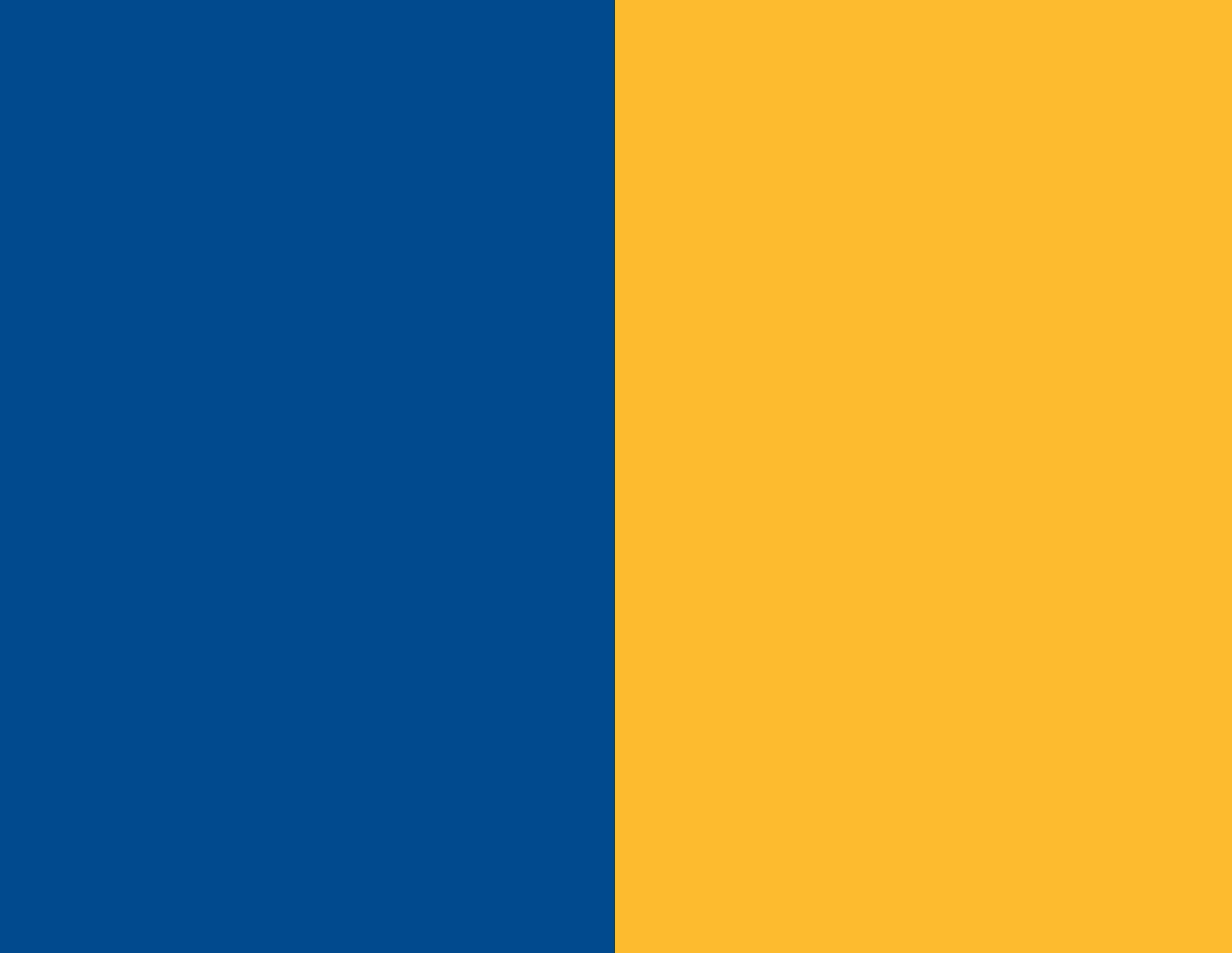




# Doing Business Women





**Doing  
Business**  
**Women in Africa**

Doing Business is a series of annual reports investigating the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time. Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business.

The World Bank Group Gender Action Plan is a four year initiative to promote women's economic empowerment and gender equality as smart economics. Launched by the World Bank at a conference hosted by German Chancellor Angela Merkel in February 2007, the Gender Action Plan commits the World Bank Group to intensify gender equality work in the economic sectors over four years, in partnership with client countries, donors, the private sector, and other development agencies. To date some \$36 million has been pledged for implementation.

Vital Voices Global Partnership is a leading non-governmental organization (NGO) that identifies, trains, and empowers emerging women leaders and social entrepreneurs around the globe, enabling them to create a better world for us all. We provide these women with the capacity, connections and credibility they need to unlock their leadership potential. We enable women to become change agents in their governments, advocates to remove legal barriers, and supporters of democracy and the rule of law.

# Table of Contents

- iv) **Messages from Project Partners**
  - Simeon Djankov**, Chief Economist, Indicators Group, Financial and Private Sector Vice Presidency, World Bank Group
  - Mayra Buvinic**, Sector Director, Gender and Development, World Bank Group
  - Melanne Verveer**, Co-Founder & Chair, Board of Directors, Vital Voices Global Partnership
- v) **Message from Robert B. Zoellick**, President, World Bank Group
- vi) **Doing Business: Women in Africa**
  - Case studies of women entrepreneurs across Africa who have overcome legal and regulatory obstacles to create new business opportunities
  - 1. **Cameroon: STRATEGIES!**
    - Kah Walla, STRATEGIES!
  - 7. **Rwanda: Weaving Peace in Rwanda**
    - Janet Nkubana, Gahaya Links
  - 13. **Senegal: Creating Jobs through Art**
    - Aissa Dionne, Aissa Dione Tissus
  - 19. **South Africa: Flying High**
    - Sibongile Sambo, SRS Aviation
  - 25. **Swaziland: Gone Rural**
    - Zoë Dean-Smith, Gone Rural
  - 31. **Tanzania: A Lease on Opportunity**
    - Dr. Victoria Kisyombe, Sero Lease and Finance
  - 37. **Uganda: A Red Dress and a Wheelbarrow**
    - Julian Omalla, Delight Uganda
  - 43. **Doing Business Country Profiles**
  - 52. **Acknowledgements**

We rarely take time to celebrate success in developing countries. This is one such opportunity.

In 2007, the Doing Business team started celebrating the success of top reformers, by launching the annual Reformers' Club. Awards are given to the top-10 reformers in governments around the world. This publication is a twin, of sorts: it recognizes top performance by entrepreneurs. We start with Africa, the region that can most benefit from more and growing businesses. The women entrepreneurs cited here show that success is possible even in difficult conditions. And point to what reforms are needed to make it easier for them and others.

This book is the first product of a joint research project with the Gender Action Plan that will change the face of gender economics in developing countries.

**Simeon Djankov**  
Chief Economist, Indicators Group  
Financial and Private Sector Vice  
Presidency, World Bank Group

I am delighted the World Bank Group Gender Action Plan and the Doing Business project have joined forces to reliably document and deepen the research and analytical underpinnings of how the investment climate impacts women. Case studies like these provide us with insights into how women entrepreneurs themselves experience legal and regulatory obstacles and the means they find to overcome them; they also highlight the importance of supportive government policies. Leveling the playing field for women and providing an enabling business environment for both men and women makes sound economic sense for women, their families and for economies overall.

Our thanks to Vital Voices Global Partnership for their role in supporting this initiative with women's leadership training and advocacy for reform. Many of the businesswomen you will read about in this publication are now actively engaged in advocacy efforts to support gender-informed legal and regulatory reforms in their own countries.

**Mayra Buvinic, Sector Director,**  
Gender and Development,  
World Bank Group

Vital Voices Global Partnership is proud to partner with the World Bank Group Gender Action Plan to develop "Leveling the Playing Field for Women's Social and Economic Progress." This program is part of our African Women's Leadership Initiative made possible through the generous support of the ExxonMobil Foundation, the Bill and Melinda Gates Foundation, IF Hummingbird Foundation, Standard Chartered Bank, and the U.S. Department of State among others.

This partnership will train women to become more effective advocates for the removal of legislative barriers impeding women's economic progress. To support their advocacy, an innovative database of gender restrictive laws is being compiled. The case studies appearing in this publication tell the stories of African women entrepreneurs who have overcome such legal barriers to achieve economic success. They are indeed the Vital Voices of our time.

**Melanne Verveer, Co-Founder &  
Chair, Board of Directors**  
Vital Voices Global Partnership



“Gender and women’s empowerment is at the core of what we need to do in the field of development. Gender equality is also smart economics.

Research demonstrates that progress in the area of women’s economic empowerment is still far, far too slow. Whether it is the question of employment, opportunity, pay, or access to finance, there is a tremendous amount of work to do to level the playing field for women.”

*Robert B. Zoellick, President,  
World Bank Group*

# Doing Business Women in Africa

Case studies of women entrepreneurs across Africa who have overcome legal and regulatory obstacles to create new business opportunities



### **Doing Business – Opportunities for Women**

The Doing Business project has joined forces with the World Bank Group Gender Action Plan to launch a two-year research program on reforms that improve business opportunities for women. The project is identifying legal and regulatory barriers facing businesswomen, compiling a data base of relevant laws for each country, and determining reforms that are likely to have the biggest benefits for women.

*Doing Business: Women in Africa* is the first in a series of regional reports designed to showcase successful women entrepreneurs and explore how they overcame obstacles to business creation and growth. The seven women profiled here represent countries from across the continent. Their generosity in sharing their stories, their successes and the obstacles they faced pave the way for more opportunities for other women entrepreneurs.



# STRATEGIES!

Cameroonian businesses pay a hefty 52% of profits in tax, make an average of 41 different payments to the authorities and spend about 1,400 hours on tax preparation, filing and payments.

Every year procedures vary with new tax laws, meaning that tax inspectors have considerable arbitrary powers. This creates problems for all businesses, but more so for women entrepreneurs, who are sometimes subjected to sexual harassment and intimidation.

## A New Opportunity

Kah Walla returned home to her native Cameroon in 1989 after completing graduate study in the United States, unsure if she would stay for long. The following year saw the enactment of laws granting women new rights, including to travel without male companions, open bank accounts and register businesses on their own, without their husbands' consent. "You got a sense that women felt liberated in a very literal way," says Kah. Women had been finding ways to get around discriminatory regulation and now didn't have to hide.

Seeing new opportunities for women in the business world, along with great need in

Cameroon, where half the population lives in poverty, Kah decided to stay. "I wanted to contribute to my country," she says.

After four years working at an established management consultancy, Kah founded her own firm, STRATEGIES! Today she has a staff of 15 serving both domestic and international clients, and averaging \$500,000 in annual revenues. Along with its corporate work, Strategies! also has a development arm which works with local governments to promote women's entrepreneurship in the country.

As a single woman with international experience and contacts, Kah is conscious she has many advantages compared to the majority of Cameroonian women in business. As Vice president of the American Chamber of Commerce, she is an energetic advocate for improvement in the business environment, especially in relation to Cameroon's cumbersome tax system.

Her main advice on tax reform: reduce the effective tax rate to encourage more firms to become formal; simplify the tax payment system to reduce both the number of payments and the



Kah Walla

### COMPANY PROFILE

**Business Name:** STRATEGIES!

**Business Type:**  
Management consulting

**Annual Turnover:** US\$500,000

**Employee Number:** 15

**Business Reach:** Africa, Europe, US

## CAMEROON

Population 16.7 million

GNI per capita \$1080

Doing Business global ranking 154/178

Doing Business paying taxes ranking 166/178



hours spent in compliance; establish standardized tax rates and payment channels for registered businesses, thereby removing tax inspectors' arbitrary powers to elicit unwarranted cash payments and other favors.

## Starting out

Kah grew up in Cameroon, the Ivory Coast and the United States. She spent her first four years back in Cameroon gaining experience in a local management consultancy firm where she rose to the role of Managing Director. "It was a steep learning curve, but just the best training I could have had for starting my own business," she reflects. When that consultancy closed its doors Kah seized the opportunity to start her own venture, hiring seven of her former colleagues. Their track record and reputation in business consulting helped them to immediately secure work.

To begin with, Kah and her employees worked from her family home to launch Strategies!. For the first few months the firm operated from her dining room, with everyone receiving the same salary of US\$200 per month.

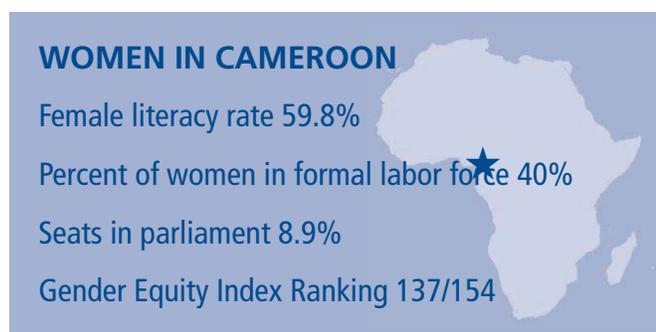
Kah says she never stopped to consider how unusual – and how challenging – it was for a woman in her 20s to begin a business in Cameroon, where the female literacy rate hovers around 60%. "Looking back now, I wasn't

conscious of my gender or my age," she recalls. "I didn't realize that the market would have difficulty with me."

Kah's "powerhouse" grandmothers served as an inspiration, along with her mother who was a strong advocate for women's rights. Importantly, her father supported her too. "I was his first daughter and he had absolutely no gender barriers for me," confides Kah. "He didn't feel there was anything I should not be allowed to do or should do as a woman." That message stayed with her.

Being single has been a distinct advantage for Kah in the business world. Although women are now legally allowed to start a business without their husband's consent, under the Civil status Registration Ordinance of 1981 a husband may still formally object to his wife's exercise of a trade or profession if he judges it is not in the interest of their marriage or children. The converse does not apply. These complaints can be filed in the personal credit register and until the objection is lifted, the wife's business activities are impeded. These objections can result in business closure and/or cessation of formal employment.

Business law is harmonized under the OHADA treaty with that in other countries in West and Central Africa, and is at face value gender-neutral. But customary law and traditional practices mean women are often disadvantaged in business dealings. As a bilingual country, Cameroon has a bi-jural system with both civil law (French) and common law (English) systems. Under the civil code governing the French-speaking parts of Cameroon, a husband as head of household administers the married couple's joint property. He has the right to sell, dispose or mortgage his family's land without his





wife's consent, while the converse does not apply. A husband also has the right to administer his wife's personal property (but may dispose of it only with her consent).

