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**ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS RELEASES PHASE I FINDINGS FROM
THE UGANDA ENTREPRENEURIAL ECOSYSTEM INITIATIVE**

*The report provides recommendations for overcoming growth constraints for
entrepreneurs in Kampala and Gulu*

WASHINGTON and KAMPALA, UGANDA – November 28, 2018 – The Aspen Network of Development Entrepreneurs (ANDE), together with the Centre for Development Alternatives, Enterprise Uganda, and Koltai & Company, today released the findings of Phase I of the Uganda Entrepreneurial Ecosystem Initiative (UEEI). The initiative aims to bolster entrepreneurship in Uganda—the most entrepreneurial country in the world according to the Global Entrepreneurship Monitor—but also one with a host of challenges for small business owners.

Job creation in Uganda remains relatively stagnant due to widespread underemployment and labor market exclusion. Most businesses are small, informal, and have little employment effect. Still, Uganda’s economy has seen impressive growth over the past two decades and has one of the highest rates of youth entrepreneurship in the world.

“Uganda's unrivaled entrepreneurial energy can and must be nurtured so that it creates thriving enterprises that drive decent employment growth for one of the world's fastest growing and most youthful populations,” said Max Walter, CEO, Centre for Development Alternatives. “This report presents a roadmap for how finite resources can be focused on the most impactful ways of doing just that.”

The initiative identifies small and growing businesses (SGBs) as a vital part of this change. It asserts that SGBs are the most promising means for inclusive economic development in Uganda—as they tend to create higher-paying, higher-quality jobs than other enterprises. The government of Uganda has emphasized their importance in the National Development Plan II (2015-2020).

“Uganda has a strong entrepreneurial culture, but small businesses are hindered by a lack of capital access, a challenging tax regime, and underdeveloped business support services. We hope to support Ugandan leaders, from the private, educational, and public sectors as they work together to overcome these barriers,” said ANDE’s Executive Director, Randall Kempner.

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The Phase I report maps the entrepreneurial ecosystems of Kampala and Gulu—two key regions for Ugandan economic growth. It then outlines a strategic path forward for promoting entrepreneurship in these regions, recommending specific actions to overcome ecosystem constraints. The second phase of the initiative will use these findings to design and implement a multi-stakeholder, multi-million-euro program to develop Ugandan entrepreneurship, beginning in 2019.

Key Findings:

1) Informality and misaligned tax incentives are constraining entrepreneurship.

The report identified informality and tax administration as key obstacles to business growth in both Kampala and Gulu. According to the report, the culture of informality among small businesses leads to poor management practices, such as weak record keeping. This hinders their scalability, ability to secure loans, and leads to high rates of discontinuation. In addition, heavy tax burdens disincentivize small businesses from entering the formal system, and inadequate tax enforcement allows this to occur. These businesses are then unable to gain access to key investors and other resources, continuing a vicious cycle that undermines the growth of Ugandan businesses.

2) Catalyzing investment in small and growing businesses is key to moving Ugandan entrepreneurship forward.

The report lists access to appropriate financial capital as a major constraint to all SGBs. It recommends specific action pathways to reduce hurdles for businesses in Kampala and Gulu—with a focus on unleashing capital for moderate-growth SGBs—such as encouraging commercial banks and microfinance institutions to increase their involvement with SGBs. It also outlines activities that could incentivize commercial SGB lending, including technical assistance for commercial banks, and the creation of new SGB funds.

3) Business development services have the potential to kickstart ecosystems, particularly in Gulu.

The report finds that business development services are weak across Uganda, and virtually absent in Gulu. It attributes this in part to the lingering effects of post-conflict recovery in Gulu, which inhibited the private provision of business support services. According to the report, improving access to these services is critical to Gulu's entrepreneurial ecosystem. The first step, the report suggests, is to set up an integrated service provider, which can combine multiple functions under the same structure, and kickstart business growth in Gulu.

Additional resources:

To download the report, please visit:

www.andeglobal.org/blogpost/737893/313734/Uganda-Entrepreneurial-Ecosystem-Initiative-Phase-I

To learn more about the Uganda Entrepreneurial Ecosystem Initiative, visit:

www.andeglobal.org/ugandaecosystem

To watch the webinar on the initiative, please join us on November 28 at 8:00 a.m. ET. The webinar will review highlights from the report and look towards Phase II of UEEI and the

future of entrepreneurship in Uganda. We will also post the recording, which you can access here: <https://register.gotowebinar.com/recording/598585520390567683>.

The Uganda Entrepreneurial Ecosystem Initiative is supported by the Argidius Foundation, the Dutch Good Growth Fund, and the Small Foundation.

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, we believe that SGBs can help lift countries out of poverty. *ANDE is a program of the Aspen Institute, a nonpartisan forum for values-based leadership and the exchange of ideas.*

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