



Gender Transformation & Empowerment



AT A GLANCE

Policy Brief

WOMEN'S PARTICIPATION IN TRADE IN UGANDA

Introduction

This policy brief highlights the key findings and recommendations that arose from the study on women's participation in trade in the districts of Kampala, Lamwo and Busia. The aim is to provide advocacy issues for the women's movement to meaningfully engage for policy influence and reform with the line ministries, legislature, local governments and other relevant stakeholders on issues that continue to hinder women's participation in trade.

The study considered the legal and policy frameworks governing trade from a gender perspective, the nature/type of trade in Uganda and women's involvement in trade, the barriers women face in trade and the available opportunities women can tap and sought to identify the advocacy issues relating to trade. The study further documented case studies on the barriers and best practices of women's organizing on economic activities and how this has facilitated or inhibited protection of their rights.

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Context

Since the beginning of 2016, the economy has witnessed some instability and volatility arising from a number of factors: the staging of a national election, a slowing and volatile global economy, and the subsequent declining commodity prices resulting from slower growth in two large economies, China and Brazil. With these developments, the shilling lost value steeply, reaching an annual depreciation rate of **40%**¹ by September 2015—unprecedented since the liberalization of the foreign exchange market. Inflation also edged up to **8.5%**, with firm expectation among economic players that it would increase due to the heavy depreciation of the currency, on top of other factors. The Central Bank responded by pursuing a tighter monetary policy stance, that succeeded in withdrawing money from circulation, signaling a tighter monetary policy. As a result, the price of treasury bills went up, constraining the government borrowing and spending on its

planned investments while the cost of borrowing from banks increased for the private sector.

Overall, the economy is estimated to have growth by in the range of **4.5% to 5%** during the financial year 2015/16. This growth rate is much lower than **5.42%** that was anticipated in the previous update. Significantly, this is almost more than a percentage point lower than the government's original projection. The takeoff of Karuma and Isimba dams helped sustain economic activity in spite of the weak economic environment and the below-par performance of some of the government's other planned investments. The biggest explanation for the slower economic growth was the impact of macro volatility on the private sector activity. In terms of growth, Uganda continues to trail other East Africa countries, in particular, Rwanda and Tanzania are forecast to have grown at **7%**, while Kenya is at **6%** during this year.

Despite these challenges, Uganda's economic outlook remains positive now that the electoral cycle has ended and private sector activity can start picking up. Moreover, the government's extensive infrastructure development program should boost local economic activity even if the global economy remains sluggish.

All factors remaining constant, the economy is expected to recover and grow by **5.8%** in 2016/17, thereafter rising to above **6%** in the medium term. Revenue collections are projected to rise to about Shs 13 trillion, which is about **14%** of GDP during the year ending June 2017, up from about Shs 12 trillion for the financial year ending June 2016. The Central Bank is also loosening the monetary policy, reducing the cost of its loans to commercial banks from **17% to 16%**, which could see more private sector lending to stimulate the economy further.³

The Legal Framework

In matters of trade, the key policy frameworks for trade in Uganda are the National Trade Policy 2008 and the National Industrial Policy 2008. The National Trade Policy explicitly addresses development aspects in a holistic manner including sustainable development, by providing opportunities for creating wealth through income generation and distribution, increased employment, competitiveness and economic and social well-being. One of the guiding principles in the national trade policy 2008 is creating opportunities for

equal participation in trade through entrepreneurial development, giving priority to the socially and economically disadvantaged groups including women. The policy further states that it will boost capacities of these socially and economically disadvantaged groups to trade provide adequate resources financial and human to facilitate trade development activities right from the grass roots, provide resources for participation in activities that are aimed at securing improved and predictable market

access for Uganda products and services.

Under domestic trade, the National Trade policy 2008 states that disadvantaged groups, particularly women, youth and PWDs will be encouraged and empowered with a view to enable them participate more in domestic trade.