In areas where traditional practices dominate the situation is even more difficult for women. Here, women and the children they bear are considered the husband's "property." This makes it practically impossible for women to own land since "property" cannot properly claim right to property. Although in theory Cameroonian law opposes customary practices repugnant to "natural justice, equity and good conscience" in practice few women are in a position to challenge these customs.

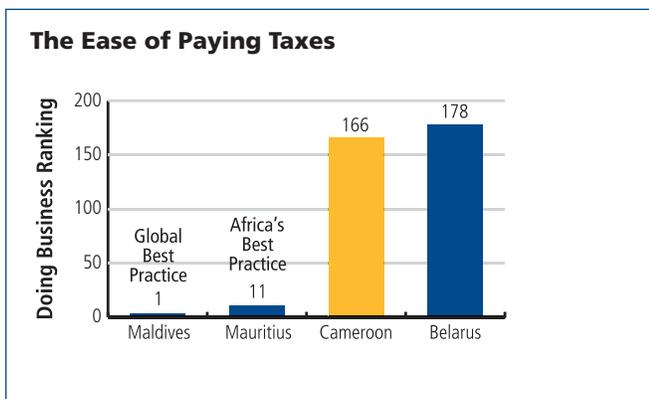
## Going for growth: obstacles and opportunities

Kah found lots of business opportunities in the local market for STRATEGIES!. Alongside multinational firms like Price Waterhouse Coopers, STRATEGIES! found its niche training firms in skills such as teambuilding and helping with recruiting, offering "work of international standard at local prices." She laughs as she recalls comments from satisfied clients remarking on the large number of women

in her team: "When there are three men on a consulting job no-one ever remarks "why do you employ only men?"

As more opportunities arose and Kah wanted to move away from the kitchen table and into office premises, she needed to borrow to finance the expansion. The three banks she approached with her business plan, cash flow and management track record all turned her down. "I had no collateral to offer – few women do." To get around this road block, Kah raised capital by selling US \$20,000 equity in STRATEGIES! to friends and family over a two year period.

The biggest problem Kah faced, however, as her business grew was the tax system in Cameroon, ranked 166 of 178 economies in the latest Doing Business report. Kah found registering with the tax office was a cumbersome and confusing experience and once she did this, a retrospective tax bill was issued which seemed both arbitrary and astronomical. "I just didn't understand how they came up with the numbers when no one had even looked at our books. When I visited the tax office there was a clear expectation I would make a "facilitation payment" to reduce the bill."



Source: *Doing Business* 2008.

Kah stood her ground. “They expected that as a woman I would be a particularly easy target, but I stood firm and refused to pay a bribe.” Eventually her accountant worked out a reasonable settlement. Each year elements of the tax rules change and businesses are subsequently expected to find out how the new rules affect them. Kah points out, “There is no transparency. Well qualified tax consultants have a very hard time telling you whether what is being asked of you by the taxation officer is right or wrong. There is an enormous amount of interpretation in the system and it really is extremely arbitrary.” The result is a large informal sector.

Kah’s firm has already won two judgments against tax inspectors and currently has another three legal suits underway. “It’s time consuming and expensive but I refuse to pay a bribe.”

At the same time as she was trying to deal with the administrative issues facing STRATEGIES! the firm was beginning to develop its international clientele by facilitating workshops and conferences, initially in Cameroon. Development organizations such as Germany’s GTZ and the World Bank contracted STRATEGIES! for regional workshops in Cameroon, exposing the firm to international clients. Subsequent recommendations prompted

new opportunities and the Foreign Service Academy in Germany called on STRATEGIES! to teach young German diplomats about development cooperation with Africa. The Shell Group invited STRATEGIES! to provide facilitators for its West and Central Africa Human Resources Managers.

**“It was exciting to see new opportunities arise as our reputation began to grow. After a year of ad hoc conferences and seminars for a range of different clients an international market was born.”**

Today, STRATEGIES! works all over Africa, Europe and in the US on both short and long term contracts. Kah points out being Cameroonian - and therefore bilingual in French and English - is a distinct advantage. She says, “STRATEGIES! has an amazing team of very talented professionals, the majority of whom are women. At an international level, the fact that our teams are all-African and frequently all-woman, is cause for both surprise and positive comment.”

## Helping Others

As part of its development-related work, STRATEGIES! consults with local governments to support women entrepreneurs. Through this work Kah has learned just how vulnerable women are in the local marketplace, the majority of whom operate in the informal sector. Along with bribes, demanding sexual favors is a not uncommon practice of local officials.

“Whenever you have complex, corrupt systems, women are always at a disadvantage,” says Kah. “One, because the average businesswoman in Cameroon is also a mother and a wife, so she cannot afford four or five hours in a tax

inspectors office just waiting to get information.” And two, she says, “women make easier targets and inspectors expect them to cave in.”

“It translates into constant fear,” says Kah. “She is trying to make ends meet every day, and she has added to that the psychological pressure of knowing, ‘they can come in, they can shut me down, they can stop me from doing business for one day, two days, two weeks.’ It translates into a whole different level of insecurity.”

The government does not benefit either. “A lot of these local tax officials are making the money on a personal basis and not bringing it back to the local government,” says Kah. “A transparent tax and administrative system makes economic sense for both women entrepreneurs and the government.”

As Vice president of the American Chamber of Commerce in Cameroon, Kah continues to work with the business community to advocate for a more friendly and transparent business environment. “Cameroonian women are dynamic entrepreneurs,” says Kah. “Helping them do business better makes economic sense.”

## BUSINESS CHALLENGE: PAYING TAXES

### OPPORTUNITIES FOR REFORM

- Reduce the effective tax rate to encourage more firms to become formal
- Simplify the tax payment system to reduce both the number of payments and the hours spent in compliance
- Establish standardized tax rates and payment channels for registered businesses, thereby removing tax inspectors’ arbitrary powers to elicit unwarranted cash payments and other favors.

## Next steps

STRATEGIES! now has around 40% of its business activity in Cameroon, 40% Africa-wide and 20% international. Kah’s vision is to invest in her team to be able to meet growing demand, and to use her business model to open branches in neighboring countries.

Says Kah, “Top on my agenda for the future is of course the growth of STRATEGIES!, but also very importantly, the reform of the business environment in Cameroon and most especially opening the way for women to play the economic role they deserve to in Cameroon.”

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#### Footnotes and sources

Population: World Development Indicators, 2007  
Gross National Income per capita: World Development Indicators, 2007  
Doing Business Rank: Doing Business 2008  
Female literacy rate: World Development Indicators, 2004  
Percent of women in formal labor force: World Development Indicators, 2004  
Seats in Parliament (% held by women): United Nations 2007/2008 Report  
Gender Equity Index: Social Watch Gender Equity Index 2007



# Weaving peace in Rwanda

Rwanda has the third highest percentage of women entrepreneurs of any country in Africa. Forty-one percent of businesses are run by women. Only Ghana, with 44%, and Cape Verde, at 43%, have more women active in business.

**H**ow did this come about? Part of the answer is: through tragedy. Following the 1994 genocide 70% of Rwanda's population was female. Even today, over a third of households are headed by women. There is a brighter side to the answer too: government reforms have helped tremendously expand opportunities for women. Rwanda was the first African country to enter the top-10 reformers' list in the Doing Business project. This has opened more possibilities for women to benefit from business activity.

Here is one story. A basket weaving tradition from the landlocked nation of Rwanda is now making its way from the department store Macy's to American households, changing in the process the lives of thousands of Rwandan women. In 2005, American talk show icon Oprah Winfrey promoted Rwanda's "peace baskets" in her magazine, causing a surge in demand. Proceeds from the export of peace baskets to the US have impacted more than 18,000 Rwandan children, who have better schooling and health as a result.



Janet Nkubana

## COMPANY PROFILE

**Business Name:** Gahaya Links

**Business Type:** Handicrafts

**Annual Turnover:** US\$300,000

**Employee Number:** 3,000

**Business Reach:** Africa, USA

Much of this success is due to Gahaya Links, a Kigali-based business run by the sisters Janet Nkubana and Joy Ndungutse. In 2007, the business produced 35,000 baskets with annual sales of US\$300,000. From its beginnings just over a decade ago, with 27 weavers, it now employs 3,200 women from across Rwanda. The basket weaving groups include both Hutu and Tutsi women, for whom working together helps heal old grievances. Hence the name: peace baskets. Says Janet: "I have survivors, I have widows, I have women whose husbands are in prison. To see them sitting under one roof weaving and doing business together is a huge achievement...these women are now together, earning an income. It is amazing."

Despite Janet and Joy's international success, trading across borders from land-locked Rwanda is still a major business challenge. Rwanda ranks only 166 among the 178 economies in the Doing Business 2008 report on the Trading across Borders indicator. It takes, on average, 47 days to fulfill the necessary requirements for exporting cargo. And a standard shipment costs nearly \$3,000 in fees.

## RWANDA

Population 9.2 million

GNI per capita \$250

Doing Business global ranking 150/178

Doing Business trading across borders ranking 166/178



Janet is now advising the Rwandan government to simplify export processes and lower transport costs. Among the recommendations she would like to see:

- the extension of customs opening hours to 10 p.m. as this would reduce the waiting time at borders for truck drivers arriving late.
- Faster reimbursements of duties paid on raw material imports.
- The creation of a joint border inspection post at the Ugandan border which would eliminate repeat inspections that currently take place.
- An advanced cargo information exchange and cargo tracking system amongst the customs authorities in East Africa.

## Starting out

Janet Nkubana returned home from exile in Uganda in November 1994. She was now running a hotel in Rwanda's capital Kigali and kept running into women hawking baskets in front of her hotel. At first, Janet tried to convince them to move their business elsewhere and not pester her clients. This didn't work, as hotel guests were among the few people with money to spend. Then one day an inspiration came: she set up a small shop in the hotel and would also take their baskets to sell at flea markets when visiting her sister, Joy, who lived in the United States.

A long family tradition meant that weaving was familiar territory for the sisters. "I grew up in a weaving home. My mother is a master weaver. She used to do all the bead work and basket weaving in the refugee camp {in Uganda}," says Janet. "Weaving was a second nature to me." Indeed, basket weaving is an old tradition among women in Rwanda. Unique to Rwanda, the basket—now known as the "peace basket"—is on the national seal and currency.

These pagoda-shaped baskets were historically made as wedding gifts, and are hand-crafted from enzyme-washed papyrus and banana leaf. The traditional zigzag design tells an ancient story of friends walking together, visiting neighboring villages along the way.

The baskets were a hit, and she realized that there was a bigger business opportunity. The sisters started with 27 women weavers and used a mixture of personal savings and funds from winning a World Bank business plan contest to buy raw materials for their craftswomen. The business was formally registered in 2004 and proceeds from a property sale helped them open a showroom in Kigali.

While women returning from exile were more likely to have funds to purchase land, it was not until 1999 that changes to Rwanda's matrimonial and succession law gave women clear and equal property rights, including the right to inherit land. The law overrides traditional customs excluding women from land and property ownership. That Rwanda has the highest percentage of women parliamentarians in the world, at 45.3%, has resulted in laws promoting equal opportunity for women.

### WOMEN IN RWANDA

Female literacy rate 59.8%

Percent of women in formal labor force 51%

Seats in parliament 45.3%

Gender Equity Index Ranking 3/154



## Going for growth: obstacles and opportunities

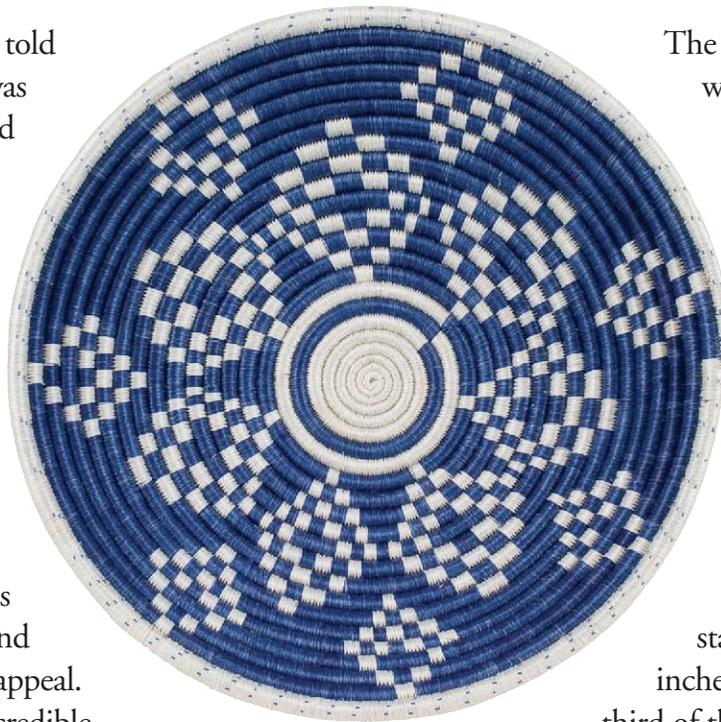
In 2003, Marie Claire magazine published one of the first stories about Rwanda's peace baskets and even sold over 1,000 baskets through orders placed with the magazine. After that, the photographer for that article, Willa Shalit, an artist and a producer of "The Vagina Monologues," saw a chance to help the women expand their business making the sisal baskets, which are used to carry wedding gifts.

"What struck me," she told the *New York Times*, "was that these women who'd suffered so horribly—who'd been raped, machete-hacked and watched their children get killed—had created this object that was so exquisite and elegant, with tiny, even stitches." The fact that the weaving groups included both Hutus and Tutsis, heightened the appeal. "I thought, what an incredible embodiment of reconciliation," Ms. Shalit said.<sup>1</sup>

There was a hitch. The baskets were beautifully woven, but thin and flimsy looking. They needed a redesign. Enter Gahaya Links. Its weavers made firmer baskets using banana bark and papyrus. These would sell well on the US market. Needed - only a retailer.

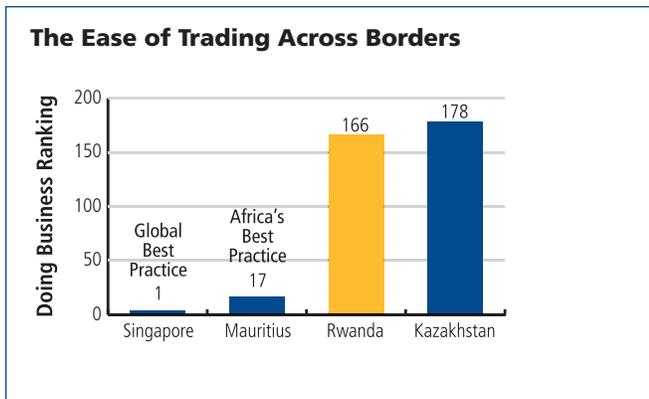
After a meeting at the U.S. Embassy in Kigali, Janet was linked with USAID, which sponsored

her participation in a New York trade show in 2005.<sup>2</sup> It was there that Janet made the link with Macy's buyers and reconnected with Willa Shalit of Fair Winds Trading, Inc., a marketing and trade company importing African crafts, who had previously visited her in Rwanda. This event brought about a transformation of her business, established Fair Winds Trading as a partner, and marked the birth of their joint venture Rwanda Path to Peace. "Willa is now our exclusive importer of baskets to the United States. This helps us focus on production," says Janet.



