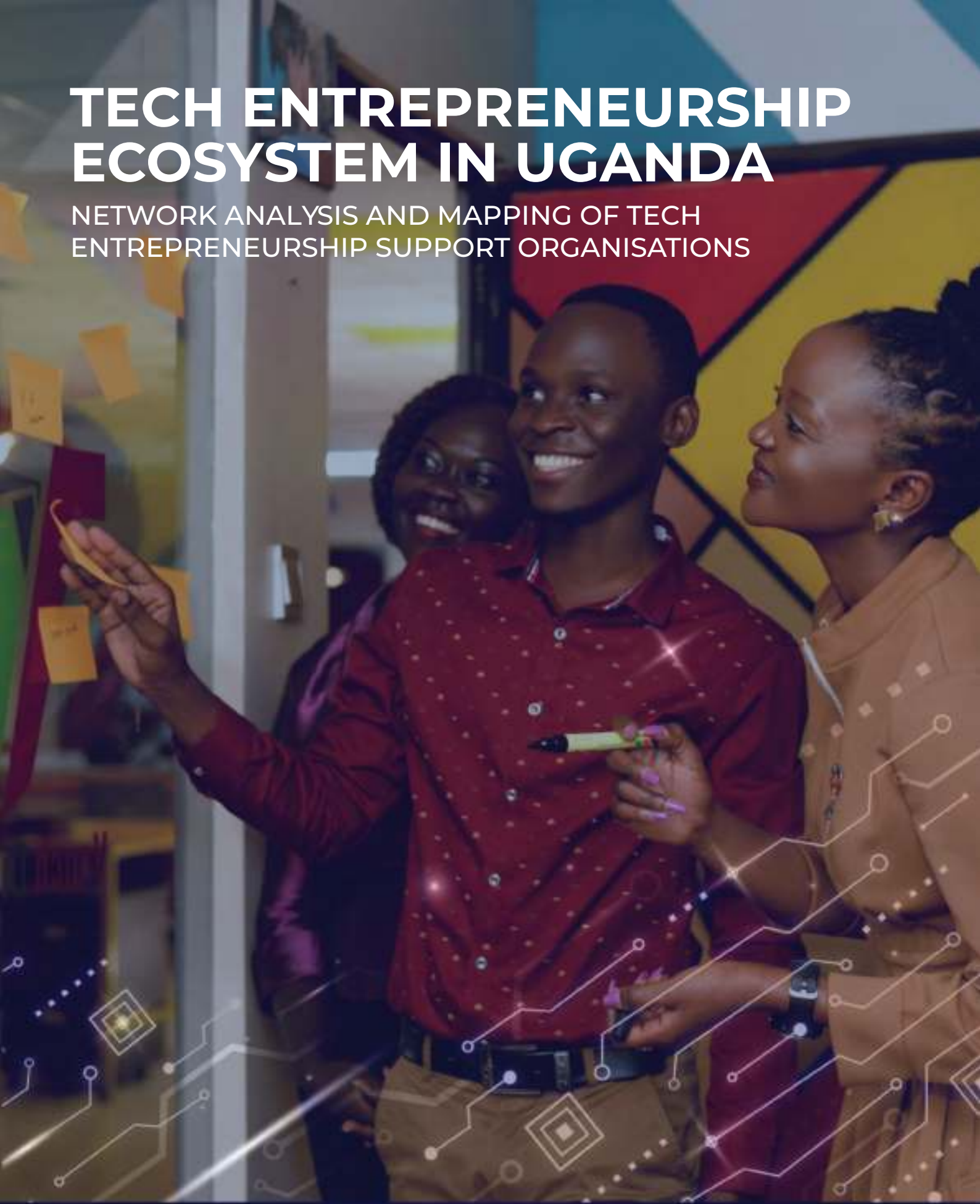


TECH ENTREPRENEURSHIP ECOSYSTEM IN UGANDA

NETWORK ANALYSIS AND MAPPING OF TECH ENTREPRENEURSHIP SUPPORT ORGANISATIONS



FOREWORD

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. ITC's Institutional and Ecosystem Support Team, together with the NTFV Team and Startup Uganda, have collaborated in the preparation of this diagnosis of the entrepreneurial support ecosystem in Uganda.

The Netherlands Trust Fund V (NTF V) programme runs until June 2025. The programme is based on a partnership agreement signed between the Ministry of Foreign Affairs of The Netherlands and the International Trade Centre. Its ambition is to contribute to rebuilding back better in the targeted countries with a focus on MSMEs in the digital technologies and agribusiness sectors, linking up both for synergies and business opportunities. The programme covers both sectors in Ethiopia, Ghana, Senegal, as well as a multi-country approach under NTF V FastTrackTech aimed at the digital technologies sector in Ivory Coast, Benin, Mali and **Uganda**, where it builds on the successful implementation of NTF IV.

With this report, ITC aims to contribute to the development of support activities for the Ugandan entrepreneurial ecosystem to facilitate networking, new opportunities, and partnerships between stakeholders. In addition, the study aims to facilitate the development of existing entrepreneurship support organizations to improve support to the entrepreneurial community, with a focus on the digital technologies sector.

The ecosystem diagnosis is aligned with the overall development plans of the entrepreneurial sector in the country, highlighting the characteristics, mapping entrepreneurship support services and providing an analysis of the network connections currently present in the ecosystem of entrepreneurship support organizations.

The views expressed herein do not reflect the official opinion of ITC. Mention of firms, products and product brands does not imply the endorsement of ITC. This document has not been formally edited by ITC.

While this report has been written under the NTF V FastTrackTech project, ITC hopes that this report is used by all ecosystem actors and others as a reference for future activities and discussions.

ACKNOWLEDGEMENTS

ITC team wishes to thank Startup Uganda for their early support and endorsement of the mapping exercise.

This report has been written by Mr. Matteo Todisco with expert support from Mr. John Ndabarasa ecosystems and entrepreneurship consultants at ITC, under the supervision of Ms. Nuria Rull, Programme Officer and ecosystems development expert at the Institutions and Ecosystems section at ITC.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	7
Background	8
Uganda's Current Ecosystem	9
Next steps for the Ugandan ecosystem	11
INTRODUCTION	12
ECOSYSTEM DIAGNOSTIC	15
Methodology	16
Note on defining entrepreneurship	17
Defining entrepreneurship support ecosystems	18
Defining entrepreneurship in Uganda	18
Limitations of the analysis	18
ECOSYSTEM CHARACTERISTICS	19
Ecosystem Maturity Spectrum	20
Systems Approach	20
The iceberg model for systems analysis	21
Characteristics	22
SPECIAL NOTE ON AGRITECH-ENTREPRENEURSHIP	42
PILLARS OF ANALYSIS	43
Pillar 1: Mapping Of Entrepreneurship Support Organisations	44
Institutions by entrepreneurship stage	44
Service Gaps and Overlaps	45
Services provided	47
Pillar 2: User Experience Analysis	48
Ecosystem User Journey – The Ugandan Entrepreneur Experience	48
Key Pain points - Entrepreneur journey	50
Pillar 3: Network Analysis	53
Network Density	53
Institution Centrality	54
Network of entrepreneurship support organizations in Uganda	56
RECOMMENDATIONS	62
For Strengthening the Ugandan Entrepreneurship-support Ecosystem	63
1. Diversified funding models for ESOs	63
2. Increased specialization of ESOs	65
3. Leveraging and improving the impact of Startup Uganda as ecosystem builder	67

For strengthening ESOs' support to entrepreneurs	69
4. Diversifying training content and tailoring to business needs	69
5. Improving intermediate-stage support: the "valley of death"	71
6. Improving the gender balance in ESOs and tailoring support to women	72
7. Internationalising start-ups and the "Born Global" philosophy	73
8. Diversified financing for entrepreneurs	75

KEY RECOMMENDATION ON AGRITECH **77**

REFERENCES **78**

ANNEXES **81**

Annex I: Institutions Mapped	82
Annex II: Responses To Online Questionnaire	83
Annex III: ITC's Methodology	84
Defining entrepreneurship support ecosystems	84
Defining the institutions within the entrepreneurship ecosystem	85
Defining the stages of entrepreneurship	86
Definitions of service categories	87
ITC's Network Analysis methodology	89
Key Network Analysis Definitions	90

TABLE OF FIGURES

Figure 1: Iceberg model for system analysis	21
Figure 2: Ecosystem by funding source	22
Figure 3: Interviewed ESOs by sector/thematic focus	24
Figure 4: Ecosystem by stage supported	30
Figure 5: Ugandan ESOs' geographic scope	35
Figure 6: Ecosystem actors by category and business stage	44
Figure 7: Services offered by Ugandan ecosystem actors	45
Figure 8: User-experience journey for entrepreneurs in the ecosystem	48
Figure 9: Ugandan ecosystem network density	53
Figure 10: Ranking by betweenness centrality	54
Figure 11: Ranking by degree centrality	54
Figure 12: Distribution of degree centrality	55
Figure 13: Distribution of betweenness centrality	55
Figure 14: Network of entrepreneurship support organisations in Uganda	56
Figure 15: Ecosystem connections by type	57
Figure 16: Information - No services or funding connections	58
Figure 17: Information, Services and Funding	59
Figure 18: Information and Services	60
Figure 19: Information and Funding or collaboration with financial resources	61

EXECUTIVE SUMMARY



BACKGROUND

Entrepreneurship is one of the most fundamental processes underpinning economic growth and an important basis for developing solutions to economic and social challenges as well as to support self-employability and job creation, particularly for youth. Entrepreneurship, however, requires significant and appropriate public and private support to thrive and be sustainable over time. Therefore, entrepreneurship support organisations (ESOs) are critical entrepreneurship catalysers and require specific support and guidance to act as impact multipliers in their ecosystems.

Each of these entrepreneurship ecosystems is unique and emerges as the result of a network of institutions, organisations and actors interacting in complex and idiosyncratic ways. Enhancing and accelerating a supportive entrepreneurship ecosystem is central to enabling young entrepreneurs to access the services they need to start and grow their businesses.

Ecosystems can be studied through a variety of approaches. This report uses ITC's methodology to capture the characteristics and connections of the institutions active in the entrepreneurship ecosystem in Uganda. The objective of this report is to provide an accurate description of Uganda's entrepreneurship ecosystem of institutions, identify gaps and overlaps, and provide recommendations.

The report uses three pillars of data analysis and systems analysis to identify the key characteristics of the ecosystem and make recommendations in relation to those "symptoms".



ONE

The first pillar of analysis aims to gauge the types of support provided by ESOs to entrepreneurs at different stages of the business lifecycle.



TWO

The second pillar delves deeper and presents a network analysis to observe the types of linkages and collaborations that occur between various organisations in the ecosystem. This network analysis not only shows the connections between actors but also identifies which institutions are best placed connect diverse actors together.



THREE

Finally, completing the institutional perspective, pillar three of the report captures the views and experiences of entrepreneurs when receiving support and navigating the ecosystem.

UGANDA'S CURRENT ECOSYSTEM

The Ugandan economy lays the foundation for a thriving, dynamic entrepreneurial environment. Since 2010, Uganda has demonstrated some of the strongest economic growth in Sub-Saharan Africa with an annualized growth rate of 5.4% between 2010 and 2019. In 2016, the Global Entrepreneurship Monitor ranked Uganda as “the most entrepreneurial country” with over 30% of adults in Uganda reporting owning or co-owning a business. This high level of entrepreneurial activity is supported by a broad and active support ecosystem.



Despite significant entrepreneurial ambition and the presence of a dedicated support network, several symptoms were identified that, if addressed, could significantly improve the outcomes and experiences of entrepreneurs:

Most of support organisations active in Uganda financially support their activities by acting as the **implementing partners for internationally funded development initiatives**. While this is overall a positive trend, overreliance on this funding for sustainable operations has led to a rearrangement of Ugandan ESOs' priorities. Rather than aiming to best-serve local entrepreneurs, they orient their activities to make them as attractive as possible to international projects.

This dynamic in turn, leads to the **low-level of specialization** by ESOs in the ecosystem. To make their organisations as broadly attractive to international donors, many ESOs target as wide and broad a client base as possible. This allows the organisation to both report large numbers of “entrepreneurs supported”, as well as avoids narrowing the focus of the organisation keeping it broadly eligible for partnership regardless of the thematic focus of the international project. While these dynamics make the organisations more attractive to potential partners, and might improve their chances of attracting project contracts, the low level of specialisation results in lower quality services delivered to entrepreneurs.

This comparatively low level of deep specialization has, in turn, led to a **relative lack of tailored support at the critical intermediate stages**. The Ugandan ecosystem presents a robust network of early-stage incubator organisations providing ideation support, mindset trainings, and basic business skills training. On the other end, once start-ups have begun to show market traction, there is an array of organizations offering more high-level services to help their enterprises grow. The middle-ground however, where start-ups traditionally struggle the most, is relatively under-served by comparison.

Two distinctly positive features of the ecosystem were also identified. Firstly, was the **existence of an organisation mandated to cultivate, grow, and synergize the ecosystem** for the benefit of entrepreneurs. Startup Uganda, as a membership organization of other entrepreneurship-support organizations is a good example of how ecosystems around the world can strive for better connected, cohesive, and cooperative entrepreneurship support. However, Startup Uganda requires support and resources to fully realize this role.

Secondly, ESOs in Uganda demonstrated **consistent and strong connections to local academic institutions**. Leveraging the intellectual resources of such institutions to refine their services, and connecting to recent and future graduates to instil solid foundations of entrepreneurship and business skills from the outset for young Ugandans.

Existence of an organisation mandated to cultivate, grow, and synergize the ecosystem



Positive features of the ecosystem:



Consistent and strong connections to local academic institutions.



NEXT STEPS FOR THE UGANDAN ECOSYSTEM

Based on the identified symptoms, network analysis and user-experience analysis, this report provides key recommendations to support the growth and success of the Ugandan entrepreneurship ecosystem. These recommendations are intended to serve as guidance to local actors to redesign, refine, and create new and relevant support services for entrepreneurs.

Recommendations presented in the report focus on diversifying ESOs sources of funding to enable deeper specialisation and tailoring of support to specific business needs, leveraging and capitalising on the role of Startup Uganda as ecosystem coordinators, and improving the outreach of the ecosystem to key demographics such as women and agritech entrepreneurs:



For improving the ecosystem network:

- 01 Diversify funding models for ESOs
- 02 Increase specialisation of ESOs
- 03 Leveraging and improving the impact of Startup Uganda as ecosystem builder



For improving the support delivered to entrepreneurs:

- 04 Diversifying training content and tailoring to business needs
- 05 Improving support at the intermediate stage: the "valley of death"
- 06 Improving gender balance in ESOs and tailoring support to women
- 07 Improving support to entrepreneurs to internationalise at earlier stages
- 08 Provide diversified access to financing for entrepreneurs



Special recommendation Agritech:

- 09 Increased support for Agritech entrepreneurship with support reaching beyond Kampala

INTRODUCTION



Entrepreneurship Support Organizations (ESOs), including tech hubs, incubators, accelerators, governments, development agencies, and civil society organizations are working to transform the entrepreneurship landscape in Uganda. Goal 17 of the SDGs emphasizes the power of partnerships between such actors and defines such collaborations as transformational for the economy. However, it is difficult to strategize how to best leverage these partnerships without a complete overview of existing actors and their characteristics. This report aims to provide such overview and guide ecosystem actors towards more effective partnerships. By providing critical information to understand the ecosystem in which institutions operate, this report will help actors to better:

- Design innovative solutions that target system leverage points taking advantage of players' unique value, skills, and experience,
- Identify the right partners and champions to engage with,
- Align partners on an ecosystem understanding and transformation vision.

There is a positive feedback loop among innovation, entrepreneurship, and economic development. New and growing businesses represent the primary sources of job creation and innovative activity in an economy, two factors that generally result in improved standards of living for all. According to the Duke University Centre for International Development, entrepreneurship is one of the most effective drivers of economic growth and development, spurring innovation, creating jobs, driving investment, and lifting the quality of life for entire economies.

However, it is important to understand that the potential impact of entrepreneurship and innovation depends on accessibility. For entrepreneurs to bring new ideas to life, they need access to education, resources, guidance, and a level playing field on which to compete. In this regard, the role of support institutions is to create conditions that allow more entrepreneurs to start businesses by building skills, generating access to finance as well as to international markets and networks, so that businesses can grow. Economic growth suffers when entrepreneurial activity is unevenly spread across socio-economic, demographic, and/or geographic dimensions. Under the right conditions, entrepreneurs have an incredible power: they help regional areas prosper economically, and they serve society through engineering innovative solutions to problems and challenges.

The Ugandan economy lays out the foundation for a thriving, dynamic entrepreneurial environment. According to research published by The Brookings Institution, Uganda has demonstrated some of the strongest economic growth in sub-Saharan Africa since 2010 with an annualized growth rate of 5.4% between 2010 and 2019. In 2016, the Global Entrepreneurship Monitor ranked Uganda as "the most entrepreneurial country" (GEMconsortium.org) with over 30% of adults in Uganda reporting owning or co-owning a business. Ugandans also ranked highly for their entrepreneurial spirit and initiative, with over 10% of Ugandans having reported founding a new business that year.

Despite this success and the entrepreneurial spirit of Ugandans, some trends and structures remain that hamper the growth of the start-up sector. In the same year that 10% of Ugandans founded a business, 20% reported closing a business (Patton, 2016). This highlights how, despite the initiative, motivation, and enterprising spirit of Ugandans, the success and growth rates of new businesses is still a major challenge.

Internet connectivity is also a challenge. Only 25% of Ugandans have internet access. While about 60% have mobile connections (Kemp, 2021). This puts Uganda in the bottom-half of African nations in terms of connectivity. Compared to Uganda's strong economic growth and other favourable conditions this relatively low connectivity is a challenge for aspiring entrepreneurs, especially outside of urban centres.

Uganda is often cited as one of the “youngest” countries on earth, with over 45% of the population under the age of 15, and almost 80% of the population under the age of 30. However, despite impressive economic growth statistics, far more young people enter the labour market each year than there are new jobs to sustain them. As of 2017, an average of 400,000 young Ugandans enter the labour market each year competing for an average of 9,000 new jobs created each year (businessfightspov-erty.org).

The vast gap between the number of new workers entering the market each year and the number of available jobs highlights the rampant youth unemployment in the country. Therefore, for many educated Ugandans, entrepreneurship is the only available avenue for employment.

This situation was further highlighted in a study conducted in 2019 by a consortium including Credit Suisse, SwissContact, and Amarin Financial Group. The study found that over 80% of entrepreneurs were motivated by the need to generate income for themselves and their families. Less than 10% said they aspired to successfully run a medium-sized business and employ staff. Even fewer said that they started their business based on an innovative idea or product. Together, these statistics highlight how many Ugandans are driven to entrepreneurship as a survival mechanism in the absence of other viable employment opportunities, rather than by an aspiration for prosperity and economic impact in Uganda.

Despite some obstacles, Ugandan start-ups are gaining international recognition. In 2021, Ugandan fintech SafeBoda became the first start-up to receive investment from Google’s “Africa Investment Fund”. Another Ugandan fintech, Numida, became one of 14 African startups to be inducted into the Y Combinator accelerator programme, an opportunity that puts them on the radar of Silicon Valley investors. (techcrunch.com)

Overall, the Ugandan economy presents fertile ground for the creation and growth of start-ups. With a growing economy, a motivated, innovative population, growing interest from the government, and a support ecosystem that is eager and committed, the building-blocks of an entrepreneurial powerhouse are all present.

UGANDA

Most entrepreneurial country
Ranked by Global Entrepreneurship Monitor 2016



30%
ADULTS
 own or co-own a business
Source: GEMconsortium.org



400,000
 young Ugandans enter the labour market each year



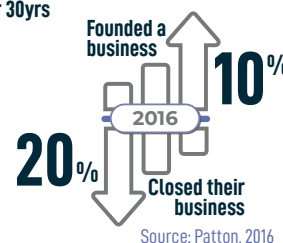
VS

9,000

new jobs created each year
Source: businessfightspov-erty.org



“youngest” nation on earth
30% + **80%**
 under 15yrs under 30yrs



5.4%
 annual growth rate
 2010 - 2019



25% have internet access
60% have mobile connections
Source: Kemp, 2021



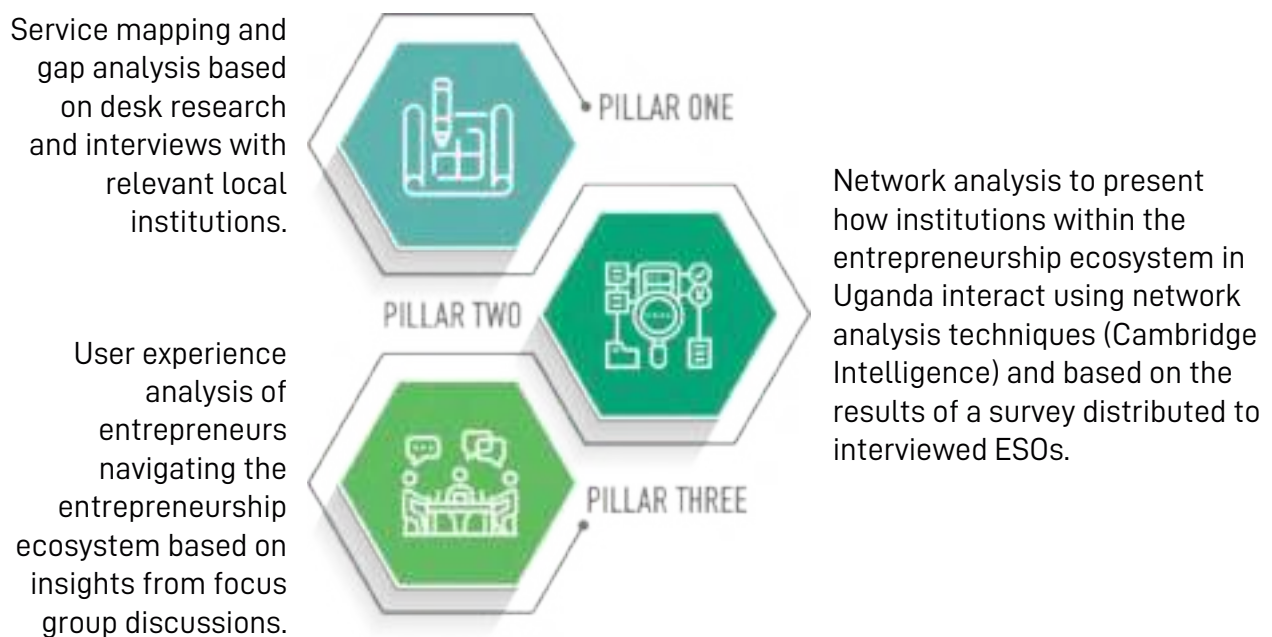
ECOSYSTEM DIAGNOSTIC



METHODOLOGY

To support Uganda's efforts in improving entrepreneurship and creating an environment in which start-ups can thrive, this report provides an analysis of the Ugandan entrepreneurship ecosystem with a specific focus on the interaction among ecosystem actors and gaps in services in supporting entrepreneurs.

