Context #3 – Factor driven, post conflict, rural economy

Briefing Paper 3: Workshop in Kampala, Uganda with Enterprise Uganda

An analysis of challenges faced by young entrepreneurs in Uganda, with recommendations for improving support

In association with:
Enterprise Uganda
With a growth rate of 3.2% per annum, Uganda is one of the fastest growing countries in the world. Over three-quarters (78%) of the population is under the age of 30. While estimates differ between sources, unemployment, underemployment and working poverty are a widespread phenomenon in Uganda.

In northern Uganda specifically, the legacies of a 20-year-long civil war have left additional economic, social and psychological challenges. The aftermath of the war has had a considerable impact on the current generation of young people with significant effects on youth opportunities in the labour market. Disrupted education has led to a lack of basic skills and contributed to low employability levels. The economy in the northern regions is particularly underdeveloped compared to the rest of Uganda. Furthermore, many young people have experienced significant trauma and still carry the emotional scars of war, this presents additional psychosocial and motivational barriers.

In this context, Enterprise Uganda sees entrepreneurship education and training as one means to remedy the problems faced by young people in Uganda. While ‘traditional’ job-oriented training schemes tackle supply-side barriers in the labour market, e.g. through providing young people with marketable skills, entrepreneurship-focused interventions seek to simultaneously address demand-side constraints.

Youth Business International and YBI-member, Enterprise Uganda, undertook a workshop to understand the context-specific challenges faced by young people when trying to start a business, and gather recommendations on how to better support these under-served young entrepreneurs.

The research revealed that youth across northern Uganda face different issues to those faced by young people in the rest of the country, with important variations existing even within the region.

The workshop was based on the Contexts Framework, a tool developed by YBI, War Child UK and Restless Development, which aims to better understand how challenges faced by young entrepreneurs vary across different contexts.

“Cactus, stones and thorns”: The case of Karamoja

Karamoja, a remote and impoverished sub-region of northern Uganda, suffered four consecutive years of drought, leaving 90% of the population reliant on food aid. Much of Karamoja’s land is semi-desert and little can be cultivated. This contrasts sharply with the fertile soils of other parts of Uganda.

Karamoja was not majorly affected by the Lord’s Resistance Army insurgency, which destroyed much of northern Uganda, but suffers ongoing conflict and instability. Sharing a border with Kenya and Sudan, cattle and livestock raids have been a constant source of conflict with neighbouring tribes, both within and outside of Uganda. The immense social, cultural and economic importance of livestock in Karamojong society exacerbates this.

These factors, combined with very low levels of education and a tumultuous history, have resulted in a proliferation of aid agencies and non-governmental organisations in the area. This seems to have created a general culture of dependency. Begging and a severe ‘hand-out mentality’ is prevalent, say Enterprise Uganda, which can act as a key barrier to entrepreneurship. “People go to Karamoja to give”.

1. According to the United Nations World Population Prospects Report 2006 Revision (Table A8), Uganda had experienced a population growth rate of 3.24% over the period 2005-2010.
3. People who are in work, but whose income falls below a given poverty line
4. A World Bank report from 2008 estimated youth unemployment for 15-24 year olds to be as high as 83%. A recent Action aid report estimates it to be closer to 60%. The Uganda Bureau of Statistics estimated it to be 4.7% in 2009/2010 applying a less rigid definition of employment.
Key findings

Entrepreneurship culture

Culture was selected by workshop participants as one of the three most important dimensions of the external environment for further consideration. Attitudes are a key barrier to entrepreneurship in the northern regions specifically, with strong variations existing within the northern sub-regions.

Perceptions that people only turn to entrepreneurship if they fail to secure formal employment: Youth are heavily influenced by attitudes in wider society, particularly those of community and political leaders, elders and household members. While entrepreneurship has recently gained public profile and features in both online and print media, on reality TV shows and radio programs, there is strong variation across the country. In the northern regions, media is not as accessible as in central more urban areas, and success stories are fewer. Furthermore, there are multiple layers of status associated with entrepreneurship. Only extremely prosperous entrepreneurs earn mainstream respect, perhaps contributing to the issue below.

The need to ‘start big’: “Young people want to start at the top and believe that you need a significant amount of capital to start a business”, noted one team member.

