

# THE STATE OF ENTREPRENEURSHIP IN UGANDA 2024

## Performance of Youth-Led Businesses



### INTRODUCTION:

In 2024, Ichuli and IPSOS, with support from the Mastercard Foundation and in collaboration with **The Government of the Republic of Uganda** ministries and agencies conducted the inaugural State of Entrepreneurship study to assess the health of Uganda's entrepreneurship eco-system. The study assessed eight dimensions of the entrepreneurial ecosystem (Human Capital, Linkages, Technology, Internal Processes and Systems, Attitudes, Willingness to Grow, and Financial Sustainability and Formal Registration) in line with the National Entrepreneurship Index (NIE) tool.

This factsheet presents performance highlights for youth-led businesses. The study surveyed a total of 3,062 Micro, Small, and Medium Enterprises (MSMEs) across various sectors and regions in Uganda. 38.5% of those surveyed were between the ages of 18 and 30.

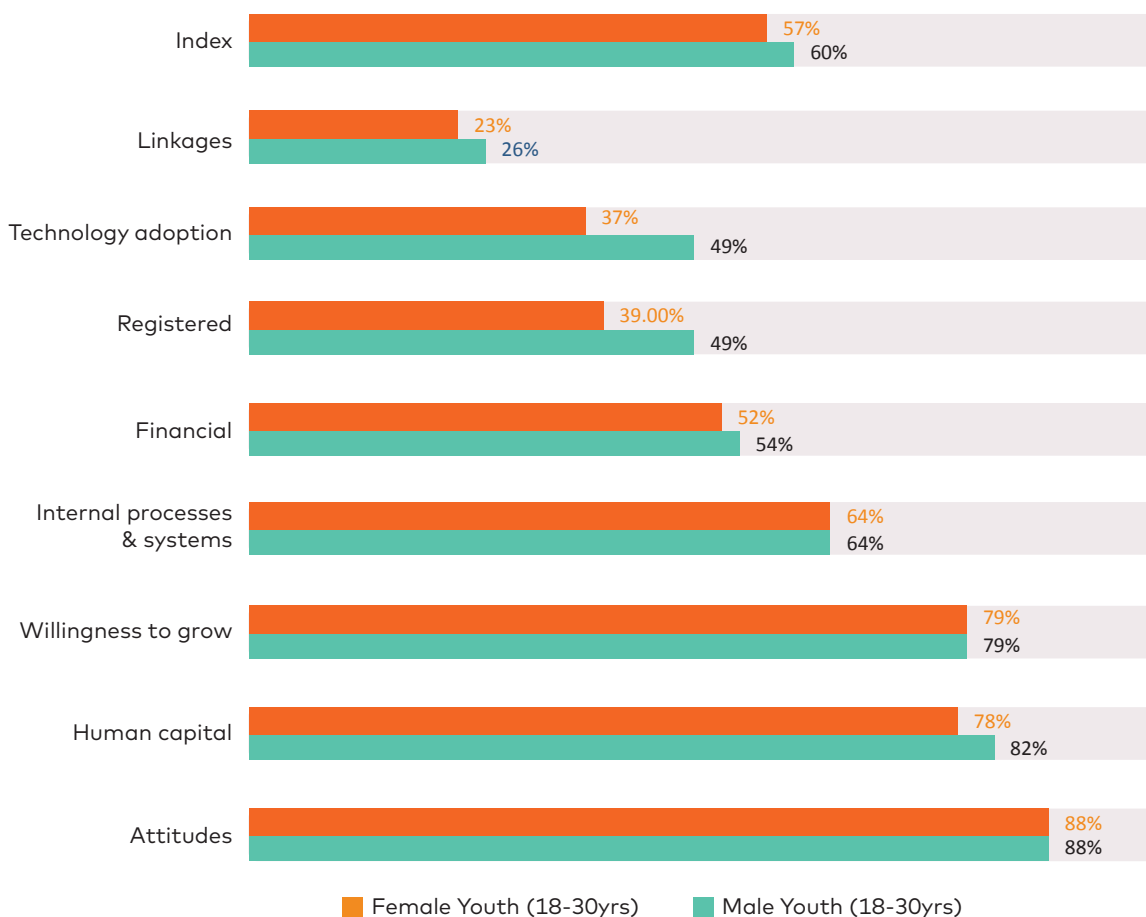


# KEY FINDINGS

## NATIONAL ENTREPRENEURSHIP INDEX FOR YOUTH MSMEs

Youth performed better on the NEI compared to older age groups, scoring 58.5% against a national average of 57%.

