



MINISTRY OF GENDER LABOUR AND SOCIAL DEVELOPMENT

**Generating Growth Opportunities and Productivity for Women
Enterprises (GROW) Project**

Terms of Reference (ToRs)

**A Study on the effect of tax regimes on the growth of women-owned
businesses in Uganda**

July 2025

1.0 BACKGROUND AND JUSTIFICATION

Micro, small, and medium enterprises (MSMEs) are the backbone of Uganda's economy, contributing approximately 20% to the national GDP, employ nearly 2.5 million people—90 percent of all private sector workers, produce 80 percent of manufactured products and employing 87% of female workers (UBOS, 2020). Uganda has the highest proportion of women's business ownership in Africa. The 2020 Master Card Global Index of Women Entrepreneurs estimates that women own nearly 40 percent of all businesses in Uganda. However, a significant proportion of women-led businesses are microenterprises and remain informal, thereby limiting their potential for growth and sustainability. The informal nature of these businesses restricts access to credit, markets, and government support programs.

Estimates from various surveys suggest that 80–94 percent of all women-owned firms in Uganda employ fewer than five employees and annual turnover of less than 10 million Ugandan shillings (US\$2,810). Very few enterprises transition to employing 10 people or more (7.5 percent), but more than twice as many male-owned firms make this jump (9.4 percent) than women-owned firms (2.6 percent). Similarly, women-owned businesses earn 30 percent less in profits than those owned by men, and fewer than 10 percent of women entrepreneurs run businesses in sectors traditionally dominated by men, such as transport, ICT, Manufacturing and agribusiness.

In response, the Government of Uganda, with a 5-year grant from the World Bank, launched the Generating Growth Opportunities and Productivity for Women Enterprises (GROW) project. The project aims to enhance access to entrepreneurial services and facilitate the transition of women-led businesses from micro to small and eventually medium-sized enterprises. The persistence of informality, however, remains a major challenge, with taxation being a significant factor influencing business formalization and growth.

The Informal Business Survey 2021 highlighted taxation as a key concern for informal businesses, as many perceive formalization as a cost-inflating burden that reduces competitiveness. However, empirical evidence suggests that tax literacy and a conducive tax environment can positively impact business formalization, growth, and job creation. There remains a knowledge gap regarding the specific effects of Uganda's current tax regime on the growth women-led enterprises. This study aims to bridge that gap by providing evidence-based recommendations for tax policy reforms and capacity-building initiatives that support the growth of women-led businesses in Uganda.

2. PURPOSE OF THE STUDY

The overall purpose of undertaking this study is to understand the impact of the current tax regime on the growth, formalization, and job creation potential of women-owned businesses in Uganda, and make recommendations for improvement. The study will generate evidence to inform tax policy reforms and entrepreneurial capacity-building initiatives that promote sustainable business development, and support government and development partners' interventions to promote women entrepreneurship.

3. SPECIFIC OBJECTIVES

The specific objectives of the study are:

- i) To assess the impact of the current tax regime on the growth, competitiveness and sustainability of women-owned businesses in Uganda.
- ii) To assess the impact of tax regime on enhancing productivity among women-led enterprises.
- iii) To investigate the relationship between tax literacy and the formalization of women-led businesses.
- iv) To assess the impact of tax regime on job creation.
- v) To evaluate the institutional and structural challenges and barriers posed by taxation to the formalization and growth of women-led enterprises in Uganda.
- vi) To propose evidence-based recommendations/solutions for tax policy reforms and capacity building programs that support the growth, formalization and job creation within women-led businesses.

4. SCOPE OF WORK

The study will cover:

- i. Women-led MSMEs in the Greater Kampala Metropolitan Area (GKMA) and selected urban centers across Uganda.
- ii. A review of Uganda's business taxation policies, including national and local government taxation of MSMEs.
- iii. Comparisons with tax regimes in other East African Community (EAC) countries to draw relevant lessons and best practices.
- iv. Engagement with key stakeholders, including women entrepreneurs, tax authorities, business associations, and policymakers.

