

Kenya - FINACCESS MSE TRACK SURVEY MARCH 2023

Kenya National Bureau of Statistics

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Overview

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Overview

ABSTRACT

Previous MSEs tracker surveys conducted in 2021 provided very useful lessons on how the COVID-19 pandemic affected the MSEs. We were also able to assess the effectiveness of intervention measures by both the private and public sector to support business recovery in the post-pandemic period. Detailed information of these surveys can be accessed on Central Bank's website, <https://www.centralbank.go.ke/finaccess/>.

The MSE Tracker Survey is the first in a series of three cycles that has been undertaken to provide datasets and information on MSEs in Kenya. It identifies key characteristics of MSEs, role of technology in driving MSEs, financing and supply chain challenges and opportunities, marketplace dynamics, household dynamics, closed businesses, capacity building needs for MSEs, businesses' optimism and possible areas of interventions. The survey findings provide information on access to financial services, challenges in access to markets, access to supplies, access to credit, customer demand, and business environment for MSEs.

The team involved will conduct similar surveys in future on the same respondents to assess the survival rate, growth and coping mechanisms of MSEs in Kenya. This information is useful in assessing the impact of various policies, innovations, and other intervention measures to MSEs. The issues of focus in these surveys are well captured in the Kenya MSME policy 2020 that identifies expansion of access to formal financial services, financial education and credit sharing as critical to growth of the MSMEs sector. In addition, The Medium Term Plan (MTP) IV for 2023/24-2025/26 has extensively covered the proposed measures to develop the Micro Small and Medium Enterprise (MSME) Economy as a priority area. Among the supportive areas of focus are the implementation of favourable tax regime, support to business start-ups, training/skills development, establishment of industrial parks, enhancing access to markets and increased access and credit through The Financial Inclusion Fund (Hustler fund). These MSE

Tracker survey topline findings have identified these issues among the challenges facing MSEs. The data was collected from October 25, 2022 to November 15, 2022 through Computer Assisted Telephone Interviews (CATI). The survey sample for MSEs was drawn from FinAccess 2019 and 2021 household Surveys, targeting 4,125 respondents who indicated that they owned business or were self-employed. A total of 2,394 respondents were able to answer calls from research assistants. Of these, 1,715 indicated that their businesses were still operating, while 679 had closed. The survey provides important results for government, policy makers, innovators, and the private sector with interest in supporting inclusive finance and inclusive growth. Just to mention a few of these findings, of the 71.6 percent MSEs were operational at the time of the survey; 43.1 percent were female owned, while 28.5 percent were male owned. Of the 28.4 percent of the businesses that closed, 18.4 percent were male-owned, while 9.9 percent were female-owned. The survey indicates that more businesses in operation were in rural areas at 50.6 percent, compared to 49.4 percent located in urban areas during the survey period. Thus, women owned MSEs and those operating in rural areas have a higher survival rate. Businesses owned by respondents aged above 36 years were operational compared to those owned by youths (35 years and below) and most of the operational businesses, 93.3 percent are sole ownership.

We wish to thank the analytical team drawn from CBK, KNBS and FSD Kenya for spending long hours during the planning, questionnaire preparation, field work, data analysis and report writing. They have done a splendid job in rolling out yet another important piece of work. We look forward to the information that will come from the next cycles of Tracker Surveys

to track the MSEs dynamics. We invite the public and private sector to access this report as well as previous Tracker Surveys Reports, on the websites of CBK, KNBS and FSD Kenya for detailed information. They can also access respective datasets and use them to conduct analysis that suit their needs. We hope readers and other stakeholders will find information coming out of these reports useful for their needs. We look forward to receiving feedback for any future improvement.

Scope

NOTES

The 2018 Census of Industrial Production (CIP) targeted formal establishments that were involved in Industrial production activities across all the 47 counties. The term "economic activity" as used in the 2018 CIP refers to a combination of actions carried out by a certain entity that uses labour, capital, goods and services to produce specific products (goods and services). An activity is characterized by: (a) an input of resources; (b) a production process; and (c) an output of products.

Following the International Standard of Industrial Classification (ISIC) rev 4, the scope of the Census extended to ISIC sections B, C, D, E and F, namely:

? Section B: Mining and quarrying

? Section C: Manufacturing

? Section D: Electricity, gas, steam and air conditioning Supply

? Section E: Water Supply; Sewerage, Waste management and remediation activities

? Section F: Construction

KEYWORDS

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