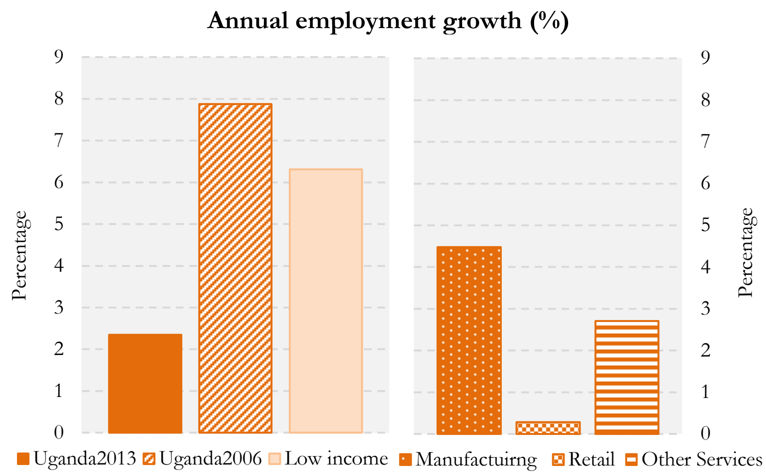
The World Bank interviewed a representative sample of the private sector in 5 of the most active economic regions in **Uganda**. The sample consisted of 762 business establishments surveyed from January 2013 through July 2014. The Enterprise Survey covers several aspects of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

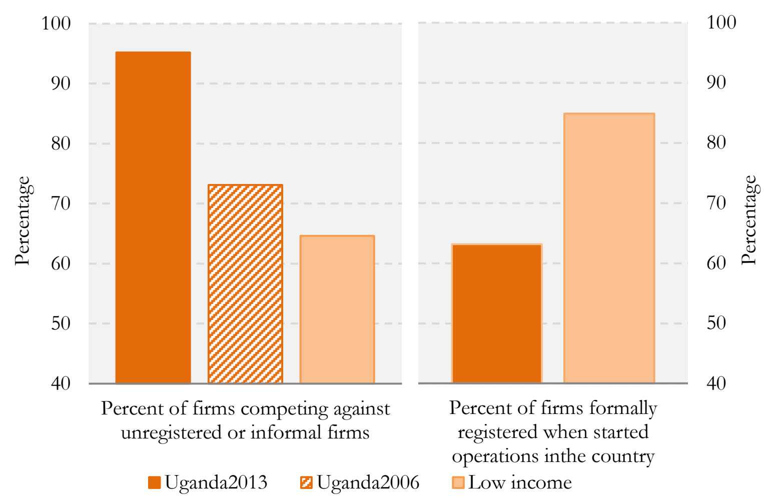
Employment growth has slowed down over time and varies widely across sectors and size

Between 2010 and 2012 firms in Uganda added jobs at an annual rate of 2%, which is almost one-third the average of 6% for low income countries and one-fourth compared to an **annual growth rate** of 8% between 2004 and 2006. Manufacturing firms grew faster, adding jobs at an annual rate of 4.5%, followed by other services firms at 2.7%. Retail firms, on the contrary, had a poorer performance, adding jobs at a very low rate of 0.3%. Annual employment growth rate varies widely also across firms' size, ranging from 0.6% in small firms to 16% in large firms.



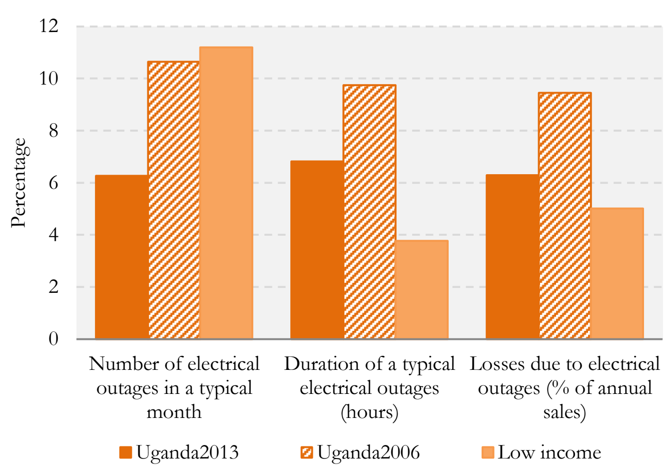
The percentage of formal firms competing against informal firm is high and increasing

Percentage of firms in Uganda's formal sector that **compete with informal sector** firms is high by international standards and increasing. In 2012, 95% of firms competed against informal or unregistered businesses, compared to 73% in 2006. The corresponding figure for other low income countries is much lower averaging 64%. Another indication of the extent to which informality is widespread in the country comes from the percentage of firms that are formally registered when they started operation. Only 63% of the firms in Uganda started their business formally compared to 85% in low income countries.



