



# Note

## Challenges faced by Women Exporters: Experience of MSMEs from Africa and Asia

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### Summary

Women have traditionally occupied a critical social and economic role in developing and least developed countries' (LDCs) societies. They are now willing to take a more prominent role in trade, and make an increasing part of entrepreneurship in Micro, Small & Medium Enterprises (MSMEs). However, only few of them participate in the formal economy and engage in exports. Based on interviews conducted by civil society organisations in various developing and least developed countries in Asia and Africa, this paper analyses the gender-related barriers faced by women-run MSMEs in exporting their products.

## Introduction

Women traditionally occupied a critical social and economic role in developing and least developed countries (LDCs)' societies. Women are willing to take a more and more prominent role in trade, and now account as an increasing part in entrepreneurship, e.g. working and owning Micro, Small & Medium Enterprises (MSMEs).

Even though, they are more and more involved in trade at national, regional and international level, most of women owned enterprises remain MSMEs, a limited number are exporting, and only a small percentage participate into the formal economy.

Based on interviews conducted by civil society organisations in various developing and least developed countries in Asia and Africa<sup>1</sup>, this paper seeks to inform about the gender-related barriers and challenges that women-run companies may face in exporting their products or services to regional and international markets.

## Setting the Scene of Women-run MSME Exporters

### Increased women entrepreneurship & Over-representation in informal trade

Women entrepreneurship is accelerating at an incredible pace since the last decade, including in developing countries and LDCs. However, when looking at the picture of small, medium & large sized enterprises, as well as exporting companies, women-owned business become less represented. The majority of women engaged in export trade are mainly involved in informal cross-border trade and rank the highest in this type of trade; and trading majorly in low value products such as farm produce.

The 2013 Nigeria MSMEs Survey showed that female entrepreneurs accounted for 43.32% in the ownership structure of micro enterprises and 22.75% in small and medium enterprises. In Uganda, women make up 52.5% of the country's labour force and are an important pool of potential talent to help the economy meet its development goals, especially in the area of Micro, Small and Medium Enterprises (MSME) growth. 47% of MSMEs in Uganda are women-owned, but among those only 21% are exporting although Uganda has secured markets in the European Union (EU), Economic Community of West African States (ECOWAS) and East

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<sup>1</sup> Laos PDR, Sri Lanka, Pakistan, Myanmar, Nepal, Viet-Nam, Tunisia, Burundi, Kenya, Tanzania, Rwanda, Uganda, Nigeria, Ghana, and Benin.

African Community (EAC).

It was showcased that women tend to join more their forces, into association, cooperatives, chambers ... Such as in Burundi, where existing documentation at the Ministry of Commerce, Industry and Tourism shows that there are 32 registered women exporters, owners or managers of MSMEs, grouped together in the Association of Businesswomen of Burundi (AFAB) or in other sectoral chambers. Mrs. Euphrasie Mashwabure, a woman who has been a coffee exporter since the beginning of the 1990s, spoke about the usefulness of professional associations and networks: "Joining the Burundian Association of Coffee Exporters (ABEC) opened my horizons, with weekly meetings between colleagues working on the same product, exchanging on the constraints encountered and we were strong to go make a plea to the public authorities. Euphrasia continues to testify: "In addition, we exchange data on coffee prices in the international market. After that, I established business relationships with coffee merchants based in Europe and the United States."

### **Towards a more gender-sensitive policy & regulatory framework at national level**

There are still legal and regulatory barriers for women's trade and economic development, including exporting prospects. The 2016 World Bank Women, Business and Law Report provides evidence that at least one law would impede women's economic opportunities in 90 percent of the 173 economies covered by the

World Bank.