The first Macy's order was widely covered by the media and Rwanda's President, Paul Kagame, inaugurated the event at Macy's flagship store in New York. Following the opening, Macy's set up a window display in its New York store in 2005, and a feature on the website. The standard size is 12 by 7 inches and costs \$75. One-third of the retail price of sold baskets goes to the weavers.

Getting the baskets from the basket weavers to the Macy's window display has not been easy. "We had to go through a lot of redesign, a lot of trial and error," says Janet. Working with Joy who is the designer and oversees training to ensure quality control, Fair Winds Trading has helped develop the products to meet international standards. Initially, Gahaya Links had trouble meeting buyer demand, but managed to build its capacity over time by hiring and training more and more women.



Source: *Doing Business 2008*.

In a building that used to be their mother’s house, Janet and Joy have set up a large company site, including a sleeping room for women trainees, a restaurant, a show room, and a packaging and storage facility.

Gahaya Links has set up a rigorous training program, and prepares master weavers who in turn train other women. As the company grew rapidly, it had to recruit women from across the country, in churches, villages, and by word of mouth. With each of their women weavers, Gahaya Links has formal contracts and issues purchase orders to ensure commitment.

The government has helped too. It has organized the women weavers into cooperatives and built training centers for them. It also covers women’s travel and subsistence costs when they attend training in Kigali. Janet and Joy have seized the government’s focus on increasing exports to the

**Trading across borders: Rwanda vs Global Best Practice**

Trading Across Borders	Rwanda (166)	Singapore (1)
Documents to export (number)	9	4
Time to export (days)	47	5
Cost to export (US\$ per container)	2,975	416
Documents to import (number)	9	4
Time to import (days)	69	3
Cost to import (US \$ per container)	4,970	367

Source: World Bank. 2007. *Doing Business in 2008*.

benefit of their business. When Janet found out that Rwanda had joined the African Growth and Opportunity Act, which allows Rwanda’s crafts duty-free entry into the U.S. market, she went to the US embassy to find out about it. Baskets woven by the Gahaya Links weavers are now the number one export out of Rwanda under this Act.

Still, there are a number of challenges, which all exporters in Rwanda have to deal with. Shipping costs have been high and it usually takes a long time for the goods to reach the buyer. Inadequate infrastructure, and the fact that the shipments have to pass through the poor port services at Mombassa, Kenya, has meant that it has taken up to two months for goods to reach the buyer. Gahaya Links has had to carefully manage its order delivery times and initiate production well ahead of time.

Gahaya Links imports raw materials such as organic dyes and packaging materials from other East African countries, including Mozambique and Tanzania. The time to import these goods has been even longer than the export process. Janet notes that the withholding tax on imports and the excise duty on her raw materials are a burden. “We get refunded eventually, but it takes a long time. In the meanwhile, we need those funds.” Gahaya was awarded a government trophy as one of five top tax payers in the country in 2006.

Janet says she hasn’t experienced any discrimination when running the business. Quite the contrary: government is supportive of the role her business plays in employing other women with traditional skills. “The revenue authority has now evaluated our performance and we have a special clearance through a facilitation program to boost exports.



Their officials have even come to teach us here at our offices how to benefit from their services.”

Following Gahaya’s success, other basket weaving groups have sprung up across Rwanda. Promoted by the Rwanda government, women are being organized into basket weaving cooperatives. Yet while some have managed to find buyers, no others have found as big of a success as Gahaya Links, and they are struggling with adopting the traditional basket weaving skill into a product that will meet the tastes and standards of international consumers. Limited ability to differentiate their product poses constraints for many of the new businesses.

## Next steps

Janet’s aim is for Gahaya Links to change the way people live. The group has set up a communal bank, and she says the increased income in women’s hands seems to have diminished domestic violence for her employees. “Women weavers tell me that, because of their weaving and the income they now bring in, their husbands treat them with more respect.” There is probably some envy too.

Gahaya Links’ exclusive contract with Macy’s has assured it a steady stream of orders, for now. Janet notes that Macy’s is willing to buy as many as they can produce. The company realizes that it needs to diversify its product offering to satisfy

## BUSINESS CHALLENGE: TRADING ACROSS BORDERS

### OPPORTUNITIES FOR REFORM

- The extension of customs opening hours to 10 p.m. as this would reduce the waiting time at borders for truck drivers arriving late
- Faster reimbursements of duties paid on raw material imports would also reduce the amount of working capital tied-up
- The creation of a joint border inspection post at the Ugandan border would eliminate repeat inspections that currently take place
- An advanced cargo information exchange and cargo tracking system amongst the customs authorities in East Africa would also allow for faster cargo clearance since there would be less paperwork and bureaucracy.

changing consumer tastes. “We are looking to expand to other products, such as textiles. We are also experimenting with jewelry,” says Janet, holding up a black and white hand-woven earring. New export markets, too, are targeted, such as Europe and Canada.

Rwanda’s peace baskets have traveled far, from the homes of Rwanda’s basket weavers, to the windows of Macy’s store displays, and from there to the homes of U.S. consumers. The baskets are not only creating an income for the local women, coming from a country deeply marked by a devastating genocide, but they also spread a message of hope as Janet’s employees weave peace at home in Rwanda.

#### Footnotes and sources

1. The article can be read at <http://www.nytimes.com/2007/10/11/garden/11rwanda.html?fta=y>.
  2. This was done through USAID’s East and Central Africa Trade Hub project. Fourteen other companies were sponsored: from Ethiopia, Kenya, Madagascar, Tanzania and Rwanda. <http://www1.macys.com/campaign/rwanda/index.jsp>.
- Population: World Development Indicators, 2007  
 Gross National Income per capita: World Development Indicators, 2007  
 Doing Business Rank: Doing Business 2008  
 Female literacy rate: World Development Indicators, 2004  
 Percent of women in formal labor force: World Development Indicators, 2004  
 Seats in Parliament (% held by women): United Nations 2007/2008 Report  
 Gender Equity Index Ranking: Social Watch Gender Equity Index 2007



# Creating Jobs through Art

Senegalese labor regulations are so restrictive, they have a perverse effect: instead of protecting jobs, few new workers get hired. As a result, many workers – especially women and youth – remain stuck in the informal sector without legal protections or benefits.

**A**issa Dionne didn't confront this reality as a child. Born to a French mother and a Senegalese father who was at one time the European boxing champion, she grew up in France before moving to live in Senegal in her 20s to work as an artist. When a client in Dakar told Aissa he couldn't buy one of her paintings before his office was redecorated, she offered to do the redecorating for him. Aissa did so by using only local materials, tools and employees – even though she had to create a new weaving loom to prepare the fabrics. The local press picked up on her innovative work. After a prominent European designer saw photographs of her fabrics she began receiving international orders.

As a graduate of fine arts studies, Aissa combined her own artistic knowledge with traditional local techniques, such as Mandjaque weaving, to fashion bands of linen used in home interiors and furniture

coverings. Twenty years after she started up in Senegal, Aissa's

business exports traditional hand-woven fabrics to luxury brand names like Hermes and Christian Lacroix, showcasing Senegal's cultural heritage.

Aissa is passionate about her work and client demand is strong, but the business challenges she faces in Senegal frustrate her nearly every week. Aissa estimates she could more than quadruple production to meet existing demand. But she would need to employ more than her current 100 workers and Senegal's restrictive labor laws, along with the difficulties she has accessing finance, make such an expansion too risky.

Aissa would like to see regulations governing work hours and overtime made more flexible. She wouldn't need to be so wary of hiring new staff if administrative constraints on dismissals for economic reasons, such as priority rules for dismissals, were removed. The onerous requirements for notifications, written submissions and meetings with third parties prior to dismissals are an additional burden. Aissa says a lot more could be achieved for workers' rights if basic worker protections were



Aissa Dionne

## COMPANY PROFILE

**Business Name:** Aissa Dione Tissus

**Business Type:** Interior Design

**Annual Turnover:** US\$700,000

**Employee Number:** 100

**Business Reach:** Africa, Europe, North America

## SENEGAL

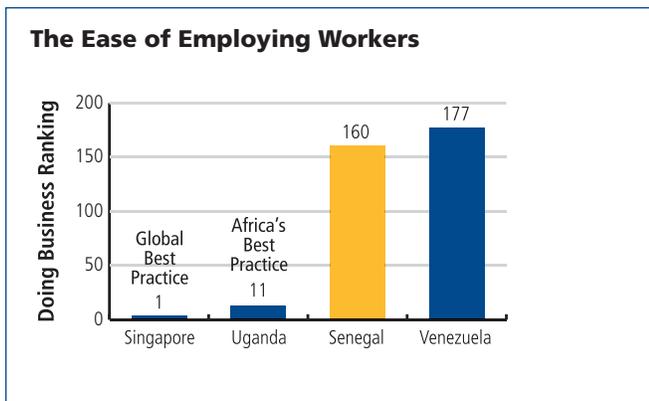
Population 11.9 million

GNI per capita \$750

Doing Business global ranking 162/178

Doing Business employing workers ranking 160/178





Source: *Doing Business 2008*.

preserved by means other than simply making firing procedures administratively burdensome and expensive for employers to undertake.

## Starting out

Aissa transitioned into interior design after years of working as an artist in the capital of Dakar. She was determined to bring the work of the country’s local artisans to an upscale international clientele. After all, she thought, Senegalese cotton was among the world’s finest, and her country’s weavers could create fabrics and colors of quality rivaling those coming from Italy.

The skill of traditional weaving, such as Mandjaque, has been passed down from father to son for generations, and Aissa was stepping into a decidedly male-dominated industry. But she saw her business foray as preserving the country’s cultural heritage by showcasing traditional skills. “This is both good for my business and for the

region,” she says, “because Africa can do more than simply send its raw goods overseas.” Senegal is known for its exports of raw cotton but very little textiles or apparel is exported. The sector as a whole incurs a sizeable trade deficit. Aissa says, “no one had used weaving for interior design because people did not think interior design was something that could be done in Africa.”

Though she believed strongly in the quality of her work, Aissa’s business skills were nascent when she started out. “At that time I didn’t even know how to do an invoice,” she says. “I was asking friends for advice.” She also struggled with unreliable local suppliers, whom she needed to dye thread for her weavers. Aissa devoted considerable time to helping improve their quality.

The local press picked up on the novelty of Aissa’s work, and photographs of her fabrics were soon featured in an airline magazine. A prominent European designer spotted the photos and approached her, placing an order. From there, the attention grew fast. With all this attention from the press, Aissa decided to formally register her business Aissa Dione Tissus in 1992.

The textiles sector is very small in Senegal. There are a few large producers, most of which complain about high factor costs and labor market rigidities, and depend on government assistance. Once Aissa’s business was registered she realized she was in an uncomfortable position: large enough to face the same labor and fiscal regime but not large enough to warrant significant government help like the big textile firms. And she was now in a difficult competitive position compared with the majority of other artisanal businesses in Senegal, most of which operate informally.

Restrictive labor regulations encourage this informality. Almost half of Senegal’s economic

**WOMEN IN SENEGAL**

- Female literacy rate 29.2% ★
- Percent of women in formal labor force 42%
- Seats in parliament 19.2%
- Gender Equity Index Ranking 104/154



activity is carried out in the informal sector while in other developing countries it is smaller, around a third on average.<sup>1</sup>

Despite government efforts to ensure worker protection, social protection measures in Senegal cover less than 8% percent of the population. A 2007 study of workers in Dakar found women at a distinct disadvantage in the informal labor market, too. Women comprise one-third of wage earners in informal businesses, yet the average monthly income of women is half that of men.<sup>2</sup> Labor market reform could therefore both benefit business and address gender inequalities in Senegal's economy.

The high level of labor regulation has made it that much harder for Aissa to compete, both with businesses in other countries and those operating informally in Senegal. Aissa pays the salaries required by law and agreed to by the union representatives, while competitors who operate informally are not bound to pay the same rates. Nor do they provide benefits like paid leave.

In Senegal, the ratio of mandated minimum wage to the average value added per worker is higher than that of many of the country's neighbors including Guinea, Guinea-Bissau, Mali and Sierra Leone. Non-wage labor costs total 21 percent of an average worker's salary. In addition, the union delegates on Aissa's staff are permitted to be out of the office for 20 hours per month on union business. With two unions

representing her 100 workers, this arrangement drains her resources.

Moreover, hiring and firing workers is both time-consuming and expensive. The Doing Business figures reflect this difficult situation: For the past three years the country has scored 61 out of 100 on the rigidity of employment index, which measures hiring, firing and work hour regulations—at least twenty points worse than neighbors such as Guinea and Mali. Senegal's overall score on the Doing Business ease of employing workers indicator is a low 160 out of 178 economies.

Aissa is therefore conservative about hiring new workers, because it is difficult and costly to dismiss an employee when business slows. Firing a worker ends up costing an average of 38 weeks of wages. "It is very difficult to fire because people can sue you and say you have fired them illegally," she says. "You have to give them a letter and then a very long process begins."

She would have to start by consulting with workers' representatives to try and develop alternative solutions, send a written report detailing the meeting's results to the labor inspector, and wait for a formal response. Next, she would need to submit a list to the workers' representatives naming the people to be dismissed and the specific reasons for choosing each one. By law, Aissa would have to give priority to workers with higher skill, greater seniority and

family responsibilities, regardless of her business needs or the worker's competence. Then, Aissa would have to meet with the workers' representatives a second time to hear their views about the employee(s) she would like to dismiss. After this, she would have to submit a second written report to the labor inspector detailing the results of the meeting. Finally, if after all this a worker were to sue Aissa, charging that the reason for dismissal was not economic, it would be up to Aissa to prove that it was. The proof would consist of showing evidence for the industry's slowdown, data that Aissa cannot easily collect since there are no reliable industry-wide statistics on the textile sector. Besides, there is no transparent criterion by the labor inspectorate on what constitutes an industry slowdown. It is up to the labor inspector's discretion.

And if Aissa were to hire anyone else within two years after the dismissal, the dismissed worker would have priority, even if Aissa were to find a better, more qualified candidate.

