

Female entrepreneurship in rural Uganda

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Female Entrepreneurship in Rural Uganda: A Poverty Trap analysis based on in-depth interviews

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ABSTRACT

Rural female entrepreneurs are less privileged and often have limited resources and education (Kyejjusa, Gough & Pilgaard, 2016). Poverty traps analysis on rural female entrepreneurs in food processing focuses on identifying and explaining the existence of low well-being "basins of attraction" (Barret and Porter, 2013).

In-depth interviews with 24 women and conversations with 2 groups were held. The results show that most of the female entrepreneurs found themselves in multiple poverty traps consisting of different problems such as marketing, technology and finance. These traps are also mutually reinforcing.

Thus, single-instrument support might not be sufficient to push the women out of these traps. Combined support and interventions are called for.

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INTRODUCTION

Uganda is situated in the tropics and therefore enjoys a favourable climate for agriculture. The agricultural sector is the biggest employer with 77 percent of the population aged 10 years and older (UBOS, 2006). It contributes up to 31 percent of GDP and 48 percent of exports while providing large raw material resources to the manufacturers (MFPED, 2010). Women are major participants in the sector, contributing approximately 70 percent of agricultural GDP (AgriBusiness Initiative U-Growth Programme Uganda, 2009).

Female entrepreneurs are usually smallholder farmers, working on plots of less than 2 hectares. It has been argued that the limited value addition practices by farmers have contributed to the low returns in the sector. There have been initiatives to improve the productivity of value chains and actors. Specifically to increase demand and match appropriate inputs for both conventional and organic primary production and processing in selected value chains (AgriBusiness Initiative U-Growth Programme Uganda, 2009).

This research was set out to study women who are adding value to their agricultural produce through drying, processing, milling, roasting, pounding and mixing. The study examined their technology (equipment) used, their business development, networks, opportunities and challenges.

METHODOLOGY

The research focused on rural female entrepreneurs in food processing and whose businesses had been in existence for at least one year.

This was an exploratory study and therefore used a qualitative approach, comprising 24 semi-structured interviews with women entrepreneurs in Mpigi (9), Mbale (8), Nakaseke (5) and peri urban Kampala (2).

The researchers also had conversations with 3 women groups in Mpigi (2) and Mbale (1). A women's NGO, "ANSWERID" in Mpigi, and Nakaseke Community Centre were also visited, to find out about their activities & challenges

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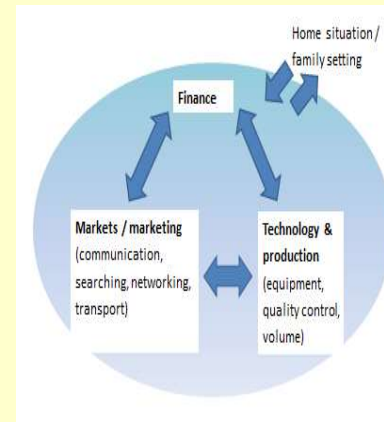
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MAIN FINDINGS 1

The great majority of women entrepreneurs are caught in a CYCLE OF POVERTY involving:

- disadvantages of small scale,
- quality problems,
- limited local markets,
- lack of investment capital and/or working capital,
- lack of access to technologies to decrease drudgery,
- a social culture of mutual support.

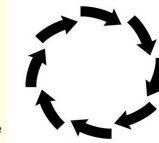
All these problems are tightly interrelated and together impede financial accumulation. But there are some exceptions of women who do grow their business in every location visited.



MAIN FINDINGS 2

The same kinds of poverty cycles have been found in earlier literature on poverty traps.

However, traps have been studied individually. Our findings indicate that several different poverty traps occur together and reinforce each other.



POLICY-RELEVANT LESSONS

• Single-instrument support (e.g. only micro-credit) will not work for the poorest because it will fail to create enough momentum to escape these intertwined low-income traps.

Thus the need for integrated support, which includes a number of activities addressing the traps. The activities should target financial support, assistance in building capacity for marketing and for technology enhancement, and in close sequence.

• Less poor & more educated women are likely to benefit from a more focused approach

POLICY RECOMMENDATIONS

1. A multi-pronged approach that addresses several problems in small steps is likely to work best for the large majority. This should also involve awareness raising, group organization and confidence building activities through entrepreneurial MENTORING. In other words, it should be aimed at capacity building and empowerment.
2. The small majority of dynamic growers can benefit from specific forms of assistance, and they themselves should be allowed to define what they need. The dominant problem is not always finance (other recent literature on women's enterprise development also concludes this).