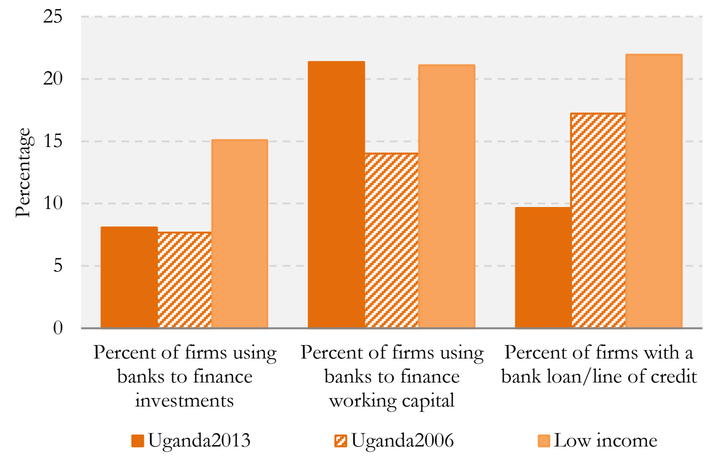
The reliability of electricity remains poor despite improvements during the last six years

The delivery of electricity has improved during the past six years in Uganda. In 2012, firms in Uganda experienced fewer and shorter power outages compared to 2006. The number of power outages in a typical month declined from 11 in 2006 to 6 in 2012. Similarly, the duration of a typical outage declined from 10 to 7 hours over the same time period. Hence, it is not surprising that losses due to power outages have also declined– from 9.5% of annual sales in 2006 to 6% in 2012. Given these improvements, the **reliability of electricity** in Uganda now compares well to other low income countries with the same cumulative duration of power outages each month (number of power outages in a typical moth times the average duration of these outages).



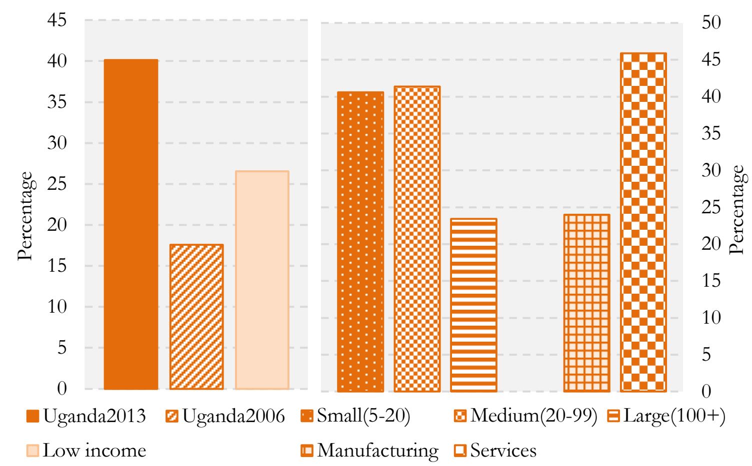
Bank financing appears to be low in Uganda

Firms' access to credit through banks remains low in Uganda. Only 10% of firms have a bank loan or line of credit, a proportion which is less than half the average for low income countries at 22% and lower than in 2006 in Uganda at 17%. Moreover, only 8% of firms use banks to **finance** investments compared to 15% in low income countries, with no major changes compared to 2006. On the contrary, the percentage of firms that use banks to finance working capital has slightly increased, from 14% in 2006 to 21% in 2012, and is now comparable to other low income countries.



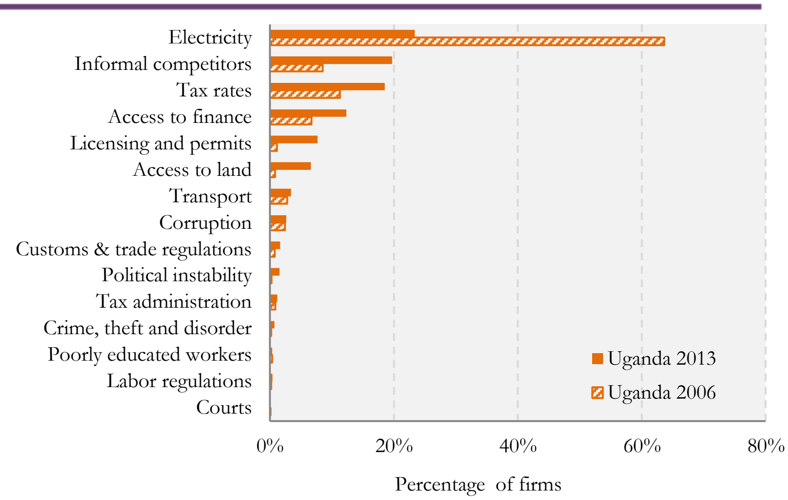
Women's presence in the private sector workforce more than doubled during the last six years

The **proportion of female workers** among all workers in the Ugandan private sector increased from 18% in 2006 to 40% in 2012, higher than the average of 27% for other low income countries. The proportion of female workers is higher among small and medium firms than among large firms. Forty-one percent of permanent full-time workers in small and medium firms are women, compared to only 23% in large firms. Female workers are also more likely to work in services, where they account for almost half the labor force, than in manufacturing, where only 24% of the labor force is composed by women.



Electricity is still considered as the biggest obstacle by firms operating in Uganda

The improvement in firms' experiences with power outages is consistent with changes in firms' opinion of the quality of power infrastructure: the percentage of firms reporting electricity as the most important **obstacle** for their day-to-day operations declined from 63% in 2006 to 23% in 2012. However, electricity is still the most commonly chosen top obstacle. On the contrary, consistent with the increased competition from informal businesses, more firms chose practices of competitors in the informal sector as the biggest obstacle to their day-by-day operations, followed by tax rates and access to finance.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org