

STATE OF ENTREPRENEURSHIP In Uganda



2024





FOREWARD

As the Minister of Trade, Industry and Cooperatives, it is my pleasure to present the inaugural State of Entrepreneurship in Uganda 2024 report. This groundbreaking study provides the first comprehensive assessment of the health and vibrancy of our nation's micro, small and medium enterprise (MSME) sector.

MSMEs are the lifeblood of Uganda's economy, accounting for over 90% of private sector firms and employing millions of citizens. Their vitality directly impacts the livelihoods of countless families and communities across our country. This report shines a light on the tremendous entrepreneurial spirit of Ugandans and the resilience of our MSMEs, while also identifying critical gaps and barriers constraining their growth and success.

The National Entrepreneurship Index, developed through this study, reveals that Uganda has a moderately healthy entrepreneurial ecosystem with an overall score of 57%. Our entrepreneurs demonstrate highly positive attitudes, a strong willingness to grow their businesses, and perceptions of adequate human capital. However, the index also highlights areas for urgent action and support, particularly in simplifying business registration, improving access to finance and technology, and strengthening market linkages.

A concerning gender gap persists, with women owned MSMEs scoring lower on key dimensions of entrepreneurial health compared to their male counterparts. We must redouble our efforts to create a more inclusive and equitable business environment that empowers women entrepreneurs. The index also reveals stark regional disparities, underscoring the need for targeted interventions to support MSMEs in underserved areas of the country.

Despite these challenges, I am filled with hope and optimism for the future of entrepreneurship in Uganda. Our nation is blessed with a youthful and increasingly educated population eager to create and innovate. By implementing the recommendations outlined in this report - including simplifying registration, bridging the digital divide, providing entrepreneurship training, and fostering inclusive policies - we can unleash the full potential of our MSMEs to drive economic transformation.

I call upon all stakeholders - policymakers, development partners, financial institutions, and the business community itself - to rally behind our MSMEs. Together, we can build a stronger, more prosperous, and inclusive Uganda where entrepreneurship thrives in every corner of the country. I thank the research team and all those who contributed to this enlightening study. May it serve as a catalyst for action and positive change in the years ahead.

Hon. Francis Mwebesa
Minister of Trade, Industry and Cooperatives



Entrepreneurship Index co-creation activity with key stakeholder to define the perimeter and definition of the index



EXECUTIVE **SUMMARY**

This State of Entrepreneurship in Uganda 2024 report provides a comprehensive assessment of the micro, small and medium enterprise (MSME) ecosystem in the country. The report is based on a nationally representative survey of **3,062 MSMEs** and in-depth interviews with **300 MSME** owners.

This study is the first of its kind and aims to appraise the performance of the MSME sector on a range of different dimensions, and key social demographics. The data provide a series of baseline measures against which policies and interventions, in support of the MSME sector, can be measured and tracked overtime. In terms of the location of MSMEs, 52.8% were in urban areas and 47.2% in rural areas, with ownership predominantly by individuals aged 31 and above (61.5%), while 38.5% were owned by those aged 18 to 30. Additionally, MSMEs were almost evenly distributed by gender, with 50.3% female ownership and 49.7% male ownership.

- The overall National Entrepreneurship Index (NEI) for Uganda in 2024 was 57%, (where 100% would be the absolute maximum score) indicating a moderately healthy entrepreneurial ecosystem with room for improvement. The data from the NEI reveals that three of the sub-component dimensions significantly outperformed the overall Index, namely, 'positive attitudes' of entrepreneurs (88%), 'strong willingness to grow their businesses' (79%), and perceptions of adequate 'human capital' (78%).
- The sub-component dimension of 'processes and systems' (57%) performed in line with the overall Index, while the remaining four sub-component dimensions that contributed to the overall index underperformed relative to the overall Index: 'business linkages' (24%), 'adoption of business technologies' (35%), registration (39%), access to finance (52%).
- The overall Index varied across key demographics, with slightly lower scores for women owned MSMEs (56% vs 59% for men) and MSMEs owned by entrepreneurs with disabilities (53% vs 58% without disabilities).
- Young women entrepreneurs aged 18-30 scored slightly lower at 56% compared to 59% for their male counterparts. When looking at women-owned MSMEs in general, the index score stands at 56% vs 59% for men, mirroring the trend among youth.
- Younger entrepreneurs aged 18-24 posted the highest overall index score at 60%. A closer look at the 25-35 age bracket, a key focus of the Foundation's Young Africa Works strategy, shows an entrepreneurship index score of 58%, slightly lower than the 60% for the 18-24 youth segment but higher than the overall national average of 57%. This suggests that while the youngest entrepreneurs are the most entrepreneurially vibrant, the 25-35 age group also demonstrates strong entrepreneurial health and potential for targeted support to catalyze their growth and success.
- Retail trade, accommodation and food services, and agriculture were the top three sectors for MSMEs. However, emerging sectors like ICT, health, and education demonstrated strong entrepreneurial health based on their scores.
- Over half of MSMEs were micro enterprises operating as sole proprietorships with no employees beyond the owner. Thirty-five per cent (35%) of the entrepreneurs aged 18-30 years, in this study had zero employees. These comprise 26% of the male entrepreneurs and 42% of the female entrepreneurs. Only 2% of youth owned MSMEs had 10+ employees.
- Technology adoption remained low, with 53% of MSMEs having no access to a smartphone or computer for their business. This digital divide was wider for women, rural MSMEs and those with disabilities.
- While entrepreneurs expressed optimism about prospects to grow their businesses, unstable and declining cashflows were a reality for nearly half of MSMEs surveyed. Access to finance and keeping business records were key challenges.

Recommendations:

Strengthen the business enabling environment to foster formalization and growth of MSMEs: The study found that the operational aspects of running MSMEs constrain the overall index, with limited access to finance (index score of 52%), high degree of informality with low business registration (39%), and weak business linkages (24%). Policymakers may focus on simplifying business registration processes, improving access to credit and financial services, and facilitating market linkages to create a more supportive ecosystem for MSME growth and formalization. In line with this, there is a need for policymakers and national business registration authorities to work together to improve registration services for MSMEs by strengthening the role and capacity of decentralized government offices at the district, county, and sub-county levels in providing accessible and efficient business registration and operational support to MSME entrepreneurs and business owners. Key recommendations include streamlining and simplifying the registration process; addressing corruption and increasing transparency; improving accessibility in rural areas; providing registration support and information; addressing gender-based challenges; and offering post-registration support.

Bridge the digital divide and promote technology adoption among MSMEs: The study reveals a significant technology gap, with 53% of MSMEs having no access to a smartphone or computer, and a very low adoption of business technologies (index score of 35%). Government agencies, private sector partners, and development organizations may invest in digital infrastructure, such as broadband networks and mobile connectivity, especially in underserved areas. They can also collaborate to provide affordable access to digital devices, such as smartphones and laptops, through subsidies or financing schemes; partner with training institutions and technology providers to offer digital literacy and skills training programs tailored to the needs of MSMEs. Special attention needs to be given to underserved groups, including young women entrepreneurs, rural entrepreneurs and persons with disabilities, with targeted initiatives, such as mobile training units, women-focused technology hubs, and assistive technology

support, so as to help bridge this gap and ensure inclusive digital transformation for all MSMEs.

Enhance entrepreneurial skills and capabilities through targeted training and mentorship programs: While the study finds that entrepreneurs have positive attitudes (index score of 88%) and a strong willingness to grow their businesses (79%), it also highlights gaps in key business management skills such as financial planning, record-keeping, and adopting standard business processes. Policymakers and development partners should consider designing and implementing comprehensive entrepreneurship training and mentorship programs that cover both technical and soft skills, with a focus on practical application and peer to peer learning and networking. These programs should be tailored to the specific needs of different MSME segments, such as youth, women, and sector-specific entrepreneurs.

Promote inclusive entrepreneurship by supporting underserved groups and leveraging the potential of emerging sectors: The study shows that the entrepreneurship index varies across key demographics, with lower scores for women owned MSMEs (56%) and those owned by entrepreneurs with disabilities (53%) compared to their counterparts. Additionally, emerging sectors like ICT, health, and education demonstrate strong entrepreneurial potential based on the index. Policymakers, private sector and development organisations can work together to develop targeted interventions to address the specific barriers faced by underserved groups, such as access to resources, markets, and networks. They can also harness the growth potential of emerging sectors through sector-specific policies, incentives, and support programs that foster innovation, skills development, and market access for MSMEs for these underserved groups.



Strengthening youth contribution in the MSMEs:

- Increase access to existing entrepreneurship education and training programs for youth entrepreneurs and develop new programs where gaps exist, ensuring that these programs are tailored to their specific needs and are easily accessible..
- Explore and provide targeted financial support to youth-owned MSMEs through youth-focused grant schemes, concessional loans, and equity financing options.
- Establish youth entrepreneurship hubs and incubators that offer co-working spaces, mentorship, networking opportunities, and access to resources such as computers and internet connectivity.
- Facilitate market access for youth owned MSMEs by creating platforms that connect them with larger businesses, government procurement opportunities, and export markets (if they meet the required standard expectations).
- Encourage youth participation in high-potential sectors such as ICT, creative industries, and green businesses through targeted support programs, including sector-specific training, mentorship, and funding opportunities.
- Foster a culture of entrepreneurship among youth by celebrating successful young entrepreneurs.
- Advocate for policies that create an enabling environment for youth entrepreneurship, such as reducing regulatory barriers, simplifying tax compliance procedures, and protecting intellectual property rights.

In conclusion, while Ugandan entrepreneurs demonstrate strong drive and potential, concerted efforts are required to address constraints related to business formalization, access to resources and markets, technology adoption and development of robust business processes. Supporting underserved groups like women, youth, rural and Persons with Disabilities (PWDs) entrepreneurs needs to be prioritized. Evidence shows that sector-specific interventions can harness emerging opportunities while boosting productivity in established MSME sectors. Inclusive policies and an enabling environment are critical to unlock the full promise of entrepreneurship as an engine for Uganda's economic transformation.

The rest of this report presents the detailed findings, firstly giving the background and context for the study, the methodology and the findings from the first ever National Entrepreneurship Index (NEI) for Uganda, discussing the indicators of the index measures, and advancing key recommendations to strengthen entrepreneurship Uganda.



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ABBREVIATIONS

B2B	Business to Business
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
MSMEs	Micro, Small and Medium Enterprises
MTIC	Ministry of Trade, Industry and Cooperatives
NEI	National Entrepreneurship Index
PWDs	Persons with Disabilities
UBOS	Uganda Bureau of Statistics
UGX	Ugandan Shillings





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- Ministry of Trade, Industries, and Cooperatives (MTIC), **(Chair): Dr. Joshua Mutambi. PhD**
- Makerere University Business School **(Vice-chair): Dr. Isaac Nkote**
- Ichuli Consulting **(Secretariat): John Mark Muwangala**
- Uganda Bureau of Statistics: **James Muwonge**
- Mastercard Foundation: **Fred Iga**
- IPSOS: **Virginia Nkwanzi**
- Ministry of Education and Sports: **Samuel Bagombeka**
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- Uganda Bankers' Association: **Eva Ssewagudde**
- Association of Microfinance Institutions of Uganda: **Richard Aneuru OkwaiMungu**
- Uganda Women Entrepreneurs Association Limited: **Connie Kekihembo**
- Federation of Small and Medium-sized Enterprises Uganda: **John Walugembe**

This committee, which met once a month played a pivotal role in refining the scope of our research and ensuring that our sampling methodology complies with regulatory standards.

We are deeply grateful for the collective efforts of all these individuals and organizations, without whom this report would not have been possible.



AMFIU



**NATIONAL INSTRUCTORS' COLLEGE
ABILONINO**



Atenge Christine an entrepreneur that uses craft to empower and skill other youth



INTRODUCTION



Collage of photos showing Richard an agribusiness entrepreneur from Luwero, Shifah running an electronics shop in Jinja and young women engineers at Yuvraj in Nakawa, Kampala district

1.1.

Background to the National Entrepreneurship Index

Entrepreneurship serves as a cornerstone of innovation, economic growth, and social development. In Uganda Micro, Small, and Medium Enterprises (MSMEs) form the backbone of the entrepreneurial ecosystem, contributing significantly to employment, productivity, and competitiveness. MSMEs make up approximately 90% of private sector production, employ over 2.5 million people (UBOS 2021) and generate 80% of manufactured output which contributes 20% to GDP (MTIC 2021). Recognizing the pivotal role that these enterprises play; it is critical to develop robust mechanisms to understand and support their growth and success. In Uganda, the 2014 Global Entrepreneurship Monitor revealed that 35.5% of Ugandan adults owned or co-owned a new business, earning Uganda the title of "the most entrepreneurial country." The report also underscored the high rate of discontinued small enterprises in the country which serves to underline the importance of designing and implementing systems and structures to support, not just the establishment of small enterprises, but also sustaining their growth. As such, understanding the factors that drive MSME and entrepreneurial growth and the obstacles to success are essential.

This report provides a comprehensive baseline assessment of MSMEs in Uganda in 2024, offering valuable insights into the current state of entrepreneurship. The survey on which it is based was designed to understand the status of MSME businesses and identify the challenges and opportunities they encounter. The narrative focuses on areas such as the characteristics of MSMEs and their owners, their access to human capital, financing, technology, and the internal processes and systems they have in place. It also examines the aspirations and motivations of MSME owners, their growth prospects, financial sustainability, and the impact they create in their communities.

The report is aligned with the National Entrepreneurship Index, a newly developed tool used to assess the entrepreneurial ecosystem. The NEI is based on eight key dimensions: human capital, linkages, technology, internal processes and systems, attitudes, willingness to grow, and financial sustainability and formal registration. The report analyses the survey data through the lens of these key dimensions, providing insights into the strengths and weaknesses of Ugandan MSMEs in each area.

The survey also covered additional research questions critical for understanding the MSME landscape in Uganda. These include:

the demographic characteristics of MSME owners (**research question 1**),
 the sectors in which MSMEs operate (**research question 2**),
 their access to financing (**research question 5**), and
 their aspirations for growth (**research question 9**).

Additionally, the report examines the ability of MSMEs to articulate their broader impact (**research question 11**),

highlighting their contribution beyond financial gains. These findings, alongside the index dimensions, provide an holistic view of the opportunities and challenges faced by Ugandan MSMEs, informing targeted support and policy interventions.

¹<https://www.ugandainvest.go.ug/smes-driving-economy/>

²GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing*. London: GEM.

³The National Entrepreneurship Index is a tool developed by stakeholders (see acknowledgement section) to assess the entrepreneurial ecosystem in Uganda. It is not yet a published document.



1.2. Micro, Small and Medium Enterprises (MSMEs) in the Ugandan Context

Micro, small and medium enterprises (MSMEs) form the cornerstone of Uganda's economy, comprising approximately 90% of the private sector, generating over 80% of manufactured output, and contributing about 75% to the Gross Domestic Product (GDP). The MSME sector is a significant source of employment, providing livelihoods to more than 3 million Ugandans. Acknowledging the pivotal role of MSMEs in driving economic growth, job creation, and poverty reduction, the Ugandan government has implemented various policies and strategies to support the sector's development.

The Ministry of Trade, Industry and Cooperatives (MTIC) formulated the MSME Policy (2015-2025) to address constraints to MSME growth within the framework of Uganda's Vision 2040. The government also adopted the National Private Sector Development Strategy to enhance the business environment, promote industrialization, and boost firm-level productivity. However, despite these policy interventions, MSMEs in Uganda continue to encounter significant challenges that impede their growth and competitiveness.

This report aims to develop a comprehensive entrepreneurship index for MSMEs in Uganda, focusing on eight key dimensions: human capital, formality, linkages, technology, internal processes and systems, attitudes, willingness to grow, and financial sustainability. By examining these critical aspects, the index will provide a holistic assessment of the MSME ecosystem and identify areas for targeted interventions.

Uganda's MSME sector is characterized by a high degree of informality, with many enterprises unable to meet the costs and requirements of formal registration, which is a recurring concern in literature (Uganda Bureau of Statistics, 2010/11; EPRC 2024). Limited access to affordable finance remains a major obstacle, with the MSME finance gap estimated at USD 8.8 billion, or 24% of GDP (World Bank, 2020). MSMEs also face challenges related to inadequate technical and business skills, managerial capacity gaps, and navigating the complex legal and regulatory environment (FSD Uganda, 2015).

Existing literature on Uganda's MSME ecosystem highlights the need for targeted interventions to address these constraints. The importance of supporting women entrepreneurs, who face additional barriers such as limited access to land, capital, and assets has been long emphasized (Namatovu et al., (2012). Copley, Gokalp, and Kirkwood (2021) note that a significant proportion of working Ugandans are self-employed, highlighting the potential for entrepreneurship to drive job creation and economic growth.

This work builds on existing research to provide a comprehensive assessment of the current state of entrepreneurship in Uganda, identifies the main barriers impacting MSME growth, and offers evidence-based recommendations to strengthen the MSME ecosystem. By examining the eight components of the NIE the report aims to inform strategies and interventions to unlock the full potential of Uganda's entrepreneurial spirit and enable MSMEs to drive inclusive economic transformation.

²<https://www.ugandainvest.go.ug/smes-driving-economy/>

1.3. Characteristics of Micro Small and Medium Enterprises in Uganda

The Uganda Bureau of Statistics has adopted the following categorization of MSMEs based on fulfilling the minimum requirements for any two criteria among number of employees, capital investment and annual sales turnover:

- Micro enterprises: Businesses employing not more than 5 people and have total assets not exceeding UGX 10 million.
- Small enterprises: Businesses employing between 5 and 49 people and have total assets between UGX 10 million but not exceeding 100 million.
- Medium enterprises: Businesses employing between 50 and 100 people with total assets more than 100 million but not exceeding 360 million.

However, this study utilized the MSME definitions adopted by the Uganda Bureau of Statistics in its Manpower Survey Uganda 2016/17:

- a. Micro: businesses with four or fewer employees.
- b. Small: businesses with five to ten employees.
- c. Medium: businesses with eleven to twenty-nine employees.
- d. Large: businesses with thirty or more employees.

Overall, MSMEs in Uganda are defined primarily based on the number of employees, with consideration also given to their asset base and annual turnover. The key distinguishing factor is that micro businesses have four or fewer employees, small businesses have five to ten employees, while medium enterprises employ eleven to twenty-nine people. This definition guided the sampling and analysis for the entrepreneurship study and is the focus of this report.

Micro, Small, and Medium Enterprises (MSMEs) in Uganda exhibit a wide diversity, spanning multiple industrial sectors, with at least ten sectors each accounting for over five percent of the MSME population. The largest sector is agriculture (14%), followed by education and health (13%), and recreation and personal services (10%). Most MSMEs are relatively young, with 69% being between one and ten years old. Entrepreneurship is prominent, with nearly 90% of owners using personal funds to start their businesses, and about 75% operating as sole proprietorships. Owners tend to be well-educated, with over half having secondary education or higher. MSMEs typically serve individual customers (81.1%) in their local areas (66%), rely on word of mouth for business opportunities (73.9%), and often employ family members. However, only 15% are members of business associations (Uganda Bureau of Statistics, 2015).

1.4. Barriers and Constraints to Entrepreneurship in Uganda

Despite the significant contribution of MSMEs to Uganda's economy, entrepreneurs face numerous challenges that hinder their growth and success. According to the Uganda Bureau of Statistics (2015), key barriers include limited access to finance, inadequate technical and business skills, and a complex regulatory environment. The Mastercard Foundation's research has particularly highlighted the challenges faced by youth and women entrepreneurs in Uganda. Similarly, the Economic Policy Research Centre (2020) notes that women entrepreneurs encounter gender-specific barriers, including limited access to land, assets, and credit, as well as societal norms and expectations that restrict their entrepreneurial activities.

Youth entrepreneurs often lack access to capital, markets, and networks, which limits their ability to start and grow their businesses (Mastercard Foundation, 2019). They also face skills gaps in areas such as financial management, marketing, and technology adoption. Similarly, women entrepreneurs encounter gender-specific barriers, including limited access to land, assets, and credit, as well as societal norms and expectations that restrict their entrepreneurial activities (International Labour Organization, 2014).

Furthermore, the informal nature of many MSMEs in Uganda poses additional challenges. The high costs and complexity of business registration processes deter many entrepreneurs from formalizing their businesses, which in turn limits their access to support services, financial resources, and legal protections (The World Bank Group 2020; FSD Uganda, 2015). Addressing these barriers is crucial to unlocking the full potential of entrepreneurship as a driver of inclusive economic growth in Uganda.

The COVID-19 pandemic has further exacerbated the challenges faced by MSMEs in Uganda, particularly in terms of access to finance, markets, and digital technologies. A study by the Economic Policy Research Centre (2021) found that the pandemic led to a significant decline in business activity, with 76% of MSMEs reporting a decrease in sales and 61% experiencing difficulties in accessing inputs. Women-owned businesses were disproportionately affected, with a higher likelihood of closure and lower resilience to the economic shock. The study also highlighted the digital divide, as MSMEs with limited digital capabilities struggled to adapt to the new market conditions and access online platforms for sales and services. These findings underscore the need for targeted interventions that address the persistent barriers faced by MSMEs, while also considering the new challenges posed by the post-COVID-19 landscape, such as the heightened importance of digital transformation and building resilience to future shocks.



A determined businesswoman stands inside her retail shop in Ndejje, Wakiso District, navigating the challenges of sustaining her business amidst tough times.



METHODOLOGY



2.1. Research Design

The study adopted a mixed-methods approach, combining a large-scale quantitative survey and qualitative in-depth interviews to thoroughly assess various indicators such as orientation, personality, leadership, motivation, knowledge, and functional skills among MSMEs in Uganda. This approach was designed to provide a comprehensive view by capturing both statistical data and nuanced contextual insights, allowing for a deeper understanding of the entrepreneurship landscape.

The quantitative component involved a survey of **3063 MSMEs**, sampled representatively across all regions and sectors. The survey collected data on a wide range of business dimensions, including human capital, formality, linkages, technology, internal processes and systems, attitudes, willingness to grow, and financial sustainability. Descriptive statistical analyses were conducted to describe the data and insights from each of the parameters in the index.

To complement the quantitative findings, the study included a qualitative component involving in-depth interviews with a purposively selected subsample of 300 MSME owners and managers. The sampling frame for this qualitative component was drawn from the larger pool of respondents in the quantitative survey. The purposive selection aimed to capture a broad range of MSMEs across various sectors and contexts, with one MSME owner or manager selected from each enumeration area. This ensured geographic representation across different regions: Kampala (57), Central (94), Eastern (40), Northern (49), and Western (60).

The primary aim of these interviews was to gather rich, contextual insights into the experiences, challenges, and strategies of MSMEs. The qualitative data were analyzed using thematic analysis, focusing on key themes that highlight the underlying factors influencing MSME performance and growth.

To complement the quantitative findings, the study included a qualitative component involving in-depth interviews with a purposively selected subsample of 300 MSME owners and managers. These interviews aimed to gather rich, contextual insights into the experiences, challenges, and strategies of MSMEs. The qualitative data were analyzed using thematic analysis techniques, identifying key themes and narratives that shed light on the underlying factors shaping MSME performance and growth. The sample consisted of 300 key informants working in Micro, Small, and Medium Enterprises (MSMEs) across various sectors in Uganda.

The study primarily included Ugandan nationals, comprising 96% of the participants. Among both the quantitative and qualitative samples, males comprised 54%, and females 46%.

Within the qualitative sample, youth constituted 51.3%, followed by adults at 37.3%, reflecting a similar trend in the quantitative sample where those aged 18-30 years accounted for 40%. The incidence of PWD was notably low, with only 0.3% in the qualitative sample compared to 3.7% in the quantitative sample. The study had businesses spanning various sectors including agriculture, manufacturing, services, and trade. Geographically, the sample was representative of all regions of Uganda. The Central region had the highest representation of businesses at 30.3%, followed by Kampala (22.0%), Western (18.0%), Northern (17.3%), and Eastern (12.3%) regions in the qualitative sample. A similar distribution was observed in the quantitative sample. Age groups are reported in two categories, with the one of 18-30 focused on younger people, while other age groups cut across all the study respondents. This is because of the predefined age groupings used in the data collection tool, which were 18-24, 25-30, 31-40, 41-50, 51-60, and 61+; hence the attempt to get information on the younger population of 18-30 years.

2.1.1. Sampling Framework Listing and screening phases

- 1. Preliminary Listing Exercise:** Initially, a comprehensive listing of 3,640 enterprises was undertaken to establish a baseline understanding of the business landscape. This exercise was pivotal in creating a detailed sampling frame that accurately reflected the distribution of MSMEs across different regions of Uganda. The comprehensive listing was performed using detailed enumeration area maps provided by the Uganda Bureau of Statistics (UBOS). Enumerators were guided by these maps to systematically visit and list enterprises within selected areas.

To ensure thorough coverage, the listing process included both rural and urban settings, and enumerators were tasked with surveying a diverse range of business sectors. Specifically, at least 10 different sectors were enumerated in each area to capture a broad spectrum of the MSME landscape. Enumerators conducted in-person visits to identify and record enterprises, capturing essential details such as the type of business, size, and location.

This methodology ensured that the sampling frame accurately reflected the distribution of MSMEs across different regions and sectors in Uganda, providing a robust foundation for subsequent phases of the study.

- 2. Screening Process:** Screening involved a series of targeted questions designed to confirm demographic details, business sector and size, and most crucially, the ownership status of the enterprises. This step ensured that subsequent data collection was conducted with entrepreneurs who were genuine business owners and whose profile matched the study's requirements.
- 3. Enumeration area selection and consistency:** The study utilized detailed physical maps provided by the Uganda Bureau of Statistics (UBOS) to select enumeration areas with precision. This step was crucial in maintaining consistency in the areas studied from the initial listing phase through to the actual data collection, ensuring geographic accuracy and reliability in sampling.

2.1.2. Sample Distribution Process

- 1. Enumeration area deployment:** The selection of enumeration areas was guided by stratified sampling techniques to ensure equitable representation across both rural and urban settings. Teams were deployed strategically across these areas to maximize efficiency and coverage.
- 2. Sampling frame creation and maintenance:** In each area, enumerators compiled a comprehensive profile for each enterprise. This process included capturing electronic data and GPS coordinates to validate the location and ensure strict adherence to the sampling plan.



Field officer interviewing an entrepreneur during data collection in Nakasongola district



2.1.3. Data collection

The fieldwork was conducted between **March and May 2024** for both surveys and in-depth interviews with selected enterprise owners.

The questionnaire was meticulously developed, and pilot tested to align with the research objectives, ensuring comprehensive data collection on various aspects of MSMEs. A data analysis plan was developed during the design stage, which aligned research questions and indicators with the questionnaire questions for both quantitative and qualitative interviews. This process involved several stages, including pretesting and piloting with a small sample of enterprises to identify and rectify any issues related to clarity, relevance, or flow of questions. Feedback from the pretesting phase was used to refine the questionnaire. Additionally, the final version of the questionnaire was translated into local languages to ensure accurate understanding and responses from participants across different regions.

Data were collected through in-person interviews using electronic tablets. This method facilitated efficient data entry and minimized errors associated with manual data recording. Enumerators were equipped with tablets preloaded with the questionnaire, allowing for real-time data capture and GPS tagging of enterprise locations.

Enumerators were carefully recruited based on their experience and familiarity with the local context. A rigorous training program was conducted to ensure data quality and consistency. The training included sessions covering the study's objectives, the questionnaire, and the use of electronic tablets, as well as mock interviews and role-playing exercises. Supervisors conducted spot checks and regular reviews of the collected data to ensure adherence to protocols and address any emerging issues promptly. Additionally, a checking log developed by the data analyst was used to review data daily. Any inconsistencies, errors, or outliers identified were corrected with the enumerators.

2.1.4. Analysis and presentation

The survey data were analyzed using descriptive statistics across key demographic segments, including gender, age, and PWD and, in certain cases, regions. This analysis helped identify patterns and disparities in entrepreneurship. Qualitative interview data were analyzed using NVIVO software, employing thematic analysis techniques to extract contextual insights that complement and explain the quantitative findings. Where necessary, verbatim quotations have been used to augment the quantitative data, which is presented in tables, graphs, and text.

To differentiate findings between urban and rural areas, we used GPS coordinates captured during each survey. These coordinates allowed us to accurately categorize and analyze the data based on geographic location, providing a clear comparison between urban and rural trends of MSMEs.

Findings Validation

To ensure the accuracy, relevance, and robustness of the research findings, the study underwent a rigorous validation process. The study benefited from the expertise of a Steering Committee, consisting of key bodies in Uganda's enterprise development space, as acknowledged in the report. The Steering Committee played a pivotal role in refining the scope of the research and ensuring that the sampling methodology complied with regulatory standards. The draft report was subjected to a series of reviews by the Steering Committee members, who provided valuable insights, critiques, and recommendations for improvement. Additionally, a validation meeting was held with the Steering Committee to discuss the findings, clarify any ambiguities, and gather additional input. This iterative process of review and feedback helped to refine

the report, ensuring that the findings were credible, contextually relevant, and actionable. The validation process demonstrated the study's commitment to producing high-quality research that can inform policy and practice in support of MSME growth and entrepreneurship development in Uganda.

Ethical considerations and documentation

Comprehensive documentation and ethical compliance: detailed records were maintained for every stage of the methodology, from the initial listing to the final data analysis. Ethical considerations were paramount, with strict adherence to obtaining informed consent from all participants, ensuring confidentiality, and securely managing the data collected. A systematic approach to data collection, sampling, data processing was used to align with the three broad areas of constructing the entrepreneurship index.

2.1.5. Dimensions used to construct the National Entrepreneurship Index

A varied set of indicators covering a wide set of entrepreneurship aspects was used to develop an index that provides an holistic view of the entrepreneurial ecosystem in Uganda.

2.1.5.1. Calculation of sub-indices and overall index

Prior to the development of the National Entrepreneurship Index and the survey design, the study team conducted a series of inception phase activities to establish a solid foundation for the research. These activities included a comprehensive literature review and extensive consultations with partners and stakeholders.