The “*National Industrial Policy; A frame work for Uganda's Transformation, Competitiveness, and Prosperity*” provided long-term

1 The World Bank Economic Update

2 Ibid

3 Ibid

perspectives needed for Uganda to achieve sustained transformation of the economy. Uganda's National Industrial Policy 2008 mentions that gender balanced and gender sensitive Industrial transformation shall be prioritized. It further indicates that stakeholders will be trained in gender analysis, gender planning and realistic application of gender strategies and measures in industrial operations. It will also promote and develop vocational and technical education for disadvantaged sections of society such as women and people with disabilities through affirmative action. Establish gender focal points in industry and industrial support institutions to ensure that gender is addressed in employment policies and practices.

At the national level, the Constitution of the Republic of Uganda (1995) explicitly provides for the *"Rights of women"* (Constitution of the Republic of Uganda 1995, Chapter 4, Section 33:1-6). The state undertakes, inter alia, to *"provide the facilities and opportunities necessary to enhance the welfare of women to enable them to realize their full potential"* and that *"women shall have the right to equal treatment with men and that right shall include having equal opportunities in political, economic and social activities."*

The government has begun to create mechanisms to operationalize its international and constitutional obligations, including through the National Gender Policy (1997) (Currently being revised) and the National Action Plan on Women 1999. However, much remains to be done to take forward activities to implement gender equality in Uganda's legal and development policy framework.

State of trade in Uganda

The Ugandan economy is dominated by three main sectors: Services, Agriculture and Industry. The agricultural sector is a significant player in the economy as it contributed to **22.5%** of GDP in 2015 and employs close to **80%** of the country's population—a majority of who are poor. The sector is mainly comprised of subsistence production with very limited orientation towards commercial agriculture.

Uganda imports more than it exports. Last year, 2015, Uganda imported \$6.03 billion and exported \$2.34 billion resulting in a trade deficit of \$3.7Billion.⁴ However over the last five years the exports of Uganda have increased at an annualized rate of **4.7%**, from \$1.86B in 2009 to \$2.34B in 2014. The most recent exports are led by Coffee which represent **20.2%** of the total exports of Uganda, followed by Raw Tobacco, which account for **5.62%**. Other core exports include fish and fish products, tea, cotton, horticultural products, and gold.

Alternatively, In 2014 Uganda imported \$6.03B, making it the 125th largest importer in the world. During the last five years, the

imports of Uganda have increased at an annualized rate of **7.4%**, from \$4.22B in 2009 to \$6.03B in 2014. The most recent imports are led by Refined Petroleum which represent **21%** of the total imports of Uganda, followed by Packaged Medicaments, which account for **5.32%**. Other highly imported goods include capital equipment, vehicles and cereals.⁵

Uganda's main trading partners are Kenya (\$268M), Rwanda (\$263M), South Sudan (\$249M), Democratic Republic of Congo (DRC)(\$180M), the Netherlands (\$150M), European Union countries, the United Arab Emirates (UAE), and South Africa⁶.

Government policy has focused on export led growth strategy with government providing enabling environment for the private sector to produce and trade competitively. Consequently, more efforts have been directed towards developing export trade with little explicit efforts directed towards developing domestic trade which has led to a below-optimal exploitation of the linkage between domestic and international trade. The development of domestic trade is a priority and an integral part of the National Trade policy unit.

The Nature/Type of Trade in Uganda

In Uganda, micro businesses account for **70%** of the total businesses while small businesses account for **20%**⁷. In terms of ownership by sex there was an increase in the proportion of businesses owned by females from **37%** in 2001/2002 to **44%** in 2010/2011. Out of the total number of females employed, **44%** were in the Trade sector followed by **23%**

in the Accommodation and Food Services sector (Census of Business Establishments' report, UBOS, 2011).

According to the World Bank study (World Bank–Nov 2010: pg.14) **6%** of the women, as compared to **13%** of men work in small industries; while **13%** of women, as compared to **23%** of men, work in the service

4 OEC Country analysis, Uganda.

5 IBID

6 IBID

7 Uganda census of business establishment

industry. It should be noted that in these sectors, the majority of women are found in the lower categories. These disparities are as a result of limited job prospects, differences in education and power dynamics at the

household level and at work place other human capital variables.

Results from the Uganda Population and Housing Census 2014 revealed that **31.6%** of the working women between the ages of (14–64) were

unpaid family workers with negligible income. Those that are engaged in trade, remain largely in the informal sector. Trading activities play a crucial role in improving their household income.