Though, more and more States are taking policy steps to support women in joining trade at all levels. Some concrete cases are mentioned below:

- The government of Uganda has put in place women-specific programs such as the Uganda Women Entrepreneurship Program (UWEP), which specifically aims at supporting young women entrepreneurs.
- In 2015, the government in Ghana together with the ministry of gender and social protection launched the national gender policy themed "Mainstreaming gender equality and women's empowerment into Ghana's development efforts". This policy document outlines various commitments by Government of Ghana to empower women, including in trade<sup>2</sup>.
- The government of Nepal has inserted a provision in the Industrial Enterprises Act 2017 for giving 15 percent income tax exemption for enterprises that has more than 50 percent women employees, provision of collateral free loans at an interest rate of 6 percent and implemented other gender-based policies to encourage interested women entrepreneurs.

However, it seems critical to mention that a large majority of women-owned MSMEs interviewed explained that the challenges they are facing are in general are very much similar to those faced by men-owned businesses. Gender was even not considered as an obstacle to export to regional or

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<sup>2</sup> Republic of Ghana, Ministry of Gender and Social Protection. National Gender Policy (2015)

international market in many instances, but the challenges of lack of information about foreign markets, limited internal capacities of MSMEs, challenging compliance to standards and quality, limited access to public and private finance, lack of mutual recognition of standards & Rules of Origin, as well as procedural issues limiting exports, were mostly mentioned as common barriers to all (aspiring) exporters, including women.

## **Gender-related Barriers and Challenges for Women Exporters**

### **Access to finance: Gender as an additional barrier to women-owned MSMEs**

The challenge of financing was mentioned as the top barrier in all countries, as women considered that accessing credits is a crucial problem for any woman wishing to export, wishing to expand her business. The lack of property rights, land ownership and assets hinder women from borrowing when collateral is required. This is even more challenging when loan repayment rates are high.

Closely related to challenging access to private finance, is the matter of land ownership. Only a limited number of women interviewed in Africa and Asia own land. For the women-led exporting MSMEs, this hampered their access to credit as they could not put up collateral for loan facilities. For instance, in Nigeria, bank loans are mostly secured by landed property. However, cultural norms over the years have denied women absolute ownership of landed property, thereby making it difficult for them to meet this

basic condition to access credit from the banks.

In Burundi, Jaqueline Uwimana, tea exporter, explained: "Credit has been and always has been for me the most difficult problem. When I started my business, I used family resources to buy tea and pay for transportation from Bujumbura to Kenya. I needed credit to buy and sell large quantities to make significant profits, but I could not access bank credits. I did not have collateral to mortgage with banks to obtain it. It was only with the help of my husband who agreed to mortgage our house that I was able to make a purchase and properly start my export operations."

### **The burden of homecare and childcare: Limitations for women in handling successful business**

A common issue raised by most interviewed women exporters is the difficulty involved in combining family care with business. Export trade is time-consuming and women are required to spend long hours either at the ports or airport making sure that their goods are handled properly. In the light of the aforesaid, delays at the airport which emanates from delays in inspection and certification among others, can result in marital or family problems. One exporter in Ghana lamented: "If you do not have an understanding husband, then there will be issues at home because you would always be expected to be home by 5.30pm to cook for him".

In Nepal, Shanti Shrestha, the founder and owner of Nuptse craft mentioned that it has been challenging to increase the efficiency of women workers in her factory. All the women engaged in work have socio-cultural limitations which is affecting the overall running of the business and

export to international market.

Another impact of the burden of homecare and childcare for business women, is in accessing market information and business connection. Many mentioned, both in Africa and Asia, that they were unable to participate, as do not have time, resources and ability to participate in network development and market access, because of insufficient family support, as well as gender stereotypes. For instance in Sri Lanka, women in business are found to be less likely than men to belong to business networks.<sup>3</sup> Business networks offer formal training, information, advice, access to markets, partnerships and policy advocacy as well as encouragement and support.<sup>4</sup> Women also have less time to engage in informal networking, which is often an important method of building contacts, and gaining access to market information in developing countries and LDCs.

In Viet Nam, one of the interviewees said, "Our networking and business development skills are not good enough. We [women entrepreneurs] cannot drink much, cannot play golf, and do not have much time for networking." Another emphasized, "It took nearly 3 years for me to redevelop my business network after having a baby."