Literature Review: The study team undertook a thorough review of existing literature on entrepreneurship, with a specific focus on the Ugandan context. This review encompassed academic publications, policy documents, and reports from national and international organizations. The aim was to identify key dimensions of entrepreneurship that have been previously studied and recognized as important factors influencing the growth and success of MSMEs. The literature review provided valuable insights into the current state of knowledge, research gaps, and best practices in assessing entrepreneurial ecosystems.

Consultations with Partners and Stakeholders: To ensure the relevance and applicability of the research, the study team engaged in extensive consultations with partners and stakeholders in the entrepreneurship and MSME development space. These consultations involved meetings, workshops, and discussions with representatives from government agencies, industry associations, academia, civil society organizations, and development partners. The consultations sought to gather diverse perspectives on the key dimensions of entrepreneurship, the challenges faced by MSMEs, and the potential areas for policy intervention. The insights gained from these consultations were instrumental in shaping the conceptual framework of the study and refining the research design.

Based on a literature review and extensive consultations with partners and stakeholders the concept of entrepreneurship was itemized into a series of dimensions. The eight dimensions/components used for the construction of the index were:

1. Human capital
2. Formality/registration
3. Linkages
4. Technology
5. Internal processes and systems
6. Attitudes



7. Willingness to grow
8. Financial sustainability

Each dimension was explored through a series of survey questions based on the literature and customization of the specific needs of the project. Answers to the questions were used to compute one sub-index for each dimension and the National Entrepreneurship Index was defined as the average of the eight sub-indices. The motivation for taking a simple average was that any decision to attribute differential importance to the dimensions would have been arbitrary and not based on empirical evidence.

To develop the sub-indices, the distribution of responses to each related question was analyzed in order to determine which variables should be included. Each included variable was then re-scaled to take values between 0 and 1, where 0 was the lowest or least desirable outcome and 1 was the best-case scenario. Table 1 gives the categories included for each dimension.

Table 1: Contributing factors to the National Entrepreneurship Index

Contributing factors	Dimensions
Formality	Business is registered
Adequacy of human capital	All key positions are filled
Linkages	Sales through social media Customers growth Is a supplier to others Imports
Technology	Access to mobile phone or computer Access to necessary tech
Processes and systems	Business has processes/manuals. Believe in importance of processes/manuals Contracts with employees Financial records Believe in importance of financial records
Attitudes	Entrepreneurship in family Faith in own capacity Believe having skills
Willingness to grow	Capacity to grow. Interest to grow. Expectations on business environment
Financial sustainability	Profitability Budgeting practices

2.2. Methodological challenges, limitations and lessons for future studies

2.2.1. Methodological challenges

Weather-related disruptions: Unpredictable weather conditions, including heavy rains and excessive heat, posed logistical challenges for the enumeration teams and disrupted planned data collection activities. The team had to implement flexible scheduling and develop contingency plans to adjust data collection times based on daily weather forecasts. These disruptions led to some delays in the data collection process.

Business accessibility issues: During the data collection, the project team encountered instances where some target enterprises were found to be unexpectedly closed or inaccessible at the scheduled interview times. This posed a risk to data collection timelines and quality. The project team employed local guides who had established relationships within the communities to facilitate contact with business owners, arrange suitable interview times, and in some cases, guide enumerators to new locations where businesses had relocated.

Enterprise relocation and non-participation: Some enterprises had relocated from their originally listed locations, while others were unwilling to participate in the study. This necessitated a search for suitable replacement enterprises. The team used a systematic approach, utilizing a pre-validated reserve list of enterprises from the listing phase to identify replacements that matched the original sample in terms of sector, scale, and location.



A photo showing a poor road in Moroto district, which was almost impassable during data collection



2.2.2. Methodological limitations

Potential selection bias: Despite efforts to mitigate accessibility issues and non-participation, the final sample may be affected by selection bias. Businesses that maintain regular hours and were more easily accessible and may be overrepresented compared to those with irregular operations or that were harder to reach. The lack of data on the characteristics of non-participating enterprises limits the ability to fully assess representativeness.

Reliance on self-reported data: The study primarily relied on self-reported data from MSME owners, which can be subject to various response biases. Entrepreneurs' self-assessments of their business practices, performance, and growth prospects may not always align with objective reality. The validity of key measures could be enhanced in future studies by triangulating survey responses with observational data or administrative records where feasible.

Limited generalizability: While the study aimed to represent MSMEs across different regions and sectors in Uganda, the generalizability of the findings to other contexts may be limited. The specific challenges faced by MSMEs, and the effectiveness of mitigation strategies could vary depending on the local economic, institutional, and cultural environment. Caution should be applied in extrapolating the results to MSMEs in other countries without considering contextual differences. In addition, while using the index results for decision-making, contextual differences need to be considered. The index provides a quantitative snapshot of the ecosystem based on predefined parameters. To gain a more comprehensive understanding users should consider using the index with findings from qualitative and quantitative methods and programming experiences in different sectors. This can help uncover additional insights.

These challenges and limitations highlight the complexities of conducting research on MSMEs, a population that is often difficult to reach and study comprehensively, which include a high degree of informality (World Bank, 2020); limited record-keeping practices (International Finance Corporation, 2018); reluctance to share sensitive information (International Finance Corporation, 2018); and data fragmentation (Economic Policy Research Centre, 2019). While the study employed various mitigation strategies, it is important to interpret the findings with an understanding of these constraints and to use them as a foundation for further research that can build on and refine the methodological approaches based on the lessons learned.

In this regard it is important to acknowledge the limitations of generalizing the findings of this study across different populations or communities of entrepreneurs in Uganda. The study sample did not specifically include refugees and displaced populations, which constitute a significant proportion of the country's population. The exclusion of these groups is a noteworthy limitation, as refugees and displaced individuals often face unique challenges and barriers in engaging in entrepreneurial activities, such as limited access to resources, networks, and markets (UNHCR, 2019). Their experiences and perspectives may differ from those of the general population of entrepreneurs, and the findings of this study may not fully capture the specific dynamics and needs of these communities.

2.2.3. Lessons from the data collection

Triangulating self-reported data: As the study relied heavily on self-reported data from MSME owners, there is potential for response bias. Future studies could strengthen the validity of key measures by triangulating survey responses with observational data and administrative records. This can provide a more objective picture of business practices and performance.

Enhancing generalizability through replication: While the study aimed to represent MSMEs across regions and sectors in Uganda, the generalizability to other contexts may be limited. Replicating the index methodology in other countries or regions, while accounting for contextual differences, can enhance the broader applicability of the findings. Cross-country comparisons can also yield insights into common challenges and success factors.

Supplementing snapshot data with longitudinal tracking: As a one-time assessment, the index provides a valuable snapshot of the entrepreneurial ecosystem. However, supplementing this with a longitudinal panel of MSMEs that are regularly re-interviewed can provide a more dynamic understanding of business trajectories, growth patterns, and resilience over time. This can also help establish causal links between interventions and outcomes.

Adapting to evolving contexts and priorities: The relevance and usefulness of the index depend on its ability to capture the most salient aspects of the entrepreneurial ecosystem. As the business environment evolves and new challenges or opportunities emerge, the index methodology and indicators may need to be adaptable. Regularly revisiting the framework in consultation with stakeholders can ensure it remains fit-for-purpose.

Balancing breadth and depth of insights: The study's comprehensive approach across eight dimensions provides a broad understanding of the ecosystem. However, diving deeper into specific dimensions through more extensive sub-indicator batteries or dedicated modules can yield richer insights. Future studies could rotate focus on different dimensions in each round, while maintaining the overall index structure.

Need for further validation of index: the entrepreneurship index is a new tool and as such, it will need application in different contexts to be validated further. More applications and further qualitative work will ensure that all relevant dimensions are being taken into consideration and that all included dimensions have general validity and are not specific to the Ugandan context.

Prioritizing inclusivity in future entrepreneurship research: Future entrepreneurship studies in Uganda need to prioritize the inclusion of refugees and displaced populations to ensure a more comprehensive understanding of the entrepreneurial ecosystem and to inform the development of targeted support interventions for these vulnerable groups.



Collage of photos showing Sandra Nabisubi a fruits entrepreneur from Gayaza, Yusuf a tailor from Mbale and Rachel N a retail shop entrepreneur from Mbarara



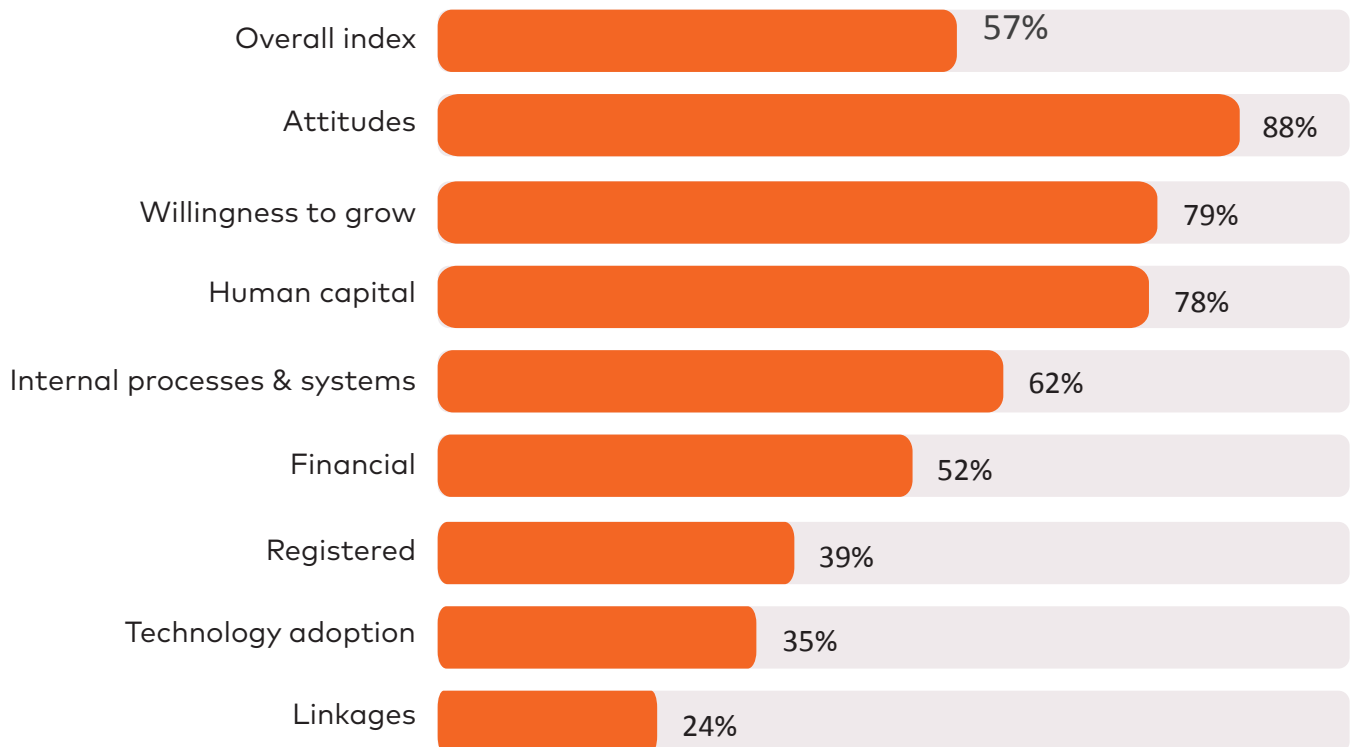
NATIONAL **ENTREPRENEURSHIP INDEX**

National Entrepreneurship Index

The National Entrepreneurship Index serves as the foundational framework for assessing the state of entrepreneurship in Uganda. This section of the report aims to provide readers with a comprehensive understanding of the key dimensions that contribute to a healthy entrepreneurial ecosystem. The index encompasses eight critical components: human capital, formality, linkages, technology, internal processes and systems, attitudes, willingness to grow, and financial sustainability. These components collectively shape the environment in which MSMEs operate and influence their growth potential. Alongside the index, various components/dimensions provide relevant information on MSME characteristics, such as sector distribution, age, gender, and size, allowing for meaningful interpretation in relation to the broader entrepreneurial landscape. This approach enables a deeper examination of how different MSME segments navigate and perform within the ecosystem, as captured by the NEI.

3.1. National index score

Figure 1: Overall Index, n=3062



The key contributors to the overall index were Attitudes and Willingness to grow and Human capital

The National Entrepreneurship Index for Uganda in 2024 was 57%. This index reflects a moderately healthy entrepreneurial ecosystem, being just over 50% but with considerable room for improvement over time. As shown in Figure 1, the key contributors to entrepreneurial health in the country lie in entrepreneurs' positive attitudes towards their enterprises and perceptions of the human capital available. The more operational aspects, such as business processes and systems, access to finance, business linkages and access to and use of technology weaken the overall index.

Attitudes (88%): The high score for attitudes suggests that Ugandan entrepreneurs have a positive mindset and perception towards entrepreneurship. They likely view entrepreneurship as a viable career option and are willing to take risks to start and grow their businesses. This suggests that there is a positive environment for entrepreneurship which potentially offers growth opportunities for the sector. Qualitative insights suggest that MSMEs are motivated to start businesses due to lack of employment, desire for independence and growth, passion, and to serve their communities.

I started this business because I didn't have a job. It was the only business I could do at that time and secondly, one could do it from anywhere.

Female, youth, micro business in, urban, Bukomansimbi district

I didn't want to ask the man for money for my personal use, for example if I wanted to buy myself a new dress

Female, youth, micro business, rural, Mpigi district

My husband was also tired of me asking for money all the time. He used to say, 'go and work so that you can know how hard it is to get money.' So I was also tired of begging, so I decided to work.

Female, youth, micro business, rural, Kyotera district

Growth is indicated by increased stock, growing customer base, profitability, and expansion. Survival depends on customer care, persistence, financial management and employee relations. Positive experiences of these factors contribute to the overall index.

Willingness to grow (79%): The high score indicates that Ugandan entrepreneurs have a strong desire to expand their businesses. They are motivated and ambitious, which is a positive sign for the growth potential of the entrepreneurial landscape. Business owners and other stakeholders see Uganda as entrepreneurial society with increasing business activity across regions and expressed optimism about the about the future, aided by government initiatives, though some are burdened by taxes and lack of support. MSMEs determine growth through increased stock, growing customers, profitability, expansion and diversification.

Business grows when you have more customers and more capital. I can tell from my receipts that I now serve more people and that my stock has also increased

Male, adult, micro, rural, Bukomansimbi district

I have added more stock in the business, and I have been able to get capital

Male, adult, micro business, rural, Bukedi district

Human capital (78%): The high score for the human capital pillar suggests that Ugandan entrepreneurs consider that they have access to an appropriately skilled and educated workforce. This is a strong foundation for building successful and innovative businesses. - MSMEs typically believe hiring new employees is necessary when business activities increase significantly or the business experiences growth, they see potential gains from business skills training in areas like financial management, customer handling, and networking. Furthermore, they see better treatment, fair pay, and providing refresher trainings as helpful in employee retention.

As a young entrepreneur, I believe in taking risks, so I hire when I see potential growth

Male, Mbarara district

Being a woman, I feel the need to ensure everything is under control, so I hire when the workload increases

Female_youth_rural_micro business, Jinja District

Internal processes & systems (62%): This relatively moderate score implies that there is room for improvement in terms of the efficiency and effectiveness of internal processes and systems within Ugandan MSMEs. Business owners believe maintaining proper documentation helps track performance, ensure accountability, manage debts and plan for growth, though many lack consistent practices. Youth were aware of the importance but inconsistent in practice, while adults appreciate documentation for tracking performance and managing cash flow. As expressed by the female you,

I don't keep records, but it is important. It can help you know your capital, income, and expenditure

Female, youth, bar business, Rakai District.

Streamlining operations, implementing best practices, and adopting modern management techniques could help boost this score.

Financial (52%): This score demonstrates that access to finance and financial management practices among MSMEs in Uganda are at best moderate. Study participants viewed financial management as crucial for sustainability through improved savings, planning, record-keeping and access to loans. MSMEs prefer informal financing like savings groups. High collateral and interest rates limit access from formal financial institutions. Business constraints, growth needs, emergencies and seasonality drive MSMEs to seek external finance. Crucially, MSMEs contribute to society through environmental conservation, providing essential local goods/services, and creating employment opportunities in their communities. As one entrepreneur observed,

"The process of getting a loan from banks is hard. The banks ask for security which has a higher value than the money you are going to borrow, and on top of that, the interest that banks ask [for] are high,"

Male, adult, Real Estate business, Wakiso District.

The results from this survey support other similar surveys among Ugandan MSMEs and underscore the need for support and interventions to improve the financial literacy, access to credit, and overall financial stability of the entrepreneurial ecosystem. The GEM 2014 and GEM survey 2023 found challenges of financial access among small business in Uganda.

⁵GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing*. London: GEM; Sunday A., Turyahebwa A., and Ssekajugo D (2013) *Analysis of Strategic Financial Management Practices and Performance of Small and Medium Enterprises in Selected Districts of Western Uganda*, GIS Business Vol 17 1 2022 Fiala. N (2015) *Access to Finance and Enterprise growth: Evidence from an experiment in Uganda*. Employment Policy Department EMPLOYMENT Working Paper No. 190

Registration (39%): The relatively low score in registration implies that many Ugandan entrepreneurs operate in the informal sector. Insights from KIs reveal that many businesses found the registration process difficult due to complexity, high costs, inefficiency, delays and corruption. Women faced additional challenges such as lack of knowledge and understanding (language and skills issues), travel and time constraints, and bribery demands from local leaders. However, some had an easier registration experience, aided by support from officials or the introduction of online systems. Peers also find registration financially burdensome and a lengthy process. As noted by one youth below and echoed by others,



The amount of money that is needed for registering the business is a lot, and I don't have [it] right now

Male, Youth, computer and stationary business, Mubende District.



Encouraging and facilitating business registration could help entrepreneurs access formal support services, financial resources, and legal protections. The survey highlighted many of the practical obstacles to formal registration which will need to be addressed to support MSMEs to register their businesses and enjoy the benefits of registration.

Technology adoption (35%): This low score in access to and use of business-related technology suggests that Ugandan MSMEs are lagging in terms of embracing and leveraging technology in their businesses. Key informants and business owners viewed smartphones as essential communication and transaction tools that streamline business operations and provide access to market information, enhancing MSMEs' efficiency through online orders, payments and advertising, market explanation through rural areas face access barriers.



Technology can be useful in terms of communication like for example if I want to re-stock, I can just send my order online and then it gets delivered without me spending on transportation to go there

Female, youth, Drug Shop business, Masindi District.



Increasing access to and adoption of relevant technologies could significantly enhance productivity and competitiveness and improve the overall business environment.

Linkages (24%): The very low score for business linkages indicates that Ugandan entrepreneurs may have limited connections and networks within the business community. Strengthening partnerships, collaborations, and supply chain relationships could help foster a more supportive and interconnected entrepreneurial ecosystem. Business owners believe that maintaining quality attracts more customers and fosters loyalty. However, balancing quality with affordability is challenging. They also consider good customer care, reasonable prices, trustworthiness, and offering a variety of products and services to be essential elements that strengthen business linkages.

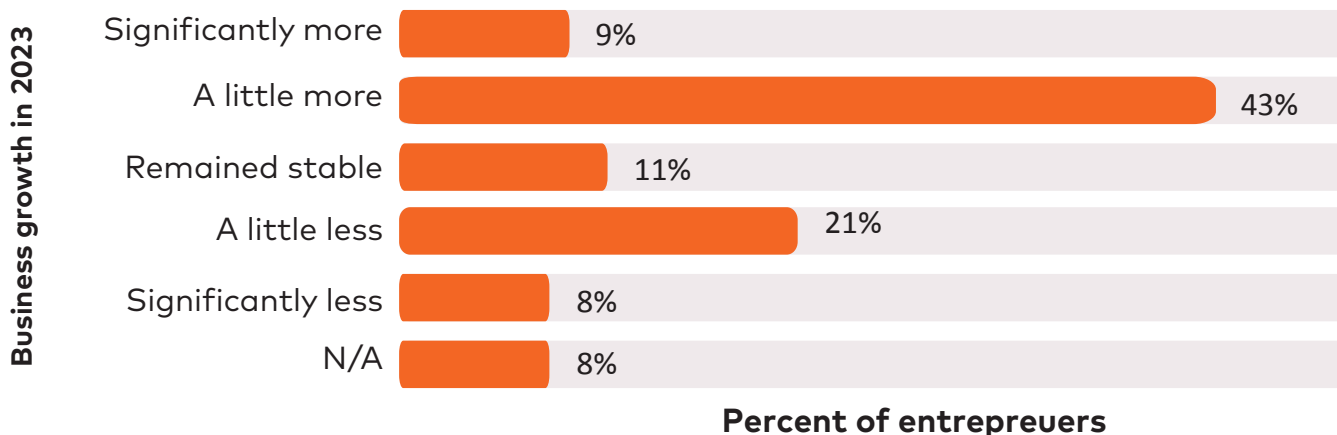
Customer care, someone maybe having a big stock of products more than you but when the way they handle customers is not good, they bark at them, which means they don't have the right language and of which you have these good qualities which means you will attract them to come to your business even when your stock is small

Male, Youth, Stationery Shop, Kayunga District.

The key contributors to the overall index are Attitudes, Willingness to grow and Human capital, and to some extent internal processes. What drives down the index is finance, business informality, low adoption of appropriate technology and business linkages. As much as entrepreneurs in Uganda have the right mindset, they lack the technical and professional skills essential to a successful and thriving MSME sector. They have difficulty in accessing and managing finance and limited capacity with regards to the use of technology. Business linkages are weak and there was stunted business growth with – less than 10% mentioning significant growth in their business as compared to the previous year (Figure 2).



Figure 2: Business growth in relation to previous year.

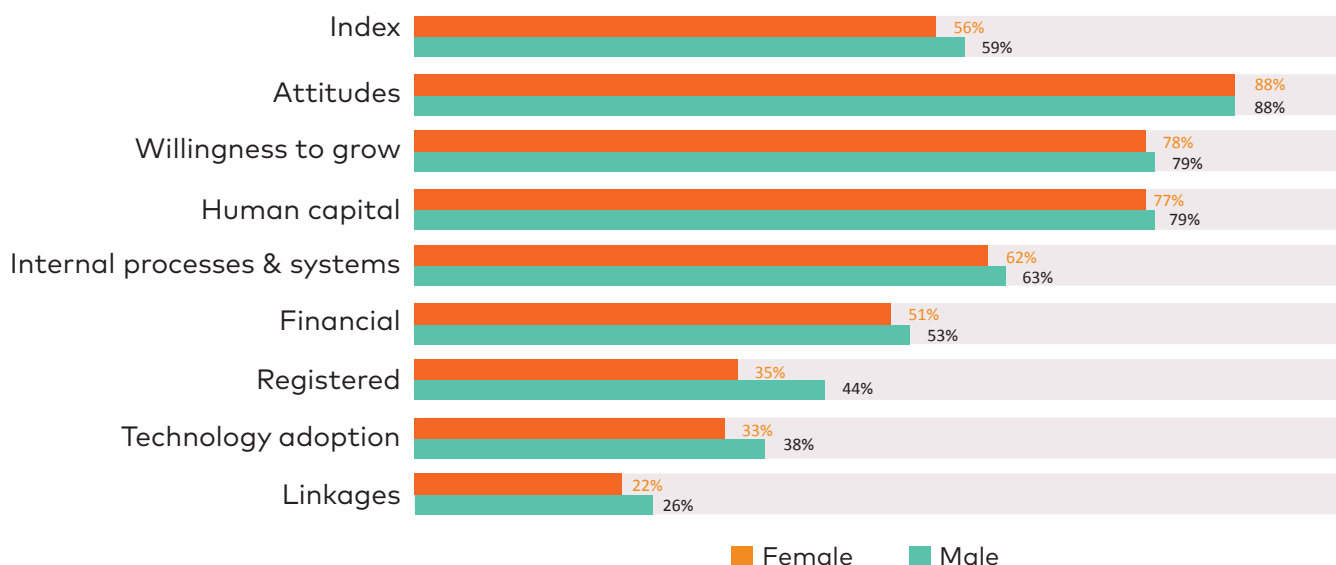


Was your revenue from the business more or less than the previous year? n=2322

3.1.1 National Entrepreneurship Index among women run MSMEs.

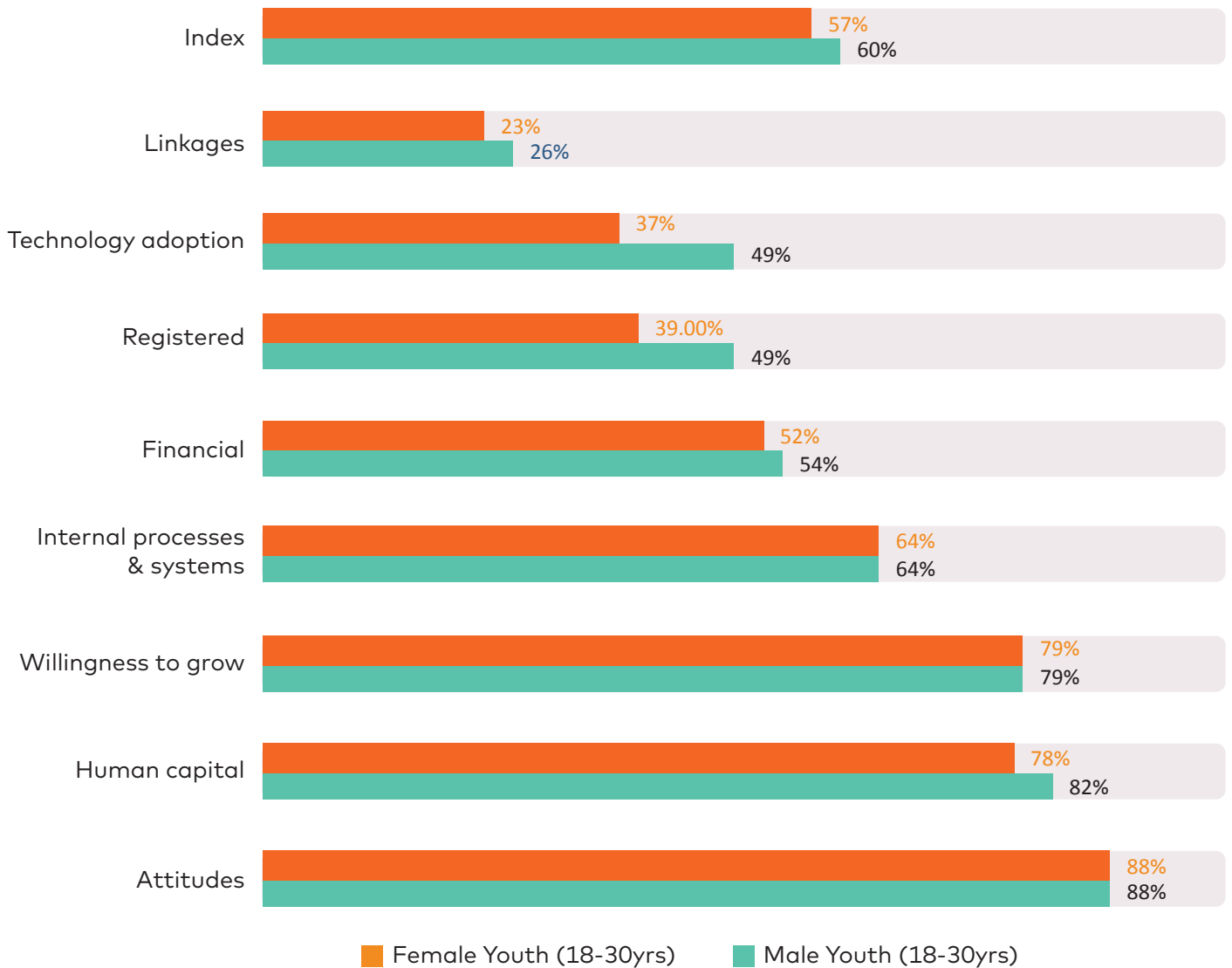
The overall Entrepreneurship Index among women run MSMEs was largely the same as for men run MSMEs (56% versus 59%). Across all the key contributors to the NEI there were very few differences between females and males, the exceptions being in formal registration (35% versus 44%), the adoption of technology (33% versus 38%) and business linkages (22% versus 26%), where the differences were significant, in favour of males (Figure 3).

Figure 3: Contributors to the National Index by gender.



