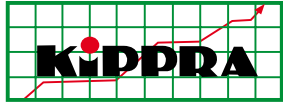


# Research Ecosystem Strengthening through the Development of a Framework for County Business Environment for Micro and Small Enterprises in Kenya

*Githinji Njenga  
Judith Nguli  
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Rodgers Musamali  
Paul Lutta  
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**SP No. 30/2022**



The KENYA INSTITUTE for PUBLIC  
POLICY RESEARCH and ANALYSIS

*Thinking Policy Together*



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Research and Analysis**

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Thirdly, we thank the Micro and Small Enterprise Authority (MSEA) and the County Enterprise Development Officers for their efforts in mobilizing and coordinating the respondents, which was critical for the success of the report. We also express our gratitude to the research assistants who conducted the data collection exercise across the 47 counties of Kenya. Additionally, we are indebted to all those who participated in various stakeholder forums, case studies and very importantly, the respondents without whom this survey would not have been a reality.



## EXECUTIVE SUMMARY

This research paper presents the County Business Environment for MSEs (CBEM) 2022. CBEM is a framework that provides a tool for monitoring progress in improving the business environment for growth and survival of MSEs. In 2019, KIPPRA developed the first version of CBEM covering four critical thematic areas that support growth and development of micro and small enterprises, including worksites and related infrastructure, market environment, technical capacity, and governance and regulatory framework. The CBEM 2022 extends this work to capture emerging issues affecting MSEs' business environment, including Internet connectivity within the worksites, trade participation in market environment and participation in policy and regulatory framework formulation under governance and regulatory framework. Further, two thematic areas on financial inclusion and risk preparedness and management are included, making up a total of 30 indicators.

The overall score for 2022 was 29.37, a slight improvement from the status in 2019 at 20.98. Self-regulation was ranked the highest performing indicator, demonstrating the efforts by MSEs to form associations to support their operations. Innovation and patenting pillars scored the least, indicating the need to emphasize on policy interventions that promote innovations and subsequent patenting among the MSEs. On average, the counties that ranked top of the score were Nairobi, Nandi, Kiambu and Nyeri.

The project that generated work on the CBEM demonstrates the role of KIPPRA, as a think tank and research intermediary, in strengthening frameworks and tools for coordinating key stakeholders in the research ecosystem in Kenya to dialogue, network and enhance research uptake to inform the improvement of the business environment for growth and survival of MSEs in Kenya. Through the project, five ecosystem strengthening goals have been achieved, as part of the RISA Fund, namely: the building of human capital for the research stakeholders involved, enhancing research uptake into policies and regulations at the national platform and county level, equitable and inclusive participation devolved to each of the 47 counties, the networking of assets to drive collaboration between research actors and policy makers, and providing incentives for high quality research and improvement in the business environment for growth and survival

of MSEs. Overall, the key findings of the project on CBEM are summarized below in sections (a) – (f).

**a) *Worksites and related infrastructure***

The National Government through MSEA has gained significant milestones in improving MSEs' worksites. However, a large percentage of MSEs still operate from undesignated worksites. For the few available permanent and semi-permanent worksites, there are bureaucracies in obtaining them, which results in corruption practices as MSEs struggle to obtain worksite allocations. There are inadequate supporting amenities such as water supply, solid waste management, public toilets, and Internet, thus making it difficult for MSEs to conduct their business with ease. Water supply and internet connection are the most affected supporting amenities. The health and economic consequences of limited access to water increases the cost of doing business for MSEs and reduces the decency of the worksites. In this era of increased online transactions, limited Internet connections at the worksites limits MSEs from accessing diverse online markets and therefore grow e-commerce among the MSEs. Thus, there is a need to develop more worksites fitted with adequate amenities and improve the existing ones in responding to the needs of MSEs.

**b) *Market environment***

The role of suitable market environment for MSEs is key in determining their sustainability in the market. A negligible number of MSEs are aware of or participate in Access to Government Procurement Opportunities (AGPO), which weakens the ability to meet the key objective of enhancing market access to disadvantaged groups such as women and youth, who form the largest share of MSEs. Unfair competition which presents itself in various forms including dumping, counterfeiting and misrepresentation serves to intensify discrimination against the MSEs' products which are viewed as of low quality. Limited approaches to promote cross county and international trade such as trade fairs and exhibitions contribute to limited awareness to MSEs on export market and the required standards, thus reducing their competitiveness. Therefore, it is necessary to streamline the AGPO systems to increase visibility and affordability by MSEs and also enhance sensitization to MSEs on opportunities provided for them in AGPO. In addition, the relevant authorities need to tighten the available measures to address unfair trade practices and ensure prosecution of the reported cases.

**c) *Financial inclusion***

Financing remains a challenge among the MSEs in all the counties. While financial institutions have largely been expanded to most parts of the county, MSEs still face a challenge in accessing formal financial institutions for both savings and

credit. The challenge is further compounded by limited awareness on financial innovative approaches, including the established credit guarantee scheme. Therefore, there is need to enhance financial awareness and literacy among the MSEs on financial services, including the recently established credit guarantee schemes and management of credit to avoid worsening credit rating. Coupled with this is the use of non-traditional collaterals such as intellectual properties and movable assets.

**d) *Technical capacity***

While MSEs are aware of their skills gap, capacity building is limited especially in financial, managerial and industry relevant skills. This reduces the effectiveness and productivity of human capacity, with generally low ability to cope with technology. For the few MSEs engaged in innovation, there is limited protection of their intellectual property. Establishment of incubation centres provides MSEs, especially the startups, with financial and technical support to ideate, operationalize and commercialize their business ideas, consequently exploiting fully the potential of the MSE sector.

**e) *Governance and regulatory framework***

Robust governance and regulatory framework play an important role in increasing the efficiency and effectiveness of MSEs. There is a high level of self-regulation characterized by well-functioning associations, and this has served to strengthen dialogue between MSEs and the government. However, multiplicity of licenses discourages formalization by some MSEs. Corruption within the worksites, which largely manifests in form of evading license fees, bribing for workspace allocation and securing of worksite amenities, requires reducing bureaucracies and strengthening oversight role within the worksites. Limited awareness and participation in policy formulation necessitates ramped up efforts to sensitize MSEs on their roles and accompanying benefits to public participation.

**f) *Risk preparedness and management***

MSEs are highly vulnerable to external risks, shocks, and hazards. Such risks disrupt the business operations, leading to losses and sometimes the closure of the business. However, they still present low affinity to uptake of social security, including health and business insurance. Thus, there is need to sensitize MSEs on the need to take protective measures in form of business and health insurance that can cushion them against unforeseeable risks.



## ABBREVIATIONS AND ACRONYMS

|        |   |
|--------|---|
| AGPO   | Access to Government Procurement Opportunities          |
| ATIP   | African Technology and Innovation Partnerships          |
| CBEM   | County Business Environment for MSEs                    |
| CEDOs  | County Enterprise Development Officers                  |
| CRB    | Credit Reference Bureau                                 |
| DTF    | Distance to Frontier                                    |
| EACC   | Ethics and Anti-Corruption Commission                   |
| EDBI   | Ease of Doing Business Indicators                       |
| FCDO   | Foreign Commonwealth and Development Office (UK)        |
| GDP    | Gross Domestic Product                                  |
| GESI   | Gender Equality and Social Inclusion                    |
| KIRDI  | Kenya Industrial Research and Development Institute     |
| KIPI   | Kenya Industrial Property Institute                     |
| KIPPRA | Kenya Institute for Public Policy Research and Analysis |
| KNBS   | Kenya National Bureau of Statistics                     |
| KRA    | Kenya Revenue Authority                                 |
| MSE    | Micro and Small Enterprise                              |
| MSEA   | Micro and Small Enterprises Authority                   |
| MSME   | Micro, Small and Medium Enterprise                      |
| NGOs   | Non-Governmental Organizations                          |
| RISA   | Research and Innovation Systems for Africa              |
| SRIA   | Strengthening Research Institutions in Africa           |

## TABLE OF CONTENTS

|   |      |
|---|------|
| ACKNOWLEDGEMENTS .....  | iii  |
| EXECUTIVE SUMMARY .....   | v    |
| ABBREVIATIONS AND ACRONYMS.....                                 | viii |
| 1. INTRODUCTION .....   | 1    |
| 2. METHODOLOGY .....  | 4    |
| 2.1 Conceptual Framework .....                                  | 4    |
| 2.2 The Analytical Approach .....                               | 9    |
| 2.3 Target Group .....  | 11   |
| 2.4 Sample Size.....  | 11   |
| 2.5 Robustness of Composite Indicators .....                    | 11   |
| 3. CHARACTERIZING THE COUNTY BUSINESS ENVIRONMENT FOR MSEs..... | 14   |
| 3.1 Overall Score and Ranking of Counties .....                 | 14   |
| 3.2 Worksite and Related Infrastructure .....                   | 17   |
| 3.3 Market Environment .....                                    | 24   |
| 3.4 Financial Inclusion.....                                    | 30   |
| 3.5 Technical Capacity .....                                    | 33   |
| 3.6 Governance and Regulatory Framework .....                   | 38   |
| 3.7 Risk Preparedness and Management .....                      | 42   |
| 4. CONCLUSIONS AND POLICY IMPLICATIONS.....                     | 46   |
| a) Worksite and related infrastructure .....                    | 46   |
| b) Market environment .....                                     | 47   |
| c) Financial inclusion .....                                    | 47   |
| d) Technical capacity .....                                     | 48   |
| e) Governance and regulatory framework .....                    | 49   |

|  |    |
|--|----|
| f) Risk preparedness and management .....                              | 49 |
| REFERENCES .....   | 51 |
| APPENDICES .....   | 52 |
| Appendix 1: Global Ease of Doing Business .....                        | 52 |
| Appendix 2: Number of targeted and number of actual associations ..... | 53 |
| Appendix 3: Worksite and related infrastructure.....                   | 54 |
| Appendix 4: Market environment .....                                   | 59 |
| Appendix 5: Financial inclusion .....                                  | 62 |
| Appendix 6: Technical capacity .....                                   | 63 |
| Appendix 7: Governance and regulatory framework.....                   | 66 |
| Appendix 8: Risk preparedness and management.....                      | 67 |

## LIST OF TABLES AND FIGURES

|   |  |
|---|--|
| Table 1: County Business Environment for MSEs (CBEM) indicators and sub-indicators..6     |  |
| Table 2: Comparisons between CBEM framework 2019 and CBEM framework 2022 ..... 8          |  |
| Table 3: Cronbach’s Alpha Results.....11  |  |
| Table 4: The overall County Business Environment for MSEs score and rank ..... 12         |  |
| Table 5: The overall scores and rank for CBEM indicators ..... 14                         |  |
| Table 6: The scores for worksite and related infrastructure indicators ..... 15           |  |
| Table 7: Scores for market environment indicators .....23                                 |  |
| Table 8: Quality of road infrastructure score in Kenya and aspirator countries .....26    |  |
| Table 9: Scores for financial inclusion in the MSE sector at the county level..... 28     |  |
| Table 10: Scores for technical capacity indicators ..... 31                               |  |
| Table 11: Innovation capability score for Kenya and selected aspirator countries .....34  |  |
| Table 12: Scores for governance and regulatory framework indicators .....36               |  |
| Table 13: Incidence of corruption score in Kenya and selected aspirator countries .....39 |  |
| Table 14: Scores for risk preparedness and management Indicators ..... 41                 |  |
| Figure 1: The Conceptual Framework on the Business Environment for MSEs.....5             |  |



# 1. INTRODUCTION

There are over 7.4 million Micro and Small Enterprises (MSEs) in Kenya, employing 14.1 million persons in the formal and informal sector (KNBS, 2016). In terms of the number of people employed, the size of MSEs in both formal and informal enterprises employ 1-50 workers and cover key economic sectors including services, manufacturing, agribusiness, construction, mining, and quarrying. Most enterprises are micro, constituting the largest share (89.2%) of total firms in the sector compared to small enterprises which are 9.1 per cent. MSEs' are critical in supporting development in the country through employment creation, innovation, inclusive growth, and economic diversification (OECD, 2017). These enterprises therefore provide a source of livelihoods for most Kenyans, including the vulnerable populations such as women, the youth, and persons living with disabilities. Further, since they account for 95 per cent of the enterprises in the manufacturing sector, MSEs form a bedrock for industrialization. The Third Medium-Term Plan (2018-2022) of the Kenya Vision 2030 targets to have a robust, diversified, and competitive manufacturing sector to transform the country into a middle-income economy by year 2030. In addition, the manufacturing sector's contribution to GDP is targeted to increase to 15 per cent by 2022 (Government of Kenya, 2018). This implies that it is critical to provide a conducive business environment to MSEs to achieve the envisioned targets.

To unlock the potential of MSEs, focussing on critical issues affecting MSEs' business environment is therefore important. As identified in the Third Medium-Term Plan (2018-2022) of the Kenya Vision 2030, the challenges facing MSEs relate to skills development, provision of worksites, incubation services, innovation and technology transfer, provision of financing, quality improvement, branding and market access (Government of Kenya, 2018). The government is cognisant of these challenges and has continued to make efforts to ameliorate the situation. Such efforts include the review of Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprise for Wealth and Employment Creation for Poverty Reduction in 2020. The review of the policy was necessitated by the need to accommodate emerging issues impeding development of MSEs, emerging issues and developments in the country, and emerging development issues at the regional and global levels, which needed to be mainstreamed in the MSEs policy. The review resulted in development of Sessional Paper No. 05 of 2020 on the Kenya Micro and Small Enterprises, which seeks to provide an integrated enabling business environment for the growth and development

of MSEs. Among the targeted areas are skills, markets, infrastructure services, regulatory environment, financial products and services, and business external risks. Therefore, having a clear and effective framework to help in monitoring the implementation of such initiatives will go a long way in supporting growth and development of MSEs.

A framework to monitor the business environment for MSEs must also be cognisant of emerging risks that face MSEs. Such risk include the COVID-19, which has disproportionately affected lives and livelihoods of especially those engaged in MSEs. The measures put in place to deal with the pandemic, including numerous health protocols, stay at home, cessation of movement of both people and goods and closure of borders to stop the spread of the virus have negatively affected the MSEs. These measures have led to closure of MSEs, disrupted supply of inputs and outputs, incomes (earnings), and aggravated the dire unemployment situation. For instance, MSEs dependent on global supply chains in the automotive, electronics, agribusiness, and textile industries have faced significant disruptions to their operations. Those with forward and backward linkages with manufacturing and construction industries locally have also been disrupted due to shutdowns and scaled back operations (KNBS, 2020). Further, the informal sector employment, largely dominated by MSEs, declined by 3.6 per cent in 2020 compared to 2019 (KNBS, 2021).

To contribute towards improving the business environment for MSEs, KIPPRA developed a County Business Environment for MSEs (CBEM) framework in 2019. The framework identified key broad thematic policy issues, their indicators and sub-indicators vital for creating an enabling business environment for the MSEs sector in the counties. The thematic areas covered included worksites and adequacy of their infrastructure; market environment; financial and technical capacity; and governance and regulatory framework. The CBEM framework has additional indicators capturing Internet connectivity within the worksites, trade participation on market environment and participation in policy and regulatory framework formulation under governance and regulatory framework. Inclusion of Internet connectivity is important given the importance of e-commerce in sustaining businesses during the COVID-19 pandemic. Assessing trade participation by MSEs is also key in expanding MSEs markets. The participation in policy and regulatory framework formulation by MSEs facilitates in putting in place a conducive legal framework that does not constrain business growth. In addition, the revised CBEM framework captures two thematic areas in financial inclusion, and risk preparedness and management.

The revised framework is expected to play a critical role in identifying specific issues at county level that require policy interventions for improving the business environment and support in monitoring their implementation. Therefore, efforts will be made to share results with county governments to enable them prioritize their policy interventions. Further, results from this report are also expected to input to the development of the MTP IV (2023-2028) of the Kenya Vision 2030 on issues affecting MSEs.

In light of the foregoing, the purpose of this report is to extend the KIPPRA framework for improving the business environment for MSEs at the county level. The extended framework identifies key indicators for monitoring and evaluating the achievements relating to the business environment for MSEs in every county in Kenya. The development of the CBEM framework and report by KIPPRA, as a research intermediary, helps to put in place a mechanism for coordinating key stakeholders in Kenya's research ecosystem to dialogue, network and enhance research uptake to inform implementation of the business environment for MSEs in a devolved system of government in Kenya.

The rest of the report is organized as follows: Section 2 discusses the methodology used in constructing the framework, Section 3 reports the characteristics of business environment for MSEs across the counties, and Section 4 provides the conclusions and policy implications.



## 2. METHODOLOGY

### 2.1 Conceptual framework

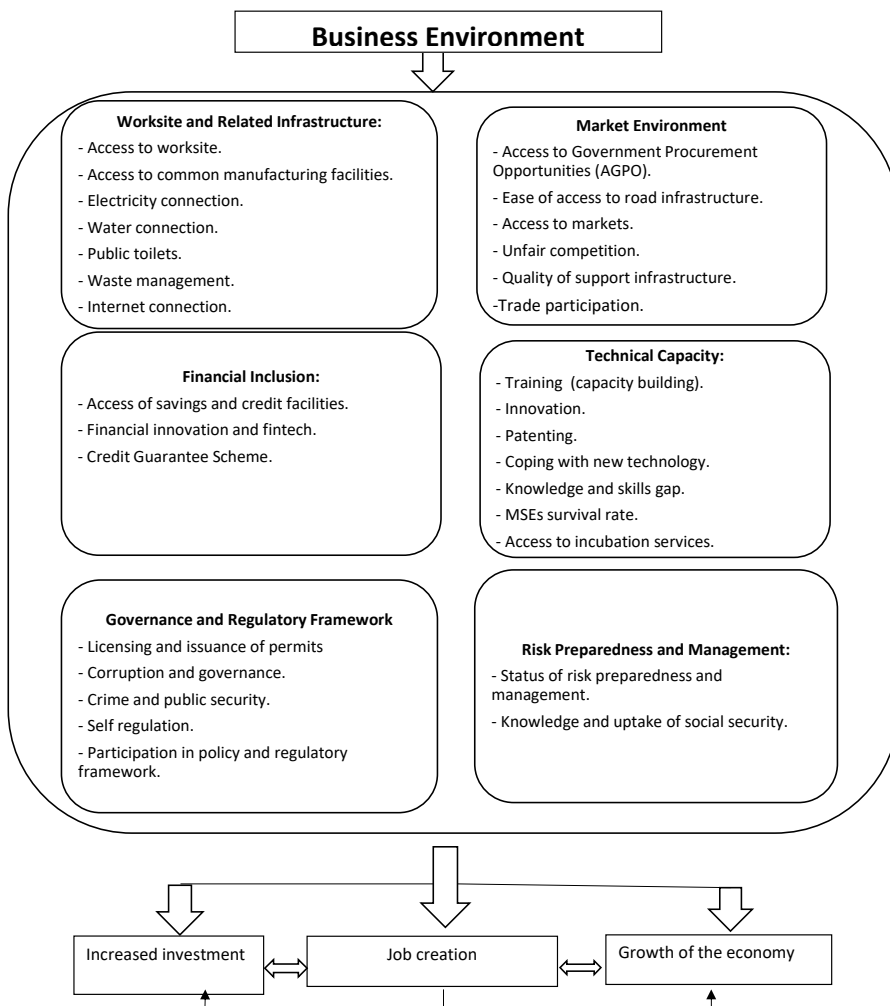
The revised business environment for MSEs was conceptualized within six broad thematic areas: worksite and its infrastructure, market environment, financial inclusion, technical capacity, governance and regulatory framework, and risk preparedness and management (Figure 1). The conceptual framework was guided by the literature and the 2019 CBEM framework,<sup>1</sup> the policy agenda, and insights from stakeholders.<sup>2</sup> Among the policy frameworks include the MTP III, Sessional Paper No. 05 of 2020 on the Kenya Micro and Small Enterprises (Government of Kenya, 2020), County COVID-19 Social Economic Re-Engineering Recovery Strategy 2020/21-2022/23 (KIPPRA and the Council of Governors, 2020). In each thematic area, several indicators and sub-indicators that relate to the areas are identified (Table 1). Conducive business environment within these areas across counties enhances MSEs growth, resulting to increased investment, creation of employment opportunities and growth of the economy. Since some thematic areas and indicators were not included in the CBEM framework 2019, Table 2 indicates the changes made in the CBEM framework 2022.

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<sup>1</sup><https://repository.kippira.or.ke/handle/123456789/2080>

<sup>2</sup>KIPPRA held virtual roundtable discussions on the revised CBEM framework with stakeholders across the country on 16th December 2021.

**Figure 1: The conceptual framework on the business environment for MSEs**



Source: Authors

**Table 1: County Business Environment for MSEs (CBEM 2022) indicators and sub-indicators**

| Indicator  | Sub-indicators   |
|--|--|
| <b>Worksite Infrastructure</b>   |  |
| Access to worksites <sup>3</sup> (An area or location set aside for Micro and Small Enterprises' operations with or without supportive infrastructure) | Procedures undertaken to access worksites; official costs involved; time taken to fulfill procedures; permanency of worksite structures; distance to worksites; and proportion of legal worksites  |
| Access to common manufacturing facilities <sup>4</sup> (Common manufacturing facilities are facilities that MSEs use to process their products)        | Procedures undertaken to benefit from common manufacturing facilities; distance to facilities; time taken by types of facilities; and official costs involved  |
| Electricity connection   | Procedures undertaken to access electricity within a worksite; official cost of connection; time taken to connect; average electricity bill amount payable monthly; number of power outages experienced in a month; and number of times for monitoring electricity supply  |
| Water connection   | Procedures undertaken to connect worksites to water; official cost of connection; time taken to connect; average water bill amounts payable monthly; average number of times water shortage is experienced in a month; and average number of times the utility company monitors water supply within a worksite                                       |
| Public toilets   | Distance taken to access the nearest public toilet; time taken; and costs involved   |
| Waste management   | Procedures undertaken to benefit from waste management services; time taken to complete the procedures; costs involved to fulfill the procedures; average monthly costs of using waste management services; average distance to the nearest waste disposal point; and average number of times to monitor waste disposal related activities per month |
| Internet connection  | Proportion of MSEs accessing Internet; procedures undertaken to access Internet; official cost of Internet connection; time taken to connect; average monthly costs of using Internet; duration and frequency of Internet outages; and average number of times to monitor Internet supply  |
| <b>Market Environment</b>  |  |
| Access to Government Procurement Opportunities (AGPO)  | Proportion of MSEs prequalified; procedures undertaken for prequalification into AGPO; time taken; and official costs involved   |
| Ease of access to road infrastructure  | Ease of access to road infrastructure; distance taken to access the nearest tarmac road; time taken; and costs involved  |
| Access to markets  | Average distance; time taken to nearest market; and the average county levies imposed on traders per month   |

<sup>3</sup>An area or location set aside for Micro and Small Enterprises' operations with or without supportive infrastructure.

<sup>4</sup>Common manufacturing facilities are facilities that MSE`s use to process their products.

| <b>Indicator</b>   | <b>Sub-indicators</b>   |
|--|---|
| Unfair competition   | Practices of manifestations of unfair competition among MSEs  |
| Quality of support infrastructure                            | Condition of supporting infrastructure, which include roads, water services and drainage, security, waste management, health facility, public toilets and sewerage, and presence of county market officials |
| Trade participation  | Fairness of taxes, permits and licenses payable in neighbouring counties, approaches used to promote cross county trade, and approaches used to promote international trade                                 |
| <b>Financial Inclusion</b>                                   |   |
| Access of savings and credit facilities                      | Number of institutions offering savings facilities and number of institutions offering credit facilities  |
| Financial innovations and Fintech                            | Understanding and average use of financial innovations (M-pesa; M-Shwari; M-akiba and CRB)  |
| Credit guarantee scheme                                      | Awareness and likelihood of use of the scheme   |
| <b>Technical capacity</b>                                    |   |
| Training (capacity building)                                 | Number of MSEs trained, training areas, training duration, and costs involved   |
| Innovation   | Percentage of MSEs that have undertaken innovations in the last 3 years to the total membership of MSEs' associations   |
| Patenting  | Percentage of MSEs with patented innovations in the last 3 years to the total membership of MSEs' associations  |
| Coping with new technology                                   | Understanding of technological and innovation trends, and adaption of new technology  |
| Knowledge and skills gaps                                    | Technical skills gap and the costs involved in MSEs operators obtaining training in technical skills  |
| MSEs survival rate   | Percentage of MSEs that have closed shop in the first 3 years of operation  |
| Access to incubation services                                | Procedures undertaken to benefit from incubation; time taken to be enrolled, and official costs involved  |
| <b>Governance and regulatory framework</b>                   |   |
| Licensing and issuance of permits                            | Number of permits; costs in acquisition and renewals; and time taken for acquisitions and renewals  |
| Corruption and governance                                    | Frequency of corruption within the worksites and the amount lost per person monthly   |
| Crime and public security                                    | Prevalence of crime; average distance and time taken to the nearest police station from the worksite  |
| Self-regulation  | Procedures followed to register into an association; average time taken; and costs involved   |
| Participation in Policy and regulatory framework formulation | Proportion of MSEs that have participated in the process of formulating the policies, laws or plans that support the business environment   |
| <b>Risk preparedness and management</b>                      |   |
| Status of risk preparedness and management                   | Proportion of MSEs aware of need for risk preparedness and management, and proportion of MSEs that have taken measures to handle risk   |

| Indicator                               | Sub-indicators   |
|---|--|
| Knowledge and uptake of social security | Proportion of MSEs that have knowledge on importance of insurance for their business, proportion of MSEs that have knowledge on importance of health insurance, proportion of MSEs that have taken insurance for their business, and proportion of MSEs that have taken health insurance |

Source: Authors

**Table 2: Comparisons between CBEM framework 2019 and CBEM framework 2022**

| Thematic Area                          | Indicator                                     | Changes included in CBEM framework 2022  |
|--|---|--|
| 1. Worksite and related infrastructure | i. Access to worksite                         | Permanency of worksite added as a new sub-indicator  |
|  | ii. Access to common manufacturing facilities | No change on common manufacturing facilities   |
|  | iii. Electricity connection                   | No change  |
|  | iv. Water connection                          | No change  |
|  | v. Public toilets                             | No change  |
|  | vi. Waste management                          | No change  |
|  | vii. Internet connection                      | Internet connection added as new indicator   |
| 2. Market Environment                  | i. Access to AGPO                             | No change  |
|  | ii. Ease of access to road infrastructure     | No change  |
|  | iii. Access to markets                        | No change  |
|  | iv. Unfair competition                        | No change  |
|  | v. Quality of support infrastructure          | Quality of support infrastructure added as a new indicator   |
|  | vi. Trade participation                       | Trade participation added as a new indicator   |
| 3. Financial Inclusion                 | i. Access to savings and credit facilities    | Financial inclusion under financial and technical capacity in CBEM framework 2019 was added as a new thematic area. Access to savings and credit facilities added as new indicator for Financial Inclusion |
|  | ii. Financial innovations and Fintech         | Financial innovation and fintech, previously under financial and technical capacity in CBEM framework 2019 was re-assigned to financial inclusion  |
|  | iii. Credit guarantee scheme                  | Credit guarantee added as a new indicator in financial inclusion   |
| 4. Technical Capacity                  | i. Training (capacity building)               | Training areas and training duration added as new sub-indicators   |

|   |  |   |
|---|--|---|
|   | ii Innovation                                  | No change   |
|   | iii. Patenting                                 | No change   |
|   | iv. Coping with new technology                 | Added as new indicator with   |
|   | v. Knowledge and skills gaps                   | No change   |
|   | vi. MSEs survival rate                         | No change   |
|   | vii. Access to incubation services             | Access to incubation services added as a new indicator  |
|   | 5. Governance and Regulatory Framework         | i. Licensing and issuance of permits  |
| ii. Corruption and governance                       |  | Changed from Corruption and Governance at Worksites in CBEM framework 2019 to Corruption and Governance   |
| iii. Crime and public security                      |  | No change   |
| iv. Self-regulation                                 |  | No change   |
| v. Participation in policy and regulatory framework |  | Participation in policy and regulatory framework added as new indicator   |
| 6. Risk preparedness and management                 | vi. Status of risk preparedness and management | Risk and preparedness and management added as a new thematic area with status of risk preparedness and management and knowledge and uptake of social security as indicators |
|   | vii. Knowledge and uptake of social security   |   |

Source: Authors

## 2.2 The analytical approach

The World Bank distance to frontier (DTF) approach was used in the CBEM framework (World Bank, 2018). Two steps were followed to compute the scores for the sub-indicators. Firstly, the indicators across the broad areas were normalized to have a common unit and transformed to measure an incremental value such that an increase in an indicator implies the indicator is approaching towards the frontier. Further, all the responses for each sub-indicator were examined and classified in terms of the best (here-in referred to as the frontier) and the worst scores. The best performance on the indicator formed the frontier while the worst performance was taken to represent the worst. Equation 1 shows how the score for the sub-indicator was calculated.

$$S = (Worst-y) / (Worst-frontier) \dots\dots\dots 1$$

Where *y* is the response given for each sub-indicator, *Worst* indicates worst performance and *frontier* shows best performance in each sub-indicator. The score ranges from zero (0) to one (1). Further, considering the number of respondents varied across the counties, a simple average was computed at each sub-indicator

level. Taking the average addresses the possibility of biasness brought about by non-uniformity in the sample size for the respondents across the counties. This average score for the sub-indicator represented the score for the county at the sub-indicator level before considering the weighting. To achieve the overall index score for the indicator, the summation average scores from the sub-indicators were computed. Since a uniform weighting of the sub-indicators was adopted, such that the maximum score for each sub-indicator was one, the summation of the index scores were then averaged to have a score ranging between 0 and 1, and later the scores were converted to percentages. Where the respondent was not able to provide the required information for an indicator, no score was given. In the results, such cases are indicated as dashes (-).