The interviews revealed that most women-run MSME exporters stated that they rely on personal contacts such as family members or friends (expats living abroad), to gain access to foreign markets. For example, one of the women MSME in Asia was exporting apparel to the U.S.A. through her cousin who was residing

there. Another woman who runs a MSME was exporting fruits and vegetables to the Middle East through contacts with expats living there. Most women-run MSMEs seemed apprehensive of entering the foreign markets because they anticipate difficulties in establishing contacts and building trustworthy relationships.

One women exporter stated that: "I rarely get a chance to move around and network" due to family commitments. Another woman exporter interviewed stated that: "participating in international fairs and travelling for long periods is also more difficult for women, due to family commitments. This is likely the case for many women, who have lot more demand on their time than men".

### **Patriarchal stereotypes: When culture become a barrier to trade for women**

In patriarchal communities and economies, often male-dominated, starting a business and working towards its success, could be hampered by cultural beliefs and stereotypes. Many women in Asia and Africa shared their personal insights on how being a business women as sometimes be a barrier to economic development and accessing export opportunities.

Mrs. Marie Muque Kigoma in Burundi confided the following: "I encountered difficulties at the beginning of the factory as a woman because I was the first woman to venture into this production/business, people did not understand me, some people told me that I was not going to

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<sup>3</sup> International Trade Centre, 'Unlocking markets for women to trade', 2015, available at:

[http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/women\\_in\\_trade\\_web.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/women_in_trade_web.pdf)

<sup>4</sup> Ibid.

make it as this is a job for men.”

Being the only female-led macadamia export company in Kenya, Exotic EPZ Ltd faced particular cultural challenges. The macadamia industry is largely male-dominated so Exotic EPZ Ltd had to prove itself and work twice as hard as their male counterparts in order to establish themselves as a formidable competitor. They found that, by virtue of being female, a lot of the industry players questioned their technical expertise in processing macadamia products. This was particularly from the financial institutions that they had approached for credit. Most of the farmers, who were majorly male, were also hesitant to supply the necessary raw inputs.

In Nigeria, Mrs. Ololade Ibrahim explains that people she encounters in the course of her businesses tend not to consider her seriously because she is a woman. They think: “What does a woman know about export?”. She is aware that other women who are into the export of wood/timber have to partner with men to survive in the business. According to her, “People don’t take you seriously as a woman exporter, ...they think you don’t know what you’re talking about or you can’t do the business because you are woman. Sometimes we collaborate with men or source out the job to men. I am into gemstone so I do most things on my own, but I don’t have a mining license. One has to rely on male dominate network ...it is like a clique.” The impact of this is increased costs and reduced profit margins. Moreover, Mrs. Bolanle Iwuanyanwu noted that “Women face lots of discrimination in the Nigerian export business. For those who transport their products by road they stand at the peril of the criminals on the highways as well as harassment

and extortion by security agencies and border officials”.

According to Ms. Gudula, a woman exporter in Uganda, gender dynamics of trade in agricultural produce should also be examined. In most cases, when a crop gains high demand on the market, it ceases to be a woman’s crop. The implication of this is that women end up trapped into production of crops that do not improve their welfare, thus bearing the brunt of economic hardships.

### **Lack of education: Impact on women-owned business development**

In Africa and in Asia, women still often have less opportunity in benefiting from secondary and tertiary education, which ultimately impact on their business and export opportunities in the future. For instance, in Myanmar, according to the International Monetary Fund (IMF) website, about 18 percent of women in the country has secondary education or higher. Among two-third of the working women population, the vast majority especially in the rural areas of the country has to engage in the unskilled work at low and unstable salary as they lack specific skills and relevant knowledge for white-collar jobs for better earning.

“The root cause of educational bias is based on cultural beliefs and norms that put high values to men and disregard women from their childhood,” said a woman exporter in Tanzania. The same view was expressed by another Tanzanian exporter, who explained that girls are culturally marginalised even when they have an ability to study. “Some parents restrict girls going to school with a reason that once they get educated, they will leave their families while they

are supposed to get married". This has contributed to increased number of young women in trade activities who are struggling to gain income to support their lives.

