Understanding Challenges for Ugandan Businesswomen

A survey of Women-led Enterprises

Key Survey Findings

Ms Josephine Brauner (ITC)
24 June 2021
1. A survey of women-led businesses in Uganda

2. Mapping women’s participation in business

3. Women’s access to markets
   • Free Trade Agreements and participation in consultations
   • Challenges for women entrepreneurs in Uganda

4. Empowering women through public procurement
Promoting gender-sensitive trade policies in Uganda

Objective:
Make the case for gender-responsive trade policies in Uganda

Project:
Netherlands Trust Fund IV (NTF IV)

Contribution to SDGs
Methodology of the Women in Trade Survey

• Based on ITC’s NTM survey methodology, aiming at identifying the non-tariff barriers faced by SME exporters and importers www.ntmsurvey.org (33,000 interviews conducted up to now).

• A newly created framework that provides trade policy makers with a solid evidence base on women's participation in trade, and helps them improve gender mainstreaming in trade policy-making.

• A contribution to Sustainable Development Goal 5 on Gender Equality and the Buenos Aires Declaration on Trade and Women's Economic Empowerment.
Main objectives of the survey

The survey aims to:

- Collect firm level data on women-led businesses’ participation in trade to support the Government of Uganda in building a solid evidence base to inform its policy-making process.

- The data will help formulating national AfCFTA strategy, and putting together gender-responsive public procurement measures.

- The data collected will also support the creation of a directory of women-led businesses.
Adapted methodology to address the following questions:

- What barriers do women-led businesses from Uganda face when engaging in trade?
- Are women-led businesses aware of national and international procurement opportunities and what can be done to improve their participation in tenders?
- To what extent do women-led businesses use existing trade agreements and what are their expectations for the AfCFTA?
Profile of companies interviewed

Target population

Ugandan women-led (managed and/or owned) companies, in the goods and services (ICT, tourism and business services*) sectors.

Sample size

185* women-led businesses trading goods and services (ICT, tourism and business services*) in Uganda

*This includes 100 companies from the goods sector and 85 from the services sector
Women-led companies trading goods and services in Uganda

Most women-led companies in Uganda are both owned and managed by women

Each dot represents a percentage point

* Note: A company with more than 50% women ownership is classified as owned by women
Most women-led companies are small

Most women-led businesses in Uganda are micro or small in size with less than 50 employees

Women open opportunities for women

Female employment rate is high in women-led businesses, particularly in those involved in trade and manufacturing of goods

Share of female employees in women-led businesses in Uganda

<table>
<thead>
<tr>
<th>Sector</th>
<th>Female employees</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods sector</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Services sector</td>
<td>55%</td>
<td>45%</td>
</tr>
</tbody>
</table>

The 2016 NTM Business Survey in Uganda showed similar results

Women employees as a share of total employees (average)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Women employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men led trading companies</td>
<td>16%</td>
</tr>
<tr>
<td>Women led trading companies</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: ITC NTM Business Survey in Uganda, 2016
Women-led businesses in the services sector in Uganda

Ugandan women-led enterprises in the services sector are mostly involved in computer and related services, and engineering services.

Type of services sold by Ugandan women-led companies*

<table>
<thead>
<tr>
<th>Professional, scientific and technical services</th>
<th>Telecommunication and computer related services</th>
<th>Tourism services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering services 15%</td>
<td>Research, Development, and Testing services 9%</td>
<td>7%</td>
</tr>
<tr>
<td>Management consulting services 14%</td>
<td>Legal services 5%</td>
<td>Travel arrangement services</td>
</tr>
<tr>
<td>Accounting, auditing, bookkeeping and tax consultancy services 5%</td>
<td>Computer and related services 32%</td>
<td>5% Passenger transport services</td>
</tr>
<tr>
<td></td>
<td>Telecommunications services 4%</td>
<td>Accommodation services 2%</td>
</tr>
</tbody>
</table>

* Based on interviews with 85 companies engaged in services operations.
Client referrals and online marketing are the main marketing channels for women-led businesses.