Recommendations

Implement specific and targeted strategies to overcome attitudinal barriers: Enterprise Uganda attempts to emphasise the potential of entrepreneurship and directly seeks to eradicate perceptions that self-employment is inferior to salaried employment. Key to the approach is this emphasis on tackling attitudinal/mind-set barriers. Participants are taught to take a pro-active and entrepreneurial approach to their lives and not to rely on ‘hand-outs’.

Employ a household empowerment approach: While youth are specifically targeted by Enterprise Uganda’s programme in the North, other members of the household are included. For instance, young married women are encouraged to bring spouses to certain sessions. This is in recognition of the crucial influence of household members, and the fact that the household provides the immediate safety net for youth in terms of moral, social and financial support. Enterprise Uganda believes that youth cannot be treated in isolation.

Involve local political and community leaders in mobilisation phases: Early involvement of local political and community leaders at the different administrative levels is a key enabling factor for mobilising youth. According to a recent evaluation, large numbers of participants found out about the training through local leaders and talks during political gatherings. Local politicians serve as gatekeepers to reach the young public and failure to involve them may result in politicians sabotaging the project, according to Enterprise Uganda. The team stressed the need to differentiate strategies for involving different types of leaders, however. Local politics are extremely important and it is crucial to be perceived as neutral and ensure that all groups have the opportunity to participate.

Consider a small screening and registration fee: Enterprise Uganda charge a registration fee of 5,000 Ugandan Shillings (circa £1). In the context of a prevalent ‘hand-out mentality’ and a proliferation of NGO interventions, this is intended to increase the worth of the programme and encourage only the motivated to attend. It also acts as a strong commitment device. In a recent evaluation; 93% of respondents to a representative survey claimed that “paying the fee had made them more attentive during the training”.

Encourage entrepreneurs to start small: A crucial component of Enterprise Uganda’s philosophy is to overcome financial barriers by encouraging entrepreneurs to start small, mobilise idle resources and rigorously re-invest profits into a business. Enterprise Uganda shared many success stories related to this strategy, which also aims to decrease level of risk. “Young entrepreneurs need to understand that a loan should be their last source of capital”, according to workshop participants.
Discrimination

According to workshop participants, Uganda had Africa’s first female vice president, and was the first East African country to appoint a female Speaker of Parliament. Local councils are also making a concerted effort to overcome gender inequality through affirmative action. Despite this high-level progress, discrimination against women was identified by workshop participants as an important dimension for further consideration.

**Domestic constraints:** The biggest gender-related barrier in Uganda is the fact that women are expected to work in the domestic domain. This perception prevails in most societies, particularly in northern regions. “In rural areas, there is very limited home help available and men are laughed at if they take on women’s roles” said a workshop participant. Related to this is the perception that women may neglect household obligations to dedicate time to business, and so husbands or families often discourage women from entrepreneurship or deny authorisation altogether.

**A lack of control:** The fact that the household budget is often administered by men poses further challenges for women in raising start-up capital. An additional and important challenge is the issue of land ownership. Land rights are traditionally passed down the male side of the family, bypassing the women. Enterprise Uganda gave the example of a young female entrepreneur who had established a successful small business selling products grown on family land. This land was appropriated by a male relative as soon as it became profitable.

**Internalisation of constraints:** Gender-related barriers are frequently internalised, with women often voicing a feeling of inferiority and lack of confidence. A worrying phenomenon in Uganda is the prevailing belief by many women that ‘if a husband is violent towards her, it is a sign of love’. The team cited a survey by the Centre for Domestic Violence Prevention, which indicated that 70% of men and 60% of women believed a man was justified in beating his partner under certain circumstances.

Recommendations

**Consider gender targets:** Enterprise Uganda target at least 40% young female participation in their programmes. This target applies throughout the programme cycle, from output to outcome level. It is informed by experience with other projects focusing on rural areas, where female participation was less than 20% in the absence of explicit targets.

**Directly address barriers at mobilisation stage:** Extensive awareness campaigns on women’s rights are conducted through focus groups, radio campaigns and presentations. Enterprise Uganda doesn’t only engage with women as an isolated group but involves husbands and parents, who are also encouraged to attend the training.