## Going for growth: obstacles and opportunities

Despite the administrative obstacles, Aissa's passion for her product continued to grow. She had found a market niche for unique and culturally significant luxury fabrics and she began to focus on the Paris market, where she feels at home. Aissa first won orders from leading home design stores in Paris specializing in the highest quality made-to-measure fabrics. The passage of the U.S. Africa Growth and Opportunity Act, which provides duty-free access of African apparel and textiles to the American market, gave African businesses such as Aissa's an incentive to export to the United States.



After her textiles were featured in design expositions in Paris, New York and Johannesburg Aissa's business became increasingly well known internationally. Although a significant investment, these design expos helped show her product to buyers looking for a luxury product with a twist.

Aissa now counts as clients Hermes, Christian Liaigre, Fendi, the New York department store Takashimaya, and Jacques Grange. Among those she has worked with are perfumer Serge Lutens and architect Peter Marino. There is no shortage of new demand.

But in Aissa's experience there is a shortage of good regulations in Senegal. Given the labor intensive nature of her product, the most important of these is regulation governing employing workers. Aissa says she has more work than she currently can manage, but rigid overtime regulations, restrictions on work hours and the high costs of hiring and firing workers are a barrier to further expansion.

Lack of flexibility means meeting the fluctuating demands of international clients is a real challenge. If Aissa needs her weavers to work beyond the 40-hours workweek to fill a large order, the process is complex and involves applying to the labor inspectorate for permission. If the application is approved and

workers agree, Aissa pays overtime salaries – 15 to 40 percent higher on weekdays or Saturdays and more than 50 percent on Sundays or holidays. The regulations are complicated by the different types of overtime regimes with different sets of rules and limitations. “The way around this is to hire additional workers on staff and pay them for not working much of the time. I will gladly do so, but it only works in countries with developed banks where you can get credit when you show a big order flow. This doesn’t happen in Senegal yet.”

Access to capital is a real challenge for Aissa. “We could do at least four times the business we are doing now if we had better ability to borrow,” she says. Yet even with purchase orders as large as several hundred thousand dollars from clients in Paris and New York, she is unable to access bank loans. Recently Aissa was forced to turn away a large order from a leading California home design firm because she could not raise the funds needed to fulfill it.

One source of support she has been able to access is a government fund aimed at women entrepreneurs. Senegal has a Ministry of Women’s Entrepreneurship. Aissa received a small amount of capital, about \$40,000, from the fund at an interest rate of only 5 percent. This helped ease an emergency facing her business – another, longer term solution would be for commercial banks to provide more innovative financing suited to businesses like Aissa’s, such as factoring.

“We have the whole world in front of us and we have the local market, too,” she says of her business’s potential. “We desperately need to buy new looms and new tools – we have an emergency because we cannot meet the needs of large-scale customers.”

## BUSINESS CHALLENGE: EMPLOYING WORKERS

### OPPORTUNITIES FOR REFORM

- Simplify regulations governing work hours and overtime and make them more flexible
- Reduce administrative constraints on dismissals for economic reasons by removing priority rules for dismissals and streamlining requirements for notifications, written submissions and meetings with third parties prior to dismissals
- Preserve basic worker protections by sanctioning unfair dismissals on the basis of discrimination due to gender, age or ethnicity, rather than by simply making firing procedures administratively burdensome overall.

### Next steps

While client demand continues to significantly surpass Aissa’s production abilities, her dreams of expansion remain just that. The rigidity of labor regulations and the limited access to capital in Senegal mean that even meeting her current orders remains a challenge.

According to Aissa, “Worker protections are important, but if they are not designed to take into account employer needs ironically many more would-be employees suffer. They remain stuck in the informal sector with no protection or reliable benefits. Women and youth - who are more likely to be excluded from the formal sector – suffer disproportionately, and businesses like mine can’t expand.” In Aissa’s case, it is the combination of underdeveloped small business banking and rigid labor regulation that pulls her back.

#### Footnotes and sources

1. Schneider, F. July 2007. Shadow economies and corruptions all over the world: new estimates for 145 countries)
2. IMF. 2007. “Senegal Poverty Reduction Strategy Paper.” IMF Country Report No. 07/316. Washington, DC. Population: World Development Indicators, 2007  
Gross National Income per capita: World Development Indicators, 2007  
Doing Business Rank: Doing Business 2008  
Female literacy rate: World Development Indicators, 2004  
Percent of women in formal labor force: World Development Indicators, 2004  
Seats in Parliament (% held by women): United Nations 2007/2008 Report  
Gender Equity Index: Social Watch Gender Equity Index 2007



# Flying High

“I remember waiting for days at the airport for the plane to arrive, panicking that after paying so much money the plane may not show up.”

Sibongile Sambo was meant to fly. “I grew up near an Air Force base and always had a love of planes,” she says, remembering a childhood spent waving to jets at South Africa’s Hoedspruit base.

After a successful seven-year career in Human Resources with two large corporations, Sibongile seized the opportunity presented by the passage of the South Africa’s Black Economic Empowerment Act in 2003 to start her own business. The Act promotes affirmative action for previously disadvantaged groups, including targets for government procurement opportunities. In 2004 Sibongile founded SRS Aviation Ltd, the first 100% black female owned aviation company in South Africa.

Success was swift, but so were the challenges that followed. Many of the clients in her business continued to prefer working with her white, male employees rather than with Sibongile herself. Most importantly, access to finance has proved incredibly difficult for a young woman running a capital intensive business. Rising oil

prices since 2005 have made it even more difficult to maintain competitive prices.

Sibongile is not alone. Since the end of apartheid the South African government has promoted affirmative action on the basis of both race and gender. However, access to credit remains especially difficult for black women: only 38% are banked, compared to 44% of black men, 91% of white women, and 94% of white men. Black women reflect a home loan usage of only 2%, compared to a rate of 26% for white women. This affects the ability to access bank finance.

Sibongile has soldiered on and in 2006 SRS Aviation was named South Africa’s “Top Emerging Gender Empowered Company.” The track record to date includes brokering seven planes, with annual revenues nearing \$5 million.

Sibongile would like to see the South African Financial Sector Charter revised to include financing outreach on the basis of gender as well as race. She suggests banks could pay more attention to training loan staff in better understanding the challenges of women in business.



Sibongile Sambo

## COMPANY PROFILE

**Business Name:** SRS Aviation Ltd.

**Business Type:** Aviation Services

**Annual Turnover:** US\$5m

**Employee Number:** 9

**Business Reach:** Global

## SOUTH AFRICA

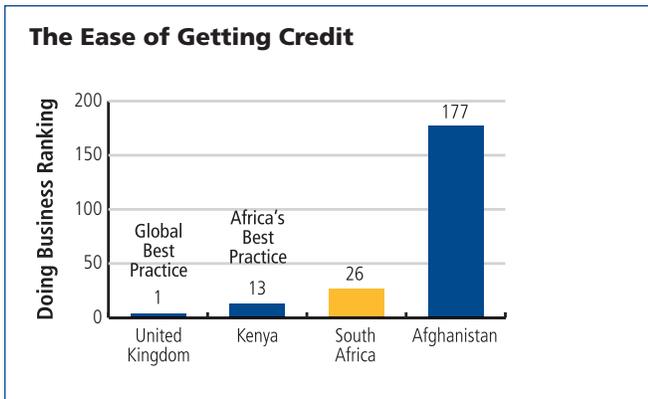
Population 47.4 million

GNI per capita \$5390

DB global ranking 35/178

Doing Business getting credit ranking 26/178





Source: *Doing Business 2008*.

## Starting out

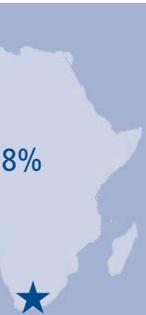
One of five children born to a mother who struggled to support her family during the years of apartheid, Sibongile was sent to live with her aunt when only a young child. Her name, Sibongile, means “we are thankful.”

As a child playing not far from the neighboring Air Force base, airplanes occupied Sibongile’s imagination. “I didn’t have any nice toys so we were always out in the streets. We used to stop everything we were doing when an aircraft flew by so we could wave,” she says. “I knew one day I would be flying too.”

In 1986 when Sibongile’s father died, things became even more difficult for her mother, who worked as a nurse. Together her mother and her aunt supported the eight children the two widows had between them. Their efforts further pushed Sibongile to work hard, dream big and

**WOMEN IN SOUTH AFRICA**

- Female literacy rate 80.9%
- Percent women in formal labor force 38%
- Seats in parliament 32.8%
- Gender Equity Index Ranking 42/154



excel in school. “I felt I owed the entire family because the sacrifices made for me were so big,” Sibongile says. “I could see my mom and my aunt really wanted me to succeed.”

After finishing high school, Sibongile worked her way through night study at university to graduate with a bachelor of administration degree in industrial psychology and political science from the University of Zululand. Too petite for flight attendant jobs with South Africa Airways, Sibongile pursued human resources roles, and worked for Teledcom SA and the diamond firm DeBeers.

Sibongile realized how lucky she was to have a formal sector job. While black women have a higher rate of participation in economic activity than white women (73% vs 59%) in South Africa, they are only 14% of the formally employed in South Africa. Unemployment rates for black women are over 40%, compared to 21% for black men and 5% for white women.

While working at DeBeers, Sibongile’s passion for aviation was sparked again. “Being at DeBeers and having access to their private jets actually gave me the boost to go ahead,” Sibongile says. She spent her spare time attending airshows and researching aviation-related business plans.

Finally, in 2003 Sibongile left the security of a corporate job to pursue her entrepreneurial dream. She recalls “People thought I was crazy. They said, ‘How could you think about aviation where there are not a lot of women, let alone people of color?’”

Yet Sibongile spotted opportunity where others saw obstacles. Before resigning her post, she had already submitted a tender for her first government contract, spurred on by the enactment of the Black Economic Empowerment Act. The

legislation is designed to promote economic transformation by enabling “meaningful participation of black people in the economy,” including “increasing the extent to which black women own and manage existing and new enterprises.”

The measure made the difference in convincing Sibongile to take the risk of going out on her own. “The empowerment act played a vital role for me because it is a policy that is enabling people of previously disadvantaged backgrounds to participate in South Africa’s economic activity,” she says. Under the new act, a firm owned by previously disadvantaged groups such as women receives preferential points when tendering for contracts.

“That gave me an edge,” she says of the legislation. “I said, ‘Let me take advantage of this policy and let me be the entrepreneur I have always wanted to be.’”

## Going for growth: obstacles and opportunities

Sibongile approached a number of existing aviation companies for support and partnership. “Those doors never opened until one day I took a government tender with me to one of the companies and asked to form a joint venture with

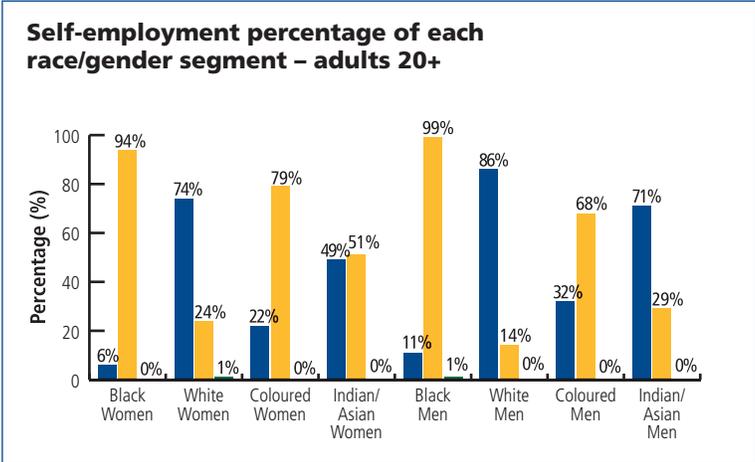
**Only 6% of the more than one million black women in South Africa who are self-employed operate in the formal sector.**

them for the aircraft charter business. They agreed!” The plan incorporated skills transfer over a 2 year period while my company’s responsibilities were administration and client management.

Sibongile was able to benefit from government training programs, too, like Umsobomvu, which assigned a consultant to help her with her business plan.

Sibongile notes “Historically, women in South Africa, particularly black women, have not been afforded the opportunities of starting and running their own enterprises and making a full contribution to our economy. At SRS Aviation we are taking advantage of the new political freedom to create economic freedom. It is an opportunity that my mother and aunt did not have. But I do, and intend to grab it.”

Sibongile sums up her main obstacles to business growth as “being young and female in the aviation industry, accessing business opportunities,



Source: Labor Force Survey 2005.

accessing aircraft, attracting and retaining key talent, and most of all access to finance.

Though government contracts came quickly, the start of SRS was anything but easy. Only days before her first scheduled flight, her joint venture partner pulled out, leaving Sibongile scrambling for the funds needed to secure a plane and purchase fuel. “We had to lease the aircraft from Russia and we needed 800,000R and to bring the plane, 300,000R to fuel it, as well as funds to pay for landing permits and so on. We learnt how to run the operation the hard way, very fast. In track and field this is called a running start. I call it a flying start.”

We took the government tender to the bankers and showed them our order,” says Sibongile. “We were told to forget it” she says, “because the amount of money requested was too large and the collateral posted was too small.”

After being turned down by banks, Sibongile ended up using her family and friends’ savings, along with her mother and her aunt’s retirement funds, to finance that first deal. “I remember waiting for days at the airport for the plane to arrive, panicking that after paying so much money and risking people’s lifelong savings the plane may not arrive.” All went well in the end,

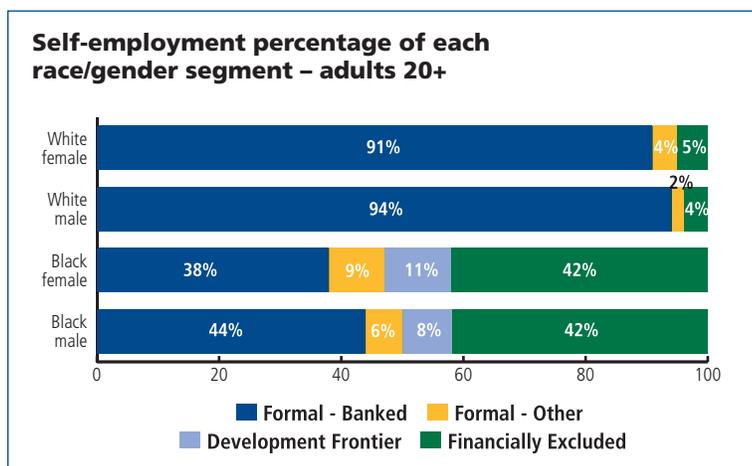
and that first flight was the start of many more contracts as the business gained momentum funded entirely by reinvested profits.