The analysis presented in this report has been conducted during a period of 3 months (July-September 2022) in which the ITC team mapped 27 organisations, conducted 19 remote interviews with Entrepreneurship Support Organizations (ESOs) and organized 1 Focus Group Discussion with entrepreneurs in Kampala. To provide a comprehensive overview of the ecosystem with the available data, ITC's methodology has validated information across 3 pillars of analysis:



NOTE ON DEFINING ENTREPRENEURSHIP

Throughout the report it is mentioned that entrepreneurship can be understood differently by ESOs, government and community.

This report has applied the definition of an entrepreneur as a risk taker who embraces uncertainty and innovation as first laid out within economic theory by the economist Richard Cantillon.

Recognizing entrepreneurship in such approach acknowledges the fact that innovation and entrepreneurship help drive viable and thriving economies and focus on those individuals that could be considered as 'opportunity entrepreneurs' as someone who sees a gap in the market/a perceived business opportunity whereas 'necessity entrepreneur' is described as someone who starts a business because other work options are absent or unsatisfactory (Frederick & Foley, 2006).

These categories are related to the 'pull' and 'push' factors of entrepreneurship. The 'pull' factors include a desire to be financially or managerially independent and autonomous.

The 'push' factors include high unemployment rates, low pay and employment discrimination, lack of educational qualifications or lack of recognition of qualifications, and job dissatisfaction or inferior job conditions. These push and pull factors are not exclusive – both may be factors in an entrepreneur's decision to go into business. Being a successful entrepreneur depends on the historical, cultural, and social context and much of the literature focuses more on entrepreneurship as a process, rather than trying to determine set traits of an entrepreneur.

...‘opportunity entrepreneurs’ as someone who sees a gap in the market/a perceived business opportunity whereas ‘necessity entrepreneur’ is described as someone who starts a business because other work options are absent or unsatisfactory (Frederick & Foley, 2006).

Literature recognises that entrepreneurs' experiences differ depending on ethnicity, age, gender, and education levels as well as business stage. Literature also indicates that there are cultural elements – based on values and worldviews – that may influence what motivates an entrepreneur, and how they define success or failure. Recognising this can affect how governments plan to support and encourage entrepreneurial activity.

DEFINING ENTREPRENEURSHIP SUPPORT ECOSYSTEMS

In the context of this report, an entrepreneurship support ecosystem is a collaborative arrangement through which institutions that support entrepreneurs combine their resources, capabilities, and products to offer a coherent, entrepreneur-oriented solution. When they work, ecosystems allow institutions to create value that no single one of them could have created alone. Well-managed ecosystems improve the management of critical interdependencies to increase benefits or reduce costs. In an ideal world, these economic ecosystems, like biological ones, are self-organizing and deeply co-dependent.



DEFINING ENTREPRENEURSHIP IN UGANDA

To date, no formal definition of entrepreneurship exists in Uganda. Different institutions, incubators, and entrepreneurs themselves operate with a colloquial, intuitive understanding of the entrepreneurship concept, but without clear boundaries or formalized terminology. This lack of a formal definition can in part be traced to the nascent government involvement in the Entrepreneurial ecosystem. The Ugandan government has only recently embarked on an initiative to develop a "Start-up Act", which will outline the government's objectives and policies to support the entrepreneurship ecosystem. One of the key expected outcomes of this process will be a formal, nationally accepted definition of entrepreneurship.

Despite this lack of a clear definition, an intuitive, informal understanding of entrepreneurship has emerged amongst actors in the ecosystem. Interviews with stakeholders such as ESOs, Incubators and Universities, as well as focus-group discussions with entrepreneurs illuminated a common core understanding of entrepreneurship.

Entrepreneurship in Uganda is fundamentally linked to notions of growth, innovation, and forward thinking. This can be seen in most Ugandan start-ups being tech-focussed or tech based, and many of the support-institutions focussing on tech or tech-enabled sectors. It was also clear from the interviews, that the concept of "a start-up" was closely linked to growth potential and ambition.

Several interviews with representatives from ESOs or incubators illuminated that much of the entrepreneurship-support ecosystem does not consider small, informal businesses to be "start-ups" nor their founders to be "entrepreneurs". These titles seem reserved for those individuals and businesses with the intent, and ability, to grow into much larger enterprises. From the interviews, there seemed to be a clear philosophical difference between a small, informal business owner, and an entrepreneur.

LIMITATIONS OF THE ANALYSIS

The analysis provided in this report reflects the findings of desk research and interviews. Some institutions, currently present in the ecosystem, might not be represented in this analysis given their mandate (not specifically including entrepreneurship support) or the sporadic character of their interactions in the network. The interview questions were based on ITC's Network Analysis methodology designed specifically to understand the interactions of support institutions. Therefore, questions were less focused on the assessment of the situation of start-ups or entrepreneurs.

While this study covers the supply-driven gaps, the demand-driven gaps for entrepreneurs have only been studied through the focus groups exercise and therefore there is an opportunity for further studies to delve deeper on the matter.

This analysis was conducted on the basis of interviews with ESOs, and responses to a quantitative survey as well as a focus group discussion with Ugandan entrepreneurs. Not all organisations responded to requests for interviews or completed the survey, and so may not be fully represented in this report.

Microentrepreneurs (particularly unregistered enterprises operating in rural areas) have not been included in this study. The study did not manage to consider the narrative of rural entrepreneurs who may not have access to the internet. We suspect this is a function of the remoteness of their locations which could not be included in this study. It is also an indication of barriers to access for these microentrepreneurs who are unable to access services which are mainly located in Kampala and other urban centres.

ECOSYSTEM CHARACTERISTICS



ECOSYSTEM MATURITY SPECTRUM

The study uses the Ecosystem Maturity Levels by Startup Commons to understand and classify the various entrepreneurship support ecosystems. While most entrepreneurship-support ecosystems in the developing world are classified as "Awakening", the Ugandan ecosystem is more mature, and can be considered at the "Mapped & Vision" stage.

Mapped & Vision – Ecosystem stage characteristics



Entrepreneurship and its value are understood in the ecosystem, and there is a robust network of actors aiming to support and grow the sector.



While many organizations are eager to help, there is a lack of specialization and some duplication of services.



Collaborations and cooperations in the ecosystem are emerging, but only amongst a core network of organizations at the risk of excluding others.



Direct government support for entrepreneurship is nascent, but interest has been demonstrated and first steps are being taken for deeper government involvement in the ecosystem.

SYSTEMS APPROACH

Acknowledging the complexity and emergent characteristics of the entrepreneurship ecosystem, the study uses a systems approach to shed light on the multiple challenges and how they are interconnected. The report also presents summary recommendations which address key points in the system i.e., leverage points which trigger a multiplying impact on the system.

The study applies the iceberg model for systems analysis which brings to light the patterns of behaviour, supporting structures, and mental models that underlie a particular observation. The diagram below captures the key characteristics of the Entrepreneurship Ecosystem.

THE ICEBERG MODEL FOR SYSTEMS ANALYSIS

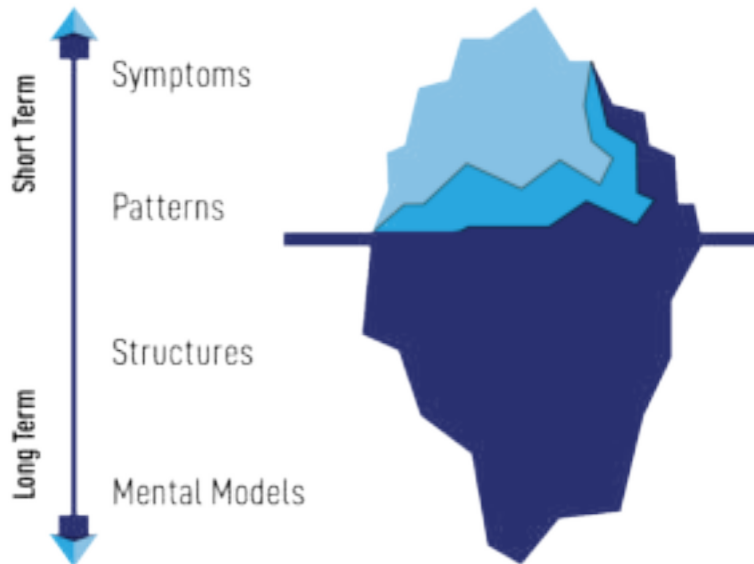
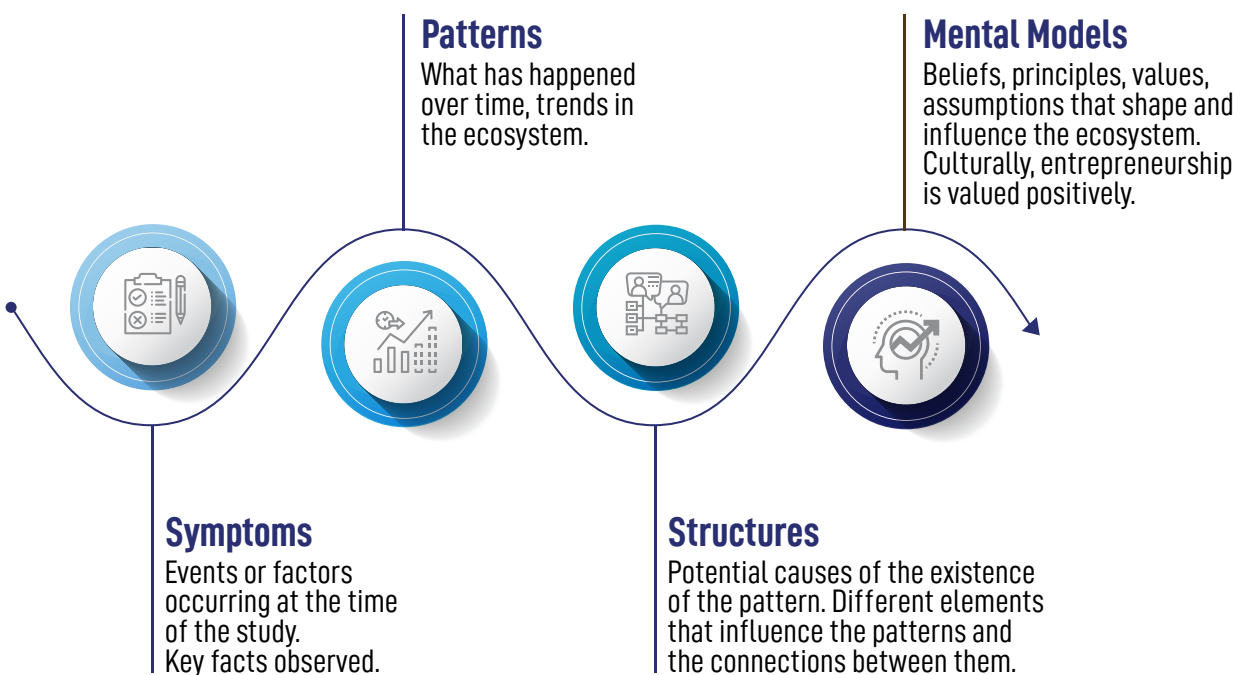


Figure 1: Iceberg model for system analysis



CHARACTERISTICS



Ugandan ESOs rely on international, project-based funding:

Interviews with the ESOs highlighted a clear trend in how ESOs fund their organizations. Most of the ESOs in the ecosystem (~75% of those interviewed) are funded by international donors, either directly to their organisation or on a project implementation basis. International organizations often enter the ecosystem with pre-defined goals, objectives, and mandates. They then work through an ecosystem member (that is often selected based on its outreach capacity) to deliver services to entrepreneurs and businesses in a way that aligns with their goals. Because this funding is so critical to many of the ESOs' survival, many of their behaviours and actions can be traced back to this dynamic. ESOs have a clear incentive to deliver strong reporting numbers on their international funding. High numbers of "entrepreneurs trained" or "businesses supported" will help secure future grants, comply with donor requirements, or help build a reputation as an impactful partner for international actors.

Ecosystem funding by source

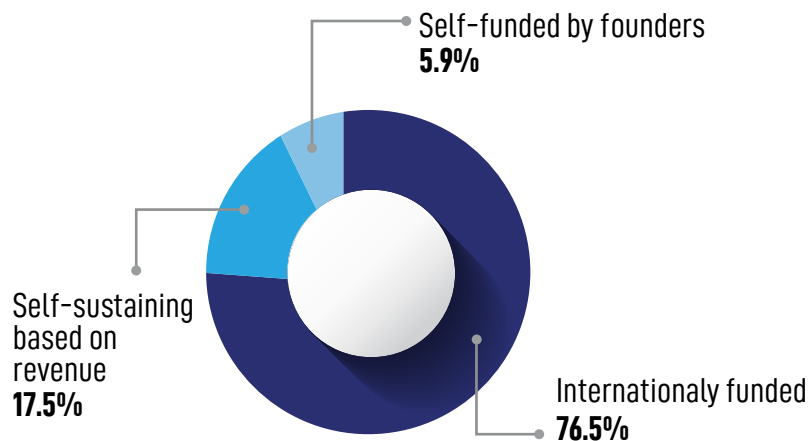


Figure 2: Ecosystem by funding source

To chase these numbers, many ESOs decide to focus on the broadest, most widely applicable services to maximize their potential reach. The less specialised, less niche their services, the more projects, and entrepreneurs they can potentially reach. This tendency was confirmed by the feedback received during the entrepreneur focus-group discussion. Entrepreneurs expressed a pressing need for more tailored, sector-specific support. The goal of maximizing the numbers of beneficiaries dilutes the specificity of services offered.

Structures

- Internationally funded initiatives bring to bear resources that the ecosystem cannot provide internally
- Donors usually evaluate impact based on quantity, rather than quality



Patterns

Self-funding ESOs or alternative business models are difficult to sustain in the ecosystem

Mental Models

- ESOs see sustainably operating their organizations outside of this donor-funding model as difficult
- Entrepreneur's ability or willingness to pay for services is considered a key barrier





ESOs provide support to a diverse set of entrepreneurs and sectors, low specialization

Many ESOs and ESOs in the ecosystem describe themselves as specialized in a particular sector or offering services for a specific type of entrepreneur. Data gathered through the interview process revealed, however, that very few of these specialized organizations are exclusive to their niche. Despite their specialization, most ESOs accept start-ups that fall outside of that scope.

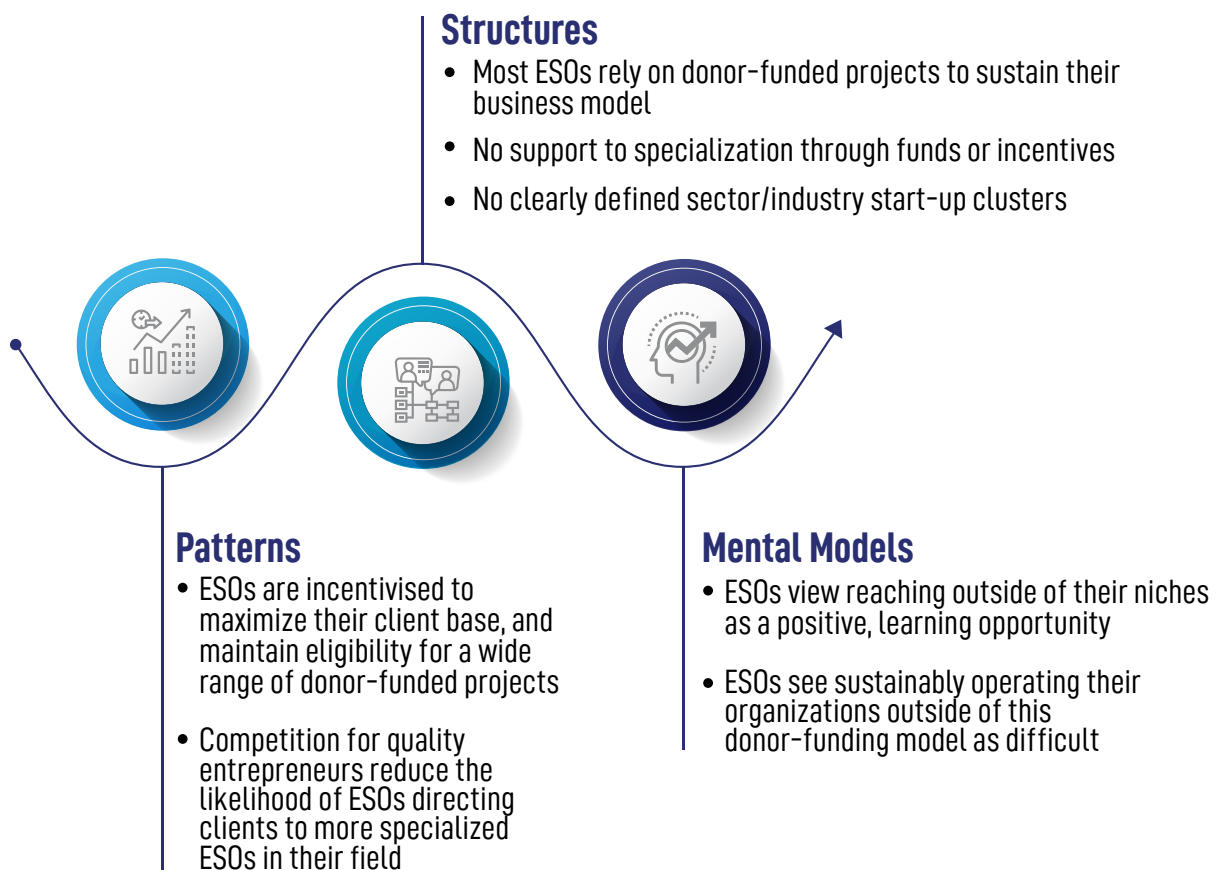
The table below provides a summary of the reported area of focus mentioned by ESOs during the data gathering process. This does not mean that the organisation solely focuses on the mentioned sector, but it refers to a strategic direction and vision to particularly support entrepreneurs in the topic/ sector. The information presented is based on the inputs gathered through the interview process. As such, those ESOs that did not respond for an interview are not included.

	Agriculture	Creative industries	Energy	Tech	Women	Vulnerable communities	Media	Social Entrepreneurs	Sector/Theme Agnostic	Open to Working Outside Focus
Hive Collab									✓	
MIIC				✓						✓
Women in Tech				✓						✓
Einstein Rising								✓	✓	
United Social Ventures									✓	
Finding XY										✓
Start Hub Africa									✓	
Tech Buzz										✓
Nase									✓	
SINA								✓		
Amarin Financial										✓
97 Fund										✓
Response Inno. Lab						✓				✓
Growth Africa				✓						✓
Amara ESO	✓	✓			✓	✓				✓
MCI Media ESO							✓			
Stanbic	✓	✓	✓							
Innovation Village									✓	
Outbox									✓	
SHONA	✓									

Figure 3: Interviewed ESOs by sector/thematic focus

With few exceptions, most interviewed ESOs expressed their openness to accept and support any motivated entrepreneur. Only 2 out of 17 interviewed ESOs identified a focus and did not specifically express an openness to reach beyond that niche. Many ESOs described extending beyond their focus as a learning opportunity for their organization. By working with entrepreneurs outside of their niche they are forced to expand their expertise, learn about new sectors, and develop new services. While this learning and growth can be positive for the ESO, and it is born out of a willingness and desire to help, this behaviour can have consequences for the entrepreneur and the wider ecosystem.

It is also possible that ESOs are intentionally leaving their mandate and speciality broadly open to attract as wide an audience as possible. As described above, many of these organisations survive on their ability to deliver impressive numbers of businesses supported. By not declaring an exclusive niche, ESOs can work with a much wider range of entrepreneurs and maintain their eligibility for project implementation regardless of that project's focus or objectives. While none of the interviewed ESOs cited this reasoning directly, a similar dynamic has been observed in other ecosystems analysed with ITC's methodology.



One main cluster of organizations surrounding Startup Uganda

In 2019, the United Nations Capital Development Fund (UNCDF) gathered key stakeholders in the ecosystem to discuss how to best unite the community around the common purpose of uplifting Ugandan entrepreneurs. The result of these discussions was the formation of an apex association of ESOs and ESOs to act as the ecosystem nexus: Startup Uganda (SU).

Today, the association organizes joint events such as the Uganda Innovation Week, sets strategic priorities for member organizations, and facilitates access to funding by pursuing grants and projects collectively on behalf of the ecosystem. The Startup Uganda model has shown promising results in unifying ecosystem actors, and synergizing activities between organizations. Startup Uganda is now seen as the de facto centre of the ecosystem, and is the first point of contact for international organizations, donors, and development actors seeking to engage with the entrepreneurship sector in Uganda. The network analysis conducted as part of ITC's report confirms the statement: SU ranks the highest in terms of number of ecosystem connections and in terms of influencing power within the network (See "Pillar of Analysis 3: Network Analysis").

Despite this success, and the valuable mission of Startup Uganda, interviews with ESO managers and staff revealed that two distinct categories of ESO exist in Uganda: those connected to Startup Uganda, and those outside of the network.

The network surrounding Startup Uganda is beginning to act in the manner of a mature, robust entrepreneurship support ecosystem. Actors are collaborating to pursue funding together, specializing into sectors and niche support services so that together, the ecosystem offers the most comprehensive and capable services it can.



