

## Policy Brief

### *A Wealthy Woman, a Wealthy Nation:*

### *Harnessing the Potential of the Rural Woman Entrepreneur*

#### Executive Summary

Over the years, the number of women-owned businesses in Uganda has continued to increase. Their growth outpaces that of male-owned enterprises. Despite this positive trend, businesses owned and run by women face more difficulties than those of their male counterparts (Bradshaw, 2013, Niethammer, 2013, ADB, 2015). The situation is particularly challenging for female entrepreneurs in rural areas. Their enterprises are predominantly agriculture-oriented but they lack value-addition services. As a result, they encounter heavy losses and poor returns on investment because of their products' susceptibility to price fluctuation, short life-spans, spoilage and limited scope for arbitrage; consequently trapping them in a vicious cycle of poverty. Indeed, lack of, and limited access to value-addition services deprives the rural woman entrepreneur and the national economy of billions of shillings every year.

While Uganda has made considerable strides in gender empowerment in the political arena, the participation of the woman in the formal economic space is dismal. Women are audibly absent in policy discussion in forums that deliberate on challenges and interventions such as value addition and access to markets. These rural women entrepreneurs are overexploited by people to whom they sell raw materials at a giveaway price, and who charge them over 200% more for the finished product in return.



*Groundnuts and peanut butter. Adding value to agricultural produce is a challenge for many rural female entrepreneurs.*

Women therefore require special intervention that is customized to their unique circumstances.

To reach out to rural women entrepreneurs, Uganda Women Entrepreneurs Association Limited (UWEAL) has established 23 Chapters in the rural Districts strategically positioned to support women in their efforts to exploit their full potential. The challenge however remains the lack of modern equipment and one-stop product incubation and quality standard service centers.

Therefore, UWEAL has prioritized an advocacy campaign to ensure that women entrepreneurs get access to value-addition and product certification services so as to successfully obtain a place on the shelves of the local supermarkets and in the export markets, ultimately improving income and employment.

Supporting the rural woman in production to add value to her product will undoubtedly increase the capacity to significantly contribute to the transformation of the local and national economy. If three quarters of Uganda's productive force earns a better income, the contribution to the economy will be exponential.



*Rural women from UWEAL's Mpigi Chapter participating in value-addition training,*

*(Photo: courtesy of Betty Bwanika)*

## *Extension of Value Addition Services to Ugandan Rural Women Entrepreneurs*

### **Introduction**

Uganda Women Entrepreneurs Association Limited (UWEAL) is a women membership-based organization that has been in existence for the last 30 years working with, and supporting women to exploit their full business potential. UWEAL's mandate is to promote business networking among women entrepreneurs and the business world; build capacity of women entrepreneurs to harness business opportunities and to advocate for a business-enabling policy environment necessary for women-owned enterprises to thrive.

UWEAL engages in dialogue with Government Ministries and Agencies to advocate for establishment of effective interventions or redress imbalances arising from existing policies that undermine women efforts to exploit their full potential. UWEAL has been working in partnership with trade-facilitating and regulatory agencies notably Uganda National Bureau of Standards (UNBS)<sup>1</sup> and Uganda Industrial Research Institute (UIRI)<sup>2</sup> to build capacity of women to add value to their products and attain quality standards.

Lack of access to value-addition services either through purchasing own modern equipment or having product incubation centers where women can process their produce and become independent later remains a great barrier to women's efforts to profitably exploit possibilities for agricultural industry development.

Women immensely contribute to agriculture, the backbone of Uganda's economy. They contribute over 70% of the labor force of which 90% is contributed by rural women. They are therefore

the right group of people that should benefit from agriculture, but with lack of access to value-addition services, they either process their produce crudely using rudimentary tools or sell the raw produce at giveaway prices to avoid spoilage.

There is a need therefore to customize interventions that will enable women to participate in the policy discussions in the economic arena that deliberates on challenges and interventions like access to markets, and value addition respectively. UWEAL has prioritized the advocacy to ensure that increased numbers of women-owned products will undergo value-addition and obtain the required standard certification so that they can demand a place on the shelves of the local supermarkets and in the export markets.



*Training in fruit processing given to rural women by the Uganda Industrial Research Institute.*

*Processed fruits can have a longer shelf life, so that women are under less pressure to sell as quickly as possible. This contributes to a better bargaining position on the market.*

*(Photo: courtesy of Betty Bwanika)*

<sup>1</sup> Responsible for quality standards

<sup>2</sup> Responsible for product development, processing, preservation and packaging

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### **Key Issues**

#### Policy Design

Despite their undisputable contribution to the economy, women and especially rural women are left out in design, discussions and action planning of policies that affect them.