Other women entrepreneurs in South Africa are less fortunate. A comprehensive household survey undertaken by South African company FinScope in 2005 revealed that overall 55% of South African adults have access to financial products, while 37% have none at all. The remaining 8% lie in what is termed the “development frontier,” serviced by informal products such as savings clubs, burial societies and other informal sources of credit. Black women are both the least likely to be formally banked and, along with black men, the most likely to be financially excluded.

In 2005, SRS Aviation Ltd.’s first full year of business, the firm generated revenues of \$5 million, with three-quarters of the business coming from the government. “We make sure we keep revenues coming in as much as we can in the company and keep our overhead low,” says Sibongile, but with competition growing and margins already hovering around 10 percent or even lower, she sees little room for improvement. Sibongile employs 9 fulltime staff and 10 part time pilots.

“If we get a \$1 million order and need to commission flights within 2-to-3 days, we can’t find someone to help us with that money,” Sibongile says. “Some flights we have to forfeit to our competitors. We can get the work — the work is not the problem — but getting the work without the financing is a challenge.”

Yet even as her business endures growing pains, Sibongile remains excited about its prospects. “I see this baby is going to grow so much and it is just in the teething stage,” she says of her fledgling business.



Source: FinScope™ 2005.  
(Note: In this chart, Black denotes black African only)

From being purely a broker, SRS Aviation now holds government licenses in helicopter operations and air transport for both small and large aircraft.

In 2006, Sibongile's efforts were recognized internationally when she was a winner at the Black Women in Business Awards held annually in the United Kingdom. In 2007, Sibongile was among a small group of businesswomen selected for the prestigious FORTUNE mentoring program for women in the United States. This experience not only provided valuable business training, but also helped her to develop a relationship with the Women of Color in Aviation and Aerospace group in the United States. "Sharing our experiences and helping push each other on makes such a big difference in those difficult days," she says. Now she is part of a team establishing the South African chapter of Women in Aviation International to encourage other women to enter the industry.

Beyond her own industry, Sibongile is a keen advocate for other women in business, bringing this perspective to her role as a member of the National Small Business Council that advises the Minister of Trade and Industry. Among her recommendations: make the process of exporting easier and with fewer administrative burdens, so more shipments are sent out of South Africa. This benefits the producers, but also the logistics companies, the port operators and air cargo operators like SRS aviation. "Few economies have grown without robust exports. A lot more can be done in my country so it becomes an exporting giant." Indeed, South Africa ranks 134 of 178 economies in Doing Business 2008 on the ease of trading across borders.

## Next steps

Sibongile is studying for a Masters degree in aviation management and her goal is to take her

## BUSINESS CHALLENGE: GETTING CREDIT

### OPPORTUNITIES FOR REFORM

Access to credit remains a particular challenge for black women in South Africa. They are the least likely group to have access to financial products and services at only 38 percent.

- South Africa's Financial Sector Charter should be reformed to include targets in outreach to clients on the basis of both race and gender. At present such targets are included only for employment in financial institutions
- Financial institutions could pay more attention to understanding the opportunities in emerging markets and train loan staff to understand the challenges of women in business.

company Africa wide. South Africa is the transport hub for many goods coming into Africa or being exported to Asia or the Americas. SRS Aviation can also take part in international contracts for supplying food and other products to emergency areas across southern Africa.

Each week Sibongile receives calls from aspiring entrepreneurs who have seen her story and found inspiration in the accomplishments of someone who is like them. Men as well as women. "More than anything, our key success is indirect, because it has given so many people hope that it is possible," she says. "The opportunities the empowerment act provides, determination, education and sheer hard work have taken us to where we are – flying high!"

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- Population: World Development Indicators, 2007  
Gross National Income per capita: World Development Indicators, 2007  
Doing Business Rank: Doing Business 2008  
Female literacy rate: World Development Indicators, 2004  
Percent of women in formal labor force: World Development Indicators, 2004  
Seats in Parliament (% held by women): United Nations 2007/2008 Report  
Gender Equity Index: Social Watch Gender Equity Index 2007



# Gone Rural

As a monarchy whose recently deceased king left more than 70 wives behind, Swaziland's business environment poses particular challenges for women. Men may legally marry as many wives as they are able to support, and the former king took this challenge seriously. Women require the permission of husbands or fathers to open a bank account or a business, obtain a passport or enforce a contract.

Swazi-born and based, Zoë Dean-Smith advises artisans on how to grow and manage successful handicraft enterprises for international markets. "My international work has made me realize that Swaziland is one of the most difficult environments for women entrepreneurs in the world." Zoë's dreams of establishing an international training center on her own plot of land were dashed when she realized that even as a single woman in her mid-40s, with her father's express consent, the Deeds Registry Act prohibited her as a woman from registering property.

As the former managing director and current shareholder of successful Swazi handicraft company Gone Rural – whose motto "sukumani bomake" means "rise up women" – Zoë beat the odds to a certain extent. She became a partner in Gone Rural in 1999.



Zoë Dean-Smith

## COMPANY PROFILE

**Business Name:** Gone Rural Pty Ltd

**Business Type:** Homewares

**Annual Turnover:** US\$600,000

**Employee Number:** 731

**Business Reach:** Africa, Europe, US

Her goal was to transform a socially responsible operation with an emphasis on humanitarian support to rural women into a profitable company with a separate charitable structure.

Today Gone Rural products are distributed internationally to 35 countries through over 1,000 retail outlets, with annual sales of US\$600,000 and growing. But when the founding partner passed away in 2003 Zoë almost had to close shop, due to the minority status of married women under Swazi law. Thanks to the largesse of her former business partner's husband Zoë was able to maintain the business so the rural Swazi families dependant on Gone Rural continued to have the means to earn an income.

Gone Rural now employs 731 rural Swazi women artisans. Many are grandmothers supporting an average of 8 dependants. Zoë reflects, "I hate to think what would have happened if we hadn't been able to continue the business because indirectly approximately 6,000 Swazis depend on the income generated by Gone Rural. Things are not only unfair

## SWAZILAND

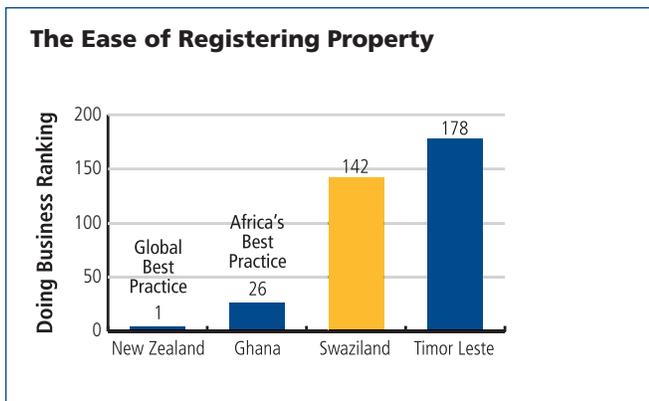
Population 1.1 million

GNI per capita \$2430

Doing Business global ranking 95/178

Doing Business registering property ranking 142/178





Source: *Doing Business 2008*.

for women, but they make no business sense in such a poor country.”

Zoë is working with “Women and Law in Southern Africa” to advocate for reform. They argue that the new Constitution should take clear precedence over general and customary law; and laws like the Administration of Estates Act, the Industrial Relations Act, and the Deeds Registry Act need amendments to reflect the constitutional principles of equality and non-discrimination.

The minority status for women in Swaziland codified in the Marriage Act of 1964 should be abolished and the Convention for the Elimination of Discrimination Against Women, which Swaziland has ratified, fully domesticated. In addition, Zoë would like to see enforcement and support mechanisms to promote women’s access to justice, such as training for judges and legal aid.

**WOMEN IN SWAZILAND**

- Female literacy rate 78.3%
- Percent of women in formal labor force 33%
- Seats in parliament 16.8%
- Gender Equity Index Ranking 125/154



## Starting out

The desire to help poor rural women was the main reason original Gone Rural company founder, Jenny Thorne, started the small handicraft business in Swaziland in 1992. Employing 30 women to harvest and weave lutindzi mountain grass, which is a perennial and therefore sustainable, Jenny designed handcrafted tableware and homeware products for export.

In 1999, Zoë Dean-Smith joined Gone Rural and together Jenny and Zoë as partners founded the legal corporation Gone Rural (Pty) Limited in November 2000, concluding a shareholders’ agreement at the same time. Zoë laughs as she recalls, “I began my career in handicrafts by default. Jenny approached me after seeing my management strengths as producer of a local theater production.” Zoë had previously worked predominantly in human resources and operational management in South Africa and England as well as Swaziland. Zoë was put in charge of business operations and Jenny created the designs. “With our complementary skills and personalities, it turned out to be a perfect partnership,” recalls Zoë.

Gone Rural Ltd is formally committed to empowering rural women in Swaziland, alleviating poverty and supporting HIV/AIDS orphans by creating a socially responsible enterprise. The core focus of the business is to provide home-based work using traditional hand-skills and locally available materials.

The first phase involves the harvest of lutindzi grass, which is then taken to Gone Rural headquarters for dying to ensure a consistent product. The grass is then returned to the artisans who work from home to develop,

## The Ease of Registering Property: Swaziland vs Global Best Practice

Registering Property	Swaziland (142/178)	New Zealand (1)
Procedures (number)	11	2
Time (days)	46	2
Cost (% of property value)	7.1	.1

design, and produce crafts. The business structure operates regionally throughout the Kingdom with 13 geographical groups that meet every three weeks to receive compensation for finished products.

Recruitment of artisans happens in an informal way, with Gone Rural staff approaching homesteads in areas where the lutindzi grass grows and then teaching weaving skills. Artisans are paid per piece.

Under Swazi law and custom, which applies to all indigenous Swazi women, women are legal minors, with a father, husband or male relative remaining as a guardian throughout their lives. Consent of this male guardian is required for all activities, including opening a bank account, earning an income, opening a business. Hence income earned by women does not actually belong to them.

Worries Zoë, “While it is clear how much families need the income women earn for basic necessities, you can’t always stop men spending



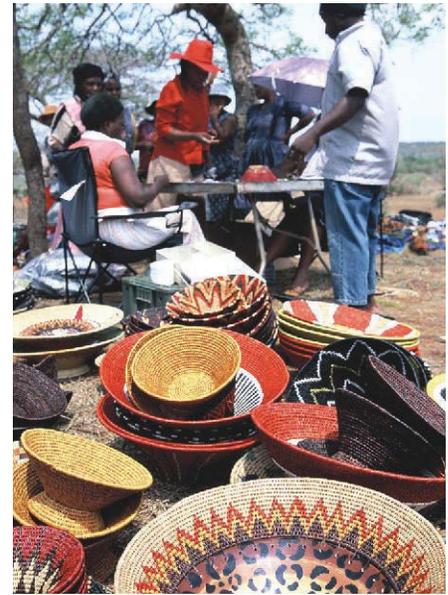
the money their wives earn in a way they decide. If women had the right to have their own bank accounts and manage their own money we could be sure more funds would go directly on necessities like food and school fees.”

Many of the artisans are grandmothers, some supporting up to as many as 15 children. “Education isn’t free and these women are having to protect, feed, clothe and educate their growing numbers of dependants. There are 70,000 orphans in Swaziland now, due to the high incidence of HIV-AIDS. Grandmothers bear the burden,” Zoë reflects.

## Going for growth: obstacles and opportunities

Given the limitations of the local market, Gone Rural began to export internationally as early as 1994. Trade shows in neighbouring South Africa provided the first opportunities. It was clear exporting was the only way the business could make enough money to maintain operations and continue to expand outreach to a greater number of rural women.

There were a number of challenges, including the time and cost of getting goods to market as well as the complexities of the paperwork. In 2008 it still costs almost \$2,000 to export a container and takes around three weeks, with nine different documents required. (Swaziland ranks a low 146 of 178 economies on the Trading Across Borders indicator in Doing Business 2008). As Zoë points out, pricing



then becomes a key issue. Often the retail price for an exported product from Gone Rural can quadruple after taking into account shipping and other export costs. “Africa is definitely at a disadvantage when it comes to shipping costs. We lose out on many export opportunities because it is impossible to compete with the lower-priced but similar products being made in Asia and the cheaper freight costs in other parts of the world” she says.

From a design perspective, the focus is on consistent product quality and relevant design for international markets, along with sourcing sufficient product from artisans to meet buyers’ timelines. Soon after Zoë joined the business she and Jenny decided to invest in recruiting experienced staff designers to ensure a varied product range. It is a competitive business, though, and on more than one occasion Gone Rural was asked to design and provide an “exclusive” product sample to potentially high-volume international clients – only to be met with resounding silence when they followed up. Subsequently at trade shows they would see a competitor selling that design. Zoë explains “the issue of copyright and patenting is really complex. The product needs

to be copyrighted in every color, every size and every country which can end up being far too expensive an exercise for the average handcraft business. We’ve addressed this issue by trying to constantly develop new designs and products, keeping ahead of the market, but it’s a precarious business.”

Once orders are secured from international buyers set numbers of pieces of a specific design are often required by a certain date. This can pose challenges from two perspectives – that of the rural women struggling to produce within requirements given their difficult circumstances, and that of Gone Rural Ltd, needing to fill the order on time and at consistent quality levels to maintain client relationships and contractual obligations.

The additional burdens on rural women’s time in Swaziland – like spending an average of 4 hours a day collecting water – means time is limited for income generating activities. The three week collection cycle for product in rural areas is often difficult for women to fulfill when they are caring for sick relatives or ill themselves. Since Gone Rural started, in 1992, the HIV

AIDS prevalence rate has soared. From under 4% in 1992 to 39.2% today, it is the highest in the world.<sup>1</sup>

Product quality is of paramount importance for international markets, and especially for high end retail clients like Liberty's of London, Anthropologie and the Conran stores. To ensure profitability for the company product has to pass minimum quality standards so shipments won't be rejected and returned. That means Gone Rural can only accept and purchase those products that meet specifications. "There's also the emotional issue attached to the rejection of poor quality – being able to look a woman in the eye and tell her that her finished product isn't good enough can be heart-breaking, especially if you know her husband is lying at home dying, she is also sick and has perhaps ten mouths to feed."

On the administrative side, it was clear to Zoë that automated systems needed to be put in place as the business expanded. In late 2004 the International Finance Corporation provided Gone Rural with both financial and technical support to help build a management information system and develop a viable export pricing strategy.