Those outside the network, however, reported that they found it difficult to gain visibility and international recognition when compared to those with SU's support. With Startup Uganda's ability to represent numerous organizations and pursue projects and funding as a collective, they have an advantage. Further, international donors active in Uganda are more likely to engage with SU and gain access to a whole network of support organizations, rather than engage individually with a collection of smaller organizations to achieve the same purpose.

The result of this dynamic is the formation of a cluster in the ecosystem that attracts much of the funding and publicity. As this cluster develops deeper and establishes more consistent ties with the international community, it becomes more difficult for smaller ESOs, with a similar service offer to gain visibility and thrive in the network. Successful, established partnerships encourage repeated engagements and collaborations. Further specializing or refining their offerings, or reaching out to new, less proven partners is not seen as a priority for the cluster and in some cases can present a reputational risk. Opportunities to increase the quality and quantity of connections in the network are detailed in "Pillar of Analysis 3: Network Analysis".

Structures

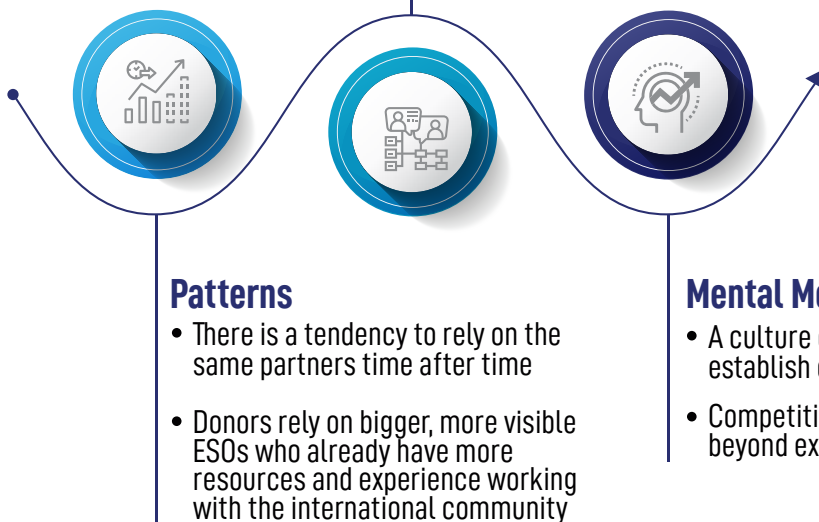
- Most ESOs rely on donor-funded projects to sustain their business model
- Startup Uganda is the natural point of contact for donors entering the ecosystem
- ESOs established with donor support are better resourced and have more visibility
- No clearly defined sector/industry start-up clusters
- No support to specialization through funds or incentives

Patterns

- There is a tendency to rely on the same partners time after time
- Donors rely on bigger, more visible ESOs who already have more resources and experience working with the international community

Mental Models

- A culture of cooperation and personal relationships helps establish collaborations
- Competition for funds do not incentivise collaboration beyond existing partnerships





Ugandan ESOs share training material

Entrepreneurs that participated in the focus-group discussion expressed a degree of frustration with the duplication between different ESOs and their offerings. Many trainings and courses seemed recycled across the ecosystem. Interviews with the ESOs themselves, however, showed that services were designed mostly "in-house". While a small minority of interviewed organisations confirmed that their trainings were adopted from other ecosystem actors, or from open-access resources, most reported that their trainings and programmes had been designed by staff within the ESO.



Entrepreneurs that participated in the focus-group discussion expressed a degree of frustration with the duplication between different ESOs and their offerings.

Many trainings and courses seemed recycled across the ecosystem.

To understand the two different views, it is critical to highlight that almost all the ESOs mentioned hiring on consultants to help refine and tailor their services to the Ugandan ecosystem. Furthermore, all interviewees emphasised that their organisation collects feedback on their services, refining, and adapting their methodologies with each iteration. It is therefore possible that these two dynamics have caused the services in the ecosystem to converge towards a common middle.

This study did not go deeper to confirm who these hired consultants were or to interview them, but it is possible that a relatively small number of experts are working with a large number of ESOs to refine their service offerings. The result is a similar set of training material with similar feedback from supporting entrepreneurs. Given that entrepreneurs join different ESOs pursuing support, the similarity of training programs leads to entrepreneur's frustration when seeking to build a wider set of skills. Entrepreneurs also reported that ESO trainers often lack industry and start-up experience to enrich the training experience. Finally, the diversification strategy of most ESOs, requires generic training (to cover all sectors and entrepreneurs) therefore making training content less specific.

Structures

- Most ESOs rely on donor-funded projects to sustain their business model
- No support to specialization through funds or incentives
- ESOs established with donor support are better resourced and have more visibility
- No clearly defined sector/industry start-up clusters
- Lack of qualified trainers with entrepreneurial experience

Patterns

- Hiring of independent consultants to create training material ESOs are incentivised to maximize their client base, and maintain eligibility for a wide range of donor-funded projects
- Self-funding of ESOs or alternative business models are difficult to sustain in the ecosystem

Mental Models

- ESOs see sustainably operating their organizations outside of this donor-funding model as difficult
- Entrepreneur's ability or willingness to pay for services is considered a key barrier
- A culture of cooperation and personal relationships helps establish collaborations
- Competition for funds do not incentivise collaboration beyond existing partnerships

05

Good support at early and later-stages, but little specialized help to bridge the gap

Focus-group discussions with Ugandan digital entrepreneurs/founders highlighted a common frustration. Many felt that there was little-to-no long-term, sustained support available. Most support services are offered through cohort-based programmes, with little follow-up or continuing support after programme completion. Many entrepreneurs felt that there was an over-focus on the early stages of entrepreneurship, and later once companies had demonstrated market success, with little support available to bridge the gap in between (see "Pillar of Analysis 2: User Experience"). The entrepreneurs cited an abundance of organizations offering basic business trainings and idea incubation. They also highlighted how start-ups that finally manage to generate market traction and demonstrate profitability potential receive a lot of attention, visibility, and support from the ecosystem.

Some of these dynamics were evidenced in the interviews with ESOs. Most support services are indeed delivered through cohort-based, set time-frame programmes. Once entrepreneurs graduate from those programmes, most of the follow-up is for the ESOs own reporting and impact measurement, rather than continuing support for the entrepreneurs.

¹Focus-group held on July 28th, 2022, with representatives from 10 tech-enabled start-ups. More information and analysis of the focus-group can be found in the analysis section of the report.

Further, most of the focus in the ecosystem is indeed on early-stage incubation and basic-level business skills training.

ESO interviews revealed, however, that this focus is far from exclusive. Approximately 20% of the interviewed ESOs stated that they offered services to later-stage start-ups. This is still a significant portion of the ecosystem, given the reality that many start-ups do not survive to the later stages. About half of those said that they only deal with the later stages, turning away start-ups that did not have at least a Minimum Viable Product (MVP) and legal establishment. Meanwhile, a small percent of ESOs described themselves as "stage agnostic", offering support regardless of where an entrepreneur was in their journey.

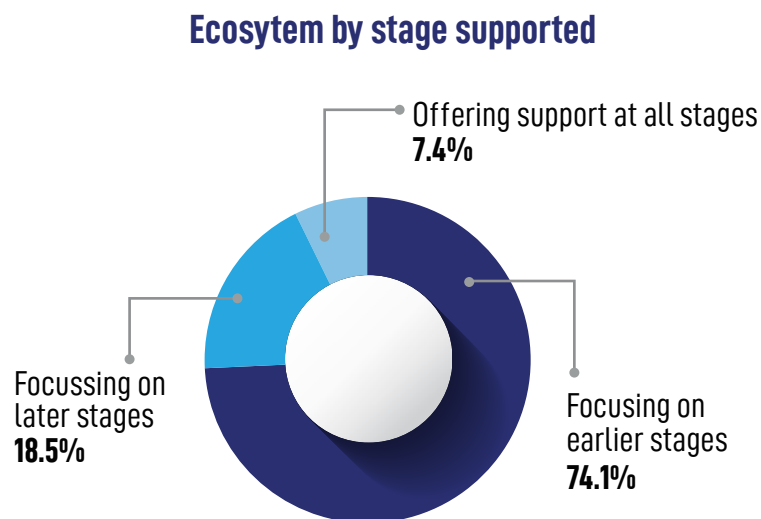
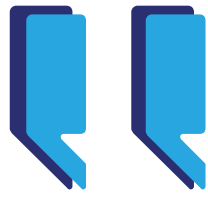


Figure 4: Ecosystem by stage supported

This is likely because successful support to transition from seed to early stage is difficult, and the rate of start-up failure at this point is always high, even in the most mature ecosystems. The transition from ideation to market entry, is known as the "valley of death" due to how many new enterprises fail.

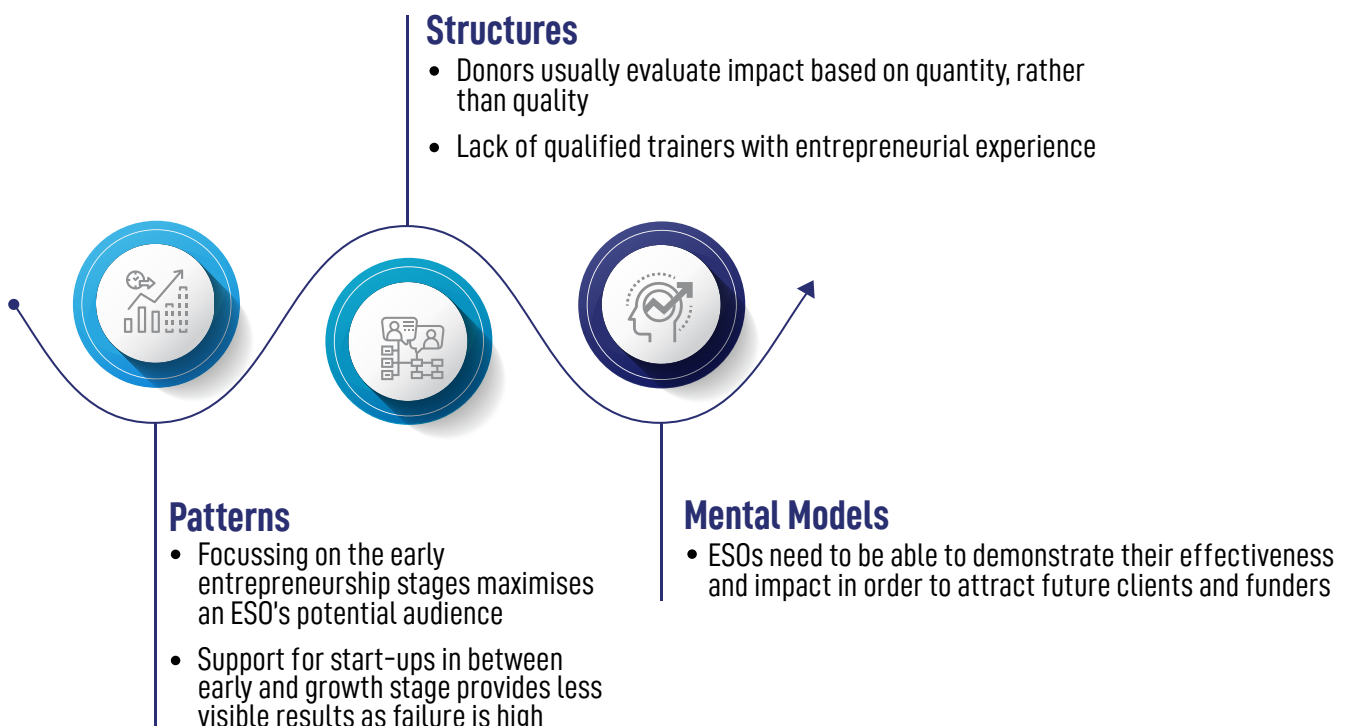
To survive this phase, start-ups require two key inputs: Funding, and customised, sector specific support to make best use of those resources. On the topic of funding, interviews with the ESOs showed that several of the organisations active at this stage do provide their cohorts with small grants to help address this gap. Those that did not provide such grants recounted how they could often be "de-motivating" to entrepreneurs, where receiving a small grant made them feel that their business was temporarily "safe" without ensuring long term sustainability. These organisations described entrepreneurs using the grants to sustain their businesses by paying bills and basic expenses, rather than leveraging the resources to jump to the next stage of the start-up journey.



The 'valley of death' is a common term in the startup world, referring to the difficulty of covering the negative cash flow in the early stages of a startup, before their new product or service is bringing in revenue from real customers.

(Forbes)

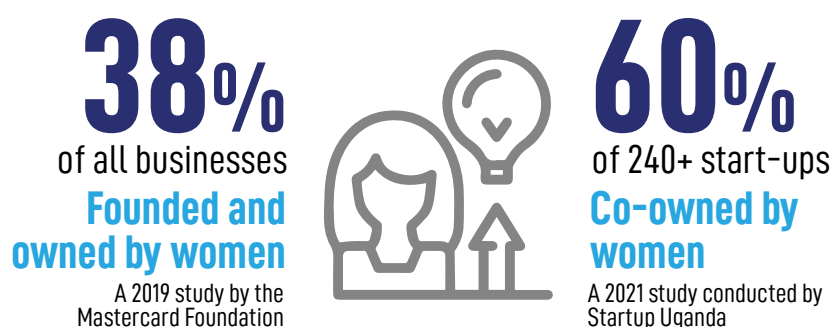
The gap that emerged from conversations with ESOs was not a lack willingness to engage at this stage, nor a complete lack of access to funds, but rather, a dearth of the tailored, sector-specific mentoring and support needed to best leverage those grants to advance a start-up's maturity. As mentioned above, many of the ESOs in the ecosystem do not fully specialise on a specific sector or topic. As such, their ability to provide nuanced market advice, validate business plans relative to the realities of that sector, or help entrepreneurs tap into targeted customer bases may be more limited.





Despite high number of women entrepreneurs, challenges to reach gender balance in ESO support

Uganda has the highest percent of women-owned businesses in the world, beating out the rest of Africa, the United States, Russia, all of the EU, and the wider world. A 2019 study by the Mastercard Foundation found that over 38% of all businesses in Uganda are founded and owned by women. Further to this, a 2021 study of 240+ start-ups, conducted by Startup Uganda, highlighted that over 60% of Ugandan start-ups are at least co-owned by women. Despite these world beating statistics, interviews with ESOs revealed that the majority of entrepreneurs that they support are men.



Despite their significant presence in the ecosystem, most of the interviewed ESOs reported struggling to attract women entrepreneurs to their programmes. Many of the interview respondents referenced specific programmes for women at their organizations or having introduced clear demographic targets to have at least 40% of their cohorts be women. Despite these initiatives, nearly all the interviewees described difficulty achieving those targets. From the ESOs perspective, despite intentionally seeking to support more women, they struggle to find enough female entrepreneurs to join their programmes.

When the ESOs were asked how they attempted to recruit women, their answers were limited. The ESOs described advertising programmes open only to women, or publishing calls inviting women to enrol in their other courses, with little success.

It also seemed that this dynamic was related to the ESOs' understanding of "entrepreneurship" and "start-ups". Many interviewees confirmed that there were many female business owners, typically small shops, beauty salons, and other small-scale enterprises. Those same interviewees, however, seemed to consider these businesses outside the scope of "entrepreneurship or start-up". It was unclear exactly where the distinction was drawn, and how precise the delineation was. For many of the ESOs, the concept of entrepreneurship seemed closely linked to innovation and market growth potential.

Starting a small shop or community business, even if filling a market need with sufficient demand to support a healthy small enterprise, was not seen as a target audience for ESOs.

It is important to note that this understanding of entrepreneurship seems to work both ways. While ESOs expressed this distinction between business-ownership and entrepreneurship, they were clear that they were not turning away such businesses if they came seeking support. It could be also that women business owners do not consider themselves as the target audience for ESO services and so do not instinctively pursue services and support targeted at "entrepreneurs".

Structures

- The ecosystem's (informal) definition of entrepreneurship seems linked to innovative sectors like tech, and future growth-potential, which excludes many women-owned-businesses
- Women face different and additional challenges in entrepreneurship including social and cultural expectations surrounding domestic and household work



Patterns

- ESOs in the ecosystem struggle to reach female entrepreneurs
- Women own one in three of all businesses yet tend to run businesses that are smaller and operate in less profitable sectors than those of men (World Economic Forum)

Mental Models

- Typically, women-owned businesses are not considered potential start-ups
- The ecosystem's (informal) definition of entrepreneurship favours innovative sectors like tech, and future growth-potential, which excludes many women-owned-businesses and those in the rural areas



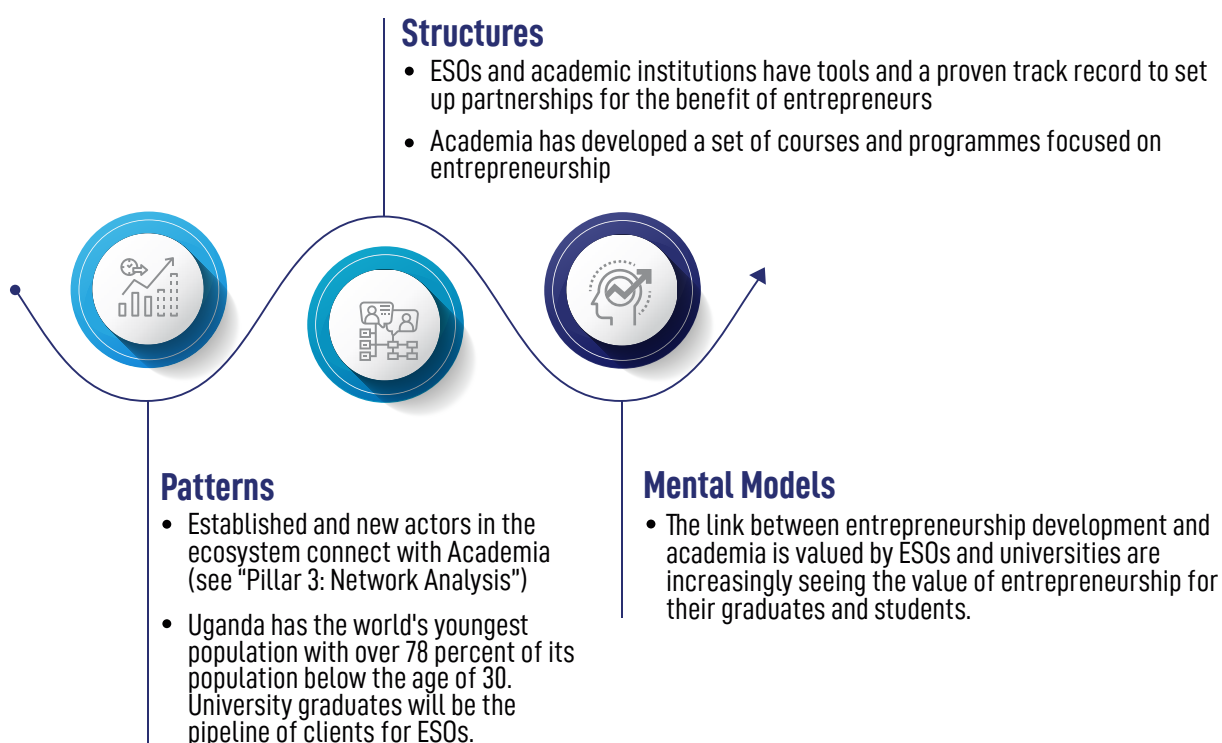


ESOs with good connection to universities

It is considered best-practice for entrepreneurship-support ecosystems to maintain strong, collaborative ties to academic institutions. Being able to leverage the data, talent, and human-resources of universities can provide invaluable resources to ESOs and entrepreneurs alike. In the Ugandan ecosystem, many of the interviewed ESOs referenced connections to and collaborations with universities and academia. Indeed, one of the ESOs, Makerere Innovation and Incubation Centre (MIIC) is a semi-autonomous joint initiative between Makerere University and the Ugandan Government. It enjoys direct access to students and faculty at Makerere University, and often works in collaboration with the university to deliver programmes to students and recent graduates. MIIC also highlighted the significant benefits of being able to access and leverage the research, data, and other resources of the university.

Beyond MIIC, almost all other interviewed ESOs reported collaborating directly with universities and academia. Many of those had MoUs directly with Makerere University. Some worked with smaller, more local universities while others had collaborations with international academia. Overall, this highlighted a strong, healthy network between the Ugandan entrepreneurship-support ecosystem and institutions of higher learning.

Such collaborations are considered best practice for any entrepreneurship-support ecosystem. Universities provide a wealth of resources and opportunities for ESOs, while universities gain valuable access to experience trainers, mentors, and consultants for their own curriculums.





Support focused in Kampala

It was clearly shown through both interviews of the ESOs, and discussions with entrepreneurs themselves, that the ecosystem is strongly concentrated in the Central Region of Uganda, particularly Kampala. 100% of the interviewed ESOs had offices in Kampala, while only a handful maintained satellite offices in other regions.

When ESOs filled out the survey which contributed to this report, organisations reported working in regions outside of Kampala. Over 50% of ESOs reported working in the Western and Northern regions, with almost 50% reporting working in the Eastern region. The more detailed interview process helped contextualise this finding. While it is true that many of the ESOs had delivered services in these regions, they were predominantly as one-off programmes requested by donors, or work with specific start-ups that emerged from those regions with high market growth potential. The significant majority of ESOs reported that their core services and programmes were available in Kampala, and that their delivery in these regions was on a much more limited basis. This is more clearly seen by the comparatively low number of ESOs that maintained offices in these other regions, from which they could offer more consistent support.