How women-led businesses in Uganda market their goods and services offerings

- Client referrals (word of mouth): 31%
- Online marketing (including social media): 30%
- Direct marketing (emails to clients, phone calls etc.): 14%
- Company website: 7%
- Company does not market: 3%
- Others: 16%

Note: Other marketing channels include selling points, marketing via local distributors or agents, tender and bidding processes.
Few companies have a gender equality policy

Measures reported as being part of a gender equality policy include:

Embedded in the company policy is the call to adhere to principles of non-discrimination based on gender.

Women-led exporter of computer and related services

We give women more opportunities to manage key positions, minimize gender inequality and encourage training of women in various skills.

Women-led exporter of manufactured goods
Around half of women-led companies are involved in international trade

Goods sector
- Exporter of goods: 27%
- Both exporter and importer of goods: 14%
- Importer of goods: 8%
- Neither exporter nor importer of goods: 51%

Services sector
- Exporter of services: 35%
- Both exporter and importer of services: 6%
- Importer of services: 9%
- Neither exporter nor importer of services: 49%
Few women-led exporters utilize trade preferences

Utilization of trade preferences among women-led trading companies*

Using trade preferences: 22%
Not utilizing any trade preferences: 78%

The East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), are the most common agreements used by women traders

EAC:
- 91% companies in goods, 55% companies in services

COMESA:
- 18% companies in goods, 55% companies in services

*Based on response from 49 exporters and importers of goods, and 49 exporters and importers of services

Note: Uganda, Kenya, Rwanda and Burundi are state members of both EAC and COMESA

*Based on response from 11 exporters and importers of goods, and 11 exporters and importers of services
Women led - companies are optimistic about the benefits of the AfCFTA

The AfCFTA provides possible economic empowerment of rural women.

Women-led provider of computer and related services

The AfCFTA will open up the African continent to Africans.

Women-led company selling agricultural goods
Half of the exporters of goods and services face obstacles complying with trade regulations and procedures.

Companies facing obstacles with regulations when exporting goods or services:
- 50% Exporters

Challenges with the regulations when exporting goods or services:
- Regulation itself: 43%
- Both: 34%
- The actual procedures: 23%

Origin of the regulations:
- Partner country: 71%
- Uganda: 29%
Most of the companies do not report the obstacles they face

Where do you usually report the obstacles related to your business activity?

- I do not report the obstacles my company faces: 84%
- Direct contact with national institutions: 11%
- Websites: 4%
- Direct contact with regional institutions or African business associations: 1%
- Direct contact with foreign country institutions: 1%
## Main information needs of companies and their ability to access it

<table>
<thead>
<tr>
<th>Information</th>
<th>Company is able to find the required information</th>
<th>Company is unable to find or access the information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information on internal taxation (incl. VAT, corporate income tax, digital tax, etc.)</td>
<td>61%</td>
<td>17%</td>
</tr>
<tr>
<td>Information about licences and certifications requirements</td>
<td>34%</td>
<td>21%</td>
</tr>
<tr>
<td>Information on market size, market prices and forecasts</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Private and voluntary standards required by foreign clients</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Regulations and procedures in relation to investments in foreign markets (e.g. limits to foreign ownership)</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>Information on Uganda’s trade and investment agreements with other countries</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>Information on services export and import values</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Regulations and procedures related to the cross-border transfer of data</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Information on public procurement in foreign markets</td>
<td>4%</td>
<td>12%</td>
</tr>
<tr>
<td>Regulation and procedures in relation to the movement of company employees abroad (e.g. business visa or work permits)</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Women-led companies principally turn to national institutions and search for relevant information online.

Websites of national institutions dominate as consulted source. Exchange with other companies in the sector is a further common way for women-led firms to obtain information about business operations.

<table>
<thead>
<tr>
<th>Sources of information consulted</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Websites</td>
<td>47%</td>
</tr>
<tr>
<td>Direct contact with national institutions</td>
<td>43%</td>
</tr>
<tr>
<td>Through exchange of information with other companies in the sector</td>
<td>18%</td>
</tr>
<tr>
<td>Direct contact with a private consultancy company</td>
<td>12%</td>
</tr>
<tr>
<td>Direct contact with foreign country institutions</td>
<td>10%</td>
</tr>
<tr>
<td>Direct contact with regional institutions or African business associations</td>
<td>1%</td>
</tr>
</tbody>
</table>
Women entrepreneurs are members of national and sector trade networks

Women tend to be members of national and sector specific associations and business-related networks. Women’s Business Associations are certainly relevant.