In 2006 Gone Rural became a Fair Trade registered company, which Zoë says helps develop new markets, like Ten Thousand Villages in Canada. Gone Rural now exports to 35 countries through over 1,000 retail outlets. While the largest single export market is North America, the business also exports to Canada, Europe and a number of African countries. Internet and trade fair sales continue to grow. In 2008, sales growth fueled artisans' highest earnings ever.

Gone Rural has grown to a full time core staff of 24 staff, and 731 artisans. Most staff have been with the business since 1992 and new staff are often recruited within the same family groups.

## **Gone Rural BoMake**

In 2007, Zoë launched Gone Rural BoMake (Women), a charitable foundation to assist Gone Rural's rural Swazi families in a more structured way with access to clean water, food security, HIV/AIDS training, support and family planning, women's rights and literacy, and scholarships for orphans.

But all this almost wasn't. Zoë was devastated when her business partner Jenny passed away from cancer in 2003. What had seemed to be a legitimate shareholders agreement between the two became null and void – because Jenny had married in community of property in Swaziland. She was therefore a legal minor with no right to own a business or property without her husband's consent. "I was so lucky Jenny's husband chose to retrospectively give his consent so we could continue the business," Zoë comments.

Two years after Jenny's death, in 2005, King Mswati III approved a new constitution that provides for equality between the sexes. But the Constitution, Swazi general law (Roman-Dutch common law and statute) and Swazi law and custom (oral tradition) are at odds. In practice, Swazi law and custom prevails. Reports show banks still refuse bank accounts and loans for women without male guarantors because the 1964 Marriage Act vests marital power exclusively in husbands.

The constitution now also protects women's rights as property owners. Registering property in Swaziland is a cumbersome and costly



business by international standards. In 2008 Swaziland ranked 142 out of 178 economies on this Doing Business indicator. But in practice only men have the opportunity to buy and sell property. Under the Kukhonta system of land distribution for Swazi property owners the male head of household pledges allegiance to one of the 350 palace-appointed chiefs. They can apportion a plot of land for his use. This dashed Zoë's hopes of buying a plot of land to build an international handcrafts training center for artisans.

Zoë explains: "While as a white Swazi some lawyers say I can claim to be under the jurisdiction of Swazi general law and as I am single, claim majority status as an adult woman, rather than be considered forever a legal minor under Swazi law and custom. Others say that because I am Swazi born traditional law should apply to me, too. In any case, I realized it was a moot point." A woman it is not permitted to register property in her own name – the Deeds Registry Act expressly prohibits it. Zoë says, "I could get around that by asking a male relative to purchase for me, but the land wouldn't actually be legally mine so it is too much of a business risk."

## Next steps

Almost a decade after joining Gone Rural as a first-time entrepreneur, Zoë remains involved in the business as a shareholder. In 2008 she

## BUSINESS CHALLENGE: REGISTERING PROPERTY

### OPPORTUNITIES FOR REFORM

- Amend laws like the Administration of Estates Act, the Industrial Relations Act, and the Deeds Registry Act to reflect Constitutional principles of equality and non-discrimination
- Abolish minority status for women codified in the Marriage Act of 1964
- Create enforcement and support mechanisms to promote women's access to justice, such as training for judges and legal aid.

launched a new venture promoting strategic development for handicraft businesses. Working with NGO Vital Voices Global Partnership Zoë is now supporting the development of artisanal skills across Africa. Zoë is passionate about this new venture. "I see such tremendous need for practitioners in the handcraft sector to share their skills and knowledge with grassroots entrepreneurs. Africa has the resources to create real wealth at the bottom of the pyramid. But women need a level playing field for this to become a reality."

Zoë is also working with the Women and Law Society of Southern Africa to support legal reform. She sees this as both an issue of social justice and economic development for Swaziland: "If women in Swaziland had equal opportunities to access finance and own land, imagine how much better off the country would be."

#### Footnotes and sources

1. Data from Swaziland Ministry of Health and Social Welfare "Signs of hope amidst times of challenge," 2004.  
Population: World Development Indicators, 2007  
Gross National Income per capita: World Development Indicators, 2007  
Doing Business Rank: Doing Business 2008  
Female literacy rate: World Development Indicators, 2004  
Percent of women in formal labor force: World Development Indicators, 2004  
Seats in Parliament (% held by women): United Nations 2007/2008 Report  
Gender Equity Index: Social Watch Gender Equity Index 2007

# A Lease on Opportunity

When Victoria Kisyombe's husband passed away in 1991 he did something very unusual for a Maasai. He left her a cow named Sero.

In Tanzania discriminatory customary law means few women have land to use as collateral for business loans, so accessing formal finance is a huge problem. Victoria Kisyombe advocates leasing as a practical solution. "I've proved it can work well for both my 10,000 women clients – who in turn support another 51,000 Tanzanians – as well as for Sero Lease Ltd as a business."

When Victoria Kisyombe's husband passed away in 1991 he did something very unusual for a Maasai. He left her a cow named Sero, which means "leader" in Maasai. Most widows in Tanzania inherit nothing under traditional customary law, often leaving them without the means to survive. Although life was hard, Victoria realized how lucky she was: she had a productive asset to help feed her family.

Other widows had many challenges in making ends meet, including the rapidly spreading scourge of HIV AIDS, and Victoria felt compelled to help. In 1992 she started the Sero



Dr. Victoria Kisyombe

## COMPANY PROFILE

**Business Name:**  
Sero Lease and Finance Ltd.  
**Business Type:** Financial Services  
**Annual Turnover:** \$6m  
**Employee Number:** 60  
**Business Reach:**  
12 branches across Tanzania

Women's Business Association with five other widows to tackle these problems head on. Training in HIV AIDS prevention and women's legal rights was desperately needed, along with business skills and management training.

But business training alone didn't help women access the finance they needed to develop small business ventures. Given women's lack of collateral, Victoria began piloting microleasing as a solution. The ability to generate cash flow, rather than collateral, determines whether an applicant is successful. Demand was significant and in 2002 Sero Lease Ltd was formally registered. Sero Lease Ltd has developed into a sustainable, for-profit operation providing microleasing to over 10,000 women clients in Tanzania in 2008, with a client pay-back rate of 99%. Its non-profit arm continues training in HIV AIDS awareness and women's legal rights as well as business skills. To date over 17,000 women have been trained.

## Starting out

Having done well at school in sciences, Victoria trained to become a veterinarian, working in the region of Mbeya on the border with Zambia and

### TANZANIA

Population 39.5 million

GNI per capita \$350

Doing Business global ranking 130/178

Doing Business getting credit ranking 115/178

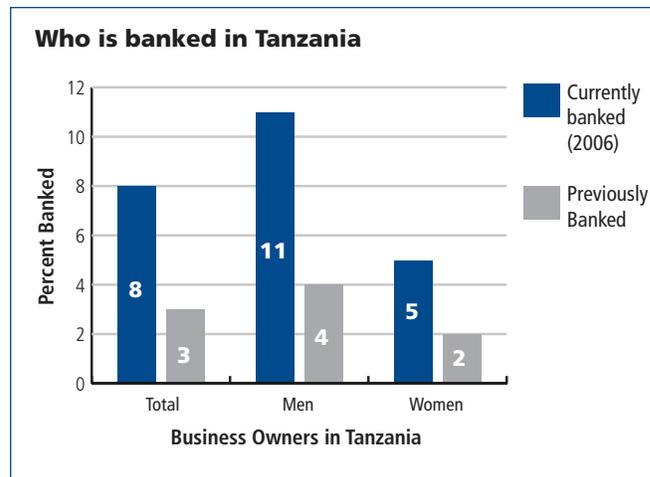


Malawi. Victoria's life changed drastically when her husband died in 1991 and under customary law his family reclaimed all their marital possessions. The legal framework in Tanzania explicitly protects women – a Constitutional amendment passed in 2000 prohibits discrimination on the basis of gender and women's rights to own land are expressly protected. But in practice customary law prevails. Victoria's case was no different, with the exception of Sero the cow. "And Sero made all the difference – I was able to both feed the milk to my one year old and sell some to subsidize our income and help me pay school fees. It was very hard. I saw other widows much less privileged, with no assets, no education, little means of earning a living and I said to myself: if I am finding things so hard, just how are they managing?"

Victoria and five other widows decided to create a Women's Business Association in 1992 to help provide women training to learn more about HIV AIDS and its prevention, inheritance rights and land rights, as well as business skills and training. They called it Sero, as a reminder of how Sero the cow had helped Victoria and a symbol of how they could help lead positive change for other women. "We realized that if there was going to be a change for women, it had to come from us."

**WOMEN IN TANZANIA**

- Female literacy rate 62.2%
- Percent of women in formal labor force 50%
- Seats in parliament 30.4%
- Gender Equity Index Ranking 35/154

Source: Financial Sector Deepening Trust, Tanzania 2007.

Each widow contributed 3,000 Tanzanian shillings to set up the association. They charged 1,000 TSh (\$US 0.8) per day for business training courses. Demand was brisk and Victoria and a colleague soon began to work full time in the association. They moved to the capital city of Daressalam in 1993, and registered the association in 1994.

Business training wasn't enough to help women access credit, however. Without collateral they weren't able to access funds and without funds they couldn't access a productive asset. It was a vicious circle. Across the population only 5% of women and 11% of men are banked in Tanzania, and women owned businesses are only a third as likely as their male counterparts to have bank finance.

### OBJECTIVES OF SERO LEASE

- To empower women economically through financial intermediation
- To develop women's capacity to assertively and competitively participate in business
- To facilitate growth of the beneficiaries as business-women through sharing best practices with other women
- Overall, take part in poverty alleviation initiatives for women.

## FINANCIAL LEASING

- Cash flow rather than collateral is the focus in determining whether a lease applicant is successful
- The lessee owns the asset once it has been paid off, creating a form of collateral for other loans
- Working capital is not tied up
- Repayment patterns can be custom designed to match the lessee's cash flow
- The firm's broader finances are not put at risk by leasing, in contrast to debt.

By 1997 Sero Women's Business Association had 2,000 members and with training and grant support from UK Development agency DFID Victoria began piloting financial leasing. Her aim was to give women the chance to purchase property in their own names and thereby build up a track record for subsequent financing. Slowly Victoria and her friends saved to buy assets themselves. They started with animals, bicycles, sewing machines, refrigerators, water pumps and leased them to other widows. As funds grew, they began to also purchase property women already owned, like beds, tables, chairs and provide a lease back so the funds could be freed up for business activities.

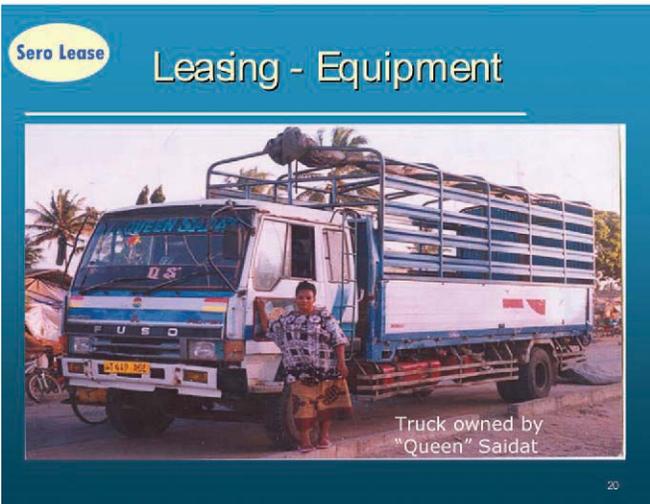
Over the next five years the micro-leasing pilot program returned good results. It was clear to Victoria that leasing was a good financial product to support women in business in Tanzania and to expand outreach they needed to formalize. In 2002, Sero Lease and Finance Ltd was formally registered by the Business Registration and Licensing Agency. This was straightforward but obtaining a license was more complicated. It was confusing working out how to register the business: "I went all over Dar and each Ministry would send me to another, unsure how to deal



with us. We knew we needed a license so we were persistent! Finally the Ministry of Trade, Industry and Marketing provided our license. Then it took another week to process the Tax Payer registration." A "one stop shop" where all the requirements can be fulfilled in one place would certainly make all this quicker and easier.

To mitigate the main risks women are facing, training on HIV AIDS and business skills remains a compulsory prerequisite to processing a leasing request. Every Monday for a half day prospective clients must complete this training to be able to become eligible to borrow. Two guarantors are required with proof of regular income, such as salary slip, and if possible collateral such as a car or a freezer. New clients must provide a guarantee from an existing Sero borrower with a good credit history. The local administrative office is also required to sign a recommendation of good character.

All these protective measures have ensured a consistent 99% payback rate – in fact, while there



have been payment delays Victoria says there has never been a loan write off.

Strict controls are maintained on the business. Branch managers are the key to the on-going success of Sero Lease, and they have weekly checks by telephone with management, send in copies of all receipts by mail and send their portfolios for cross checking by email each week. All cheques are written centrally from Dar.

Victoria’s aim is for women to own a productive asset of their own, but she’d like them to be able to use those assets to secure further financing. Tanzania does have a Chattels Transfer Act which provides for non-land securities to be used as collateral for loans. But it is in practice of little use in its current form - there are two separate uncoordinated registries, both of which are manual and administered by two different authorities. Financial institutions need a single, comprehensive system of registering non-land securities they can rely on.

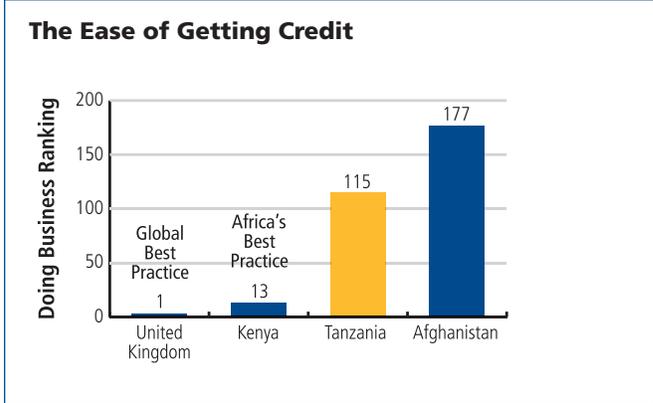
**In Tanzania, pledging a movable property like a car takes 297 days, while in Zanzibar it is not possible at all.<sup>1</sup>**

## Going for growth: obstacles and opportunities

As Victoria built the business she became eligible to borrow US\$10,000 from a government fund, the Small Enterprise Loan Facility. After just three months 50% of the loan was repaid, so Sero became eligible for larger loans, but continues to face constraints due to lack of collateral. This has been a constant challenge in growing the business.

