

MAKING THE INVESTMENT CLIMATE WORK FOR WOMEN

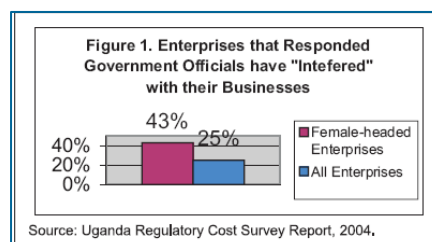
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Project title	Gender and Growth Assessment (GGA) in Uganda
Timeline	October 2004-November 2005 (report completion and publication) May 2005-present (advocacy for implementing recommended reforms)
Cost	US\$215,00 for assessment and implementation; funded by IFC Gender Entrepreneurship Markets (GEM) and Foreign Investment Advisory Service (FIAS)

How can investment climate reforms benefit women? - GGA rationale & background

Women in African countries are entrepreneurial and make a significant contribution to the continent's economy. According to estimates, their businesses account for over a third of all firms, and the majority of businesses in the informal sector. However, women-owned businesses tend to be smaller, have less revenue, and fewer employees. A variety of barriers in the legal and regulatory environment prevent them from accessing formal financing, growing their businesses, creating jobs, and making a greater contribution to economic growth. The expansion of those businesses represents one of the greatest potential sources of economic growth for the region, but unlocking that potential requires identifying and addressing the constraints that particularly affect them. To address this issue, GEM, in collaboration with FIAS and the World Bank, developed a GGA tool, which examines links between gender and economic growth, as well as legal and regulatory barriers that particularly impact women entrepreneurs. By collaborating with key stakeholders, the report develops a prioritized agenda for reform through a matrix of recommendations.

Uganda was the pilot country for the tool, where a GGA was completed in May 2005 at the request of the Minister of Finance. Working closely with local counterparts in both government and civil society, the GEM/FIAS/World Bank team applied a "gender lens" to the FIAS 2003 Administrative Barriers report, and assessed business start-up, access to finance, access to land, taxation, customs, and access to justice. The GGA found that women are disproportionately affected by red tape and corruption (see Figure 1). The GGA also found that women entrepreneurs respond well to a simplification in the registration and licensing system, and are willing to comply once it becomes feasible for them. The report argued that the country could gain up to 2 percentage points of growth per year by addressing gender inequalities. The GGA recommended, among others, a more radical approach to deregulation and to the reform of the Companies Act and the Chattels Transfer Act, reforming labor laws to enact health and safety standards, and increasing women's access to land and site development.



Just a report? – From drafting the assessment to implementing reforms

The process required the team to engage with key country counterparts not only in identifying critical issues, but also in outlining actions and strategies for taking the recommendations forward. To build local capacity in Uganda, the team held a two-day workshop on advocacy and public-private dialogue – key components needed to implement the recommendations. During the workshop a GGA Coalition with representatives of

seven women's organizations was formed to take the recommendations forward through lobbying and advocacy. The Coalition's members focus on thematic areas of the GGA according to their technical area of expertise. Even though legislative reform is a complex and time consuming process and impacts are expected to be observed over several years, some positive results have already emerged:

- GGA recommendations have been incorporated into Uganda's Private Sector Development Strategy 2005-2009 (UP3) and the National Gender Strategy 2005-2014.
- As a result of the evidence in the GGA, project counterparts in the Ministry of Finance engaged the lawyer on the GGA team to redraft a number of Acts, which are awaiting approval by the Attorney General, including the Companies Bill, the Personal Property Securities, the Insolvency Bill, and the Trademark Bill. The reform of the Companies Bill, for example, would simplify registration procedures and thus make it easier for women to formalize their businesses.
- Reform of labor laws through the Employment Bill, the Occupational Safety & Health Bill, the Labor Dispute Bill, and the Labor Unions Bill, which were passed in March 2006 and are awaiting the assent of the President. Following lobbying from the GGA Coalition, GGA recommendations were incorporated in the four Bills.
- With access to formal financing being the key issue for women, GEM is exploring the option of extending a line of credit to a Ugandan bank to target women entrepreneurs, and is designing accompanying training for businesswomen to support this intervention.
- The GGA was published in November 2005 as part of the World Bank's Directions in Development Series and GEM has developed the process as a tool for replication. The second GGA, undertaken in Kenya at the request of the Ministry of Trade and Industry, has been adopted as an integral part of Kenya's first Private Sector Development Strategy. The process is also underway in Ghana and Tanzania. A complementary advocacy tool, the Voices of Women Entrepreneurs report, showcases successful women entrepreneurs as role models.

Lessons learned - A GGA can get the action going ...

The GGA is a groundbreaking tool and a model that can be replicated in other countries. Given the lack of existing research on the linkages between gender and economic growth, as well as the legal, regulatory and administrative barriers that particularly impact women in business across Sub-Saharan Africa, the GGA has emerged as an effective tool for bridging this gap in existing diagnostic instruments and highlighting key policy implications, especially in relation to promoting private-sector-led growth, and pro-poor, or "shared" growth. The report brings together technical analysis and in-depth knowledge of gender issues, alongside country policy instruments and options, and is thus a piece of gender-specific analytical work on issues which might otherwise receive little or no attention in general investment climate work. The GGAs emphasis on the link between gender inequality and economic growth and the argument that the recommended reforms will not just benefit women but the society as a whole, is a persuasive way to win support for reforms from the widest possible constituency. The report also highlights the importance of sex-disaggregated data at the firm level, which Investment Climate Surveys did not collect until recently, and which is an essential step to analyze gender-differentiated impacts and priorities. It is recognized, however, that more work is needed to strengthen the conceptual and methodological foundations of analysis of gender/growth linkages. The large interest from other countries that the GGA process generated and its requested replication in other African countries is strong indicator of the demand for the product.