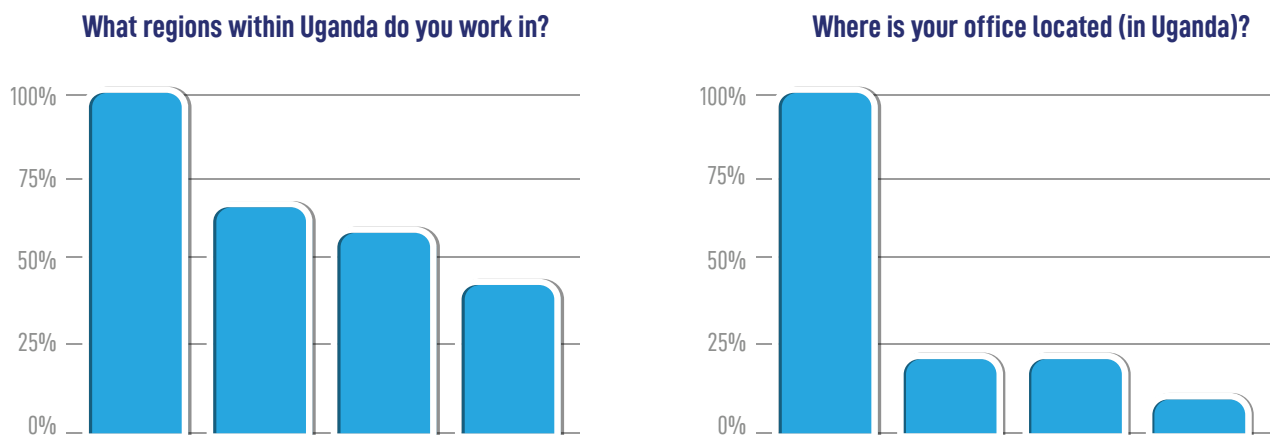


Figure 5: Ugandan ESOs' geographic scope

This lack of outreach to rural communities is particularly significant given the importance of agricultural activity to the Ugandan economy. Agriculture employs 70% of all Ugandans, and agriculture was the 3rd most common sector for entrepreneurs in the ecosystem (beaten only by healthtech and fintech). Given the significance of agriculture as both an employment and entrepreneurial topic, the lack of ESO support available outside of Kampala was notable.

Structures

- Kampala and the Central Region is the most conducive to innovative and tech-based entrepreneurship with stronger infrastructure including IT and financial services



Patterns

- ESOs establish in Kampala before expanding
- ESOs are incentivised to engage with high growth-potential sectors like tech

Mental Models

- The ecosystem's (informal) definition of entrepreneurship favours innovative sectors like tech, and future growth-potential, which excludes many women-owned-businesses and those in the rural areas



100%

of the interviewed ESOs had offices in Kampala

OVER 50%

ESO's working in the Western and Northern regions.

ALMOST 50% | working in the Eastern region

70% 

of all Ugandans Employed by agriculture



3rd

most common sector in the ecosystem



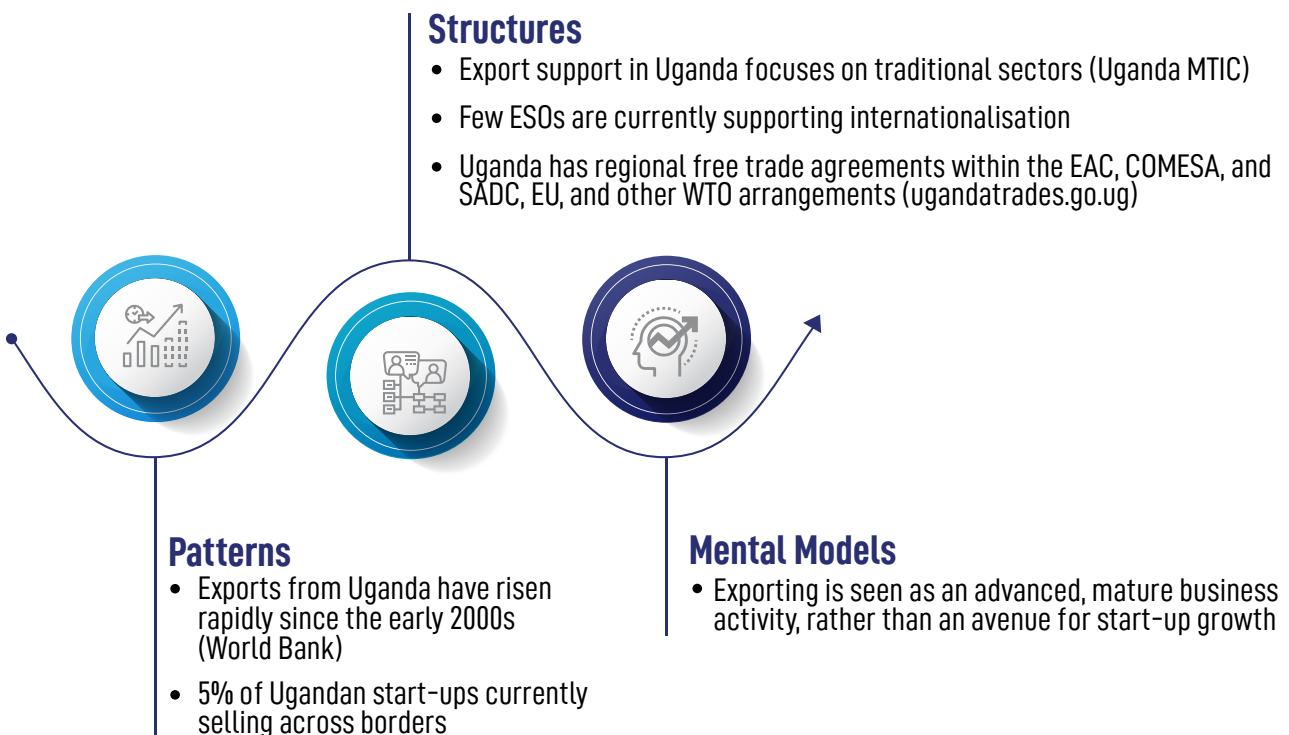


Focus on local market

Interviews with the ESOs highlighted that, currently, few organizations are offering support for internationalization, or data on foreign markets. When asked about this topic and type of support, most ESOs expressed that their clients were too early-stage to be considering international expansion. Some ESOs were beginning to develop foreign market data services, and others were beginning the development process to offer more concrete internationalization support. These examples, however, were the minority, and many of the services described were still under development and not yet available to entrepreneurs. The consensus from the majority of the ESOs seemed to be that most of the entrepreneurs they supported were too early-stage to be considering international business.

While it is true that international commerce can add complexity to a business model, and requires solid operational practices, internationalization is not exclusively the realm of established, successful domestic businesses, but can be a viable topic even for early-stage start-ups. In fact, approximately 5% of Ugandan start-ups are already exporting their products internationally, despite scarcity of support and training on the topic from the ecosystem (Startup Uganda).

Overall, it seems that the Ugandan export market shows significant potential for expansion. Exports from Uganda have risen rapidly since the early 2000s. However, when viewed as a % of GDP, the numbers show a much less obvious trend. While exports have risen, they have struggled to gain ground when compared to the growth of the Ugandan economy overall, suggesting that there is still significant potential to grow the country's export footprint.





Financial support for entrepreneurs is available but not from diverse sources

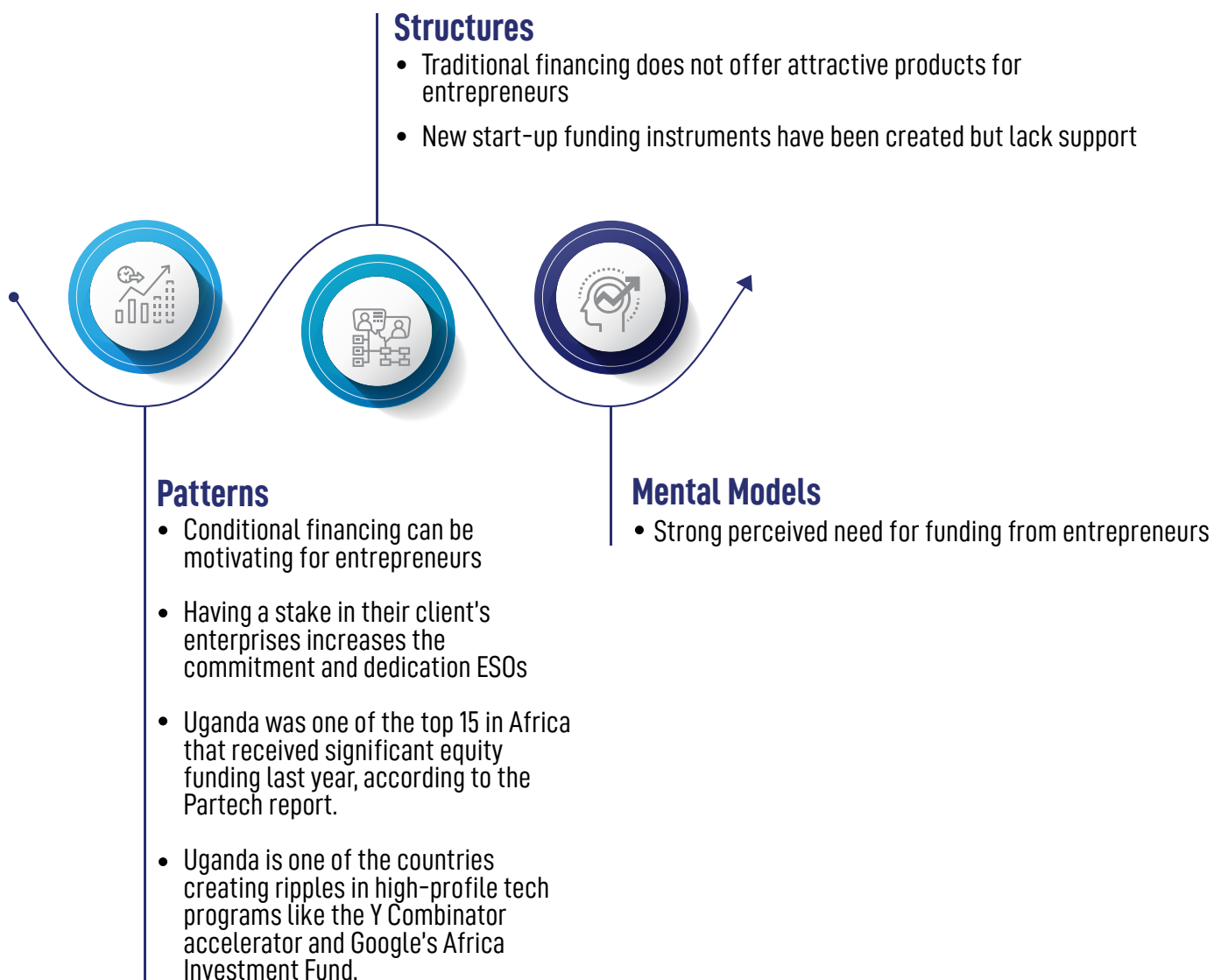
When entrepreneurs were asked what their most acute need was to expand their enterprises, "funding" was highlighted as the first priority. Entrepreneurs communicated that traditional bank loans and funding mechanisms from established financial institutions were often too expensive to consider or required a level of collateral that was out of their reach. Interviews with the ESOs confirmed that funding is the most commonly expressed need from their clients. Many ESOs however, particularly those focussing on incubation and early-stage support, expressed that, from their experience, many of their clients need fundamental business skills training and other support before they are ready to receive funding.

Indeed, several interviewed ESOs offer services for connecting entrepreneurs to investors or contribute directly to their clients' businesses with a variety of funding mechanisms including grants, low-interest loans, revenue-shares and shared equity. Beyond the direct services of interviewed ESOs, our desk research revealed several investment and funding mechanisms available in Uganda for qualified entrepreneurs such as the Kampala Angel Investors Network, or Faster Capital. It is important to note, however, that the funding sector has yet to receive significant support from the government, or traditional financial institutions who see start-up investment as a high-risk activity. It is possible that this dynamic may shift with the finalization and rollout of the Startup Act, which is currently under development within the Government of Uganda.

When asked about what type of financing would be most beneficial for those enterprises that were mature enough, some ESOs favoured grants that required no repayment or sacrifice of equity, while others saw such financing as potentially detrimental. Those that favoured grants saw them as a lifeline to start-ups that needed capital to develop their businesses, but for whom signing collateral or commitment of repayment was too high a risk. There was a sentiment from these ESOs that loan-repayment or revenue-share could even be a net-detriment to start-ups, as such schemes could present a challenging burden on early-stage revenue. Other ESOs saw grants as an instrument providing short-term access to capital but reducing the drive and motivation of entrepreneurs. Almost half of the interviewed ESOs recounted seeing some of their clients receive condition-free grants and grow complacent as a result. To their eyes, without any condition of success or repayment it was easy for that funding to reduce an entrepreneur's motivation and commitment to their business. Those ESOs also recounted seeing entrepreneurs grow reliant on grants to the point that much of their efforts and energies became redirected towards the continuous pursuit of such grants, rather than progressing their businesses to a point of financial sustainability.

The most common type of funding reported during the analysis came either from international funds such as international accelerators or big corporate funds such as Google's Africa Investment Fund or from ESOs that provided small-scale grants to their beneficiaries, usually as a part of donor-funded projects.

There were a limited number of ESOs that provided or facilitated access to more conditional financial schemes, such as loans, revenue-share, or equity financing. Those ESOs that engaged in these activities expressed that not only was it motivating for the entrepreneurs themselves, but also facilitated deeper commitment on the part of the ESO. When entrepreneurs know that they will have to repay loans, they are more likely to show deeper commitment to their businesses. Similarly, those ESOs with a financial stake in their clients, or for whom repayment of loans requires a start-up's eventual success, are far more dedicated to supporting that enterprise.



SUMMARY OF CHARACTERISTICS



Symptoms

- Ugandan ESOs rely on international, project-based funding
- ESOs provide support to a diverse set of entrepreneurs and sectors, low specialization
- One main cluster of organizations surrounding Startup Uganda
- Ugandan ESOs share training material
- Good support at early and later-stages, but little specialized help to bridge the gap
- Despite high number of women entrepreneurs, challenges to reach gender balance in ESO support
- ESOs with good connection to universities
- Support focused in Kampala
- Focus on local market
- Financial support for entrepreneurs is available but not from diverse sources



Patterns

- Self-funding ESOs or alternative business models are difficult to sustain in the ecosystem.
- ESOs are incentivised to maximize their client base, and maintain eligibility for a wide range of donor-funded projects.
- Competition for quality entrepreneurs reduce the likelihood of ESOs directing clients to more specialized ESOs in their field.
- Donors tend to rely on the same partners time after time.
- Donors rely on bigger, more visible ESOs who already have more resources and experience working with the international community.
- Hiring of independent consultants to create training material ESOs are incentivised to maximize their client base, and maintain eligibility for a wide range of donor-funded projects.
- Focussing on the early entrepreneurship stages maximises an ESO's potential audience.
- Support for start-ups in between early and growth stage provides less visible results as failure is high.
- ESOs in the ecosystem struggle to reach female entrepreneurs.
- Women own one in three of all businesses yet tend to run businesses that are smaller and operate in less profitable sectors than those of men (World Economic Forum).
- Established and new actors in the ecosystem connect with Academia.
- Uganda has the world's youngest population with over 78 percent of its population below the age of 30.
- University graduates will be the pipeline of clients for ESOs.
- ESOs establish in Kampala before expanding.
- ESOs are incentivised to engage with high growth-potential sectors like tech.
- Exports from Uganda have risen rapidly since the early 2000s (World Bank).
- 5% of Ugandan start-ups currently sell across borders.
- Conditional financing can be motivating for entrepreneurs.
- Having a stake in their client's enterprises increases the commitment and dedication ESOs.
- Uganda was one of the top 15 in Africa that received significant equity funding last year, according to the Partech report.
- Uganda is one of the countries creating ripples in high-profile tech programs like the Y Combinator accelerator and Google's Africa Investment Fund.



Structures

- Internationally funded initiatives bring to bear resources that the ecosystem cannot provide internally.
- Donors usually evaluate impact based on quantity, rather than quality.
- Most ESOs rely on donor-funded projects to sustain their business model.
- No support to specialization through funds or incentives.
- No clearly defined sector/industry start-up clusters.
- Startup Uganda is the natural point of contact for donors entering the ecosystem.
- ESOs established with donor support are better resourced and have more visibility.
- Lack of qualified trainers with entrepreneurial experience.
- The ecosystem's (informal) definition of entrepreneurship seems linked to innovative sectors like tech, and future growth-potential, which excludes many women-owned-businesses.
- Women face different and additional challenges in entrepreneurship including social and cultural expectations surrounding domestic and household work.
- ESOs and academic institutions have tools and a proven track record to set up partnerships for the benefit of entrepreneurs.
- Academia has developed a set of courses and programmes focused on entrepreneurship.
- Kampala and the Central Region is the most conducive to innovative and tech-based entrepreneurship with stronger infrastructure including IT and financial services.
- Export support in Uganda focuses on traditional sectors (Uganda MTIC).
- Few ESOs are currently supporting internationalisation.
- Uganda has regional free trade agreements within the EAC, COMESA, and SADC, EU, and other WTO arrangements (Ugandatrades.go.ug)
- Traditional financing does not offer attractive products for entrepreneurs
- New start-up funding instruments have been created but lack support



Mental Models

- ESOs see sustainably operating their organizations outside of this donor-funding model as difficult.
- Entrepreneur's ability or willingness to pay for services is considered a key barrier.
- ESOs view reaching outside of their niches as a positive, learning opportunity.
- A culture of cooperation and personal relationships helps establish collaborations.
- Competition for funds do not incentivise collaboration beyond existing partnerships.
- ESOs need to be able to demonstrate their effectiveness and impact in order to attract future clients and funders.
- Typically, women-owned businesses are not considered potential start-ups.
- The ecosystem's (informal) definition of entrepreneurship favours innovative sectors like tech, and future growth-potential, which excludes many women-owned-businesses and those in the rural areas.
- The link between entrepreneurship development and academia is valued by ESOs and universities are increasingly seeing the value of entrepreneurship for their graduates and students.
- Exporting is seen as an advanced, mature business activity, rather than an avenue for start-up growth.
- Strong perceived need for funding from entrepreneurs.

SPECIAL NOTE ON AGRITECH-ENTREPRENEURSHIP

Given the focus of the NTFV program to support the development of Agritech entrepreneurship, this report has particularly observed the current status of Agri-entrepreneurship support within the ecosystem.

As mentioned in some of the ecosystem characteristics, the lack of outreach to rural communities and the lack of ESO support available outside of Kampala is particularly notable. In addition, the lack of ESO specialisation also affects Agri and agritech-entrepreneurship support. ESO support for Agri start-ups requires a specific set of skills and service offering involving the analysis and understanding the challenges of agricultural entrepreneurs. Particularly, ESOs must be able to support entrepreneurs to respond economic, environmental and social changes impacting the agriculture sector in particular. ESOs must also be capable of providing access to technological tools and innovations, connect with agri-research and innovation institutions and promote and connect to patient investors focussed on the sector.

At present, agricultural activity employs over 70% of Ugandans but represents less than one quarter of Uganda's GDP (World Bank).

This highlights that, if revenues, profits and value-add can be maximised in this sector, it could be transformative for the entire nation. Indeed, Agriculture is the third most common sector for entrepreneurs in the ecosystem. Only Healthtech and Fintech attracted more entrepreneurial activity.

Despite this, Interviews with ESOs revealed that few organisations offer core services that are intentionally tailored for the agricultural sector. Many ESOs referenced implementing projects targeted at the agricultural sector, but these were generally one-off initiatives that ended when the project was over. The significant majority of ESOs also specified that many of their beneficiaries are in the agriculture sector, but stated that their support was primarily on basic business skills rather than more specifically tailored services.

Among the exceptions to this trend was Amara ESO. Amara, in addition to integrating specific agriculture-targeted services into their core offering, is based in the rural area outside of Lira, in the Northern Region. This not only gives them greater access to agricultural communities but brings them deeper understanding of the conditions and challenges facing agripreneurs. At present, almost all of the ESOs in Uganda are focussed in Kampala. While working in Kampala brings numerous advantages, it distances ESOs from agricultural life and the hurdles facing entrepreneurs in the sector.



PILLARS OF ANALYSIS





PILLAR 1: MAPPING OF ENTREPRENEURSHIP SUPPORT ORGANISATIONS

INSTITUTIONS BY ENTREPRENEURSHIP STAGE

FOR DESCRIPTION AND DEFINITION OF THE STAGES OF THE ENTREPRENEURSHIP CYCLE, PLEASE SEE ANNEX III²

Figure 6: Ecosystem actors by category and business stage

Category ³	Organization	Pre-Seed	Seed	Early	Growth	Expansion
Incubators	Amara Hub	■	■			
	Design Hub	■	■			
	Hive Colab	■	■			
	Innovation Village	■	■	■		
	Makerere Innovation Incubation Center (MIIC)	■	■			
	Outbox	■	■	■		■
	Response Innovation Lab		■	■		
	StartHub Africa	■	■	■		
Corporate Incubator	Stanbic Business Incubator			■	■	■
Accelerators	Einstein Rising	■	■			
	Finding XY		■	■	■	■
	Growth Africa			■	■	■
	I-Venture Lab	■	■			
	NASE Africa	■				
	Shona				■	■
	Social Innovation Academy (SINA)	■	■	■		
	United Social Ventures	■	■	■		
Funding / Financial Accelerator	97 Fund	■	■	■		
	Amarin Financials				■	■
Sector / Thematic Association	Zimba Women	■	■	■		
	Women in Tech (WITU)	■	■			
	Resilient Africa Network (RAN Lab)	■				
	Startup Uganda	■	■	■	■	■
Consulting Firm	NFT Mawazo	■	■	■		
Makerspace	Motiv	■	■	■		
Media	Media ESO Initiative	■	■	■	■	■
Tech Hub	Tech Buzz Hub	■				

Figure 6: Ecosystem actors by category and business stage

²The terms 'pre-seed'; 'seed'; 'early' are taken as reference based on YCombinator definitions. However, it is acknowledged that the Ugandan journey is different from a YC start-up and start-ups in other ecosystems. At the time of the report, the Ugandan ecosystem have not formally defined the entrepreneurship stages but categories such as 'pre-revenue' or 'pre-profitable' where suggested as more suitable for the Ugandan context. Alternatively, ESOs suggested the stage categorisation by revenue ranges (e.g. \$0; \$0-\$10,000; \$10,000-\$30,000). As an example, United Social Ventures (USV) has identified the main 'valley of death' to be between \$15,000 to \$50,000. Further ecosystem discussion might be needed to formalise such definition.