In the second step, weighting was introduced. The data was weighted by the number of respondents per indicator per county to address biasness resulting from over-representation and under-representation of counties with higher number of respondents. The total scores per indicator were averagely weighted to provide an aggregate score for the theme. The choice of the indicators to be included in the computation was not a factor since, theoretically, all the sub-indicators in the selected indicators had equal importance and was supported by literature, hence the use of the average method. The weighting adjustments were done as a way of increasing the sampling weights of the respondents to compensate for the non-responses. Computation of weighted averages involved multiplying each number by its weight (considering the actual number of respondents who answered more than half of the survey questions divided by the total targeted respondents), then multiplying by the total average scores derived; i.e.

$$\text{Weighting} = \left( \frac{1}{(\text{Actual respondents}) / (\text{Target respondents})} \right) \times \left( \frac{1}{(\text{Total actual respondents}) / (\text{Total target respondents})} \right)$$

The sampling weights are calculated as the inverse of the product of the selection probabilities. In a few cases where the sampling weights were high due to low actual respondents, an average weighting was applied. Thereafter, the weighting is multiplied by the average index scores derived to give the final index of each indicator. The thematic area scores were then aggregated to get the final ranking score for counties.

$$\text{Theme scores} = \text{weighting} * \text{indicator scores}$$

### **2.3 Target Group**

The CBEM framework targeted all the 47 counties in Kenya. The targeted respondents were MSEs' associations where a structured questionnaire was administered to the officials. These officials are also entrepreneurs and are hence privy to the business environment facing MSEs. The associations' membership is drawn from key sectors of the economy, including trade, agribusiness, manufacturing, and services.

### **2.4 Sample Size**

The study used the lists of MSEs' associations registered with Micro and Small Enterprises Authority (MSEA) and the 2019 CBEM survey respondents to draw the sample size. A total of 224 associations were registered with MSEA at the time of this study while the 2019 survey list had 312 associations, a combination of fully registered MSEs and ongoing registration with MSEA. To make the study as representative as possible and deal with the challenges of some association officials not being available during the fieldwork exercise, all the MSEs' associations (i.e. 636) were considered. However, the study managed to interview a total of 687 MSEs' association because more associations were identified that were not registered with MSEA or were not recorded in the 2019 survey; these associations were identified during the fieldwork exercise through the support of the County Enterprise Development Officers (CEDOs) who provided the contacts of association officials. The 687 MSEs' associations represented a membership of 93,194 MSEs distributed across sectors as follows: trade (29.09%), agribusiness (14.75%), manufacturing (19.67%), and services (36.49%). The MSEs' associations were mainly in the 4 cities of Nairobi, Mombasa, Kisumu and Nakuru and other big towns in the counties. A few of the MSEs' associations were in small urban areas near the big towns.

### **2.5 Robustness of Composite Indicators**

The composite indicators for the computation of the CBEM index involved a sequence of steps of computing the index using the Distance to Frontier (DTF) approach, the weighting and aggregation of the results. Testing for robustness acted as a quality assurance for the procedure and the data to ensure there is consistency in the steps followed in construction of the index and the steps available in the literatures. Further, it reduced the possibilities of conveying misleading results or missing out on some steps.



Steps used in conducting robustness: -

- a) The first step involved the criteria for identifying the indicators and sub-indicators to be included in the index under each pillar (thematic area). The process comprised the selection of the indicators, treatment of missing data and non-responses, weighting, normalization, and aggregation of the scores. The selection of the indicators to include in the computation of the index was informed by the literatures and theory, whereby all the selected indicators had equal importance.
- b) The Cronbach's alpha was used to measure the reliability or internal consistency of the set of indicators by predicting the strength of that consistency. It is computed by correlating the score of each indicator with the total score for each observation, and then comparing it to the variance for all individual item scores. The Cronbach alpha results range from 0 to 1 in providing the overall assessment of a measure's reliability. The rule of thumb is that:
  - If  $\alpha=0$ , implies all of the scale items are entirely independent from one another, that is, not correlated or share no covariance.
  - If  $\alpha=1$ , Implies as the number of items in the scale approaches infinity, that is, the higher the coefficient, the more the items have shared covariance and probably measure the same underlying concept.
  - Alpha coefficients of below 0.50 are unacceptable.
  - Between 0.65 and 0.80 (Or higher in many cases), presents a good coefficient (Pallant, 2020).

**Table 3: Cronbach’s Alpha Results**

| Thematic area.                       | Indicators  | Cronbach’s alpha   | Decision  |
|--------------------------------------|---|--|---|
| Worksite and related infrastructures | <ul style="list-style-type: none"> <li>• Access to worksites</li> <li>• Access to common manufacturing facilities</li> <li>• Electricity connection</li> <li>• Water connection</li> <li>• Public toilets</li> <li>• Waste management</li> <li>• Internet connection</li> </ul>                 | Scale reliability coefficient: 0.70<br>Average interitem covariance: 35.84<br>Number of items in the scale: 700  | With the alpha coefficient of above 0.65, it reflects a good reliability. Therefore, inclusion of the 7 indicators gives a reliable and consistent index. |
| Market Environment                   | <ul style="list-style-type: none"> <li>• Access to Government Procurement Opportunities</li> <li>• Ease of access to road infrastructure</li> <li>• Access to markets</li> <li>• Fair Competition</li> <li>• Quality of market support infrastructure</li> <li>• Trade participation</li> </ul> | Scale reliability coefficient: 0.65<br>Average interitem covariance: 15.10<br>Number of items in the scale: 6.00 | With the alpha coefficient of above 0.65, it reflects a good reliability. Therefore, inclusion of the 6 indicators gives a reliable and consistent index. |
| Financial Inclusion                  | <ul style="list-style-type: none"> <li>• Access to savings and credit facilities</li> <li>• Financial innovations and fintech</li> <li>• Credit guarantee scheme</li> </ul>   | Scale reliability coefficient: 0.68<br>Average interitem covariance: 11.18<br>Number of items in the scale: 3.00 | With the alpha coefficient of above 0.65, it reflects consistency and good reliability of results.  |
| Technical Capacity                   | <ul style="list-style-type: none"> <li>• Training (Capacity Building)</li> <li>• Innovation</li> <li>• Patenting</li> <li>• Coping with technology</li> <li>• Knowledge and skills gaps</li> <li>• MSEs Survival Rate</li> <li>• Access to Incubation Services</li> </ul>                       | Scale reliability coefficient: 0.72<br>Average interitem covariance: 4.76<br>Number of items in the scale: 7.00  | The alpha results indicate a strong and a good coefficient of 0.72 indicating a strong reliability  |
| Governance and Regulatory Framework  | <ul style="list-style-type: none"> <li>• Licensing and Issuance of Permits</li> <li>• Corruption and Governance at worksites</li> <li>• Crime and Public Security</li> <li>• Self-Regulation</li> <li>• Participation in Policy and Regulatory Framework</li> </ul>                             | Scale reliability coefficient: 0.82<br>Average interitem covariance: 13.60<br>Number of items in the scale: 5.00 | With the alpha coefficient of above 0.65, it reflects consistency and good reliability of the results   |
| Risk Preparedness and Management     | <ul style="list-style-type: none"> <li>• Status of risk preparedness and management</li> <li>• Knowledge and update of social security</li> </ul>   | Scale reliability coefficient: 0.67<br>Average interitem covariance: 61.15<br>Number of items in the scale: 2.00 | The alpha results indicate a strong and a good coefficient of 0.67 indicating a strong reliability  |

### 3. CHARACTERIZING THE COUNTY BUSINESS ENVIRONMENT FOR MSEs

#### 3.1 Overall Score and Ranking of Counties

In this report, 47 counties were assessed on business environment for MSEs. The average overall score for the counties for the CBEM 2022 scores was 29.37. The scores for CBEM 2019 was 20.98 as indicated in Table 4.

**Table 4: The overall County Business Environment for MSEs score and rank**

| Counties        | 2022  |      | 2019  |      |
|-----------------|-------|------|-------|------|
|                 | Score | Rank | Score | Rank |
| Nairobi         | 37.04 | 1    | 45.24 | 1    |
| Nandi           | 35.60 | 2    | 21.19 | 16   |
| Kiambu          | 34.67 | 3    | 28.12 | 10   |
| Nyeri           | 34.01 | 4    | 25.87 | 13   |
| Kirinyaga       | 33.80 | 5    | 13.17 | 33   |
| Laikipia        | 33.73 | 6    | 34.64 | 5    |
| Embu            | 33.63 | 7    | 17.28 | 26   |
| Busia           | 32.81 | 8    | 17.15 | 27   |
| Trans Nzoia     | 32.52 | 9    | 13.49 | 32   |
| Elgeyo Marakwet | 32.27 | 10   | 9.58  | 37   |
| Kisumu          | 32.10 | 11   | 35.02 | 4    |
| Vihiga          | 32.01 | 12   | 16.27 | 28   |
| Isiolo          | 31.99 | 13   | 7.26  | 42   |
| Kericho         | 31.76 | 14   | 12.91 | 34   |
| Uasin Gishu     | 31.60 | 15   | 15.78 | 29   |
| Baringo         | 31.47 | 16   | 15.77 | 30   |
| Wajir           | 31.13 | 17   | 12.23 | 36   |
| Murang'a        | 31.02 | 18   | 20.87 | 18   |
| Kwale           | 30.68 | 19   | 20.99 | 17   |
| Kilifi          | 30.64 | 20   | 19.31 | 21   |
| Mombasa         | 30.46 | 21   | 31.80 | 7    |
| Nyandarua       | 30.32 | 22   | 40.48 | 2    |
| Bungoma         | 30.26 | 23   | 18.52 | 22   |

| Counties             | 2022         |      | 2019         |      |
|----------------------|--------------|------|--------------|------|
|                      | Score        | Rank | Score        | Rank |
| Kakamega             | 30.14        | 24   | 32.8         | 6    |
| Taita Taveta         | 29.91        | 25   | 28.25        | 9    |
| Bomet                | 29.85        | 26   | 12.51        | 35   |
| West Pokot           | 29.64        | 27   | 8.66         | 40   |
| Turkana              | 29.52        | 28   | -            | -    |
| Kisii                | 29.48        | 29   | 31.42        | 8    |
| Homa Bay             | 29.42        | 30   | 18.41        | 24   |
| Nakuru               | 29.07        | 31   | 35.14        | 3    |
| Siaya                | 28.82        | 32   | 19.71        | 20   |
| Kajiado              | 28.57        | 33   | 15.66        | 31   |
| Makueni              | 28.36        | 34   | 25.61        | 14   |
| Machakos             | 28.21        | 35   | 26           | 12   |
| Migori               | 28.19        | 36   | 17.30        | 25   |
| Mandera              | 26.72        | 37   | 20.51        | 19   |
| Nyamira              | 26.12        | 38   | -            | -    |
| Kitui                | 24.64        | 39   | 9.05         | 39   |
| Tana River           | 24.42        | 40   | -            | -    |
| Narok                | 24.02        | 41   | 7.40         | 41   |
| Meru                 | 23.33        | 42   | 27.79        | 11   |
| Marsabit             | 22.51        | 43   | 9.32         | 38   |
| Lamu                 | 22.48        | 44   | -            | -    |
| Tharaka Nithi        | 22.37        | 45   | 18.52        | 23   |
| Garissa              | 20.69        | 46   | 24.23        | 15   |
| Samburu              | 18.45        | 47   | -            | -    |
| <b>Average score</b> | <b>29.37</b> |      | <b>20.98</b> |      |

Source: Authors' calculations

Note: A dash (-) denotes not assessed

On indicators, self-regulation scored the highest at 74.15. Access to market and crime and public security came second and third, respectively. Self-regulation was ranked first while licensing and access to worksites was ranked second and third, respectively, in 2019. Innovations and patenting scored the least, both in 2022 and 2019 as reported in Table 5.

**Table 5: The overall scores and rank for CBEM indicators**

| Indicator  | 2022          |      | 2019          |      |
|--|---------------|------|---------------|------|
|  | Average score | Rank | Average score | Rank |
| Self-regulation  | 74.15         | 1    | 54.58         | 1    |
| Access to markets  | 71.17         | 2    | 30.87         | 7    |
| Crime and public security  | 70.80         | 3    | 31.98         | 5    |
| Ease of access to road infrastructure                                | 70.54         | 4    | 31.03         | 6    |
| Knowledge and skills gaps  | 50.11         | 5    | 19.87         | 10   |
| MSEs' survival rate  | 45.24         | 6    | 5.34          | 17   |
| Public toilets   | 44.67         | 7    | 20.76         | 9    |
| Licencing and issuance of permits                                    | 42.69         | 8    | 44.12         | 2    |
| Quality of support infrastructure                                    | 41.90         | 9    | -             | -    |
| Access to worksite   | 40.98         | 10   | 41.96         | 3    |
| Corruption and governance  | 33.36         | 11   | 13.10         | 13   |
| Electricity connection   | 32.48         | 12   | 37.76         | 4    |
| Unfair competition   | 30.55         | 13   | 7.86          | 15   |
| Financial innovation and Fintech (access to digital finance in 2019) | 30.44         | 14   | 2.86          | 18   |
| Knowledge and uptake of social security                              | 29.20         | 15   | -             | -    |
| Status of risk preparedness and management                           | 23.30         | 16   | 17.07         | 11   |
| Waste management   | 23.04         | 17   | 10.53         | 14   |
| Access to common manufacturing facility                              | 18.24         | 18   | -             | -    |
| Credit guarantee scheme  | 16.70         | 19   | -             | -    |
| Coping with new technology   | 16.69         | 20   | -             | -    |
| Training (capacity building)   | 14.11         | 21   | 15.62         | 12   |
| Policy and regulatory framework                                      | 11.24         | 22   | -             | -    |
| Trade participation  | 9.91          | 23   | -             | -    |
| Water connection   | 8.58          | 24   | 25.94         | 8    |
| Access to Government Procurement Opportunities                       | 8.46          | 25   | 7.80          | 16   |
| Access to incubation Services  | 8.44          | 26   | -             | -    |
| Access to savings and credit facilities                              | 7.93          | 27   | -             | -    |
| Internet connection  | 3.94          | 28   | -             | -    |
| Innovation   | 1.64          | 29   | 0.50          | 19   |
| Patenting  | 0.62          | 30   | 0.09          | 20   |

Source: Authors' calculations

Note: A dash (-) denotes not assessed

### 3.2 Worksite and Related Infrastructure

Worksite and related infrastructure include access to worksite, access to common manufacturing facilities, electricity connection, water connection, public toilets, internet connectivity and waste management. The scores for the worksite and related infrastructure indicators for the counties are reported in Table 6. Of these indicators, access to public toilets and access to worksite (procedures to access worksites, related costs, time taken; permanency of worksite structures, distance to worksites and proportion of legal worksites) emerged top with a score of 44.67 and 40.98, respectively. Electricity connection and waste management were ranked third and fourth, respectively, with an average score of 32.48 and 23.04, respectively. In addition, as indicated in Table 6, access to common manufacturing facilities, water connection, and Internet connection scored lowest in the classification. The best counties in worksite and related infrastructure were Nandi, Kirinyaga, Isiolo, Nyeri and Baringo. In 2019, access to worksites also ranked first with an average score of 41.96, while water connection came in second with a score of 37.76 and waste management came third at a score of 25.67. The best counties then were Nairobi, Nakuru, Nyandarua, Kakamega and Laikipia.

**Table 6: The scores for worksite and related infrastructure indicators**

| Counties        | Access to worksite | Access to common Manufacturing facilities | Electricity connection | Water connection | Public toilets | Waste Management | Internet Connection | Average |
|-----------------|--------------------|---|------------------------|------------------|----------------|------------------|---------------------|---------|
| Baringo         | 50.98              | 21.29                                     | 55.55                  | 23.65            | 48.73          | 41.57            | 0.62                | 34.63   |
| Bomet           | 40.68              | 10.55                                     | 31.08                  | 2.61             | 27.36          | 34.24            | 4.76                | 21.61   |
| Bungoma         | 40.50              | 10.32                                     | 20.21                  | 13.44            | 53.03          | 33.80            | 4.01                | 25.04   |
| Busia           | 45.74              | 22.18                                     | 41.15                  | 6.84             | 41.70          | 35.40            | 9.53                | 28.93   |
| Elgeyo Marakwet | 51.86              | 10.46                                     | 34.18                  | 15.31            | 67.76          | 55.34            | 1.59                | 33.78   |
| Embu            | 50.28              | 22.79                                     | 40.15                  | 16.66            | 65.93          | 31.41            | 7.47                | 33.53   |
| Garissa         | 35.63              | 13.98                                     | 6.64                   | 3.98             | 25.48          | 13.54            | 4.10                | 14.76   |
| Homa Bay        | 45.66              | 7.20                                      | 41.33                  | 8.64             | 48.09          | 15.19            | 4.52                | 24.37   |
| Isiolo          | 38.10              | 68.80                                     | 59.24                  | 14.33            | 71.67          | -                | -                   | 36.02   |
| Kajiado         | 28.44              | 17.92                                     | 9.62                   | 1.91             | 37.27          | 1.91             | 6.51                | 14.80   |
| Kakamega        | 46.38              | 26.52                                     | 37.81                  | 11.71            | 37.27          | 26.52            | 3.08                | 27.04   |
| Kericho         | 49.56              | 24.94                                     | 23.98                  | 15.05            | 65.93          | 40.61            | 4.01                | 32.01   |
| Kiambu          | 50.11              | 18.10                                     | 34.13                  | 11.41            | 50.31          | 41.13            | 6.26                | 30.21   |
| Kilifi          | 46.50              | 7.53                                      | 29.54                  | 4.48             | 53.75          | 9.85             | 2.30                | 21.99   |
| Kirinyaga       | 48.03              | 19.03                                     | 44.82                  | 28.85            | 66.65          | 51.00            | 2.52                | 37.27   |
| Kisii           | 40.01              | 24.33                                     | 25.37                  | 1.24             | 36.67          | 10.67            | 2.26                | 20.08   |

| Counties       | Access to worksite | Access to common Manufacturing facilities | Electricity connection | Water connection | Public toilets | Waste Management | Internet Connection | Average      |
|----------------|--------------------|---|------------------------|------------------|----------------|------------------|---------------------|--------------|
| Kisumu         | 46.85              | 21.40                                     | 41.47                  | 11.84            | 43.00          | 24.18            | 3.86                | 27.51        |
| Kitui          | 30.07              | 28.31                                     | 8.97                   | 11.15            | 43.00          | 18.58            | -                   | 20.01        |
| Kwale          | 36.11              | 14.69                                     | 19.86                  | -                | 62.11          | 7.17             | 5.69                | 20.80        |
| Laikipia       | 42.68              | 8.92                                      | 50.35                  | 21.74            | 46.82          | 54.79            | 3.29                | 32.65        |
| Lamu           | 42.13              | 56.11                                     | 21.50                  | -                | -              | -                | -                   | 17.11        |
| Machakos       | 33.94              | 24.67                                     | 24.22                  | 1.89             | 39.98          | 6.04             | 4.81                | 19.36        |
| Makueni        | 34.26              | 12.03                                     | 15.06                  | 5.38             | 49.27          | 11.20            | 3.66                | 18.69        |
| Mandera        | 32.40              | 14.24                                     | 29.55                  | 0.90             | 25.08          | 25.98            | -                   | 18.31        |
| Marsabit       | 33.49              | 18.71                                     | 29.26                  | -                | 11.47          | 11.47            | 9.04                | 16.20        |
| Meru           | 38.99              | 15.05                                     | 29.63                  | 7.38             | 43.84          | 19.81            | 0.84                | 22.22        |
| Migori         | 42.61              | 19.16                                     | 37.01                  | 0.90             | 33.79          | 14.85            | 6.46                | 22.11        |
| Mombasa        | 37.45              | 10.01                                     | 10.10                  | -                | 42.90          | 4.77             | 3.83                | 15.58        |
| Murang'a       | 46.55              | 17.51                                     | 32.37                  | 10.24            | 57.33          | 17.40            | 2.01                | 26.20        |
| Nairobi        | 46.40              | 10.92                                     | 41.33                  | 14.14            | 55.59          | 53.11            | 4.19                | 32.24        |
| Nakuru         | 46.79              | 15.93                                     | 37.44                  | 6.78             | 35.32          | 25.34            | 5.62                | 24.75        |
| Nandi          | 52.42              | 32.97                                     | 47.32                  | 11.55            | 70.07          | 55.21            | 7.31                | 39.55        |
| Narok          | 32.82              | 14.37                                     | 21.64                  | 4.56             | 19.55          | 6.08             | 8.41                | 15.35        |
| Nyamira        | 38.20              | 7.47                                      | 25.15                  | 0.40             | 20.70          | 5.44             | 1.54                | 14.13        |
| Nyandarua      | 46.06              | 8.55                                      | 39.56                  | 9.59             | 46.94          | 40.37            | 3.08                | 27.74        |
| Nyeri          | 43.87              | 13.64                                     | 47.62                  | 19.45            | 70.03          | 47.30            | 2.35                | 34.89        |
| Samburu        | 29.54              | 17.26                                     | 29.25                  | 5.12             | 12.29          | 8.19             | 0.88                | 14.65        |
| Siaya          | 40.85              | 13.26                                     | 41.10                  | 6.37             | 23.89          | 14.33            | 6.83                | 20.95        |
| Taita Taveta   | 42.66              | 41.39                                     | 51.03                  | 5.38             | 43.00          | -                | 1.54                | 26.43        |
| Tana River     | 25.35              | -   | 28.69                  | 20.31            | 28.67          | 4.78             | -                   | 15.40        |
| Tharaka Nithi  | 24.15              | 14.97                                     | 13.70                  | 11.42            | 28.67          | 5.82             | 1.99                | 14.39        |
| Transzoia      | 47.12              | 20.86                                     | 40.48                  | 14.33            | 54.94          | 23.89            | 5.48                | 29.59        |
| Turkana        | 35.71              | -   | 30.72                  | 10.15            | 62.11          | 27.47            | 1.03                | 23.89        |
| Uasin Gishu    | 46.47              | 19.48                                     | 40.10                  | 10.75            | 60.71          | 41.03            | 2.36                | 31.56        |
| Vihiga         | 48.02              | 23.22                                     | 37.86                  | 1.43             | 64.50          | 7.88             | 12.64               | 27.94        |
| Wajir          | 45.87              | 16.43                                     | 45.08                  | -                | 57.33          | 36.86            | 4.83                | 29.49        |
| West Pokot     | 27.70              | -   | 24.58                  | -                | 49.14          | 21.50            | 7.93                | 18.69        |
| <b>Average</b> | <b>40.98</b>       | <b>18.24</b>                              | <b>32.48</b>           | <b>8.58</b>      | <b>44.67</b>   | <b>23.04</b>     | <b>3.94</b>         | <b>24.56</b> |

Source: Authors calculations

Note: A dash (-) denotes not assessed

### **3.2.1 Access to worksite**

Of all the respondents, 70.40 per cent reported to have access to worksites, indicating increased efforts of institutional and policy support to MSEs. The index nuanced the access to worksite in terms of procedures taken to access a worksite, time taken to complete acquiring a worksite, official cost needed to acquire a worksite, the number of legal worksites available, the nature of the worksites, distance to the worksite and the average time taken to access a worksite by respective MSE association.