The Barriers that Women face in trade and available Economic Opportunities

World over, there are still several barriers that limit full participation of women in trade. Among them are language, insufficient working capital and the double burden of unpaid care work and low paid precarious that women disproportionately shoulder. A Rapid Assessment on Economic Status of women, conducted by UWONET

in May 2015, further established that women's economic participation was hindered by poor access to the productive financial and non-financial resources, limited skills and exposure, financial illiteracy, low education levels among women, persistent cultural and gender discriminatory attitudes and

practices that undermine women's rights to own and control means of production and lack of the value for women's work. This study sought to explore further the barriers women in Uganda face in trade and the economic opportunities available to women.

Some of the barriers that were identified included:

Access to economic resources; World over, access to resources for women continues to remain a challenge with only **1%** of land owned by women globally. In Uganda only **27%** of registered land is owned by women (NDP II). This reality is documented in the study where it was noted that the subject of lack of resources or access to resources to be used as security to acquire loans was clearly articulated in the districts of Busia and Lamwo. Participants in FGDs stated that *“Women do not own or have access to resources such as land that they can use as security to acquire loans from financial institutions”*. They stated that this is the biggest barrier to women's participation.

Unavailability of user-friendly credit facilities; all three districts sited the lack of availability of credit as a critical factor preventing them from engaging in trade. Where credit facilities were available, the general consensus

that there were other issues such as high interest rates, lack of security for getting loans, finding guarantors, challenges filling-in the application forms mostly caused by low literacy levels and limited or no money in the group saving cash box to lend out.

Lack of information; in Busia and Lamwo, it was noted that there was limited information surrounding the rules and regulations governing cross border trade. They therefore made use of middle men at the borders who often would take a lot of money from them. According to one business woman, *“After buying Irish from Kenya taking to Kampala, you have to call the clearing agents, inform him the much you have. Now by the time you arrive the papers are ready, pay them and just cross the border without knowing anything because you are in a hurry you do not ask any question, and even in the produce market I use the same*

person and I also link them to other people who want to clear their goods. It is after this background that we are need of trainings”.

Limited skills; there remain few economic opportunities for women traders in the communities. Where they exist, they mostly enable engagement in informal trade as a result of the lack of skills and resources to better harness them. Majority of the women traders have limited entrepreneurial knowledge and skills. This scenario is more common in the distant and hard to reach districts as exemplified in Lamwo district. The probability of the women traders rising beyond their current business status is low. The scenario is slightly different in districts like Busia and Kampala where the existing organizations are more empowered to provide a variety of economic opportunities and Knowledge.

Cultural beliefs and practices; the cultural attitude that women can only play a role in home management still thrives in Uganda. The Unpaid care work burden in a home setting has limited women's participation in trade because of the care roles attached to women for example cooking, fetching water and firewood, caring for babies among others. According to participants in an FGD in Busia some communities still perceive women as assets that should be kept at home and not work as stated, *"In towns, communities are accepting the idea of women working compared to the villages where men still feel insecure"*. The gender dynamics of trade in agricultural produce should also be examined. In most cases, when a crop gains high demand on the market, it ceases to be a woman's crop. The implication of this is that women end up trapped into production of crops that don't improve their welfare, thus bearing the brunt of economic hardships.

Limited access to a bigger market base; Majority of the women sell their products or commodities in small markets and fetch low prices which has affected the growth and sustainability of their businesses.

The women who are engaged in joint marketing are always out competed by organized middle men. *"the middle men just by pass our stores and continue to buy direct from the producers at very low prices"* FGD Lamwo. The policy of buffer stocking is not yet operational and hence women in produce business are exploited.

Limited information legal and policy frameworks governing trade e.g. National trade policy 2007, National Industrial Policy 2008, Trade licensing act, EAC trade protocols (customs

union and open market protocol), Tax policies and administration. This has resulted to the low participation of women because they can not exploit the opportunities presented in the frameworks.

Low literacy levels among women in business; The literacy levels among women in Uganda is at **68%** compared to men **77%** and the national average of **72%** (National Population and Housing Census report 2014). The situation is even worse with the women in business who majority cannot read and write, hence miss out on relevant business information.