³It is to note that in some instances, ESOs categorise themselves differently or identify in several categories. This table is not able to capture all differences and we therefore encourage the reader to visit ESOs website listed in Annex I for more detailed information.

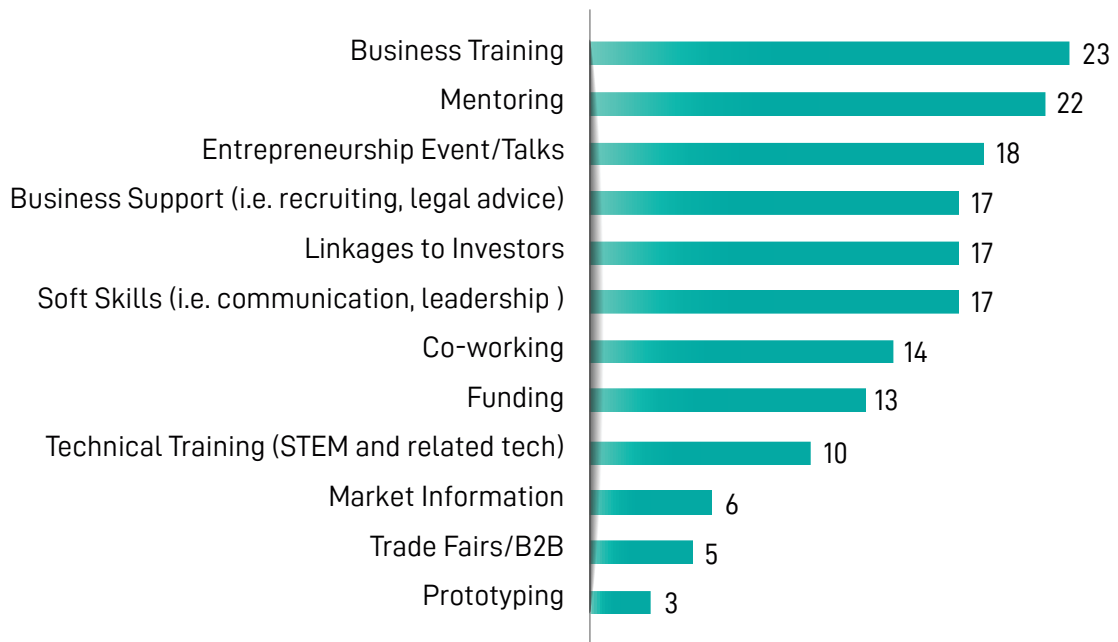
SERVICE GAPS AND OVERLAPS


Figure 7: Services offered by Ugandan ecosystem actors

Institutions	INCUBATION					ACCELERATION						
	Business Training	Mentoring	Technical Training (STEM and related tech)	Soft Skills (i.e.: communication, leadership)	Co-working	Funding	Prototyping	Entrepreneurship Event/Talks	Market Information	Linkages to Investors	Business Support (i.e.: Recruiting, Legal advice)	Trade Fairs/B2B
United Social Ventures	✓	✓		✓						✓		
MIIC		✓	✓		✓	✓		✓	✓	✓	✓	
I-Venture Lab		✓			✓					✓		
Hive Colab	✓	✓			✓							
Women in Tech (WITU)	✓	✓	✓	✓	✓			✓	✓	✓	✓	
Tech Buzz Hub	✓	✓	✓	✓	✓			✓				
Start Hub Africa	✓	✓		✓	✓	✓		✓	✓	✓	✓	
Social Innovation Academy (SINA)	✓	✓		✓		✓		✓			✓	
Amarin Financials	✓									✓	✓	
Einstein Rising	✓	✓	✓	✓	✓			✓		✓	✓	✓
Response Innovation Lab (RIL)		✓	✓	✓		✓				✓		
Growth Africa	✓	✓		✓						✓	✓	
Media Hub Initiative		✓		✓	✓			✓		✓	✓	

Outbox Hub	✓	✓		✓	✓	✓		✓		✓	✓	
Stanbic Business Incubator	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓
Startup Uganda	✓					✓		✓			✓	
97 Fund	✓	✓				✓				✓	✓	
Amara Hub	✓	✓	✓	✓		✓						
Finding XY	✓	✓								✓	✓	
Innovation Village	✓	✓		✓	✓	✓	✓	✓		✓	✓	
Motiv	✓		✓	✓	✓		✓	✓	✓			✓
NASE Africa	✓	✓		✓		✓		✓				✓
NFT Mawazo	✓		✓	✓	✓					✓	✓	
Refractory	✓		✓									
Resilient Africa Network (RAN Lab)	✓	✓	✓			✓		✓				
Shona	✓	✓				✓		✓			✓	✓
Zimba Women	✓	✓		✓				✓	✓	✓	✓	
DesignHub					✓		✓	✓				
Tribe								✓				

SERVICE PROVIDED



 Number of ESOs providing the service





PILLAR 2: USER EXPERIENCE ANALYSIS

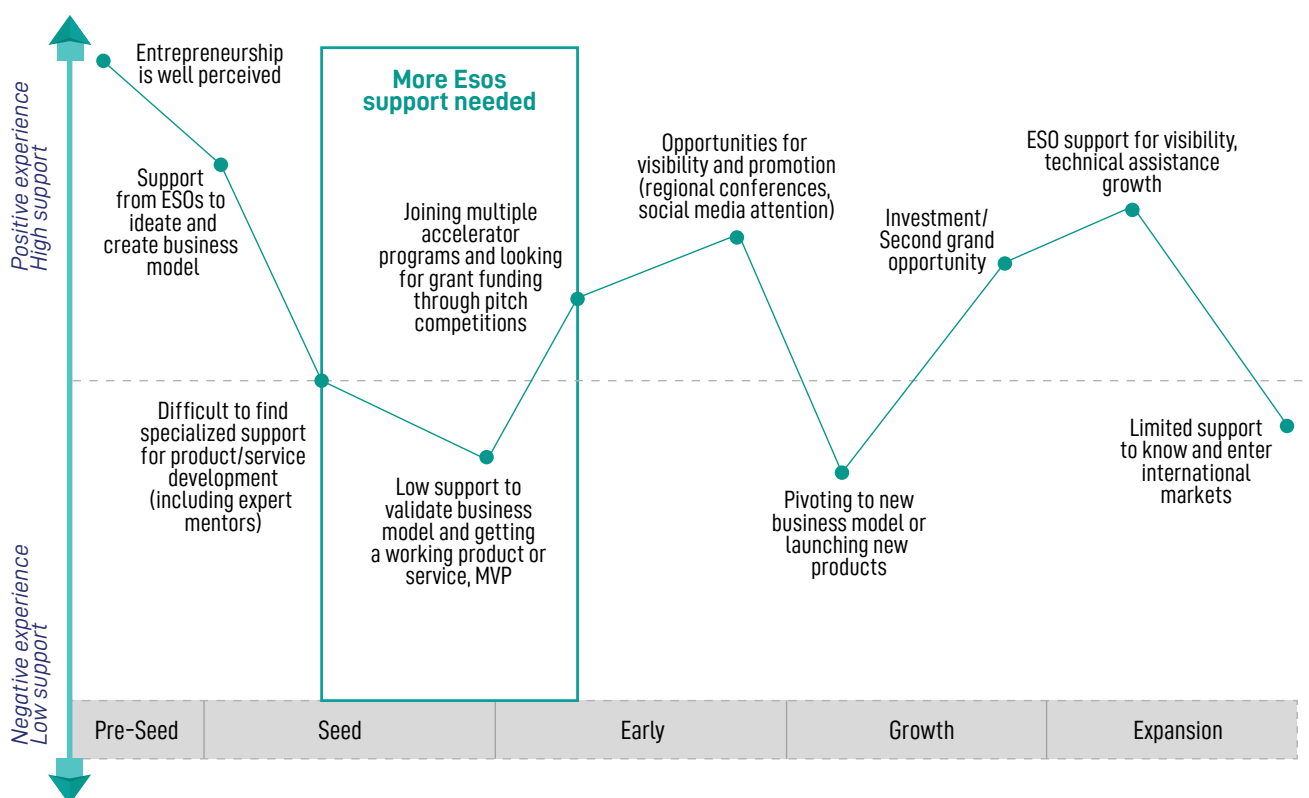
Analysing the entrepreneurship ecosystem of a country requires not only the insights of its institutional actors but also that of the entrepreneurs, or “users” of the ecosystem. Interviews were conducted with a selected group of young entrepreneurs to complement the findings of this report. This section provides an overview of the user experience in terms of accessing services, the quality of the support received, and the overall impression of the ecosystem from entrepreneurs.

For this exercise, representatives of 10 Ugandan start-ups were consulted with the support and key inputs of ITC’s NTF V Startup Growth Lead, based in Kampala. The businesses covered a range of sectors including logistics, agritech, health-tech and fintech. Based on the insights gathered from the focus group discussion, the following key trends can be outlined regarding the user experience in the Ugandan entrepreneurship ecosystem.

Ecosystem User Journey – The Ugandan Entrepreneur Experience

Through discussions with entrepreneurs, ITC’s diagnostic sought to give entrepreneurs a voice to communicate their experience as users of the ecosystem and key beneficiaries of ESO services. The information obtained is summarized and illustrated below including the number of challenges that entrepreneurs face in their growth trajectory, including the absence of support in some cases.

Figure 8: User-experience journey for entrepreneurs in the ecosystem



At the pre-seed phase

Start-ups are taken on for support by most of the ESOs usually through incubator and accelerator programmes – Most ESOs will typically support start-ups at this stage (entrepreneurs are supported to create and adjust their business models).

From pre-seed to seed

Start-ups build their MVPs (mobile and web-based applications and websites). Support is offered but not for all products/services. Early customers are acquired but the start-ups struggle to monetize.

From seed to early

Start-ups tend to join more than one programme, mostly accelerators to gain more support with product commercialisation, they start to generate revenues but struggle with customer retention. Some will close business and others may go on to fully commercialise and scale their product.

From growth to expansion

Only a small group of start-ups achieve full maturity. At this stage they receive more funding from VCs, development partners in the Ecosystem and private equity firms. A few go on to get acquired and offer investors exits.



Key Pain points - Entrepreneur journey

Accessing ESOs and their services

One topic that all the focus-group participants seemed unanimous on, was the difficulty in accessing services and support from the ecosystem. To their experience, most ESOs do not outreach to entrepreneurs, and have no initiatives to seek out promising or viable start-ups. When entrepreneurs do approach the ESOs, the response do not match expectations and, in most cases lead to dissatisfaction and discouragement to use ESO's services.

From the focus group sample those entrepreneurs that did access support from the ecosystem noted that institutions prioritise the support to start-ups that provide visibility and fast results (usually with proven success stories) which, in some cases, compromise the support offered to entrepreneurs at earlier development stages. For example, one of the focus-group participants recounted having to move their business to neighbouring Rwanda to access support. Further, the entrepreneur mentioned that only after receiving that support and achieving market success, Ugandan ESOs engaged with their business. Another participant highlighted serious difficulty in getting responses from ESOs until they won one of the ecosystem's pitch-challenges that were open to the public. After winning, the entrepreneur recounted receiving several calls and emails from ESOs wanting to work with them.

Overall, entrepreneurs agreed that there seem to be a tendency for ESOs to leverage on successful entrepreneurs to gain visibility and attracting funds. Therefore, ESOs compete to attract a small pool of successful entrepreneurs by offering them tailored support while providing "one size-fit all" services to less advanced entrepreneurs.

Further, entrepreneurs reported a perception of an increasing number of start-ups and entrepreneurs compared to a limited number of ESOs. Most ESOs cohorts of entrepreneurs for incubation and acceleration, and open spots in new programmes fill up very quickly. This dynamic fits with the population statistics presented above. With around 400,000 young Ugandans joining the workforce each year in competition for just 9,000 new jobs annually, there is a flood of young, capable entrepreneurs that flood the start-up market each year. As ESOs aim to support those start-ups with the best chances of market success, there is a growing imbalance between the demand for entrepreneurship-support services and the supply of those services.

With around 400,000 young Ugandans joining the workforce each year in competition for just 9,000 new jobs annually, there is a flood of young, capable entrepreneurs that flood the start-up market each year.

The impact of international development projects

Entrepreneurs that participated in the focus-group discussed the clear influence of internationally funded programmes in the ecosystem. The majority (over 70%) of interviewed ESOs' funding comes from acting as implementing partners for internationally funded development initiatives. Those ESOs who did not operate on this model were typically smaller organizations, serving a more limited audience with specialized services. Overall, the majority of Ugandan entrepreneurs are supported by institutions dependent on these funds.

Typically, these projects come with specific thematic objectives and goals, such as furthering women's equality, or promoting "green" businesses. They also come with significant reporting requirements for the ESOs themselves to evaluate impact, and account for donor funding. Both these thematic objectives, as well as the results-reporting structure have significant impact on behaviour and activity of ESOs, not always to the benefit of entrepreneurs.

Entrepreneurs who participated in the focus group viewed these thematic objectives as a burden to the start-up ecosystem. As per their view, when ESOs are given a mandate to focus on carbon-neutral companies, or women-owned enterprises, it comes at the expense of any entrepreneur who does not fit that category (given that there are only a few programmes run independently from donor funds). Therefore, start-ups that do not fit these categories often find it difficult to access support services.

Further, the entrepreneurs described how ESOs' pursuit of reporting quantity of entrepreneurs served, had a negative effect on the quality of services of ESOs. Because ESOs in Uganda often survive on the funding from international development projects, those organizations tend to prioritize delivering good reporting numbers to their funders, rather than quality services to their clients. This pursuit of high numbers results larger cohort sizes, less personalized or tailored support and more superficial trainings. It is also a direct hinderance to ESOs developing more tailored, sophisticated services. ESOs have a clear incentive to make their programming accessible to as wide an audience as possible, which is a natural conflict to the customization, personalization, and tailoring of services to fit the needs of any one start-up.

ESOs in Uganda often survive on the funding from international development projects, those organizations tend to prioritize delivering good reporting numbers to their funders, rather than quality services to their clients.

The Quality of ESOs' Services

Many of the participating entrepreneurs felt that the quality of services received from the ecosystem were often lacking. Many of the entrepreneurs highlighted that often, the services they received were generic, lacked depth, and often used the same material as other ESOs. Entrepreneurs voiced frustration at the challenges of accessing quality, tailored services that addressed the unique contexts of their businesses, rather than more generic, introductory level business skills training. Entrepreneurs stressed the fact that many ESOs appear to be reusing or sharing training materials. Several of the entrepreneurs recounted enrolling in ESOs' programmes that presented the exact same course.

One other repeated frustration from the entrepreneurs was the apparent lack of real entrepreneurial experience within the ESOs. Entrepreneurs felt that many of the ESOs' services and methodologies lacked real-world applicability that can only come from experience. Many felt that, the training material frequently contained few practical, actionable recommendations for running a successful business.

Sector Agnostic ESOs

Entrepreneurs that participated in the focus-group referenced a lack of sector-specific experts in the ecosystem. While this allows ESOs to be open to all comers, the entrepreneurs were unanimous in feeling that it diluted the value of the ESOs to their businesses, and resulted in lower quality services and support. The entrepreneurs were aware that some ESOs do advertise a focus or speciality, but questioned the real of that expertise.





PILLAR 3: NETWORK ANALYSIS

The following section summarizes the findings of the network analysis as well as the conclusions drawn about the strengths and growth opportunities for the Ugandan network of ESOs. The analysis provides insights on density, centrality and three types of network connections: information sharing, funding and, collaborations for service delivery.

NETWORK DENSITY

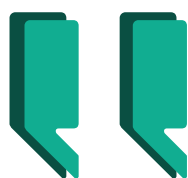
Measured using the ties between network actors, the analysis highlights that interactions within the ecosystem are not at their full potential.

The density of the Ugandan network, which describes the portion of the potential connections in the network that are actual connections, is approaching half its potential. Comparing the number of actual connections to the number of potential connections, Uganda remains at the low end, scoring 0.39 (‘1’ being the highest possible density number, and ‘0’ the lowest). Looking at ‘well’ connected actors, the network has potential to be strengthened.

Specific connections are examined later in this section. However, the density figure can serve as a baseline for the ecosystem to increase connections with existing ecosystem actors. The density level calculated according to the data is presented graphically below:



Figure 9: Ugandan ecosystem network density



Comparing the number of actual connections to the number of potential connections, Uganda remains at the low end, scoring 0.39...

The network analysis delves into the properties of the institutions and their connections in the network. The centrality studies presented below can be used as potential indicators of the relative importance of institutions within the ecosystem.

Betweenness Centrality

This type of centrality, measures how many times a node (institution) acts as a gateway in the network. The higher the betweenness centrality of an institution, the more paths run through that entity to connect two other actors. When an institution has a high betweenness centrality, it acts as a key bridge or facilitator between different actors.

Therefore, institutions with high betweenness may have considerable influence in the network by virtue of their control over information passed between others. They are also the ones whose removal from the network will most disrupt communications between other institutions. Institution nodes are ranked below according to betweenness centrality.

ESOs with higher betweenness centrality (top 5)

Startup Uganda	68.71
Outbox Hub	48.04
Innovation Village	34.99
Response Innovation Lab	15.81
Start Hub Africa	13.47

Figure 10: Ranking by betweenness centrality

Degree Centrality

This report has also evaluated degree centrality, defined as the number of links upon a node (i.e., the number of connections that a node has). When compared to the previous measure, this indicates which institutions have built a bigger network for themselves but does not provide insights on their work as ecosystem builders.

ESOs with higher degree centrality (top 5)

Startup Uganda	27
Outbox Hub	25
Innovation Village	22
Response Innovation Lab	17
Start Hub Africa	17

Figure 11: Ranking by degree centrality

Distribution of the data

Additionally, it is important to look at the results' distribution to see the institutions' positioning. In terms of degree centrality, there is a slight clustering of the top three institutions. However, this clustering is less significant, with a near-linear progression from the most connected institutions to those less integrated into the ecosystem.

For betweenness centrality, however, SU, Outbox and Innovation Village are the key gatekeepers and leaders in facilitating connections within the ESO network in Uganda. This indicated that there is a strong leading cluster within the network. Beyond this cluster, the network has a comparatively low capacity to ensure the connection and diversity of the network.

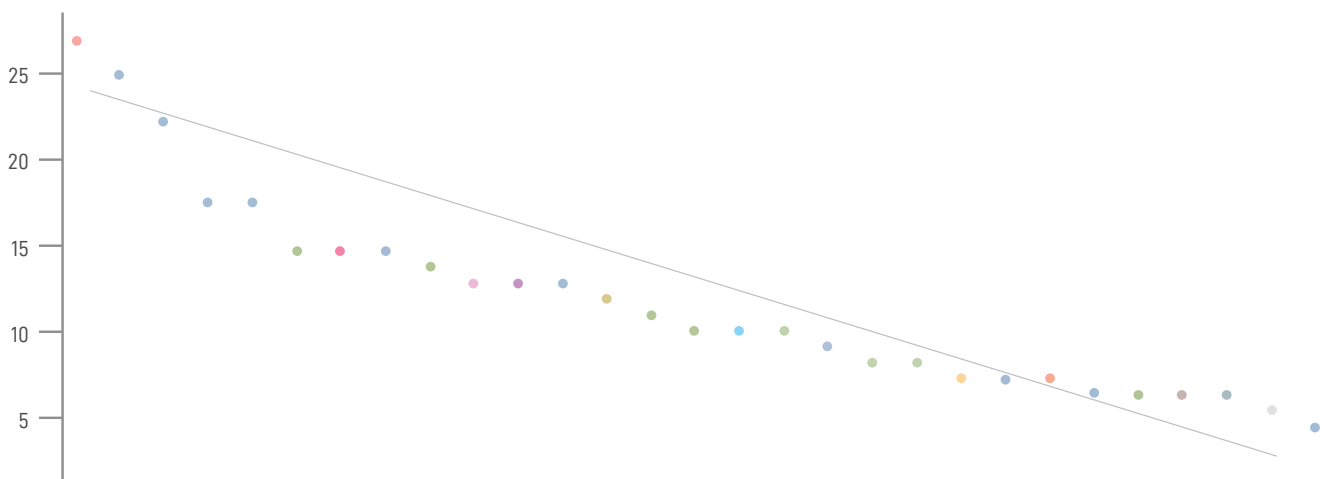


Figure 12: Distribution of degree centrality

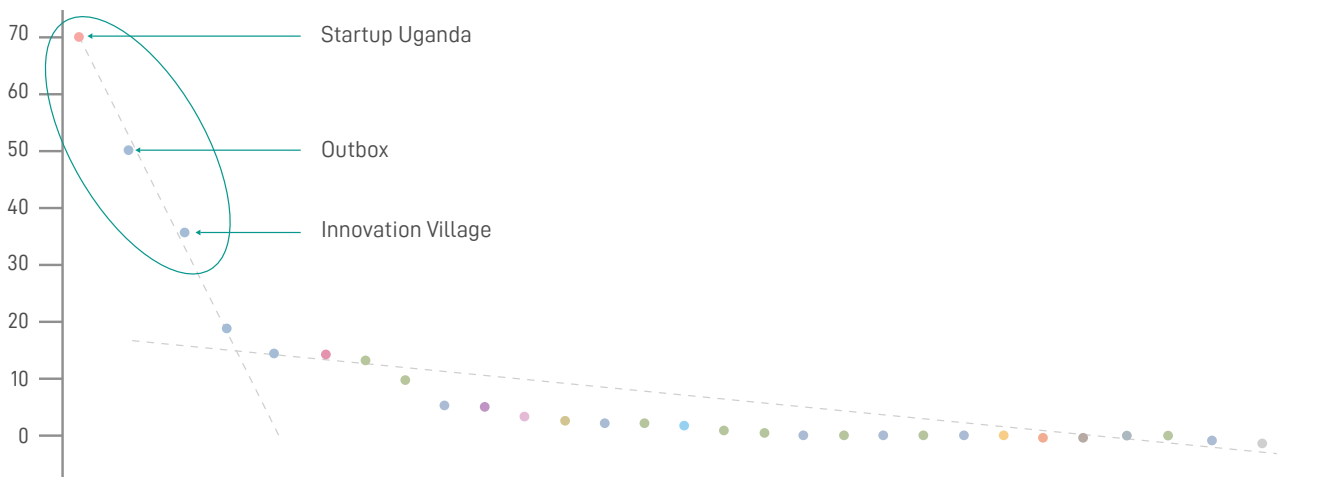


Figure 13: Distribution of betweenness centrality

The following Figure shows the network of the 29 institutions that connect in the ecosystem to support entrepreneurs in Uganda. The size of the nodes corresponds to the number and weight of the connections in the network and the colour of the nodes corresponds to the support role of the ESOs (details in Annex III). Connections on service delivery and financial collaboration have a higher weight in the analysis than connections to share information as they represent a deeper level of engagement