The absence of mechanisms and platforms to engage and support rural women entrepreneurs to identify and understand the market dynamic leads to a loss of about 2.5 billion Uganda shillings annually. For example, in the year 2012 Uganda exported 2,810 tons of groundnuts according to official statistics (MTIC, 2015a) which amounts to approximately 3000 tons<sup>3</sup> in reality, since a good proportion of the produce is not documented.

Whereas Uganda grows a lot of groundnuts, most of the peanut butter is imported and a 500g package is sold at 12,000 shillings. Yet in Uganda, ½ kilogram of seeds costs between 1,000 and 1,500 shillings in rural areas implying that even after deducting costs of production the seller still has good profit margin. The price of peanut butter therefore is about 7 times that of raw peanuts.

Shea nuts are a high value ingredient used in cosmetics production and would fetch over 20 times the value of shea nut seeds. These are products sold by women at giveaway prices in rural Uganda.

To support rural women to add value and develop markets for their products and grow their businesses, UWEAL in partnership with UIRI conducts outreach training of rural women entrepreneurs in product development, processing, branding, packaging, and marketing. They are also trained in good manufacturing and hygiene practices. For example, 165 women producing juice and millet porridge (bushera) were trained in product development, preservation, and packaging in Kisoro.



#### Access to Markets

The rural entrepreneur is unable to access or pay for value addition services so as to improve quality and value of her product.

She is inadvertently disadvantaged more than others from the onset due to limited access to value-addition services, quality standard and product certification requirements. As a result she is unable to exploit existing lucrative markets. The low quality and uncertified products earn little income that keeps her trapped in the vicious cycle of poverty.

The hard-working woman struggling to make a living is by default excluded from programs designed to take Uganda to the middle income level by 2040 (NPA, 2017). She cannot and will not benefit from the lucrative regional and international trade agreements (EAC, COMESA, EPA-EU, and AGOA-USA<sup>4</sup>), and “local content campaign”.

In a study done by Makerere University Business School and Eindhoven University of Technology in partnership with UWEAL (Kyejjusa S, Romijn H, 2016) found that lack of access to value-addition services is one of the major barriers to women’s efforts to exploit their full business potential and to break through the poverty trap. Women were crudely processing their goods using rudimentary tools and as a result getting poor and inconsistent quality products that are over-looked by potential customers.

Whereas Uganda government’s empowerment of women and the girl child is undeniably on record, there is need to actively cultivate the potential in the 65% that is latent in women owned

<sup>4</sup> East African Community (EAC); Common Market of Eastern and Southern Africa (COMESA); Economic Partnership Agreements – European Union (EPA-EU); African Growth and Opportunity Act – United States of America (AGOA-USA)

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enterprises. Addressing the needs of the women in business such as limited access to value-addition, market information and funding will greatly contribute to achievement of Vision 2040 of transforming the economy to a middle-income status. The rationale is clear. To Lomborg (2010), each US\$1 spent on improving women's access to economic opportunities results in a US\$7 worth.

A number of Uganda government's policy documents identify value-addition as a key intervention for economic transformation:

The Uganda Micro, Small and Medium Enterprise (SME) policy, 2015 (MTIC, 2015b), emphasizes the need for value addition if the government is to vitally improve its economy.

The National Grain Trade policy (MTIC, 2015a) shows that there are limited agro-processing and value addition facilities. For example 2,810 tons of groundnuts were exported in raw form in 2012, yet it would have fetched much more money if it were processed.

This policy brief therefore outlines recommendations for consideration to enhance the capacity of the woman to fully participate in the quest for Ugandan Vision.

### **Policy Recommendations**

- Special consideration for waiver or subsidy of the product certification fees for products of rural women enterprises.
- Establishment of value-addition training and incubation centers in rural areas with capacity to provide market information and holistic value-addition services such as product development, processing, preservation, packaging, and marketing skills.
- Deliberate establishment of consultative meetings between women in trade and

women information desks at District level and at the Ministry of Finance, Planning and Economic Development as well as MTIC, manned by representatives of women's organizations to coordinate women economic affairs.

- Preferential treatment for products produced by women in government procurement so as to boost their financial capacity leading to business expansion and job creation.

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