Unfavorable tax administration; Women in business are not organized to challenge the unjust tax administration and thus continue to bear the brunt of such poor policies. This has reduced their profit margins and affected stability of their business.

Fluctuating prices

"In August 2015, the dollar cost went abnormally high which forced my suppliers to almost double the price of their commodities, life was too hard for me because I ran out of stock yet customers could demand for commodities which I did not so I lost many customers and the land lord wanted 3 months advance of rent, I was so confused and stack on what to do. In September I went to Centenary and secured a loan but the rates were very high yet they also wanted to collateral security which I did not have, I gave up and waited patiently for the dollar to go down". I therefore appeal to the government to stabilize the economy, to provide cheap loans which are affordable to us women with small stock. Namuyaba Zaitun (not real name); Kampala.

Corruption at the EAC Customs

Agutu narrated that at the border they are overcharged and the officials are very corrupt, she added that if one doesn't have the money to pay, some officers demand to sleep with them first so they can clear their commodities. *"Most of the officers at the border are very young who are not experienced, they only believe in bribes, I rely wonder whether those so-called officers are paid salary or not!The check points are very many yet you have to pay at every check point, this makes transport very expensive because the trucks are paid per day so the more days you take on the way the more expensive it becomes for transport."* Agutu Helen (not real name); Kampala

Nature of Trade in Lamwo, Kampala and Busia Districts

A number of policies exist that govern trade in Uganda, however much still remains to be done to take forward interventions to implement gender equality in Uganda's legal framework.

Women are involved in both formal and informal trade. However majority are in small, informal, unregistered businesses. These include:

1. Sale of fresh foods
2. Tailoring
3. Salon/hair dressing,
4. Local brew/alcohol making
5. Kiosk management and sale of general merchandise
6. Candle making
7. Sale of used clothes
8. Sale of improved seed varieties, groceries, textile, domestic and electrical appliances, stationery and book sale, and fruit among others.
9. Women involved in cross border trade are equally involved in informal businesses (smuggling) attributed to lack of capital, information and skills to engage in formal businesses.
10. Businesses owned by men are bigger than the ones owned by women.

11. Women have limited access to information on cross-border and regional trading information.

The biggest barrier to trade for most women was not owning or having access to resources that can be security for bigger business loans. Other barriers include lack of information on trade, high illiteracy rates among women, lack of skills, absence of friendly credit facilities and cultural beliefs.

Markets under the current neo-liberal paradigm continue to fail the poor and this impact is felt more on women. This has not only increased inequalities but also perpetuated their vulnerability.

Insights to Remedy

In order to address these challenges the study found the following to be useful avenues of intervention.

Capacity building; Those who proposed capacity building stated that it is important in encouraging and supporting women to engage in economic activities. According to the female respondents in Lamwo district, the women need training in record keeping, accountability and attain skills in managing other areas of business. In Busia district, entrepreneurship training was recommended to enhance women's technical capacity to better their businesses and their understanding of trade matters in order reap more profits. This they added calls for training in business growth matters. In Kampala, The need for training in business skills is evidently the most needed skill among women traders.

Monitoring and documentation; Those who proposed monitoring and

documentation were of the view that the success stories of women, groups and associations could be captured and shared to inform and motivate others as best practices. According to key informant in Busia district, *“More research should be conducted to document the experiences of women traders at all border points and within their business premises. While it will be important to find ways of quantifying their participation, it would be better from a strategic viewpoint to use qualitative methods to assess their experiences and learn from them about the possible implications of opening up regional trade for women traders in order to forestall the possible negative impacts they already fear”.*

Enhancement of information sharing and learning; It was proposed that there was need to organize leaning seminars for experience sharing and trade fairs at national,

regional and international level for the same purpose. In addition, they pointed the need to establish an information centres were women/traders can access relevant trade related information.

Technical and financial support; The explanation was that there was need to advocate for technical and financial support from various partners in order to provide business grants which are interest free for women so that they can boost their trade. The technical support needed was in relation to strengthen linkages to social and economic networks. The justification for soliciting deliberate support for women is that there are an increased number of women working while most men have shunned their responsibilities. *“This has resulted in more women engaging in small scale businesses to support her family and that if there is any help please give it to women so as to keep our lives shining.”* FGD Lamwo district.

