



Macroeconomic Policy and Women's Economic Empowerment in Kenya

Key Messages

- Unpaid care and domestic work, borne disproportionately by women limit their participation in the economic activities.
- Women's dominant presence in the informal sector, characterised by unstable employment and minimal social protection, exacerbates their economic vulnerabilities.
- Legal and cultural barriers to land ownership, along with fiscal policies that neglect gender-specific needs are a threat to women economic advancement
- Collection and use of gender-disaggregated data enhance informed policy and decision making on Women's Economic Empowerment (WEE).
- Macroeconomic stability, through inclusive growth, low inflation, sustainable debt, and positive investment flows, is critical for women's economic resilience.
- Embedding gender-responsive fiscal and monetary policies ensures that stability translates into fair taxation, equitable access to finance, and stronger economic opportunities for women.
- Women's participation in labour force and access to financial services foster a more inclusive and equitable economic environment for women.

Introduction

The Sustainable Development Goal 5 (SDG 5) aims to achieve gender equality and empower all women and girls. Efforts have been made in pursuit of gender equality and women's economic empowerment yet disparities in economic participation and opportunities persist. While there have been improvements in areas such as girls' education and health outcomes, the economic sector continues to present substantial barriers to women's full and equal participation.

In Kenya, women's labour force participation rate is approximately 71%, compared to 75% for men, reflecting significant barriers such as limited access to education, cultural biases, and discriminatory hiring practices. Women are predominantly engaged in the informal sector, which offers lower pay and limited legal protections. Wage disparities are prevalent across various sectors, with women earning, on average, 30% less than their male counterparts.

The challenges that hinder women's economic advancement in Kenya include lower labour force participation rates, higher unemployment, overrepresentation in the informal sector, wage disparities, the burden of unpaid care and domestic work, gender-insensitive fiscal and monetary policies, and restricted access to property and financial institutions.



Kenya GDP growth rate between 4-7% indicates a growing economy that can create job opportunities and increase incomes.

These barriers are further shaped by Kenya's broader macroeconomic environment, factors such as growth inflation, public debt and fiscal space influence women's economic opportunities and resilience, making macroeconomic stability a critical enabler of women's empowerment.

Methodology

The study used a comprehensive mixed-methods approach, integrating quantitative analysis with qualitative assessments. This includes policy document reviews, analysis of secondary data, and key informant interviews with diverse stakeholders including policymakers, civil society representatives, researchers, funders and women's rights advocates and other relevant institutions within the region. Purposive sampling and snowball sampling were used to select technical respondents.

Findings

Understanding the Interlink of Macroeconomic Indicators and Women's Economic Empowerment in Kenya

Favourable macroeconomic indicators are essential for advancing women's economic empowerment in Kenya. These indicators include strong GDP growth, controlled inflation, balanced fiscal policies, sustainable public debt, and positive net Foreign Direct Investment (FDI). Kenya GDP growth rate between 4-7% indicates a growing economy that can create job opportunities and increase incomes. Inflation in Kenya, which averaged 6.5% in 2023 is crucial for preserving the purchasing power of households where women often manage budgets and bear the burden of price instability, making this stability essential.

Kenya has firmly committed to promoting gender equality and women's empowerment, as demonstrated by its adherence to international frameworks and establishment of a robust policy and institutional framework. To support economic empowerment, the government has introduced initiatives like the Women Enterprise Fund (WEF), Youth Enterprise Development Fund (YEDF), Uwezo Fund, and the Access to Government Procurement Opportunities (AGPO) programme, which reserves 30% of government procurement for women, youth, and persons with disabilities. These combined efforts underscore Kenya's comprehensive approach to advancing gender equality and empowering women at all levels.

Current status, efforts and gaps of macroeconomic policies and women's economic empowerment in Kenya

The 2020 Kenya Women's Empowerment Index revealed that only 29% of women in Kenya are considered empowered, highlighting ongoing challenges in achieving gender parity in economic rights.



Photo: GettyImages

The current status, efforts and gaps in Kenya are stipulated below:

Informal employment and vulnerable work: Informal workers who are vulnerable in employment face myriad of challenges. In 2022, vulnerable employment in Kenya was much higher among women at 68.3% compared to men at 51.8% underscoring a substantial gender disparity in job security and economic stability. The informal sector contributes to about 80% of employment outside small-scale agriculture and 30% of the country's GDP. Despite its critical role, the informal sector is characterised by low productivity, poor working conditions, and limited access to financial services, which necessitates formalisation efforts.

The Kenyan government and various stakeholders have implemented several initiatives to promote the formalisation of the informal sector. These include introducing simplified business registration processes, simplifying tax obligations through Turnover Tax (TOT) for small businesses earning less than Ksh.5 million, creating business parks and hubs to support small enterprises, and promoting access to microfinance. Some of the initiatives to reduce gender disparity in economic activities in Kenya include "Tujiqiri" programme, a female-led micro and small enterprises (FLMEs) programme, and "Mifugo ni Mali" programme established by Kenya Commercial Bank (KCB), Kenya Women Parliamentarians Association (KEWOPA) advocacy for gender-responsive policies, provision of gender-disaggregated labour market data by Kenya National Bureau of Statistics (KNBS), and capacity strengthening and mentorship programmes offered by Center for Gender and Development (CCGD), Kenya Institute for Public Policy Research and Analysis (KIPPRA) and Institute of Economic Affairs (IEA).