Overall, Nandi County ranked best on access to worksite with a score of 52.42. Elgeyo Marakwet, Baringo Embu, and Kiambu counties also ranked high. Samburu, Kajiado, West Pokot, Tana River, and Tharaka Nithi counties scored the least. In 2019, Nairobi County was the best ranked with a score of 81.69, with Kitui County scoring the least at 11.25. Nakuru and Nyandarua counties ranked second and third, respectively.

The high performance of Nandi County was attributed to the fact that most association members were only required to be duly registered as members of the association with business permit to acquire a worksite. On average, time taken to complete acquiring a worksite was reported to be 11-30 days, thus enabling MSEs to quickly register and start operations. The official cost, which included onetime payment, annual payment, and survey fees needed to acquire a worksite was about Ksh 1,800 compared to an average of Ksh 50,000 across counties that MSEs paid to acquire worksites.

Of MSEs who reported their inability to access worksites, about 25 per cent indicated lack of land allocation to set up worksites, 20.20 per cent indicated limited financing available to develop the worksites, while 18.24 per cent indicated “no need” for worksites due to the nature of their businesses. Other significant challenges reported included limited land for worksite development (12.16%), long procedures involved in obtaining a worksite (4.72%) political interference (3.71%) and proximity of worksites being away from markets (3.37%). The least reported limitations included grabbing of association land by private developers’, inadequate power supply to the worksite, unavailability of utilities such as water, sewer and drainage, corruption involved in obtaining workspaces, and expensive rates charged for the worksite. About 2.02 per cent expressed their comfort in operating without designated worksites.

Notably, not all worksites are legally allocated as 15.86 per cent of the respondents indicated that they were in illegal worksites and live in fear of demolitions that could happen any time. As at the time of the survey, about 30 per cent of MSEs operating in illegal worksites indicated they were facing imminent threat of



demolition and did not have alternative worksites that they could re-establish their business. Largely, the MSEs were informed of impending demolitions even though 36 per cent indicated that they rarely receive notifications and, as such, the demolitions contribute to a huge loss of their investment in their business.

### **3.2.2 Access to common manufacturing facilities**

Common manufacturing facility has been one of the key interventions that has enhanced the way MSEs do business and improve the quality and competitiveness of their products. Common manufacturing facilities provide modern production technology at affordable costs to MSEs requiring technology in their production, thus improving their competitive edge. The index calibrates the access to common manufacturing facility by assessing the number of procedures undertaken to benefit from common manufacturing facilities, time taken, distance to facilities, types of facilities available, and official costs involved.

The average score across all the counties was 18.24 compared to 10.53 in 2019. Isiolo County emerged top, scoring 68.80, followed by Lamu and Taita Taveta counties with a score of 56.11 and 41.39, respectively. Nairobi County topped in 2019 with a score of 45.37, with Embu County scoring the least at 1.60. Isiolo County indicated that there are no procedures, with everyone allowed to access the common manufacturing facilities. Distance taken to worksites was relatively low, averaging less than 1 km and time taken to access a common manufacturing facility being averagely less than 10 minutes.

Only 24 per cent of the respondents indicated that their association members had full access to common manufacturing facility, while 9 per cent had partial access to common manufacturing facilities. About 18.39 per cent indicated that they did not find it important to use a common manufacturing facility while 14.61 per cent indicated that they were involved in unrelated economic activities that did not necessitate access to common manufacturing facilities.

Of the bulk of the MSEs that did not have access to common manufacturing facilities, numerous constrains were cited, with majority citing non-availability of common manufacturing facilities (25.28%) and the costs involved in accessing common manufacturing facility (17.40%). Other factors contributing to lack of access included inadequate workshops (4.76%), too many procedures to utilize the manufacturing facility (4.26%), outdated machines (3.28%) and lack of electricity connected to the facilities (2.79%). About 6.40 per cent indicated that they are not even aware that common manufacturing facilities exist, while 1.97 per cent cited their preference to use personal tools and equipment over accessing a common manufacturing facility.

Regarding the procedures needed for members to have access to common manufacturing facility, the documentation required largely varied from counties and sectors of the respondents. About, 14.49 per cent indicated that no document was needed at all to access worksites. For those who were needed to provide documentation, some of the documents included membership association identity card/letter, business permit, business registration certificate, national identity card, signed agreement for facility usage, and proof of payment for the usage of the facility. About 73.1 per cent indicated that only one document, mostly the identification card, was required.

In addition to non-availability of common manufacturing facilities, there are other reasons why MSEs are not interested in engaging in manufacturing activities. About 44.95 per cent indicated lack of resources in terms of cash flows needed to start and run a manufacturing facility. Lack of required expertise and unhealthy competition from large firms contributed to 21 per cent and 15.95 per cent, respectively. About 15.69 per cent cited inadequate trained workforce needed to engage in manufacturing activities. The least of the reasons cited were lack of ready market and lack of proper machinery at 1.06 per cent and 1.32 per cent, respectively.

### **3.2.3 Electricity connection**

Electricity connection is a strategic driver to MSEs performance as unreliable power supply has debilitating effects on operations. The index assessed electricity connectivity in terms of procedures undertaken to access electricity within a worksite, official cost of connecting electricity to worksite, time taken to be connected, average electricity bill amounts payable monthly, number of power outages experienced in a month, and number of times for monitoring electricity supply.

About 65.20 per cent indicated that their worksites were connected to electricity or solar grid. Isiolo and Baringo counties ranked high with a score of 59.24 and 55.55, respectively. Other counties that scored high are Taita Taveta at 51.03 and Laikipia at 50.35. Kajiado, Kitui and Garissa counties scored the lowest at 9.62, 8.97, and 6.64, respectively. Kisumu County emerged top in 2019 with a score of 80.04. Isiolo County reported an average of 4-step procedure needed to obtain electricity connection at the worksite, which includes official application with utility provider, payment of the connection fees, worksite assessment by the utility company and installation of electricity at the worksite. The official cost of connecting electricity is less than Ksh 20,000, with average monthly cost being

less than Ksh 500 and frequency of electricity shortage being less than five times a month, with the duration of outage lasting less than 12 hours a day.

Some of the challenges cited by respondents who were not connected to electricity included high cost of installation (18%), lack of designated workspace (16%), too many procedures involved to connect (10%), inability to pay electricity bills (6.46%) and long distance to the grid (6.46%). Other respondents indicated that they used streetlights for lighting (11.38%) while others indicated that their nature of business did not require them to have electricity (11.38%). Respondents in illegal worksites who cannot qualify to install electricity and can also not develop the worksites were about 5.23 per cent.

A number of documents including the national identity card, allotment letter, title deed or lease agreement, association identity card/ letter, business permit, a copy of PIN certificate, wiring certificate, and payment receipt were required before electricity connection. About 60 per cent indicated that they required about 5 documents while 20 per cent indicated they needed about 2 documents to be connected to electricity. About 60.8 per cent still used metered electricity that made payments per month while the rest had migrated to token billing system.

Most respondents indicated high frequency of power outages lasting an average of about 12 hrs per day. Only 19.06 per cent indicated notification of power outages through print media and social media. However, a few respondents, about 19.90 per cent, indicated getting information about change in tariffs of electricity and, therefore, most did not feel that the electricity provider is transparent with the charges. About 31.61 per cent indicated the availability of utility providers in monitoring the supply of electricity to address any other electricity related concerns.

### **3.2.4 Water connection**

Of all the respondents, only 55.31 per cent indicated they have designated areas for waste collection and disposal. To benefit from waste management services, about 23 per cent of respondents indicated that no document was needed while about 40 per cent indicated that they were required to have a county or business permit. The waste management index score composed of procedures undertaken to benefit from waste management systems, time taken to complete procedures, costs involved to complete the procedures, average monthly costs of using waste management services, average distance to the nearest waste disposal point and average number of times to monitor waste disposal related activities per month. Waste management at the worksites improved from a score of 17.07 in 2019 to

23.04, implying improved efforts in this area. Elgeyo Marakwet County came first with a score of 55.34. Nandi, Laikipia and Nairobi counties also performed well with a score of 55.21, 54.79, and 53.11, respectively. Elgeyo Marakwet County reported to one procedural requirement undertaken to benefit from waste management system, which includes payment of waste management to the County Government. The payment also serves as the only documentation required to access waste management services. On average, the official cost of waste collection and the monthly amount needed to benefit from the services is less than Ksh 1,000. The designated waste collection points are, on average, less than 500 metres. The respondents further indicated that the waste is collected weekly from the worksites.

### **3.2.5 Public toilets**

Of all the respondents, about 61.8 per cent had access to public toilets. The condition of the toilets was rated above average apart from 5.9 per cent who rated them as in very poor condition. The index on access to public toilet constituted distance taken to access the nearest public toilet, time taken to the nearest public toilet and cost involved per person. The average score across all counties on public toilets was 44.67 compared to 20.76 in 2019, implying improvement of sanitation facilities at the worksites.

Isiolo County ranked first with a score of 71.67, followed by Nandi County at 70.07 and Nyeri County at 70.03. Nyamira, Narok, and Marsabit counties scored the least. In 2019, Kisumu County had the highest score of 48.44 while Wajir scored the least at 3.66. Isiolo County reported to have presence of public toilets to be averagely within 500 meters and costing between Ksh 5 to Ksh10 shillings to access.

### **3.2.6 Waste management**

Of all the respondents, only 55.31 per cent indicated they have designated areas for waste collection and disposal. To benefit from waste management services, about 23 per cent of respondents indicated that no document was needed while about 40 per cent indicated that they were required to have a county or business permit. The waste management index score composed of procedures undertaken to benefit from waste management systems, time taken to complete procedures, costs involved to complete the procedures, average monthly costs of using waste management services, average distance to the nearest waste disposal point and average number of times to monitor waste disposal-related activities per month.

Waste management at the worksites improved from a score of 17.07 in 2019 to 23.04, implying improved efforts in this area. Elgeyo Marakwet County came first with a score of 55.34. Nandi, Laikipia and Nairobi counties also performed well with scores of 55.21, 54.79, and 53.11, respectively. Elgeyo Marakwet County reported to one procedural requirement undertaken to benefit from waste management system, which includes payment of waste management to the County Government. The payment also serves as the only documentation required to access waste management services. On average, the official cost of waste collection and the monthly amount needed to benefit from the service is less than Ksh 1,000. The designated waste collection points are, on average, less than 500 meters. The respondents further indicated that the waste is collected weekly from the worksites.

### **3.2.7 Internet connection**

Internet connection to MSEs worksites and workplaces is critical for accessing national, regional, and international markets, through digitalization and adoption of e-commerce for business continuity and resilience in the face of shocks. The index assessed internet connectivity in terms of proportion of MSEs accessing Internet, procedures undertaken to access Internet, average monthly costs of using Internet, duration of Internet outages, frequency of Internet outage, average number of times to monitor Internet supply, and the official cost of connection. The average score for Internet connection was 3.94, the lowest across all indicators related to infrastructure supporting worksites. Vihiga County ranked first at 12.64, followed by Busia, Marsabit and Narok counties. In Vihiga County, about 20%-40% of the MSEs reported to use individual Internet connection, which could be phones or modems costing less than Ksh 1,000 per month. On average, Internet downtime was reported to be less frequent, lasting less than an 1 hour per occurrence.

Generally, the low broad band Internet connection to the worksites across counties is attributed to high connectivity charges (17.28%), lack of Internet infrastructure to support the connection (17.39%), poor network connection to support internet connectivity (9.5%) and lack of awareness and importance of Internet (10.10%). About 45 per cent of the respondents indicated they used phone/modem Internet. Notably, for the worksites with Internet connected with bandwidth, most MSEs indicated fair charges but with low reliability.

### 3.3 Market Environment

The factors considered in the market environment for MSEs were Access to Government Procurement Opportunities (AGPO); ease of access to road infrastructure; access to market; unfair competition; quality of support infrastructure; and trade participation. As shown in Table 7, access to AGPO on average scored the least at 8.46 with access to markets scoring the highest at 71.17. In 2019, access to AGPO also scored the least with an average score of 7.80.

**Table 7: Scores for market environment in MSE sector at the county level**

| Counties        | AGPO  | Ease of access to road infrastructure | Access to market | Unfair competition | Quality of support infrastructure | Trade Participation | Average |
|-----------------|-------|---------------------------------------|------------------|--------------------|-----------------------------------|---------------------|---------|
| Baringo         | 3.23  | 84.57                                 | 81.22            | 17.20              | 42.39                             | 7.64                | 39.37   |
| Bomet           | 11.08 | 73.62                                 | 79.35            | 23.45              | 48.31                             | 10.21               | 41.00   |
| Bungoma         | 6.99  | 68.80                                 | 78.43            | 25.80              | 45.61                             | 11.35               | 39.50   |
| Busia           | 11.21 | 63.07                                 | 67.80            | 39.09              | 41.60                             | 18.46               | 40.20   |
| Elgeyo Marakwet | 5.54  | 78.57                                 | 78.36            | 7.82               | 47.19                             | 16.51               | 39.00   |
| Embu            | 2.83  | 77.19                                 | 70.31            | 45.58              | 40.70                             | 10.87               | 41.24   |
| Garissa         | 8.44  | 2.55                                  | 76.44            | 9.56               | 42.32                             | 4.78                | 24.01   |
| Homa Bay        | 2.65  | 81.31                                 | 77.66            | 41.46              | 44.78                             | 1.69                | 41.59   |
| Isiolo          | 40.85 | 57.33                                 | 73.10            | 34.40              | 24.57                             | 28.67               | 43.15   |
| Kajiado         | 12.26 | 59.63                                 | 50.64            | 28.67              | 40.16                             | 5.10                | 32.74   |
| Kakamega        | 10.02 | 65.98                                 | 74.15            | 32.11              | 39.52                             | 6.05                | 37.97   |
| Kericho         | 5.66  | 74.10                                 | 75.01            | 8.60               | 44.23                             | 10.27               | 36.31   |
| Kiambu          | 1.43  | 82.22                                 | 71.84            | 40.05              | 47.00                             | 12.03               | 42.43   |
| Kilifi          | 30.28 | 86.00                                 | 92.69            | 10.75              | 38.78                             | -                   | 43.08   |
| Kirinyaga       | 2.15  | 73.75                                 | 65.15            | 35.26              | 48.53                             | 13.62               | 39.74   |
| Kisii           | 7.41  | 80.60                                 | 71.71            | 35.71              | 40.65                             | 12.19               | 41.38   |
| Kisumu          | 8.61  | 74.06                                 | 69.76            | 48.99              | 41.70                             | 9.41                | 42.09   |
| Kitui           | 10.43 | 69.76                                 | 74.96            | 49.69              | 51.19                             | 10.09               | 44.35   |
| Kwale           | 23.49 | 72.14                                 | 64.77            | 38.22              | 34.81                             | 9.82                | 40.54   |
| Laikipia        | 6.57  | 65.55                                 | 57.91            | 19.49              | 52.42                             | 11.63               | 35.59   |
| Lamu            | -     | 53.03                                 | 57.81            | 86.00              | 24.57                             | 14.33               | 39.29   |
| Machakos        | 13.33 | 75.51                                 | 62.94            | 26.25              | 47.27                             | 9.93                | 39.21   |
| Makueni         | 6.29  | 77.31                                 | 68.05            | 29.03              | 49.96                             | 9.11                | 39.96   |
| Mandera         | -     | 52.85                                 | 58.05            | 32.25              | 39.54                             | -                   | 30.45   |
| Marsabit        | 8.31  | 59.05                                 | 73.48            | 48.16              | 17.20                             | 3.82                | 35.01   |

| Counties       | AGPO        | Ease of access to road infrastructure | Access to market | Unfair competition | Quality of support infrastructure | Trade Participation | Average      |
|----------------|-------------|---------------------------------------|------------------|--------------------|-----------------------------------|---------------------|--------------|
| Meru           | 6.39        | 60.87                                 | 40.61            | 32.38              | 52.79                             | 11.94               | 34.16        |
| Migori         | 4.81        | 75.51                                 | 68.41            | 39.93              | 32.14                             | 4.95                | 37.62        |
| Mombasa        | 9.54        | 70.11                                 | 76.78            | 42.92              | 58.96                             | 12.92               | 45.20        |
| Murang'a       | 4.83        | 73.85                                 | 64.93            | 47.50              | 47.39                             | 8.42                | 41.15        |
| Nairobi        | 2.42        | 96.80                                 | 78.99            | 43.37              | 52.53                             | 10.61               | 47.45        |
| Nakuru         | 6.03        | 74.94                                 | 72.47            | 30.71              | 44.65                             | 9.38                | 39.70        |
| Nandi          | -           | 86.00                                 | 83.50            | 17.20              | 54.60                             | 11.68               | 42.16        |
| Narok          | -           | 48.73                                 | 67.54            | 21.89              | 31.27                             | 8.25                | 29.61        |
| Nyamira        | 6.47        | 76.13                                 | 77.00            | 9.56               | 31.44                             | 6.37                | 34.49        |
| Nyandarua      | 3.79        | 66.47                                 | 72.07            | 34.83              | 44.97                             | 7.11                | 38.21        |
| Nyeri          | 4.33        | 79.04                                 | 73.10            | 36.37              | 52.21                             | 10.17               | 42.54        |
| Samburu        | 11.01       | 43.82                                 | 35.90            | 9.83               | 21.50                             | 2.73                | 20.80        |
| Siaya          | 18.04       | 72.94                                 | 73.84            | 27.95              | 36.86                             | 13.54               | 40.53        |
| Taita Taveta   | 17.68       | 78.59                                 | 84.09            | 40.40              | 41.98                             | 6.37                | 44.85        |
| Tana River     | 18.87       | 76.44                                 | 73.90            | 28.67              | 24.57                             | 21.50               | 40.66        |
| Tharaka Nithi  | 2.49        | 54.65                                 | 63.96            | 43.00              | 46.07                             | 13.74               | 37.32        |
| Trans Nzoia    | 21.50       | 72.62                                 | 81.22            | 20.07              | 39.93                             | 11.15               | 41.08        |
| Turkana        | 9.56        | 75.97                                 | 79.15            | -                  | 39.93                             | 12.74               | 36.22        |
| Uasin Gishu    | 3.16        | 79.00                                 | 80.07            | 10.12              | 54.90                             | 14.47               | 40.29        |
| Vihiga         | 7.88        | 82.70                                 | 78.64            | 29.24              | 37.16                             | 13.86               | 41.58        |
| Wajir          | -           | 75.56                                 | 66.34            | 56.51              | 34.22                             | 6.14                | 39.80        |
| West Pokot     | -           | 86.00                                 | 80.81            | -                  | 54.12                             | -                   | 36.82        |
| <b>Average</b> | <b>8.46</b> | <b>70.54</b>                          | <b>71.17</b>     | <b>30.55</b>       | <b>41.90</b>                      | <b>9.91</b>         | <b>38.75</b> |

Source: Authors calculations

Note: A dash (-) denotes not assessed.

### 3.3.1 Access to Government Procurement Opportunities

Of all the respondents, about 57.20 per cent indicated that they were aware of AGPO. However, only 35.00 per cent of them knew the documents needed for pre-qualification. The documentation needed include National ID, business registration certificate, KRA pin certificate, tax compliance certificate, CR12 for a limited company and a partnership deed for a partnership business. Only 3.78 per cent indicated that they had been trained on accessing government tenders, with

majority of the respondents indicating that they learnt about AGPO by word of mouth while others learnt through media, including TV and radio.

To assess the extent of uptake of AGPO, the index took into consideration the proportion of MSEs prequalified, the procedures undertaken for prequalification into AGPO, time taken to be considered for government contracts, and total official cost involved in applying for government contracts.

Isiolo County had the highest score of 40.85 on access to AGPO. Kilifi and Kwale counties followed with scores of 30.28 and 23.49, respectively. Lamu, Mandera, Nandi, Narok, Wajir, and West Pokot counties reported very limited or no access to AGPO. In 2019, Mombasa County scored the highest with access to AGPO at 34.52 with Kitui County scoring the least at 2.46. The relatively low score implies continued low involvement of MSEs in government contracts. The best county, Isiolo, reported to have only four procedures required to be prequalified to AGPO, with less than 3 months needed to pre-qualify.

Regarding challenges cited by MSEs to enable them to prequalify for AGPO, about 22.9 per cent cited high corruption levels, 22.34 per cent cited high cost involved in processing the documentation, 21 per cent cited numerous tedious procedures that were difficult to understand, 13.82 per cent cited lack of access to finances, 10.10 per cent cited lack of information and 9.04 per cent cited high bureaucracies that were hard to bypass. Moreover, majority of MSEs indicated that they did not proceed past pre-qualification stage. About 65.21 per cent indicated they never received a response on why they could not proceed with application, 17.39 per cent indicated poor and inadequate documentation while 17.39 per cent indicated the failure to give bribe as a reason why they never proceed to the rest of tendering stages.

### ***3.3.2 Ease of access to road infrastructure***

The road infrastructure index score is composed of distance taken to access the nearest tarmac road, time taken to the nearest tarmac road, and the cost involved to reach the nearest tarmac road. The three top counties on road infrastructure were Nairobi, Kilifi, Nandi and West Poko with scores of 96.80, 86.00, 86.00 and 86.00, respectively. The lowest scores on this indicator were 2.55 for Garissa County, 43.82 for Samburu County and 48.73 for Narok County. Nairobi County topped in 2019 with a score of 70.86 against an average score of 31.03, with Isiolo County scoring the least at 7.89. On average, in Nairobi, it takes less than 1 km at a cost of less than Ksh 100 to get to the nearest tarmac road. Generally, the respondents expressed their concern over poor roads for worksites accessibility.



About 51 per cent of the respondents indicated that the roads leading to worksites were poor all through the year while 54 per cent indicated that during rainy season, the roads to the worksites were impassable.

**Table 8: Quality of road infrastructure score in Kenya and aspirator countries**

| Country      | Score (Rank)     |
|--------------|------------------|
| South Korea  | 81.6 (9)         |
| Singapore    | 90.9 (1)         |
| China        | 59.7 (45)        |
| Malaysia     | 72.4 (19)        |
| India        | 58.6 (48)        |
| South Africa | 59.1 (47)        |
| <b>Kenya</b> | <b>51.9 (64)</b> |

Source: World Economic Forum (2019)

### 3.3.3 Access to markets

Access to markets for MSEs is a crucial factor determining their performance and survival rate. The access to market index score consisted of assessment of the average distance to the nearest market where MSEs sell products and services, time taken to nearest market and average county levies imposed on traders per month. The average score for access to market by MSEs was 71.17 compared to 30.87 in 2019. Kilifi County had the highest score of 92.69. Taita Taveta and Nandi counties were second and third, respectively, scoring 84.09 and 83.50. Samburu County scored the lowest at 35.90, followed by Meru and Kajiado counties at 40.61 and 50.64, respectively. In Kilifi County, it takes less than 20 minutes to get to the market, with the cost of access to market being less than Ksh 200. Nairobi County had scored the highest at 67.65 while Isiolo scored the lowest at 2.5, in 2019.

The continued existence of challenges in accessing markets have resulted to MSEs using middlemen who can deliver goods to the market with ease and affordability. About 40.32 per cent indicated that they sold their products to middlemen, often at lower prices than they could fetch with no go-between. The MSEs products have improved over time with about 28.98 per cent indicating to have had high rated products compared to 1.42 per cent of respondents who indicated low quality products that they delivered to the market.

### **3.3.4 Unfair competition**

Unfair competition negatively affects MSEs' growth. This indicator assessed the existence of unhealthy anti-competitive and unfair trade practices among MSEs in the counties. Such practices manifest through contract enforcement, counterfeiting, dumping (substandard goods) and misrepresentation (through weight, price, ingredient). A low score indicates existence of these practices. Lamu County emerged top with a score of 86.00 against an average score of 30.55. Wajir County came second at 56.51 while Kitui County was third with a score of 49.69. Garissa, Nyamira, Kericho, and Elgeyo Marakwet counties scored the lowest on this indicator. In 2019, Kakamega County was ranked highest on this indicator with a score of 21.15 while Siaya County was ranked lowest with a score of 1.32.

In Lamu County, the respondents reported, on average, to have less than two unfair market practices, including misrepresentation and false advertising practices. Of the total respondents, about 43.95 per cent of the MSEs indicated that they had faced unfair business practice in the recent past. On frequency of unfair business practices, misrepresentation and dumping of sub-standard goods registered the highest number of unfair practices largely practiced, at 31.14 per cent and 19.35 per cent, respectively. The awareness on trade malpractices was high with about 48.30 per cent of MSEs reporting to be aware of unfair practices happening in the market.

### **3.3.5 Quality of support infrastructure**

The condition of physical markets relating to roads within and nearby, availability of water services and drainage, security, waste management facilities, health facilities, public toilets and sewerage, and county market officials are critical in supporting the market environment for MSEs. Mombasa County ranked best on this indicator with a score of 58.96. Uasin Gishu and Nandi counties were second and third at 54.90 and 54.60, respectively.

### **3.3.6 Trade participation**

The trade participation index score included fairness of taxes and permits payable to the neighbouring counties, various approaches used to promote county trade, and approaches used to promote international trade. These measures are important in facilitating trade for MSEs. Isiolo County ranked best with a score of 28.67, followed by Tana River County and Busia County at 21.50 and 18.46, respectively. The average score across counties was 9.91, an indication of low

facilitation of MSEs participation in trade. Majority of MSEs rated the approaches used to promote both intercounty and international trade as effective with fair taxes charged especially for the intercounty trade. About 42.35 per cent of the respondents indicated to have participated in intercounty trade compared to 14.41 per cent who had participated in international trade.

### 3.4 Financial Inclusion

Financial inclusion in the MSEs sector is crucial in improving firm performance and growth, and strengthening gender equality and social inclusion (GESI). Access to credit, for example, can enhance investments, market share and products diversification. The indicators included in this broad area were access to savings and credit facilities, financial innovations and fintechs, and credit guarantee scheme. Financial innovations and fintech was best ranked with an average score of 30.44. Credit guarantee scheme came second while access to savings and credit facilities had the least score of 7.93, as indicated in the Table 9.