Financial support is also listed as being significantly crucial for participation in trade. The aspect of lobbying and advocacy for soft loans for women is proposed. During the study mention was made of the role of organizations that provide/create economic opportunities for women in trade in as far as lobbying and advocacy for soft loans for women to compete in trade.

Sensitization; Regarding sensitization respondents stated that women needed be sensitized on items that are tax free and on other information that may be deemed necessary for business growth. They added that the district URA needs to take the lead in sensitizing traders on the existing laws on cross border trade.

The role played by women networks in influencing trade policies and negotiations should be enhanced. Their involvement should focus on developing gender sensitive negotiating positions and lobbying the negotiators and policy makers to incorporate such positions in country positions.

Conclusions

From the study, the following conclusions were drawn;

1. Uganda has a legal and policy framework whose aim is to ensure achievement of gender equity and equality and empowerment of women including realization of their Economic empowerment, but it lacks enforcement.
2. The women traders are largely involved in informal trade
3. The level of awareness on matters of EA customs Union and the East African Community is low among women traders hence limiting their participation and benefit form EAC trade opportunities.
4. Groups and associations should be encouraged because they provide good platforms for women to share problems they struggle with in trade as well as personal.
5. Challenges in women's participation in trade persist for example, lack of capital/shortage hinders women from engaging in trading opportunities.
6. There is need for government to provide low interest loans or lowering taxes to support women traders, improve infrastructure, facilitate identification of markets, among others is vital.
7. Practices and situations including corruption, lack of information, lack of entrepreneurship skills and weak women's networks among others continue to mar the efforts on women in trade.

Suggested Programming Area's

- * Organize women into formal groups that should be supported to formalize their operations, given capacity building in the areas of business management and linked to financing opportunities. These groups should become model groups and tasked to form other new groups and support these groups become well organized as well.
- * The effort of women to fully participate in trade has been greatly hindered because of the lack of relevant information relating to trade and credit facilities. Women should be supported to access this information in a timely manner and efforts made to pass new information through different communication platforms.

Advocacy issues for the Womens Movement

- ✳ Policy decisions should be made for women in business so encourage them join and stay in business. Possible decisions on PPDA Act for example should provide for procurement levels where only women are encouraged to bid. The current PPDA Act has no indication of procurement levels that are open only to women but rather is generalized.
- ✳ The National Export Promotion Strategy currently being developed by the Ministry of Trade, Industry and Cooperatives presents another entry point for issues of gender to be introduced.
- ✳ Promotion of group specific loans and government programs should also provide funding option for capital for women owned enterprises. These should have low interest or other favorable options that encourage women to borrow and use money to boost their businesses. UWONET can enter into arrangements with credible financial institutions to negotiate fair rates for women traders organized in groups.
- ✳ Establishment of coordination office for women traders for purposes of making enquiries, sharing information and communication related to trade. It is also important to develop various platforms through which relevant information related to trade arrangements can be shared with more traders to include those in the rural areas; effectively possible through SMS platforms. Currently there are no documented platforms from sharing information relating to trade.

Recommendations

- ✳ Continuous gender analysis of the specific trade agreements, arrangements and policies as they are negotiated and crafted; and how they are implemented.
- ✳ Influencing policy makers and negotiators and negotiation positions through the Inter Institutional Trade Committee of the Ministry of Trade Industry and Cooperatives in order to ensure that trade agreements are gender cognizant.
- ✳ Sensitization of women traders on the nature and types of trade, implications of engaging in each form of trade and the formal avenues for undertaking any form of business.
- ✳ Repackage existing information on tariff exemptions and market opportunities in user-friendly formats and disseminate widely to women informal cross border traders with a clear communication strategy.
- ✳ Develop policy arrangements for women in business that encourage them join and stay in business i.e., reduction of taxes for women above a certain capital level. Need for soft loans or interest free loans for women.
- ✳ Design a sustainable strategy for creating awareness about the laws and policies regulating trade in this country. In order to reach the rural and promising but less educated traders, there is need to simplify and translate trade related laws into local languages to enhance accessibility especially for women.
- ✳ Build the capacity of women traders through training in business management skills. Some of the skills proposed are record keeping, accountability and skills in managing other areas of business.

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