Key to have country request, and a committed and influential counterpart. The fact that a GGA process is conducted at the request of a government Ministry, such as a Ministry of Finance or Trade, is important for ensuring country ownership and determination to act on its recommendations from the outset, while facilitating stronger grounding in current government initiatives. In Uganda, it was the Ministry of Finance that

requested sex-dissagregated information, which allowed the team to make the case that women are disproportionately affected by red tape and corruption. It was also at the Ministry's request that several laws that the GGA identified as needed changing were redrafted.

Consultative process costly, but essential as it takes into account diverse views, allows women's voices to be heard, and ensures buy-in and follow-up. One of the defining characteristics of the GGA is its consultative nature. Initial findings and recommendations were formulated by consulting broadly with a variety of stakeholders, which helped ensure stakeholder buy-in and commitment to the process. The report's recommendations as drafted were designed to be taken forward by local organizations. Yet, given the complex and technical nature of the project, it was necessary to engage international consultants who are costly but have needed expertise in international best practice in investment climate reform. They worked with local counterparts to ensure knowledge transfer in both directions. As a diagnostic assessment conducted by international consultants but that needs to be implemented by local organizations operating in the country, the consultative process of the GGA was essential for effective implementation. Yet the consultations and the need to engage international consultants raised project costs, as several trips to Uganda were needed to seek input and negotiate consensus with stakeholders.

Need to have local counterparts who will take the lead on implementation. In this case a coalition of seven Ugandan women's organizations spontaneously formed to take the report's recommendations forward. The fact that they worked on this with no resources for a year indicates its high usefulness to the Ugandan women.

A highly complex project of this nature requires extensive collaboration across different parts of the World Bank Group. Since this is a complex product that demands skills from various parts of the organization - understanding of World Bank processes, private sector development, investment climate issues, and how they impact on women entrepreneurs - the collaboration between the IFC, FIAS, and the World Bank was essential. For example, World Bank participation was crucial to determine project timing and points of entry, and potential links with budget support (PRSC) and other investment operations, with which World Bank counterparts are more familiar. With increasing demand for more coordination within the World Bank Group, this project is a good example of such collaboration.

But future GGAs can do some things differently

Make sure that project design makes provision for strengthening capacity of local partners to implement reforms, through funding, advice and oversight. Despite some positive results, the Coalition members have not been able to take the needed work forward as fully as possible. Since the report's launch in May 2005 the Coalition has been mainly a locally driven initiative of the seven member organizations that have worked on this on a voluntary basis. They suffered from poor local capacity and lack of sustained on-the-ground initiative. Some of the laws examined by the GGA are technical and not easy to understand, and a lot of time had to be spent with Coalition members in raising their awareness about technical issues and best practice in advocacy. While the team conducted an advocacy workshop following the report's launch and sponsored several Coalition members to attend international fora on public-private dialogue to build local capacity, this proved insufficient. A financial commitment was necessary for the Coalition members to be able to allocate time and resources to the process. By providing funding through a small grant, advisory, and oversight, GEM now hopes to enhance the capacity and technical ability of the member organizations to lobby more effectively for GGA recommendations. Continued support and oversight as well as the requirement for quarterly reporting through a performance-based grant seeks to ensure that the Coalition follows through with the proposed agenda. In addition, there is the risk that the other stakeholders slated to implement reforms

may not be sufficiently committed to including gender issues in their reform agenda. While some stakeholders may appear supportive in principle, they may not in practice allocate sufficient attention or resources to the required reform effort.

[Ensure local World Bank/IFC office buy-in and support for the project.](#) Even though the Coalition's activities aim to link to ongoing programs in the country, in the absence of a local IFC office, better World Bank country support for the initiative should have been ensured at the program design stage. The World Bank Uganda office has played an advisory role and provided technical support where necessary to the Coalition. However, this has occurred in an informal, ad-hoc manner, and is dependent on personal interest of staff in devoting time to a project for which no provisions are made in their work plan. The program manager had envisaged that the Bank country office would work with local groups on implementation. However, this did not happen due to lack of local resources and capacity and because of disruptions occasioned by personnel changes. Greater clarity on the respective roles and responsibilities of the Washington, DC and Kampala offices, and formal commitments to allocate resources for the project, such as staff time and financing, for example, by including the follow-up as a formal part of the supervision of the Private Sector Development Project, would have helped to ensure stronger and more timely follow-up of the recommendations.

[Plan early for implementation and follow-up.](#) The initial focus of this project was on designing and conducting the assessment. It would have been appropriate to consider during the project design stage the follow-up work required after report completion to avoid delays and ensure better implementation of the recommendations. GGAs going forward will include a provision for an advocacy and implementation component from the start.

[Explore donor interest in funding the assessment or implementation.](#) The Uganda GGA was funded internally. Following the report's publication, a number of donors expressed interest in replicating the approach in other countries. During the project design and assessment stage, the team engaged with donors by presenting the GGA findings to the PSD Donor Group but did not follow up on possibilities for other donors to support implementation. This is now occurring in the GGA in Kenya, which has been annexed to the country's PSD Strategy that is to be basket-funded by donors. Future projects should take advantage of donor interest in this area.

About the Author

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