee
- Monitor the disbursement of the funds through the Financial Intermediaries
- Monitor how the beneficiaries are utilizing the loan
- Facilitate loan recovery process
- Participate in the capacity building of the groups who get the loan
- Recommend to the Ministry the groups which have been trained

### **Role of the Divisional Women Enterprise Fund Committee (DWEFC)**

- Support the Capacity Building of the beneficiaries of the fund and their Institution.
- Create awareness on the funds disbursement procedures and requirements.
- Assist in the mobilization, selection, Identification and vetting of the women groups seeking loans.

## **3. Micro Finance Institutions (MFI)**

There shall be a component of the funds which is disbursed through Micro Finance institutions.