Entrepreneurship index by female and male youth aged 18-30 years



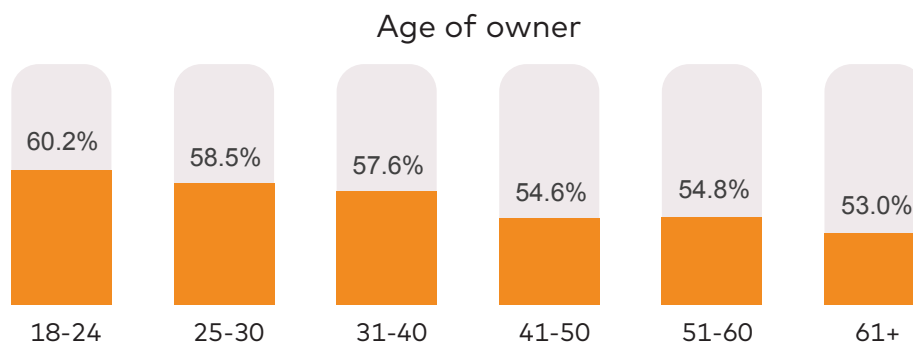
Contributors to the National Entrepreneurship Index by Age

Index/Components	Age group					
	18-24 (n=400)	25-30 (n=823)	31-40 (n=895)	41-50 (n=475)	51-60 (n=213)	61 + (n=104)
Index	60%	58%	58%	55%	55%	53%
Attitudes	88%	88%	89%	88%	89%	89%
Willingness to Grow	80%	79%	79%	78%	79%	77%
Human Capital	82%	79%	78%	74%	77%	79%
Internal Processes and Systems	65%	64%	62%	61%	58%	59%
Financial	56%	52%	51%	51%	53%	53%
Registered	48%	41%	42%	33%	32%	18%
Technology Adoption	39%	39%	37%	28%	27%	25%
Linkages	24%	25%	24%	24%	23%	22%

Male youth slightly outperformed females at 60% vs 58%), with the largest gaps seen in registration rates (49% for males vs 39% for females), human capital (82% vs 78%), and technology adoption (40% vs 37%), while both genders were at same levels on attitudes, willingness to grow and internal process and systems.

Younger entrepreneurs scored higher on the index with the 18-24 age group leading at 60.2% followed by the 25-30 group at 58.5%.

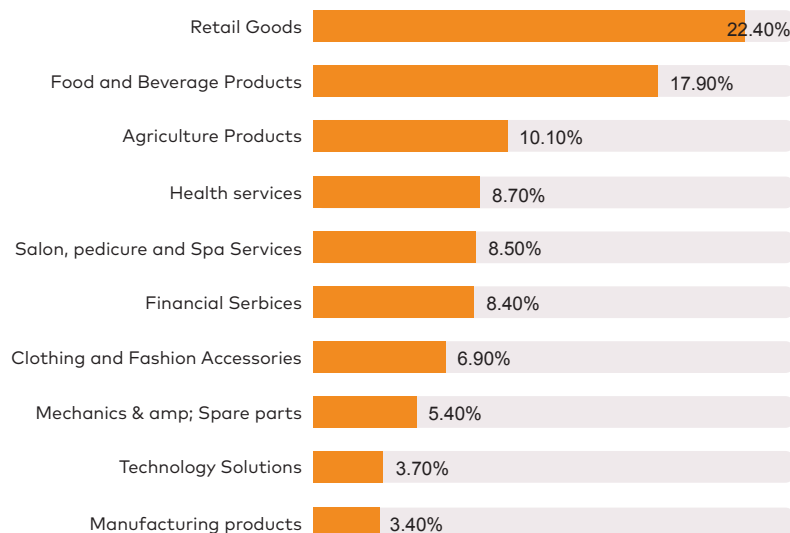
**Figure 8: Entrepreneurship Index by Age of the Business Owner, n= 3063**