In February 2007, Sero Lease had 3,000 clients and huge pent-up demand. There was a desperate need for additional financing to support business expansion. Victoria had the same problem her clients faced – lack of collateral to secure a bank loan. Banking laws constrain the provision of microfinance services in Tanzania as unsecured loans may not exceed 5% of a licensed bank’s capital. That meant Sero Lease had to borrow from a range of institutions. In 2007 EXIM Bank, the only bank with a woman CEO in Tanzania, started a women’s banking program with support from the International Finance Corporation and in turn provided Sero Lease with a line of credit for \$1 million.

Says Victoria “This really helped us expand. It was the first time Sero Lease had accessed a long term loan with a one year grace period. With additional loan funds from the government SELF



Source: Doing Business 2008.

project in just a year we have more than tripled our client outreach and opened four new branches in rural areas.”

The partnership between Sero Lease and Exim Bank provides, on a limited basis, the benefits a credit reference bureau could provide women borrowers. As Sero Lease clients expand their businesses and become eligible for formal bank financing, which allows them to borrow larger amounts at lower interest rates, they are able to move to Exim Bank’s Women Entrepreneurs Finance Program.

In 2003 amendments to the Bank of Tanzania Act facilitated creation of a credit reference database and collection of information on the payment records of clients of all banks, financial institutions, savings and credit schemes, and other entities engaged in the extension of credit. The Central Bank has engaged consultants to work on this and to investigate the feasibility of incorporating microfinance institutions.<sup>2</sup>

Sero Lease now has 60 full time staff, of whom 12 are men, although the client base remains 100% female. The recruitment pool is drawn mostly from students who come for two month internships and the best qualify for jobs. While Victoria says formal employment contracts can be onerous in Tanzania the internship works as a trial period to screen applicants on the job.

## Next steps

Demand continues to outstrip capacity and word of mouth is the only form of advertising. Sero Lease has grown quickly, from its first branch in Dar to 12 branches across Tanzania

## BUSINESS CHALLENGE: GETTING CREDIT

### OPPORTUNITIES FOR REFORM

Due to discriminatory customary law women are unlikely to have land to use as collateral to secure business loans. Hence they benefit disproportionately from the reforms recommended to develop credit information systems and provide ways of using non-land collateral to secure loans:

- Actively encourage development of credit information systems so good repayment records are captured. Ensure microfinance institutions’ data are included
- Reform the Chattels Transfer Act and relevant parts of the Companies Act so a single comprehensive system of registering non-land securities can be relied upon by financial institutions
- Pass draft leasing legislation into law.

today. So far more than US \$8m has been loaned out to 10,600 clients. “As long as I can continue to find the funds, I predict we will have 30,000 women clients in Tanzania in the next four years.”

Having been invited to Rwanda in 2007 to share Sero Lease’s successes, Victoria’s goal is now expansion beyond Tanzania to other East African countries. “Women and especially widows face the same problems of discriminatory custom law all through East Africa, and I know leasing is a viable solution that can really change lives.”

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Percent of women in formal labor force: World Development Indicators, 2004  
Seats in Parliament (% held by women): United Nations 2007/2008 Report  
Gender Equity Index: Social Watch Gender Equity Index 2007



# A Red Dress and a Wheelbarrow

Twelve years ago Ugandan Julian Omalla lost everything when her business partner absconded with cash she advanced to purchase stock. “The only things left were a wheelbarrow to take fruit to sell at the market and a red dress I would wash out every night.

Sheer determination to succeed kept Julian going and she gradually traded her way back into the black, saving her profits to invest in a new business venture.

Today Juliana is the owner of Uganda’s largest juice processing factory, Delight Ltd, with an annual turn over of US\$4m and 45% of the local market. She’s known affectionately as “Mama Cheers” after her popular fruit drink brand, Cheers. In 2004 she won the Uganda Woman Entrepreneur of the Year Award.

Julian now has diversified into a range of other business activities, too, including poultry, a flour mill and bakery, a student hostel for 400, as well as coordinating women’s farmer cooperatives that provide food aid into Sudan. She now employs some 450 Ugandans.

Success didn’t come easily, not least because of the obstacles she faced in the business

environment.

Julian recalls business registration and licensing was so complex and

expensive she almost gave up hope. Today Julian is part of the Uganda Gender and Growth Coalition, a group of seven women’s groups advocating for improvements in business regulation. The more complex and costly business registration requirements, the more likely women business owners are to remain marginalized in the informal sector. Women are less likely to be as mobile as men, or have as much time, cash or as many contacts to facilitate ways around complex requirements. And women are more likely than men to be seen as ‘soft targets’ for bribes.

The Gender Coalition is advocating for

- A “One Stop Center” for business registration for all types of companies and a business guide clarifying all start up requirements.
- Reforms to eliminate bureaucratic requirements for business start up, such as allowing registration without the mandatory involvement of notaries and lawyers through standardizing incorporation documents, simplifying tax and licensing procedures, and removing the requirement for a company seal.



Julian Omalla

## COMPANY PROFILE

**Business Name:** Delight Ltd

**Business Type:** Manufacturing

**Annual Turnover:** \$3.9m

**Employee Number:** 450 Uganda, Sudan

## UGANDA

Population 29.9 million

GNI Per Capita \$ 300

Doing Business global ranking 118/178

Doing Business starting a business ranking 114/178



## Starting out

Julian began her working life as an employee of her brothers, while she saved to start her own business as a small trader. “As a woman I wanted to show I could have my own business, too. I was doing well until I became too trusting... I transferred all my funds to my business partner to purchase stock and he just disappeared from his place of business. I was back to square zero.” Julian was devastated, but says she learnt not to put all her eggs in one basket – a strategy that became her philosophy for business expansion and diversification.

So Julian began again as a trader, wheeling fruit in her wheelbarrow to market and saving the proceeds. Soon she had enough for travel to neighboring Kenya to buy other goods. “I would take the overnight bus and stand up the whole way to get a 50% fare discount,” she recalls. “My aim was to start a juice processing business, not just small scale like the market vendors, but a real factory. My mother had taught us to process local fruit and I’d done a certificate course in food science, so I had the technical background. I could see there was a gap in the market.”

Once she had saved enough from her trading activities for an initial capital investment of US\$100, Julian began production. She had to take her products for testing to the government chemist by foot because she couldn’t afford



transport. She smiles now remembering the image of herself in her one red dress: “My only means of transport was my wheelbarrow, and I was the whole company.” But the local market responded positively to Julian’s products and she could see her dream being realized.

Once bitten, twice shy and Julian wanted to ensure she was in full control, and that her business was formally registered and licensed. She recalls how cumbersome and complex this was, with numerous offices to visit and unclear requirements. “There was so much to do and so many different places I had to go – for business registration and tax payer identification numbers, different licenses and requirements from a range of different authorities, a declaration that had to be made before a Commissioner for Oaths, a company seal to get, inspections of my premises from different authorities– it all seemed so complex. I remember paying a lawyer what seemed to me the gigantic fee of US\$500,000 (US\$279).”

Gender roles in Uganda added to the burden. Julian found being a wife and mother made the complexities of business registration even more difficult. Men have so much more time than women and they’re more likely to be able to travel to the different agencies – and have the contacts often needed to actually get things done.

### WOMEN IN UGANDA

Female literacy rate 59.8%

Percent of women in formal labor force 40% ★

Seats in Parliament 29.8%

Gender Equity Index Ranking 67/154

So the more complex, cumbersome and costly business registration requirements are, the more likely women business owners remain marginalized in the informal sector.

Women are more likely to face additional challenges too, such as being seen as “soft targets” by officials seeking facilitation payments to expedite complex bureaucratic procedures (see graphs).

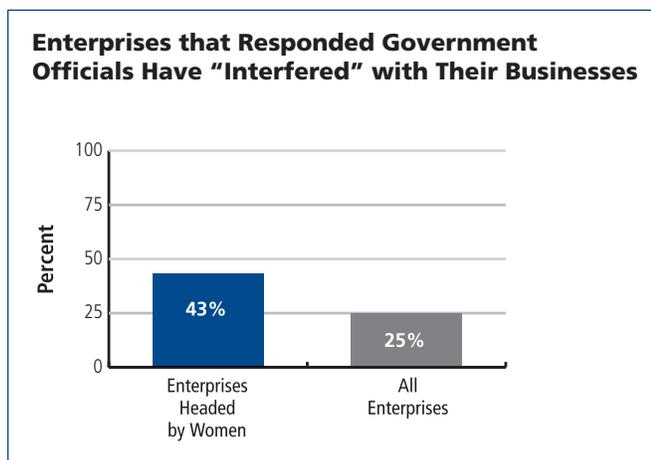
The Uganda Regulatory Cost Survey Report 2004, covering 241 enterprises in four regions, measured the compliance cost of business registration and licensing requirements. It found that more than a quarter of all enterprises surveyed reported that government officials had “interfered” with their business—by asking for bribes, for example. Among enterprises headed by women, the figure was a much higher 43 percent.

Trade licenses were identified as the single most burdensome regulation. A little more than 30 percent of men and more than 40 percent of women cited trade license procedures as an obstacle to the growth of their business. The current Ugandan Trade Licensing Law mandates annual applications to keep business registration valid.

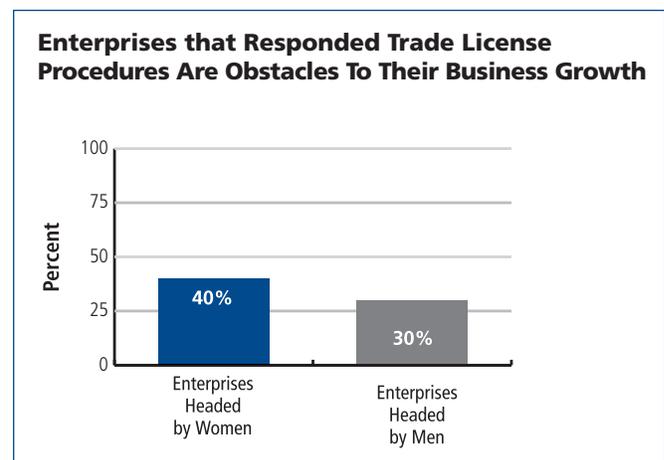
Just as women reported being more likely to be hindered by cumbersome registration and licensing procedures, they proved more likely to comply with regulations once requirements were simplified. In Entebbe Municipality a pilot project streamlined licensing procedures and reduced the number of approvals required to launch a business. It reduced the time spent by 90 percent and compliance costs by 75 percent, while revenue collection increased by 40 percent. The Impact Assessment of the first pilot suggested that the reforms encouraged women to formalize: the increase in first-time business owners registering was 33% higher for women than men.

## Going for growth: obstacles and opportunities

Once Julian felt her juice operation was running smoothly, she wanted to expand Delight Uganda Ltd’s operations and product range. Capital for expansion became a major obstacle. The banks always want collateral which so few women have in Uganda – women don’t inherit under custom law so we are at a big disadvantage. Savings and retained earnings were Julian’s two main methods of financing business expansion.



Source: Kirkpatrick and Lawson, (2004).



Source: Kirkpatrick and Lawson, (2004).

The Succession Act specifies that when a husband dies intestate his wife is entitled to 15% of the matrimonial property, but in practice customary law most often prevails and women inherit nothing.

Commercial farming beyond fruit for the Delight factory seemed a good business prospect and by engaging others to use their land to grow crops Julian avoided the need for a big capital outlay. Julian has always been a strong advocate for other women and looked for ways of helping rural women form farmer cooperatives. Over 100 women now belong to the Bunyoro Grain Farmer Association through membership of women's cooperatives like "Till and Feed the Nation."

Julian started by coordinating grain sales for the women's groups and then saw the opportunity of creating her own processing and packing operation. Called Global Food Securities, flour is packaged under the brand name "Mummy's Choice."

In addition to catering to growing local demand, Julian was among the first Ugandan business-people to take advantage of the Southern Sudanese market after the war, and now around 50% of her exports go there.

Julian reiterates that it hasn't been easy. While women are the majority of those working the land, under customary law they have only user – as opposed to ownership - rights. Their husbands must give permission for them to join a farmer group and then they have the rights to the cash earned from their wives' work. "I am suffering a lot for some of these women," Julian admits. "Often their husbands take their hard earned money to drink or to buy another wife. It pains me so much. We try to organize village meetings to confront these issues but change isn't easy."

When Julian won the Uganda Woman Entrepreneur of the Year Award in 2004 she felt even more compelled to help other women get ahead economically. Active membership in the Uganda Women Entrepreneurs Network meant Julian became part of a "Gender Coalition" of seven women's groups advocating for better regulations for businesswomen. The Gender Coalition has been successful in creating a women's tax desk at the Uganda Revenue Authority and the commitment for a "one stop center" for business registration and licensing, where all steps can be completed at the same place, at the Uganda Investment Authority.

The Authority's director Dr Maggie Kigozi is optimistic about the positive impact the "one stop center" will have: "It helps encourage small businesses – and especially the women who are more time poor and more likely to be intimidated by bureaucracy - to formalize. They can

#### The Ease of Starting a Business: Uganda vs Global Best Practice

The Ease of Starting a Business	Uganda (114/178)	Australia (1) (Global Best Practice)
Procedures (number)	18	2
Time (days)	28	2
Cost (% of income per capita)	92.0	0.8
Minimum capital (% of income per capita)	0.0	0.0





do everything in one place rather than physically having to go to numerous government offices. Once they formalize they can enforce contracts, borrow from the banks and claim back VAT that they wouldn't be able to in the informal sector.”

Dr Kigozi notes that without a tax number and audited books of accounts businesses are subject to surprise inspections where a tax inspector is able to make an estimate of taxes owed. The Gender Coalition has many anecdotes of women with informal businesses who were seen as “soft targets” for zealous tax inspectors demanding regular cash payments.

The Uganda Revenue Authority has now established a women's tax desk so businesswomen have a single point of contact to check on tax requirements without feeling intimidated or harassed.

The “one stop center” will have the mandate to connect both foreign and domestic investors with some 50 agencies for the secondary licenses a business might require for the sector they operate in. Dr Kigozi says these agencies, known as “Team Uganda” now all have a client charter visible to the public that sets out the cost of the service and the time it is expected to take for delivery.

Julian is proud she has been able to be part of an effort working for better business conditions for all Ugandans. Because of the additional constraints women face this will be even more beneficial for businesswomen.