**Table 9: Scores for financial inclusion in the MSE sector at the county level**

| Counties        | Access to savings and credit facilities, | Financial innovations and Fintech | Credit Guarantee scheme | Average |
|-----------------|--|-----------------------------------|-------------------------|---------|
| Baringo         | 6.45                                     | 33.23                             | 13.62                   | 17.76   |
| Bomet           | -  | 39.09                             | 25.08                   | 21.39   |
| Bungoma         | 2.15                                     | 33.15                             | 21.50                   | 18.93   |
| Busia           | 36.16                                    | 25.66                             | 23.45                   | 28.42   |
| Elgeyo Marakwet | 2.93                                     | 37.30                             | 23.45                   | 21.23   |
| Embu            | 4.30                                     | 42.23                             | 28.13                   | 24.89   |
| Garissa         | 4.78                                     | 6.99                              | 14.33                   | 8.70    |
| Homa Bay        | 8.23                                     | 47.07                             | 11.81                   | 22.37   |
| Isiolo          | 53.75                                    | 31.11                             | 39.42                   | 41.43   |
| Kajiado         | 7.88                                     | 31.23                             | 23.89                   | 21.00   |
| Kakamega        | 13.98                                    | 22.49                             | 23.53                   | 20.00   |
| Kericho         | 2.15                                     | 34.61                             | 28.31                   | 21.69   |
| Kiambu          | 14.79                                    | 38.68                             | 20.74                   | 24.73   |
| Kilifi          | 2.69                                     | 39.31                             | 32.25                   | 24.75   |
| Kirinyaga       | 3.23                                     | 36.08                             | 6.99                    | 15.43   |
| Kisii           | 4.20                                     | 44.75                             | 13.36                   | 20.77   |
| Kisumu          | 28.99                                    | 22.36                             | 22.15                   | 24.50   |
| Kitui           | 3.58                                     | 1.09                              | 17.52                   | 7.40    |

| Counties       | Access to savings and credit facilities, | Financial innovations and Fintech | Credit Guarantee scheme | Average      |
|----------------|--|-----------------------------------|-------------------------|--------------|
| Kwale          | 1.19                                     | 38.02                             | 9.56                    | 16.26        |
| Laikipia       | 7.88                                     | 45.70                             | 10.27                   | 21.29        |
| Lamu           | 10.75                                    | 4.89                              | -                       | 5.21         |
| Machakos       | 1.70                                     | 38.71                             | 16.79                   | 19.06        |
| Makueni        | 0.67                                     | 34.51                             | 20.16                   | 18.45        |
| Mandera        | 1.34                                     | 35.94                             | -                       | 12.43        |
| Marsabit       | 4.30                                     | 7.43                              | 10.03                   | 7.25         |
| Meru           | 7.59                                     | 4.25                              | 1.69                    | 4.51         |
| Migori         | 1.92                                     | 40.02                             | 13.44                   | 18.46        |
| Mombasa        | 0.89                                     | 35.89                             | 17.88                   | 18.22        |
| Murang'a       | 3.58                                     | 42.40                             | 37.37                   | 27.79        |
| Nairobi        | 5.87                                     | 50.01                             | 30.34                   | 28.74        |
| Nakuru         | 20.35                                    | 24.00                             | 14.97                   | 19.77        |
| Nandi          | 4.78                                     | 30.20                             | 32.25                   | 22.41        |
| Narok          | -  | 40.76                             | 5.86                    | 15.54        |
| Nyamira        | -  | 45.46                             | 8.76                    | 18.07        |
| Nyandarua      | 5.64                                     | 36.96                             | 7.17                    | 16.59        |
| Nyeri          | 7.06                                     | 37.69                             | 9.42                    | 18.06        |
| Samburu        | 18.43                                    | 6.70                              | 7.17                    | 10.77        |
| Siaya          | 20.31                                    | 25.45                             | 5.97                    | 17.24        |
| Taita Taveta   | 3.58                                     | 21.91                             | 8.96                    | 11.48        |
| Tana River     | 10.75                                    | 5.70                              | 28.67                   | 15.04        |
| Tharaka Nithi  | 11.42                                    | 9.43                              | 9.63                    | 10.16        |
| Trans Nzoia    | 1.79                                     | 36.78                             | 2.39                    | 13.65        |
| Turkana        | -  | 33.55                             | 15.53                   | 16.36        |
| Uasin Gishu    | 0.63                                     | 31.45                             | 17.92                   | 16.67        |
| Vihiga         | 18.28                                    | 21.78                             | 15.77                   | 18.61        |
| Wajir          | -  | 42.51                             | 22.01                   | 21.51        |
| West Pokot     | 1.54                                     | 36.30                             | 15.36                   | 17.73        |
| <b>Average</b> | <b>7.93</b>                              | <b>30.44</b>                      | <b>16.70</b>            | <b>18.36</b> |

Source: Authors calculations

Note: A dash denotes not assessed

### **3.4.1 Access to savings and credit facilities**

Access to savings and credit facilities was assessed using the number of institutions that MSEs use to access saving and credit facilities. Isiolo County ranked first scoring 53.75, followed by Busia and Kisumu counties with 36.16 and 28.99, respectively. About 83.55 per cent of the respondents indicated to have saved with a formal financial institution. The reasons for not saving included lack of enough funds to save (30.00), not interested to save (13.63%), feel safe to put money at home compared to a financial institution (13.63%) while 9.09 per cent indicated that they do not understand how to open a savings account.

On access to credit facilities, about 53.56 per cent had sought credit from a formal financial institution in the last one year. The cited reasons for not applying for credit included fear of the unknown (29.02%), high interest rates (28.25%), lack of collateral (19.36%), a lot of procedures involved (16.19%) and lack of awareness (15.6%). About 13.65 per cent of the respondents indicated that they did not need credit while 16 per cent indicated that religion forbids them from accessing credit. About 5 per cent of respondents could not get credit due to CRB listing.

Largely, MSEs were extended less credit than applied for, with about 69.42 per cent indicating they received a credit of amount between Ksh 10,001 and Kes 200,000. Credit obtained was majorly used to support daily operations. The reasons for decline of credit varied from no reason given (31.91%), inadequate credit history (21.27%), lack of collateral (12.76%), inadequate collateral (8.51%), poor documentation (8.51%), reduced lending preference (8.51%) and negative credit history (4.25%).

### **3.4.2 Financial innovations and Fintech**

Financial innovations are important in easing access to financial services by MSEs, exploiting the opportunities of Kenya's pioneering work in financial technology (FinTech). Under financial innovations, the understanding of financial innovations and average use of financial innovations (M-Pesa; M-Shwari; M-Akiba and Credit Reference Bureaus) by MSEs was assessed. While about 35 per cent highly and moderately understood about financial innovations, the usage of mobile banking and the usage of Mshwari, M-Akiba and other applications (apps)-based mobile platforms was high among MSEs.

The main reasons cited by the respondents for the use include paying bills/suppliers (80.2%), to grow borrowing limit (27.94%), to pay loans (26.63%) and to make daily purchase (84.42%). About 58 per cent of respondents indicated increased use of mobile money during COVID-19 while 2.7 per cent indicated no

change on use of mobile money. Some of the reasons that led to mobile money usage included the increased use of till/Pay bill numbers/*Pochi la biashara* (76.63%), reduction in mobile money transactions (46.98%), the government appeal to transact in cashless mode (76.88%), the increase of online business (31.90%) and the demand to pay for products and services in a cashless mode (57.03%). Nairobi County ranked first in this indicator with a score of 50.01, with Kitui County scoring the least at 1.09.

### 3.4.3 Credit guarantee scheme

Credit guarantee scheme, a mechanism to reduce risks associated with lending to MSEs was launched in 2020 in Kenya. Thus, it's a new financial product meant to enhance credit access to MSEs. In this indicator, awareness of credit guarantee scheme and its likelihood of use were assessed. Isiolo, Murang'a, Kilifi and Nandi performed better on this indicator. There was little understanding of credit guarantee scheme among the MSEs with only 25.90 per cent stating being aware of the scheme. Even for those aware, about 25 per cent did not fully comprehend it while 58 per cent were confident that it would improve access of credit to MSEs.

## 3.5 Technical Capacity

The indicators comprising technical capacity for MSEs training (capacity building) include innovations, patenting, ability to cope with new technology, knowledge and skills gap, MSEs survival rate, and access to incubation services. The scores for these indicators are shown in Table 10.

**Table 10: Scores for technical capacity in MSE sector at the county level**

| Counties        | Training (capacity building) for MSEs | Innovations | Patenting | Coping with new technology | Knowledge and skills gap | MSEs survival rate | Access to incubation services | Average |
|-----------------|---------------------------------------|-------------|-----------|----------------------------|--------------------------|--------------------|-------------------------------|---------|
| Baringo         | -                                     | 1.14        | 0.30      | 7.88                       | 50.48                    | 50.74              | 25.80                         | 19.48   |
| Bomet           | 15.74                                 | -           | 0.04      | 6.52                       | 53.85                    | 38.01              | 7.30                          | 17.35   |
| Bungoma         | 16.85                                 | -           | 0.12      | 6.45                       | 73.89                    | 29.15              | 26.66                         | 21.87   |
| Busia           | 25.90                                 | 15.45       | 0.71      | 25.73                      | 30.06                    | 53.05              | 13.55                         | 23.49   |
| Elgeyo Marakwet | 9.18                                  | -           | 0.40      | 3.58                       | 46.49                    | 84.71              | -                             | 20.62   |
| Embu            | 18.11                                 | 1.99        | 0.33      | 27.95                      | 49.71                    | 54.88              | 4.80                          | 22.54   |
| Garissa         | 5.75                                  | 0.53        | 0.49      | 4.78                       | 41.52                    | 34.32              | 11.08                         | 14.07   |
| Homabay         | 17.48                                 | 0.43        | 0.19      | 8.44                       | 31.49                    | 59.24              | 17.66                         | 19.27   |

| Counties     | Training (capacity building) for MSEs | Innovations | Patenting | Coping with new technology | Knowledge and skills gap | MSEs survival rate | Access to incubation services | Average |
|--------------|---------------------------------------|-------------|-----------|----------------------------|--------------------------|--------------------|-------------------------------|---------|
| Isiolo       | 30.76                                 | -           | 1.63      | 28.67                      | 41.52                    | -                  | -                             | 14.65   |
| Kajiado      | 21.13                                 | 6.41        | 6.47      | 49.21                      | 65.01                    | 35.31              | -                             | 26.22   |
| Kakamega     | 8.44                                  | 5.62        | 0.31      | 23.53                      | 28.24                    | 59.21              | 7.61                          | 19.00   |
| Kericho      | 13.37                                 | -           | 0.53      | 5.02                       | 49.75                    | 67.52              | -                             | 19.46   |
| Kiambu       | 15.83                                 | 0.32        | 0.36      | 31.95                      | 56.04                    | 59.71              | 11.56                         | 25.11   |
| Kilifi       | 9.92                                  | 1.80        | 0.70      | 23.74                      | 59.41                    | 21.46              | 7.15                          | 17.74   |
| Kirinyaga    | 17.55                                 | 1.42        | 0.57      | 11.29                      | 54.36                    | 58.24              | 0.86                          | 20.61   |
| Kisii        | 16.05                                 | -           | 0.12      | 12.71                      | 40.84                    | 47.00              | 2.49                          | 17.03   |
| Kisumu       | 14.61                                 | 4.16        | 0.66      | 27.15                      | 42.73                    | 66.68              | 7.12                          | 23.30   |
| Kitui        | 28.91                                 | -           | -         | -                          | 41.52                    | 10.75              | 8.92                          | 12.87   |
| Kwale        | 10.20                                 | 7.56        | 1.42      | 36.23                      | 67.99                    | 64.92              | 13.14                         | 28.78   |
| Laikipia     | 19.99                                 | 2.46        | 0.95      | 16.72                      | 43.45                    | 62.16              | 20.89                         | 23.80   |
| Lamu         | -                                     | -           | -         | -                          | 41.52                    | -                  | -                             | 5.93    |
| Machakos     | 16.82                                 | 0.31        | 0.28      | 25.27                      | 60.86                    | 31.40              | -                             | 19.28   |
| Makueni      | 13.88                                 | 1.06        | 0.39      | 29.56                      | 60.35                    | 36.51              | -                             | 20.25   |
| Mandera      | 21.05                                 | -           | -         | -                          | 48.56                    | 62.56              | -                             | 18.88   |
| Marsabit     | 21.80                                 | -           | 1.25      | 8.60                       | 47.49                    | 33.11              | -                             | 16.04   |
| Meru         | 6.22                                  | -           | -         | 5.48                       | 42.45                    | 9.58               | 8.40                          | 10.30   |
| Migori       | 8.73                                  | 3.42        | 0.80      | 22.27                      | 38.10                    | 38.82              | 12.39                         | 17.79   |
| Mombasa      | 17.77                                 | 3.11        | 1.45      | 40.22                      | 71.29                    | 27.53              | -                             | 23.05   |
| Murang'a     | 13.03                                 | 2.84        | 0.45      | 17.75                      | 40.62                    | 56.42              | -                             | 18.73   |
| Nairobi      | 29.56                                 | 1.06        | 1.11      | 30.88                      | 47.25                    | 41.30              | 10.28                         | 23.07   |
| Nakuru       | 16.43                                 | 0.93        | 0.14      | 35.83                      | 35.44                    | 42.41              | 2.15                          | 19.05   |
| Nandi        | 14.58                                 | -           | 1.31      | 18.31                      | 60.72                    | 47.10              | 26.86                         | 24.13   |
| Narok        | 7.40                                  | -           | 0.06      | 7.17                       | 40.59                    | 53.49              | -                             | 15.53   |
| Nyamira      | 14.03                                 | 0.43        | 0.19      | 3.98                       | 47.81                    | 50.03              | 8.92                          | 17.91   |
| Nyandarua    | 11.73                                 | 1.15        | 0.46      | 12.81                      | 57.90                    | 38.12              | 18.66                         | 20.12   |
| Nyeri        | 12.69                                 | 0.99        | 0.39      | 8.80                       | 64.13                    | 38.72              | 4.26                          | 18.57   |
| Samburu      | 13.31                                 | -           | 0.29      | 5.63                       | 45.79                    | 12.35              | 13.92                         | 13.04   |
| Siaya        | 5.23                                  | 2.13        | 0.79      | 28.27                      | 39.66                    | 55.80              | 18.23                         | 21.44   |
| Taita Taveta | 13.75                                 | 4.15        | 1.06      | 40.61                      | 56.82                    | 42.57              | -                             | 22.71   |
| Tana River   | -                                     | -           | -         | -                          | 41.52                    | 57.04              | -                             | 14.08   |
| Tharaka Nthi | 11.20                                 | -           | -         | -                          | 43.51                    | 46.86              | 2.99                          | 14.94   |

| Counties       | Training (capacity building) for MSEs | Innovations | Patenting   | Coping with new technology | Knowledge and skills gap | MSEs survival rate | Access to incubation services | Average      |
|----------------|---------------------------------------|-------------|-------------|----------------------------|--------------------------|--------------------|-------------------------------|--------------|
| Transzoia      | 15.20                                 | -           | -           | -                          | 73.51                    | 71.20              | -                             | 22.84        |
| Turkana        | 17.66                                 | -           | -           | 4.78                       | 79.87                    | 70.21              | -                             | 24.65        |
| Uasin Gishu    | 14.29                                 | -           | 0.31        | 8.22                       | 57.86                    | 60.37              | 7.76                          | 21.26        |
| Vihiga         | 14.34                                 | 3.91        | 0.73        | 44.43                      | 34.44                    | 51.10              | 32.30                         | 25.89        |
| Wajir          | 7.34                                  | 2.45        | 1.53        | 28.15                      | 53.33                    | 48.16              | 21.57                         | 23.22        |
| West Pokot     | 9.36                                  | -           | -           | -                          | 55.24                    | 46.31              | 21.57                         | 18.92        |
| <b>Average</b> | <b>14.11</b>                          | <b>1.64</b> | <b>0.62</b> | <b>16.69</b>               | <b>50.11</b>             | <b>45.24</b>       | <b>8.44</b>                   | <b>19.55</b> |

Source: Authors calculations

Note: A dash (-) denotes not assessed

### 3.5.1 Training (capacity building)

This indicator was assessed on number of MSEs trained, training areas, training duration, and costs involved. Isiolo county emerged the best scoring 30.76, followed by Nairobi at 29.56 and Kitui at 28.91. Baringo, Lamu and Tana River counties reported to have taken minimal or no training. In 2019, Kisumu County scored the highest at 56.28.

In assessing the extent to which MSEs participated, about 50.66 per cent indicated that they had undertaken trainings in the last three years in financial management (25.69%), market access (15.53%), technical skills (24.92%), climate change (2.92%), post-harvest management (5.07%), business advisory (17.23%) and technical skills (8.61%). An equal number of both genders participated in the training, with the male participants being about 55.73 per cent while female participants being 44.26 per cent, hence contributing to realization of GESI. Public institutions offered most of the trainings at 64.64 per cent, followed by private organizations at 22.03 per cent, NGOs at 11.6 per cent and religious organizations at 1.70 per cent. Specifically, National Government State departments accounted for 26.79 per cent, county government 16.35 per cent, government parastatal such as KIRDI, KIPI, MSEA 14.31 per cent, training institutes 11.86 per cent and Kenya National of Juakali 9.81 per cent. Development partners, banks, trade organizations, universities, religious organizations, and self-training accounted for the rest of 19.22 per cent.

The reasons for not receiving training were non-availability of trainings (43.47%), lack of apprenticeship programme for enhancing their already available technical skills (20.71%), no relevant courses for the trainings available (19.94%), lack of training



needs assessments (13.29%), lack of monitoring and evaluation of effectiveness of training (6.13%) while 2.30 per cent indicated “no need” for training.

### 3.5.2 Innovation

The innovation index score was computed using the proportion of MSEs to the total MSEs’ membership who have innovated in the last three years. About 66.39 per cent of the MSEs had innovated a product compared to 23.77 per cent in process/ service innovation and 9.83 per cent in market innovation. The average score for innovation was 1.64 compared to 0.5 in 2019. This implies that the innovating rate for MSEs remains low. Siaya County was best ranked on innovation (2.49), among the 36 counties that were assessed on the indicator. In 2022, Busia County ranked best with a score of 15.45 followed by Kwale County at 7.56 and Kajiado County at 6.51.

To cope with the COVID-19 pandemic, a few MSEs undertook various innovations of doing business to survive the harsh economic times. These included selling goods and services online (17.90%) and changing business model to produce goods on demand (20.52%). About 6.4 per cent of MSEs underwent additional training on COVID-19 issues to understand some of the innovations that they could engage in for survival during the downtime.

**Table 11: Innovation capability score for Kenya and selected aspirator countries**

| Country      | Score (Rank) |
|--------------|--------------|
| South Korea  | 79.1 (6)     |
| Singapore    | 75.2 (13)    |
| China        | 64.8 (24)    |
| Malaysia     | 55.0 (30)    |
| India        | 50.9 (35)    |
| South Africa | 45.2 (46)    |
| Kenya        | 36.3 (78)    |

Source: World Economic Forum (2019)

### 3.5.3 Patenting

The patenting index score was computed by assessing the proportion of innovated MSEs who had been able to patent their innovations. The average score on patenting was 0.62 compared to 0.09 in 2019. Among the reasons provided by MSEs for not patenting included lack of information (52.76%), high costs of registering (21.10%),

cumbersome procedures involved (19.09%) and inaccessibility to relevant offices concerned with patenting (7.03%).

#### **3.5.4 Coping with new technology**

The indicator of coping with new technology focused on understanding of technological and innovation trends, and adaption of new technology. The average score was 16.69, an indication that MSEs have a challenge of coping with new technology, hence the low innovations undertaken by the sector. Kajiado, Vihiga, Taita Taveta and Mombasa counties led on coping with new technology.

On coping with change brought by technology, only 26.63 per cent indicated that they invested in the technology while 10.91 per cent indicated that they collaborated with other stakeholders to benefit from the new technology while 7.27 per cent indicated that they stuck to old and affordable technology. Some of the challenges cited in coping with new technology included high cost of technology (27.65%), lack of incentive to embrace new technology (14.40%), inadequate human resource capacity (11.06%), security vulnerabilities (5.24%) and challenges in regulation (1.74%).

#### **3.5.5 Knowledge and skills gap**

The knowledge and skills indicator score assessed technical skills gap and the cost involved to fulfill the technical gap. The average score of 50.11 on knowledge and skills implies that MSEs continue to face different skills gaps. Turkana, Bungoma and Trans Nzoia counties performed better in this indicator. Of the total respondents, 24.16 per cent indicated the lack of technical skills required to run their businesses. About 80.34 per cent indicated the need for skills upgrading in business administration, 74.96 per cent in financial management skills and 65.21 per cent in entrepreneurship skills. Most of the MSEs preferred in-county training (84.46%) with only 13.98 per cent stating that they would like to learn outside their counties.

#### **3.5.6 MSEs survival rate**

The MSEs survival rate beyond their third anniversary in business continues to be low. This negatively affects the efforts to realize the industrialization agenda in the country. This index score was measured using the proportion of MSEs that have closed shop as a percentage of total membership of MSEs. MSEs survival rate is

highest in Elgeyo Marakwet County with a score of 84.71, followed by Trans Nzoia County at 71.20 and Turkana County at 70.21. Nairobi County performed better on this indicator compared to other counties with a score of 24.97 in 2019. Some of the reasons cited for closure included lack of finances to sustain the business (51.96%), high cost of doing business (25.47%), poor management of enterprises (24.16%), high competition from large firms (15.72%), death of the entrepreneurs (12.37%), strict government regulations (9.31%) and personal reasons which accounted for 2.03 per cent. In the wake of COVID-19 lockdown, some counties were greatly affected. About 75.98 per cent of MSEs mentioned that they were significantly affected by the restrictions leading to closure of some businesses as follows: manufacturing (27.6%), agri-business (12.67%), trade (27.38%) and services (32.37%).

### **3.5.7 Access to incubation services**

Incubation services are critical in technology transfer and enhancing innovations. This indicator assessed the procedures undertaken to benefit from incubation services, time taken to be enrolled, and official costs involved. On average, this indicator scored 8.44, implying that MSEs have bottlenecks in assessing incubation services. The counties that ranked best were Vihiga and Nandi . About 86.75 per cent indicated the lack of access of incubation services among their association members. Some of the reasons cited for lack of access included not within reach (67.17%), too many procedures (9.33%), lack of awareness (8.58%), expensive to afford (7.53%) while 7.37per cent indicated that they saw no need for accessing incubation services.

## **3.6 Governance and Regulatory Framework**

The indicators included in the governance and regulatory framework were licensing, corruption and governance, crime and public security, self-regulation, and participation in policy and regulatory framework. As shown in Table 12, self-regulation ranked first with a score of 74.15. In 2019, self-regulation also ranked best. Crime and public security came second with a score of 70.80.

**Table 12: Scores for governance and regulatory framework in MSE sector at the county level**

| Counties        | Licensing and issuance of permits | Corruption and governance | Crime and public security | Self-regulation | Participation in policy and regulatory framework | Average |
|-----------------|-----------------------------------|---------------------------|---------------------------|-----------------|--|---------|
| Baringo         | 45.86                             | 43.00                     | 81.51                     | 67.53           | -  | 47.58   |
| Bomet           | 69.20                             | 6.52                      | 75.05                     | 76.15           | 21.89  | 49.76   |
| Bungoma         | 45.39                             | 27.59                     | 72.72                     | 74.29           | 7.74   | 45.55   |
| Busia           | 51.79                             | 31.92                     | 66.54                     | 70.65           | 26.58  | 49.50   |
| Elgeyo Marakwet | 56.46                             | 31.27                     | 73.23                     | 69.64           | 15.64  | 49.25   |
| Embu            | 39.20                             | 53.75                     | 72.93                     | 75.33           | 4.30   | 49.10   |
| Garissa         | 62.61                             | 8.76                      | 63.28                     | 74.32           | 15.29  | 44.85   |
| Homa Bay        | 34.56                             | 32.86                     | 73.31                     | 79.39           | 6.07   | 45.24   |
| Isiolo          | -                                 | 35.83                     | 67.37                     | 66.89           | -  | 34.02   |
| Kajiado         | 15.65                             | 50.64                     | 66.25                     | 71.14           | 17.20  | 44.18   |
| Kakamega        | 44.28                             | 27.23                     | 73.93                     | 72.83           | 6.31   | 44.92   |
| Kericho         | 61.16                             | 18.63                     | 77.69                     | 77.72           | 17.20  | 50.48   |
| Kiambu          | 35.58                             | 52.79                     | 74.61                     | 84.31           | 15.53  | 52.56   |
| Kilifi          | 48.66                             | 37.63                     | 70.41                     | 62.51           | 15.05  | 46.85   |
| Kirinyaga       | 54.64                             | 50.88                     | 66.79                     | 73.42           | 6.88   | 50.52   |
| Kisii           | 56.97                             | 33.17                     | 78.86                     | 83.77           | 11.20  | 52.79   |
| Kisumu          | 38.50                             | 26.06                     | 72.09                     | 73.45           | 7.30   | 43.48   |
| Kitui           | 39.36                             | -                         | 65.61                     | 75.03           | 5.73   | 37.15   |
| Kwale           | 12.72                             | 63.70                     | 70.76                     | 71.49           | 1.91   | 44.12   |
| Laikipia        | 47.34                             | 52.08                     | 74.15                     | 72.73           | 4.59   | 50.18   |
| Lamu            | 83.08                             | 28.67                     | 61.63                     | 66.89           | -  | 48.05   |
| Machakos        | 32.34                             | 34.32                     | 59.12                     | 70.16           | 8.15   | 40.82   |
| Makueni         | 30.20                             | 43.90                     | 54.74                     | 66.49           | 7.53   | 40.57   |
| Mandera         | 33.80                             | 68.08                     | 60.80                     | 78.63           | 6.45   | 49.55   |
| Marsabit        | 40.38                             | 12.90                     | 40.80                     | 74.21           | 6.88   | 35.03   |
| Meru            | 56.00                             | 6.32                      | 73.18                     | 73.17           | 20.24  | 45.78   |
| Migori          | 57.22                             | 27.64                     | 68.42                     | 77.70           | 9.83   | 48.16   |

| Counties       | Licensing and issuance of permits | Corruption and governance | Crime and public security | Self-regulation | Participation in policy and regulatory framework | Average      |
|----------------|-----------------------------------|---------------------------|---------------------------|-----------------|--|--------------|
| Mombasa        | 44.93                             | 44.71                     | 60.61                     | 75.25           | 5.72   | 46.24        |
| Murang'a       | 29.28                             | 49.48                     | 72.10                     | 75.31           | 14.74  | 48.18        |
| Nairobi        | 29.84                             | 53.43                     | 89.36                     | 86.87           | 12.26  | 54.35        |
| Nakuru         | 24.25                             | 13.31                     | 69.62                     | 77.35           | 12.90  | 39.49        |
| Nandi          | 32.90                             | 28.67                     | 81.34                     | 72.20           | 26.76  | 48.37        |
| Narok          | 58.44                             | 28.02                     | 70.15                     | 72.39           | 21.89  | 50.18        |
| Nyamira        | 44.92                             | 26.68                     | 76.36                     | 76.09           | 23.89  | 49.59        |
| Nyandarua      | 31.91                             | 51.78                     | 72.11                     | 74.65           | 12.47  | 48.59        |
| Nyeri          | 60.85                             | 44.43                     | 80.42                     | 73.17           | 13.27  | 54.43        |
| Samburu        | 28.42                             | 8.19                      | 54.26                     | 79.17           | 14.74  | 36.96        |
| Siaya          | 30.15                             | 49.37                     | 77.61                     | 78.57           | 5.73   | 48.29        |
| Taita Taveta   | 13.24                             | 54.94                     | 67.37                     | 71.14           | 2.87   | 41.91        |
| Tana River     | 53.71                             | 2.39                      | 71.19                     | 75.38           | -  | 40.53        |
| Tharaka Nithi  | 37.71                             | 3.58                      | 72.32                     | 70.27           | 3.23   | 37.42        |
| Trans Nzoia    | 61.58                             | 52.56                     | 83.85                     | 71.67           | 20.07  | 57.94        |
| Turkana        | 67.21                             | 11.94                     | 82.81                     | 71.67           | 11.47  | 49.02        |
| Uasin Gishu    | 42.34                             | 26.14                     | 77.82                     | 72.60           | 4.05   | 44.59        |
| Vihiga         | 41.91                             | 15.77                     | 70.42                     | 72.30           | 10.32  | 42.15        |
| Wajir          | 17.06                             | 24.57                     | 66.62                     | 79.63           | 31.94  | 43.96        |
| West Pokot     | 62.75                             | 71.67                     | 75.63                     | 79.63           | 14.74  | 60.88        |
| <b>Average</b> | <b>42.69</b>                      | <b>33.36</b>              | <b>70.80</b>              | <b>74.15</b>    | <b>11.24</b>                                     | <b>46.45</b> |

Source: Authors calculations

Note: A dash (-) denotes not assessed

### 3.6.1 Licensing and issuance of permits

The licensing and issuance of permit index score was assessed by considering the cost of acquisition and renewals of licenses and permits, and the time taken. Licensing and permits charged to MSEs have implications on the cost of doing business. Lamu County ranked first with a score of 83.08, followed by Bomet at 69.20 and Turkana at 67.21. In 2019, Nairobi County ranked high with a score of 84.64. During the COVID-19 pandemic, the National and County Government offered tax waivers and reductions to help businesses cope. However, only about 18.19 per cent indicated to have benefitted from the waiver of daily market fee,

6.25 per cent benefitted from waiver of cess fee and 0.87per cent indicated to have benefitted from property fee.