## TOP SECTORS FOR YOUTH BUSINESSES

The top three sectors for youth businesses were retail goods at 22.4%, food and beverage products at 17.9% and agricultural products at 10.1%. Young entrepreneurs are drawn to consumer-facing and agricultural businesses, possibly due to lower barriers to entry and the potential for quick returns.

**Figure 14: The 10 Top Most Youth Led-Businesses.**



## PERFORMANCE OF YOUTH-OWNED BUSINESSES ON THE NATIONAL ENTREPRENEURSHIP INDEX DIMENSIONS

The top performing dimensions for young entrepreneurs were attitudes, willingness to grow and human capital. The least performing dimensions were business registration, technology, and linkages.

- Human Capital:** Whilst the score of the human capital was high among young entrepreneurs (18-30), 34.7% have no employees and operate at micro-scale. 43.8% have only 1 to 2 employees and only 2% have 10 or more employees. Females are significantly more likely than males to have no employees (42.4% vs 26.3%), suggesting that women-led businesses are more likely to be one-person operations. This suggests potential barriers to realizing scale by women entrepreneurs and calls for targeted support to drive growth of women-led businesses.
- Processes and Systems:** 61.6% of youth-led businesses lack processes, systems and process manuals, whilst above 90% have no contracts with employees. Addressing barriers including support to access required resources and skills is vital to expand adoption. Higher levels of education are associated with higher adoption of business processes and record management practices denoting. This correlation could be due to greater skills development as well as access to information and resources.

- **Financial Capacity:** About 23% of businesses owned by 18 to 24-year-olds had less than 500,000 UGX in capital investments suggesting low financial capacity of young entrepreneurs. Access to finance is constrained by high collateral and interest rates. Targeted financial support through youth-focused grant schemes, concessional loans, and equity financing is required to unlock access to financing for youth-led businesses.
- **Business Registration:** Young entrepreneurs cited a lack of knowledge and understanding of the registration process. Males performed better than females at 49% registered against 39%. Overall, the process is perceived as lengthy and complex, discouraging many from formalizing their businesses. Young women face unique challenges that often involve additional steps and higher costs including payments for recommendation letters.
- **Technology:** Whilst young age groups had a higher access and utilization of technology, 45% (18 to 30) did not have access to a smartphone or a computer. Male youth had a higher level of technology use compared to their female counterparts.



*The Registration process is hard if you didn't go to school because documents are in the language you don't understand. It is easy for those that know English. The language is the biggest problem."*

**Male, Youth, Mityana District**



- **Linkages:** The linkages dimension had the least score across age groups with the national score averaging 24%. This dimension was constrained by limited online sales, moderate Business to Business (B2B) linkages and very low limited activity. Whilst youth-led businesses were more likely to engage in online sales compared to older age-groups, less than 10% were making between 25% - 50% sales through social media. Only 20% were suppliers to other businesses and less than 5% were engaged in international trade. Barriers to linkages included limitations related to technology access, skilling, as well as networks.

## CONCLUSION

The commendable performance of youth MSMEs on the NEI highlights the impact of investments made by **The Government of the Republic of Uganda** and stakeholders in youth entrepreneurship development. However, more effort is needed to unlock the full potential of young entrepreneurs. Addressing the disparities between young men-led and young women-led MSMEs through targeted interventions is vital to support young women entrepreneurs. Key policy interventions should focus on expanding access to entrepreneurship education, provision of tailored financial support, establishment of entrepreneurship hubs to promote networking, establishment of marketing platforms, and creating an enabling environment by reducing regulatory barriers and simplifying compliance procedures.



Sharif a young carpenter from Mukono



Elizabeth a young coffee entrepreneur from Entebbe