NETWORK OF ENTREPRENEURSHIP SUPPORT ORGANIZATIONS IN UGANDA

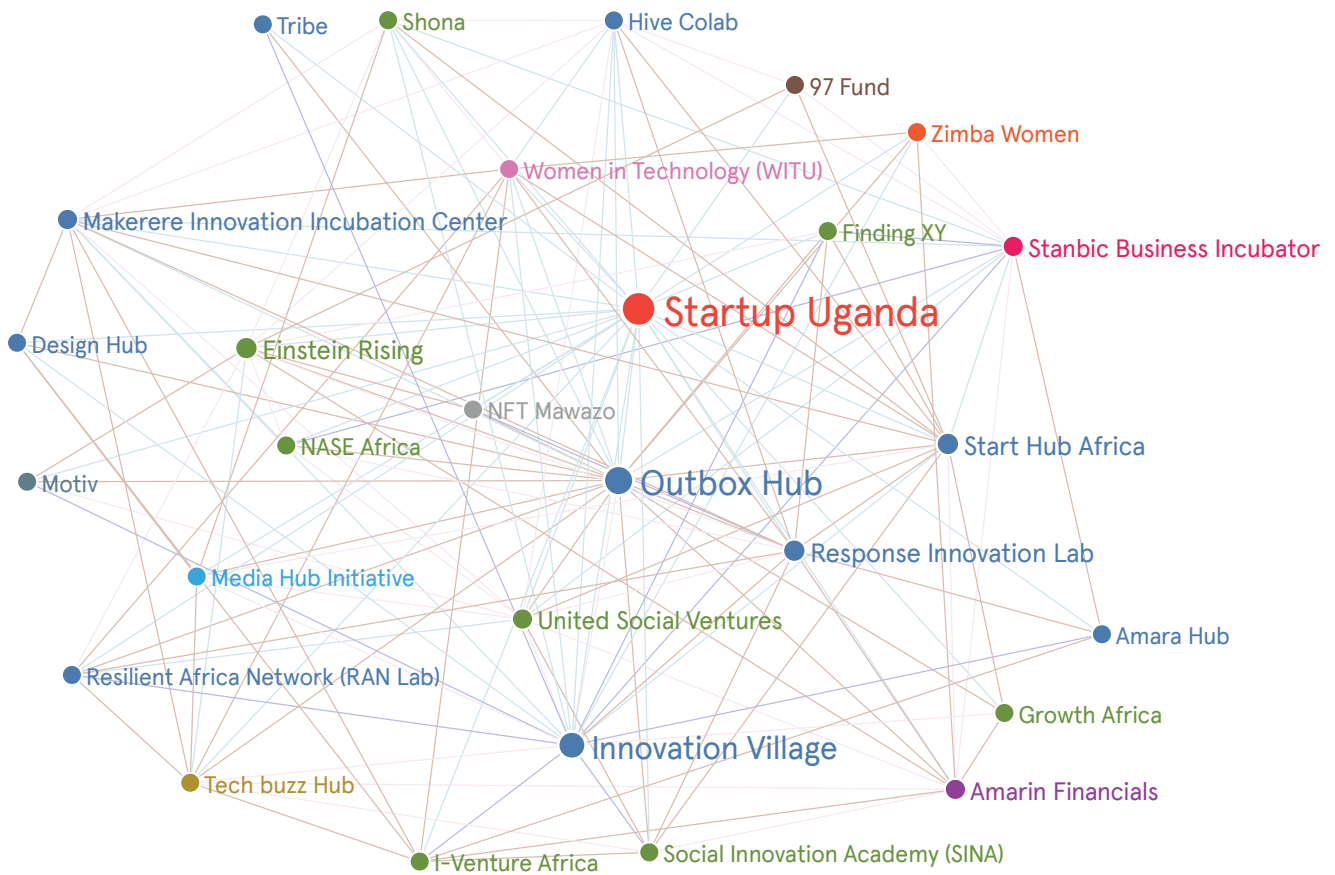


Figure 14: Network of entrepreneurship support organisations in Uganda

Connections in the Network

Connections are not just relationships, but also flows of information, knowledge, and resources. To understand what is happening in a network, it is critical to understand what flows through the network, from node to node, and how those nodes are connected.

Increasing the number of connections in the network can generate many positive benefits. However, if the goal is to bring about more substantial collaboration and create system-wide change, networks need to deepen the quality of connections as well.

The network analysis shows that information represents 52.9% of the total connections in the network, and service connections take second place with 27,6%. The funding connections represent 19,5%. The connections reported by surveyed ESOs are represented in the Figure below.

Connections in the Network

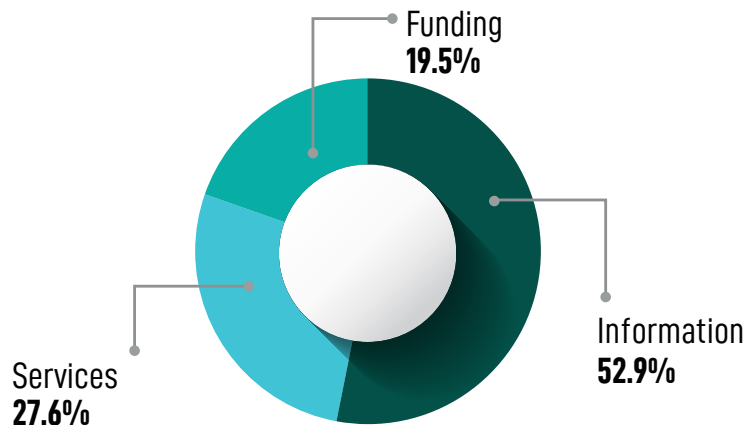


Figure 15: Ecosystem connections by type

Institutions in Uganda have several opportunities to enhance the ESO network and to increase their presence in the ecosystem.

First, the connections analysis shows that despite the number of connections has not reached its full potential, a positive aspect of the network is that connections aim for quality. Over 47% of the connections in the ecosystem involved cooperation on either funding or service delivery. These types of collaborations require deeper levels of cooperation and integration between institutions than information-share. While over half of the connections were on information-share alone, and there remain opportunities for improvement, it shows that there is a willingness for deep collaboration within the network.

The next step would therefore be to deepen the service connections by making them more regular, structured within formal agreements or collaboration frameworks with a clear vision and strategic objectives for both parties, and valuable in terms of knowledge and resource sharing.

Second, there are opportunities to increase the overall number of connections by sharing information with other actors, proposing collaborations to deliver joint services, and supporting other institutions to deliver on their mandate. For less integrated institutions, linking to highly connected institutions, such as Startup Uganda, Outbox, or Innovation Village, would immediately boost their connectivity and would contribute to the density of the network.

Finally, ESOs can grow in the network by identifying key partnerships to play a bigger role in the ecosystem. For example, by connecting to actors not yet included in the network (national and international) and bringing them in through targeted collaborations. When additional institutions are included in the network, institutions connected to new actors increase their bringing capabilities and therefore their relevance within the network.

Second, there are opportunities to increase the overall number of connections by sharing information with other actors, proposing collaborations to deliver joint services, and supporting other institutions to deliver on their mandate.

WHEN FILTERING THE NETWORK GRAPH BY TYPE OF CONNECTIONS REPORTED, THE RESULTS ARE AS FOLLOWS:

Information - No services or funding connections



Figure 16: Ecosystem network maps by type of connection: Information - No services or funding connections

Information, Services and Funding

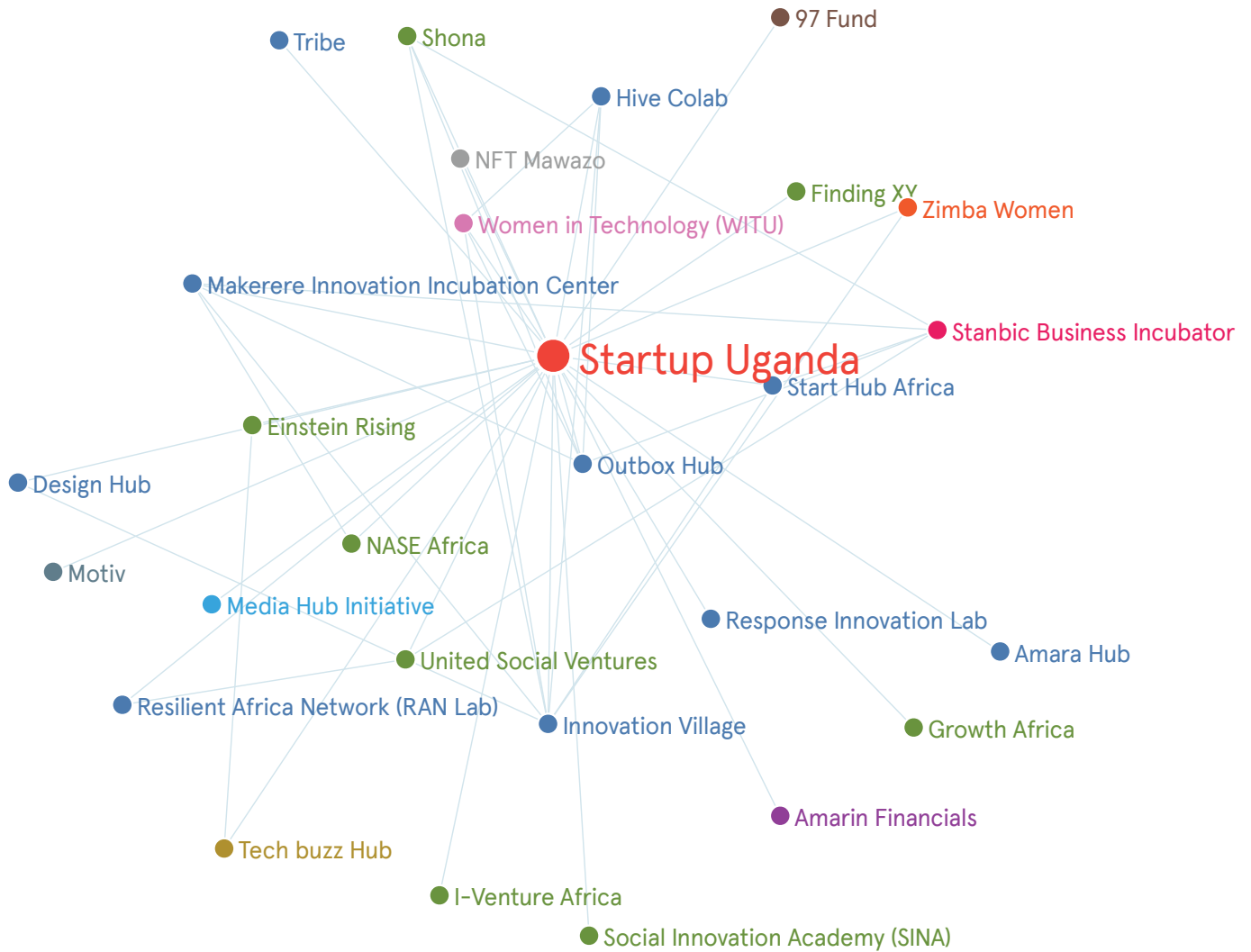


Figure 17: Ecosystem network maps by type of connection: Information, Services and Funding

Information and Services

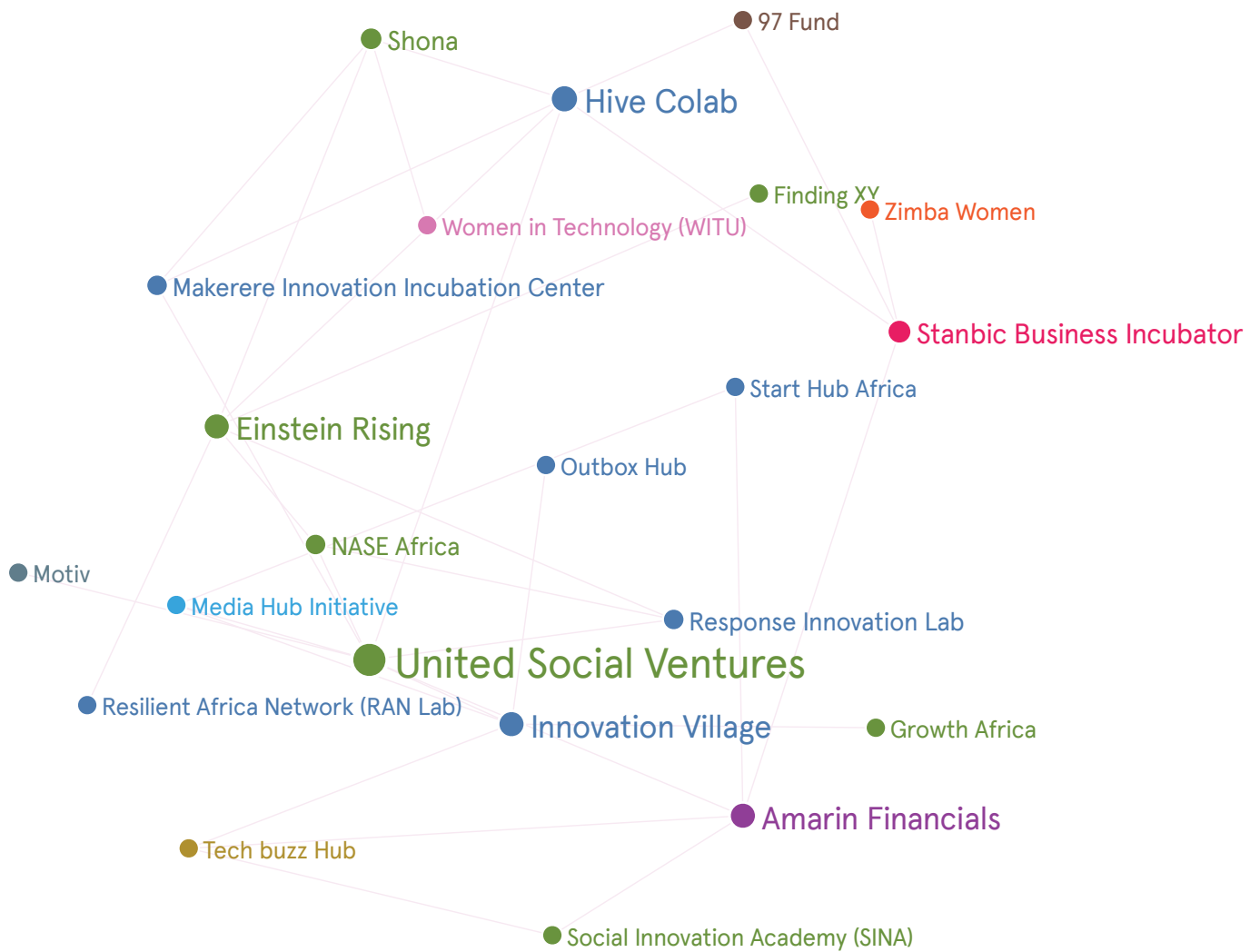


Figure 18: Ecosystem network maps by type of connection: Information and Services

Information and Funding or collaboration with financial resources

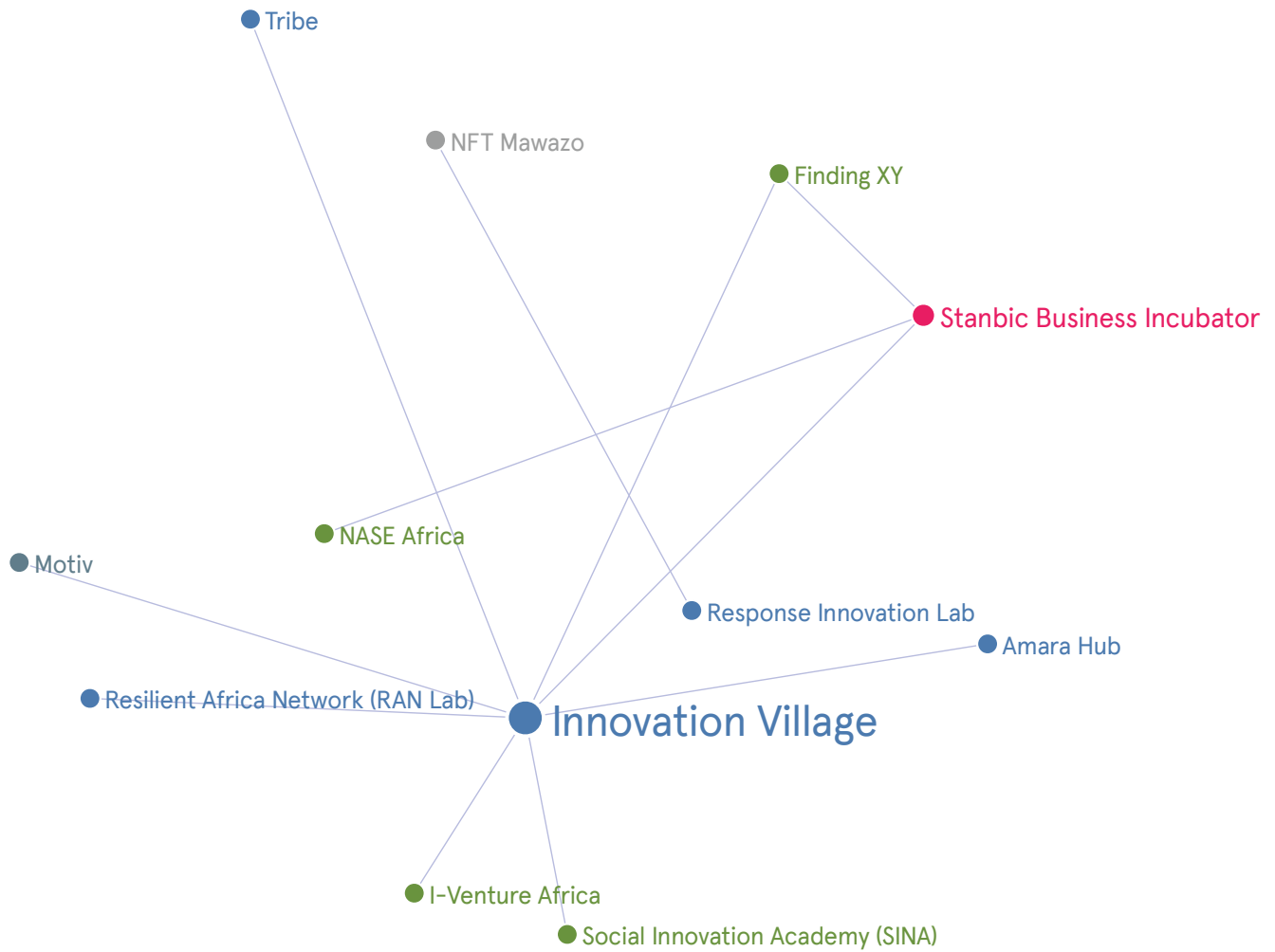


Figure 19: Ecosystem network maps by type of connection: Information and Funding or collaboration with financial resources

RECOMMENDATIONS



FOR STRENGTHENING THE UGANDAN ENTREPRENEURSHIP-SUPPORT ECOSYSTEM



Diversified funding models for ESOs

One of the primary symptoms identified in the ecosystem, was the strong reliance of ESOs on international funding and project implementation. When ESOs need to repeatedly win grants and implementing contracts it alters their priorities and behaviours, often at the expense of entrepreneurs. While engaging with international donors and serving as local implementing partners is a good practice that benefits the ecosystem, it is our recommendation that ESOs strive to diversify their business models. If ESOs can achieve financial sustainability without relying on international funding for survival, they can free themselves from the need to chase big reporting numbers and broaden their reach at the cost of specialization. ESOs would be able to set their own priorities, develop and refine their expertise, and serve more tailored, sophisticated services to their clients.

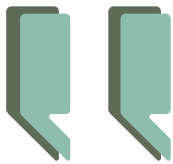
While achieving financial sustainability outside of project funding is certainly a tall order, several examples from within the ecosystem offer potential models that could be more widely implemented. One of the more common sustainable ESO business models seen in the ecosystem, as well as other ecosystems around the world is to **charge businesses and entrepreneurs for services delivered**. While it is often difficult for nascent entrepreneurs to afford paid services, tiered pricing can offer creative solutions.

Another potential avenue for generating revenue from services is to **introduce new services** that specifically target more a more well-resourced audience. One of the easier ways to introduce a new service without heavy R&D costs, or needing to hire on new expertise, is to offer co-working or office space for rent. An example of this from within the ecosystem is Hive Collab, which offers office space in a tiered-price format to support the ESOs overall budget. While this model requires some up-front investment for the allocation of rentable space, it presents fewer running costs than paying salaries of new experts or keeping new services up to date.

A slightly more costly (but potentially even more beneficial) method is to introduce a **special set of services for a new target audience**. StartHub Africa has found success in establishing a dedicated branch of the organisation as a consulting firm for SMEs that generates revenue to fund the rest of the organisation's activities. In addition to generating revenue, such a scheme can generate further benefits for the ESO. By serving established SMEs and corporates directly, ESOs can develop deeper knowledge and expertise on exactly what works in the market, what constitutes best-practice for businesses, and leverage these learnings and experiences into higher-quality services for entrepreneurs. its earned above the principal amount invested. The CcHUB syndicate team receives \$625,000.

On a more long-term scope, it would be good to see more **buy-in and investment from the Ugandan public sector**. At present, engagement of the Ugandan government with the ecosystem can be considered nascent. Throughout the interview process, only one organisation (Makerere Innovation and Incubation Center) referenced connections or funding arrangements with government ministries. Even this funding came in the form of project implementation contracts, similar to those offered by international actors, rather than overall funding support for the operation and growth of the organisation. With the Start-up Act currently under development before being approved by parliament, the public sector might show increasing interest in entrepreneurship. According to the World Economic Forum, one of the best ways that the public sector can boost job creation through entrepreneurship is by supporting entrepreneurial ecosystems. Therefore, more engagement from the Ugandan government with the ecosystem, particularly in supporting the financial sustainability of ESOs could be highly beneficial.