## BUSINESS CHALLENGE: STARTING A BUSINESS

### OPPORTUNITIES FOR REFORM

- A “One Stop Center” for business registration for all types of companies and a business guide clarifying all requirements should make it much easier for businesses to formalize once fully implemented
- Further reforms to eliminate bureaucratic requirements could improve the situation – allowing registration without involvement of notaries and lawyers through standardizing incorporation documents, simplifying tax and licensing procedures and removing the requirement for a company seal.

Julian's business empire now includes a grain processing and packing plant, bakery and confectionary line, a poultry farm with 30,000 commercial laying hens and a student hostel under construction.

As she reflects back on her successes, Julian says the thing that gives her most satisfaction is being able to create jobs for other Ugandans, especially women. Ironically, she says losing everything turned out to be her best lesson. Her advice to other women who want to succeed in business? Don't put all your eggs in one basket.

#### Footnotes and sources

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- Population: World Development Indicators, 2007  
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Percent of women in formal labor force: World Development Indicators, 2004  
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Gender Equity Index: Social Watch Gender Equity Index 2007





**Doing  
Business  
2008  
Country  
Profiles**

## CAMEROON

Sub-Saharan Africa

Lower middle income

<b>Starting a business</b> (rank)	160
Procedures (number)	13
Time (days)	37
Cost (% of income per capita)	129.2
Minimum capital (% of income per capita)	177.1

<b>Dealing with licenses</b> (rank)	154
Procedures (number)	15
Time (days)	426
Cost (% of income per capita)	1,202.9

<b>Employing workers</b> (rank)	120
Difficulty of hiring index (0-100)	28
Rigidity of hours index (0-100)	40
Difficulty of firing index (0-100)	70
Rigidity of employment index (0-100)	46
Nonwage labor cost (% of salary)	16
Firing cost (weeks of salary)	33

<b>Registering property</b> (rank)	134
Procedures (number)	5
Time (days)	93
Cost (% of property value)	17.8

<b>Getting credit</b> (rank)	115
Strength of legal rights index (0-10)	3
Depth of credit information index (0-6)	2
Public registry coverage (% of adults)	1
Private bureau coverage (% of adults)	0

Ease of doing business (rank)	154
GNI per capita (US\$)	1,080
Population (millions)	16.7

<b>Protecting investors</b> (rank)	107
Extent of disclosure index (0-10)	6
Extent of director liability index (0-10)	1
Ease of shareholder suits index (0-10)	6
Strength of investor protection index (0-10)	4.3

<b>Paying taxes</b> (rank)	166
Payments (number per year)	41
Time (hours per year)	1,400
Total tax rate (% of profit)	51.9

<b>Trading across borders</b> (rank)	132
Documents to export (number)	9
Time to export (days)	27
Cost to export (US\$ per container)	907
Documents to import (number)	8
Time to import (days)	33
Cost to import (US\$ per container)	1,529

<b>Enforcing contracts</b> (rank)	172
Procedures (number)	43
Time (days)	800
Cost (% of claim)	46.6

<b>Closing a business</b> (rank)	92
Time (years)	3.2
Cost (% of estate)	15
Recovery rate (cents on the dollar)	25.5

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07

## RWANDA

Sub-Saharan Africa

Low income

Ease of doing business (rank) 150

GNI per capita (US\$) 250

Population (millions) 9.2

**Starting a business** (rank) 63

Procedures (number) 9

Time (days) 16

Cost (% of income per capita) 171.5

Minimum capital (% of income per capita) 0

✓ **Dealing with licenses** (rank) 124

Procedures (number) 16

Time (days) 227

Cost (% of income per capita) 822.1

**Employing workers** (rank) 95

Difficulty of hiring index (0-100) 56

Rigidity of hours index (0-100) 40

Difficulty of firing index (0-100) 30

Rigidity of employment index (0-100) 42

Nonwage labor cost (% of salary) 5

Firing cost (weeks of salary) 26

**Registering property** (rank) 137

Procedures (number) 5

Time (days) 371

Cost (% of property value) 9.4

**Getting credit** (rank) 158

Strength of legal rights index (0-10) 1

Depth of credit information index (0-6) 2

Public registry coverage (% of adults) 0.2

Private bureau coverage (% of adults) 0

**Protecting investors** (rank) 165

Extent of disclosure index (0-10) 2

Extent of director liability index (0-10) 5

Ease of shareholder suits index (0-10) 1

Strength of investor protection index (0-10) 2.7

**Paying taxes** (rank) 50

Payments (number per year) 34

Time (hours per year) 168

Total tax rate (% of profit) 33.8

✓ **Trading across borders** (rank) 166

Documents to export (number) 9

Time to export (days) 47

Cost to export (US\$ per container) 2,975

Documents to import (number) 9

Time to import (days) 69

Cost to import (US\$ per container) 4,970

**Enforcing contracts** (rank) 44

Procedures (number) 24

Time (days) 310

Cost (% of claim) 78.7

**Closing a business** (rank) 178

Time (years) No practice

Cost (% of estate) No practice

Recovery rate (cents on the dollar) 0

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07

## SENEGAL

Sub-Saharan Africa

Low income

<b>Starting a business</b> (rank)	159	<b>Ease of doing business</b> (rank)	162
Procedures (number)	10	<b>GNI per capita</b> (US\$)	750
Time (days)	58	<b>Population</b> (millions)	11.9
Cost (% of income per capita)	107	<b>Protecting investors</b> (rank)	158
Minimum capital (% of income per capita)	255	Extent of disclosure index (0-10)	6
<b>Dealing with licenses</b> (rank)	64	Extent of director liability index (0-10)	1
Procedures (number)	14	Ease of shareholder suits index (0-10)	2
Time (days)	217	Strength of investor protection index (0-10)	3
Cost (% of income per capita)	176.9	<b>Paying taxes</b> (rank)	164
<b>Employing workers</b> (rank)	160	Payments (number per year)	59
Difficulty of hiring index (0-100)	72	Time (hours per year)	696
Rigidity of hours index (0-100)	60	Total tax rate (% of profit)	46
Difficulty of firing index (0-100)	50	<b>Trading across borders</b> (rank)	136
Rigidity of employment index (0-100)	61	Documents to export (number)	11
Nonwage labor cost (% of salary)	21	Time to export (days)	20
Firing cost (weeks of salary)	38	Cost to export (US\$ per container)	828
<b>Registering property</b> (rank)	155	Documents to import (number)	11
Procedures (number)	6	Time to import (days)	26
Time (days)	114	Cost to import (US\$ per container)	1,720
Cost (% of property value)	19.5	<b>Enforcing contracts</b> (rank)	148
<b>Getting credit</b> (rank)	135	Procedures (number)	44
Strength of legal rights index (0-10)	3	Time (days)	780
Depth of credit information index (0-6)	1	Cost (% of claim)	26.5
Public registry coverage (% of adults)	4	<b>Closing a business</b> (rank)	73
Private bureau coverage (% of adults)	0	Time (years)	3
		Cost (% of estate)	7
		Recovery rate (cents on the dollar)	32.4

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07

## SOUTH AFRICA

Sub-Saharan Africa

Upper middle income

Ease of doing business (rank) 35

GNI per capita (US\$) 5,390

Population (millions) 47.4

**Starting a business** (rank) 53

Procedures (number) 8

Time (days) 31

Cost (% of income per capita) 7.1

Minimum capital (% of income per capita) 0

**Protecting investors** (rank) 9

Extent of disclosure index (0-10) 8

Extent of director liability index (0-10) 8

Ease of shareholder suits index (0-10) 8

Strength of investor protection index (0-10) 8

**Dealing with licenses** (rank) 45

Procedures (number) 17

Time (days) 174

Cost (% of income per capita) 30.4

✓ **Paying taxes** (rank) 61

Payments (number per year) 11

Time (hours per year) 350

Total tax rate (% of profit) 37.1

**Employing workers** (rank) 91

Difficulty of hiring index (0-100) 56

Rigidity of hours index (0-100) 40

Difficulty of firing index (0-100) 30

Rigidity of employment index (0-100) 42

Nonwage labor cost (% of salary) 4

Firing cost (weeks of salary) 24

**Trading across borders** (rank) 134

Documents to export (number) 8

Time to export (days) 30

Cost to export (US\$ per container) 1,087

Documents to import (number) 9

Time to import (days) 35

Cost to import (US\$ per container) 1,195

**Registering property** (rank) 76

Procedures (number) 6

Time (days) 24

Cost (% of property value) 8.8

**Enforcing contracts** (rank) 85

Procedures (number) 30

Time (days) 600

Cost (% of claim) 33.2

✓ **Getting credit** (rank) 26

Strength of legal rights index (0-10) 5

Depth of credit information index (0-6) 6

Public registry coverage (% of adults) 0

Private bureau coverage (% of adults) 52.1

**Closing a business** (rank) 68

Time (years) 2

Cost (% of estate) 18

Recovery rate (cents on the dollar) 33.2

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07

## SWAZILAND

Sub-Saharan Africa

Lower middle income

<b>Starting a business</b> (rank)	142
Procedures (number)	13
Time (days)	61
Cost (% of income per capita)	38.7
Minimum capital (% of income per capita)	0.6

<b>Dealing with licenses</b> (rank)	19
Procedures (number)	13
Time (days)	93
Cost (% of income per capita)	94

<b>Employing workers</b> (rank)	51
Difficulty of hiring index (0-100)	11
Rigidity of hours index (0-100)	20
Difficulty of firing index (0-100)	20
Rigidity of employment index (0-100)	17
Nonwage labor cost (% of salary)	2
Firing cost (weeks of salary)	53

<b>Registering property</b> (rank)	142
Procedures (number)	11
Time (days)	46
Cost (% of property value)	7.1

<b>Getting credit</b> (rank)	36
Strength of legal rights index (0-10)	5
Depth of credit information index (0-6)	5
Public registry coverage (% of adults)	0
Private bureau coverage (% of adults)	37.6

Ease of doing business (rank)	95
GNI per capita (US\$)	2,430
Population (millions)	1.1

<b>Protecting investors</b> (rank)	175
Extent of disclosure index (0-10)	0
Extent of director liability index (0-10)	1
Ease of shareholder suits index (0-10)	5
Strength of investor protection index (0-10)	2

<b>Paying taxes</b> (rank)	40
Payments (number per year)	33
Time (hours per year)	104
Total tax rate (% of profit)	36.6

<b>Trading across borders</b> (rank)	146
Documents to export (number)	9
Time to export (days)	21
Cost to export (US\$ per container)	1,798
Documents to import (number)	11
Time to import (days)	34
Cost to import (US\$ per container)	1,820

<b>Enforcing contracts</b> (rank)	129
Procedures (number)	40
Time (days)	972
Cost (% of claim)	23.1

<b>Closing a business</b> (rank)	56
Time (years)	2
Cost (% of estate)	15
Recovery rate (cents on the dollar)	36

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07

## TANZANIA

Sub-Saharan Africa

Low income

Ease of doing business (rank) 130

GNI per capita (US\$) 350

Population (millions) 39.5

 <b>Starting a business</b> (rank)	95	<b>Protecting investors</b> (rank)	83
Procedures (number)	12	Extent of disclosure index (0-10)	3
Time (days)	29	Extent of director liability index (0-10)	4
Cost (% of income per capita)	47.1	Ease of shareholder suits index (0-10)	8
Minimum capital (% of income per capita)	0	Strength of investor protection index (0-10)	5
<b>Dealing with licenses</b> (rank)	170	<b>Paying taxes</b> (rank)	104
Procedures (number)	21	Payments (number per year)	48
Time (days)	308	Time (hours per year)	172
Cost (% of income per capita)	2,365.5	Total tax rate (% of profit)	44.3
<b>Employing workers</b> (rank)	151	<b>Trading across borders</b> (rank)	100
Difficulty of hiring index (0-100)	89	Documents to export (number)	5
Rigidity of hours index (0-100)	40	Time to export (days)	24
Difficulty of firing index (0-100)	60	Cost to export (US\$ per container)	1,212
Rigidity of employment index (0-100)	63	Documents to import (number)	7
Nonwage labor cost (% of salary)	16	Time to import (days)	30
Firing cost (weeks of salary)	32	Cost to import (US\$ per container)	1,425
<b>Registering property</b> (rank)	160	<b>Enforcing contracts</b> (rank)	35
Procedures (number)	10	Procedures (number)	38
Time (days)	119	Time (days)	462
Cost (% of property value)	5.3	Cost (% of claim)	14.3
<b>Getting credit</b> (rank)	115	<b>Closing a business</b> (rank)	109
Strength of legal rights index (0-10)	5	Time (years)	3
Depth of credit information index (0-6)	0	Cost (% of estate)	22
Public registry coverage (% of adults)	0	Recovery rate (cents on the dollar)	20.5
Private bureau coverage (% of adults)	0		

 Positive reform in 2006/07

 Negative reform in 2006/07

## UGANDA

Sub-Saharan Africa

Low income

Ease of doing business (rank) 118

GNI per capita (US\$) 300

Population (millions) 29.9

**Starting a business** (rank) 114

Procedures (number) 18

Time (days) 28

Cost (% of income per capita) 92

Minimum capital (% of income per capita) 0

**Dealing with licenses** (rank) 81

Procedures (number) 16

Time (days) 143

Cost (% of income per capita) 811.8

✓ **Employing workers** (rank) 11

Difficulty of hiring index (0-100) 0

Rigidity of hours index (0-100) 0

Difficulty of firing index (0-100) 10

Rigidity of employment index (0-100) 3

Nonwage labor cost (% of salary) 10

Firing cost (weeks of salary) 13

**Registering property** (rank) 163

Procedures (number) 13

Time (days) 227

Cost (% of property value) 4.6

**Getting credit** (rank) 158

Strength of legal rights index (0-10) 3

Depth of credit information index (0-6) 0

Public registry coverage (% of adults) 0

Private bureau coverage (% of adults) 0

**Protecting investors** (rank) 122

Extent of disclosure index (0-10) 2

Extent of director liability index (0-10) 5

Ease of shareholder suits index (0-10) 5

Strength of investor protection index (0-10) 4

**Paying taxes** (rank) 55

Payments (number per year) 33

Time (hours per year) 237

Total tax rate (% of profit) 32.3

✓ **Trading across borders** (rank) 141

Documents to export (number) 6

Time to export (days) 39

Cost to export (US\$ per container) 2,940

Documents to import (number) 7

Time to import (days) 37

Cost to import (US\$ per container) 2,990

**Enforcing contracts** (rank) 119

Procedures (number) 38

Time (days) 535

Cost (% of claim) 44.9

**Closing a business** (rank) 48

Time (years) 2.2

Cost (% of estate) 30

Recovery rate (cents on the dollar) 41

✓ Positive reform in 2006/07

✗ Negative reform in 2006/07



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