### 3.6.2 Corruption and governance

The corruption and governance index score were computed using the average amount lost per person in and around the worksites and other areas of operations. Of all the respondents, 52.54 per cent indicated to have experienced corruption in the recent past. Overall, West Pokot County performed better with the highest score of 71.67. Mandera County had a score of 68.08 with Kwale County scoring 63.70. The areas mapped with corruption include workspace allocation (49.19%), business licencing (47.16%), illegal worksites by road ( 44.39%), grabbing association/land (44.25%), waste collection (42.94%), medical certificates (42.35%), accessing loans ( 42.06%), cover up for low quality goods/services (42.06%), embezzlement of association funds (41.92%), tender processing in worksites (41.63%) and to cover up sexual harassment ( 26.92%).

**Table 13: Incidence of corruption score in Kenya and selected aspirator countries**

| <b>Country</b> | <b>Score (Rank)</b> |
|----------------|---------------------|
| South Korea    | 57.0 (42)           |
| Singapore      | 85.0 (3)            |
| China          | 39.0 (75)           |
| Malaysia       | 47.0 (55)           |
| India          | 41.0 (66)           |
| South Africa   | 43.0 (62)           |
| <b>Kenya</b>   | <b>27.0 (121)</b>   |

Source: World Economic Forum (2019)

### 3.6.3 Crime and public security

Crime and security concerns in and around worksites are a threat to the growth of MSEs. The crime and public security index score was calculated by assessing prevalence of crime around the worksites, average distance to the nearest police station, and time taken to the nearest police station. Nairobi County came first on this indicator, scoring 89.36, followed by Trans Nzoia County with 83.85 and Turkana County at 82.81. Kisumu County topped in 2019 with a score of 76.81. Regarding institutions where the MSEs reported the crime incidences, police stations topped the list by 81.66 per cent followed by area chief 18.19 per cent. Crime incidences reported to village elders were about 7.8 per cent while crime

reported to private guards accounted for 2.47 per cent. Only 4.2 per cent reported crimes to their respective MSE officials. Even with high prevalence of reporting crime incidences to the police station, 27.5 per cent of the respondents expressed their displeasure with effectiveness of national police to provide security services.

#### ***3.6.4 Self-regulation***

Self-regulation is an important mechanism that brings order in the MSEs sector. This is because it reduces the cost of doing business, thus enhancing productivity, growth, and development of MSEs.

Further, it incentivizes support to the sector by different stakeholders, such as development partners. The self-regulation index score was computed using the number of procedures followed to register as a member of an association, time taken to register and the official cost. Nairobi County (86.87), Kiambu County (84.31) and Kisii County (83.778) ranked best on self-regulation. In 2019, Makueni County scored highest at 86.12. While about 53.56 per cent did not require membership renewal, about 30.56 per cent and 5.38 per cent indicated the need for a renewal after each year. Only 6.69 per cent indicated the need for renewal after every six months.

#### ***3.6.5 Participation in policy and regulatory framework***

It is important for MSEs to participate in making policies and laws that affect their operations. In this indicator, the proportion of MSEs that have participated in formulating the policies, laws or plans that support the business environment was considered. As shown in Table 12, MSEs participation is quite low. Wajir, Nandi, Busia and Nyamira counties ranked best. On average, between 20 per cent and 40 per cent of MSEs in Wajir County were aware of laws, policies or plans within the county that support the business environment. Even though members were aware of existing laws, policies or plans within the county that support the business environment for MSEs, only about 43.52 per cent participated in the actual process of developing them. Majority of the members who participated did so through public meetings/rallies (71.23 per cent) and barazas (63.21 per cent). Only 12.37 per cent participated in planning/budgeting forums while only 5 per cent participated in sector working group/committees.

The awareness of existing laws, policies or plans was as follows: County Integrated Development Plan 50.17 per cent, County Policy on Trade Development and Regulation 30.89 per cent, County Revenue Collection Policy 20.93 per cent,

County Policy on Planning 13.95 per cent and County Policy on Co-operative Societies 12.62 per cent.

### 3.7 Risk Preparedness and Management

The risk and preparedness management indicators were status of risk preparedness and management, and knowledge and uptake of social security. Risk preparedness and management is critical for MSEs sustainability and business continuity especially during shocks and or stressors events such as the COVID-19 pandemic. The knowledge and uptake of social security had an average score of 29.20 compared to the status indicator at 23.30 as reported in Table 14.

**Table 14: Scores for risk preparedness and management in MSE sector at the county level**

| Counties        | Status of risk preparedness and management | Knowledge and uptake of social security | Average |
|-----------------|--|---|---------|
| Baringo         | 17.20                                      | 20.64                                   | 18.92   |
| Bomet           | 26.58                                      | 37.14                                   | 31.86   |
| Bungoma         | 27.09                                      | 30.75                                   | 28.92   |
| Busia           | 19.55                                      | 23.85                                   | 21.70   |
| Elgeyo Marakwet | 20.33                                      | 23.06                                   | 21.70   |
| Embu            | 17.20                                      | 31.61                                   | 24.40   |
| Garissa         | 15.29                                      | 9.08                                    | 12.18   |
| Homa Bay        | 14.17                                      | 19.99                                   | 17.08   |
| Isiolo          | 51.60                                      | -                                       | 25.80   |
| Kajiado         | 43.57                                      | 46.15                                   | 44.86   |
| Kakamega        | 30.10                                      | 39.56                                   | 34.83   |
| Kericho         | 24.94                                      | 32.25                                   | 28.60   |
| Kiambu          | 24.48                                      | 36.71                                   | 30.59   |
| Kilifi          | 36.55                                      | 37.63                                   | 37.09   |
| Kirinyaga       | 29.24                                      | 42.36                                   | 35.80   |
| Kisii           | 17.53                                      | 32.63                                   | 25.08   |
| Kisumu          | 27.10                                      | 36.75                                   | 31.92   |
| Kitui           | 13.38                                      | 21.50                                   | 17.44   |
| Kwale           | 26.76                                      | 33.92                                   | 30.34   |
| Laikipia        | 41.28                                      | 47.01                                   | 44.15   |
| Lamu            | -  | 21.50                                   | 10.75   |
| Machakos        | 36.21                                      | 43.23                                   | 39.72   |



| Counties       | Status of risk preparedness and management | Knowledge and uptake of social security | Average      |
|----------------|--|---|--------------|
| Makueni        | 32.79                                      | 47.57                                   | 40.18        |
| Mandera        | 27.95                                      | 45.69                                   | 36.82        |
| Marsabit       | 22.36                                      | 20.43                                   | 21.39        |
| Meru           | 13.66                                      | 11.13                                   | 12.39        |
| Migori         | 23.65                                      | 20.89                                   | 22.27        |
| Mombasa        | 40.76                                      | 45.41                                   | 43.08        |
| Murang'a       | 12.70                                      | 32.35                                   | 22.52        |
| Nairobi        | 33.35                                      | 48.15                                   | 40.75        |
| Nakuru         | 29.49                                      | 41.16                                   | 35.32        |
| Nandi          | 29.62                                      | 30.58                                   | 30.10        |
| Narok          | 12.51                                      | 16.81                                   | 14.66        |
| Nyamira        | 22.46                                      | 27.71                                   | 25.08        |
| Nyandarua      | 27.95                                      | 24.62                                   | 26.28        |
| Nyeri          | 31.94                                      | 32.68                                   | 32.31        |
| Samburu        | 7.37                                       | 10.44                                   | 8.91         |
| Siaya          | 9.56                                       | 21.98                                   | 15.77        |
| Taita Taveta   | 18.63                                      | 21.50                                   | 20.07        |
| Tana River     | 11.47                                      | 22.93                                   | 17.20        |
| Tharaka Nithi  | 9.14                                       | 15.05                                   | 12.09        |
| Transzoia      | 0.50                                       | 30.82                                   | 15.66        |
| Turkana        | 15.77                                      | 18.63                                   | 17.20        |
| Uasin Gishu    | 27.82                                      | 35.66                                   | 31.74        |
| Vihiga         | 29.24                                      | 38.27                                   | 33.76        |
| Wajir          | 22.11                                      | 19.66                                   | 20.89        |
| West Pokot     | 22.11                                      | 25.19                                   | 23.65        |
| <b>Average</b> | <b>23.30</b>                               | <b>29.20</b>                            | <b>26.25</b> |

Source: Authors calculations

Note: A dash (-) denotes not assessed

### 3.7.1 Status of risk preparedness and management

In assessing the status of risk preparedness and management, two components were considered: the proportion of MSEs aware of need for risk preparedness and management, and proportion of MSEs that have taken measures to handle risk. This is important in addressing MSEs mitigation measures against shocks. As shown in Table 14, the status across counties was low. Isiolo ranked best with

a score of 51.60 with Kajiado and Laikipia counties scoring 43.57 and 41.28, respectively. In Isiolo County, the proportion of MSEs aware of the need for risk preparedness and management is between 40-60 per cent. Generally, the survey indicated that 72.05 per cent of MSEs were aware of the need for risk preparedness and management.

### ***3.7.2 Knowledge and uptake of social security***

This indicator considered the proportion of MSEs that have knowledge of importance of insurance for their business, the proportion of MSEs that have knowledge of importance of health insurance, and proportion of MSEs that have taken insurance for their business, and proportion of MSEs that have taken health insurance. This is critical in serving as a recourse mechanism for MSEs during shock events. The best ranked county was Nairobi County with a score of 48.19 followed by Makueni County at 47.57 and Laikipia County at 47.01. Meru, Samburu, Garissa and Isiolo counties scored the least on this indicator. In Nairobi County, about 20-40 per cent of MSEs have the knowledge of importance of business insurance with below 10 per cent taking insurance for their businesses. Similarly, while the proportion of MSEs aware of the importance of health insurance is more than 80 per cent, only 40-60 per cent have taken up health insurance. Generally, about 72.05 per cent of MSEs country wide consider social security issues such as insurance to be important for their business.

## **4. CONCLUSIONS AND POLICY IMPLICATIONS**

The revised County Business Environment for MSEs framework takes into consideration key areas that contribute to growth and survival of MSEs. They include worksite and related infrastructure, market environment, technical capacity, governance, and regulatory framework, financial inclusion, and risk and preparedness management. The performance in these areas differed across different counties and within indicators. The indicator on the self-regulation ranked best, with innovation and patenting ranking the worst. This depicts the unique challenges that counties face.

### **a) Worksite and related infrastructure**

Secure worksites provide an enabling environment for efficient operations of MSEs. Generally, the acquisition of worksites is layered with bureaucracies, with majority of MSEs operating from semi-temporal and temporal worksites. This is acting as a barrier to developing the worksites. The worksites are constrained by supporting amenities, including water supply, Internet connection and availability of waste management system. Lengthy and expensive procedures of water connection and limited areas designated for waste inhibit proper functioning of MSEs in addition to posing a health risk at the worksite. Further, common manufacturing facilities are only accessed by a few MSEs, who still indicated the challenges of access and quality and effectiveness of the equipment available. In addressing the challenges, the following interventions are necessary:

- County Governments to enhance collaboration with MSEA to increase the number of equipped worksites available to MSEs and make them accessible to the majority of MSEs with ease. The common manufacturing facilities should be developed according to the needs of the users and fitted with up-to-date tools and equipment to fully benefit the MSEs.
- There is also need for county governments to establish partnership with Kenya Power and Lightening Company to connect electricity at the worksites at affordable rates. Further, stable supply of water at the worksite at affordable rates is key to providing a suitable working environment for MSEs.
- In collaboration with Information, Communication and Technology Authority and other private Internet providers, there is need to provide Internet at the

worksites. This is especially critical in facilitating MSEs online transaction of goods and services.

## **b) Market environment**

The growth for MSEs is largely determined by the extent to which they sell their goods and services. The opportunity to access government contracts through AGPO has not yet fully been embraced by MSEs. This is because of low awareness amongst the MSEs. Further, the numerous procurement procedures required for prequalification have crowded out MSEs from making AGPO applications. In addition, MSEs do not access AGPO advertisements, which are largely made through print media and government websites. Upon prequalification, majority of MSEs do not make it to the tender offer owing to the inability to fulfil financial requirements needed to be extended the tender offer.

Additionally, there are limited approaches used by the County Governments to promote cross county and international trade for MSEs. This is so even with the sector experiencing challenges of unfair trade such as counterfeiting, dumping, misrepresentation, unfair advertisement, and contract enforcement. Thus, there remains a gap that requires ramped up efforts of protecting MSEs against unfair trade practices. Therefore, action is required to address these challenges:

- County Governments to partner with The National Treasury and other relevant stakeholders to sensitize MSEs on what AGPO entails and how they can participate. This could further be supported by Kenya Bureau of Standards by supporting MSEs through trainings on upgrading the quality of their products to the required standards.
- In collaboration with other government agencies such as Anticounterfeit Agency, the Kenya Revenue Authority and other relevant stakeholders, and county governments need to embrace efforts to create a level playing ground for MSEs by mitigating unfair trade practices.

## **c) Financial Inclusion**

Access to quality formal finance services including savings and credit services is crucial for sustainability of MSEs. Despite the significant efforts by the government to promote financial inclusion through regulatory frameworks and establishment of government initiative funds including a credit guarantee scheme, MSEs still face a challenge of accessing financial services, especially credit. Similarly, there is low awareness in uptake of innovative financial platforms such as *Mshwari* and *M-Akiba*. This is largely because MSEs are skeptical of defaulting, resulting to

CRB listing. Therefore, there is need for:

- County Governments in collaboration with financial institutions to sensitize MSEs on financial literacy and uptake of financial innovations for savings mobilization and acquisition of credit. This includes collaboration with CRB agencies to raise awareness among the MSEs payment of credit facilities and financial discipline around loan management.
- County Governments in collaboration with relevant stakeholders need to create effective and structured awareness campaigns on availability and accessibility of available government financing opportunities, including the Credit Guarantee Scheme.

#### **d) Technical Capacity**

MSEs experience challenges acquiring and developing relevant technical skills and other supporting skills such as financial, managerial skills and entrepreneurial skills necessary for the growth. Further, MSEs have limited understanding of new technology trends, thus using outdated technology in production of goods and services, which erodes their efficiency and competitiveness. There are also inadequate incubation services that provide MSEs with unique ideas, training, and necessary funding to innovate. Even for those who innovate, majority of them are not aware of patenting or the need to patent, thereof. These challenges contribute to diminished survival rate for MSEs, with majority closing shop within or less than 3 years of operations. Therefore, there is need for interventions.

- County Government to collaborate with MSEA, Kenya Institute of Business Training, National Industrial Training Authority, and other relevant stakeholders to offer demand-driven training and certification to MSEs. This can be made possible through conducting regular Training Needs Assessment (TNA) to identify skills gaps, developing holistic demand-driven capacity building programmes delivered by certified trainers, and conducting evaluations and assessments of capacity building programmes amongst MSEs. This also need a to promote mentorship and apprenticeship through youth empowerment centres where MSEs can obtain practical skills and tacit knowledge. The training needs to be structured to incorporate technology transfer, commercialization of innovations and engagement of private sector through partnerships and incentives.
- County Government to collaborate with relevant stakeholders, both government institutions such as Kenya Industrial Research and Development Institute, Kenya Industrial Estates and Kenya Industrial Property Institute and other non-government stakeholders to ease access of incubation centres to

enhance innovation. Further, there is need to conduct outreach programmes on the importance of intellectual property among the MSEs, and procedures to undertake to register their innovations.

**e) Governance and regulatory framework**

Governance of MSEs through the associations is paramount in ensuring their development through lobbying for government support. While their internal governance in form of self-regulation is efficient, there is limited awareness among the MSEs on the need to participate in formulation of policies and laws that affect their operations and create awareness on the same. As such, there is need for adequate representation of MSEs in public participation forums, which provides an opportunity to both National and County Governments to capture the right needs for policy interventions. Further, the reported irregularities in form of corruption increase the cost of doing business for MSEs. The corruption practice is more evident in workspace allocation, acquiring for permits and licenses, paying daily market fees and constructing illegal worksites. Therefore, there is need for relevant interventions:

- County Governments to enhance awareness creation and participation of MSEs on existing policies, laws, and their formulation. This can be done in collaboration with other relevant institutions such as Kenya Revenue Authority.
- County Governments in collaboration with MSEA to establish easy procedures to obtain workspace and the supporting amenities, thus minimising the need for MSEs to corrupt officials to get preferential treatment.
- County Government to strengthen their revenue collection system and possibly automate the revenue collection process, thus sealing available loopholes that promote corruption. Enhanced collaborations with Ethics and Anti-corruption Commission and the National Police would facilitate such cases once reported.

**f) Risk preparedness and Management**

MSEs face higher external business risks due to their nature of operations, which poses a threat to their development. However, they have limited awareness on the need to prepare for external shocks through uptake of insurance and any other form of social securities. To deal with these challenges:

- County Government in collaboration with other relevant stakeholders to build capacity and awareness for MSEs on risk preparedness and management and social security uptake. This involves training MSEs on effective risk mitigations, adaptations, and coping mechanisms against unforeseen hazards. Further, in collaboration with the National Government, there is need to raise awareness among MSEs on National Health Insurance Fund and Universal Health Coverage, useful in guarding MSEs against cost of treatment in case of illness of entrepreneurs.

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## APPENDICES

### Appendix 1: Global Ease of Doing Business

| Indicator set                    | What is measured  |
|----------------------------------|---|
| Starting a business              | Procedures, time, cost and paid-in minimum capital to start a limited liability company for men and women   |
| Dealing with construction permit | Procedures, time, and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system |
| Getting electricity              | Procedures, time, and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs                   |
| Registering property             | Procedures, time, and cost to transfer a property and the quality of the land administration system for men and women   |
| Getting credit                   | Movable collateral laws and credit information systems  |
| Protecting minority investors    | Minority shareholders' rights in related-party transactions and in corporate governance   |
| Paying taxes                     | Payments, time and total tax and contribution rate for a firm to comply with all tax regulations as well as post filing processes                               |
| Trading across borders           | Time and cost to export the product of comparative advantage and import auto parts  |
| Enforcing contracts              | Time and cost to resolve a commercial dispute and the quality of judicial processes for men and women   |
| Resolving insolvency             | Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency  |
| Employing workers                | Flexibility in employment regulation and aspects of job quality   |
| Contracting with the government  | Procedures and time to participate in and win a works contract through public procurement and the public procurement regulatory framework                       |

Source: World Bank (2020)

## Appendix 2: Number of MSEs associations interviewed and membership across sectors

| Counties        | Number of MSEs Associations Interviewed | Membership across sectors |               |       |          | Total  |
|-----------------|---|---------------------------|---------------|-------|----------|--------|
|                 |   | Manufacturing             | Agri-business | Trade | Services |        |
| Baringo         | 5                                       | 277                       | 489           | 375   | 260      | 1,401  |
| Bomet           | 11                                      | 182                       | 151           | 95    | 184      | 612    |
| Bungoma         | 20                                      | 242                       | 252           | 338   | 163      | 995    |
| Busia           | 11                                      | 119                       | 751           | 3,406 | 1,296    | 5,572  |
| Elgeyo Marakwet | 11                                      | 253                       | 159           | 158   | 219      | 789    |
| Embu            | 20                                      | 1,053                     | 212           | 727   | 398      | 2,390  |
| Garissa         | 9                                       | 138                       | -             | 48    | 419      | 605    |
| Homa Bay        | 18                                      | 703                       | 264           | 286   | 476      | 1,729  |
| Isiolo          | 1                                       | 23                        | -             | -     | 19       | 42     |
| Kajiado         | 15                                      | 2,000                     | 18            | 149   | 2,344    | 4,511  |
| Kakamega        | 30                                      | 339                       | 149           | 552   | 1,071    | 2,111  |
| Kericho         | 10                                      | 175                       | 138           | 62    | 83       | 458    |
| Kiambu          | 23                                      | 1,988                     | 207           | 243   | 4,957    | 7,395  |
| Kilifi          | 8                                       | 155                       | 10            | 37    | 152      | 354    |
| Kirinyaga       | 20                                      | 179                       | 211           | 142   | 259      | 791    |
| Kisii           | 25                                      | 443                       | 769           | 120   | 6,793    | 8,125  |
| Kisumu          | 33                                      | 795                       | 237           | 6,681 | 2,287    | 10,000 |
| Kitui           | 9                                       | 179                       | 39            | 117   | 100      | 435    |
| Kwale           | 9                                       | 113                       | 56            | 82    | 49       | 300    |
| Laikipia        | 15                                      | 177                       | 261           | 133   | 103      | 674    |
| Lamu            | 1                                       | 11                        | 33            | 15    | 6        | 65     |
| Machakos        | 19                                      | 884                       | 841           | 255   | 670      | 2,650  |
| Makueni         | 16                                      | 363                       | 80            | 813   | 70       | 1,326  |
| Mandera         | 8                                       | 50                        | -             | 146   | 300      | 496    |
| Marsabit        | 5                                       | 27                        | 6             | 39    | 69       | 141    |
| Meru            | 17                                      | 343                       | 229           | 430   | 298      | 1,300  |
| Migori          | 28                                      | 555                       | 168           | 100   | 209      | 1,032  |
| Mombasa         | 13                                      | 424                       | 6             | 2,536 | 416      | 3,382  |
| Murang'a        | 21                                      | 508                       | 2,356         | 495   | 205      | 3,564  |
| Nairobi         | 21                                      | 436                       | 45            | 760   | 1,073    | 2,314  |

|                  |     |        |        |        |        |        |
|------------------|-----|--------|--------|--------|--------|--------|
| Nakuru           | 28  | 776    | 1,983  | 4,707  | 1,077  | 8,543  |
| Nandi            | 9   | 52     | 58     | 91     | 521    | 722    |
| Narok            | 11  | 552    | 324    | 261    | 315    | 1,452  |
| Nyamira          | 18  | 728    | 484    | 113    | 468    | 1,793  |
| Nyandarua        | 40  | 281    | 906    | 444    | 418    | 2,049  |
| Nyeri            | 35  | 162    | 190    | 531    | 536    | 1,419  |
| Samburu          | 7   | 169    | 15     | 46     | 5      | 235    |
| Siaya            | 9   | 371    | 208    | 58     | 387    | 1,024  |
| Taita<br>Taveta  | 6   | 229    | 9      | 28     | 116    | 382    |
| Tana River       | 3   | 30     | 7      | 34     | 35     | 106    |
| Tharaka<br>Nithi | 16  | 236    | 725    | 164    | 174    | 1,299  |
| Trans<br>Nzoia   | 6   | 205    | 45     | 114    | 211    | 575    |
| Turkana          | 6   | 50     | -      | 532    | 110    | 692    |
| Uasin<br>Gishu   | 17  | 942    | 581    | 394    | 481    | 2,398  |
| Vihiga           | 10  | 346    | 36     | 97     | 4,132  | 4,611  |
| Wajir            | 7   | 46     | 2      | 53     | 71     | 172    |
| West Pokot       | 7   | 20     | 33     | 107    | 3      | 163    |
| Total            | 687 | 18,329 | 13,743 | 27,114 | 34,008 | 93,194 |
| %                |     | 19.67  | 14.75  | 29.09  | 36.49  | 100.00 |