Finally, new revenue models are emerging in the continent and could be replicated in Uganda. This is the case of the **Syndicate** created by [CcHUB in Nigeria](#). The CcHUB Syndicate is an innovative collective platform for individuals, institutions, and investment groups (on the continent and in the diaspora) that empowers them to invest (starting at \$5000) in startups from CcHUB. The CcHUB Syndicate charges a one-off administration fee that covers the diligence and background checks as well as relevant processes during the investors onboarding. A minimal transaction fee is charged with every investment made in an entity brought to the syndicate. A 15% carried interest is charged on all exited entities on the platform. Carried Interest is a performance-based compensation that aligns investors' interest with the syndicate team to motivate them to find outperforming deals and support them to exit. For example, an investment in a deal of \$500,000 is exited at the end of year 5 for \$3,000,000. Investors first receive the principal sum of \$500,000. Then receive in aggregate the sum of \$1,875,000, which represents 75% of the profits earned above the principal amount invested. The CcHUB syndicate team receives \$625,000.



On a more long-term scope, it would be good to see more buy-in and investment from the Ugandan public sector. At present, engagement of the Ugandan government with the ecosystem can be considered nascent.



Increased specialization of ESOs

One of the key attributes of a successful, robust, thriving entrepreneurship support ecosystem, is the specialization and diversification of support organizations (Isaksen & Trippl 2016), and the willingness of those organizations to collaborate and leverage each others' talents for the good of the entrepreneurs. As entrepreneurs and their start-ups progress past the early stages, they require increasingly specialized, sophisticated support. Each sector and industry is unique, with their own particular challenges, opportunities, and strategies for success. A thriving ecosystem must be able to provide highly specialized support to boost start-ups beyond the ideation and early stages.

To realize this level of specialization and ensure that entrepreneurs are receiving the most constructive and valuable support, ESOs must be comfortable turning away entrepreneurs and businesses that lie outside of their expertise. In a mature ecosystem, ESOs outside of ideation-level incubators are deeply specialized in specific sectors or business areas, and they understand the specialities of other ESOs. When an entrepreneur comes seeking support, they can direct them to the organization with the best ability to grow their business.

This dynamic would not only benefit the entrepreneurs, as they receive support from the topic experts, but it also allows each organization to focus their efforts on **developing deep expertise**. It might seem counterintuitive that a thriving ecosystem relies on ESOs turning away entrepreneurs. If ESOs can acknowledge that other organizations might offer better support, and focus instead on developing their own specialized niche, all actors in the ecosystem benefit. Entrepreneurs gain access to more tailored support, and ESOs and ESOs carve out and secure their own niche and essential role in the ecosystem.

Once ESOs have fully committed to their specific niche or topic, one of the most proven mechanisms for cultivating and growing this deep knowledge and expertise is the development of what are known as **'knowledge clusters'**. As high-performing start-ups build greater and greater success, their talent and experience can be leveraged do the benefit of all actors in the sector, ESOs and entrepreneurs alike. If ESOs can maintain close ties with their successful graduates, they can learn from their success as much as those entrepreneurs once learned from their guidance. Successful enterprises that emerged from the ecosystem can be leveraged to provide valuable mentors and case studies for fostering further successes. As the number of successful enterprises grows, the diversity and quality of lessons-learned is further enhanced and the ecosystem builds better and better understanding of what works (and what doesn't) in that sector.

Realizing the benefits of these knowledge clusters can be maximised through the creation of **"sector parks"**, most witnessed as technology parks. Such parks consist of privately or publicly subsidised office spaces that can house multiple enterprises and ESOs at reduced cost, keeping actors in proximity. In addition to reducing operating costs for those businesses, this stimulates more organic co-learning and idea development.

Putting multiple entrepreneurs in proximity leads to natural idea transfer, informal vetting of potential solutions, and even new-business creation as entrepreneurs come together and realize untapped corners of the market that they could tap into. As entrepreneurs and ESO staff interact, socialise together, cross paths in the hallway and witness the successes of their peers, learning creates a feedback-loop of innovation and success.

One key sign of the effectiveness of such knowledge clusters is when the staff of successful enterprises eventually leave the business to found their own companies in the same sector. They don't necessarily leave just to compete with their original team, but to leverage what they have learned through success with that start-up to found their own enterprises. Major international examples of this include the core team from PayPal. Former executives and early funders of PayPal eventually moved on from the company to found and run their own successful enterprises including Tesla Motors and SpaceX, YouTube, Yelp, and LinkedIn. Other members of this cluster didn't found new businesses, but provided critical early investment and mentorship to fledgling start-ups that eventually brought them resounding success. Examples of this include Facebook, Airbnb, and Reddit.



Putting multiple entrepreneurs in proximity leads to natural idea transfer, informal vetting of potential solutions, and even new-business creation as entrepreneurs come together and realize untapped corners of the market that they could tap into.

A potentially more relatable example has recently emerged from the Nigerian fintech Paystack, proving that this dynamic is not the exclusive realm of well-resourced and long-term existing ecosystems. In October 2020, Paystack was acquired by Stripe for \$200 Million USD. Many of the early Paystack team are now founding (and successfully scaling) their next companies. Former Paystack founders and executives are leveraging their successful experience in fintech to develop new enterprises that are attracting significant investments in the millions of USD and securing spots in internationally recognised acceleration programmes such as Y-Combinator. This has, in turn, led to Nigeria being more and more recognised as an effective fintech ecosystem in Africa, as their experience and expertise in the sector grows and learns from these enterprises.

ESOs have the potential to monitor and leverage on such clusters to increase their sector-specific knowledge, identify individuals to engage as highly-specialised mentors that can offer technical advice to less experienced entrepreneurs and, potentially engage with those individuals to support training development and delivery, serve as guest-speakers and, provide support or advisory to the ESO.

One of the most common recommendations that ITC makes for the strengthening of entrepreneurship ecosystems around the world is the formation of an apex organisation, much like Startup Uganda (SU). Apex organisations are set up to provide guidance and joint direction for clusters of other organisations. A classic example of this structure is a National Chamber of Commerce & Industry, which supports and guides regional and local chambers in their activities. The presence of such an organisation in the Ugandan entrepreneurship-support ecosystem is a major step in the right direction. Apex organisations provide common resources for the wider ecosystem, set priorities, and help guide the development and expansion of the ecosystem to benefit its beneficiaries. If leveraged correctly and supported to grow and enhance their role in synergizing the ecosystem, Startup Uganda could prove to be one of the defining positive features of a thriving Ugandan entrepreneurship ecosystem.

At present, Startup Uganda is already serving as the default entry-point to the ecosystem for international actors looking to engage with ESOs. This is a critical role, but it should be leveraged intentionally, for the benefit of the wider ecosystem. Interviews with ESOs suggested that currently, SU relies on a relatively small cluster of larger, more visible, well-resourced ESOs as their implementing partners. While it would be poor practice to suggest that SU work with less capable partners, there may be room for the organisation to assess ESOs for potential partnerships (identifying their key value proposition for the ecosystem) and therefore **boost the visibility of smaller, more niche organisations**. While the ability of larger ESOs to deliver higher numbers of beneficiaries is certainly attractive, and appropriate in the right contexts, we recommend that Startup Uganda strive to diversify its typical portfolio of partners. This could come in the form of building consortiums of smaller ESOs to implement internationally funded projects, rather than reaching to larger organisations that already have significant visibility in the ecosystem. Startup Uganda should also strive to promote and market their smaller members to entrepreneurs seeking more **boutique support**.

Beyond SU's leadership in the organisation of the annual Uganda Innovation Week, ecosystem actors reported not knowing how active Startup Uganda is in its role as ecosystem shepherd. Desk research returned limited information about the organisation's activities, and likely under-represents the organisation's true impact. It would be our recommendation that **Startup Uganda strive to boost its own visibility as an ecosystem convener**, and the nexus of ESOs serving Uganda's diverse entrepreneurs. Part of this initiative must come with more focussed and intentional management of member organisations. To demonstrate its value to international actors, entrepreneurs, and ESOs Startup Uganda should more fully embrace its role as the centre of the ecosystem.

Currently, Startup Uganda's website is set up to offer good information on the services and organisations available to entrepreneurs, but the population of information seems nascent, or still under development. There are dedicated pages to list quality mentors active in the ecosystem, publicize potential investors and promote ongoing projects, among many other potentially valuable resources. Our desk research showed these pages to still be empty. If properly resourced and actively managed, these resources could be critical to entrepreneurs seeking to navigate the ecosystem and find the best possible support for their businesses. A previous recommendation in this report was for ESOs to direct entrepreneurs to other members of the ecosystem if their speciality might be a better match for that start-up's needs. This guidance could come from SU as the ecosystem apex organisation. A fully realized, empowered Startup Uganda could serve as the **one-stop-shop for entrepreneurs** to be connected to the best organisations and most tailored support to achieve their full potential.

Another recommendation for the full actualization of Startup Uganda as the ecosystem apex organisation would be to take a more active role in the **quality development and continued capacity building of member ESOs**. At present, it is unclear what criteria are in place for membership to SU, and what steps the organisation takes to monitor and improve the quality of services and impact of its members. Ideally, Startup Uganda membership should be a stamp of excellence for Ugandan ESOs, and the organisation should take an active role in curating the expertise and quality of services available in the ecosystem. Startup Uganda could, for example, leverage ITC's Benchmarking for Trade platform to conduct diagnostic assessments of its members. The tool could be leveraged as a minimum-standard for SU membership, or used by SU to guide capacity building initiatives for its members. Access the tool at itcbenchmarking.org

All these recommendations require, of course, that Startup Uganda be well-resourced and empowered to step into this role effectively. This could be a role for the Ugandan public sector. With the development of the Start-up Act underway, it is our recommendation that the Ugandan Government leverage the positioning of Startup Uganda to maximize its impact on the ecosystem. One of the best ways to maximize the benefit any public funding that enters the ecosystem would be to empower Startup Uganda to fully reach its potential as ecosystem shepherd.

FOR STRENGTHENING ESOs' SUPPORT TO ENTREPRENEURS



Diversifying training content and tailoring to business needs

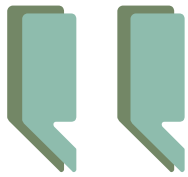
It is natural that basic business trainings and foundation-level skills courses might be extremely similar between different organisations. However, ESOs that present themselves as later-stage accelerators, or sector/topic specialists should offer decidedly different services from their peers.

Later stage start-ups, especially those that have entered the market and are striving to achieve profitability, require support that is tailored not only to their industry, but to their business specifically. One of the most direct, and effective ways to understand exactly what a business needs to grow, is conducting a **business diagnostic**. Surveyed entrepreneurs illuminated that it is rare in the ecosystem for ESOs to conduct diagnostic assessments on their beneficiaries.

According to Forbes, subjecting a business to periodic diagnostic exercises is a critically important process that can illuminate key weaknesses and areas in need of capacity building, as well as highlight potential strengths and competitive advantages (Gurley 2019). Diagnostics can take the form of written surveys, online assessments, or structured and guided interviews. The key element of a diagnostic, and what makes it different from simply asking an entrepreneur what they need, is that it examines all aspects of a business. For example, an entrepreneur might come to an ESO looking for support to build better marketing, or to refine their business model. They might not realize however, that they have very inefficient operating processes draining resources or lack key market data on their target clients. A diagnostic process forces both the entrepreneur and the ESO to examine all aspects of the business's practice, regardless of whether the entrepreneur believes it to be a weakness.

A good diagnostics model can also help ESOs segment their clients into groups and cohorts with similar needs. Combined, this can help ESOs both offer more tailored support that directly address entrepreneurs needs, but also help group entrepreneurs together for group capacity building, maximizing the efficient use of resources. ITC can offer the ecosystem access to two diagnostic tools. ITC's **FastTrackTech 360Diagnostics** is an assessment tool tailor designed for tech-enabled start-ups. The tool can be accessed by reaching out to ITC's NTF V project, which is active in Uganda. For more established enterprises, ITC's **Benchmarking for Trade** platform (itcbenchmarking.org) offers SME Diagnostics to assess the performance of small and growing businesses. The tool can be accessed by ESOs directly by registering on the platform and getting certified to deliver the diagnostics themselves.

Another potential avenue for ESOs to develop more tailored support for their beneficiaries (and better differentiate their offering from other ESOs) is to work more closely with **mentors and experts that have real entrepreneurial experience**. Theoretical knowledge and well-studied expertise are an essential foundation for solid entrepreneurship support, there are always unique challenges and unexpected twists in the entrepreneurship journey. Being able to tap-into experienced entrepreneurship mentoring in-house would be a major boon to the quality and relevance of ESOs offerings. Even if these "resident entrepreneurs" do not engage directly with beneficiary start-ups as mentors, they can be invaluable consultants and resources for the ESOs themselves.



According to Forbes, subjecting a business to periodic diagnostic exercises is a critically important process that can illuminate key weaknesses and areas in need of capacity building, as well as highlight potential strengths and competitive advantages

(Gurley 2019)





Improving intermediate-stage support: the “valley of death”

One symptom identified in the ecosystem was the difficulty in supporting start-ups to survive “the valley of death”. This challenging phase of the entrepreneurial journey sees many entrepreneurs abandon their enterprises due to a lack of funding, or inability to get their ideas or MVPs onto the market generating revenue.

One of the most critical (and difficult) components of surviving the valley of death, is testing and adapting business models and products to real market needs. A business model and MVP that seemed excellent in theory and on paper, often struggles when confronted with real customers and consumers in the market. A critical component of appropriate adaptation, is **robust, reliable, and sophisticated market data**. Access to good data can help entrepreneurs tweak and refine their products, or adjust their business models and strategies to fit with real market conditions.

At present, relatively few ESOs offer market data as part of their core services. If ESOs want to maximise the chances of their beneficiaries surviving the valley of death, this should become a more widespread practice. As more ESOs engage in the collection and analysis of market data, it would be a best-practice to create an **ecosystem-wide database of market data**. In that way, the work of each ESO can be compiled and built upon to the benefit of entrepreneurs and organisations alike. Further to simply providing access to data, ESOs should also provide support in analysing that information for the effective commercialisation of products. Seeing statistics on customer behaviour or the success of different products on the market can only provide so much benefit. Without the proper understanding of how to leverage that data to inform adaptation of products and strategies, entrepreneurs will struggle to make the right decisions when striving to successfully enter the market.

In addition to market-appropriate products and business models, surviving the valley of death always requires funding. The reason for so much failure at this stage is that start-ups are mature enough to be generating operating costs, but are not yet bringing in revenue from real customers. One promising element of the ecosystem was the availability of grants through many of the programmes active at this stage. It did seem, however, that there is not always intentional support to help entrepreneurs leverage these grants to the best possible extent. ESOs can play a critical role at this stage, guiding entrepreneurs on the best ways to leverage those funds to enter the market, or adapt a product. **Training on resource management, agile management, and sustainable business models** could all help entrepreneurs capitalise on whatever funding they can access.



Improving the gender balance in ESOs and tailoring support to women

To increase the support to women owned start-ups in the ecosystem, ESOs not only advertise their openness and interest in supporting women, but **tailor their recruitment specifically to that audience**. ESOs might find better traction if they recruit specifically in typically female spaces. Those could be both formal women's associations or community groups, as well as more informal spaces such as businesses whose clientele are typically female. The content of that **messaging should also be tailored for the target audience**. Many women are still expected to handle house-hold labour and child-rearing responsibilities on top of their professional responsibilities as entrepreneurs. Ensuring that recruitment acknowledge these burdens and offer solutions such as childcare during trainings could make a significant impact.

In addition to reaching more women with recruitment, it is possible that many women business-owners do not intuitively consider themselves as entrepreneurs. Data from the World Bank reveals that the businesses owned by women in Uganda tend to be smaller, leverage fewer innovations, and have a lower potential for major growth (Copley, Gokalp & Kirkwood, 2021). Interviews with ESOs showed that, in the absence of a formal definition of "entrepreneurship", the ecosystem relies on exactly these features to determine what counts as a "start-up". It is possible that many women entrepreneurs don't intuitively consider their businesses to be "start-ups", and so do not capitalize on resources promoted within the ecosystem. ESOs can help close this gap by introducing more messaging that uses language focussed on starting and owning a business, rather than trendy terms such as "entrepreneur" and "start-up". On a wider scale, ESOs can engage in **information campaigns** to communicate that business ownership itself is entrepreneurship and raise awareness among women that their enterprises qualify for support.

If ESOs can improve the gender-balance in their cohorts, it is important to understand that women entrepreneurs often face different and additional challenges compared to their male peers. If ESOs want to support and grow women-owned enterprises and going beyond targets to comply with gender balance, the **content of trainings and support should be tailored** to these challenges.

Studies by the World Bank as well as the World Economic Forum have shown the success of several types of support in boosting outcomes for women entrepreneurs:



Psychology-based trainings

Aimed at cultivating a growth-oriented mindset can boost both innovation as well as profit margins of women-owned start-ups. Many of the early-stage incubator ESOs referenced the importance of mindset-change trainings for many of their beneficiaries, and the further tailoring of these services for a female audience could prove very impactful.



Loan and financing solutions

Less reliant on collateral would provide much better access to finance for women entrepreneurs. Providing collateral for loans is often already a challenge for many entrepreneurs regardless of gender. This is usually compounded for women who, statistically, have fewer capital resources or assets to offer as collateral than their male counterparts. Other financing mechanisms that have proved especially effective for women include secure-savings schemes, allowing women to separate business from household finances.



Bundled programmes

Combining business support with social protection can maximize the impact of support, especially for poor and disadvantaged women. The combination of cash grants with life-skills and entrepreneurial training simultaneously address a range of the most common constraints faced by women. Offering specific bundled packages of support for women could not only help attract more female beneficiaries, but also make a transformative impact.



Internationalising start-ups and the “Born Global” philosophy

An increasing body of literature and research is finding that start-ups with the right business models can unlock access to much larger international markets and customer bases. This can in turn attract the attention of international investors, and scale the growth of the enterprise at a pace that would be unimaginable in their domestic markets. (McCormick & Somaya, 2020). One of the key findings of this research is that internationalisation is often more difficult for locally established businesses. Pivoting and altering an existing business model for international scope is challenging and costly. When a business is generating revenue and even profit domestically, jeopardizing that hard-won traction on the international gamble can be unattractive.

It is our recommendation that ESOs in Uganda do not dismiss the international possibilities of their clients. Indeed, Ugandan entrepreneurs may be particularly well-placed for a 'born global' approach. With English as the official language of Uganda, this unlocks easy communication not only with wide-swaths of Africa, but also the wider world. Further, with Kampala's robust IT infrastructure, it provides a solid base for digital startups to expand their on-line businesses across borders.

Not all startups are necessarily suitable for a 'born global' approach, but those that leverage internet sales, especially digital services or mobile apps can be particularly suitable due to their low operating costs and wide reach through the internet. ESOs looking to pursue this avenue should consider several types of support:



Trainings on early internationalization

and building a borderless business from the foundation. These trainings can be developed with support from universities, or international actors such as ITC who's mandated focus and expertise centers precisely on the internationalisation of small businesses in emerging economies. ITC offers a number of such trainings free of charge as part of the SME Trade Academy. Trainings can be accessed at learning.intracacen.org



Data on international markets

and legal structure in target countries. One of the most challenging hurdles for the 'born global' approach is accessing adequate data on target markets. Good data on consumer behaviors, market trends and sector saturation are absolutely essential for effective internationalisation. ITC's Global Trade Helpdesk can offer a robust foundation of international market data. The tool combines data from the World Bank, World trade Organisation, World Intellectual Property Organisation, among many others into a single worldwide database. Access the tool at globaltradehelpdesk.org



Partnering with international ecosystems

to unlock local support in target markets and widen entrepreneurs' international networks. According to economic literature, one of the keys to success in internationalising start-ups are the personal networks of entrepreneurs and the organisations that support them. If Ugandan ESOs can form partnerships with their foreign counterparts, host cross-border networking and pitch events, and in general support entrepreneurs to expand their personal networks to new markets, the impact could be significant. ITC recommends two online platforms that host members of entrepreneurship ecosystems around the world:

DEEP Ecosystems (community.deep-ecosystems.com) is an online community gathering entrepreneurs and activists who run start-up programmes and other ecosystem initiatives. The platform can be used to connect to international actors and other ecosystems.

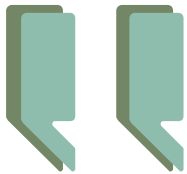
ITC itself also maintains the Ye! Community for young entrepreneurs (social.yecomunity.com). The Ye! Community is an online platform specifically for young entrepreneurs under the age of 35 from around the world. ESOs and mentors can also make accounts to connect to motivated youth and grow their networks.



Diversified financing for entrepreneurs

There are some potential avenues for diversifying the sources of funding and expanding entrepreneurs' access.

One such mechanism relies on the commitment and investment from the public sector. A model for this that has seen particular success in some European ecosystems are **co-investment schemes** between private investors and public sector funds. The public sector can identify successful investors either domestically, or from abroad. They can then pledge to match the financial commitments of these private investors, which provides significant benefits for both parties. Governments can leverage the expertise and experience of private investors to maximize the likelihood of success for their investments. By linking government investments to the decisions of private actors, the public sector can minimize their risks and increase the likelihood that public funds are going to the most promising enterprises. In turn, private investors can guarantee that their personal investments result in 2x resources being made available to their beneficiaries, maximizing the odds for success and their potential return.