Despite these extensive efforts, significant gaps remain.

They include inadequate policy implementation, high cost of compliance, lack of awareness on the benefits of formalisation, limited support for women across various sectors, and barriers to accessing essential resources. Addressing these gaps requires improving access to affordable credit, offering incentives for compliance, and enhancing the enforcement of regulations to ensure that informal businesses see the value in transitioning to the formal economy.

Unpaid care and domestic work: In Kenya, the burden of unpaid care and domestic work disproportionately falls on women, who spend approximately seven times more time on unpaid care work (2.4%) compared to men (0.4%) and about five times more on unpaid domestic work (16.3%) than their male counterparts (3.2%). The Kenyan government, through initiatives like household production satellite accounts, represent an early attempt at integrating gendered analysis into macroeconomic frameworks by quantifying the economic contribution of unpaid labour, primarily performed by women. Nevertheless, there is insufficient recognition of women's economic contributions through unpaid care work in official statistics and policy frameworks with care giving often regarded as a welfare issue rather than a vital component of economic and societal wellbeing.

Gender disparities in labour force participation: In 2023, Kenya's female labour force participation rate stood at 72.2%, while for males, was 75.3% which is higher than Sub-Saharan Africa (SSA) average where female participation rate is around 63% and the male rate is about 75%. Despite this progress, challenges remain, including wage disparities, limited access to formal employment, workplace discrimination, the burden of unpaid care work, entrenched cultural norms and structural barriers that limit women's participation in labour market, which hinder full gender equality in the labour market. While the figures reflect significant economic involvement by both genders in Kenya, ongoing efforts are needed to address specific barriers, such as childcare support, legal rights, and social protection, gender pay gap, to close the gender participation gap and enhance women's contribution to Kenya's economic development.

Kenyan labour market is also transforming to rising demand for remote work and freelance opportunities. This shift offers potential entry for women entry into the global job market, providing possibilities for flexible work arrangements and potentially higher earnings. However, women experience challenges on required digital skills and access to reliable internet services.

Fiscal and monetary policies: Gender-responsive fiscal policy in Kenya is crucial for addressing gender inequalities in the planning, formulating, and implementing fiscal policies. Progress has been made through initiatives like gender-responsive budgeting (GRB) although insufficient budget allocations in critical sectors such as health and education and other gender-sensitive sectors limit the impact of gender-responsive policies.

Lessons can be learnt from Uganda, whose budgets must be certified as gender and equity-responsive by the Minister of Finance in consultation with the Equal Opportunities Commission.

Kenya has been making strides in promoting gender-responsive monetary policies to create a more inclusive financial ecosystem that accounts for gender disparities in access to credit, savings, and investment opportunities. Efforts have been made on expanding acceptable forms of collateral beyond land, formulating financial inclusion strategies, promoting digital financial services and offering financial literacy programmes to women.

Nevertheless, persistent gaps exist including minimal integration of gender in macroeconomic models, limited access to credit, high interest rates, limited focus on informal sector, lack of insurance, and minimal financial safety nets. These situations require a multi-faceted approach to ensure that monetary policies effectively support gender equality and economic empowerment for women in Kenya.

Lessons can be learnt from Uganda, whose budgets must be certified as gender and equity-responsive by the Minister of Finance in consultation with the Equal Opportunities Commission.

Kenya has been making strides in promoting gender-responsive monetary policies to create a more inclusive financial ecosystem that accounts for gender disparities in access to credit, savings, and investment opportunities. Efforts have been made on expanding acceptable forms of collateral beyond land, formulating financial inclusion strategies, promoting digital financial services and offering financial literacy programmes to women.

Nevertheless, persistent gaps exist including minimal integration of gender in macroeconomic models, limited access to credit, high interest rates, limited focus on informal sector, lack of insurance, and minimal financial safety nets. These situations require a multi-faceted approach to ensure that monetary policies effectively support gender equality and economic empowerment for women in Kenya.

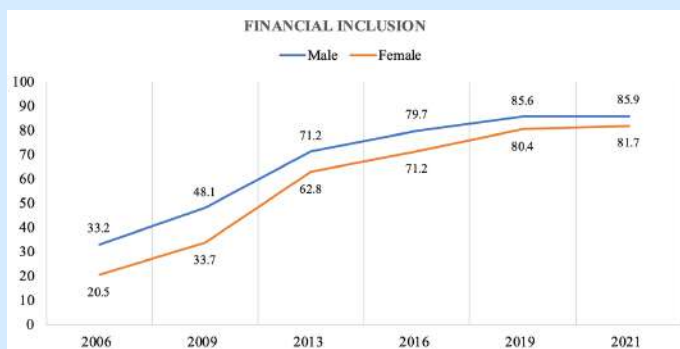
Kenya made remarkable strides in improving access to financial services, indicating a significant increase in access to formal financial products—from 26.7% in 2006 to 83.7% in 2021.