Source: Authors' calculations

Note: A dash denotes not assessed

### Appendix 3: Worksite and related infrastructure

| Counties           | Access to worksites |   |       |          |                 |          |               | Access to common manufacturing facilities |          |               |                                      |
|--------------------|---------------------|---|-------|----------|-----------------|----------|---------------|---|----------|---------------|--------------------------------------|
|                    | Proce-<br>dures     | Time<br>taken<br>to acquire<br>worksite | Cost  | Legality | Perma-<br>nency | Distance | Time<br>taken | Proce-<br>dures                           | Distance | Time<br>taken | Number of<br>facilities<br>available |
| Baringo            | 40.28               | 51.79                                   | 68.74 | 1.80     | 43.16           | 86.32    | 64.74         | 27.52                                     | 17.20    | 30.10         | 10.32                                |
| Bomet              | 53.62               | 43.16                                   | 47.08 | 0.31     | 31.39           | 56.24    | 52.97         | 10.95                                     | 15.64    | 15.64         | -                                    |
| Bungoma            | 37.40               | 53.95                                   | 43.16 | 0.42     | 34.53           | 58.98    | 55.03         | 7.74                                      | 16.34    | 17.20         | -                                    |
| Busia              | 64.08               | 43.16                                   | 54.62 | 0.73     | 51.01           | 57.54    | 49.04         | 26.58                                     | 28.15    | 21.50         | 12.51                                |
| Elgeyo<br>Marakwet | 47.08               | 39.24                                   | 62.01 | 0.86     | 51.01           | 86.32    | 76.51         | 12.51                                     | 14.07    | 13.68         | 1.56                                 |
| Embu               | 56.62               | 62.35                                   | 46.09 | 0.54     | 60.20           | 68.08    | 58.05         | 28.38                                     | 22.36    | 34.40         | 6.02                                 |
| Garissa            | 9.56                | 43.00                                   | -     | 0.16     | 57.33           | 70.07    | 69.28         | 28.67                                     | -        | 21.50         | 5.73                                 |
| Homa Bay           | 37.96               | 55.68                                   | 35.39 | 0.31     | 53.15           | 72.55    | 64.54         | 9.10                                      | 8.09     | 7.58          | 4.04                                 |
| Isiolo             | 57.54               | -                                       | -     | 0.52     | 86.32           | 57.54    | 64.74         | 86.00                                     | 86.00    | 86.00         | 17.20                                |
| Kajiado            | 27.81               | 40.28                                   | 22.63 | -        | 37.40           | 36.45    | 34.53         | 21.79                                     | 22.93    | 25.80         | 1.15                                 |

|               |       |       |       |      |       |       |       |       |       |       |       |
|---------------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| Kakamega      | 61.38 | 34.53 | 53.91 | 0.07 | 51.79 | 61.86 | 61.14 | 27.52 | 27.52 | 43.00 | 8.03  |
| Kericho       | 60.42 | 69.05 | 69.05 | 0.19 | 38.84 | 57.54 | 51.79 | 29.24 | 34.40 | 34.40 | 1.72  |
| Kiambu        | 82.10 | 43.00 | 31.16 | 1.63 | 46.91 | 79.49 | 66.46 | 23.66 | 24.48 | 23.46 | 0.82  |
| Kilifi        | 64.50 | 53.75 | 20.93 | 0.02 | 53.75 | 68.08 | 64.50 | 8.60  | 10.75 | 10.75 | -     |
| Kirinyaga     | 43.16 | 36.68 | 50.53 | 0.14 | 62.58 | 74.09 | 69.05 | 23.22 | 27.52 | 23.65 | 1.72  |
| Kisii         | 47.23 | 55.93 | 37.11 | 0.24 | 33.56 | 56.56 | 49.41 | 31.32 | 28.34 | 31.70 | 5.97  |
| Kisumu        | 52.75 | 48.39 | 56.78 | 1.52 | 43.16 | 64.52 | 60.81 | 22.93 | 26.06 | 29.32 | 7.30  |
| Kitui         | 19.18 | 33.57 | 18.58 | 0.12 | 43.16 | 47.95 | 47.95 | 47.78 | 22.93 | 40.61 | 1.91  |
| Kwale         | 41.41 | 14.33 | 9.09  | 0.01 | 57.33 | 68.48 | 62.11 | 19.11 | 19.11 | 16.72 | 3.82  |
| Laikipia      | 42.20 | 48.91 | 45.42 | 0.12 | 48.91 | 64.26 | 48.91 | 10.36 | 11.51 | 11.51 | 2.30  |
| Lamu          | -     | 86.32 | -     | -    | 86.32 | 57.54 | 64.74 | 86.32 | -     | 86.32 | 51.79 |
| Machakos      | 50.73 | 24.99 | 8.89  | 0.03 | 43.16 | 55.27 | 54.52 | 26.25 | 34.40 | 36.21 | 1.81  |
| Makueni       | 44.96 | 43.16 | 10.45 | 0.07 | 59.34 | 44.06 | 37.76 | 19.35 | 13.98 | 14.78 | -     |
| Mandera       | 17.92 | 37.63 | 10.71 | 0.20 | 32.25 | 66.29 | 61.81 | 25.80 | -     | 26.88 | 4.30  |
| Marsabit      | 28.77 | 8.63  | 34.39 | 0.08 | 60.42 | 54.67 | 47.47 | 17.20 | 24.08 | 30.10 | 3.44  |
| Meru          | 26.98 | 35.41 | 25.01 | 0.07 | 50.59 | 69.14 | 65.76 | 30.35 | -     | 27.82 | 2.02  |
| Migori        | 56.52 | 33.91 | 43.12 | 0.05 | 46.24 | 62.17 | 56.26 | 31.94 | 20.27 | 23.80 | 0.61  |
| Mombasa       | 64.35 | 21.45 | 21.42 | 7.15 | 42.90 | 54.82 | 50.05 | 11.44 | 7.15  | 21.45 | -     |
| Murang'a      | 51.38 | 49.32 | 44.96 | 0.37 | 53.43 | 63.71 | 62.68 | 18.84 | 20.48 | 26.62 | 4.10  |
| Nairobi       | 68.90 | 42.28 | 27.78 | 0.31 | 30.53 | 82.21 | 72.81 | 15.03 | 11.27 | 16.44 | 0.94  |
| Nakuru        | 58.57 | 55.49 | 30.07 | -    | 49.32 | 64.74 | 69.36 | 16.59 | 21.50 | 23.80 | 1.84  |
| Nandi         | 63.94 | 23.98 | 47.92 | 0.92 | 67.14 | 76.73 | 86.32 | 45.87 | 47.78 | 38.22 | -     |
| Narok         | 26.16 | 58.85 | 31.36 | 0.92 | 23.54 | 49.70 | 39.24 | 15.64 | 12.51 | 21.50 | 7.82  |
| Nyamira       | 33.57 | 31.17 | 19.14 | 0.91 | 52.75 | 68.73 | 61.14 | 6.69  | 8.60  | 10.75 | 3.82  |
| Nyandarua     | 52.51 | 39.92 | 57.66 | 0.06 | 44.24 | 68.69 | 59.34 | 10.75 | 11.61 | 11.83 | -     |
| Nyeri         | 41.93 | 33.29 | 50.67 | 0.13 | 49.32 | 69.46 | 62.27 | 18.67 | 17.69 | 17.20 | 0.98  |
| Samburu       | 22.61 | 49.32 | 23.88 | -    | 49.32 | 30.83 | 30.83 | 36.99 | 7.40  | 24.66 | -     |
| Siaya         | 38.22 | 47.78 | 28.55 | 0.22 | 47.78 | 68.48 | 54.94 | 13.38 | 19.11 | 16.72 | 3.82  |
| Taita Taveta  | 50.17 | 57.33 | -     | -    | 57.33 | 62.11 | 71.67 | 54.47 | 28.67 | 68.08 | 14.33 |
| Tana River    | -     | 28.77 | -     | -    | 57.54 | 47.95 | 43.16 | -     | -     | -     | -     |
| Tharaka Nithi | 8.99  | 48.55 | 5.37  | -    | 48.55 | 27.87 | 29.67 | 36.68 | -     | 18.88 | 4.32  |
| Trans Nzoia   | 59.94 | 35.97 | 43.10 | 1.43 | 43.16 | 74.33 | 71.93 | 25.90 | 28.77 | 28.77 | -     |
| Turkana       | 33.57 | 64.74 | 28.71 | 0.65 | 43.16 | 43.16 | 35.97 | -     | -     | -     | -     |
| Uasin Gishu   | 53.31 | 35.54 | 65.72 | 0.21 | 45.70 | 62.62 | 62.20 | 27.42 | 24.37 | 24.12 | 2.03  |
| Vihiga        | 57.54 | 43.16 | 51.26 | 0.05 | 73.37 | 54.67 | 56.11 | 13.76 | 39.56 | 34.40 | 5.16  |
| Wajir         | 81.90 | 12.29 | 40.40 | 0.15 | 49.14 | 69.62 | 67.57 | 24.57 | 19.66 | 21.50 | -     |
| West Pokot    | 22.61 | 36.99 | 11.97 | 0.07 | 30.83 | 45.21 | 46.24 | -     | -     | -     | -     |

## Continued: Worksite and related infrastructure

|                    | Electricity connection |       |               |                 |                                    |                         | Water connection |               |       |                   |  |                         |
|--------------------|------------------------|-------|---------------|-----------------|------------------------------------|-------------------------|------------------|---------------|-------|-------------------|--|-------------------------|
|                    | Proce-<br>dures        | Cost  | Time<br>taken | Monthly<br>cost | Out-<br>age<br>Fre-<br>quen-<br>cy | Times<br>Moni-<br>tored | Proce-<br>dures  | Time<br>taken | Cost  | Month-<br>ly Cost | Water<br>short-<br>age<br>fre-<br>quency | Times<br>Moni-<br>tored |
| Baringo            | 53.51                  | 68.80 | 79.12         | 45.87           | 86.00                              | -                       | 12.90            | 25.80         | 34.40 | 34.40             | 34.40                                    | -                       |
| Bomet              | 36.48                  | 33.23 | 43.78         | 29.97           | 43.00                              | -                       | -                | -             | -     | -                 | 15.64                                    | -                       |
| Bungoma            | 27.23                  | 23.65 | 22.36         | 22.22           | 25.80                              | -                       | 8.60             | 16.13         | 12.90 | 12.90             | 30.10                                    | -                       |
| Busia              | 39.96                  | 54.73 | 53.16         | 40.39           | 58.64                              | -                       | 3.91             | 5.86          | 7.82  | 15.64             | 7.82                                     | -                       |
| Elgeyo<br>Marakwet | 34.75                  | 44.95 | 48.47         | 29.97           | 46.91                              | -                       | 11.73            | 13.68         | 15.64 | 23.45             | 27.36                                    | -                       |
| Embu               | 41.57                  | 50.53 | 54.18         | 36.55           | 58.05                              | -                       | 9.68             | 15.05         | 19.35 | 23.65             | 30.10                                    | 2.15                    |
| Garissa            | -                      | -     | -             | 11.15           | 28.67                              | -                       | -                | -             | -     | -                 | 23.89                                    | -                       |
| Homa Bay           | 56.80                  | 50.62 | 53.66         | 36.28           | 50.62                              | -                       | 15.17            | 3.79          | 12.64 | 17.69             | 2.53                                     | -                       |
| Isiolo             | 57.33                  | 86.00 | 68.80         | 57.33           | 86.00                              | -                       | -                | -             | -     | -                 | 86.00                                    | -                       |
| Kajiado            | 14.01                  | 25.80 | 27.52         | 21.02           | 25.80                              | -                       | -                | -             | -     | 5.73              | 5.73                                     | -                       |
| Kakamega           | 55.10                  | 39.42 | 37.27         | 37.74           | 57.33                              | -                       | 9.32             | 9.32          | 14.33 | 14.33             | 22.93                                    | -                       |
| Kericho            | 25.80                  | 34.40 | 29.24         | 20.07           | 34.40                              | -                       | 15.05            | 6.45          | 17.20 | 17.20             | 34.40                                    | -                       |
| Kiambu             | 37.17                  | 37.73 | 36.71         | 36.03           | 57.11                              | -                       | 9.20             | 6.13          | 8.17  | 12.26             | 32.70                                    | -                       |
| Kilifi             | 16.72                  | 26.88 | 27.95         | 41.21           | 64.50                              | -                       | 2.69             | 2.69          | 10.75 | 10.75             | -  | -                       |
| Kirinyaga          | 54.47                  | 53.75 | 48.16         | 45.87           | 66.65                              | -                       | 23.65            | 29.03         | 38.70 | 34.40             | 45.15                                    | 2.15                    |
| Kisii              | 37.29                  | 30.76 | 27.59         | 21.13           | 31.70                              | 3.73                    | -                | -             | -     | 7.44              | -  | -                       |
| Kisumu             | 58.20                  | 41.70 | 38.57         | 42.57           | 65.15                              | 2.61                    | 6.52             | 7.17          | 7.82  | 7.82              | 39.09                                    | 2.61                    |
| Kitui              | 6.37                   | 9.56  | 7.64          | 11.15           | 19.11                              | -                       | 9.56             | 9.56          | 9.56  | 19.11             | 19.11                                    | -                       |
| Kwale              | 18.05                  | 21.50 | 19.11         | 31.85           | 19.11                              | 9.56                    | -                | -             | -     | -                 | -  | -                       |
| Laikipia           | 68.16                  | 63.07 | 56.19         | 48.73           | 65.93                              | -                       | 25.80            | 12.90         | 17.20 | 22.93             | 48.73                                    | 2.87                    |
| Lamu               | -                      | -     | -             | 43.00           | 86.00                              | -                       | -                | -             | -     | -                 | -  | -                       |
| Machakos           | 16.60                  | 22.63 | 29.87         | 28.67           | 47.53                              | -                       | -                | 2.26          | 4.53  | 4.53              | -  | -                       |
| Makueni            | 18.51                  | 13.44 | 17.20         | 14.33           | 26.88                              | -                       | 5.38             | 4.03          | 5.38  | 6.72              | 10.75                                    | -                       |
| Mandera            | 37.03                  | 40.31 | 40.85         | 32.25           | 26.88                              | -                       | -                | -             | -     | -                 | 5.38                                     | -                       |
| Marsabit           | 32.49                  | 47.30 | 41.28         | 28.67           | 25.80                              | -                       | -                | -             | -     | -                 | -  | -                       |
| Meru               | 29.23                  | 37.94 | 21.25         | 36.25           | 53.12                              | -                       | 3.79             | -             | 7.59  | 10.12             | 22.76                                    | -                       |
| Migori             | 52.90                  | 47.61 | 44.23         | 34.30           | 43.00                              | -                       | -                | 0.77          | 3.07  | 1.54              | -  | -                       |
| Mombasa            | 3.97                   | 5.36  | 7.15          | 19.07           | 25.03                              | -                       | -                | -             | -     | -                 | -  | -                       |
| Murang'a           | 37.77                  | 43.00 | 41.77         | 28.67           | 43.00                              | -                       | 9.21             | 13.31         | 6.14  | 16.38             | 16.38                                    | -                       |
| Nairobi            | 50.63                  | 45.80 | 54.49         | 36.01           | 56.37                              | 4.70                    | 5.89             | 11.79         | 11.79 | 12.96             | 37.71                                    | 4.71                    |
| Nakuru             | 58.02                  | 29.95 | 33.79         | 43.00           | 59.89                              | -                       | 2.30             | 3.07          | 3.07  | 3.07              | 29.18                                    | -                       |
| Nandi              | 67.95                  | 52.56 | 53.51         | 43.00           | 66.89                              | -                       | 7.17             | 9.56          | -     | 9.56              | 38.22                                    | 4.78                    |
| Narok              | 19.11                  | 27.36 | 23.45         | 16.94           | 27.36                              | 15.64                   | 1.95             | 7.82          | 7.82  | 5.86              | 3.91                                     | -                       |
| Nyamira            | 31.85                  | 22.69 | 23.89         | 24.69           | 33.44                              | 14.33                   | -                | -             | -     | -                 | 2.39                                     | -                       |
| Nyandarua          | 47.06                  | 53.21 | 37.84         | 39.06           | 55.90                              | 4.30                    | 5.38             | 8.06          | 5.38  | 12.90             | 23.65                                    | 2.15                    |
| Nyeri              | 57.06                  | 58.36 | 51.11         | 49.14           | 67.57                              | 2.46                    | 7.37             | 13.51         | 17.20 | 27.03             | 51.60                                    | -                       |
| Samburu            | 40.95                  | 46.07 | 27.03         | 24.57           | 36.86                              | -                       | -                | -             | -     | 12.29             | 18.43                                    | -                       |
| Siaya              | 53.09                  | 59.72 | 57.33         | 43.00           | 33.44                              | -                       | 7.17             | 2.39          | 9.56  | 9.56              | 4.78                                     | 4.78                    |

|               |       |       |       |       |       |   |       |       |       |       |       |   |
|---------------|-------|-------|-------|-------|-------|---|-------|-------|-------|-------|-------|---|
| Taita Taveta  | 54.15 | 68.08 | 57.33 | 54.94 | 71.67 | - | 3.58  | -     | -     | 14.33 | 14.33 | - |
| Tana River    | 15.93 | 35.83 | 34.40 | 28.67 | 57.33 | - | 21.50 | 28.67 | 28.67 | 28.67 | 14.33 | - |
| Tharaka Nithi | 9.56  | 9.41  | 3.23  | 25.08 | 34.94 | - | 4.03  | 8.06  | 10.75 | 16.13 | 29.56 | - |
| Trans nzoia   | 49.37 | 50.17 | 57.33 | 28.67 | 57.33 | - | 17.92 | 25.08 | 14.33 | 28.67 | -     | - |
| Turkana       | 39.81 | 39.42 | 43.00 | 19.11 | 43.00 | - | 7.17  | 7.17  | 14.33 | 10.75 | 21.50 | - |
| Uasin Gishu   | 47.22 | 48.06 | 48.38 | 36.25 | 60.71 | - | 3.79  | 6.32  | 5.06  | 13.91 | 35.41 | - |
| Vihiga        | 46.82 | 51.60 | 49.88 | 35.83 | 43.00 | - | -     | -     | -     | -     | 8.60  | - |
| Wajir         | 49.14 | 64.50 | 68.80 | 38.90 | 49.14 | - | -     | -     | -     | -     | -     | - |
| West Pokot    | 35.49 | 33.79 | 27.03 | 20.48 | 30.71 | - | -     | -     | -     | -     | -     | - |

### Continued: Worksite and related infrastructure

|                 | Public Toilets |            |                 | Waste Management |            |                 |              |  |                 |
|-----------------|----------------|------------|-----------------|------------------|------------|-----------------|--------------|--|-----------------|
|                 | Distance       | Time taken | Costs of access | Procedures       | Time taken | costs of access | Monthly cost | Distance to the nearest waste disposal point | Times Monitored |
| Baringo         | 51.60          | 51.60      | 43.00           | 34.40            | 51.60      | 51.60           | 51.60        | 34.40  | 25.80           |
| Bomet           | 31.27          | 31.27      | 19.55           | 33.44            | 35.83      | 35.83           | 35.83        | 35.83  | 28.67           |
| Bungoma         | 55.90          | 55.90      | 47.30           | 34.40            | 32.97      | 38.70           | 43.00        | 43.00  | 10.75           |
| Busia           | 54.73          | 54.73      | 15.64           | 15.64            | 36.48      | 50.82           | 46.91        | 50.82  | 11.73           |
| Elgeyo Marakwet | 70.36          | 70.36      | 62.55           | 59.72            | 57.33      | 64.50           | 64.50        | 64.50  | 21.50           |
| Embu            | 75.25          | 75.25      | 47.30           | 35.83            | 30.10      | 30.10           | 27.95        | 45.15  | 19.35           |
| Garissa         | 38.22          | 38.22      | -               | -                | -          | 9.56            | 19.11        | 38.22  | 14.33           |
| Homa Bay        | 55.68          | 55.68      | 32.90           | 16.08            | 21.44      | 10.72           | 16.08        | 21.44  | 5.36            |
| Isiolo          | 86.00          | 86.00      | 43.00           | -                | -          | -               | -            | -  | -               |
| Kajiado         | 40.13          | 40.13      | 31.53           | 5.73             | -          | -               | -            | 5.73   | -               |
| Kakamega        | 44.43          | 44.43      | 22.93           | 20.07            | 25.80      | 31.53           | 28.67        | 45.87  | 7.17            |
| Kericho         | 68.80          | 68.80      | 60.20           | 37.27            | 43.00      | 43.00           | 43.00        | 43.00  | 34.40           |
| Kiambu          | 59.15          | 59.15      | 32.63           | 36.71            | 53.03      | 36.71           | 40.79        | 53.03  | 26.52           |
| Kilifi          | 64.50          | 64.50      | 32.25           | -                | -          | 10.75           | 21.50        | 21.50  | 5.38            |
| Kirinyaga       | 73.10          | 73.10      | 53.75           | 50.17            | 55.90      | 55.90           | 60.20        | 58.05  | 25.80           |
| Kisii           | 44.75          | 44.75      | 20.51           | 9.94             | 11.19      | 11.19           | 11.19        | 11.19  | 9.32            |
| Kisumu          | 49.52          | 49.52      | 29.97           | 12.16            | 18.24      | 31.27           | 32.58        | 44.30  | 6.52            |
| Kitui           | 52.56          | 52.56      | 23.89           | 6.37             | 9.56       | 9.56            | 38.22        | 38.22  | 9.56            |
| Kwale           | 71.67          | 71.67      | 43.00           | -                | -          | 9.56            | 9.56         | 19.11  | 4.78            |
| Laikipia        | 51.60          | 51.60      | 37.27           | 55.42            | 49.69      | 63.07           | 63.07        | 68.80  | 28.67           |
| Lamu            | -              | -          | -               | -                | -          | -               | -            | -  | -               |
| Machakos        | 45.26          | 45.26      | 29.42           | 4.53             | -          | -               | 9.05         | 22.63  | -               |
| Makueni         | 53.75          | 53.75      | 40.31           | 10.75            | -          | 5.38            | 10.75        | 32.25  | 8.06            |
| Mandera         | 32.25          | 32.25      | 10.75           | 21.50            | 32.25      | 10.75           | 32.25        | 48.38  | 10.75           |
| Marsabit        | 17.20          | 17.20      | -               | -                | -          | -               | 34.40        | 34.40  | -               |

|               |       |       |       |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Meru          | 48.06 | 48.06 | 35.41 | 10.12 | 10.12 | 15.18 | 35.41 | 45.53 | 2.53  |
| Migori        | 39.93 | 39.93 | 21.50 | 15.36 | 15.36 | 13.82 | 15.36 | 18.43 | 10.75 |
| Mombasa       | 46.48 | 46.48 | 35.75 | 7.15  | 7.15  | 3.58  | 3.58  | 7.15  | -     |
| Murang'a      | 65.52 | 65.52 | 40.95 | 16.38 | 12.29 | 16.38 | 16.38 | 24.57 | 18.43 |
| Nairobi       | 65.77 | 65.77 | 35.23 | 48.54 | 61.07 | 56.37 | 56.37 | 61.07 | 35.23 |
| Nakuru        | 43.00 | 43.00 | 19.96 | 12.29 | 27.64 | 27.64 | 26.11 | 38.39 | 19.96 |
| Nandi         | 76.44 | 76.44 | 57.33 | 54.15 | 57.33 | 57.33 | 47.78 | 57.33 | 57.33 |
| Narok         | 23.45 | 23.45 | 11.73 | 7.82  | 5.21  | 7.82  | 7.82  | 7.82  | -     |
| Nyamira       | 23.89 | 23.89 | 14.33 | 7.96  | 3.19  | 4.78  | -     | 9.56  | 7.17  |
| Nyandarua     | 48.38 | 48.38 | 44.08 | 27.23 | 27.95 | 51.60 | 53.75 | 50.53 | 31.18 |
| Nyeri         | 78.63 | 78.63 | 52.83 | 47.50 | 50.78 | 49.14 | 49.14 | 56.51 | 30.71 |
| Samburu       | 12.29 | 12.29 | 12.29 | -     | -     | 12.29 | -     | 24.57 | 12.29 |
| Siaya         | 28.67 | 28.67 | 14.33 | 19.11 | 19.11 | 14.33 | 4.78  | 19.11 | 9.56  |
| Taita Taveta  | 43.00 | 43.00 | 43.00 | -     | -     | -     | -     | -     | -     |
| Tana River    | 28.67 | 28.67 | 28.67 | -     | -     | -     | -     | 28.67 | -     |
| Tharaka Nithi | 37.63 | 37.63 | 10.75 | 5.38  | -     | -     | 5.38  | 16.13 | 8.06  |
| Transzoia     | 57.33 | 57.33 | 50.17 | 28.67 | 28.67 | 28.67 | 28.67 | 28.67 | -     |
| Turkana       | 71.67 | 71.67 | 43.00 | 28.67 | 28.67 | 28.67 | 28.67 | 28.67 | 21.50 |
| Uasin Gishu   | 60.71 | 60.71 | 60.71 | 38.78 | 45.53 | 45.53 | 45.53 | 45.53 | 25.29 |
| Vihiga        | 77.40 | 77.40 | 38.70 | 8.60  | -     | -     | -     | 25.80 | 12.90 |
| Wajir         | 61.43 | 61.43 | 49.14 | 36.86 | 49.14 | 49.14 | 36.86 | 36.86 | 12.29 |
| West Pokot    | 49.14 | 49.14 | 49.14 | 24.57 | 24.57 | 24.57 | 24.57 | 24.57 | 6.14  |