Membership in business-related networks

- Chamber of commerce: 2% Goods, 6% Services
- Women’s Business Association: 6% Goods, 6% Services
- Cooperative: 3% Goods, 3% Services
- Uganda Manufacturers’ Association: 3% Goods
- Business Association: 2% Goods, 9% Services
- KACITA Uganda: 2% Goods
- Others: 17% Goods, 39% Services
Benefits from the membership of trade networks and associations

Benefits received from membership in trade networks

Other types of benefits reported:

- Review and input into new laws, policies or regulations that affect the sector
- Mainly a platform to lobby for policy change against high taxation
- The membership gives the company an image as a reputable company
Over half of women entrepreneurs face difficulties in applying for funding

Share of businesses that have faced difficulties applying for funds

- Yes: 53%
- No: 47%

Most important source of funding for women-led businesses

- Commercial banks/credit institution: 33%
- State owned bank/development bank credit institution: 2%
- National funding institutions: 2%
- Investors/Business partners: 6%
- Family: 3%
- Parent company: 1%
- Other: 7%
- Not applicable: 48%

One of the biggest challenges was to meet the Uganda Development Bank requirements. We have adopted audited books of accounts and other processes in order to qualify. Commercial banks have high interest rates, it's really expensive and we need alternatives for it to make sense.

Commercial banks rarely want to lend to start-ups, thus imposing many requirements for example depositing bid security (from company's own money) with the bank, which means locking these resources up with the bank for at least 6 months.

Women-led producer of manufactured goods

Women-led provider of telecommunication services
Participation in public procurement is higher for companies trading services, but limited among companies trading goods.

Only one third of companies involved in trade and manufacturing of goods participated in a public procurement process.

….while more than a half of companies involved in trade in services participated in public procurement processes.
Challenges remain for women in public procurement

Share of women-led companies facing difficulties with public procurement processes

- Goods: 64%
- Services: 72%

Businesses find gender-specific provisions lacking in public procurement

- Yes: 14%
- No: 79%
- I do not know/No response: 7%

We always just prequalify and never win tenders because we are not informed of the opportunities, and upon request they are not consistent to answer questions when we follow up.

Women-led provider of telecommunication services

There is high bid security required by the procuring entity. The criteria for selection are not clearly defined.

Women-led seller of manufactured goods
Lack of information and technical capacity are the main barriers

Existing barriers for women in public procurement participation

- Lack of information about the tender
  - Goods: 46%
  - Services: 45%
- Lack of technical capacity
  - Goods: 22%
  - Services: 18%
- Perception of corruption
  - Goods: 22%
  - Services: 37%
- Late payments
  - Goods: 12%
  - Services: 5%
- Tender is difficult to access
  - Goods: 9%
  - Services: 5%
- Excessive financial requirements
  - Goods: 9%
  - Services: 13%
- Tender is difficult to understand
  - Goods: 6%
  - Services: 5%
- Do not have a track record of experience
  - Goods: 4%
  - Services: 8%
- Not enough time to prepare the bid
  - Goods: 3%
  - Services: 5%
- Do not receive feedback when lose
  - Goods: 1%
  - Services: 5%
Enabling women’s procurement participation

Ensure **fair and equal competition** in as far as product quality is concerned. Procuring entities have in some instances taken lower priced bids, even when there is evidence of poor quality of the company’s product.

Women-led supplier of manufactured goods

Processes are too long and the decision making takes long and it frustrates the they prefer international companies and ask for bid security and **performance bond, which we cannot afford** - all these must change for us to get more involved.

Women-led supplier of manufactured goods

An **online procurement process** would be more efficient, more transparent and would save time and stationery

Women-led provider of research, development, and testing services

Improve transparency, and allow for online submission of tenders

Women-led provider of advertising services