3.1.2 National Entrepreneurship Index by young people run MSMEs

Figure 4: Entrepreneurship index by female and male youth aged 18-30 years

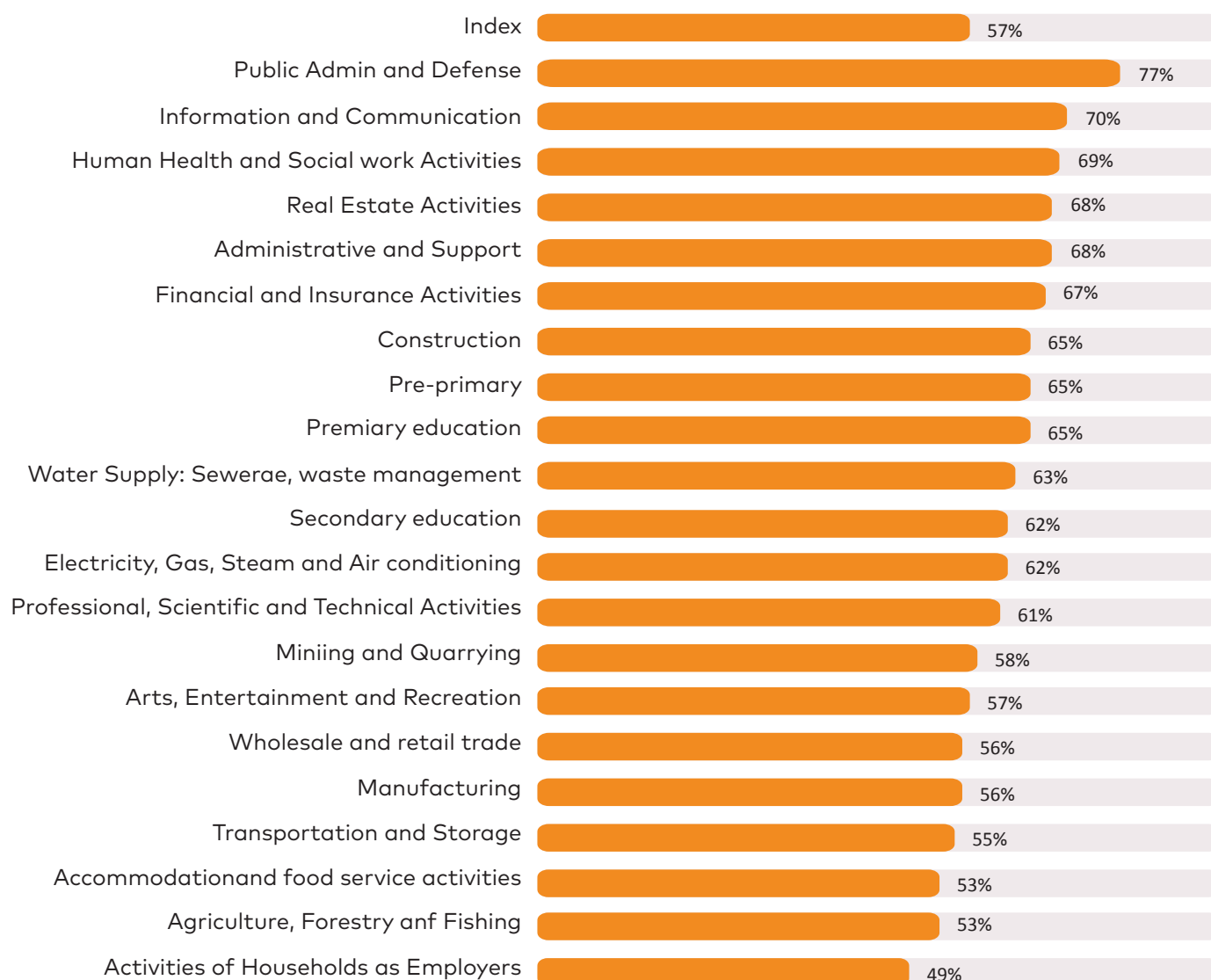


The entrepreneurship index scores for youth aged 18-30 reveal that while both genders have high levels of positive attitudes towards entrepreneurship (88%), there are notable differences in other dimensions. Male youth slightly outpace females on the overall index (60% vs 58%), with the largest gaps seen in registration rates (49% for males vs 39% for females), human capital (82% vs 78%), and technology adoption (40% vs 37%), while both genders were at same levels on attitudes, willingness to grow and internal process and systems. Scores on financial matters and processes and systems are comparable between genders. These findings suggest a need for targeted support in areas such as business registration, skill development, and technology use could help close the youth gender gaps and further unlock the entrepreneurial potential of young women.

3.2. National Index by sector and social demographics & size

3.2.1. The index by sector

Figure 5: The entrepreneurship index by sector.



The Public Administration and Defense sector leads with an NEI score of 77%, followed by Information and Communication at 70%, and Human Health and Social Work Activities at 69%. Although these are small sectors, they demonstrate a strong entrepreneurial ecosystem, likely benefiting from favourable policies, infrastructure, and market demand. However, interpretation of these data by sector should be treated with caution as the actual number of businesses in these sectors was very small. As shown in Figure 5, below, of the 20 sectors covered in the survey only 8 had more than 150 operational MSMEs.

Other sectors with an above average NEI included Real Estate Activities, Administrative and Support Service Activities, Financial and Insurance Activities, and Construction, all scoring between 65% and 68%. Again, although small, these sectors may offer attractive opportunities for MSMEs, with relatively well-developed support systems and growth potential.

On the lower end of the spectrum, the Activities of Households as Employers sector scored the lowest at 49%, indicating challenges in formalizing and scaling up businesses in this domain. Agriculture, Forestry and Fishing, and Accommodation and Food Service Activities also score relatively low at 53% each, suggesting room for improvement in terms of MSME support and development.

The overall index score of 57% indicates a moderate level of entrepreneurial health across sectors in Uganda. To foster a more vibrant and inclusive entrepreneurial landscape, policymakers and support organizations may focus on addressing sector-specific challenges, providing targeted resources and incentives, and promoting cross-sectoral collaboration and information exchange.

Figure 6: Percentage of entrepreneurs by sector, n=3063

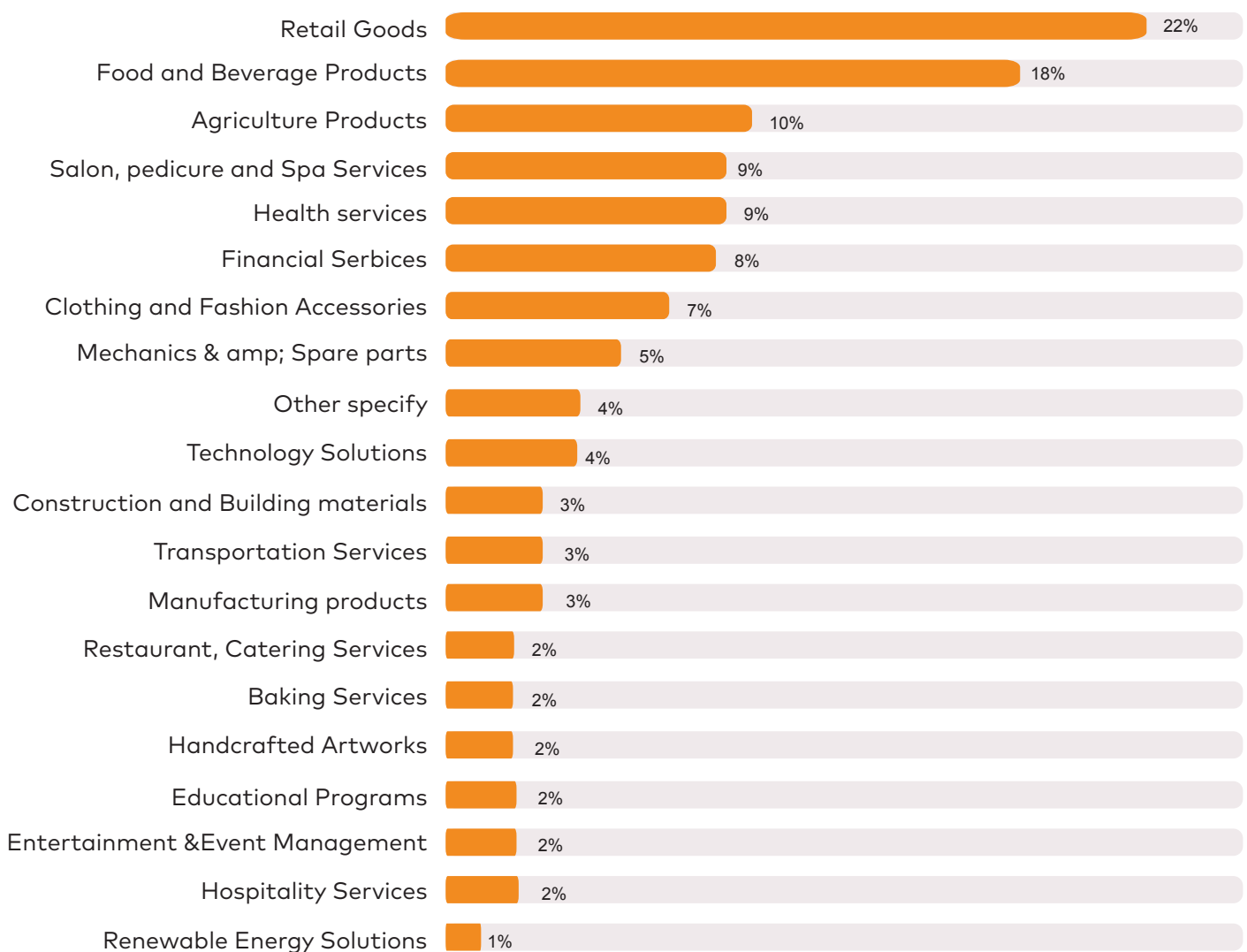



Table 2: Distribution of Top 10 Business Sectors by Size (Micro, Small, Medium, Large).

Sectors	Category of Sector				
	Count	Micro	Small	Medium	Large
Wholesale and retail trade; repair of motor vehicles and motorcycles	929	2%	4%	1%	0%
Accommodation and food service activities	496	2%	1%	0%	0%
Agriculture, Forestry and Fishing	384	13%	18%	7%	8%
Human Health and Social Work Activities	177	6%	1%	7%	42%
Financial and Insurance Activities	174	6%	5%	1%	0%
Professional, Scientific and Technical Activities	172	6%	9%	1%	0%
Manufacturing	191	3%	1%	1%	17%
Arts, Entertainment and Recreation	121	0%	8%	51%	8%
Transportation and Storage	89	1%	1%	1%	0%
Electricity, Gas, Steam and Air Conditioning	81	4%	7%	0%	0%

The data provides a snapshot of the top 10 business sectors in Uganda, broken down by size (micro, small, medium, and large). The Wholesale and retail trade sector emerges as the most prominent, with a significant presence in the micro and small categories. Agriculture, Forestry, and Fishing also have a substantial representation across all size categories. Notable variations exist in the distribution of MSMEs across sectors, with Human Health and Social Work Activities having a strong presence in the medium and large categories, while Arts, Entertainment and Recreation, and Construction have a significant representation in the medium category. The data underscores the diversity of the MSME landscape in Uganda and can inform targeted interventions based on sector-specific characteristics and needs.


Sandra Nabisubi a fruits entrepreneur from Gayaza

Table 3: Sectors of business engagement for entrepreneurs aged 18-30 by gender.

Sectors of business engagement	Total (n=1145)	Male (n=538)	Female (n=607)	Observations
Real Estate Services	0.1%	0.2%	0.0%	No significant differences between males and females
Renewable Energy Solutions	1%	1%	0%	No significant differences between males and females
Baking services	1%	1%	1%	No significant differences between males and females
Educational Programs	2%	2%	2 %	No significant differences between males and females
Entertainment and Event Management	2%	3%	1%	No significant differences between males and females
Hospitality Services	2%	2%	2%	No significant differences between males and females
Restaurant/ Catering Services	2%	2%	2%	No significant differences between males and females
Handcrafted Artworks	2%	2%	2%	No significant differences between males and females
Manufacturing Products	3%	5%	2%	Males did significantly better than females
Transportation Services	3%	5%	1%	Males did significantly better than female
Construction and Building Materials	3%	4%	2%	Males did significantly better than female
Technology Solutions	4%	6%	1%	Males did significantly better than female
Other specify (legal and consultancy export goods, real estate)	4%	5%	3%	No significant differences between males and females
Mechanics amp; spare parts sale	5%	10%	1%	Males did significantly better than female
Clothing and Fashion Accessories	7%	4%	9%	Females did significantly better than males
Financial Services	8%	8%	9%	No significant differences between males and females
Healthcare Services	9%	8%	9%	No significant differences between males and females
Salon; Haircuts and Styling; Manicure and Pedicure; Spa Services	9%	8%	9%	No significant differences between males and females
Agriculture Products	10%	10%	11%	No significant differences between males and females
Food and Beverage Products	19%	12%	23%	Females did significantly better than males
Retail Goods	22%	17%	26%	Females did significantly better than males



The top three sectors for both young male and young female run MSMEs aged 18-30 were Retail Goods (22% overall), Food and Beverage Products (18%), and Agriculture Products (10%). However, there are significant gender differences in these categories. Females were significantly more likely than males to offer Retail Goods (26% vs 1%), Food and Beverage Products (23% vs 12%), and Clothing and Fashion Accessories (9% vs 4%).

Males were significantly more likely than females to offer Manufacturing Products (5.0% vs 2%), Mechanics & Spare Parts Sale (10% vs 1%), Transportation Services (5% vs 1%), Technology Solutions (6% vs 1%), and Construction and Building Materials (4% vs 2%).

Sectors with similar proportions (but small numbers) of male and female entrepreneurs include agriculture products, hospitality services, handcrafted artworks, restaurant/catering services, salon services, financial services, educational programs, and healthcare services.

While there are some common top categories for both genders, there are also significant gender differences in the types of products and services offered. Women were more likely to offer retail, food and beverage, and clothing/fashion-related products, while men are more likely to offer manufacturing, mechanics, transportation, technology, and construction-related services. These differences likely reflect a combination of factors such as gender norms, access to resources and training, and market demands.

Table 4: Business sector by region

Sector	Total	Central	Northern	Eastern	Western	Kampala
Water Supply; Sewerage, waste management and remediation activities	1%	1%	1%	1%	1%	1%
Information and Communication	1%	1%	1%	1%	2%	2%
Administrative and Support Service Activities	1%	0%	1%	1%	0%	0%
Pre-primary	2%	1%	3%	3%	1%	2%
Primary education	2%	1%	3%	4%	1%	2%
Construction	2%	3%	2%	2%	1%	3%
Activities of Households as Employers; undifferentiated goods- and services-producing	2%	1%	1%	1%	3%	2%
Electricity, Gas, Steam and Air Conditioning	3%	2	1%	1%	4%	5%
Transportation and Storage	3%	2%	2%	3%	6%	2%
Arts, Entertainment and Recreation	4%	4%	4%	4%	4%	4.7%
Professional, Scientific and Technical Activities	6%	6%	7%	7%	7%	3%
Financial and Insurance Activities	6%	5%	8%	6%	4%	8%
Human Health and Social Work Activities	6%	6%	7%	5%	4%	8%
Agriculture, Forestry and Fishing	13%	16%	11%	12%	16%	7%
Manufacturing	7%	5%	10%	12%	4%	5%
Accommodation and food service activities	17%	18%	12%	17%	21%	15%
Wholesale and retail trade; repair of motor vehicles and motorcycles	32%	35%	28%	26%	26%	39%

The distribution of MSMEs varies significantly across business sectors and regions. Wholesale/retail trade is the most prevalent sector overall at 32%, especially dominant in Kampala (39%) and Central region (35%). Agriculture/forestry/fishing is unsurprisingly more common in rural regions like the West (16%) compared to Kampala (7%). Manufacturing MSMEs are mostly concentrated in the Eastern and Northern regions. With accommodation/food services as the second largest sector at 17%, their concentration is highest in the Western region. Financial services constitute a modest 6% of MSMEs nationally, with the highest proportions in Kampala and the North. Some sectors like mining/quarrying and real estate, which tend to require large financial inputs, have very low MSME participation across all regions (<1%).

Table 5: Business by age, gender and PWDs for selected businesses

		Agriculture, Forestry and Fishing	Wholesale and retail trade	Accommodation and food service activities	Financial and Insurance Activities	Human Health and Social Work Activities
Age	18-24	9%	12%	11%	17%	18%
	25-30	19%	27%	25%	37%	36%
	31-40	27%	27%	32%	27%	26%
	41-50	23%	16%	16%	9%	8%
	51-60	12%	8%	9%	3%	3%
	61 +	7%	4%	4%	2%	2%
Gender						
Gender	Male	52%	44%	34%	48%	50%
	Female	45%	51%	63%	49%	48%
Persons with Disabilities (PWD)						
PWDs	No	87%	86%	89%	85%	90%
	Yes	5%	4%	4%	3%	1%

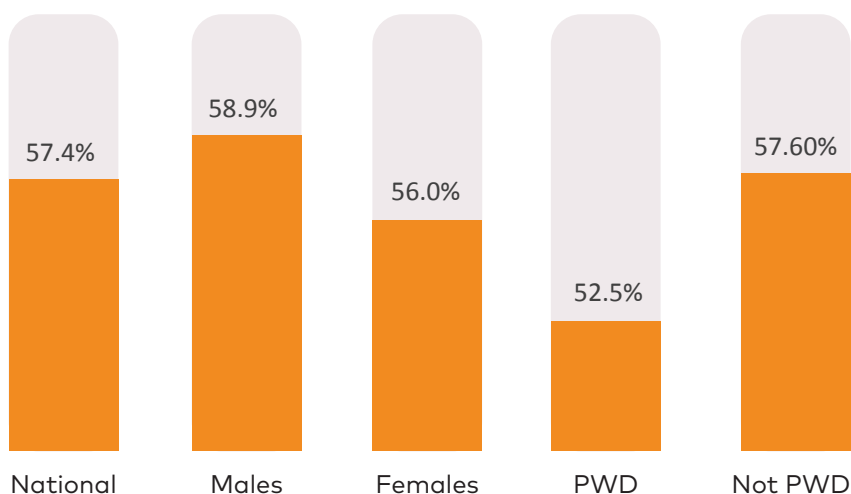
Most respondents across all five sectors (Agriculture, Forestry and Fishing; Wholesale and retail trade; Accommodation and food service activities; Financial and Insurance Activities; and Human Health and Social Work Activities) are between the ages of 25-40. Gender distribution is fairly balanced in most sectors, with the exception of Accommodation and food service activities, where females account for 63% of respondents. The percentage of PWDs is relatively low across all sectors, ranging from 1% to 5%. These findings suggest that entrepreneurship in Uganda is primarily driven by the younger to middle-aged population, with a slightly higher participation from females in certain sectors.



3.2.2. National Entrepreneurship Index by gender and among PWDs

The National Entrepreneurship Index of 57.4% presented alongside the index broken down by gender (male/female) and PWD status (physical PWD/no PWD) in Figure 6 gives a comparison of how the index varies across these key demographic segments of the population. It is very slightly higher for males (58.9%) compared with females (56.0%), but more notably different for MSMEs with physical disabilities who have a lower index (52.5%) than those without disabilities (57.6%).

Figure 7: Entrepreneurship index by gender and PWD.

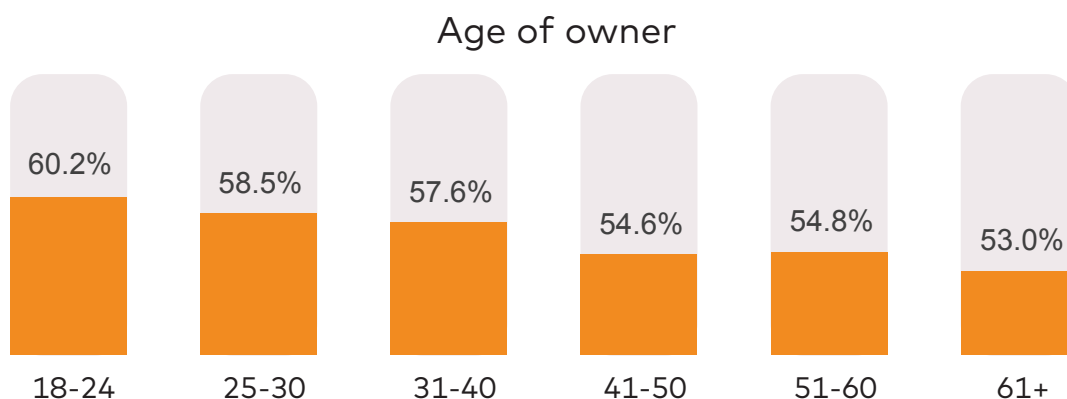


Females scored marginally lower at 56.0%, suggests that they may face additional challenges and barriers in pursuing entrepreneurial ventures. This gender gap, although modest, highlights the need for targeted interventions and support systems to empower female entrepreneurs and ensure equal opportunities.

A significant disparity is observed in the case of individuals with physical disabilities, who scored 52.5% on the NEI, a full 5 percentage points lower than the national average. This difference underscores the difficulties faced by entrepreneurs with disabilities in accessing resources, navigating business environments, and overcoming societal barriers.

3.2.3. National Index by age of business owners

Figure 8: Entrepreneurship Index by age of the business owner, n= 3063



The National Entrepreneurship Index across different age groups in Uganda reveals a clear trend where the younger entrepreneurs tend to score higher on the index compared to their older counterparts. The 18-24 age group leads with a score of 60.2%, followed by the 25-30 group at 58.5%, both above the national average of 57%. The scores gradually decline as the age groups increase, with the 31-40 group at 57.6%, the 41-50 group at 54.6%, the 51-60 group at 54.8%, and the 61+ group at 53.0%. This pattern suggests that younger entrepreneurs may be more optimistic, adaptable, tech-savvy, and willing to take risks, while older entrepreneurs may face challenges in keeping up with the rapidly evolving business landscape. To foster a thriving entrepreneurial ecosystem in Uganda, it is essential to provide targeted support and resources that cater to the specific needs of different age groups, ensuring that entrepreneurs of all ages can contribute to the country's economic growth and development.

Table 6: Contributors to the National Entrepreneurship Index by age

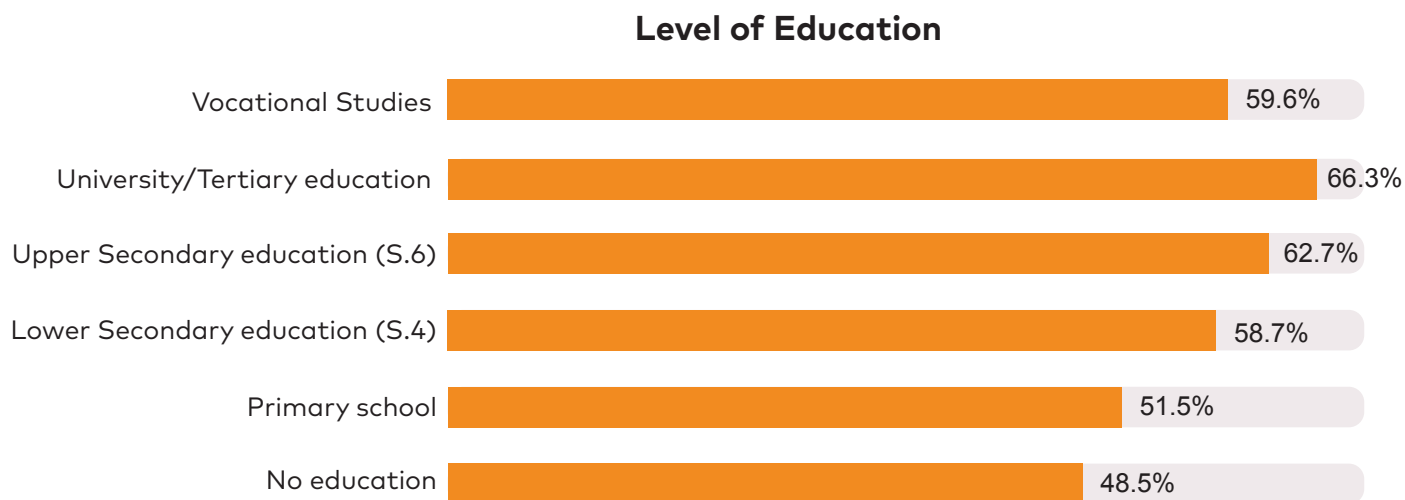
Index/Components	Age group					
	18-24 (n=400)	25-30 (n=823)	31-40 (n=895)	41-50 (n=475)	51-60 (n=213)	61 + (n=104)
Index	60%	58%	58%	55%	55%	53%
Attitudes	88%	88%	89%	88%	89%	89%
Willingness to Grow	80%	79%	79%	78%	79%	77%
Human Capital	82%	79%	78%	74%	77%	79%
Internal Processes and Systems	65%	64%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

The younger age groups, particularly the 18-24 and 25-30 brackets, are significant contributors to the overall index, with scores of 60% and 58% respectively. The index gradually declines with increasing age, indicating that the entrepreneurial health is strongest among the youth. There are consistently high scores across all age groups for Attitudes (88-89%) and Willingness to Grow (77-80%), suggesting a positive entrepreneurial mindset. However, there are notable differences in Internal Processes and Systems, and financial aspects, with younger age groups scoring higher. The most significant gaps are in Registration and Technology Adoption, where the scores drop sharply with increasing age, highlighting the need for targeted support and interventions to encourage formalization and digital uptake among older entrepreneurs.



3.2.4. National Entrepreneurship Index by education level of the business owners

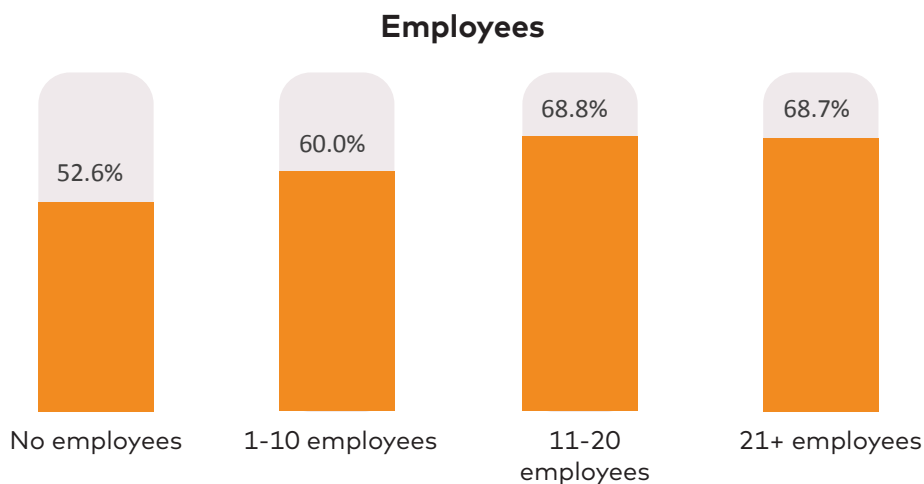
Figure 9: Entrepreneurship Index by the education level of the business owner, n= 3063



The National Index of Entrepreneurship scores across different levels of education in Uganda demonstrate a clear positive correlation between higher educational attainment and entrepreneurial success. Entrepreneurs with no formal education score the lowest at 48.5%, while those with primary education fare slightly better at 51.5%. The scores increase significantly for those with lower secondary education (S.4) at 58.7% and upper secondary education (S.6) at 62.7%. University or tertiary education holders lead the pack with an impressive score of 66.3%, emphasizing the importance of higher education in fostering entrepreneurial skills and knowledge. Vocational studies also prove to be valuable, with a score of 59.6%, indicating that practical, skill-based training can contribute to entrepreneurial success. These findings highlight the need for policymakers and educators to prioritize access to quality education at all levels and to promote entrepreneurship education and training programs.

3.2.5. National Entrepreneurship Index by number of employees

Figure 10: Entrepreneurship Index by number of employees in an enterprise, n= 3063



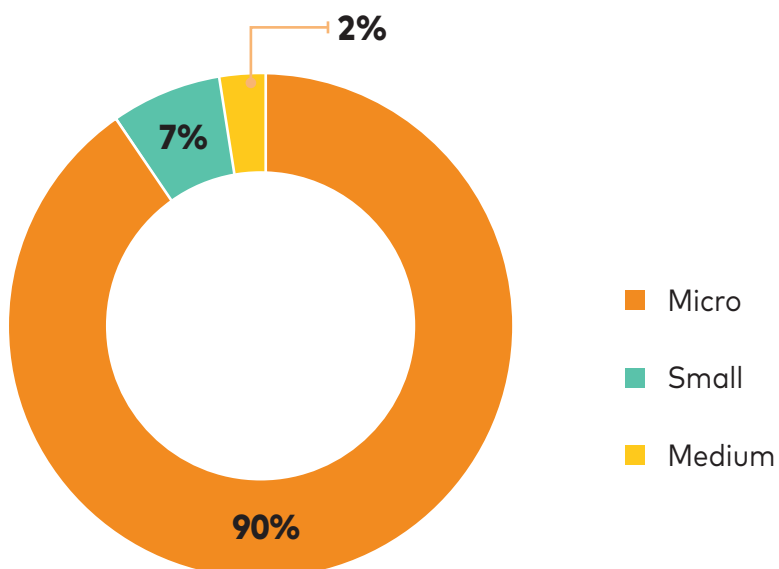
Enterprises with more employees tend to score higher on the index. Solo entrepreneurs with no employees have the lowest score at 52.6%, indicating that they may face challenges in terms of resources, capacity, and scalability. Businesses with 1-10 employees perform better, with a score of 60.0%, suggesting that even a small team can significantly improve entrepreneurial success. The scores peak for enterprises with 11-20 employees and 21+ employees, at 68.8% and 68.7% respectively, demonstrating that larger organizations have the resources, expertise, and systems in place to thrive in the entrepreneurial landscape. These findings underscore the importance of supporting businesses in their growth journey, as the addition of employees can lead to increased efficiency, innovation, and market competitiveness. Focusing on providing access to finance, training, and mentorship programs that enable entrepreneurs to scale their businesses and create employment opportunities may be helpful. By fostering an environment conducive to business growth and job creation, Uganda can harness the potential of its entrepreneurial sector to drive economic development and improve livelihoods.

Further analysis (Figure 11) shows the business size, categorized as micro, small, medium, and large enterprises. As shown in the figure, the vast majority of MSMEs in Uganda are micro enterprises, accounting for 90% of the total. Small enterprises constitute 7% of MSMEs, while medium enterprises represent 2% of the sector. Notably, there are no large enterprises captured in the current study. The dominance of micro enterprises in the MSME landscape highlights the importance of understanding their unique challenges and support requirements. These businesses, often operating with limited resources and capacity, are likely to face significant barriers to growth and formalization.

The relatively small proportion of small and medium enterprises underscores the need for targeted interventions to help micro enterprises scale up and transition to larger business categories. Policymakers and support organizations may need to focus on providing access to finance, technology, and capacity building to enable these businesses to grow and contribute more significantly to the Ugandan economy.

The absence of large enterprises in the study sample reflects the overall composition of the Ugandan business landscape, which is predominantly comprised of MSMEs. The study's findings emphasize the crucial role that MSMEs play in the economy and the need for policies and support mechanisms tailored to their specific needs and challenges.

Figure 11: Category of MSMEs by size of employees.