## Continued: Worksite and related infrastructure

| Counties        | Internet connection          |            |                    |              |                    |                     |                 |
|-----------------|------------------------------|------------|--------------------|--------------|--------------------|---------------------|-----------------|
|                 | % of MSEs accessing internet | Procedures | Cost of connection | Monthly Cost | Duration of outage | Frequency of outage | Times Monitored |
| Baringo         | 4.32                         | -          | -                  | -            | -                  | -                   | -               |
| Bomet           | 33.35                        | -          | -                  | -            | -                  | -                   | -               |
| Bungoma         | 17.26                        | -          | -                  | 4.32         | 4.32               | 2.16                | -               |
| Busia           | 3.92                         | 23.54      | 23.54              | 7.85         | 3.92               | 3.92                | -               |
| Elgeyo Marakwet | 5.89                         | -          | -                  | 5.23         | -                  | -                   | -               |
| Embu            | 25.80                        | -          | -                  | 7.17         | 6.45               | 12.90               | -               |
| Garissa         | -                            | -          | -                  | 9.56         | 9.56               | 9.56                | -               |
| Homa Bay        | 31.64                        | -          | -                  | -            | -                  | -                   | -               |
| Isiolo          | -                            | -          | -                  | -            | -                  | -                   | -               |
| Kajiado         | 24.46                        | -          | -                  | 3.84         | 5.75               | 11.51               | -               |
| Kakamega        | 21.58                        | -          | -                  | -            | -                  | -                   | -               |
| Kericho         | 28.05                        | -          | -                  | -            | -                  | -                   | -               |
| Kiambu          | 19.38                        | -          | -                  | 8.16         | 8.16               | 8.16                | -               |
| Kilifi          | 16.13                        | -          | -                  | -            | -                  | -                   | -               |
| Kirinyaga       | 11.87                        | 1.44       | 4.32               | -            | -                  | -                   | -               |

|               |       |       |      |       |       |       |      |
|---------------|-------|-------|------|-------|-------|-------|------|
| Kisii         | 12.12 | 3.73  | -    | -     | -     | -     | -    |
| Kisumu        | 11.77 | 5.23  | 4.36 | 1.74  | 1.31  | 2.62  | -    |
| Kitui         | -     | -     | -    | -     | -     | -     | -    |
| Kwale         | 14.33 | -     | -    | 6.37  | 9.56  | 9.56  | -    |
| Laikipia      | 17.26 | 3.84  | 1.92 | -     | -     | -     | -    |
| Lamu          | -     | -     | -    | -     | -     | -     | -    |
| Machakos      | 17.04 | 3.03  | 3.03 | 1.51  | 4.54  | 4.54  | -    |
| Makueni       | 25.63 | -     | -    | -     | -     | -     | -    |
| Mandera       | -     | -     | -    | -     | -     | -     | -    |
| Marsabit      | -     | 17.26 | 5.75 | 5.75  | 17.26 | 17.26 | -    |
| Meru          | 2.53  | -     | 3.37 | -     | -     | -     | -    |
| Migori        | 27.74 | -     | -    | 5.14  | 6.17  | 6.17  | -    |
| Mombasa       | 26.81 | -     | -    | -     | -     | -     | -    |
| Murang'a      | 11.30 | -     | -    | 2.74  | -     | -     | -    |
| Nairobi       | 24.66 | 4.70  | -    | -     | -     | -     | -    |
| Nakuru        | 36.22 | 3.08  | -    | -     | -     | -     | -    |
| Nandi         | 38.36 | 9.59  | 3.20 | -     | -     | -     | -    |
| Narok         | 19.62 | -     | -    | 7.85  | 15.69 | 15.69 | -    |
| Nyamira       | 10.79 | -     | -    | -     | -     | -     | -    |
| Nyandarua     | 10.79 | 4.32  | 6.47 | -     | -     | -     | -    |
| Nyeri         | 14.80 | 1.64  | -    | -     | -     | -     | -    |
| Samburu       | 6.17  | -     | -    | -     | -     | -     | -    |
| Siaya         | 19.11 | -     | -    | 9.56  | 9.56  | 9.56  | -    |
| Taita Taveta  | 10.75 | -     | -    | -     | -     | -     | -    |
| Tana River    | -     | -     | -    | -     | -     | -     | -    |
| Tharaka Nithi | 1.35  | -     | -    | 1.80  | 5.39  | 5.39  | -    |
| Trans Nzoia   | -     | -     | -    | 9.59  | 14.39 | 14.39 | -    |
| Turkana       | 7.19  | -     | -    | -     | -     | -     | -    |
| Uasin Gishu   | 16.50 | -     | -    | -     | -     | -     | -    |
| Vihiga        | 19.42 | -     | 8.63 | 17.26 | 17.26 | 17.26 | 8.63 |
| Wajir         | 33.79 | -     | -    | -     | -     | -     | -    |
| West Pokot    | 18.50 | -     | -    | 12.33 | 12.33 | 12.33 | -    |

Source: Authors' calculations

## Appendix 4: Market environment

| Counties | Access to AGPO infrastructure |            |            |       | Quality of support |                    |          |                  |                   |                            |                                 |
|----------|-------------------------------|------------|------------|-------|--------------------|--------------------|----------|------------------|-------------------|----------------------------|---------------------------------|
|          | AGPO Pre-qualification        | Procedures | Time taken | Cost  | Roads              | Water and drainage | Security | Waste Management | Health Facilities | Public Toilet and Sewerage | On site county market officials |
| Baringo  | 4.30                          | -          | 8.60       | -     | 64.50              | 21.50              | 51.60    | 38.70            | 43.00             | 38.70                      | 38.70                           |
| Bomet    | 3.91                          | 9.12       | 15.64      | 15.64 | 52.77              | 46.91              | 50.82    | 46.91            | 50.82             | 48.86                      | 41.05                           |



|                 |      |       |       |       |       |       |       |       |       |       |       |
|-----------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Bungoma         | 2.15 | 8.60  | 8.60  | 8.60  | 37.63 | 38.70 | 53.75 | 45.15 | 55.90 | 47.30 | 40.85 |
| Busia           | -    | 18.24 | 15.64 | 10.95 | 46.91 | 25.41 | 39.09 | 33.23 | 41.05 | 58.64 | 46.91 |
| Elgeyo Marakwet | -    | 6.52  | 7.82  | 7.82  | 62.55 | 44.95 | 52.77 | 35.18 | 46.91 | 50.82 | 37.14 |
| Embu            | 2.15 | 1.43  | 4.30  | 3.44  | 41.93 | 40.85 | 45.15 | 32.25 | 41.93 | 44.08 | 38.70 |
| Garissa         | -    | 3.19  | 19.11 | 11.47 | 52.56 | 43.00 | 57.33 | 52.56 | 35.83 | 31.06 | 23.89 |
| Homa Bay        | -    | 2.53  | 5.06  | 3.03  | 65.72 | 39.18 | 49.29 | 21.49 | 56.88 | 48.03 | 32.86 |
| Isiolo          | -    | 43.00 | 86.00 | 34.40 | 21.50 | 21.50 | 21.50 | 21.50 | 21.50 | 21.50 | 43.00 |
| Kajiado         | 4.30 | 5.73  | 17.20 | 21.79 | 46.31 | 28.12 | 44.65 | 49.62 | 47.96 | 34.73 | 29.77 |
| Kakamega        | 2.15 | 13.86 | 17.20 | 6.88  | 45.15 | 33.68 | 42.28 | 38.70 | 35.83 | 40.13 | 40.85 |
| Kericho         | -    | 7.17  | 8.60  | 6.88  | 51.60 | 38.70 | 51.60 | 36.55 | 43.00 | 49.45 | 38.70 |
| Kiambu          | -    | -     | 4.09  | 1.63  | 52.11 | 43.93 | 50.07 | 51.09 | 54.15 | 38.83 | 38.83 |
| Kilifi          | -    | 17.92 | 53.75 | 49.45 | 37.63 | 40.31 | 45.69 | 59.13 | 43.00 | 32.25 | 13.44 |
| Kirinyaga       | -    | -     | 4.30  | 4.30  | 48.38 | 40.85 | 50.53 | 40.85 | 39.78 | 62.35 | 56.98 |
| Kisii           | 3.72 | 8.06  | 11.16 | 6.70  | 62.31 | 33.48 | 56.73 | 24.18 | 48.36 | 36.27 | 23.25 |
| Kisumu          | 0.65 | 8.25  | 15.64 | 9.90  | 53.42 | 35.18 | 40.39 | 46.26 | 41.70 | 38.44 | 36.48 |
| Kitui           | -    | 15.93 | 14.33 | 11.47 | 59.72 | 50.17 | 59.72 | 40.61 | 52.56 | 57.33 | 38.22 |
| Kwale           | 9.56 | 17.52 | 38.22 | 28.67 | 47.78 | 35.83 | 40.61 | 28.67 | 35.83 | 21.50 | 33.44 |
| Laikipia        | 4.30 | 7.64  | 8.60  | 5.73  | 44.43 | 48.73 | 65.93 | 61.63 | 47.30 | 50.17 | 48.73 |
| Lamu            | -    | -     | -     | -     | 21.50 | -     | 64.50 | -     | 43.00 | 43.00 | -     |
| Machakos        | 7.92 | 6.04  | 20.37 | 19.01 | 53.75 | 44.19 | 48.97 | 58.53 | 34.64 | 46.58 | 44.19 |
| Makueni         | 1.34 | 4.48  | 10.75 | 8.60  | 63.07 | 21.50 | 60.20 | 64.50 | 50.17 | 51.60 | 38.70 |
| Mandera         | -    | -     | -     | -     | 34.94 | 40.31 | 32.25 | 53.75 | 51.06 | 26.88 | 37.63 |
| Marsabit        | -    | 5.73  | 17.20 | 10.32 | 43.00 | 8.60  | -     | 8.60  | 25.80 | 21.50 | 12.90 |
| Meru            | 1.26 | 5.06  | 5.06  | 14.16 | 59.13 | 53.75 | 56.44 | 52.41 | 57.78 | 51.06 | 38.97 |
| Migori          | 3.07 | 5.12  | 6.14  | 4.91  | 49.91 | 13.05 | 43.77 | 14.59 | 40.70 | 29.95 | 33.02 |
| Mombasa         | -    | 9.54  | 14.31 | 14.31 | 67.81 | 52.31 | 67.81 | 67.81 | 60.06 | 58.13 | 38.75 |
| Murang'a        | 1.02 | 2.73  | 8.19  | 7.37  | 56.31 | 41.98 | 48.12 | 41.98 | 43.00 | 51.19 | 49.14 |
| Nairobi         | 3.54 | -     | 2.36  | 3.77  | 71.89 | 45.96 | 60.11 | 42.43 | 49.50 | 50.68 | 47.14 |
| Nakuru          | 2.30 | 4.61  | 9.21  | 7.99  | 51.45 | 39.16 | 48.38 | 48.38 | 44.54 | 40.70 | 39.93 |
| Nandi           | -    | -     | -     | -     | 52.56 | 50.17 | 62.11 | 54.94 | 62.11 | 54.94 | 45.39 |
| Narok           | -    | -     | -     | -     | 39.09 | 25.41 | 44.95 | 15.64 | 48.86 | 23.45 | 21.50 |
| Nyamira         | 1.19 | 5.57  | 9.56  | 9.56  | 49.32 | 22.76 | 40.47 | 21.50 | 40.47 | 17.71 | 27.82 |
| Nyandarua       | 1.61 | 3.23  | 6.45  | 3.87  | 54.03 | 44.10 | 53.47 | 47.41 | 41.90 | 35.28 | 38.59 |
| Nyeri           | 0.61 | 2.46  | 7.37  | 6.88  | 65.73 | 43.00 | 57.74 | 50.37 | 49.76 | 47.30 | 51.60 |
| Samburu         | 3.07 | 16.38 | 12.29 | 12.29 | 15.36 | 21.50 | 24.57 | 33.79 | 15.36 | 18.43 | 21.50 |
| Siaya           | 2.39 | 23.89 | 28.67 | 17.20 | 64.50 | 23.89 | 45.39 | 21.50 | 54.94 | 9.56  | 38.22 |
| Taita Taveta    | -    | 19.11 | 28.67 | 22.93 | 43.00 | 53.75 | 46.58 | 53.75 | 46.58 | 25.08 | 25.08 |
| Tana River      | -    | 23.89 | 28.67 | 22.93 | 50.17 | 7.17  | 57.33 | 14.33 | 21.50 | 14.33 | 7.17  |
| Tharaka Nithi   | 1.34 | -     | 5.38  | 3.23  | 36.28 | 45.69 | 57.78 | 55.09 | 49.72 | 43.00 | 34.94 |
| Trans Nzoi      | 7.17 | 21.50 | 28.67 | 28.67 | 32.25 | 21.50 | 60.92 | 35.83 | 35.83 | 43.00 | 50.17 |
| Turkana         | -    | 9.56  | 14.33 | 14.33 | 46.58 | 28.67 | 53.75 | 28.67 | 43.00 | 39.42 | 39.42 |
| Uasin Gishu     | -    | 2.53  | 5.06  | 5.06  | 57.78 | 55.09 | 55.09 | 56.44 | 57.78 | 56.44 | 45.69 |

|            |   |       |       |      |       |       |       |       |       |       |       |
|------------|---|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| Vihiga     | - | 10.03 | 12.90 | 8.60 | 45.15 | 27.95 | 47.30 | 32.25 | 32.25 | 43.00 | 32.25 |
| Wajir      | - | -     | -     | -    | 49.14 | 18.43 | 43.00 | 33.79 | 30.71 | 15.36 | 49.14 |
| West Pokot | - | -     | -     | -    | 77.71 | 29.14 | 68.00 | 53.43 | 48.57 | 24.29 | 77.71 |

### Continued: Market environment

| Counties        | Ease of access to road infrastructure |            |       | Trade participation           |                              |                               | Unfair competition           | Access to markets              |                              |                |
|-----------------|---------------------------------------|------------|-------|-------------------------------|------------------------------|-------------------------------|------------------------------|--------------------------------|------------------------------|----------------|
|                 | Distance                              | Time taken | Costs | Fairness of taxes and permits | Cross-county trade promotion | International trade promotion | Unfair competition practices | Distance to the nearest market | Time taken to nearest market | Levies imposed |
| Baringo         | 86.00                                 | 81.70      | 86.00 | 22.93                         | -                            | -                             | 17.20                        | 86.00                          | 86.00                        | 71.67          |
| Bomet           | 70.36                                 | 66.45      | 84.05 | 13.03                         | 17.59                        | -                             | 23.45                        | 79.75                          | 72.32                        | 86.00          |
| Bungoma         | 68.80                                 | 67.73      | 69.88 | 15.77                         | 18.28                        | -                             | 25.80                        | 76.54                          | 76.33                        | 82.42          |
| Busia           | 56.29                                 | 58.64      | 74.27 | 26.06                         | 9.77                         | 19.55                         | 39.09                        | 67.24                          | 72.32                        | 63.85          |
| Elgeyo Marakwet | 73.49                                 | 80.14      | 82.09 | 33.88                         | 15.64                        | -                             | 7.82                         | 81.31                          | 78.18                        | 75.58          |
| Embu            | 75.68                                 | 75.25      | 80.63 | 22.93                         | 7.53                         | 2.15                          | 45.58                        | 72.24                          | 72.03                        | 66.65          |
| Garissa         | 0.91                                  | 0.92       | 0.72  | 9.56                          | -                            | 4.78                          | 9.56                         | 86.00                          | 86.00                        | 57.33          |
| Homa Bay        | 80.89                                 | 82.15      | 80.89 | 5.06                          | -                            | -                             | 41.46                        | 75.83                          | 77.10                        | 80.05          |
| Isiolo          | 86.00                                 | 86.00      | -     | 86.00                         | -                            | -                             | 34.40                        | 68.80                          | 64.50                        | 86.00          |
| Kajiado         | 58.48                                 | 58.77      | 61.63 | 15.29                         | -                            | -                             | 28.67                        | 51.60                          | 51.60                        | 48.73          |
| Kakamega        | 65.36                                 | 66.65      | 65.93 | 15.29                         | 1.43                         | 1.43                          | 32.11                        | 73.39                          | 74.53                        | 74.53          |
| Kericho         | 73.96                                 | 73.10      | 75.25 | 28.67                         | 2.15                         | -                             | 8.60                         | 68.80                          | 77.40                        | 78.83          |
| Kiambu          | 84.19                                 | 84.80      | 77.65 | 21.80                         | 10.22                        | 4.09                          | 40.05                        | 75.20                          | 73.57                        | 66.75          |
| Kilifi          | 86.00                                 | 86.00      | 86.00 | -                             | -                            | -                             | 10.75                        | 92.15                          | 90.94                        | 94.98          |
| Kirinyaga       | 73.96                                 | 67.73      | 79.55 | 25.80                         | 15.05                        | -                             | 35.26                        | 61.06                          | 56.98                        | 77.40          |
| Kisii           | 81.84                                 | 78.12      | 81.84 | 34.72                         | 1.86                         | -                             | 35.71                        | 66.96                          | 68.82                        | 79.36          |
| Kisumu          | 72.97                                 | 72.97      | 76.23 | 24.32                         | 2.61                         | 1.30                          | 48.99                        | 69.84                          | 72.97                        | 66.45          |
| Kitui           | 61.16                                 | 69.28      | 78.83 | 15.93                         | 9.56                         | 4.78                          | 49.69                        | 68.80                          | 76.44                        | 79.63          |
| Kwale           | 70.71                                 | 74.06      | 71.67 | 12.74                         | 2.39                         | 14.33                         | 38.22                        | 57.33                          | 62.11                        | 74.85          |
| Laikipia        | 67.65                                 | 63.07      | 65.93 | 24.84                         | 10.03                        | -                             | 19.49                        | 56.19                          | 51.60                        | 65.93          |
| Lamu            | 51.60                                 | 64.50      | 43.00 | -                             | -                            | 43.00                         | 86.00                        | 51.60                          | 64.50                        | 57.33          |
| Machakos        | 76.04                                 | 76.95      | 73.55 | 19.61                         | 10.18                        | -                             | 26.25                        | 62.46                          | 62.24                        | 64.12          |
| Makueni         | 77.40                                 | 76.59      | 77.94 | 12.54                         | 14.78                        | -                             | 29.03                        | 72.03                          | 71.22                        | 60.92          |
| Mandera         | 53.75                                 | 61.81      | 43.00 | -                             | -                            | -                             | 32.25                        | 77.40                          | 64.50                        | 32.25          |
| Marsabit        | 65.36                                 | 55.90      | 55.90 | 11.47                         | -                            | -                             | 48.16                        | 75.68                          | 73.10                        | 71.67          |
| Meru            | 58.68                                 | 59.44      | 64.50 | 32.04                         | 1.26                         | 2.53                          | 32.38                        | 78.92                          | 79.68                        | 79.25          |
| Migori          | 73.71                                 | 72.18      | 80.63 | 10.24                         | 3.07                         | 1.54                          | 39.93                        | 62.66                          | 63.73                        | 78.83          |
| Mombasa         | 67.25                                 | 69.75      | 73.33 | 11.92                         | 12.52                        | 14.31                         | 42.92                        | 72.97                          | 75.12                        | 82.27          |
| Murang'a        | 72.08                                 | 73.71      | 75.76 | 23.21                         | -                            | 2.05                          | 47.50                        | 67.16                          | 71.67                        | 55.97          |
| Nairobi         | 97.11                                 | 94.29      | 99.00 | 28.29                         | 1.18                         | 2.36                          | 43.37                        | 78.26                          | 77.79                        | 80.93          |
| Nakuru          | 74.33                                 | 75.25      | 75.25 | 26.62                         | -                            | 1.54                          | 30.71                        | 68.19                          | 72.95                        | 76.27          |
| Nandi           | 86.00                                 | 86.00      | 86.00 | 35.04                         | -                            | -                             | 17.20                        | 84.09                          | 83.61                        | 82.81          |
| Narok           | 48.47                                 | 48.86      | 48.86 | 20.85                         | -                            | 3.91                          | 21.89                        | 62.55                          | 64.50                        | 75.58          |

|               |       |       |       |       |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Nyamira       | 75.49 | 74.06 | 78.83 | 19.11 | -     | -     | 9.56  | 74.53 | 75.25 | 81.22 |
| Nyandarua     | 62.35 | 63.43 | 73.64 | 12.18 | 6.99  | 2.15  | 34.83 | 71.81 | 68.80 | 75.61 |
| Nyeri         | 78.63 | 74.33 | 84.16 | 16.38 | 14.13 | -     | 36.37 | 73.71 | 70.64 | 74.94 |
| Samburu       | 39.31 | 46.07 | 46.07 | 8.19  | -     | -     | 9.83  | 31.94 | 30.71 | 45.05 |
| Siaya         | 70.71 | 66.89 | 81.22 | 28.67 | 7.17  | 4.78  | 27.95 | 72.62 | 74.06 | 74.85 |
| Taita Taveta  | 74.53 | 78.83 | 82.42 | 19.11 | -     | -     | 40.40 | 80.27 | 86.00 | 86.00 |
| Tana River    | 86.00 | 86.00 | 57.33 | 57.33 | 7.17  | -     | 28.67 | 68.80 | 71.67 | 81.22 |
| Tharaka Nithi | 53.75 | 56.44 | 53.75 | 35.83 | 2.69  | 2.69  | 43.00 | 60.20 | 61.81 | 69.88 |
| Trans Nzoia   | 74.53 | 71.67 | 71.67 | 19.11 | -     | 14.33 | 20.07 | 71.67 | 86.00 | 86.00 |
| Turkana       | 77.40 | 75.25 | 75.25 | 23.89 | 14.33 | -     | -     | 77.40 | 78.83 | 81.22 |
| Uasin Gishu   | 78.92 | 78.41 | 79.68 | 21.92 | 18.97 | 2.53  | 10.12 | 77.91 | 79.68 | 82.63 |
| Vihiga        | 82.56 | 79.55 | 86.00 | 28.67 | 4.30  | 8.60  | 29.24 | 82.56 | 81.70 | 71.67 |
| Wajir         | 76.17 | 76.79 | 73.71 | 12.29 | -     | 6.14  | 56.51 | 63.89 | 73.71 | 61.43 |
| West Pokot    | 86.00 | 86.00 | 86.00 | -     | -     | -     | -     | 78.63 | 79.86 | 83.95 |

Source: Authors' calculations

## Appendix 5: Financial inclusion

| County:         | Access of savings and credit facilities, |                                   | Financial Innovation and Fintech |       | Credit guarantee scheme |       |
|-----------------|--|-----------------------------------|----------------------------------|-------|-------------------------|-------|
|                 | No. of saving institutions               | No. of credit access institutions | Understanding                    | Use   | Awareness               | Use   |
| Baringo         | -  | 12.90                             | 51.60                            | 14.85 | 4.30                    | 22.93 |
| Bomet           | -  | -                                 | 54.73                            | 23.45 | 21.50                   | 28.67 |
| Bungoma         | 1.08                                     | 3.23                              | 47.30                            | 19.01 | 12.90                   | 30.10 |
| Busia           | 39.09                                    | 33.23                             | 28.67                            | 22.65 | 7.82                    | 39.09 |
| Elgeyo Marakwet | -  | 5.86                              | 52.12                            | 22.48 | 15.64                   | 31.27 |
| Embu            | 3.23                                     | 5.38                              | 58.77                            | 25.70 | 20.43                   | 35.83 |
| Garissa         | 2.39                                     | 7.17                              | 6.37                             | 7.60  | -                       | 28.67 |
| Homa Bay        | 7.59                                     | 8.86                              | 64.12                            | 30.03 | 10.12                   | 13.50 |
| Isiolo          | 43.00                                    | 64.50                             | 57.33                            | 4.89  | 21.50                   | 57.33 |
| Kajiado         | 10.03s                                   | 5.73                              | 38.22                            | 24.24 | 11.47                   | 36.31 |
| Kakamega        | 12.90                                    | 15.05                             | 22.93                            | 22.05 | 10.75                   | 36.31 |
| Kericho         | 2.15                                     | 2.15                              | 45.87                            | 23.36 | 27.95                   | 28.67 |
| Kiambu          | 11.22                                    | 18.36                             | 55.75                            | 21.60 | 14.28                   | 27.20 |
| Kilifi          | 2.69                                     | 2.69                              | 50.17                            | 28.46 | 10.75                   | 53.75 |
| Kirinyaga       | 2.15                                     | 4.30                              | 50.17                            | 21.99 | 1.08                    | 12.90 |
| Kisii           | 4.66                                     | 3.73                              | 63.39                            | 26.10 | 5.59                    | 21.13 |
| Kisumu          | 29.97                                    | 28.02                             | 24.32                            | 20.40 | 13.03                   | 31.27 |
| Kitui           | 4.78                                     | 2.39                              | -                                | 2.17  | -                       | 35.04 |
| Kwale           | -  | 2.39                              | 50.96                            | 25.08 | -                       | 19.11 |
| Laikipia        | 8.60                                     | 7.17                              | 63.07                            | 28.34 | 7.17                    | 13.38 |

|               |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|
| Lamu          | -     | 21.50 | -     | 9.77  | -     | -     |
| Machakos      | 2.26  | 1.13  | 54.32 | 23.09 | 3.39  | 30.18 |
| Makueni       | -     | 1.34  | 48.38 | 20.64 | 2.69  | 37.63 |
| Mandera       | -     | 2.69  | 46.58 | 25.29 | -     | -     |
| Marsabit      | -     | 8.60  | -     | 14.85 | 8.60  | 11.47 |
| Meru          | 2.53  | 12.65 | -     | 8.51  | -     | 3.37  |
| Migori        | 0.77  | 3.07  | 50.17 | 29.88 | 8.45  | 18.43 |
| Mombasa       | 1.79  | -     | 45.29 | 26.49 | 7.15  | 28.60 |
| Murang'a      | -     | 7.17  | 58.70 | 26.11 | 25.60 | 49.14 |
| Nairobi       | 3.52  | 8.22  | 68.90 | 31.12 | 19.96 | 40.71 |
| Nakuru        | 19.20 | 21.50 | 24.57 | 23.42 | 5.38  | 24.57 |
| Nandi         | 2.39  | 7.17  | 41.41 | 19.00 | 26.28 | 38.22 |
| Narok         | -     | -     | 59.94 | 21.59 | 3.91  | 7.82  |
| Nyamira       | -     | -     | 65.30 | 25.63 | 4.78  | 12.74 |
| Nyandarua     | 2.69  | 8.60  | 56.62 | 17.30 | 2.15  | 12.18 |
| Nyeri         | 5.53  | 8.60  | 52.42 | 22.95 | -     | 18.84 |
| Samburu       | 21.50 | 15.36 | -     | 13.40 | 6.14  | 8.19  |
| Siaya         | 9.56  | 31.06 | 35.04 | 15.85 | 2.39  | 9.56  |
| Taita Taveta  | -     | 7.17  | 28.67 | 15.15 | 3.58  | 14.33 |
| Tana River    | 21.50 | -     | -     | 11.40 | -     | 57.33 |
| Tharaka Nithi | 9.41  | 13.44 | 8.96  | 9.89  | 1.34  | 17.92 |
| Trans Nzoia   | -     | 3.58  | 52.56 | 21.01 | -     | 4.78  |
| Turkana       | -     | -     | 43.00 | 24.11 | 7.17  | 23.89 |
| Uasin Gishu   | 1.26  | -     | 47.22 | 15.69 | 8.85  | 26.98 |
| Vihiga        | 19.35 | 17.20 | 22.93 | 20.62 | 8.60  | 22.93 |
| Wajir         | -     | -     | 61.43 | 23.59 | 3.07  | 40.95 |
| West Pokot    | 3.07  | -     | 61.43 | 11.17 | 6.14  | 24.57 |