5. METHODOLOGY

The assignment will employ a mixed-methods approach, integrating qualitative and quantitative methodologies, including:

- i. **Desk Review:** Analysis of existing literature, policies, tax guidelines, and past surveys on taxation and MSMEs.
- ii. **Secondary Data Analysis:** Use of available secondary data sources, such of Uganda bureau of statistics (UBOS), Uganda Revenue Authority (URA), Kampala Capital City Authority (KCCA) and other Local Governments, Cities and municipalities, Ministry of Trade and Industry and other relevant data on taxation of businesses in Uganda, tax compliance and growth of MSMEs.

- iii. **Primary Data Collection:** Surveys and interviews with women entrepreneurs, tax officials, and business development service-providers.
- iv. **Focus Group Discussions (FGDs) and In-depth Interviews (IDIs):** Engaging diverse groups of women entrepreneurs and representatives from business associations to explore taxation impacts on business growth; and necessary institutional, and policy reforms.
- v. **Stakeholder Consultations:** Engaging policymakers and relevant authorities to validate findings and formulate policy recommendations.

6. EXPECTED DELIVERABLES

The consultancy firm is expected to deliver the following outputs:

- i. **Inception Report:** A detailed study framework, methodology, and work plan.
- ii. **Draft Final Report:** A comprehensive study report including findings, analysis, and policy recommendations.
- iii. **Final Report:** A refined report incorporating feedback from stakeholders and the Ministry.
- iv. **Policy Briefs:** Concise documents summarizing key findings and policy recommendations.
- v. **Proposed solutions** to address barriers in the current tax regime.
- vi. **Presentation of Findings:** PowerPoint presentations for dissemination to stakeholders.

7. COORDINATION OF THE ASSIGNMENT

The consultancy firm/team of researchers will work under the supervision of the Ministry of Gender, Labour and Social Development, in collaboration with the World Bank GROW Task Team. Regular progress meetings will be held to review progress and address any challenges. The firm/research team will liaise with stakeholders such as the Uganda Revenue Authority (URA), Kampala Capital City Authority (KCCA), Ministry of Finance, Planning and Economic Development (MoFPED), and business associations supporting women entrepreneurs.

8. QUALIFICATIONS AND EXPERIENCE OF THE RESEARCH TEAM

The consultancy firm/research team must demonstrate expertise in tax policy analysis, MSME development, and women economic empowerment and gender-focused research. The proposed research team should include:

S/N	Required Personnel/Expert	Qualifications & Experience
1	Development Economist, Public Policy Expert or Labour Economist / Team Leader	PhD or master's degree in economics, Public Policy, Business Administration, or a related field with at least 10 years of experience in tax policy analysis, MSMEs, and gender-focused research. Must have authored or co-authored at least two (2) publications in internationally recognized peer-reviewed journals or reputable academic platforms. Publications should be relevant to areas such as taxation, gender and development, MSME policy, or inclusive economic growth.
2	Tax Policy Specialist	Master's degree in taxation, Economics, or Public Finance, with at least 7 years of experience in business taxation.
3	Gender Specialist	Master's degree in Gender Studies, Development Studies, or a related field with experience in gender-inclusive policy research and qualitative data collection methodologies.
4	Business and Entrepreneurship Expert	Master's degree in business administration, Entrepreneurship, or a related field with extensive experience working with MSMEs.
5	Statistician/Data Analyst	Bachelor's or master's degree in Statistics, Econometrics, or Data Science with experience in handling large datasets and economic analysis.

9. DURATION AND TIMELINE

The study is expected to be completed within six months from the date of contract signing. A detailed work plan, including timelines for each deliverable, will be agreed upon during the inception phase.

10. SUBMISSION OF PROPOSALS

Interested consultancy firms should submit their proposals, including:

1. Company profile

2. Evidence of past experience in similar assignments in forms of technical reports/policy briefs.
3. CVs of the proposed core research team.
4. References from previous clients.

The expression of interest should be submitted [hand delivered] to the Procurement Unit on 7th Floor at the Ministry of Gender, Labour and Social Development (MGLSD) by 19th August 2025 at 11:00am, Local time.

11. NOTICES

Client's contact details for reporting purposes are indicated below:

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