3.2.6. Overall Sector Distribution of the Businesses

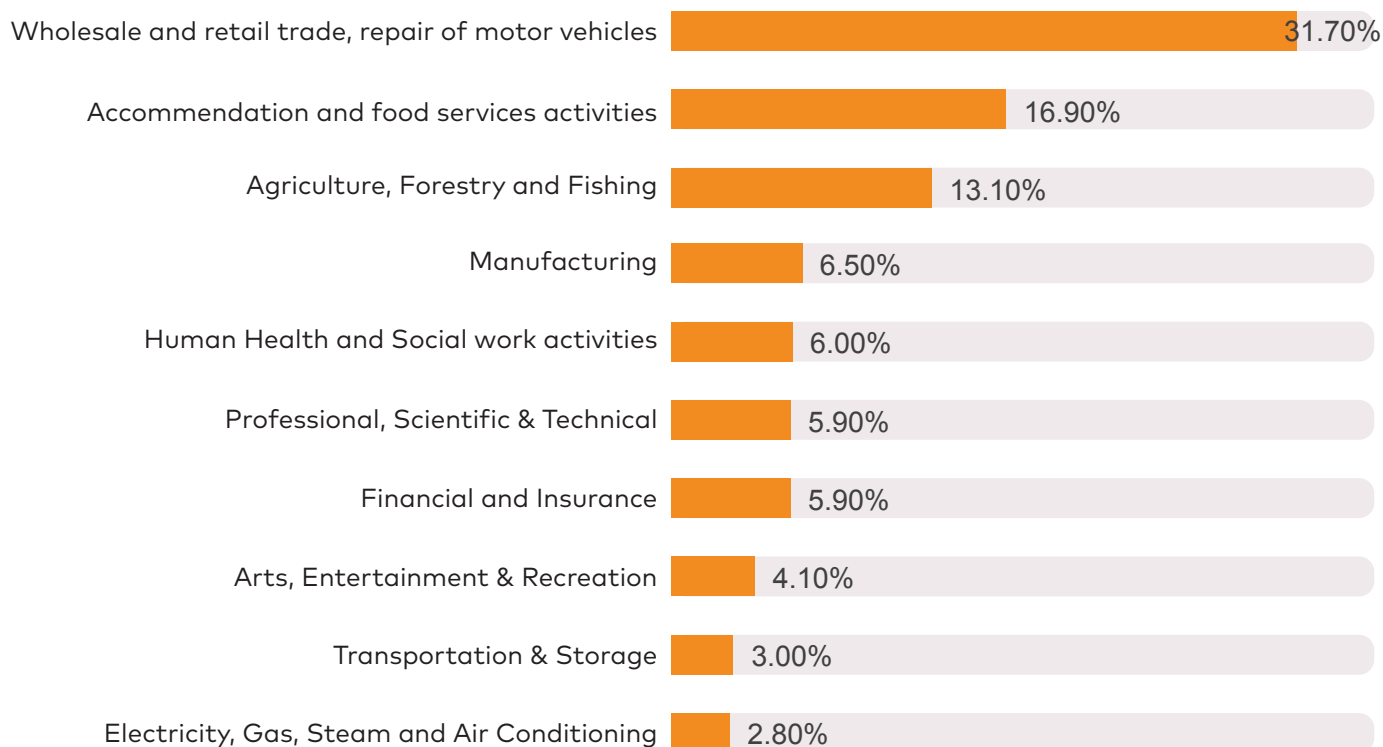
Across the sectors, the analysis looked at the top 10 businesses overall, those led by women and those led by the youth (Figures 12-14).

The Wholesale and retail trade sector, which includes the repair of motor vehicles and motorcycles, emerges as the most dominant sector, constituting 31.7% of all businesses in Uganda. This highlights the significant role of trade and consumer-facing businesses in the country's economic fabric.

Accommodation and food service activities (16.9%) and Agriculture, Forestry, and Fishing (13.1%) are the second and third largest sectors, respectively. The prominence of these sectors underscores the importance of tourism and the primary sector in Uganda's business landscape.

Other notable sectors include manufacturing (6.5%), Human Health and Social Work Activities (6.0%), and Professional, Scientific, and Technical Activities (5.9%) have a moderate presence in the overall sector distribution. These sectors contribute to the diversification of Uganda's economy and indicate the growing importance of value-added industries and specialized services.

Figure 12: Overall, 10 top sector distribution of the businesses.



Women-Led Businesses

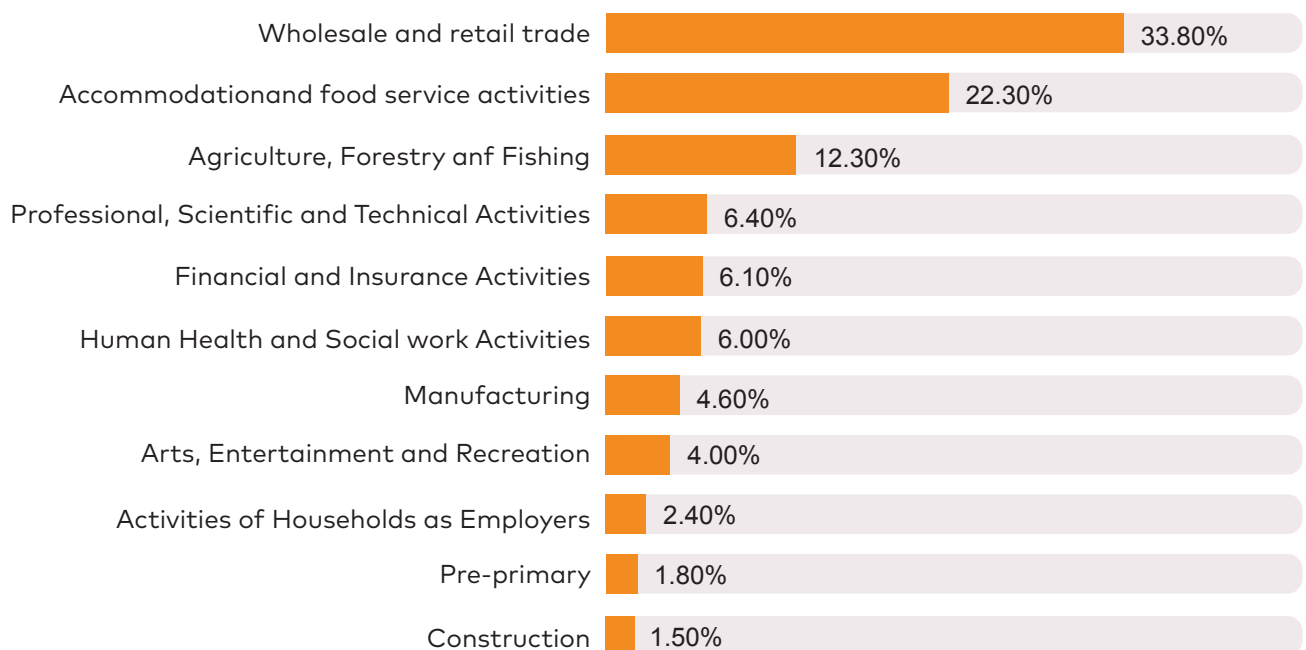
Of the businesses studied, 50.3% were owned by women. The sector distribution of women-led businesses largely mirrors the overall landscape, with Wholesale and retail trade (33.8%), Accommodation and food service activities (22.3%), and Agriculture, Forestry, and Fishing (12.3%) being the top three sectors. This suggests that women entrepreneurs are actively participating in the dominant sectors driving Uganda's economy.

Financial and Insurance Activities and Professional, Scientific, and Technical Activities have a similar share of women-led businesses at around 6%. This indicates a moderate level of female participation in these sectors, which are crucial for the growth and sophistication of the economy.

Under-represented sectors, among women lead businesses are Construction and Pre-primary education have the lowest representation among women-led businesses at 1.5% and 1.8%, respectively. This points to potential gender-based barriers or preferences in these sectors, which may require targeted interventions to promote female entrepreneurship.



Figure 13: The 10 Top most women led businesses



Youth-Led Businesses

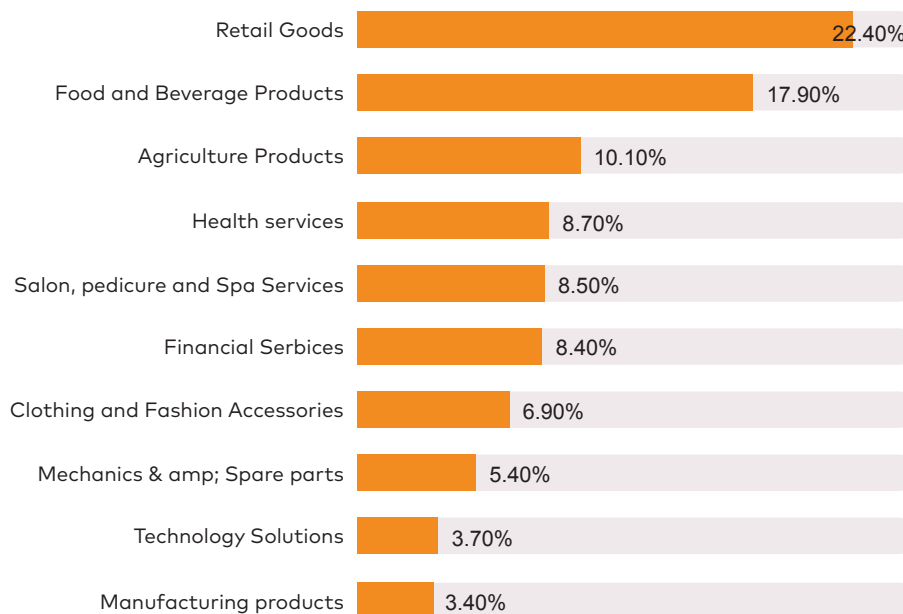
When one looks at the youth-led businesses, the top 10 sectors are Retail Goods (22.4%), Food and Beverage Products (17.9%), and Agriculture Products (10.1%) emerge as the top three sectors. This suggests that young entrepreneurs are more inclined towards consumer-facing and agricultural businesses, possibly due to lower entry barriers and the potential for quick returns.

Further, Technology and Manufacturing Products account for 5.4% and 3.4% of youth-led businesses, respectively. While these sectors have a relatively lower representation compared to others, they indicate a growing interest among young entrepreneurs in technology and value-added manufacturing.



Sharif a young carpenter from Mukono

Figure 14: The 10 topmost youth led businesses.



Overall, the sector analysis of businesses in Uganda reveals a strong focus on Wholesale and retail trade, Accommodation and food services, and Agriculture. Youth and women-led businesses generally follow this overall distribution, with some variations in the proportional representation. The data highlights the sectors that are driving entrepreneurial activity in the country and identifies potential areas for targeted support to promote youth and female entrepreneurship in sectors with lower participation rates.

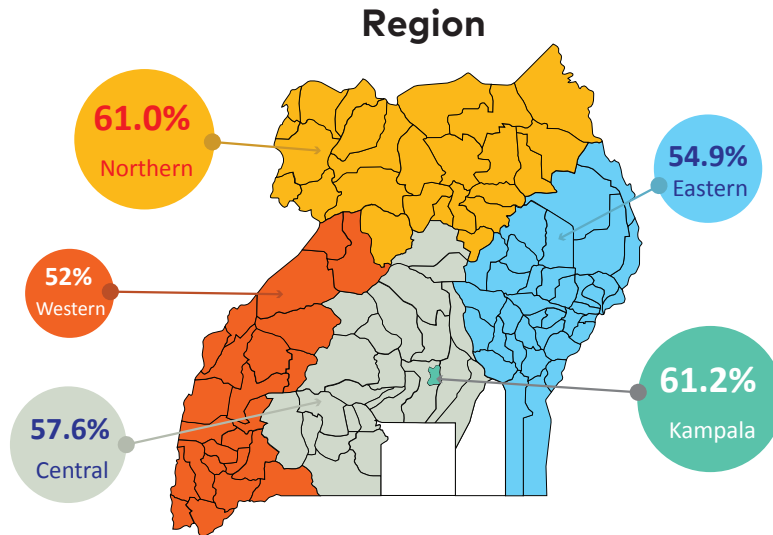
Location and ownership of the Business: Out of the 2,957 MSMEs whose location was recorded, 52.8% were in urban areas, while 47.2% were based in rural areas. This indicates that urban areas slightly dominate as the location for MSMEs in Uganda, although rural areas also host a significant portion of these enterprises.

In terms of MSME owners, 61.5% are aged 31 and above, while 38.5% are aged between 18 and 30. This indicates that the majority of MSMEs in Uganda are owned by individuals over 31 years old, although a significant portion is also owned by younger entrepreneurs. Further 50.3% of the MSMEs were female owned while 49.7% were male owned.

3.2.7. National Entrepreneurship Index by region

The National Index of Entrepreneurship scores across different regions in Uganda highlight the geographical disparities in entrepreneurial performance (Figure 15).

Figure 15:: Entrepreneurship Index by region, n= 3063

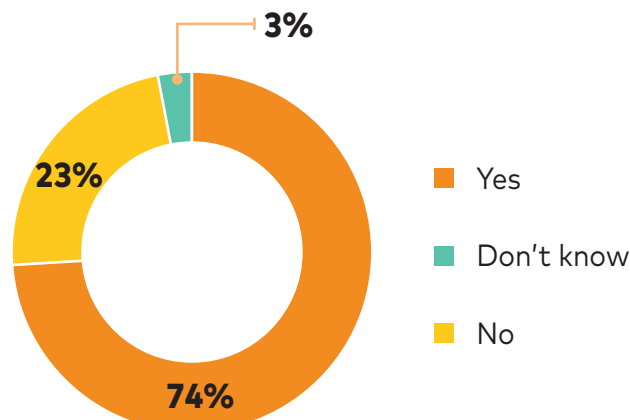


Kampala, the capital city, leads with a score of 61.2%, closely followed by the Northern region at 61.0%. These higher scores suggest that entrepreneurs in urban and more developed areas benefit from better access to resources, infrastructure, and markets. The Central region scores 57.6%, which is on par with the national average, indicating a relatively stable entrepreneurial environment. However, the Eastern and Western regions lag behind, with scores of 54.9% and 52.0% respectively. These lower scores point to the need for targeted interventions and support mechanisms to address the unique challenges faced by entrepreneurs in these regions, such as limited access to finance, information, and networks. Policymakers and development organizations may consider prioritizing regional development strategies that aim to bridge the gap between urban and rural areas, fostering inclusive growth and creating a more balanced entrepreneurial ecosystem across Uganda.

3.3.

Attitudes as a key Contributor to the National Entrepreneurship Index

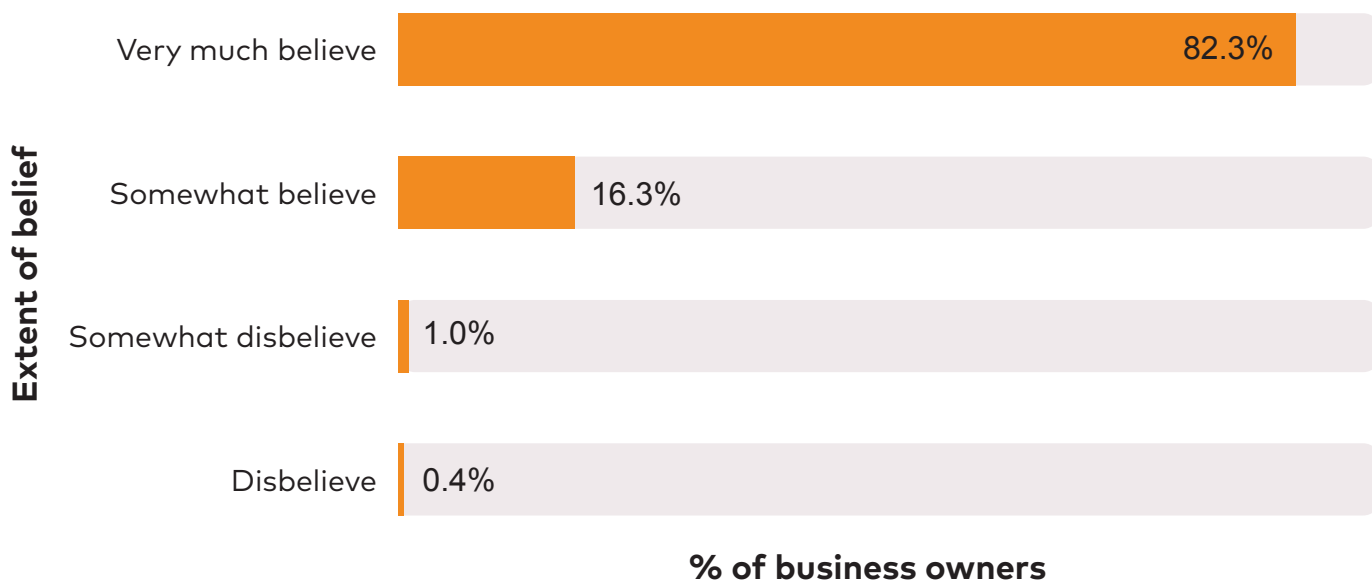
Figure 16: Whether investing in business is a common practice in one's family.





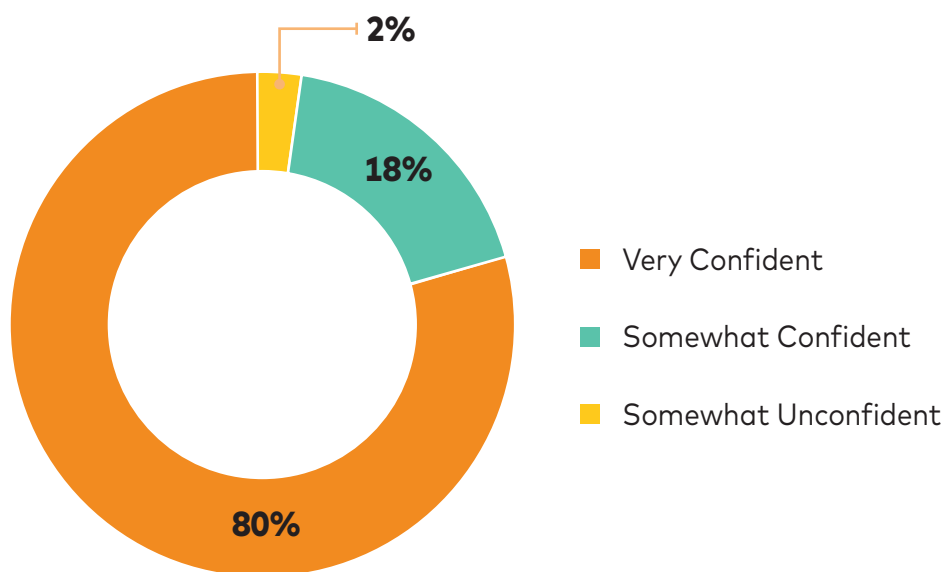
Entrepreneurship and investment are widely accepted and practiced within families in Uganda, contributing to the entrepreneurship index in the country, with 74% of the business owners saying yes (Figure 16).

Figure 17: Extent of belief in one's capacity as a confident person



When asked about the extent to which respondents believed they are a confident person, most business owners in the study expressed a strong overall perception of self-confidence in one capacity or another, with 82.3% saying they very much believe they are confident.

Figure 18: Belief in having appropriate skills for the business!



There is a strong overall confidence in management skills among business owners, with nearly 80% saying they are 'very confident' their businesses have appropriate skills to manage the business.

Table 7: Business attitudes across gender, age, PWD, n=3062

	Age group						Gender		PWD	
	18-24 (n=400)	25-30 (n=823)	31-40 (n=895)	41-50 (n=475)	51-60 (n=213)	61 + (n=104)	Male (n=582)	Female (n=639)	No n=2657	Yes (n=113)
Entrepreneurship in family: Is investing in business a common practice in your family?										
No	23%	24%	24%	25%	21%	20%	24%	22%	23%	20%
Yes	74%	73%	74%	73%	77%	78%	74%	74%	74%	78%
Don't Know	4%	4%	4%	2%	3%	2%	2%	4%	3%	2%
To what extent are you confident that you have the appropriate skills to manage your business										
Very Unconfident	0%	0%	1%	0%	1%	0%	1%	0%	0%	1%
Somewhat Unconfident	1%	2%	1%	3%	2%	2%	2%	2%	2%	1%
Somewhat Confident	21%	18%	16%	20%	21%	21%	17%	20%	19%	21%
Very Confident	78%	79%	82%	77%	76%	77%	81%	77%	79%	77%
To what extent do you believe that you are a confident person										
Disbelieve	0%	1%	1%	0%	0%	0%	0%	1%	1%	0%
Somewhat Disbelieve	1%	2%	1%	1%	1%	0%	1%	1%	1%	0%
Somewhat Believe	21%	16%	15%	17%	16%	19%	16%	16%	16%	19%
Very much believe	78%	82%	84%	82%	84%	81%	82%	82%	82%	81%

Confidence: The overwhelming majority (around 82%) very much believed in their own confidence. While fairly consistent across all age groups, genders and PWD statuses, self-'confidence trends upwards slightly with age. Gender and PWD status show no meaningful differences in levels of belief in one's confidence.

Business investment: On whether investing in business is a common family practice, around 3 out of 4 people (74-78%) said investing is a common practice in their family. This holds relatively consistent across age groups, genders and PWD status. The percentage saying yes to investing increases slightly with age, peaking at 78% for 61+. Those with a PWD are a bit more likely to say investing is common in their family compared to those without a PWD (78% vs 74%). A significant majority reported that investing in business is common in their families, especially among older age groups (51-60 and 61+).

Across all three questions, on attitudes, entrepreneurs express high levels of management skill confidence, commonality of family investing, and belief in their own confidence. Age appears to be the demographic factor with the greatest, though still modest, impact on these entrepreneurial attributes. Gender and PWD have minimal effect overall.

3.4.

Willingness to grow Contributor to the National Entrepreneurship Index

There is highly growth-oriented business community, with nearly all respondents expressing interest in expanding their enterprises 92.8% being "Very Interested" in growing their business. This is a strong entrepreneurial drive and growth mindset among the surveyed population.

Figure 19: Interest to grow the business.

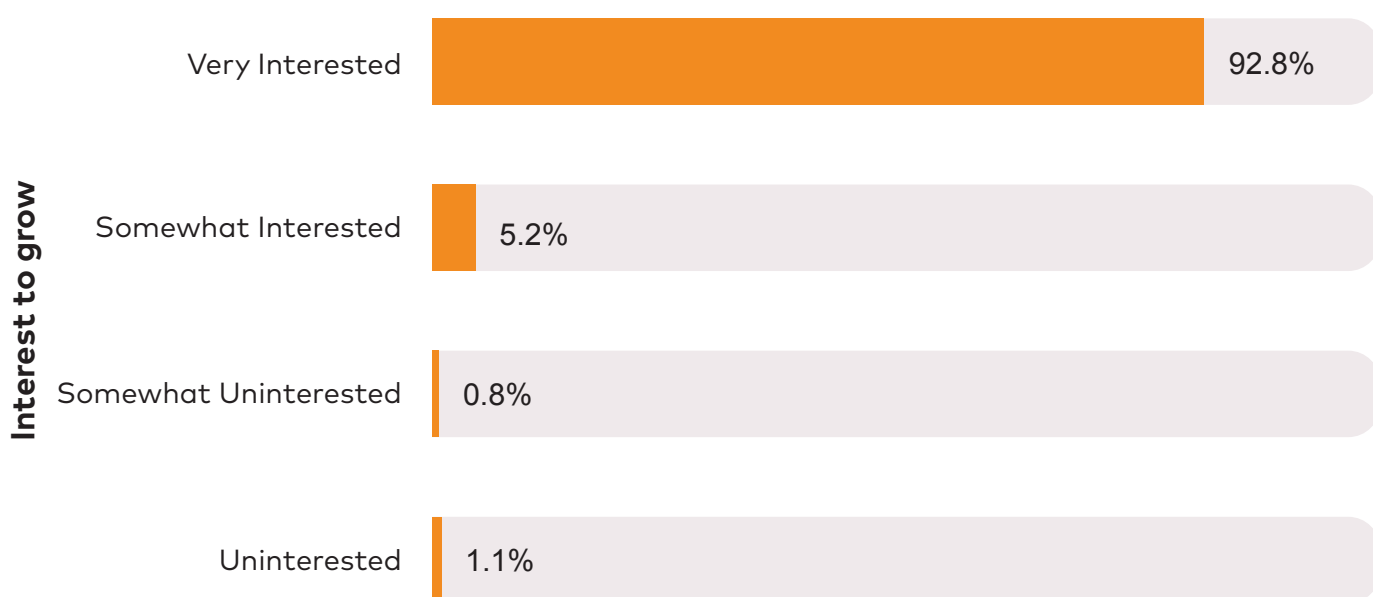
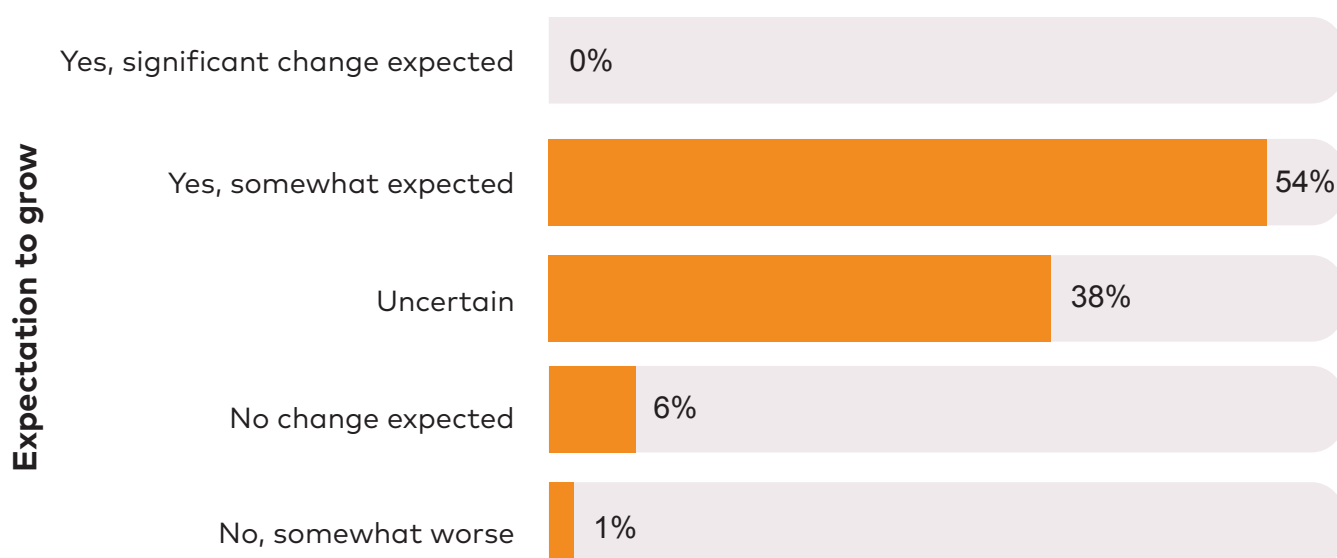


Figure 20: Whether entrepreneurs expect the business environment to get better



Over half (54.0%) of respondents 'somewhat expect' the business environment to improve where they operate, indicating a generally optimistic outlook among the majority of the business community. However, balanced with that is a significant proportion (37.8%) are 'uncertain' about how the business environment will change. There appears to be a high degree of unpredictability and potential volatility in the macro business climate. While there is optimism among MSMEs owners in Uganda, this optimism is somewhat cautious and modest in scope. The large proportion of "uncertain" (37%) responses suggests potential challenges in business planning and decision-making.

Table 8: Willingness to grow across gender, age, and PWD, n=3062

	Age group						Gender		PWD status	
	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female	No	Yes
Capacity: Do you have enough capacity to serve more customers than the ones you have?										
No	19%	19%	22%	25%	21%	28%	21%	22%	21.1%	18%
Yes	81%	81%	78%	75%	79%	72%	79%	78%	79%	82%
Interest: How interested are you in growing your business?										
Very Uninterested	1.5%	1.1%	1.5%	0.6%	0.5%	1.0%	1.2%	1.1%	1.2%	0.0%
Somewhat Interested	4.3%	5.0%	5.9%	5.9%	7.0%	2.9%	5.2%	5.5%	5.1%	6.2%
Very Interested	93.3%	92.5%	92.1%	93.1%	92.0%	95.2%	92.7%	92.6%	92.8%	92.9%
Business environment: In your view, do you expect the business environment to get better where you operate from										
No, somewhat worse	1.3%	2.1%	1.5%	1.9%	1.9%	2.9%	1.5%	2.0%	1.8%	2.7%
No change expected	5.8%	6.7%	6.4%	6.5%	7.5%	3.8%	5.3%	7.5%	6.4%	8.8%
	35.5%	42.5%	36.5%	36.4%	33.8%	37.5%	35.3%	39.9%	37.6%	27.4%
Yes, somewhat expected	57.5%	48.7%	55.6%	55.2%	56.8%	55.8%	57.9%	50.6%	54.2%	61.1%
Yes, significantly change expected	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Capacity: The percentage answering "Yes" is relatively consistent across age groups, ranging from 72.1% for 61+ to 81.5% for 25-30. Males and females have similar "Yes" percentages (79.0% and 78.5%). PWD: Those with a PWD had a slightly higher "Yes" percentage (82.3%) than those without (78.8%).

Interest: Interest levels are high and consistent across all age groups, with "Very Interested" above 90%. All genders show very high interest, with "Very Interested" at 92.7% for males, 92.6% for females. A similar trend is observed on PWD.

Business environment: The percentage expecting improvement (“Yes, somewhat expected”) varies from 48.7% for 25-30 to 57.5% for 18-24. The differences could be statistically significant, with younger groups being more optimistic. Males are more likely to expect improvement (57.9%) compared to females (50.6%), gender statistically influences optimism on business environment. Those with a PWD are more likely to expect improvement (61.1%) than those without (54.2%).

3.5.