One is a system that is known as a "Rotating Credit and Savings Association" (ROCSA). In this scheme, clusters of entrepreneurs contribute a small sum to a communal pot periodically (e.g. \$100 USD each month). Each period, the total amount is distributed to one of the members of the group

(Chen, Khartit & Schmitt, 2021)

Group Lending is another funding scheme could help entrepreneurs unlock financing from more traditional, risk-averse financial institutions like banks. In this model, a collective of entrepreneurs approaches a bank for a total sum to be divided amongst the members. Each member of the cluster guarantees each other member. Since the amount distributed to individual members is only a fraction of the total sum, the cluster as a whole can be trusted to guarantee any individual company's allotment. Because the failure of any one member would present a cost to the others, such a mechanism also promotes collective support and collaboration between the cluster members. Such a mechanism can help reassure traditionally risk-averse financial institutions that might otherwise not engage with start-ups.

If traditional institutions are not willing to engage in such schemes, and public-sector support cannot fill the gap, there are mechanisms that ESOs could implement without the support of such institutions. One is a system that is known as a **“Rotating Credit and Savings Association”** (ROCSA). In this scheme, clusters of entrepreneurs contribute a small sum to a communal pot periodically (e.g. \$100 USD each month). Each period, the total amount is distributed to one of the members of the group (Chen, Khartit & Schmitt, 2021). For those entrepreneurs at the “end” of the cycle, the system essentially functions as a savings scheme, whereby they pay into a pot for a period of time before collecting a larger disbursement. For those that receive payment at the beginning of the cycle it functions as a 0% interest loan, whereby they receive a lump-sum payment, and pay back into the pool over time before the cycle restarts. Ordering entrepreneurs in the cycle should be mindful and intentional according to their needs.

Another potential option that has seen growing traction in Africa is **crowd-funding**. Crowdfunding is a mechanism whereby start-ups can petition the wider public for funding. Essentially, they advertise their product before it is actually available on the market, and if consumers are excited by the potential enterprise and what the product could do for them, they can contribute to making the product a reality. Such a mechanism relies on the wide reach of sourcing funds from the broader public.

Each individual contribution can be quite small, but in summation, realise a meaningful amount of funding for the enterprise. It should be noted that only mature start-ups are suitable for crowdfunding. Consumers should not be expected to fund general ideas, or early-stage start-ups that still have a long journey before market launch. It can be extremely effective, however, for those enterprises that have MVPs developed, and are ready to launch into the market but lack the capital to start production. ESOs should be intentional in selecting the right start-ups before supporting them in crowdfunding endeavours. Numerous online platforms exist for crowdfunding campaigns. Some of the most well-known include GoFundMe and Indiegogo. Other platforms are emerging specifically targeting the African market, including Thundafund which supports entrepreneurs across the continent. NaijaFund is a more localised platform specifically serving the Nigerian market. This could serve as a template for the creation of a similar platform in the Ugandan market.

Another potential option that has seen growing traction in Africa is crowd-funding. Crowdfunding is a mechanism whereby start-ups can petition the wider public for funding.

KEY RECOMMENDATIONS ON AGRITECH

Increased support for Agritech entrepreneurship with support reaching beyond Kampala.

First and foremost, we recommend that Ugandan ESOs strive to make agricultural entrepreneurship and agritech a more intentional focus of their core services. Given that agricultural activity currently employs over 70% of Ugandans, but represents less than one quarter of Uganda's GDP (World Bank), there is enormous potential for impact in this sector. If revenues, profits and value-add can be maximised in this, it could be transformative for the entire nation. Indeed, Agriculture is the third most common sector for entrepreneurs in the ecosystem. Only Healthtech and Fintech attracted more entrepreneurial activity.

Given the importance of the agriculture sector for the Ugandan economy, and the prevalence of agri and agritech entrepreneurs already active in Uganda, we believe this is a decidedly under-served segment of the ecosystem. Ugandan ESOs should strive to develop a deeper specialization in agriculture and agritech. These sectors are unique, especially agritech where technology and IT-enabled services are brought to bear on traditionally rural, low-tech activities. In order to appropriately support these entrepreneurs and maximize their potential impact, ESOs should develop tailored services and programmes within their core offerings, not only on a project-by-project basis.

In addition to developing this deeper, more intentional focus on agricultural we recommend that ESOs strive to reach into rural communities around the country. This could take the form of transitioning agri-focused projects into more sustainable, long-term support in rural communities. It could also be operationalised through partnerships and deeper engagement with other support organisations already operating in those areas (such as Amara ESO, Stanbic Bank TBC, or SINA, among others, or other smaller community organisations). With the transformative potential of the agriculture sector for the wider Ugandan economy, increasing and improving support to this sector should be a priority for the ecosystem.



REFERENCES



Cantillon, Richard, et al. *An Essay on Economic Theory an English Translation of Richard Cantillon's Essai Sur La Nature Du Commerce En Général*. Auburn, Alabama Ludwig Von Mises Institute, 2012.

Copley, Amy, et al. "Unlocking the Potential of Women Entrepreneurs in Uganda." *Blogs.worldbank.org*, 8 Nov. 2021, blogs.worldbank.org/african/unlocking-potential-women-entrepreneurs-uganda.

D, Calendar, and Dave M. "Innovation Archives." DCID, 2021, dcid.sanford.duke.edu/tag/innovation. Accessed 18 Oct. 2022.

Gurley, Drew. "Council Post: The Critical Importance of Completing a Corporate Diagnostic for Your Business." *Forbes*, 8 July 2019, www.forbes.com/sites/forbesfinance-council/2019/07/08/the-critical-importance-of-completing-a-corporate-diagnostic-for-your-business/?sh=42c13f2a26f5. Accessed 18 Oct. 2022.

"How Uganda Is Empowering Its Women Entrepreneurs." *World Economic Forum*, www.weforum.org/agenda/2021/11/women-entrepreneurs-uganda-policy. Accessed 18 Oct. 2022.

Johnson, Joseph. "Africa: Internet Penetration, by Country 2019." *Statista*, 25 May 2021, www.statista.com/statistics/1124283/internet-penetration-in-africa-by-country/.

Kemp, Simon. "Digital in Uganda: All the Statistics You Need in 2021." *DataReportal – Global Digital Insights*, 12 Feb. 2021, datareportal.com/reports/digital-2021-uganda.

McCormick, Marleen, and Deepak Somaya. "Born Globals from Emerging Economies: Reconciling Early Exporting with Theories of Internationalization." *Global Strategy Journal*, vol. 10, no. 2, 2020.

Ugandatrades.go.ug, 2018, ugandatrades.go.ug/

Meier, Benjamin, and Kevin Asinde. "Understanding Entrepreneurial Ecosystems through Social Network Analysis (SNA)." *Swisscontact.org*, Sept. 2019, www.swisscontact.org/Resources/Persistent/d/b/6/5/db658ae282263f9b8cac8d80e5adba0f6478fbb3/CSSC_SNA_Uganda_2019.pdf.

Mohamed, Najm. "Top 5 Takeaways on the Importance of Entrepreneurship." DCID, 30 Mar. 2020, dcid.sanford.duke.edu/importance-of-entrepreneurship/

Mugabi, Enock. *WOMEN'S ENTREPRENEURSHIP DEVELOPMENT in UGANDA: Insights and Recommendations*. 2014.

Patton, Anna. "Uganda Is a Land of Entrepreneurs, but How Many Startups Survive?" *The Guardian*, 16 Feb. 2016, www.theguardian.com/global-development-professionals-network/2016/feb/16/uganda-is-a-land-of-entrepreneurs-but-how-many-startups-survive.

Rauschendorfer, Madina M. Guloba, Medard Kakuru, Sarah N. Ssewanyana, and Jakob. "Employment Creation Potential, Labor Skills Requirements, and Skill Gaps for Young People: A Uganda Case Study." Brookings, 3 Aug. 2021, www.brookings.edu/research/employment-creation-potential-labor-skills-requirements-and-skill-gaps-for-young-people-a-uganda-case-study/#:~:text=Over%20the%20course%20of%20the. Accessed 18 Oct. 2022.

"Rotating Credit and Savings Association (ROSCA)." Investopedia, 2020, www.investopedia.com/terms/r/rotating-credit-and-savings-association.asp.

Singer, Slavica, et al. "Global Entrepreneurship Monitor: 2014 Global Report." GEM Global Entrepreneurship Monitor, GEM, 2014, www.gemconsortium.org/report/gem-2014-global-report.

"Social Network Analysis." Cambridge Intelligence, 2021, cambridge-intelligence.com/social-network-analysis/.

"Stages of Startups : YC Ultimate Startup Job Guide | Y Combinator." YC Ultimate Startup Job Guide, www.ycombinator.com/library/ek-stages-of-startups. Accessed 18 Oct. 2022.

"Startup Ecosystem Maturity." Startup Commons, 2021, www.startupcommons.org/startup-ecosystem-maturity.html. Accessed 18 Oct. 2022.

Techli. "Why Do Startups Fail? An Analysis of 3,200 High-Growth Technology Startups." Techli, 18 June 2021, techli.com/startup-genome-project/32391/.

Torres-Rahman, Zahid. "Creating Businesses from Nothing." Business Fights Poverty, 20 Nov. 2015, businessfightspoverty.org/creating-businesses-from-nothing/. Accessed 18 Oct. 2022.

"Uganda - Market Overview | Export.gov." Wwww.export.gov, 21 July 2019, www.export.gov/article?series=a0pt00000000GtPAAU&type=Country Commercial kav.

"Uganda Exports 1960-2022." Wwww.macrotrends.net, www.macrotrends.net/countries/UGA/uganda/exports.

"Uganda, Ghana and Botswana Have Highest Percentage of Women Business Owners in the World, Finds Mastercard Index." MasterCard Social Newsroom, newsroom.mastercard.com/med/press-releases/uganda-ghana-and-botswana-have-highest-percentage-of-women-business-owners-in-the-world-finds-mastercard-index/#:~:text=Press%20Releases-. Accessed 18 Oct. 2022.

"Uganda's Access to the Regional and Global Markets – Ministry of Trade Industry and Cooperatives." Mtic.go.ug, www.mtic.go.ug/ugandas-access-to-the-regional-and-global-markets/#:~:text=Regional%20Trade. Accessed 18 Oct. 2022.

Zwilling, Martin. "10 Ways for Startups to Survive the Valley of Death." Forbes, 18 Feb. 2013, www.forbes.com/sites/martinzwilling/2013/02/18/10-ways-for-startups-to-survive-the-valley-of-death/

ANNEXES



ANNEX I: INSTITUTIONS MAPPED

Trainings on early internationalization

Name	ESO Type	Website/Social media
Einstein Rising	Accelerator	https://einsteinrising.net/
Finding XY	Accelerator	https://www.findingxy.com/
Growth Africa	Accelerator	https://growthafrika.com/
I-Venture Africa	Accelerator	https://www.iventureafrica.org/
NASE Africa	Accelerator	https://www.facebook.com/NASEAfrica/
Shona	Accelerator	https://shona.co/
Social Innovation Academy (SINA)	Accelerator	https://socialinnovationacademy.org/
United Social Ventures	Accelerator	https://unitedsocialventures.org/
97 Fund	Accelerator, Local angel fund	https://the97.fund/
Zimba Women	Association - Women owned businesses	https://www.zimbawomen.org/
Women in Technology (WITU)	Association - Women owned tech businesses	https://witu.org/
Startup Uganda	Association of innovation and ESOs	https://startupug.com/
NFT Mawazo	Consultants	https://mawazohub.com https://nftconsult.com
Stanbic Business Incubator	Corporate Incubator	https://www.stanbicbank.co.ug/uganda/ business/enterprise-academy
Amarin Financials	FINANCING (investment companies, grants, loans)	http://www.amarinfinancial.com/
Amara Hub	Incubator and accelerator services	https://www.amarahub.org/
Design Hub	Incubator and accelerator services	https://designhubkampala.com/
Hive Colab	Incubator and accelerator services	https://hivecolab.org/
Innovation Village	Incubator and accelerator services	https://innovationvillage.co.ug/
Makerere Innovation Incubation Center	Incubator and accelerator services	https://miichub.com/
Outbox Hub	Incubator and accelerator services	https://outbox.co.ug/

Resilient Africa Network (RAN Lab)	Incubator and accelerator services	https://www.ranlab.org/
Response Innovation Lab	Incubator and accelerator services	https://www.responseinnovationlab.com/
Start Hub Africa	Incubator and accelerator services	https://starthubafrica.org/
Tribe	Incubator and accelerator services	https://www.tribe.ug/
Motiv	Makerspace	https://motiv.africa/
Media Hub Initiative	Media	https://mcimediahub.com/
Refractory	Pre-incubation (tech skills)	https://www.refractory.ug/
Tech buzz Hub	Tech Hub	https://techbuzzhub.org/

ANNEX II: RESPONSES TO ONLINE QUESTIONNAIRE

In addition to the questions asked during 1 on 1 interviews, ITC also distributed an online questionnaire to support the data gathering process for the network analysis.

It is to note that not all interviewed institutions responded to the questionnaire. Therefore, information was crosschecked and completed using insights from interviews and desk research.

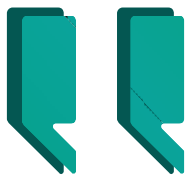


ANNEX III: ITC'S METHODOLOGY

Defining entrepreneurship support ecosystems

In the context of this report, an entrepreneurship support ecosystem is a collaborative arrangement through which institutions that support entrepreneurs combine their resources, capabilities, and products to offer a coherent, entrepreneur-oriented solution.

When they work, ecosystems allow institutions to create value that no single one of them could have created alone. Well-managed ecosystems improve the management of critical interdependencies to increase benefits or reduce costs.



When they work, ecosystems allow institutions to create value that no single one of them could have created alone...

Defining the institutions within the entrepreneurship ecosystem

Pre incubators



- Offering mindset transformations for youth to engage in innovation and entrepreneurship
- Primary source of Innovation ideas
- Offers hands-on programmes such as Internships
- Program durations between 3 months to 1 Year

Incubators



- Primarily focuses on helping early stage start-ups become viable and scalable
- Provides an array of support services and infrastructure through a systematic process
- Quality controlled intake of start-ups with regular time bound exits
- Program duration generally between 1 year and 3 years

Accelerators



- Can support early and growth stage start-ups
- Often invests financially in the start-ups
- Fixed-term, cohort-based program that catalyses start-up growth through intensive mentoring, networking, and educational services
- Quality controlled, often highly competitive, intake of start-ups with regular time bound exits
- Program duration generally between 1 week and 6 months

Young entrepreneur associations



- Volunteer-driven non-profit organizations promoting youth entrepreneurship
- Provides networking and peer-to-peer exchange opportunities
- Lobbying and providing recommendations to policymakers on issues related to youth entrepreneurship

Youth chambers of commerce



- Membership organization for young entrepreneurs to have a voice and address specific concerns of youth-owned enterprises
- Often provides business development services to young entrepreneurs

Co-working spaces



A business services provision model that involves individuals working independently or collaboratively in shared office space

Venture capitalists



A venture capitalist is an investor who either provides capital to start-up ventures or supports small companies that wish to expand but do not have access to equities markets.

Angel investors



Angel investors are also called informal investors, angel funders, private investors, seed investors or business angels. These are affluent individuals who inject capital for start-ups in exchange for ownership equity or convertible debt.






Events and business competition organizers



Pitching competition, bootcamps, business plan competitions, hackathons, B2B events, fairs and exhibitions are all different types of events and competitions for young entrepreneurs to ideate and scale up. Example events/competitions include Startup Weekend and Seedstars.

Defining the stages of entrepreneurship

(Stages and definitions are adapted from terminology established by Y-Combinator)

 <p>Pre-Seed</p>	<p>The Start-up is still forming the concept of what it wants to be. The founder has a potential idea for a business, but requires significant training and support to transform that idea into an actual business. The start-up's team is very small, sometimes just the founder. The enterprise's business model is nascent, and potentially non-existent.</p>
 <p>Seed</p>	<p>Seed start-ups have just raised their first batch of funding (whether through traditional investment, grants from support institutions, or otherwise). They have articulated their idea and business model enough to generate excitement from potential investors, but are still developing a Minimum Viable Product (MVP) and do not yet have product-market fit.</p>
 <p>Series A</p>	<p>Series A start-ups have begun to demonstrate a working MVP, and are moving closer towards product-market fit. They may have a few initial customers and revenue, but are not yet profitable. Costs are beginning to mount for the start-up as the team grows, and achieving profitability is a critical step for the sustainability of the enterprise. Series A start-ups typically require a second influx of funding at this stage, as well as tailored and sector-specific support to refine their products for real market conditions to grow their client base.</p>
 <p>Growth</p>	<p>Growth-stage start-ups have achieved product-market fit. They have identified who their clients/customers are, and are on their way to capturing as many of them as possible. They are established in the market and generating enough revenue to cover operating costs and salaries of the team.</p>
 <p>Scale</p>	<p>At the Scale stage, start-ups are well established in the market and are gaining significant visibility and recognition. They have identified and captured their target clientele, and are targeting rapid expansion and growth. Start-ups at this stage are profitable, and are delivering return on investment for their funders as they continue to grow and capture increasing market share.</p>

Definitions of service categories

Business Training

Business Training consists of training packages focussing on business skills (e.g., service digitization, strategy development, financial literacy, etc.). These trainings are provided to groups of entrepreneurs, and are therefore general skills applicable to most businesses, rather than highly tailored advice.

Mentoring

Mentoring services match entrepreneurs with experienced counterparts who have been on their particular journey. Mentors are usually experienced business owners in the sector of the entrepreneur. They share their experiences and lessons learned, ensuring entrepreneurs don't have to learn from the same mistakes they did.

Coaching

Coaching services are one-on-one relationships between entrepreneurs and advisors. Coaching usually focusses on the soft skills of business management, such as adaptability, pitching, and leadership skills. Coaching differs from soft-skills training in that Coaching provides a highly tailored, one-on-one experience for entrepreneurs, in contrast to soft-skills trainings that are more generally applicable best practices.

Technical Training (STEM)

Technical training consists of the specific hard skills that are valuable for certain enterprises. Focussing on STEM (Science, Technology, Engineering, Math) skills, these services help entrepreneurs, and their enterprises build the technical capabilities to design their products, support their businesses, and analyse data.

Soft Skills

Soft skills are those interpersonal social skills that are so often underappreciated, yet absolutely critical for entrepreneurial success. Soft-skills trainings focus on topics such as hosting successful meetings, cultural sensitivities for international business, and pitching best-practices.

Co-Working

One of the most significant challenges for entrepreneurs is the raw cost of starting a business. Of those costs, office space is routinely one of the largest and most burdensome. Co-working services offer entrepreneurs office space in shared environments at little/no cost. Co-working spaces are often essential resources for entrepreneurs before they begin to raise funds and generate income to afford space of their own.

Funding

An institution that provides funding services has their own pool of financial resources at their disposal that they can invest or grant to entrepreneurs.

Prototyping

For those innovative entrepreneurs developing new products, the prototyping stage is essential. Realizing a working, demonstratable prototype is often the linchpin of successful fundraising and marketing. Having access to quality prototyping services is essential for these enterprises.

Events and Talks

Events and Talks are excellent vehicles for showcasing developing trends, convening ecosystem actors, and communicating the state of affairs. Regardless of the specific topic or content of the talk, the opportunity to convene entrepreneurs and ESOs (even informally) provides a valuable forum for exchange of ideas and best practices.

Market Access

Market Access services help entrepreneurs take their businesses to new markets. Market access services usually center on the provision of information and data on target markets.

Linkages to Investors

Linkages to investors is a vital service for entrepreneurs. Fundraising is often one of the hardest phases of start-up acceleration and connecting with investors is possible the greatest challenge in this process. Institutions that provide these services have a network of trusted, interested investors that they can connect to their clients, where appropriate.

Business Support

Business support services are those services that directly facilitate the operations of an enterprise. (E.g. an institution that provides accounting or bookkeeping services, legal support and consulting, or office processes such as printing/faxing/scanning).

Trade fairs/B2B

Services to support participation in Trade Fairs and B2B events are one of the most important elements more mature enterprises. These events provide an opportunity for entrepreneurs to showcase their products to an international audience, forge connections to other businesses interested in their products, and take their enterprise onto the global stage.

ITC's Network Analysis methodology:

ITC's Network Analysis methodology aims to capture interactions, trends and patterns in



Desk research

Preliminary research to understand the landscape of institutions in the country and their offerings. Research on specific studies and reports in the field of entrepreneurship support and start-ups development in the country. Research to validate findings.



Entrepreneurship support institutions

Personal interviews to understand the role of the institution in the ecosystem, its contributions, perspectives, and specific collaborations within the network.



Entrepreneurs

Personal interviews to validate the institution's offering and to understand the entrepreneur's journey in the ecosystem.

In order to represent and visually capture the interactions and linkages among the interviewed institutions, this section of the report provides qualitative and quantitative insights supported by a network analysis software.

The following section provides answers to two key questions:



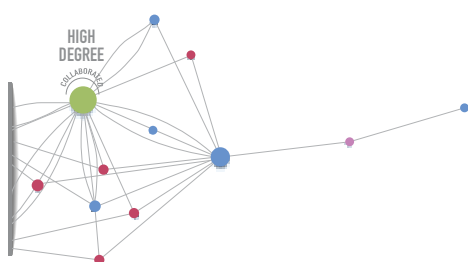
What are the main connections in the network?

The analysis explores how the landscape of institutions interact with each other, which are the most connected institutions, with who are they connecting and why are they connecting. The aim of this analysis is to understand what stimulates collaboration or what might be preventing it and therefore, what can be done to continue strengthening the ecosystem.

What are the different types of connections?

To respond to this question, ITC's network analysis focuses on three key factors of collaboration: information, funding collaborations and service delivery. In the case of information exchanges, the analysis looks into aspects such as sharing of database of entrepreneurs, events information or market intelligence. Regarding financial exchanges, the analysis focuses on the exchanges of funds between institutions. This would be the case of institutions providing financial support for events to other institutions or logistics support. Finally, service delivery collaboration involves support for trainings, such as training material and training staff and collaboration for the organization of events and competitions.

Key Network Analysis Definitions:



Degree centrality

The degree centrality measure finds actors (institutions) with the highest number of links to other institutions in the network.

Institutions with a high degree centrality have the best connections to those around them – they might be influential, or just strategically well-placed.



Betweenness centrality

Institutions with a high betweenness centrality score are the ones that most frequently act as 'bridges' between other nodes. They form the shortest pathways of communication within the network.

Usually this would indicate important gatekeepers of information between groups.