In Nepal, Ms Mithila Devi Yadav stated that a lack of knowledge on foreign languages has narrowed her prospects from starting her own store of Mithila Art, and possibly expand their exports' opportunities. Beyond traditional curricula, women also now face a challenge of limited knowledge and use of ICT, especially e-commerce. Going by the current business trends, this is a serious challenge for anyone wanting to venture into the export business. This is because the knowledge and skills in the context of increased market linkages through information and communications technology (ICT) is very necessary in terms of connecting with customers, marketing the products, money transactions and general business networking.

## Seeking Solutions

### Policy actions to support women-owned MSMEs in exporting their products & services

- Laws and regulation should be modified to allow for innovative approaches to non-land-based credit offering alternative opportunities to increase women's access to capital.
- Policies concerning MSMEs development should be reviewed to mainstream gender.
- A "Gender sensitive charter for cross-border traders" could aim at eliminating the constraints faced by women traders and facilitate regional trade in products traditionally traded by women.
- Policy makers and trade negotiators should influence positions in order to ensure that trade agreements are gender cognizant.
- Governments should create awareness about the laws and policies regulating trade, in order to reach women in rural communities, the less educated, to enhance accessibility on market access information, export requirements, etc.

### Implementation of strategies to support women-owned MSMEs in exporting their products & services

- Women exporters should be incentivized to work in associations and networks to resolve export-specific constraints and advocate with the government for the removal of gender-related barriers.
- There should be an increased cooperation and coordination among development partners to enhance the complementarity of their efforts focused on the export promotion of women-owned MSMEs.
- The implementation of specialized assistance services and export support to women-owned MSMEs should be promoted.
- Governments and other relevant public & private actors should support in benchmarking women-run exporting MSMEs with large successful exporting enterprises.
- Special funds for women entrepreneurs should be established with a mandate of providing financial support to them

specifically. This kind of special funds can focus on providing various financial packages to women in business but especially considering grants and soft loans with low interest rates that are more affordable for such women.

- Governments should develop / strengthen a data base of information on the women in business, the products they are exporting, the challenges they are facing, ... to strengthen the value chains they are mostly involved in.

### **Provision of capacity building support to women-owned MSMEs**

- Women should benefit from general training on modern ways of doing business, customs procedures, e-commerce dynamics like marketing their products online, working with banks including how to acquire loans, bank payments and money transfers.

Women should have access to mentorship initiatives tailored for women in business, to support in mobilizing finances, record keeping and financial advisory and connecting upcoming women to other already established entrepreneurial women to share their experiences and skills.

- E-platforms could facilitate connecting women in business and their potential customers. The platform could serve as e-gateway for women's entrepreneurship. The platform should be designed to provide information on: mentoring, networking possibilities, training and peer-learning opportunities, good practices, success stories, relevant news, events, local organizations working on women's entrepreneurship and more.

#### **Getting inspiration from the South: Rwanda success story**

Rwanda is one of the top five countries in the world with the highest gender parity indicators along with Iceland, Norway, Finland and Sweden. While addressing the 11th WTO Ministerial Conference in Buenos Aires last December, the Director General Roberto Azevêdo observed that 74 per cent of Rwandan people engaged in cross-border trade are women. Ninety per cent of those rely solely on cross-border trade as their income source. Indeed, Rwanda has progressed in providing a friendly environment for women to be creative, to pursue their ambitions and to develop their potential. The national development agenda that is anchored on ensuring gender balance, the support of the girl child and women empowerment has led to impressive development that goes beyond the high rates of school enrolment by women and women in high administrative positions. Rwanda was ranked by the Global Gender Gap Report as the 6th overall in the world in terms of closing gender gaps. It is also one of the most encouraging and supportive places to be a woman entrepreneur in Africa. Rwanda is highly progressive in seeing entrepreneurship as a key driver for transformation, economic development and business growth in the country, particularly for women.





## **CUTS International, Geneva**

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