Source: Authors' calculations

## Appendix 6: Technical capacity

| Counties        | Training          |                |          |       | Innovation | Patenting | Coping with new technology   |                             |
|-----------------|-------------------|----------------|----------|-------|------------|-----------|--|-----------------------------|
|                 | % of MSEs trained | Training Areas | Duration | Cost  |            |           | Understanding of technological and innovation trends, and adaption of new technology | Adaption of new technology. |
| Baringo         | -                 | -              | -        | -     | 1.14       | 0.30      | 11.47  | 4.30                        |
| Bomet           | 0.40              | 3.14           | 4.51     | 54.93 | -          | 0.04      | 5.21   | 7.82                        |
| Bungoma         | 0.76              | 6.91           | 4.13     | 55.62 | -          | 0.12      | 8.60   | 4.30                        |
| Busia           | 0.96              | 25.11          | 8.85     | 68.66 | 15.45      | 0.71      | 41.70  | 9.77                        |
| Elgeyo Marakwet | 0.18              | 3.14           | 2.00     | 31.39 | -          | 0.40      | 5.21   | 1.95                        |
| Embu            | 0.82              | 14.67          | 9.09     | 47.87 | 1.99       | 0.33      | 43.00  | 12.90                       |
| Garissa         | 0.08              | 1.92           | 1.84     | 19.18 | 0.53       | 0.49      | 9.56   | -                           |

|               |      |       |       |       |      |      |       |       |
|---------------|------|-------|-------|-------|------|------|-------|-------|
| Homa Bay      | 0.55 | 13.16 | 9.37  | 46.82 | 0.43 | 0.19 | 16.87 | -     |
| Isiolo        | 0.38 | 17.26 | 22.04 | 83.37 | -    | 1.63 | 57.33 | -     |
| Kajiado       | 6.06 | 8.06  | 7.10  | 63.30 | 6.41 | 6.47 | 66.89 | 31.53 |
| Kakamega      | 0.27 | 5.75  | 1.84  | 25.90 | 5.62 | 0.31 | 36.31 | 10.75 |
| Kericho       | 0.85 | 6.91  | 2.57  | 43.16 | -    | 0.53 | 5.73  | 4.30  |
| Kiambu        | 0.51 | 8.97  | 5.03  | 48.81 | 0.32 | 0.36 | 51.67 | 12.24 |
| Kilifi        | 0.40 | 4.32  | 5.28  | 29.67 | 1.80 | 0.70 | 39.42 | 8.06  |
| Kirinyaga     | 0.83 | 6.04  | 3.40  | 59.93 | 1.42 | 0.57 | 17.20 | 5.38  |
| Kisii         | 0.53 | 6.71  | 4.76  | 52.20 | -    | 0.12 | 19.84 | 5.58  |
| Kisumu        | 0.49 | 9.94  | 4.23  | 43.78 | 4.16 | 0.66 | 47.78 | 6.52  |
| Kitui         | 1.26 | 17.26 | 10.82 | 86.32 | -    | -    | -     | -     |
| Kwale         | 0.29 | 7.67  | 4.08  | 28.77 | 7.56 | 1.42 | 50.96 | 21.50 |
| Laikipia      | 0.66 | 10.36 | 12.98 | 55.98 | 2.46 | 0.95 | 30.58 | 2.87  |
| Lamu          | -    | -     | -     | -     | -    | -    | -     | -     |
| Machakos      | 0.55 | 8.18  | 5.22  | 53.33 | 0.31 | 0.28 | 34.70 | 15.84 |
| Makueni       | 0.18 | 8.63  | 3.56  | 43.16 | 1.06 | 0.39 | 43.00 | 16.13 |
| Mandera       | 0.43 | 12.95 | 7.81  | 63.02 | -    | -    | -     | -     |
| Marsabit      | 0.44 | 27.62 | 7.35  | 51.79 | -    | 1.25 | 17.20 | -     |
| Meru          | 0.14 | 2.03  | 2.38  | 20.31 | -    | -    | 8.43  | 2.53  |
| Migori        | 0.29 | 3.70  | 3.54  | 27.39 | 3.42 | 0.80 | 39.93 | 4.61  |
| Mombasa       | 0.56 | 8.58  | 6.54  | 55.42 | 3.11 | 1.45 | 57.20 | 23.24 |
| Murang'a      | 0.27 | 10.69 | 6.21  | 34.94 | 2.84 | 0.45 | 27.30 | 8.19  |
| Nairobi       | 0.91 | 18.79 | 9.30  | 89.25 | 1.06 | 1.11 | 46.41 | 15.36 |
| Nakuru        | 0.24 | 12.33 | 3.80  | 49.32 | 0.93 | 0.14 | 53.24 | 18.43 |
| Nandi         | 0.74 | 5.75  | 3.88  | 47.95 | -    | 1.31 | 31.85 | 4.78  |
| Narok         | 0.23 | 3.14  | 2.67  | 23.54 | -    | 0.06 | 10.42 | 3.91  |
| Nyamira       | 0.45 | 8.63  | 3.88  | 43.16 | 0.43 | 0.19 | 7.96  | -     |
| Nyandarua     | 0.31 | 8.63  | 7.30  | 30.68 | 1.15 | 0.46 | 20.78 | 4.84  |
| Nyeri         | 0.65 | 5.92  | 5.51  | 38.67 | 0.99 | 0.39 | 11.47 | 6.14  |
| Samburu       | 1.40 | 9.86  | 4.98  | 36.99 | -    | 0.29 | 8.19  | 3.07  |
| Siaya         | 0.10 | -     | 1.63  | 19.18 | 2.13 | 0.79 | 54.15 | 2.39  |
| Taita Taveta  | 0.06 | 8.63  | 6.73  | 39.56 | 4.15 | 1.06 | 66.89 | 14.33 |
| Tana River    | -    | -     | -     | -     | -    | -    | -     | -     |
| Tharaka Nithi | 0.34 | 8.63  | 4.82  | 31.02 | -    | -    | -     | -     |
| Transzoia     | 0.18 | -     | 3.06  | 57.54 | -    | -    | -     | -     |
| Turkana       | 0.18 | 8.63  | 4.29  | 57.54 | -    | -    | 9.56  | -     |
| Uasin Gishu   | 0.13 | 6.09  | 5.83  | 45.12 | -    | 0.31 | 15.18 | 1.26  |
| Vihiga        | 0.36 | 1.73  | 3.49  | 51.79 | 3.91 | 0.73 | 63.07 | 25.80 |
| Wajir         | 0.39 | 2.47  | 1.84  | 24.66 | 2.45 | 1.53 | 53.24 | 3.07  |
| West Pokot    | 0.45 | -     | -     | 36.99 | -    | -    | -     | -     |

**Continued: Technical capacity**

| Counties        | Knowledge and skills gaps |                  | MSEs. Survival Rate        | Access to Incubation services |            |       |
|-----------------|---------------------------|------------------|----------------------------|-------------------------------|------------|-------|
|                 | Technical skills gaps     | Cost of training | % of MSEs that have closed | Procedures                    | Time taken | Cost  |
| Baringo         | 17.26                     | 83.70            | 50.74                      | 17.20                         | 25.80      | 34.40 |
| Bomet           | 57.54                     | 50.16            | 38.01                      | 6.25                          | 7.82       | 7.82  |
| Bungoma         | 70.33                     | 77.46            | 29.15                      | 24.08                         | 25.80      | 30.10 |
| Busia           | 2.62                      | 57.51            | 53.05                      | 9.38                          | 15.64      | 15.64 |
| Elgeyo Marakwet | 23.54                     | 69.43            | 84.71                      | -                             | -          | -     |
| Embu            | 33.57                     | 65.86            | 54.88                      | 6.95                          | 2.48       | 4.96  |
| Garissa         | -                         | 83.04            | 34.32                      | 7.67                          | 12.79      | 12.79 |
| Homa Bay        | 20.88                     | 42.10            | 59.24                      | 14.17                         | 20.25      | 18.56 |
| Isiolo          | -                         | 83.04            | -                          | -                             | -          | -     |
| Kajiado         | 53.12                     | 76.90            | 35.31                      | -                             | -          | -     |
| Kakamega        | 4.80                      | 51.68            | 59.21                      | 5.16                          | 7.17       | 10.51 |
| Kericho         | 40.28                     | 59.22            | 67.52                      | -                             | -          | -     |
| Kiambu          | 29.71                     | 82.36            | 59.71                      | 12.24                         | 10.20      | 12.24 |
| Kilifi          | 43.16                     | 75.66            | 21.46                      | 7.28                          | 6.07       | 8.09  |
| Kirinyaga       | 43.92                     | 64.81            | 58.24                      | 2.58                          | -          | -     |
| Kisii           | 14.50                     | 67.18            | 47.00                      | -                             | 3.73       | 3.73  |
| Kisumu          | 26.92                     | 58.54            | 66.68                      | 5.73                          | 7.82       | 7.82  |
| Kitui           | -                         | 83.04            | 10.75                      | 7.64                          | 9.56       | 9.56  |
| Kwale           | 57.54                     | 78.43            | 64.92                      | 12.79                         | 15.98      | 10.66 |
| Laikipia        | 38.36                     | 48.53            | 62.16                      | 20.64                         | 22.93      | 19.11 |
| Lamu            | -                         | 83.04            | -                          | -                             | -          | -     |
| Machakos        | 39.37                     | 82.35            | 31.40                      | -                             | -          | -     |
| Makueni         | 40.28                     | 80.42            | 36.51                      | -                             | -          | -     |
| Mandera         | 33.57                     | 63.55            | 62.56                      | -                             | -          | -     |
| Marsabit        | 11.51                     | 83.48            | 33.11                      | -                             | -          | -     |
| Meru            | 1.80                      | 83.11            | 9.58                       | 6.87                          | 6.87       | 11.45 |
| Migori          | 22.52                     | 53.68            | 38.82                      | 17.20                         | 7.68       | 12.29 |
| Mombasa         | 61.97                     | 80.60            | 27.53                      | -                             | -          | -     |
| Murang'a        | 24.94                     | 56.31            | 56.42                      | -                             | -          | -     |
| Nairobi         | 23.75                     | 70.76            | 41.30                      | 11.27                         | 7.05       | 12.53 |
| Nakuru          | 11.72                     | 59.16            | 42.41                      | 1.84                          | 1.54       | 3.07  |
| Nandi           | 49.32                     | 72.11            | 47.10                      | 34.40                         | 23.89      | 22.30 |
| Narok           | 14.39                     | 66.79            | 53.49                      | -                             | -          | -     |
| Nyamira         | 30.99                     | 64.63            | 50.03                      | 7.64                          | 9.56       | 9.56  |
| Nyandarua       | 54.16                     | 61.64            | 38.12                      | 19.78                         | 13.98      | 22.22 |
| Nyeri           | 58.50                     | 69.75            | 38.72                      | 2.95                          | 4.91       | 4.91  |
| Samburu         | 8.22                      | 83.35            | 12.35                      | 4.91                          | 12.29      | 24.57 |
| Siaya           | 22.38                     | 56.94            | 55.80                      | 23.44                         | 11.72      | 19.54 |
| Taita Taveta    | 43.16                     | 70.47            | 42.57                      | -                             | -          | -     |
| Tana River      | -                         | 83.04            | 57.04                      | -                             | -          | -     |

|               |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|
| Tharaka Nithi | 3.84  | 83.19 | 46.86 | 5.38  | -     | 3.58  |
| Transzoia     | 62.34 | 84.68 | 71.20 | -     | -     | -     |
| Turkana       | 86.32 | 73.42 | 70.21 | -     | -     | -     |
| Uasin Gishu   | 49.87 | 65.85 | 60.37 | 8.09  | 5.06  | 10.12 |
| Vihiga        | 2.88  | 66.00 | 51.10 | 38.75 | 19.38 | 38.75 |
| Wajir         | 52.75 | 53.90 | 48.16 | 19.66 | 24.57 | 20.48 |
| West Pokot    | 52.75 | 57.73 | 46.31 | 19.66 | 24.57 | 20.48 |

Source: Authors' calculations

## Appendix 7: Governance and regulatory framework

| Counties        | Licensing and issuance of permits |            | Corruption and governance |             | Crime and public security |                                    |                                      | Self-regulation |            |       | Participation in policy and regulatory framework formulation |
|-----------------|-----------------------------------|------------|---------------------------|-------------|---------------------------|------------------------------------|--------------------------------------|-----------------|------------|-------|--|
|                 | Costs                             | Time taken | Frequency of              | Amount lost | Prevalence of crime       | Distance to nearest police station | Time taken to nearest police station | Procedures      | Time taken | Cost  |  |
| Baringo         | 50.43                             | 41.28      | 34.40                     | 51.60       | 80.27                     | 82.56                              | 81.70                                | 30.58           | 86.00      | 86.00 | -  |
| Bomet           | 71.95                             | 66.45      | 5.21                      | 7.82        | 86.00                     | 68.80                              | 70.36                                | 56.46           | 86.00      | 86.00 | 21.89  |
| Bungoma         | 54.22                             | 36.55      | 20.07                     | 35.12       | 78.83                     | 70.52                              | 68.80                                | 53.03           | 83.85      | 86.00 | 7.74   |
| Busia           | 46.51                             | 57.07      | 23.45                     | 40.39       | 72.97                     | 64.11                              | 62.55                                | 39.96           | 86.00      | 86.00 | 26.58  |
| Elgeyo Marakwet | 58.97                             | 53.95      | 23.45                     | 39.09       | 86.00                     | 67.24                              | 66.45                                | 40.83           | 82.09      | 86.00 | 15.64  |
| Embu            | 51.31                             | 27.09      | 47.30                     | 60.20       | 74.53                     | 72.24                              | 72.03                                | 53.99           | 86.00      | 86.00 | 4.30   |
| Garissa         | 60.25                             | 64.98      | 6.37                      | 11.15       | 73.26                     | 59.24                              | 57.33                                | 50.96           | 86.00      | 86.00 | 15.29  |
| Homa Bay        | 42.33                             | 26.79      | 38.76                     | 26.96       | 80.89                     | 70.78                              | 68.25                                | 56.17           | 91.00      | 91.00 | 6.07   |
| Isiolo          | -                                 | -          | -                         | 71.67       | 86.00                     | 51.60                              | 64.50                                | 28.67           | 86.00      | 86.00 | -  |
| Kajiado         | 14.09                             | 17.20      | 49.69                     | 51.60       | 72.62                     | 63.07                              | 63.07                                | 41.41           | 86.00      | 86.00 | 17.20  |
| Kakamega        | 52.72                             | 35.83      | 19.11                     | 35.36       | 67.84                     | 77.97                              | 75.97                                | 46.50           | 86.00      | 86.00 | 6.31   |
| Kericho         | 72.44                             | 49.88      | 14.33                     | 22.93       | 86.00                     | 73.96                              | 73.10                                | 61.16           | 86.00      | 86.00 | 17.20  |
| Kiambu          | 39.28                             | 31.88      | 40.87                     | 64.71       | 84.46                     | 67.84                              | 71.52                                | 64.94           | 94.00      | 94.00 | 15.53  |
| Kilifi          | 44.64                             | 52.68      | 43.00                     | 32.25       | 86.00                     | 58.05                              | 67.19                                | 15.53           | 86.00      | 86.00 | 15.05  |
| Kirinyaga       | 54.66                             | 54.61      | 38.70                     | 63.07       | 81.70                     | 62.78                              | 55.90                                | 48.26           | 86.00      | 86.00 | 6.88   |
| Kisii           | 69.67                             | 44.27      | 32.24                     | 34.10       | 81.84                     | 76.63                              | 78.12                                | 61.59           | 93.00      | 96.72 | 11.20  |
| Kisumu          | 46.78                             | 30.23      | 17.37                     | 34.75       | 68.63                     | 74.01                              | 73.62                                | 48.36           | 86.00      | 86.00 | 7.30   |
| Kitui           | 40.49                             | 38.22      | -                         | -           | 86.00                     | 53.51                              | 57.33                                | 53.09           | 86.00      | 86.00 | 5.73   |
| Kwale           | 7.29                              | 18.16      | 63.70                     | 63.70       | 82.81                     | 64.98                              | 64.50                                | 32.91           | 86.00      | 95.56 | 1.91   |
| Laikipia        | 56.26                             | 38.41      | 45.87                     | 58.29       | 80.27                     | 73.39                              | 68.80                                | 54.79           | 83.13      | 80.27 | 4.59   |
| Lamu            | 80.17                             | 86.00      | 57.33                     | -           | 86.00                     | 34.40                              | 64.50                                | 28.67           | 86.00      | 86.00 | -  |
| Machakos        | 32.99                             | 31.68      | 33.19                     | 35.46       | 64.88                     | 57.03                              | 55.45                                | 36.21           | 88.26      | 86.00 | 8.15   |
| Makueni         | 28.70                             | 31.71      | 50.17                     | 37.63       | 59.13                     | 52.68                              | 52.41                                | 27.47           | 86.00      | 86.00 | 7.53   |

|               |       |       |       |       |       |       |       |       |       |        |       |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| Mandera       | 35.35 | 32.25 | 75.25 | 60.92 | 71.67 | 51.60 | 59.13 | 69.28 | 80.63 | 86.00  | 6.45  |
| Marsabit      | 29.15 | 51.60 | -     | 25.80 | 45.87 | 37.84 | 38.70 | 42.04 | 77.40 | 103.20 | 6.88  |
| Meru          | 52.30 | 59.69 | 1.69  | 10.96 | 80.94 | 67.79 | 70.82 | 50.03 | 83.47 | 86.00  | 20.24 |
| Migori        | 65.91 | 48.53 | 29.69 | 25.60 | 80.88 | 61.43 | 62.96 | 58.02 | 86.00 | 89.07  | 9.83  |
| Mombasa       | 40.50 | 49.36 | 40.54 | 48.88 | 76.31 | 50.08 | 55.44 | 39.74 | 93.00 | 93.00  | 5.72  |
| Murang'a      | 32.76 | 25.80 | 49.14 | 49.83 | 76.44 | 71.26 | 68.60 | 51.87 | 88.05 | 86.00  | 14.74 |
| Nairobi       | 30.92 | 28.76 | 48.71 | 58.14 | 92.71 | 85.80 | 89.57 | 64.95 | 96.64 | 99.00  | 12.26 |
| Nakuru        | 29.15 | 19.35 | 9.21  | 17.40 | 76.79 | 64.50 | 67.57 | 60.06 | 86.00 | 86.00  | 12.90 |
| Nandi         | 40.00 | 25.80 | 19.11 | 38.22 | 86.00 | 77.40 | 80.63 | 54.15 | 76.44 | 86.00  | 26.76 |
| Narok         | 62.94 | 53.95 | 28.67 | 27.36 | 83.39 | 62.55 | 64.50 | 45.17 | 86.00 | 86.00  | 21.89 |
| Nyamira       | 53.53 | 36.31 | 30.26 | 23.09 | 86.00 | 72.62 | 70.47 | 56.27 | 86.00 | 86.00  | 23.89 |
| Nyandarua     | 30.72 | 33.11 | 48.02 | 55.54 | 83.13 | 69.23 | 63.96 | 53.03 | 84.93 | 86.00  | 12.47 |
| Nyeri         | 62.97 | 58.73 | 36.86 | 52.01 | 84.36 | 80.10 | 76.79 | 47.50 | 86.00 | 86.00  | 13.27 |
| Samburu       | 32.28 | 24.57 | -     | 16.38 | 61.43 | 49.14 | 52.21 | 65.52 | 86.00 | 86.00  | 14.74 |
| Siaya         | 34.50 | 25.80 | 47.78 | 50.96 | 82.81 | 78.36 | 71.67 | 63.70 | 86.00 | 86.00  | 5.73  |
| Taita Taveta  | 12.15 | 14.33 | 52.56 | 57.33 | 71.67 | 65.93 | 64.50 | 41.41 | 86.00 | 86.00  | 2.87  |
| Tana River    | 52.96 | 54.47 | -     | 4.78  | 86.00 | 63.07 | 64.50 | 54.15 | 86.00 | 86.00  | -     |
| Tharaka Nithi | 36.71 | 38.70 | 1.79  | 5.38  | 73.46 | 70.95 | 72.56 | 44.19 | 86.00 | 80.63  | 3.23  |
| Trans Nzoia   | 65.84 | 57.33 | 33.44 | 71.67 | 86.00 | 83.13 | 82.42 | 43.00 | 86.00 | 86.00  | 20.07 |
| Turkana       | 67.05 | 67.37 | 9.56  | 14.33 | 76.44 | 86.00 | 86.00 | 57.33 | 86.00 | 71.67  | 11.47 |
| Uasin Gishu   | 42.19 | 42.49 | 20.24 | 32.04 | 86.00 | 72.85 | 74.62 | 53.40 | 83.47 | 80.94  | 4.05  |
| Vihiga        | 50.29 | 33.54 | 14.33 | 17.20 | 65.93 | 72.24 | 73.10 | 44.91 | 86.00 | 86.00  | 10.32 |
| Wajir         | 20.62 | 13.51 | 20.48 | 28.67 | 69.62 | 56.51 | 73.71 | 66.89 | 86.00 | 86.00  | 31.94 |
| West Pokot    | 72.67 | 52.83 | 57.33 | 86.00 | 81.90 | 71.26 | 73.71 | 66.89 | 86.00 | 86.00  | 14.74 |
|               |       |       |       |       |       |       |       |       |       |        |       |

Source: Authors' calculations

## Appendix 8: Risk preparedness and management

| County          | Risk preparedness and management |                          | Knowledge and uptake of social security                      |  |  |  |
|-----------------|----------------------------------|--------------------------|--|--|--|--|
|                 | % of MSEs Aware                  | % of MSEs Taken measures | % of MSEs with knowledge on importance of business insurance | % of MSEs with knowledge on importance of health insurance | % of MSEs that have taken insurance for their business | % of MSEs that have taken insurance health |
| Baringo         | 20.64                            | 13.76                    | 24.08  | 37.84  | 3.44   | 17.20                                      |
| Bomet           | 43.78                            | 9.38                     | 32.84  | 56.29  | 3.13   | 56.29                                      |
| Bungoma         | 32.68                            | 21.50                    | 33.54  | 36.98  | 17.20  | 35.26                                      |
| Busia           | 25.02                            | 14.07                    | 21.89  | 37.53  | 6.25   | 29.71                                      |
| Elgeyo Marakwet | 29.71                            | 10.95                    | 23.45  | 37.53  | 9.38   | 21.89                                      |
| Embu            | 21.50                            | 12.90                    | 26.66  | 55.04  | 0.86   | 43.86                                      |
| Garissa         | 15.29                            | 15.29                    | 7.64   | 24.84  | 1.91   | 1.91                                       |
| Homa Bay        | 15.19                            | 13.16                    | 20.25  | 27.33  | 7.09   | 25.31                                      |
| Isiolo          | 51.60                            | 51.60                    | -  | -  | -  | -  |



|               |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|
| Kajiado       | 56.19 | 30.96 | 42.43 | 68.80 | 8.03  | 65.36 |
| Kakamega      | 48.16 | 12.04 | 51.60 | 59.05 | 2.87  | 44.72 |
| Kericho       | 32.68 | 17.20 | 24.08 | 51.60 | 15.48 | 37.84 |
| Kiambu        | 33.45 | 15.50 | 31.00 | 58.74 | 11.42 | 45.69 |
| Kilifi        | 58.05 | 15.05 | 58.05 | 53.75 | 2.15  | 36.55 |
| Kirinyaga     | 41.28 | 17.20 | 38.70 | 65.36 | 13.76 | 51.60 |
| Kisii         | 18.64 | 16.41 | 6.71  | 54.44 | 17.90 | 51.46 |
| Kisumu        | 41.18 | 13.03 | 38.57 | 58.38 | 7.82  | 42.22 |
| Kitui         | 13.38 | 13.38 | 24.84 | 28.67 | 24.84 | 7.64  |
| Kwale         | 38.22 | 15.29 | 30.58 | 51.60 | -     | 53.51 |
| Laikipia      | 45.87 | 36.69 | 48.16 | 57.33 | 32.11 | 50.45 |
| Lamu          | -     | -     | 86.00 | -     | -     | -     |
| Machakos      | 65.18 | 7.24  | 47.98 | 70.61 | -     | 54.32 |
| Makueni       | 53.75 | 11.83 | 64.50 | 70.95 | -     | 54.83 |
| Mandera       | 38.70 | 17.20 | 38.70 | 66.65 | 19.35 | 58.05 |
| Marsabit      | 30.96 | 13.76 | 17.20 | 47.30 | 8.60  | 8.60  |
| Meru          | 13.15 | 14.16 | 8.09  | 27.32 | 5.06  | 4.05  |
| Migori        | 24.57 | 22.73 | 15.97 | 34.40 | 5.53  | 27.64 |
| Mombasa       | 61.49 | 20.02 | 52.91 | 78.66 | 7.15  | 42.90 |
| Murang'a      | 17.20 | 8.19  | 27.03 | 54.06 | 4.10  | 44.23 |
| Nairobi       | 39.46 | 27.25 | 40.40 | 81.74 | 7.52  | 62.95 |
| Nakuru        | 52.21 | 6.76  | 41.16 | 70.03 | 1.84  | 51.60 |
| Nandi         | 36.31 | 22.93 | 28.67 | 43.96 | 19.11 | 30.58 |
| Narok         | 12.51 | 12.51 | 6.25  | 32.84 | -     | 28.15 |
| Nyamira       | 24.84 | 20.07 | 15.29 | 47.78 | -     | 47.78 |
| Nyandarua     | 33.11 | 22.79 | 23.65 | 41.28 | 6.45  | 27.09 |
| Nyeri         | 44.72 | 19.17 | 34.40 | 54.06 | 8.85  | 33.42 |
| Samburu       | 7.37  | 7.37  | 22.11 | 9.83  | 4.91  | 4.91  |
| Siaya         | 9.56  | 9.56  | 28.67 | 30.58 | 9.56  | 19.11 |
| Taita Taveta  | 28.67 | 8.60  | 5.73  | 43.00 | -     | 37.27 |
| Tana River    | 11.47 | 11.47 | 22.93 | 22.93 | 22.93 | 22.93 |
| Tharaka Nithi | 9.68  | 8.60  | 15.05 | 31.18 | 3.23  | 10.75 |
| Trans Nzoia   | 0.40  | 0.10  | 28.67 | 45.87 | 8.60  | 40.13 |
| Turkana       | 20.07 | 11.47 | 22.93 | 22.93 | 11.47 | 17.20 |
| Uasin Gishu   | 33.39 | 22.26 | 37.44 | 42.49 | 26.31 | 36.42 |
| Vihiga        | 49.88 | 8.60  | 48.16 | 56.76 | 8.60  | 39.56 |
| Wajir         | 31.94 | 12.29 | 7.37  | 41.77 | 2.46  | 27.03 |
| West Pokot    | 24.57 | 19.66 | 27.03 | 36.86 | 19.66 | 17.20 |

Source: Authors' calculations

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