Financial exclusion and gender inequality in Kenya:

Kenya made remarkable strides in improving access to financial services, indicating a significant increase in access to formal financial products—from 26.7% in 2006 to 83.7% in 2021. However, gender disparities remain in specific services, such as banking, where 38% of women own a bank account compared to 50% of men.

Key constraints include the prevalence of a collateral-based banking system and the lack of a credit bureau that could capture women’s excellent repayment rates in microfinance. Women continue to rely heavily on informal financial services, showing that these still play a crucial role alongside formal financial products.

Formal inclusion: Male vs female (%)



Gender-disaggregated data: Gender-disaggregated data is crucial for addressing gender inequalities and informing evidence-based gender policies. The 2023 Gender Data Compass by the World Bank shows that Kenya has an overall score of 33 and ranks 80 globally and 6 in the Eastern Africa region. Gender-disaggregated data in Kenya have gained momentum over recent years for policymaking and monitoring of gender equality initiatives.



Photo Pexels

Stakeholders have identified the inadequacy of gender statistics as a constraint on effective policy formulation, planning, and budgeting. Some of challenges and gaps that hinder collation of reliable data include limited data collection and reporting mechanisms, inadequate technical capacity to effectively gather, analyse, and utilise gender-disaggregated data, resource constraints, cultural and socio-economic barriers, fragmentation of data sources making it difficult to compile, lack of political will and prioritisation in national development agendas, limited intersectional analysis, and inconsistent methodologies. These challenges are worsened by the low level of support throughout the gender data system.

Gender disparities in leadership and decision-making roles: Representation of women remains below expectations across various branches of government. This is so despite the requirement of the Kenya Constitution 2010, that requires that no more than two-thirds of any elected or appointed body can be of the same gender. Kenya's overall ranking for women's political participation remains low compared to regional counterparts, driven by persistent socio-cultural barriers, limited financial resources for campaigning, and entrenched gender biases.

To bridge this gap, it is crucial to enhance financial support for female candidates, increasing public awareness to challenge gender biases, and establishing mentorship programs to empower women leaders.

Only 31.5% of women own land or housing, compared to 68.6% of men, and fewer women hold financial accounts (62.6% as compared 74.2% of men).

Recommendations

The following recommendations should be implemented for continued women economic empowerment:

- **Strengthen gender-responsive policies:** Enhance the design and implementation of gender-responsive fiscal and monetary policies, to ensure equitable access to resources and opportunities for women. In addition, introduce a gender and equity certification for budgets to) to guarantee that allocations address women's needs, and safeguard social spending in health, education, and care even during fiscal consolidation.
- **Promote legal reforms and education:** Enforce reforms that secure women's land and property rights and support educational programs that raise awareness.
- **Support inclusive formalization of informal work:** Simplify business registration, simplify tax compliance for women-led MSMESs, and provide targeted incentives, for instance subsidized compliance costs for women-owned businesses. Also provide vocational training to facilitate the transition to formal employment, particularly for women.
- **Invest in public care infrastructure:** Increase investments in public childcare, eldercare, and healthcare services to alleviate the burden of unpaid care work on women.

- **Expand financial inclusion:** Develop gender-responsive financial products, enhance financial literacy, and promote regulatory reforms to ensure fair treatment of women in financial markets.
- **Improve gender data systems:** Invest in robust data collection and analysis systems, integrate gender indicators, and promote gender-disaggregated data in policymaking.
- **Address Wage Disparities:** Enforce equal pay laws, promote transparency in wage reporting, and implement skills development programs to reduce gender wage gaps and support women's economic empowerment.
- **Increase women's leadership representation:** Enforce the two-thirds gender rule, ensure women's participation in fiscal and monetary decision-making bodies, and provide financing and mentorship support for women leaders

Conclusion

Kenya's macroeconomic policies significantly influence women's economic empowerment and integrated measures are vital for women empowerment and economic participation. Various interventions have been implemented to advance gender-responsive macroeconomic policies, reduce gender disparities and promote women's economic empowerment.

Nevertheless, efforts should be made to address the gaps that hinder women's full participation in economic growth and development.

References

- African Development Bank. (2015). "Empowering African Women: An Agenda for Action."
- International Finance Corporation (IFC). (2020). "Women-Owned SMEs: A Business Opportunity for Financial Institutions."
- Kenya National Bureau of Statistics (KNBS). (2021). Kenya Time Use Survey Report. Nairobi: KNBS.
- UN Women. (2020). Women's Economic Empowerment and Sustainable Development: Lessons from Country Experiences.
- UN Women. (2021). Progress on the Sustainable Development Goals: The Gender Snapshot.
- World Bank. (2020). "Women, Business and the Law 2020."
- World Bank. (2020). World Development Report 2020: Trading for Development in the Age of Global Value Chains.
- World Bank. (2021). "The Global Findex Database 2021."
- World Bank. (2021). "World Development Indicators."
- World Bank. (2021). Gender Dimensions of Poverty and Social Protection in Kenya.