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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 edification (Kyejusa, 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.

MAIN FINDINGS 1

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

• disadvantages of small scale,
• quality problems,
• 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).

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