Human Capital as a Contributor to the National Entrepreneurship Index

Human capital refers to the skills, knowledge, and experience of the workforce, which are critical assets for any enterprise. This section assesses the human capital within MSMEs, looking at factors such as employee education levels, training, and turnover. Understanding the strengths and gaps in human capital can inform strategies to enhance workforce capabilities and productivity. About half (52%) of the entrepreneurs operate as sole proprietors or self-employed individuals without hiring any additional staff

3.5.1. Size of business among men and women entrepreneurs

Firm size, as measured by the number of employees, is a common way to classify MSMEs and assess their scale of operation. The distribution of firms across micro, small, and medium size categories can provide insights into the structure of the MSME sector and the relative prevalence of different types of enterprises.

Table 9: Number of employees in MSMEs by gender by those aged 18-30 years.

Employees	Total	Male	Female
Total	1221	582	639
0	34.7%	26.3%	42.4%
1 - 2	43.8%	44.0%	43.5%
3 - 4	13.2%	16.7%	10.0%
5 -10	6.4%	10.1%	3.0%
10 or more	2.0%	2.9%	1.1%

More than a third (34.7%) of entrepreneurs aged 18-30 have no employees (sole proprietors), 43.8% have 1-2 employees, 13.2% have 3-4 employees, 6.4% have 5-10 employees, and only 2.0% have 10 or more employees. There are significant gender differences in the proportion of sole proprietors. Females are significantly more likely than males to have no employees (42.4% vs 26.3%), suggesting that women-led businesses are more likely to be one-person operations.

The proportion of businesses with 1-2 employees is similar for both genders (44.0% for males and 43.5% for females).

Males are significantly more likely than females to have larger businesses with 3 or more employees. For example, 16.7% of male-led businesses have 3-4 employees (compared to 10.0% for females), 10.1% have 5-10 employees (compared to 3.0% for females), and 2.9% have 10 or more employees (compared to 1.1% for females).

While 29.7% of male-led businesses have 3 or more employees, only 14.1% of female-led businesses had a similar number of employees.

Although the most common business size is 1-2 employees for both genders, there are significant gender differences at the smallest and largest ends of the spectrum. Women are more likely to be sole proprietors, while men are more likely to lead larger businesses with 3 or more employees. This suggests potential barriers for women in scaling up their businesses and highlights the need for targeted support and resources to help women-led businesses grow. Efforts to promote entrepreneurship should consider these gender patterns and aim to create more inclusive growth opportunities.

Entrepreneurs were asked the driving factors for them to hire more employees. Overall, they make the decision to hire new employees when they experience an increased workload, observe that the business is not performing optimally, recognize that current staff have reached their capacity, and see opportunities for business growth. The decision is driven by the need to maintain efficiency, productivity, and the ability to meet the demands of a growing business.

Workload: The primary factor influencing the decision to hire additional staff is the increase in workload. As the business grows and the current employee(s) can no longer handle the tasks alone, entrepreneurs recognize the need to bring in more help to manage the increased work effectively. As noted by some of the entrepreneurs

When work has increased because now, I have one employee who cannot handle it alone

Female Youth, Central Mityana District.

If I had another one, and see things are not moving on well, I would hire another

Female Youth, Mityana District.

Business performance: Entrepreneurs closely monitor how their business is progressing. If they observe that things are not running smoothly or efficiently, they consider hiring another employee to address the issues and improve overall performance.

It depends on how the business is moving on and the workload

Male Youth, Central (Mityana District)

During the peak seasons, we always hire extra hands to manage the increased customer flow

Male Youth Rural Micro, Agricultural business Wakiso District.

In the festive season, the demand goes high, so we need to bring in more people to help

Male Youth, Gulu District

Capacity of current staff: The decision to hire is also based on the capacity of the existing staff. When the current employee(s) reach their limit in terms of the amount of work they can handle, entrepreneurs see it as a sign to expand their workforce to maintain productivity and quality of work.

When the workload becomes too much for me alone, I then think of hiring

Male Adult Rural, Mbale District

Only when I can't manage the work do I consider bringing in someone else

Male Adult Rural, Food business, Soroti District

Business growth: As the business expands and takes on more clients or projects, entrepreneurs understand that additional staff will be necessary to support the increased demand and ensure the business can continue to grow and succeed.



When the business grows, automatically you find that you need more employees

Male Adult, Rural, Mukono, District



Youth like me are more likely to expand quickly and hire more to manage the growth

Adult Male Urban, Kasese District



3.5.2. Employee Retention in Youth-Owned Businesses (Ages 18-30)

Table 10: How long do employees typically remain in business owned by young people by aged 18-30 by gender.

Period employees stay in business	Total (n=1221)	Male (n=582)	Female (n=639)
Less than 6 months	5.0%	4.8%	5.2%
Less than 1 year	9.1%	10.1%	8.1%
Less than 2 years	10.0%	12.0%	8.1%
Less than 3 years	5.6%	7.6%	3.6%
3 years or more	6.6%	9.1%	4.4%
Never left	63.8%	56.4%	70.6%

The majority of young entrepreneurs (63.8%) reported that their employees have never left, suggesting high employee retention.

There are significant gender differences in employee retention. Female-led businesses are significantly more likely than male-led businesses to report that their employees have never left (70.6% vs 56.4%). This suggests that women-led businesses may have higher employee loyalty and satisfaction.

Male-led businesses are significantly more likely than female-led businesses to report employees staying for longer durations before leaving. 12.0% of male-led businesses have employees staying less than 2 years (compared to 8.1% for females), 7.6% less than 3 years (compared to 3.6% for females), and 9.1% for 3 years or more (compared to 4.4% for females).

The proportion of businesses with employees staying less than 6 months or less than 1 year is similar for both genders (around 5% and 9% respectively).

Although most entrepreneurs reported high employee retention, there are significant gender differences. Women-led businesses are more likely to have employees who never leave, suggesting higher loyalty, while men-led businesses are more likely to have employees staying for longer durations before leaving. This could reflect differences in factors such as working conditions, benefits, and management styles.

Entrepreneurs highlighted several reasons why employees stay or leave their jobs in the businesses. The main reasons include timely payment, respectful treatment, opportunities for skill development, favourable working conditions and benefits, and a caring and appreciative work environment.

Timely payment: Entrepreneurs emphasize that paying employees on time is a critical factor in retaining them. When employees receive their salaries promptly, they feel valued and secure in their job, reducing the likelihood of them seeking employment elsewhere. Timely payment demonstrates the employer's commitment to their staff and helps maintain a positive working relationship. As revealed by employers/entrepreneurs below

Paying the employee on time prevents them from leaving

Male Youth Rural, Electronics and phone charging business, Rural, Mukono District

They can stay when payment is in time, giving refresher trainings

Adult male, Rural Bukedea District

Respectful treatment and feeling valued: Treating employees with respect and making them feel like an integral part of the business is essential for employee retention. When employers show appreciation, value their employees' contributions, and create an inclusive work environment, employees are more likely to feel a sense of belonging and loyalty towards the company. This, in turn, reduces the chances of them leaving for other opportunities.

Also, treating them well and making them feel they are part of the business makes them stay

Male Youth Rural, energy business, Mukono district.

I think the reason my staff stay is maybe because I pay them on time, but I also treat them with respect

Male Adult Rural, school business, Wakiso District

Providing training and skill development: Offering refresher trainings and opportunities for employees to develop their skills is another key factor in retaining staff. When employees feel that their employer is invested in their professional growth and provides them with the necessary tools and training to enhance their abilities, they are more likely to stay with the company. This not only benefits the employees but also contributes to the overall success and productivity of the business.

They can stay when payment is in time, giving refresher trainings

Male Adult, School business, Kampala

To retain them, I think adding more incentives to them and refresher training. Those are the only ones we do here

Male, Adult, Retail business, Bukedea District

Offering favourable working conditions and benefits: Providing favourable working conditions, such as meals, healthcare, and transportation benefits, can significantly influence an employee's decision to stay with their current employer. These additional benefits demonstrate the employer's concern for their staff's well-being and can help alleviate some of the financial burdens employees may face. By offering a comprehensive package of benefits, entrepreneurs can create a more attractive and supportive work environment that encourages employee retention. As emphasized by one entrepreneur,

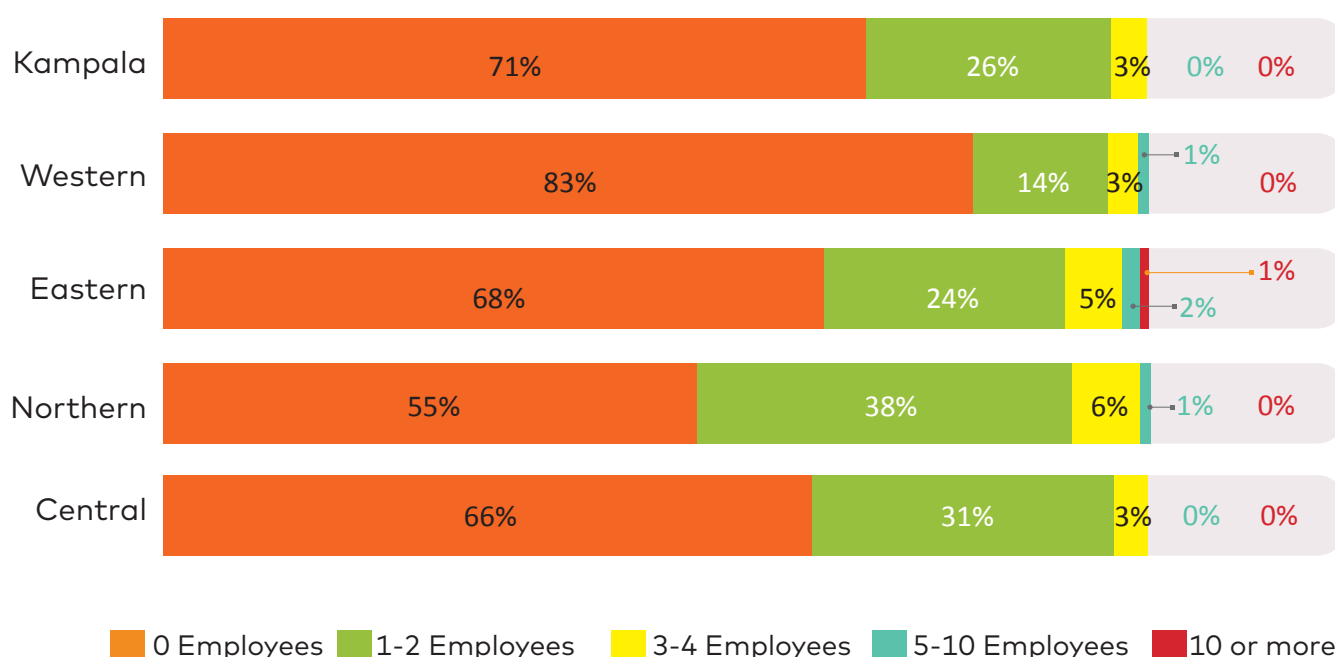
Putting favourable working conditions in form of meals, cater for their health, take care of their medical needs, and there can be transport refunds

Male, Youth, Mityana District

Providing accommodation and a caring environment: Some entrepreneurs go above and beyond by providing accommodation for their employees and fostering a caring, family-like atmosphere. When employers show genuine concern for their employees' personal lives and well-being, it creates a strong emotional connection and sense of loyalty. By treating employees like family and regularly expressing appreciation, entrepreneurs can build a positive and supportive work culture that encourages long-term commitment from their staff.

"By providing accommodation for them and taking care of them as my own children, and often appreciating them,"
Napak District

Figure 21: Number of employees who are family members or relatives.



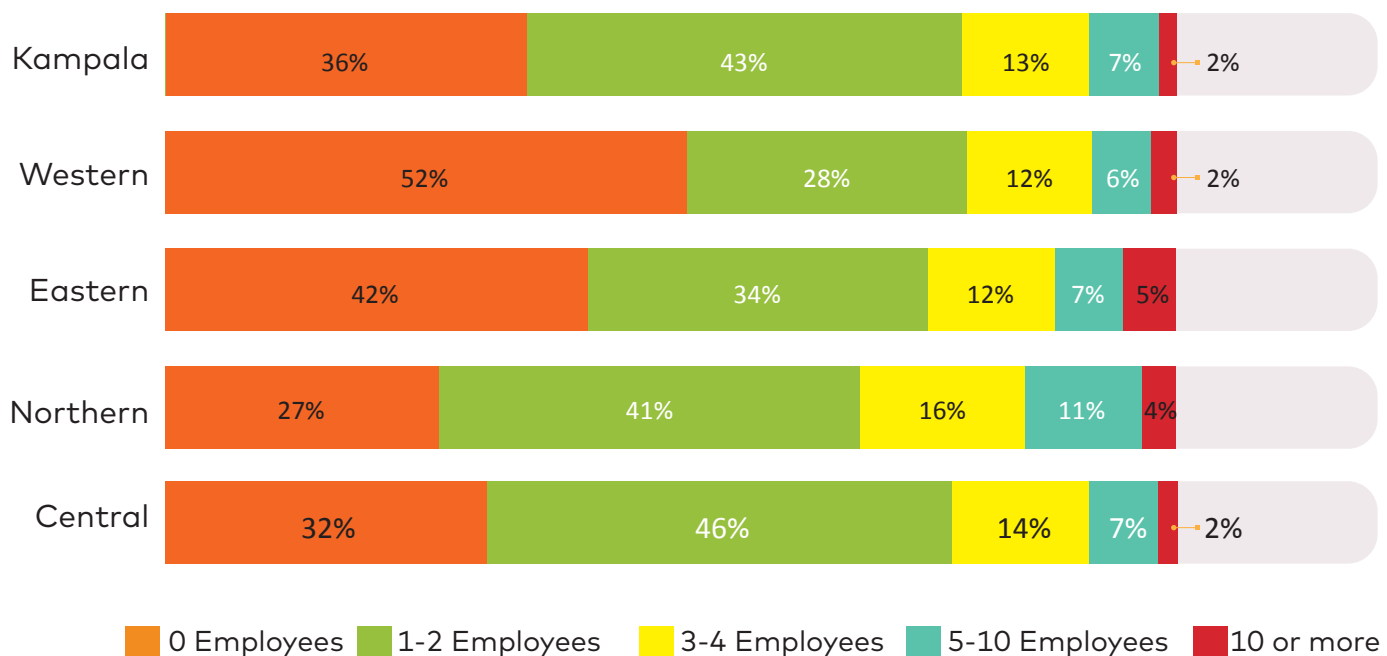
The majority of businesses across all regions have no employees who are family/relatives. However, where family members are employed, 1 or 2 family employees are the most common, with the highest incidence in the Northern region (38%). Very few businesses have more than 4 family employees.

Table 11: Employee Contract and Full-Time Status Distribution by Percentage

How many of your employees have contracts	How many of your employees are full-time?					
	Total	%	%	%	%	%
None	2811	92%	99%	86%	75%	88%
All	167	5.5%	1%	6.3%	14.2%	9%
More than Half	29	1%	0%	2%	6%	1%
Less than half	55	1.8%	0%	6.3%	6%	2%

Most businesses (92%) do not have contracts in place with their employees. Among those businesses, 99% have zero full-time employees, while only 1% have all full-time employees. As the number of full-time employees increases, the likelihood of having contracts in place also increases. For example, 14% of businesses with more than half of their employees being full-time have contracts with all their employees, compared to just 1% of businesses with no full-time employees. This suggests that as businesses grow and hire more full-time staff, they tend to formalize their employment relationships through contracts. However, overall, the data indicates that most businesses in Uganda operate without formal employment contracts, particularly those with fewer full-time employees. This is likely the case with relatives who are employed in the businesses too.

Figure 22: Number of employees hired by entrepreneurs by region



Most businesses across regions are micro-enterprises with 0 or 1-2 employees. The proportion of businesses with 10 or more employees is very low, not exceeding 7% in any region. Central region has a relatively higher share of enterprises with 1-2 or more employees.



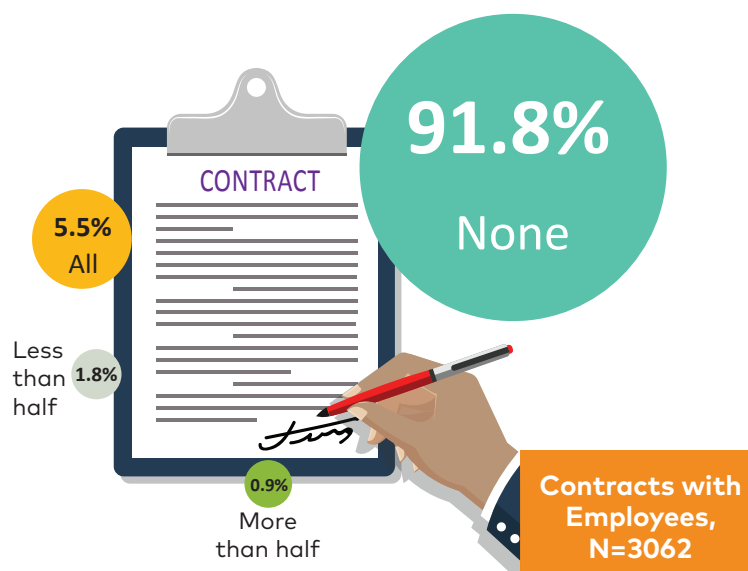
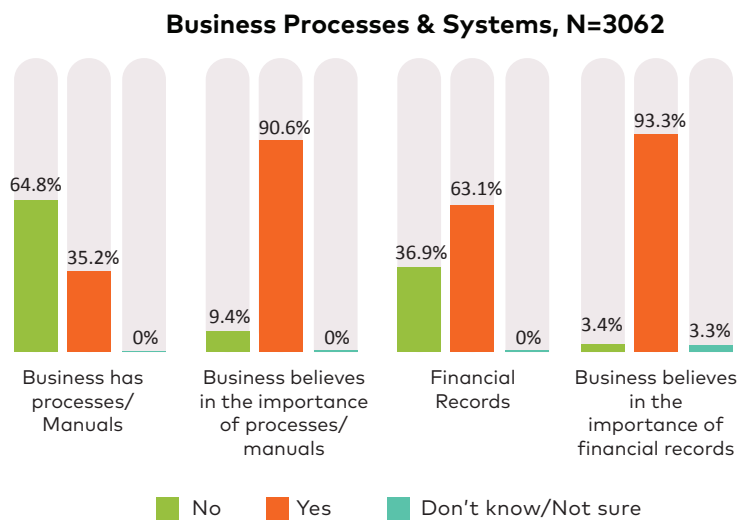
3.6.

Internal Processes as a Contributor to the National Entrepreneurship Index

From the study findings, it is evident that the majority of businesses (64.8%) do not have processes or manuals in place, indicating a lack of standardized procedures and documentation. However, an overwhelming majority (90.6%) believe in the importance of having these processes and manuals, suggesting a recognition of their value in streamlining operations and ensuring consistency. In terms of financial records, a significant proportion of businesses (63.1%) maintain them, demonstrating a commitment to financial management and transparency. Moreover, an impressive 93.3% of businesses acknowledge the importance of keeping financial records, underscoring their critical role in decision-making, performance tracking, and regulatory compliance.

When it comes to employee contracts, the data reveals a notable finding. A staggering 91.8% of businesses do not have any contracts with their employees, indicating a high degree of informality in employment arrangements. Only 5.5% of businesses have contracts with all their employees, while a mere 0.9% have contracts with more than half of their workforce, and 1.8% have contracts with less than half as indicated in Figure 23 below.

Figure 23: Factors that Drive Business Processes & Systems



Thus, it is evident from the findings that the primary factor driving the Process and Systems of the MSMEs is the existence of financial records and the recognition of their importance. The high percentage of businesses maintaining financial records and the near-universal acknowledgment of their significance suggest that financial management is a key priority for entrepreneurs. However, the lack of standardized processes, manuals, and employee contracts reveals areas for improvement. The absence of formal documentation and employment agreements may hinder operational efficiency, quality control, and employee engagement. Addressing these gaps could potentially enhance the overall performance and sustainability of MSMEs.

A further analysis of the findings across age groups shows that the percentage of businesses with processes/manuals decreases with age. The 18-24 age group has the highest percentage (38.5%) of businesses with processes/manuals, while the 61+ age group has the lowest percentage (30.8%). This suggests that younger age groups are more likely to adopt formal business processes compared to older age groups. Similarly, financial record-keeping is more common among younger age groups and decreases with age. The 18-24 age group has the highest percentage (70.5%) of businesses maintaining financial records, while the 61+ age group has the lowest percentage (48.1%).

The importance of processes/manuals and financial records is acknowledged across all age groups, with slight variations. The 61+ age group has the highest percentage (93.3%) recognizing the importance of processes/manuals, while the 51-60 age group has the lowest (85.9%). For financial records, the 25-30 age group has the highest percentage (94.8%) acknowledging their importance, while the 51-60 age group has the lowest (88.7%).

Therefore, these results indicate that the adoption of formal business processes and financial record-keeping practices decreases with age, with younger age groups being more likely to implement these practices compared to older age groups. The importance of these practices is widely recognized across all age groups, albeit with minor variations.

Across gender, the male-owned businesses exhibit a higher adoption rate of formal business processes and financial record-keeping compared to female-owned businesses. Male-owned businesses have a higher percentage of processes/manuals (39.2%) and financial record-keeping (65.4%) compared to female-owned businesses (31.4% and 61.3%, respectively) as depicted in Table 12. This disparity may be attributed to various factors, such as differences in access to resources, networks, and mentorship opportunities between male and female entrepreneurs.



Youth skilling as a part of YAW launch in Uganda to equip youths with skills to own businesses

**Table 12: Business Processes & Systems by Age and Gender of Business Owners, n=3062**

		Overall	Age						Gender	
			18-24	25-30	31-40	41-50	51-60	61 +	Male	Female
Process & Systems Business has processes / Manuals										
	No	64.8%	61.5%	61.7%	65.7%	67.4%	70.4%	69.2%	60.8%	68.6%
	Yes	35.2%	38.5%	38.3%	34.3%	32.6%	29.6%	30.8%	39.2%	31.4%
Business believes in the Importance of the processes / manuals										
	No	9.4%	8.8%	9.0%	9.5%	9.7%	14.1%	6.7%	8.6%	10.4%
	Yes	90.6%	91.3%	91.0%	90.5%	90.3%	85.9%	93.3%	91.4%	89.6%
Contracts with Employees	None	91.8%	93.3%	90.2%	92.3%	91.6%	92.5%	93.3%	89.1%	94.5%
	All	5.5%	5.0%	5.8%	5.6%	5.7%	5.2%	2.9%	7.1%	3.9%
	More than Half	0.9%	0.8%	1.2%	0.7%	1.1%	1.9%	1.0%	1.4%	0.5%
	Less than half	1.8%	1.0%	2.8%	1.5%	1.7%	0.5%	2.9%	2.4%	1.0%
Financials Records	No	36.9%	29.5%	32.9%	37.5%	41.9%	42.7%	51.9%	34.6%	38.7%
	Yes	63.1%	70.5%	67.1%	62.5%	58.1%	57.3%	48.1%	65.4%	61.3%
Business believes in the Importance of Financial Records	No	3.4%	2.8%	2.8%	3.2%	2.9%	7.5%	4.8%	3.7%	3.0%
	Yes	93.3%	93.5%	94.8%	93.5%	92.0%	88.7%	92.3%	93.4%	93.1%
	Don't Know/Not sure	3.3%	3.8%	2.4%	3.2%	5.1%	3.8%	2.9%	2.9%	3.9%

The data in Table 12 clearly show that the importance of having processes/manuals and maintaining financial records is widely acknowledged by businesses across all age groups and genders, with overall recognition rates of 90.6% and 93.3% respectively. However, the actual adoption of these practices varies considerably, with only 35.2% of businesses having processes/manuals in place and 63.1% maintaining financial records. This gap between perceived importance and actual implementation suggests that despite recognizing the significance of these practices, businesses may face barriers or challenges in putting them into place. The adoption rates also vary across age groups and genders, with the 18-24 age group and males generally showing higher adoption rates compared to other age groups and females.

Table 13: Factors that Drive Business Processes & Systems by PWD, n=3062

Business Process & Systems		PWD	
		No	Yes
Business has processes / Manuals	No	65.4%	72.6%
	Yes	34.6%	27.4%
Business believes in the Importance of the processes / manuals	No	9.6%	8.0%
	Yes	90.4%	92.0%
Contracts with Employees	None	92.3%	95.6%
	All	5.2%	1.8%
	More than Half	0.9%	0.0%
	Less than half	1.5%	2.7%
Financials Records	No	37.1%	44.2%
	Yes	62.9%	55.8%
Business believes in the Importance of Financial Records	No	3.4%	5.3%
	Yes	92.9%	92.9%
	Don't Know/Not sure	3.7%	1.8%

In terms of PWD, there are some notable differences in business processes and systems between businesses owned by individuals with and without disabilities. Businesses owned by individuals with disabilities are less likely to have processes/manuals in place compared to those owned by individuals without disabilities. The data shows that 72.6% of businesses owned by individuals with disabilities do not have processes/manuals, compared to 65.4% of businesses owned by individuals without disabilities. However, the importance of having processes/manuals is recognized by a slightly higher percentage of businesses owned by individuals with disabilities (92.0%) compared to those without disabilities (90.4%).

When it comes to contracts with employees, businesses owned by individuals with disabilities are less likely to have contracts with all or more than half of their employees. The data reveals that 95.6% of businesses owned by individuals with disabilities do not have any contracts with employees, compared to 92.3% of businesses owned by individuals without disabilities. Only 1.8% of businesses owned by individuals with disabilities have contracts with all employees, compared to 5.2% of businesses owned by individuals without disabilities.

Financial record-keeping is less common among businesses owned by individuals with disabilities, with 44.2% not maintaining financial records, compared to 37.1% of businesses owned by individuals without disabilities. However, the importance of financial records is acknowledged by a similar percentage of businesses owned by individuals with disabilities (92.9%) and those without disabilities (92.9%) as indicated in Table 14.

Therefore, it is worth noting that businesses owned by individuals with disabilities face greater challenges in adopting formal business processes, maintaining employee contracts, and keeping financial records compared to businesses owned by individuals without disabilities. This highlights the need for targeted support and interventions to help businesses owned by individuals with disabilities overcome these barriers and improve their business practices. Providing access to resources, training, and mentorship programs could help bridge the gap and enable these businesses to thrive on an equal footing with their counterparts.

Additionally, the results suggest that higher levels of education are associated with the adoption of formal business processes and financial record-keeping practices. The percentage of businesses with processes/manuals increases significantly with higher levels of education, with businesses owned by those with no education having the lowest percentage (11.9%) and those with university/tertiary education having the highest (57.4%). The importance of processes/manuals is recognized across all education levels, with businesses owned by those with university/tertiary education having the highest percentage (96.7%) and those with no education having the lowest (88.1%). Financial record-keeping also increases with higher levels of education, with businesses owned by those with no education having the lowest percentage (30.0%) and those with university/tertiary education having the highest (86.9%). The importance of financial records is acknowledged across all education levels, with businesses owned by those with vocational studies having the highest percentage (100%) and those with primary school education having the lowest (88.9%) as indicated in Table 14 below.



Young entrepreneurs engaging in crafts business as a group

Table 14: Factors that Drive Business Processes & Systems by Education Level

Process & Systems		Education								
		Over-all	None	Primary school	Lower Secondary education (S.4)	Upper Secondary education (S.6)	University/ Tertiary education	Vocational studies	Do not know	Prefer not to answer
Business has processes / Manuals	No	64.8%	88.1%	76.2%	61.4%	61.3%	42.6%	56.6%	90.9%	75.0%
	Yes	35.2%	11.9%	23.8%	38.6%	38.7%	57.4%	43.4%	9.1%	25.0%
Business believes in the Importance of the processes / manuals	No	9.4%	11.9%	12.3%	9.1%	7.0%	3.3%	12.1%	9.1%	31.3%
	Yes	90.6%	88.1%	87.7%	90.9%	93.0%	96.7%	87.9%	90.9%	68.8%
Contracts with Employees	None	91.8%	98.8%	96.6%	93.7%	92.2%	79.9%	89.6%	100.0%	87.5%
	All	5.5%	0.9%	2.4%	3.5%	6.3%	14.3%	4.9%	0.0%	3.1%
	More than Half	0.9%	0.0%	0.3%	0.7%	0.0%	3.0%	0.5%	0.0%	3.1%
	Less than half	1.8%	0.3%	0.8%	2.1%	1.6%	2.8%	4.9%	0.0%	6.3%
Financials Records	No	36.9%	70.0%	51.2%	32.3%	23.4%	13.1%	24.7%	27.3%	37.5%
	Yes	63.1%	30.0%	48.8%	67.7%	76.6%	86.9%	75.3%	72.7%	62.5%
Business believes in the Importance of Financial Records	No	3.4%	4.6%	5.4%	2.5%	2.0%	0.9%	4.9%	0.0%	3.1%
	Yes	93.3%	90.5%	88.9%	94.6%	95.3%	98.6%	94.5%	100.0%	90.6%
	Don't Know/ Not sure	3.3%	4.9%	5.7%	2.9%	2.7%	0.5%	0.5%	0.0%	6.3%

In terms of number of Employees, the percentage of businesses with processes/manuals increases with the number of employees, with businesses having 0 employees having the lowest percentage (22.9%) and those with 10 or more employees having the highest (77.5%). The importance of processes/manuals is recognized across all business sizes, with businesses having 10 or more employees having the highest percentage (98.8%) and those with 0 employees having the lowest (87.4%). Financial record-keeping also increases with the number of employees, with businesses having 0 employees having the lowest percentage (46.5%) and those with 10 or more employees having the highest (97.5%). The importance of financial records is acknowledged across all business sizes, with businesses having 10 or more employees having the highest percentage (98.8%) and those with 0 employees having the lowest (90.1%) as described in Table 15 below. This indicates that larger businesses are more likely to adopt formal business processes and financial record-keeping practices compared to smaller businesses.