**Use female role models:** Enterprise Uganda use female role models throughout the programme to raise awareness of women’s rights, encourage women to participate and reassure family and household members. This has been cited by young entrepreneurs as an especially powerful strategy for increasing female participation and retention.

**Consider time and place of mobilisation activities:** Enterprise Uganda shifted mobilisation to take place during market days to enable face-to-face interaction with increased numbers of women. This was in response to initially low female participation, related to the difficulty in locating and accessing large groups of women to raise awareness of the programme.

**Encourage spouses and parents, as well as nannies and care-takers to attend:** Involving husbands early not only increases the chances of female participation, but also their chances to access ‘family’ capital to start (or expand) a business.

Infrastructure

This was identified as the third most important dimension of the external environment to explore in further detail.

**Difficult and dangerous roads:** Roads are very poor in many parts of Uganda. Dangerous potholes and ditches often cause vehicles to breakdown and contribute to severe bottlenecks. Lack of a reliable transport system is a key barrier to participation in project activities for many young people. Transportation issues also impact the markets young entrepreneurs are able to serve, often restricting them to local areas. This also limits supplies: it is costly and time consuming to acquire materials from other parts of the country.

**Suboptimal conditions:** Water is an important input for many agricultural businesses, but is expensive and difficult to access for many, especially in the North. Electricity is very expensive and unreliable, and internet is slow with erratic and patchy coverage.

Recommendations

**Consider communal transport:** High transportation costs are tackled by Enterprise Uganda through the organisation of communal transportation for project participants from remote areas. This was identified as a way to mitigate geographical disadvantage without handing out cash-payments.
About the research

The Contexts Framework\(^5\) includes 3 modules and sub-dimensions as demonstrated in Figure A. The framework was developed through three phases of research, consultation and testing, and workshop participants were encouraged to select the dimensions that most strongly influence the impact they can have in their local context.

In August 2014, Youth Business International conducted a workshop with staff at Enterprise Uganda (YBI’s member in Uganda). The workshop took place in Kampala, Uganda.

The research utilised YBI’s Context Framework, developed in partnership with War Child UK and Restless Development. The Contexts Framework is a tool designed to help key stakeholders in the youth entrepreneurship sector to:

- Understand how programme delivery needs to be adapted to operating contexts to maximise impact
- Share good practice and lessons learned more systematically across different operating contexts
- Allocate resources to support youth entrepreneurship most effectively in different contexts

Where I work
- Conflict level
- Economic development and deprivation
- Degree of urbanisation
- Institutional context
- Cultural perceptions of entrepreneurship
- Discrimination
- Human Capital
- Infrastructure
- Situation of youth
- Climate/Environmental issues

Who I work with
- Entrepreneur motivation
- Stage of enterprise development
- Ethnicity
- Age Group
- Gender

How I work
- Scale (number of staff, offices, area of operation, numbers served)
- Organisational capacity (inc. strengths and weakness)

Figure A

About Enterprise Uganda

Enterprise Uganda has one office in Kampala and employs 29 full time staff. It functions on the EMPRETEC\(^6\) model with a small core team & many external consultants and mentors. The organisation operates in all regions of Uganda, in both urban and rural locations. Under the Northern Uganda Youth Entrepreneurship Programme, 10,500 youth across 5 sub-regions are served.

Enterprise Uganda provides an integrated and comprehensive range of business development services (BDS) such as entrepreneurship training, business advisory and counselling services, information, business planning, marketing, technology, business linkages and other services to assist both start-ups and existing businesses to resolve their problems and prepare plans for growth.

Enterprise Uganda’s training follows six key steps:

- Recognition
- Comprehension/Understanding
- Self-Assessment
- Experimentation
- Reinforcement and Integration
- Application to the business

The approach is based on highly interactive and experiential training methods, such as brainstorming, group discussions, case studies, games, role-play and sharing of experiences. The training challenges participants to focus on willingness and ability to seek and attain improved productivity, growth, profitability and financial independence.

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6. EMPRETEC is a United Nations programme established by UNCTAD’s Division of Investment and Enterprise to promote the creation of sustainable small- and medium-sized enterprises (SMEs)