**Table 15: Business Processes & Systems by Number of Employees in MSMEs**

Business Process & Systems		Number of Employees					
		Overall	0 Em- ployees	1 - 2 Em- ployees	3 - 4 Em- ployees	5 -10 Em- ploy- ees	10 or more Em- ploy- ees
Business has process- es / Manuals	No	64.8%	77.1%	63.7%	51.9%	47.3%	22.5%
	Yes	35.2%	22.9%	36.3%	48.1%	52.7%	77.5%
Business believes in the Importance of the processes / man- uals	No	9.4%	12.6%	8.7%	7.5%	3.1%	1.3%
	Yes	90.6%	87.4%	91.3%	92.5%	96.9%	98.8%
Contracts with Em- ployees	None	91.8%	99.5%	92.2%	85.2%	77.4%	52.5%
	All	5.5%	0.4%	6.3%	9.2%	11.1%	28.8%
	More than Half	0.9%	0.0%	0.4%	1.5%	4.9%	8.8%
	Less than half	1.8%	0.2%	1.1%	4.1%	6.6%	10.0%
Financials Records	No	36.9%	53.5%	31.5%	22.8%	20.8%	2.5%
	Yes	63.1%	46.5%	68.5%	77.2%	79.2%	97.5%
Business believes in the Importance of Financial Records	No	3.4%	5.3%	2.5%	1.5%	2.7%	1.3%
	Yes	93.3%	90.1%	93.9%	96.8%	97.3%	98.8%
	Don't Know/ Not sure	3.3%	4.6%	3.6%	1.7%	0.0%	0.0%

At the sector level, the adoption of processes/manuals varies significantly, with the Construction sector having the lowest percentage (13.2%) and the Mining and Quarrying sector having the highest (100%). The importance of processes/manuals is recognized across all sectors, with the Mining and Quarrying sector and the Professional, Scientific and Technical Activities sector having the highest percentage (100%) and the Construction sector having the lowest (84.9%). Financial record-keeping also varies across sectors, with the Construction sector having the lowest percentage (30.2%) and the Mining and Quarrying sector, the Professional, Scientific and Technical Activities sector, and the Real Estate Activities sector having the highest (100%). The importance of financial records is acknowledged across all sectors, with the Mining and Quarrying sector, the Professional, Scientific and Technical Activities sector, and the Real Estate Activities sector having the highest percentage (100%) and the Construction sector having the lowest (88.7%). This suggests that the adoption of formal business processes and financial record-keeping practices is influenced by the nature and requirements of the sector, with some sectors, such as Mining and Quarrying and Professional, Scientific and Technical Activities, exhibiting higher levels of adoption compared to others, like Construction.

While MSME owners value internal processes, the practice is still weak. As indicated from some of the business owners:

““

I don't keep records, but it is important. It can help you know your capital, income, and expenditure. You can also be able to tell the progress of business at a particular time.

Rakai District

””

Yes, they are very important for a successful business because I get to know both the income and expenditure

Wakiso District

““

But I know it is very important. If you have a book where you record stock, sales and profits will help you to know how many parts you have sold over a period, how much profit you have made. This will help you know whether the business is increasing or reducing

Kyotera District

””

Conclusion & Recommendation: Therefore, while the Process and Systems Entrepreneurship Index is positively influenced by the widespread adoption and appreciation of financial records, there is significant room for growth in terms of implementing standardized processes, manuals, and employee contracts. By focusing on these areas, businesses can foster a more structured and efficient operating environment, ultimately driving productivity, profitability, and long-term success.

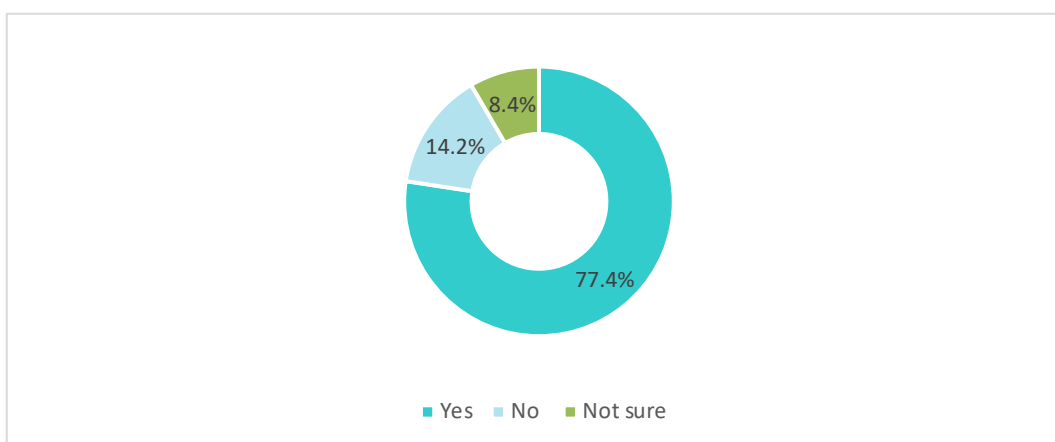
3.7. Financial Capacity as a Contributor to the National Entrepreneurship Index

3.7.1. Financial sustainability

There were very high levels of self-reported profitability among Ugandan MSMEs, with some variations by age, gender and PWD status. Profitability of business was reported fairer.

Overall, 77.4% of entrepreneurs reported making a profit last year, indicating a fairly high level of profitability. Only 14.2% reported not making a profit, while 8.4% were unsure (Figure 24).

Figure 24: Whether entrepreneurs made profits in 2023, n= 3062



3.7.2. Capital Investment

Entrepreneurs report varied capital investments in their businesses, (Table 15).

Table 16: Capital Investment in Businesses by Age of Business Owners (in Ugandan Shillings) n= 2911

	18-24 (n=400)	25-30 (n=823)	31-40 (n=896)	41-50 (n- 475)	51- 60(n=213)	61 +(n=104)
Less than 100,000 UGX	5.8%	7.1%	5.4%	9.6%	4.3%	3.2%
100,000 - 500,000 UGX	17.3%	14.6%	19.3%	21.0%	24.0%	11.1%
500,001 - 1,000,000 UGX	13.4%	11.2%	15.9%	14.8%	17.1%	10.8%
1,000,001 - 5,000,000 UGX	36.8%	40.8%	33.0%	36.5%	31.6%	38.3%
5,000,001 - 10,000,000 UGX	11.6%	12.4%	11.8%	10.4%	6.6%	15.9%
More than 10,000,000 UGX	11.5%	11.2%	14.4%	7.8%	8.3%	15.1%

Younger entrepreneurs had lower capital investments, while older entrepreneurs are more likely to invest larger amounts. The most common investment range is 1,000,001 - 5,000,000 UGX across all age groups. Significant differences exist in specific financial investment categories, highlighting the varying investment patterns among different age groups. These insights can help policymakers and support organizations tailor their interventions and resources to address the specific needs of entrepreneurs in different age brackets.

Lower capital investment in younger age groups: The "Less than 100,000 UGX" category has significantly higher percentages for the "18-24" (7.1%) and "41-50" (9.6%) age groups compared to the "51-60" (4.3%) and "61+" (3.2%) age groups. This suggests that younger entrepreneurs tend to start with lower capital investments.

Higher capital investment in older age groups: The "More than 10,000,000 UGX" category shows significantly higher percentages for the "31-40" (14.4%), "51-60" (8.3%), and "61+" (15.1%) age groups compared to the "25-30" (11.2%) and "41-50" (7.8%) age groups. This indicates that older entrepreneurs are more likely to invest larger amounts of capital in their businesses.

Majority of Investments in the 1,000,001 - 5,000,000 UGX Range: Across all age groups, the highest percentage of capital investment falls in the "1,000,001 - 5,000,000 UGX" category, ranging from 31.6% to 40.8%. This suggests that this investment range is the most common among entrepreneurs in Uganda.

Significant differences in the 100,000 - 500,000 UGX range: The "100,000 - 500,000 UGX" category shows significant differences, with higher percentages for the "31-40" (19.3%), "41-50" (21.0%), and "51-60" (24.0%) age groups compared to the "18-24" (14.6%) and "61+" (11.1%) age groups. This indicates that entrepreneurs in the middle age ranges are more likely to invest low amounts in their businesses. Similar Patterns in the 500,001 - 1,000,000 UGX and 5,000,001 - 10,000,000 UGX investment ranges:

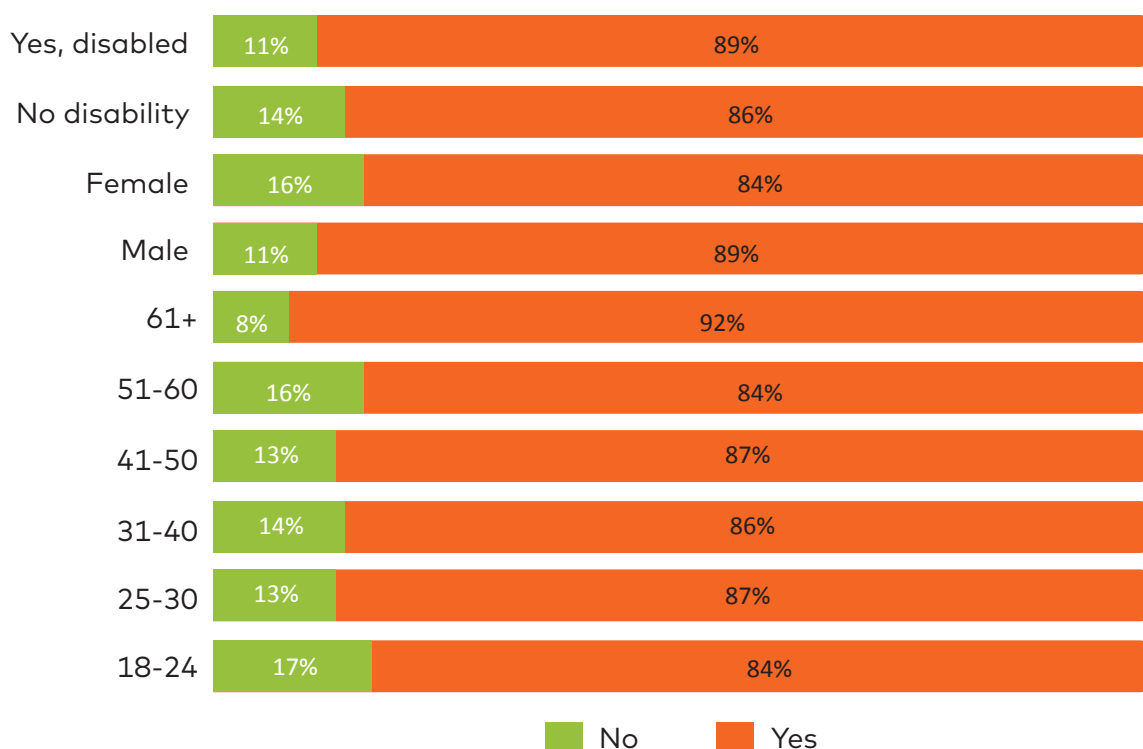
3.7.3. Profit, stability, business impact, sustainable practices and financial records.

Profit margins: Most businesses across all age groups and genders reported profit margins in the range of 0-10% (42-47%), Table 17. However, a significant portion (20-24%) also reported profit margins above 20%, indicating strong financial performance. The 61+ age group and those with disabilities had a slightly higher percentage of businesses with profit margins above 20%, suggesting resilience and adaptability.

Cashflow stability: Cashflow stability varied across the board, with 28-37% of businesses reporting increasing cashflow, 16-23% reporting stable cashflow, 37-44% reporting unstable cashflow, and 6-9% reporting declining cashflow (Table 17). The 51-60 age group and those with disabilities face more challenges, with higher percentages reporting unstable cashflow (44% and 48%, respectively). This highlights the need for targeted support and interventions to improve cashflow management.

Table 17 Business profit margins by age, gender, and PWD, n=3062

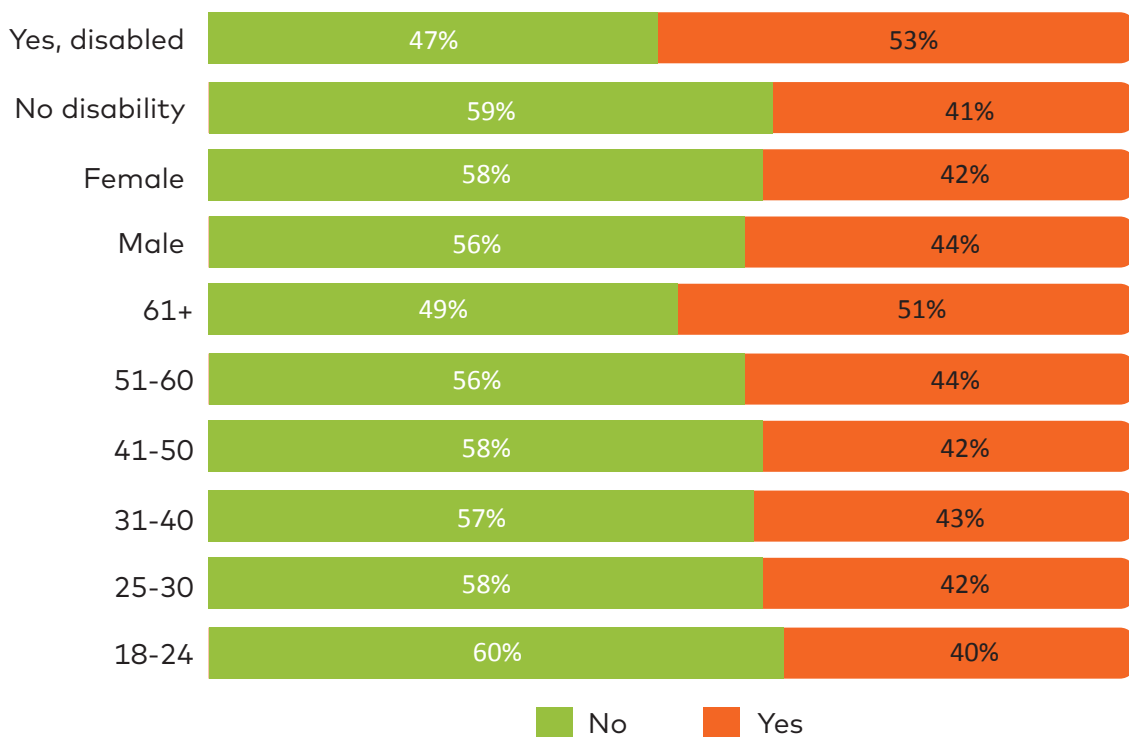
Profit margins	Age						Gender		PWD	
	18-24	25-30	31-40	41-50	51-60	61+	Male	Female	Not PWD	Yes, PWD
Negative (losses)	11%	13%	11%	9%	8%	4%	9%	12%	11%	10%
0-10%	46%	42%	44%	44%	47%	45%	42%	45%	44%	46%
11-20%	23%	26%	25%	24%	24%	27%	27%	23%	25%	20%
Above 20%	20%	19%	21%	24%	20%	24%	21%	20%	21%	24%
Whether margins are increasing or not										
Increasing	33%	33%	29%	32%	28%	37%	33%	29%	32%	25%
Stable	22%	22%	23%	22%	22%	16%	22%	23%	22%	21%
Unstable	39%	38%	40%	37%	44%	40%	38%	40%	38%	48%
Declining	7%	7%	8%	9%	7%	7%	7%	8%	8%	6%

Figure 25: Whether business has impact beyond income by age, gender and PWD n=3062


Business impact and sustainability: Figure 22 and Table 18 give findings on reported business impact and sustainability respectively. A high percentage of businesses (84-92%) report having an impact beyond generating income, with creating jobs (46-57%), providing better customer care (57-65%), and paying taxes (31-48%) being the most common forms of impact. However, the adoption of sustainable practices remains relatively low (40-51%), with waste management being the most prevalent (54-66%). There is an opportunity to promote and incentivize sustainable business practices across all age groups and genders.

Table 18: Impact created by businesses by age, gender and PWD, n=3062

	18-24	25-30	31-40	41-50	51-60	61+	Male	Female	Not PWD	Yes, PWD
Created jobs	47%	53%	53%	51%	51%	51%	57%	46%	52%	44%
Paid taxes	43%	42%	45%	42%	39%	31%	48%	37%	43%	37%
Expand into new branches	9%	11%	9%	8%	7%	4%	11%	8%	8%	2%
Training other entrepreneurs	17%	20%	21%	16%	13%	23%	22%	15%	19%	15%
Better customer care	58%	57%	57%	58%	65%	62%	57%	59%	58%	61%

Figure 26: Integration of any sustainable practices by age, gender and PWD n=3062**Table 19: Sustainable Practices reported by entrepreneurs by age, gender and PWD n=3062**

Sustainable practices	18-24	25-30	31-40	41-50	51-60	61+	Male	Female	Not PWD	PWD
Recycling	32%	28%	30%	33%	36%	29%	33%	28%	31%	29%
Energy efficiency	22%	21%	20%	18%	15%	16%	21%	18%	20%	27%
Waste management	56%	64%	61%	57%	54%	59%	55%	66%	60%	43%
Other, specify	7%	5%	6%	13%	14%	8%	8%	7%	8%	16%

Financial Record-Keeping: Cash records (64-75%) and handwritten ledgers (23-28%) are the most common methods of financial record-keeping, with limited adoption of computerized systems and professional accounting services (0-5%). This suggests a need for capacity building and access to modern financial management tools to improve efficiency and decision-making.

Table 20: Financial records keeping by age, gender and PWD=3062

Financial records	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female	No PWD	Yes, PWD
Cash Records	68%	69%	71%	64%	67%	75%	69%	68%	69%	73%
Computer Software	1%	2%	2%	3%	1%	0%	2%	1%	2%	2%
Detailed Statements	2%	5%	4%	4%	4%	2%	4%	3%	4%	2%
Handwritten Ledger	28%	26%	23%	27%	23%	23%	24%	27%	26%	23%
Mix Software & Paper	4%	3%	2%	4%	4%	3%	3%	3%	3%	0%
Official Audits	1%	2%	1%	1%	1%	0%	1%	1%	1%	2%
Outsourced Accounting Help	1%	0%	1%	1%	0%	0%	0%	1%	1%	0%
Spreadsheet	3%	4%	3%	3%	4%	2%	4%	3%	3%	2%

While businesses in Uganda demonstrate resilience and impact, there are opportunities to enhance financial performance, cashflow stability, sustainability, and financial management practices. There is need to explore tailored support, training, and resources should be provided to entrepreneurs across all age groups and genders to foster a more robust and inclusive entrepreneurial ecosystem.

3.7.4. Budgeting

Table 21: Do you prepare financial budgets? n=3062

	Total	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female	No PWD	Yes-PWD
No	61.8%	54.8%	59.9%	64.7%	66.3%	62.9%	60.6%	60.1%	63.5%	62.4%	72.6%
Monthly	4.9%	4.0%	6.3%	5.3%	4.0%	4.7%	2.9%	5.7%	4.2%	5.0%	6.2%
Quarterly	2.6%	2.5%	2.2%	2.8%	3.4%	2.8%	2.9%	2.6%	2.8%	2.4%	3.5%
Every six months	5.4%	4.0%	5.8%	4.8%	6.7%	6.1%	8.7%	6.3%	4.7%	5.4%	2.7%
Every year	25.3%	34.8%	25.8%	22.5%	19.6%	23.5%	25.0%	25.3%	24.8%	24.8%	15.0%

Overall, **61.8%** of entrepreneurs reported not preparing financial budgets at all. This suggests a low adoption of formal financial planning and budgeting. Annual budgeting is the most common frequency at 25.3% overall, followed by no budgeting. Monthly, quarterly, and semi-annual budgets are less common (under 6% each).

Age: Younger entrepreneurs aged 18-24 are more likely to prepare annual budgets (34.8%) compared to other age groups. The proportion doing annual budgets declines with age. The 31-40 and 41-50 age groups have the highest rates of not budgeting at all (64.7% and 66.3% respectively). Budgeting adoption seems lowest among these mid-career ages.

Gender: Males and females have fairly similar budgeting practices overall, with a slightly higher proportion of females not budgeting at all (63.5% vs 60.1% for males).

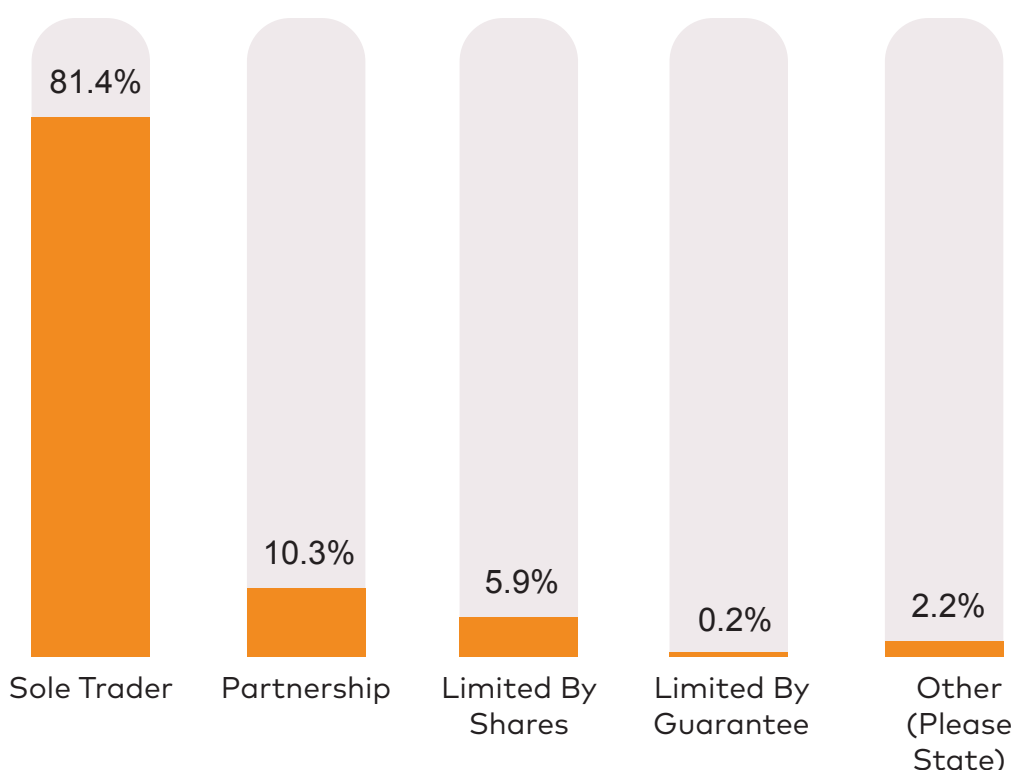
PWD: Budgeting is less common among those with disabilities. Entrepreneurs with disabilities have a noticeably higher rate of not preparing budgets (72.6%) compared to those with no PWD (62.4%). There is relatively low adoption of financial budgeting overall, with differences by age, gender and PWD status. Younger and non-PWD entrepreneurs are somewhat more likely to budget. Increasing budgeting practices could be an area of focus to improve financial management among Ugandan entrepreneurs.

3.8.

Business Registration as a Contributor to the National Entrepreneurship Index

The national entrepreneurship index of business registrations is only 39%, marginally better than just two other aspects of technology adoption and linkages (Figure 27). Sixty one percent of the business were not registered. Most of the registered businesses were sole trader (81.4%), followed by partnerships (10.3%), Figure 27.

Figure 27: Tye of registration of in the study, n=1175



Regarding location, registration is driven by Kampala, which has the highest proportion of registered MSMEs at 45.1%. The highest non-registration rates of business were found in the Eastern (70.2%), followed by Western (63.4%) regions (Figure 28).

Figure 28: Registration by location.

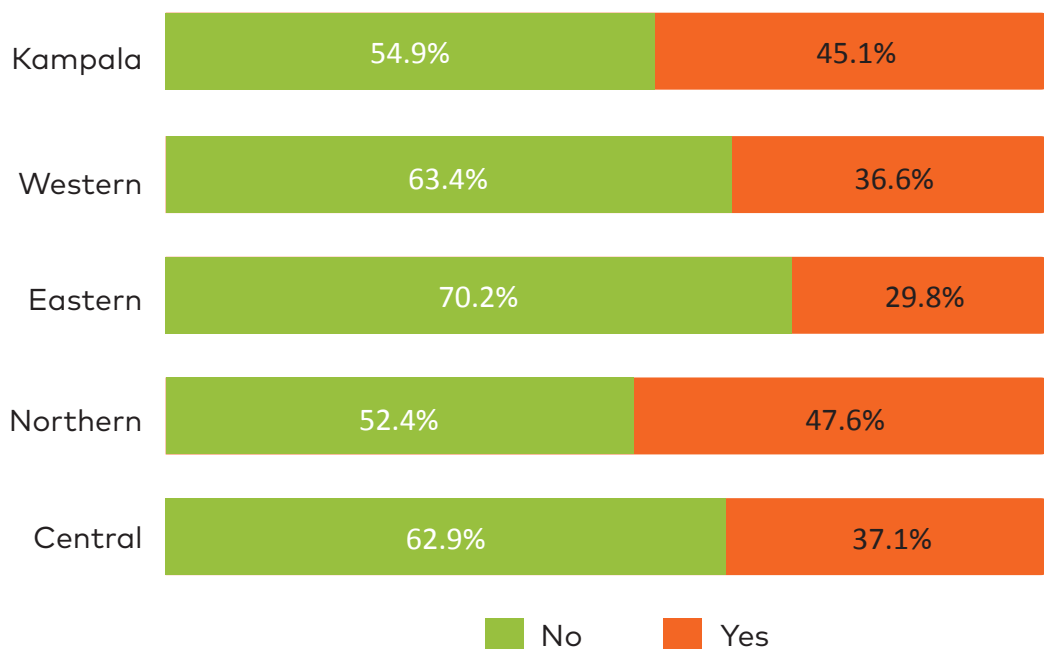


Table 22: Formal Business Registration by Sector (Largest to Smallest)

Sector	Count	No	Yes	Not Sure	Prefer Not to Say
Wholesale and retail trade; repair of motor vehicles	929	35%	27%	32%	50%
Accommodation and food service activities	496	20%	13%	16%	18%
Agriculture, Forestry and Fishing	384	18%	6%	11%	14%
Manufacturing	191	8%	5%	5%	4%
Human Health and Social Work Activities	177	1%	13%	8%	0%
Financial and Insurance Activities	174	3%	11%	5%	11%
Professional, Scientific and Technical Activities	172	5%	8%	3%	4%
Arts, Entertainment and Recreation	121	5%	4%	5%	0%
Transportation and Storage	89	4%	2%	0%	0%
Electricity, Gas, Steam and Air Conditioning	81	2%	4%	11%	0%

The data reveals significant variations in formal business registration across the top 10 sectors in Uganda. Wholesale and retail trade, the largest sector, has a high proportion of unregistered businesses (35%) compared to registered ones (27%). Similarly, Accommodation and food service activities and Agriculture, Forestry, and Fishing have higher shares of unregistered businesses relative to their registered counterparts. In contrast, Human Health and Social Work Activities and Financial and Insurance Activities have higher registration levels compared to their unregistered segments. The data suggests that larger sectors tend to have higher informality rates, while more established and regulated sectors have better registration levels, highlighting the need for targeted interventions to promote business formalization.

Entrepreneurs expressed frustration with the complexity and high costs associated with the registration process, which act as major deterrents. Business owners expressed frustration by the inefficiency and delays in the registration process, corruption is a pervasive issue, with many realizing that bribery is almost a prerequisite for navigating the registration process smoothly. As one business owner put it:



My friend told me that the process needs a lot of money which I have not got. I don't remember the amount, but it is like UGX 1,000,000

Male, Youth, Motel business Wakiso, District



Mine is still in the process and it's very costly and time consuming. Everyone says the same, it takes a lot of time and money."

Male, Youth Makindye, Kampala



My peers complain about this same registration fee being difficult. The process is quite long as well. It takes a couple of days. So, one keeps going back regarding the same thing for the process to be complete and successful. For example, it took mine three weeks to be fully registered

Male Adult, Motel business, Lira District



The views on cost of registration are supported by a recent study by EPRC (2024), whose findings established that the key reasons why informal businesses in Uganda do not want to register include poor perceptions about high registration costs (non-registered businesses believed registration fees are UGX 224,967 at URA, UGX 168,238 at URSB, and UGX 50,113 at local authorities), annual tax payments (perceived average of UGX 357,019), and compliance costs (UGX 91,454 for URA and UGX 47,108 for local authorities). Additional factors were the perceived lengthy registration process (average of 9 days for URA and URSB, 3 days for local authorities), distance to registration points (16.6 km to URA vs 2.7 km to local authorities), expected benefits of remaining informal such as lower operating costs (22%), flexibility (19%), and non-exposure to third parties (58%), as well as the absence of supportive policies and laws to reduce informality. Despite the perceptions and experiences shared by some entrepreneurs regarding the high costs associated with business registration, it is important to note that obtaining a Tax Identification Number (TIN) from the Uganda Revenue Authority (URA) is free of charge. Additionally, the official registration fees at the Uganda Registration Services Bureau (URSB) are relatively affordable, with costs not exceeding UGX 24,000 for a sole proprietorship and UGX 60,000 for a limited company. These facts highlight the need for better communication and awareness-raising initiatives to ensure that entrepreneurs have accurate information about the registration process and associated costs, helping to dispel misconceptions that may deter them from formalizing their businesses.

Women face unique challenges that often involve additional steps or higher costs, such as bribery for recommendation letters or dealing with more stringent procedural demands. Men also reported procedural difficulties, but mainly concerned with inefficiency and costs associated with the process. As noted by some business owners,



You sometimes go to the Chairman LC3, and he asks for some money before giving you a recommendation letter to take to the district health inspector

Female, Youth, Drug shop business, Kayunga District



License money was increased so if they decrease the amount, it is far much better, and some are behaving badly during their operation, for clinics and drug shops majorly. It takes time, you don't just go and pay money and then get the license at that time. They say you must wait. The process of processing the license is also a bit difficult.

Male Adult, Drug Shop business, Luweero District



Younger entrepreneurs cited a lack of knowledge and understanding of the registration process as a significant barrier. The process is seen as lengthy and complex, discouraging many from formalizing their businesses. Older business owners tend to emphasize the bureaucratic inefficiencies and corruption that complicate the registration process.

In rural regions, the difficulties often involve traveling long distances to access registration offices and higher associated costs. Urban business owners, while having better access to registration offices, still face challenges like bureaucratic delays and higher fees.

Smaller enterprises frequently highlighted the disproportionate tax burdens and the procedural complexity relative to their limited resources. While these businesses sometimes manage to navigate the registration process, it often comes at a significant cost and effort. Overall, the experiences of registration are mixed, with some business owners finding hard and others easy. Those finding it easy cited the support of officials and online systems, urban location while others face significant challenges due to complexity, high costs, corruption, and lack of knowledge. Women, youth, and rural businesses often encounter unique difficulties in the registration process.

Complexity and high costs deter entrepreneurs from registering their businesses. As one business owner noted.



“The process is so long; you need to get a boda rider permit and have third party insurance for each boda you have and then also register at the district for license. All those things require money about 1m plus to get so we end up not fully registering and keep dodging the authorities where we can,”

Male, Adult, boda-boda rider business, Mubende District



Women face unique challenges, such as bribery and stringent procedural demands.

You sometimes go the Chairman LC III, and he asks for some money before giving you a recommendation letter to take to the district health inspector.

Female, Youth, Drug shop business, Kayunga District

Younger entrepreneurs lack knowledge and understanding of the registration process.



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

Male, Youth, Mityana District.



Rural businesses face challenges like traveling long distances and higher associated costs.



But the amount of the money that is needed for registering the business is a lot and I don't have right now, I was told that I have to go to Mubende district, there are some offices that I was told to go to, but I don't know the names of those offices

Male, Youth, Mubende District rural.



There are also areas of easy registration.



The process is very easy because it involves only paying for the license and one day is enough

Female business owner, Butambala District.



Youth find the registration process easy, especially with the introduction of online systems.

So far it is easy because it is online now, but it used to be difficult like going up to URSB following up was difficult

Male, Youth, Agriculture input dealers, Arua, District.

Rural MSMEs benefit from the accessibility of registration processes facilitated by local officials visiting their businesses.



"It's very easy to register a small business because our sub-county authorities always reach us on once contacted for guidance and their fee is a bit relatively good,"

Male, Adult, drug shop business, Bukedea



Urban MSMEs experience quicker processing times and have access to resources like lawyers to assist with registration.



It's not difficult, when you have all the requirements and it's a very important thing because it opens for you doors like getting contracts from NGOs and other development partners

Male Adult, Drug shop business, Agago District





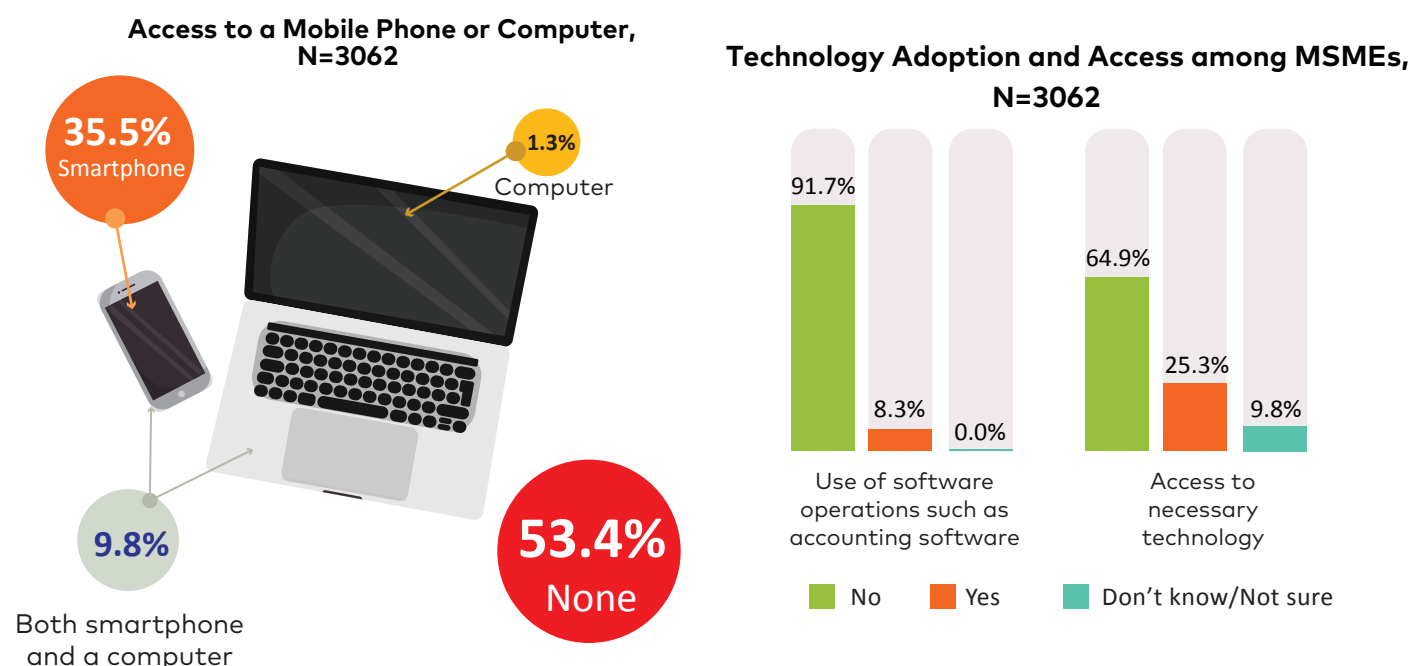
3.9.

Technology Adoption as a Contributor to the National Entrepreneurship Index

The study findings indicate that the primary factor contributing to the Technology Entrepreneurship Index across MSMEs is access to technology, particularly smartphones and computers. The findings show that the level of technology adoption and usage among the surveyed MSMEs is relatively low, mainly due to the limited access to these essential tools for modern business operations and digital entrepreneurship. A significant digital divide is evident, with more than half of the businesses (53.4%) lacking access to either a smartphone or a computer. Furthermore, only 9.8% of the businesses have access to both a smartphone and a computer, which is crucial for leveraging the full potential of digital technologies.

Although 35.5% of the businesses have access to a smartphone, this figure remains relatively low compared to the global average, through slightly higher than the national average standing at around 22-30%; this low access hinders ability to access digital services, communicate with customers, and perform basic business functions on the go. The low adoption of software tools, such as accounting software, further limits MSMEs' potential to enhance efficiency, accuracy, and transparency in their operations. Consequently, nearly two-thirds of the businesses (64.9%) report not having access to the necessary technology for their operations, which can impede their ability to innovate, compete, and grow in an increasingly digital economy.

Figure 29: Factors Driving the Technology Entrepreneurship Index



Across age groups, the data reveal that access to mobile phones or computers decreases with age, with the 61+ age group having the highest percentage (76.9%) of no access. Smartphone access is highest among the 18-24 age group (40.8%) and lowest among the 61+ age group (17.3%). Software usage for operations is highest in the 18-24 age group (11.5%) and lowest in the 61+ age group (2.9%). Access to necessary technology is relatively consistent across age groups, with the 51-60 age group having the highest percentage (68.1%) of no access. This suggests that younger age groups are more likely to adopt and utilize technology in their businesses.

In terms of gender, the male-owned businesses have slightly higher levels of access to mobile phones or computers compared to female-owned businesses (49.0% vs. 57.0% with no access). Male-owned businesses also have higher software usage for operations (10.6% vs. 6.0%) and access to necessary technology (28.3% vs. 21.6%) (See Table 23). This indicates that male-owned businesses are more likely to adopt and utilize technology compared to female-owned businesses.

Table 23: Factors Driving Technology Among MSMES by Age and Gender

Technology Factors		Age						Gender		
		Overall	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female
Access to mobile phone or computer	None	53.4%	45.3%	46.9%	50.7%	64.0%	66.2%	76.9%	49.0%	57.0%
	Smart-phone	35.5%	40.8%	40.8%	37.5%	27.2%	25.8%	17.3%	35.5%	36.1%
	Computer	1.3%	2.0%	1.1%	1.2%	1.5%	0.9%	1.0%	1.4%	1.2%
	Both smart phone and a computer	9.8%	12.0%	11.2%	10.5%	7.4%	7.0%	4.8%	14.2%	5.7%
Software Usage for Operations (e.g., accounting software)?	No	91.7%	88.5%	90.4%	93.0%	93.9%	93.9%	97.1%	89.4%	94.0%
	Yes	8.3%	11.5%	9.6%	7.0%	6.1%	6.1%	2.9%	10.6%	6.0%
Access to necessary technology	No	64.9%	65.8%	64.8%	65.4%	66.3%	68.1%	63.5%	63.7%	66.2%
	Yes	25.3%	25.5%	26.0%	24.4%	22.3%	18.3%	26.9%	28.3%	21.6%
	Don't Know/Not sure	9.8%	8.8%	9.2%	10.3%	11.4%	13.6%	9.6%	7.9%	12.2%

Across education levels, access to mobile phones or computers increases significantly with higher levels of education, with 83.5% of those with no education having no access compared to only 24.6% of those with university/tertiary education as depicted in Table 24. Software usage for operations and access to necessary technology also increase with higher levels of education. This suggests that education plays a crucial role in technology adoption and utilization among businesses.

**Table 24: Factors that Drive Technology Among MSMEs by Level of Education**

		Overall	Education							
			None	Primary school	Lower Secondary education (S.4)	Upper Secondary education (S.6)	University/Tertiary education	Vocational studies	Do not know	Prefer not to answer
Access to mobile phone or computer	None	53.4%	83.5%	72.5%	51.2%	32.0%	24.6%	46.2%	9.1%	40.6%
	Smartphone	35.5%	15.0%	25.8%	41.0%	48.8%	45.4%	42.9%	72.7%	53.1%
	Computer	1.3%	0.3%	0.3%	1.0%	1.2%	3.7%	0.5%	0.0%	0.0%
	Both smart phone and a computer	9.8%	1.2%	1.4%	6.8%	18.0%	26.3%	10.4%	18.2%	6.3%
Software Usage for Operations (e.g., accounting software)?	No	91.7%	99.1%	98.2%	92.4%	84.8%	80.2%	92.3%	100.0%	96.9%
	Yes	8.3%	0.9%	1.8%	7.6%	15.2%	19.8%	7.7%	0.0%	3.1%
Access to necessary technology	No	64.9%	75.2%	68.7%	64.6%	56.3%	58.2%	65.4%	90.9%	43.8%
	Yes	25.3%	10.7%	18.2%	25.4%	37.1%	39.3%	24.7%	9.1%	15.6%
	Don't Know/Not sure	9.8%	14.1%	13.1%	10.0%	6.6%	2.5%	9.9%	0.0%	40.6%

In terms PWD, businesses owned by individuals with disabilities have lower access to mobile phones or computers (73.5% with no access vs. 52.8% for those without disabilities), lower software usage for operations (3.5% vs. 7.4%), and lower access to necessary technology (15.9% vs. 24.6%) (see Table 25). This indicates that businesses owned by individuals with disabilities face greater challenges in adopting and utilizing technology.

Table 25: Factors Driving Technology Among MSMEs by PWD Status

PWD		No	Yes
Access to mobile phone or computer	None	52.8%	73.5%
	Smartphone	36.4%	23.0%
	Computer	1.3%	0.9%
	Both smart phone and a computer	9.4%	2.7%
Software Usage for Operations (e.g., accounting software)	No	92.6%	96.5%
	Yes	7.4%	3.5%
Access to necessary technology	No	65.0%	71.7%
	Yes	24.6%	15.9%
	Don't Know/Not sure	10.4%	12.4%

With regards to the number of employees in the business, access to mobile phones or computers, software usage for operations, and access to necessary technology increase with the number of employees. Businesses with 10 or more employees have the highest levels of access and utilization across all three categories. This suggests that larger businesses are more likely to adopt and utilize technology compared to smaller businesses.

Table 26: Factors that Drive Technology Among MSMEs by Number of Employees

Number of Employees		Over-all	0 Em-ploy-ees	1 - 2 Em-ploy-ees	3 - 4 Em-ploy-ees	5 -10 Em-ployees	10 or more Em-ploy-ees
Access to mobile phone or computer	None	53.4%	68.4%	48.6%	40.5%	36.7%	26.3%
	Smartphone	35.5%	27.8%	40.9%	40.3%	40.3%	26.3%
	Computer	1.3%	0.6%	1.0%	1.9%	3.1%	6.3%
	Both smart phone and a computer	9.8%	3.3%	9.5%	17.2%	19.9%	41.3%
Software Usage for Operations (e.g., accounting software)?	No	91.7%	96.2%	92.4%	86.9%	83.2%	68.8%
	Yes	8.3%	3.8%	7.6%	13.1%	16.8%	31.3%
Access to necessary technology	No	64.9%	66.0%	63.9%	64.8%	66.4%	57.5%
	Yes	25.3%	23.4%	24.0%	29.6%	29.6%	40.0%
	Don't Know/Not sure	9.8%	10.6%	12.1%	5.6%	4.0%	2.5%

Across sectors, technology adoption and utilization vary significantly across sectors. The Information and Communication sector has the highest access to mobile phones or computers (93.3% with smartphone or computer access), software usage for operations (66.7%), and access to necessary technology (53.3%). On the other hand, the Agriculture, Forestry, and Fishing sectors have the lowest levels of access and utilization across all three categories. This indicates that technology adoption and utilization are influenced by the nature and requirements of the sector.

Therefore, it is evident that access to technology, particularly smartphones and computers, is the primary factor driving the Technology Entrepreneurship Index among MSMEs. The findings reveal a significant digital divide, with more than half of the businesses lacking access to these essential tools, hindering their ability to fully leverage digital technologies for modern business operations and entrepreneurship. The study highlights the disparities in technology adoption and utilization across different groups.

Younger age groups, male-owned businesses, and those with higher levels of education are more likely to have access to and utilize technology in their businesses. In contrast, businesses owned by individuals with disabilities and smaller enterprises with fewer employees face greater challenges in adopting and utilizing technology. Furthermore, the sector-specific analysis reveals that technology adoption and utilization vary significantly based on the nature and requirements of the industry. The Information and Communication sector stands out with the highest levels of access and utilization, while the Agriculture, Forestry, and Fishing sector lag behind in all three categories.

Hence, the study underscores the urgent need to bridge the digital divide among MSMEs by focusing on improving access to smartphones, computers, and other necessary technologies. Policymakers and stakeholders can prioritize initiatives that target underserved groups, such as businesses owned by individuals with disabilities and smaller enterprises, to ensure inclusive growth and equal opportunities in the digital economy. Moreover, sector-specific interventions and support mechanisms need to be designed to address the unique challenges and requirements of each industry, fostering innovation, competitiveness, and resilience in an increasingly technology-driven business landscape.

Data from key informants revealed that MSME owners predominantly smartphones are essential tools for communication with customers, suppliers, and for conducting financial transactions using mobile money. Technology, particularly smartphones, is widely regarded as a means to streamline business operations and enhance efficiency. This includes managing inventory, communicating effectively with customers, and handling financial transactions remotely. Moreover, MSME owners utilize smartphones to access crucial market information, allowing them to stay updated on trends and new products. This access empowers them to make informed decisions that positively impact their businesses. Additionally, mobile money services are highlighted as a significant technological advancement that simplifies financial transactions, reduces the reliance on physical cash handling, and enhances overall financial management practices.

*Access to Market Information
I use my phone to research about
the new items on market*

Female, youth, Butambala District

*As the business grows, you can shift to
technology and also do the advertisement on
the internet using social media like WhatsApp*

**Adult, female, micro, Plastics shop, Mukono
District**

*The phone is the first technology I can think about. With mobile money, you work from
one place. This saves time and money you would have spent moving here and there;
money can be kept on a phone as opposed to banks or keeping it at home*

Female, Youth, Mobile money business, Bukomansimbi District

Additionally, gender and location influence the understanding of technology. Females frequently highlight the use of phones for business operations and communication, whereas males often emphasize tools and machines to enhance production and efficiency. Urban MSMEs prioritize mobile money and online transactions, leveraging these technologies for financial management and sales. In contrast, rural MSMEs rely heavily on phones for communication and accessing market information, reflecting their need for connectivity and market awareness in less digitally saturated environments.

*Technology has provided inclusive financial
payment services for both cash and non-cash
customers; this has in other words added the
number of customers to the business."*

Rubaga, Kampala

*My personal perception of technology is that it is very
good for business. As you can see my business is already
running on technology, so adopting these new changes are
all good. Payments are made easy, and this is good for my
customers who carry cash and those that prefer to make
cashless payments*

**Urban, youth, movie rental and retail shop Makindye,
Kampala**

*"You can communicate to your suppliers, and
they bring to you whatever has run out of
stock without you going there,"*

**Female, youth, bar business, Kiryandongo
District**

*"You can communicate to your suppliers, and they
bring to you whatever has run out of stock without
you going there,"*

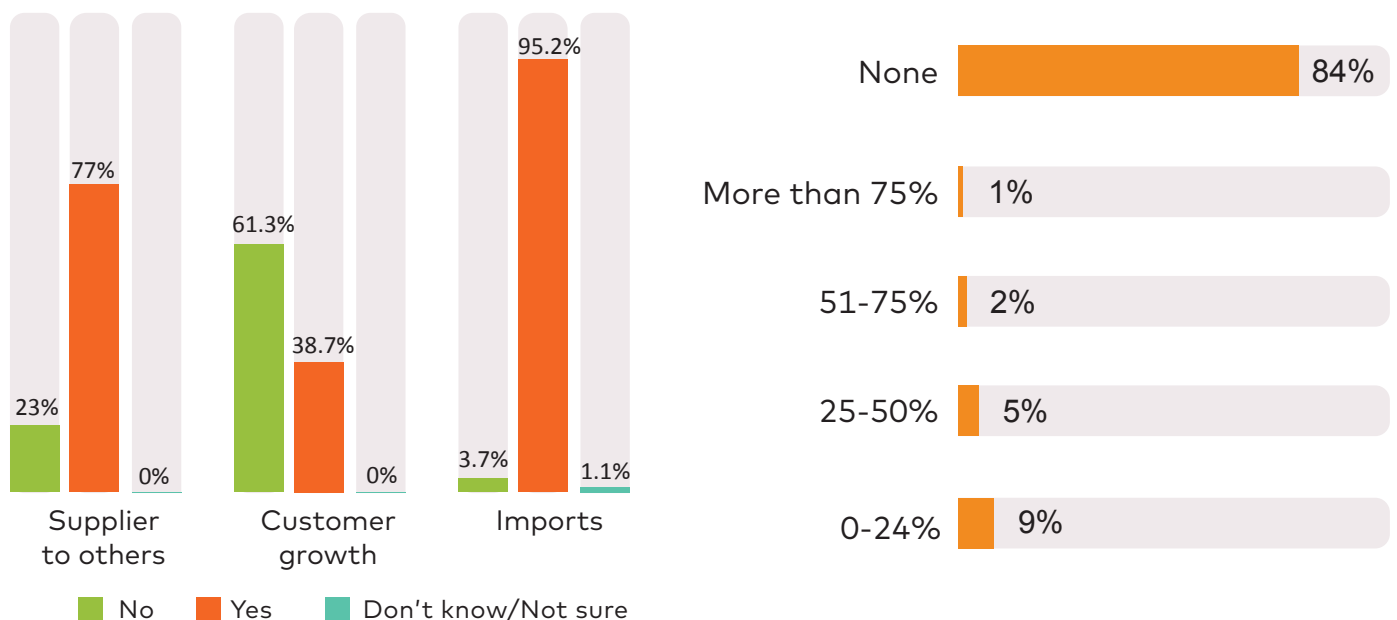
Female, youth, bar business, Kiryandongo District

3.10.

Linkages as a Contributor to the National Entrepreneurship Index

The findings show that the strongest contributor to the Linkages sub index of the NEI is growth in the customer base factor, with over 60% of businesses experiencing an increase in the current one year as compared to the past. The growth in their customer base could attributed to the customer care, reasonable prices, trustworthiness, and variety of products as drawn from the qualitative findings. This indicates a positive trend in market demand and business expansion. However, the index is more likely to be constrained by the limited online sales presence, moderate B2B linkages, and very low import activity (see Figure 30 below). These factors suggest room for improvement in terms of digital transformation, supply chain integration, and international trade participation.

Figure 30: Factors Driving the Linkage Entrepreneurship Index, n= 3062



Further analysis of the findings across age groups reveals some noteworthy trends. The analysis of online sales across age groups reveals that younger entrepreneurs (18-30 years old) are more likely to engage in online sales compared to their older counterparts, with the highest percentages of businesses not selling online observed in the 51-60 (92.5%) and 61+ (93.3%) age groups as indicates in Table 27. The higher proportion of businesses in the 18-24 and 25-30 age groups generating sales through online channels suggests that younger entrepreneurs are more tech-savvy, adaptable to the digital economy, and open to exploring new business models and digital platforms to reach customers.

The analysis of customer growth, supplier relationships, and import activities across age groups reveals distinct patterns. Younger businesses (18-30 years old) report a higher percentage of customer growth, possibly due to their digital marketing skills, innovative offerings, and agility. Conversely, older entrepreneurs (41+ years old) are more likely to serve as suppliers to other businesses, indicating strong industry relationships and credibility. However, the proportion of businesses importing key inputs decreases with age, with the 61+ age group having the lowest percentage at 1.9%, suggesting a reliance on local supply chains.



Upon examining the findings by gender, some significant differences emerged. Female-owned businesses are more likely not to engage in online sales (87.6%) as compared to male-owned businesses (80.5%). This indicates that male-owned businesses are more likely to adopt digital technologies and engage in e-commerce activities compared to female-owned businesses. The lower percentage of female-owned businesses selling online suggests that there may be barriers or challenges specific to women entrepreneurs in terms of digital adoption and online sales presence. This could be due to factors such as limited access to technology, skills gaps, or societal norms and expectations.

Furthermore, the percentage of businesses serving a higher number of customers compared to the previous year is slightly higher for male-owned businesses (62.9%) than female-owned businesses (59.9%). Male-owned businesses also have a higher proportion (25.7%) of serving as suppliers to other businesses compared to female-owned businesses (20.7%). The slightly higher percentage of male-owned businesses experiencing customer growth and serving as suppliers to other businesses indicates that they may have stronger market linkages and business networks compared to female-owned businesses. This could be attributed to gender-based disparities in access to resources, mentorship, and business opportunities. In terms of importing key inputs, male-owned businesses have a slightly higher percentage (4.8%) than female-owned businesses (2.9%). This suggests that the male-owned businesses may have more established supply chain networks and a greater propensity to engage in international trade compared to female-owned businesses as indicated in Table 27 below. This could be due to differences in access to information, financial resources, or risk appetite between male and female entrepreneurs.

Table 27: Linkage Factors by Age and Gender, N=3062

Linkage Factors		Age							Gender	
		Over-all	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female
Sales through social media	None	83.8%	81.5%	80.7%	83.2%	87.8%	92.5%	93.3%	80.5%	87.6%
	less than 25%	8.6%	10.3%	10.1%	9.1%	6.5%	2.3%	4.8%	9.9%	7.0%
	25%-50%	4.8%	6.3%	5.6%	4.8%	3.2%	3.3%	1.0%	6.0%	3.4%
	51%-75%	1.7%	1.0%	2.1%	1.6%	1.9%	1.4%	1.0%	2.4%	1.0%
	More than 75%	1.2%	1.0%	1.6%	1.3%	0.6%	0.5%	0.0%	1.2%	1.2%
Customer Growth	No	38.7%	34.0%	35.0%	41.6%	42.5%	39.9%	41.3%	37.1%	40.1%
	Yes	61.3%	66.0%	65.0%	58.4%	57.5%	60.1%	58.7%	62.9%	59.9%
Supplier to other business	No	77.0%	83.0%	77.6%	75.9%	71.4%	75.6%	75.0%	74.3%	79.3%
	Yes	23.0%	17.0%	22.4%	24.1%	28.6%	24.4%	25.0%	25.7%	20.7%
Imports key inputs	No	95.2%	95.5%	95.0%	95.0%	94.9%	96.2%	94.2%	94.0%	96.1%
	Yes	3.7%	3.8%	3.9%	4.1%	3.8%	2.3%	1.9%	4.8%	2.9%
	Don't Know/ Not sure	1.1%	0.8%	1.1%	0.9%	1.3%	1.4%	3.8%	1.2%	1.0%

Overall, these findings highlight the need for targeted interventions and support mechanisms to address the gender gap in digital adoption, market linkages, and international trade participation. Policymakers and business support organizations can provide women entrepreneurs with access to technology, skills training, mentorship, and networks to help them overcome the barriers they face and level the playing field with their male counterparts. By fostering a more inclusive and equitable business environment, the potential of women-owned businesses can be unleashed, leading to increased economic participation, innovation, and growth.

While the study had few businesses owners with PWD, these business experiences a significantly higher percentage (92.9%) of not engaging in online sales compared to businesses owned by entrepreneurs without disabilities (84.6%). This suggests that entrepreneurs with disabilities may face additional barriers in adopting digital technologies and participating in e-commerce. These barriers could include accessibility challenges, lack of adapted tools and platforms, or limited access to digital skills training and support.

The percentage of businesses serving a higher number of customers compared to the previous year is similar for both groups, indicating that the PWD status of the business owner does not significantly impact customer growth. This is an encouraging finding, as it suggests that businesses owned by entrepreneurs with disabilities can be just as successful in attracting and retaining customers as those owned by entrepreneurs without disabilities. However, businesses owned by entrepreneurs with disabilities have a much lower proportion (10.6%) of serving as suppliers to other businesses compared to businesses owned by entrepreneurs without disabilities (23.3%). This disparity indicates that entrepreneurs with disabilities may face challenges in establishing B2B relationships and integrating into supply chains. This could be due to attitudinal barriers, discrimination, or limited access to business networks and opportunities.

Interestingly, businesses owned by entrepreneurs with disabilities have a slightly higher percentage (5.3%) of importing key inputs than businesses owned by entrepreneurs without disabilities (3.6%). This finding suggests that entrepreneurs with disabilities may be more inclined to explore international markets and source inputs from abroad. This could be driven by a motivation to find competitive advantages, access niche products, or overcome local market constraints.

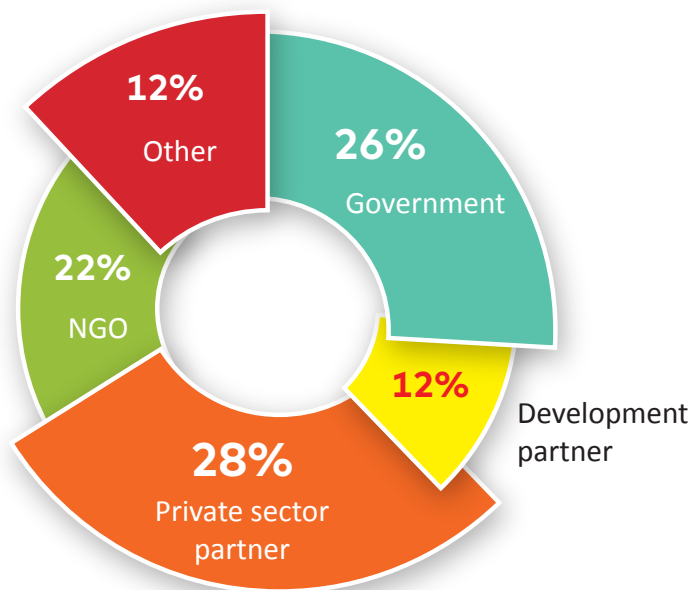
In relation to linkages, 14% of the businesses said they received non-monetary support in the past (Table 28).

Table 28: Has your business received any kind of non-monetary support in the past, n=3062

Received non-monetary support in the past	n=3062	18-24	25-30	31-40	41-50	51-60	61 +	Male	Female	Non-PWD	PWD
Yes	14%	11%	16%	15	12%	15%	14%	15%	14%	14%	4%
No	86%	89%	84%	85%	88%	85%	86%	85%	86	86	96

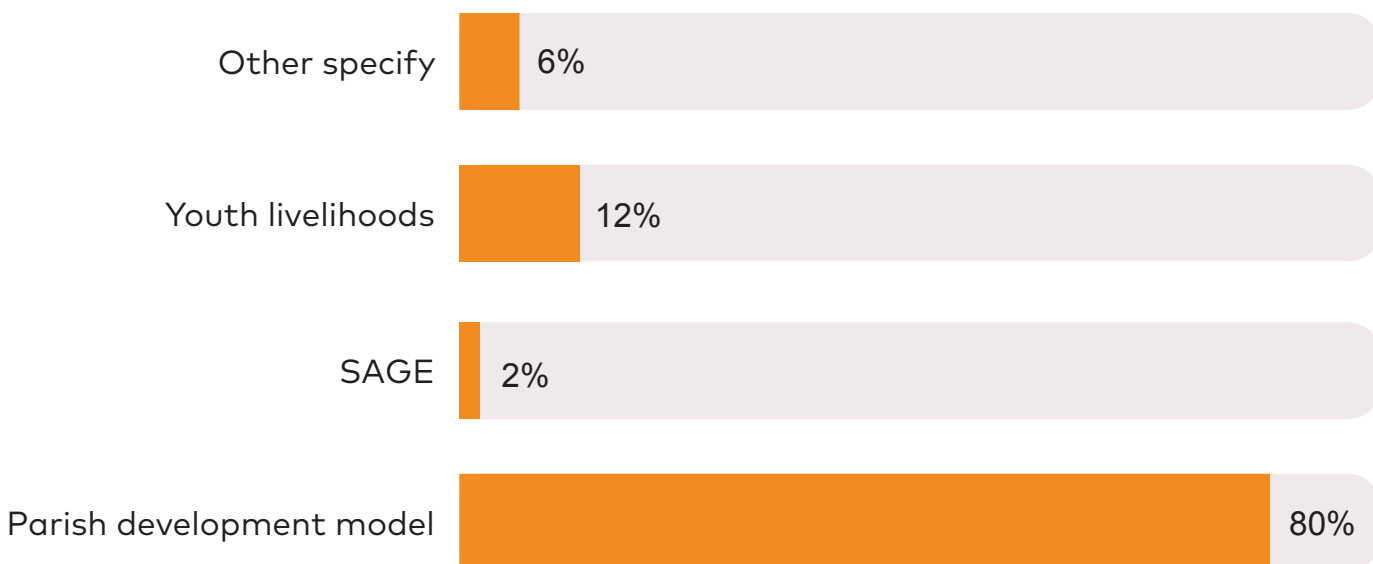
Business with owners who are not PWDs were significantly more likely to receive non-monetary support than PWDs. Out of 428 businesses in Uganda that received non-monetary support in the past, the private sector was the largest contributor at 28%, followed by the government at 26%. NGOs also played a significant role, providing support to 22% of the businesses. Development partners and other sources each contributed to 12% of the non-monetary support received. The key insight from this data is that businesses in Uganda rely on a diverse range of stakeholders for non-monetary assistance, with the private sector and government being the primary sources of support, while NGOs, development partners, and other entities also make notable contributions to fostering business growth in the country.

Figure 31: Source of non-money support to businesses.



Government offers support to businesses through various programs, with such as Parish Development Model (PDM) Youth Livelihood Program (YLP) Social Assistance Grants for Empowerment (SAGE), (Figure 32). The data suggests that government support varies across different subsets of businesses although the overall support is small.

Figure 32: Source of government support to businesses.



Entrepreneurs identified various advantages of linkages including learning about customer care among others. Customers highly value good customer care, characterized by respectful interaction and personalized service. Additionally, offering products and services at reasonable prices is particularly appealing to customers, especially those from low-income backgrounds. Trustworthiness in transactions and the quality of products and services are critical factors influencing customer retention. Moreover, providing a diverse range of products and services caters to the varied needs of customers.



They buy from me because even if it is a child who has come to buy, I handle them well, I greet them, I take them as an adult, and even if a person comes and complains, I am calm, and I talk well with the customers,

**Female, Youth, sells firewood,
Mityana District.**



I listen a lot to what they say when I see that they can take the school forward. If a parent complains that madam, children go to school early, they might find problems on the way, I sort them. 'Madam, at least our children would be given the opportunity to learn this and that, it can help improve them' like us who are Muslims, we teach them religion, and it could help, or give counselling and guidance to the girl child. Also, to copy from the developed schools on how they do their things, and also calling parents in meetings and they give their opinions from which I get what to do; we make sure we don't repeat the challenges faced in the business

Female Business owner, Luwero District.



Table 29: Business Performance Indicators by Business Owner's PWD Status

PWD		Overall	No	Yes
Sales through social media	None	83.8%	84.6%	92.9%
	less than 25%	8.6%	8.4%	3.5%
	25%-50%	4.8%	4.6%	2.7%
	51%-75%	1.7%	1.4%	0.9%
	More than 75%	1.2%	1.0%	0.0%
Customer Growth	No	38.7%	38.9%	38.1%
	Yes	61.3%	61.1%	61.9%
Supplier to other business	No	77.0%	76.7%	89.4%
	Yes	23.0%	23.3%	10.6%
Imports key inputs	No	95.2%	95.4%	93.8%
	Yes	3.7%	3.6%	5.3%
	Don't Know/Not sure	1.1%	1.0%	0.9%



These findings suggest that entrepreneurs with disabilities face unique challenges in adopting digital technologies, participating in e-commerce, and establishing B2B relationships. Policymakers and business support organizations need to focus on providing targeted support and accommodations to help entrepreneurs with disabilities overcome these barriers. This could include accessible digital platforms, assistive technologies, adapted training programs, and inclusive business networks. At the same time, the findings highlight the resilience and resourcefulness of entrepreneurs with disabilities. Despite the challenges they face, they are able to achieve similar levels of customer growth and are more likely to engage in international trade compared to their counterparts without disabilities. This underscores the importance of recognizing and harnessing the untapped potential of entrepreneurs with disabilities in driving economic growth and innovation.

Overall, these insights call for a more inclusive and accessible business environment that enables entrepreneurs with disabilities to thrive on an equal footing with their peers. By addressing the specific barriers and providing targeted support, we can create a more diverse and equitable entrepreneurial ecosystem that benefits everyone.

In terms of sector specific findings, the study shows significant variations across sectors in terms of business practices. The sectors with the highest percentages of businesses not engaging in online sales are Agriculture, Forestry and Fishing (91.1%), Public Admin and Defense (94.3%), and Water Supply; Sewerage, waste management and remediation activities (83.3%). Sectors such as these lag behind in digital adoption and e-commerce participation. This suggests that these sectors may face unique challenges in embracing digital technologies, such as limited infrastructure, regulatory barriers, or lack of digital skills among the workforces. On the other hand, sectors like Professional, Scientific and Technical Activities (54.5%) and Information and Communication (66.7%) have lower percentages of businesses not selling online. These sectors are more digitally advanced, with a higher proportion of businesses engaging in online sales. This could be attributed to the nature of their products/services, tech-savvy workforce, or industry-specific digital solutions.

The analysis of customer growth across sectors reveals that Information and Communication (84.5%), Mining and Quarrying (100%), and Professional, Scientific and Technical Activities (63.6%) experience strong market demand and business resilience, with the Mining and Quarrying sector reporting 100% customer growth. These sectors likely benefit from innovation, specialized expertise, or essential products/services that remain in high demand despite economic challenges, suggesting thriving industries with robust market conditions. On the other hand, sectors such as primary education (53.1%) and Manufacturing (55.6%) report lower percentages of businesses serving a higher number of customers compared to the previous year, indicating potential challenges in attracting and retaining customers in these industries. The sectors with the highest proportions of businesses serving as suppliers to other businesses are Mining and Quarrying (100%), Professional, Scientific and Technical Activities (55.6%), and Agriculture, Forestry and Fishing (53.9%). The high proportion of businesses serving as suppliers to other businesses in sectors like Mining and Quarrying, Professional, Scientific and Technical Activities, and Agriculture, Forestry and Fishing highlights the importance of B2B linkages and supply chain integration. These sectors are likely to have strong industrial ecosystems, with businesses collaborating and sourcing from each other. The 100% supplier rate in the Mining and Quarrying sector indicates a highly interconnected industry with well-established supply chains.

Regarding imports, the sectors with the highest percentages of businesses importing key inputs are Professional, Scientific and Technical Activities (22.2%) and Manufacturing (11.1%). The higher percentages of businesses importing key inputs in these sectors suggest a greater reliance on global supply chains and international trade. These sectors may require specialized inputs or technologies that are not readily available locally, driving them to source from abroad. The relatively high import rate in the Professional, Scientific and Technical Activities sector (22.2%) could be due to the need for advanced equipment, software, or intellectual property from international markets.



CONCLUSIONS AND **RECOMMENDATIONS**



Conclusion

The National Entrepreneurship Index for Uganda in 2024 stands at 57%, reflecting a moderately healthy but developing entrepreneurial ecosystem with significant room for growth and improvement. The index is primarily driven by positive entrepreneurial attitudes (88%), willingness to grow (79%), and access to human capital (78%). However, the operational aspects such as internal processes and systems (62%), access to finance (52%), business informality (61% unregistered), low technology adoption (35%), and weak business linkages (24%) constrain the overall health of the entrepreneurship landscape.

Several key demographic and geographic patterns emerge from the study.

- Women-owned MSMEs score slightly lower on the index compared to men (56% vs 59%), particularly in areas of registration, technology adoption, and business linkages, indicating a gender gap that needs addressing.
- Younger entrepreneurs aged 18-30 tend to score higher on the index compared to older age groups, being more optimistic, tech-savvy and growth-oriented. Education level also positively correlates with the index.
- Kampala and the Northern region lead in the index scores, while the Eastern and Western regions lag behind highlighting regional disparities in the entrepreneurship ecosystem.
- Businesses with more employees score higher on the index, suggesting that firm size and capacity are important determinants of entrepreneurial success.

While MSMEs demonstrate resilience with high self-reported profitability (77%), there are opportunities to enhance financial management practices like budgeting and record-keeping, which are currently low. Access to smartphones and computers remains limited (53% have neither), hindering digital transformation. Business registration is marred by complexity, high costs and corruption, deterring entrepreneurs from formalizing. Overall, the study underscores the immense potential of Uganda's entrepreneurial spirit, especially among the youth, but also reveals critical gaps and barriers constraining MSME growth and success.

Recommendations

Simplify business registration and improve access to finance: The report highlights the need to address the operational challenges faced by MSMEs, particularly in terms of business registration and access to finance. Policymakers can streamline the business registration process, making it more efficient, cost-effective, and accessible. Additionally, efforts can be made to enhance MSMEs' access to credit and financial services through targeted interventions and partnerships with financial institutions. Strengthen the decentralisation government offices roles in the registration process by:

- Addressing corruption and increasing transparency: Publicly disclose registration procedures, fees and timelines to reduce opportunities for corruption. Use technology to enable online tracking of registration applications.
- Improving accessibility in rural areas: Increase the presence of decentralized business registration services in rural areas to reduce the need for long-distance travel. Consider mobile registration units and partnerships with sub-county administration units, where registration support and information can be provided to those in need.
- Addressing gender-based challenges: Establish accountability measures to prevent discrimination or exploitation of women entrepreneurs. Consider tailored support programs for women led MSMEs during registration.
- Strengthening coordination and efficiency: Strengthening coordination between decentralized offices and the central business registration authority can help avoid delays. This can work if there is an efficient data sharing and communication system.
- Offering post-registration support: Decentralized units can provide ongoing support to MSMEs after registration, such as information on tax compliance, licensing requirements, and available government programs or incentives and regularly engage with MSMEs to understand and address their operational challenges.
- Foster digital transformation and bridge the technology gap: To help MSMEs leverage the benefits of technology, stakeholders must work towards bridging the digital divide. This can be achieved by investing in digital infrastructure, providing affordable access to digital tools and connectivity, and offering digital literacy and skills training programs. Special emphasis on supporting underserved groups, such as women, rural entrepreneurs, and persons with disabilities, who face greater barriers in accessing and adopting technology is necessary.
- Provide tailored entrepreneurship training and mentorship: While entrepreneurs demonstrate positive attitudes and a strong desire to grow their businesses, there is a need to enhance their business management skills. It is important for policymakers and development partners to collaborate to design and implement comprehensive entrepreneurship training and mentorship programs that cater to the specific needs of different MSME segments. These programs need to cover both technical and soft skills, emphasizing practical application and peer learning.
- Foster inclusive entrepreneurship and support underserved groups: To promote inclusive entrepreneurship, targeted interventions may address the specific challenges faced by underserved groups, such as women and entrepreneurs with disabilities. These interventions may include access to resources, markets, and networks. Additionally, policymakers can identify and support emerging sectors with strong entrepreneurial potential, such as ICT, health, and education, by implementing sector-specific policies, incentives, and support programs.



- **Empower youth entrepreneurs:** To harness the potential of youth entrepreneurship, it is important to expand access to tailored entrepreneurship education and training programs. Financial support mechanisms, such as youth-focused grant schemes and concessional loans. The establishment of youth entrepreneurship hubs and incubators can provide co-working spaces, mentorship, and networking opportunities. It is necessary to facilitate market access for youth-owned MSMEs and encourage their participation in high-potential sectors.

Targeted interventions are needed to improve access to finance, technology, efficient business processes, capacity building (especially for women and rural entrepreneurs) and strengthen market linkages.

MSMEs stakeholders need to prioritize creating an enabling regulatory environment, reducing barriers to formalization, fostering digital transformation, promoting gender-inclusive entrepreneurship, and providing tailored support to bridge the urban-rural and regional divides. By creating an enabling environment and implementing inclusive policies, Uganda can foster the growth and success of this vibrant MSME sector.

Future work on the NEI

Given the lessons on the development of this NEI, there is need to strengthen understanding of the NEI in future studies. These include the following:

Validate the index by weighting the index based on regional contextual factors for each of the subindices.

Expand data collection to include a wider range of businesses and vulnerable populations such a refugees and internally displaced person. The study acknowledges that the sample may be biased towards businesses that maintain regular hours and are easily accessible. Future studies could use a more robust sampling method to ensure that a wider range of businesses and business owners are represented.

Triangulate self-reported data with other sources: This study relied heavily on self-reported data from business owners. Future studies could triangulate this data with other sources, such as administrative records or observational data, to improve the validity of the findings. In additional qualitative data needs to be aligned to the NEI components and sub-indices.

Conduct longitudinal studies to track changes in the index over time: The report provides a snapshot of the entrepreneurial ecosystem in Uganda in 2024. Future studies could track changes in the index over time to understand how the ecosystem is evolving and to identify the impact of policy interventions. To ensure the sustainability and long-term impact of the NEI, we propose the establishment of a collaborative partnership between key stakeholders, including government agencies, academic institutions, industry associations, and civil society organizations. This partnership would be responsible for the ongoing implementation, management, and dissemination of the National Entrepreneurship Index (NEI) and associated research activities. Capacity building initiatives, such as training workshops and knowledge transfer sessions, should be conducted to equip local stakeholders with the necessary skills and expertise to maintain and update the NEI. Furthermore, a dedicated funding mechanism, such as a research grant or a public-private partnership, needs to be explored to secure the financial resources required for the longitudinal study. By fostering local ownership and building the capacity of Ugandan institutions, this study can serve as a catalyst for evidence-based policymaking and entrepreneurship development initiatives, ultimately contributing to the sustainable growth and resilience of the MSME sector in Uganda.

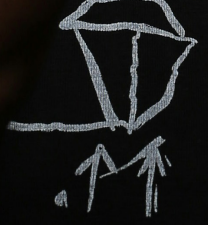
The NEI was developed to help that tracks the change in the state of entrepreneurship over time in Uganda. In this regard, the NEI can be used in the following ways:

- **Conduct periodic assessments:** Regularly administering the NEI survey to a representative sample of MSMEs across different sectors, regions, and demographics will allow for the systematic tracking of changes in the entrepreneurial landscape. Annual or biennial assessments can provide timely insights into the evolving needs, challenges, and opportunities faced by entrepreneurs.
- **Benchmark against regional and global peers:** The NEI methodology can be adapted and applied in other countries, enabling cross-country comparisons and benchmarking. This will provide valuable insights into Uganda's relative strengths and weaknesses in entrepreneurship development, fostering learning and collaboration opportunities with regional and global peers.
- **Evaluate the impact of interventions:** The NEI can serve as a baseline for evaluating the effectiveness of entrepreneurship development programs, policies, and initiatives. By comparing pre- and post-intervention NEI scores, stakeholders can assess the impact of specific actions on different dimensions of the entrepreneurial ecosystem, informing evidence-based decision-making.
- **Foster multi-stakeholder dialogue:** The NEI can serve as a common framework for dialogue and collaboration among diverse stakeholders, including government agencies, private sector actors, academia, and civil society organizations. By providing a shared understanding of the state of entrepreneurship, the NEI can facilitate coordinated efforts to address systemic challenges and opportunities.
- **In order to achieve the above it is necessary to it is important to institutionalize the NEI within Uganda's entrepreneurial ecosystem.** This can be achieved by designating a lead agency or institution to oversee the regular implementation and dissemination of the NEI, building local capacity for data collection and analysis, and securing dedicated funding for the longitudinal study.



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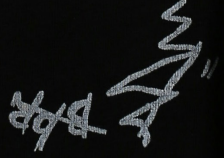
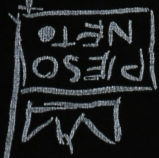
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ANNEXES

01. Ethical Clearance

GULU

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RESEARCH ETHICS COMMITTEE

19/03/2024

To: John Muwangala

Ichuli
 0782692047

Type: Initial Review

Re: GUREC-2024-785: State of entrepreneurship report and index development for Uganda

I am pleased to inform you that at the **110th** convened meeting on **08/02/2024**, the Gulu University REC meeting voted to approve the above referenced application.

Approval of the research is for the period of **19/03/2024** to **19/03/2025**.

As Principal Investigator of the research, you are responsible for fulfilling the following requirements of approval:

1. All co-investigators must be kept informed of the status of the research.
2. Changes, amendments, and addenda to the protocol or the consent form must be submitted to the REC for re-review and approval **prior** to the activation of the changes.
3. Reports of unanticipated problems involving risks to participants or any new information which could change the risk benefit: ratio must be submitted to the REC.
4. Only approved consent forms are to be used in the enrollment of participants. All consent forms signed by participants and/or witnesses should be retained on file. The REC may conduct audits of all study records, and consent documentation may be part of such audits.
5. Continuing review application must be submitted to the REC **eight weeks** prior to the expiration date of **19/03/2025** in order to continue the study beyond the approved period. Failure to submit a continuing review application in a timely fashion may result in suspension or termination of the study.
6. The REC application number assigned to the research should be cited in any correspondence with the REC of record.
7. You are required to register the research protocol with the Uganda National Council for Science and Technology (UNCST) for final clearance to undertake the study in Uganda.

The following is the list of all documents approved in this application by Gulu University REC:

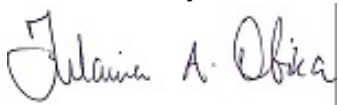
No.	Document Title	Language	Version Number	Version Date
1	Mastercard Foundation Entrepreneurship Index Research Protocol_V2	English	2	2024-03-21
2	Measures for the Prevention and control of risk of spread of COVID-19 during implementation of research_March 2024	English	1	2024-03-21
3	ICHULI _INFORMED CONSENT_Enterprise survey sampling frame_Kiswahili_V1	Kiswahili	1	2024-03-21
4	ICHULI-Informed consent-Indepth interview_Japadhola_V1	Japadhola	1	2024-03-21
5	ICHULI-Informed consent-Indepth interview_Japadhola_V1	Japadhola	1	2024-03-21
6	ICHULI-Informed consent-Enterprise Survey_Japadhola_V1	Japadhola	1	2024-03-21
7	Informed consent document for in-depth interview participants Lusoga_V1	Lusoga	1	2024-03-21
8	Ichuli-Informed Consent_Enterprise survey Sampling framework tool_Lusoga_V1	Lusoga	2	2024-03-21
9	Ichuli-Informed Consent_Enterprise survey Sampling framework tool_Lusoga_V1	Lusoga	1	2024-03-21
10	ICHULI _INFORMED CONSENT_Enterprise Survey_English_V2	English	2	2024-03-21
11	ICHULI _INFORMED CONSENT_Enterprise Survey_Sampling frame_English_V1	English	1	2024-03-21
12	ICHULI-Informed consent-Enterprise survey_Sampling Framework_Runyoro Rutooro_V1	Runyoro Rutoro	1	2024-03-21
13	ICHULI _INFORMED CONSENT_Enterprise Survey_Lukhonzo_V1	Lukhonzo	1	2024-03-21
14	Ichuli Informed consent for Enterprise survey-Sampling Frame_Luganda_V1	Luganda	1	2024-03-21
15	ICHULI _INFORMED CONSENT_Sampling Frame_Rukiga_V1	Leblango	2	2024-03-21
16	ICHULI _INFORMED CONSENT_Sampling Frame_Rukiga_V1	Rukiga	1	2024-03-21
17	Informed consent form-Entreprise Survey-Sampling Framework_Ateso_V1	Ateso	1	2024-03-21
18	ICHULI-Informed consent Indepth Interview_Runyoro Rutooro_V1	Runyoro Rutoro	1	2024-03-21
19	ICHULI _INFORMED CONSENT_Sampling frame_Lukhonzo_V1	Lukhonzo	1	2024-03-21
20	ICHULI _INFORMED CONSENT_Enterprise Indepth interviews_Lukhonzo_V1	Lukhonzo	1	2024-03-21
21	ICHULI _INFORMED CONSENT_Enterprise Survey_Rukiga_V1	Rukiga	1	2024-03-21



22	ICHULI_INFORMED CONSENT_Enterprise Survey_Kiswahili_V2	Kiswahili	2	2024-03-21
23	ICHULI INFORMED CONSENT_Enterprise Survey_Luganda_V2	Luganda	2	2024-03-21
24	ICHULI_INFORMED CONSENT_Enterprise Indepth interviews_Rukiga_V1	Rukiga	1	2024-03-21
25	ICHULI INFORMED CONSENT_Enterprise Indepth interview_Leblango_V1	Leblango	1	2024-03-21
26	ICHULI_INFORMED CONSENT_Enterprise Survey_Lugbarati_V2	Lugbarati	2	2024-03-21
27	ICHULI_INFORMED CONSENT_Enterprise Survey_Sampling frame_Lumasaba_V1	Lumasaba	1	2024-03-21
28	ICHULI_INFORMED CONSENT_Enterprise Indepth interview_Lugbarati_V1	Lubarati	1	2024-03-21
29	ICHULI_INFORMED CONSENT_Enterprise Indepth interviews_English_V1	English	1	2024-03-21
30	ICHULI_INFORMED CONSENT_Enterprise Indepth interviews_Kiswahili_V1	Kiswahili	1	2024-03-21
31	ICHULI_INFORMED CONSENT_Enterprise Indepth interviews_Luganda_V1	Luganda	1	2024-03-21
32	ICHULI_INFORMED CONSENT_Enterprise Indepth interviews_Lumasaba_V1	Lumasaba	1	2024-03-21
33	ICHULI-Informed consent Enterprise Survey_Runyoro Rutooro_V2	Runyoro Rutoro	2	2024-03-21
34	ICHULI-Informed consent-Enterprise Survey_Sampling framework_Leblango_V1	Leblango	1	2024-03-21
35	Informed consent document for Enterprise survey_Lumasaba_V2	Lumasaba	2	2024-03-21
36	Informed Consent form for Indepth-participant Interview_Ateso_V1	Ateso	1	2024-03-21
37	Informed_consent_document_for_Enterprise_survey-Sampling_Frame_Lugbarati_V1	Lugbarati	1	2024-03-21
38	Data collection tools	English	1	2024-03-12
39	Data collection tools	English	2	2024-03-12
40	Data collection tools	English	1	2024-03-12
41	Data collection tools	Lusoga	1	2024-03-12
42	Data collection tools	Lusoga	1	2024-03-12
43	Data collection tools	Lusoga	2	2024-03-12
44	Data collection tools	Acholi	1	2024-03-12
45	Data collection tools	Acholi	2	2024-03-12
46	Data collection tools	Acholi	1	2024-03-12
47	Data collection tools	Ateso	1	2024-03-12
48	Data collection tools	Ateso	2	2024-03-12
49	Data collection tools	Ateso	1	2024-03-12
50	Data collection tools	Japadhola	1	2024-03-12
51	Data collection tools	Japadhola	2	2024-03-12
52	Data collection tools	Japadhola	1	2024-03-12
53	Data collection tools	Kiswahili	1	2024-03-12

54	Data collection tools	Kiswahili	2	2024-03-12
55	Data collection tools	Kiswahili	1	2024-03-12
56	Data collection tools	Leblango	1	2024-03-12
57	Data collection tools	Leblango	2	2024-03-12
58	Data collection tools	Leblango	1	2024-03-12
59	Data collection tools	Luganda	1	2024-03-12
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61	Data collection tools	Luganda	1	2024-03-12
62	Data collection tools	Lukhonzo	1	2024-03-12
63	Data collection tools	Lukhonzo	1	2024-03-12
64	Data collection tools	Lukhonzo	1	2024-03-12
65	Data collection tools	Lumasaba	1	2024-03-12
66	Data collection tools	Lumasaba	2	2024-03-12
67	Data collection tools	Lumasaba	1	2024-03-12
68	Data collection tools	Rukiga	1	2024-03-12
69	Data collection tools	Rukiga	1	2024-03-12
70	Data collection tools	Rukiga	1	2024-03-12
71	Data collection tools	Lugbarati	1	2024-03-12
72	Data collection tools	Lugbarati	1	2024-03-12
73	Data collection tools	Lugbarati	1	2024-03-12
74	Data collection tools	Runyoro Rutoro	1	2024-03-12
75	Data collection tools	Runyoro Rutoro	1	2024-03-12
76	Data collection tools	Runyoro Rutoro	1	2024-03-12
77	Data Sharing Agreement if applicable to your study	English	1	2024-01-12
78	Informed Consent forms	Leblango	1	2024-01-12

Yours Sincerely



Julaina A. Obika (PhD)

For: Gulu University REC

02. Research Plan

Project Overview

Uganda has a Micro, Small and Medium Enterprises (MSME) sector that accounts for approximately 90% of the private sector, over 80% of manufactured output, and contributes about 75% to the Gross Domestic Product (GDP). The sector employs over 3 million people, which makes it one of the largest employers in the country. MSMEs in Uganda are predominantly informal and young; about 50% of them are less than five years old. Given the infancy of enterprises in the sector (many entrepreneurs in Uganda have multiple small enterprises and then over time may decide to focus on one or the other), the mortality rate of businesses is high and for every new business being established, another is closed within one year of its operation. Only about 8% of the MSME enterprises have been around for 15 years or more. Ugandan MSMEs are largely concentrated in urban areas, mainly in Kampala and the central region. They are predominantly engaged in trade, construction, hospitality, manufacturing, finance, and insurance.

Given the role MSMEs in Uganda play in generating employment and in enhancing GDP, it is imperative to understand the landscape, profiles, critical barriers, and growth drivers of MSMEs particularly access to finance and the role that the private sector can play to support the growth of MSMEs.

However, there is very little primary data on MSMEs in Uganda - the most recent large-scale primary data collection exercise was published by Financial Sector Deepening Uganda in 2015, with 1,800 participating enterprises. There are no longitudinal studies with Ugandan MSMEs at any significant scale. This gap in the literature informs the purpose of this study.

It is against this background that the Mastercard Foundation hired Ichuli Consulting – in collaboration with MicroSave Consulting and IPSOS - to deliver a report on the state and health of entrepreneurship in Uganda and the development of an entrepreneurship index to serve as a measurement tool for enterprise growth and success by assessing several aspects/indicators like orientation, personality, leadership, motivation, knowledge, and functional skills. The goal is that this report and index was adopted by key stakeholders in the Ugandan entrepreneurial ecosystem after this initial assignment

Definitions

Uganda Bureau of Statistics has adopted categorization of enterprises basing the fulfillment of the minimum requirements of any two of the criteria of, number of employees, capital investment and annual sales turnover. In quantitative terms, micro enterprises are those businesses employing not more than 5 and have total assets not exceeding UGX: 10 million. On the other hand, small enterprises employ between 5 and 49 and have total assets between UGX: 10 million but not exceeding 100 million. The medium enterprise, therefore, employs between 50 and 100 with total assets more than 100 million but not exceeding 360 million. However, we intend to utilize the definition adopted by Uganda Bureau of Statistics in its Manpower Survey Uganda 2016/17:

- a) **Micro:** businesses with four or fewer employees.
- b) **Small:** businesses with five to ten employees.
- c) **Medium:** businesses with eleven to twenty-nine employees.
- d) **Large:** businesses with thirty or more employees.

This study was conducted across urban and rural areas of Uganda, which we define as the following:

- **Urban:** A place with a concentration of people in a given geographical area with a minimum density of 1,000 people per Square Kilometer engaged in more than 60% of non-agriculture activities.
- **Rural:** the difference between the total population and urban population.

Additional definitions related to this study are as follows:

Concept	Definition
Entrepreneurial activity	"The enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. Entrepreneurship is the phenomena associated with entrepreneurial activity. "
Innovation	"the process of making changes to something established by introducing something new that adds value to customers."
Growth	In this study we view business growth through the lens of growth in revenue.
Sustainability	In this study we view sustainability from a triple bottom line perspective - financial, social and environmental sustainability.
Migrant	"An umbrella term, not defined under international law, reflecting the common lay understanding of a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily or permanently, and for a variety of reasons. The term includes a number of well-defined legal categories of people, such as migrant workers; persons whose particular types of movements are legally-defined, such as smuggled migrants; as well as those whose status or means of movement are not specifically defined under international law, such as international students."
Youth	Any person aged between 18 and below 30.
Disabled	A person with a physical, mental, cognitive, or developmental condition that impairs, interferes with, or limits their ability to engage in certain tasks or actions or participate in typical daily activities and interactions. ³

¹ OECD (2008) *Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection*

² International Organization for Migration, *Glossary on migration, IML Series No. 34, 2019*

³ <https://www.merriam-webster.com/dictionary/disability>

Research objectives and questions

This study aimed to seek to understand the dynamics that influence the performance of MSMEs in Uganda by (1) undertake a baseline assessment of MSMEs to understand the state of entrepreneurship in Uganda and (2) using this information to develop an index that can be used to track the change in the state of entrepreneurship over time in Uganda.

As such, the main question that the research was looking to address is what are the key differences between micro, small and medium-sized enterprises in the domains of growth, motivation and aspirations, and sustainability and longevity?"

More specifically, the research questions included in the below research matrix have been drafted:

Research Framework for the Survey

This survey is intended to take 45 minutes to 1 hour per MSME.

Research Questions	Research Sub-Questions	Indicators
1. What are the key demographics of Ugandan MSMEs?	<p>1.1. What proportion of enterprises are nationals, male, female, youth, disabled, migrants?</p> <p>1.2. Which sectors are MSMEs operating in?</p> <p>1.3. To what extent are MSMEs formally registered?</p>	<p>Under RQ 1.1:</p> <ul style="list-style-type: none"> Age profile of MSME owners Gender of MSME owners Education level of owners Marital status Religion of owners Disability status of owner(s) Refugee status of owner(s) Average age of MSMEs. % of MSMEs where an owner has an ownership stake in other businesses. % of businesses where a business owner has operated a business that closed previously. <p>Under RQ 1.2:</p> <ul style="list-style-type: none"> Products/services offered by MSMEs. <p>Under RQ 1.3:</p> <ul style="list-style-type: none"> % of businesses that are formally registered. % of sample registered as a sole trader, partnership, limited by shares, limited by guarantee etc.
2. What are the key predictors and barriers to growth of MSMEs in Uganda?	2.1. Do MSMEs have access to an appropriate supply of human capital?	<p>Under RQ 2.1:</p> <ul style="list-style-type: none"> % of employees that are full-time. % of employees who are family members. % of employees that are female. % of employees that are youths. % of employees that left the previous year. % of employees that joined the previous year. % of key positions that are missing in enterprises. Key categories of key positions that are unfilled. Average length of employee tenure. Number of expected hires this year. Self-expressed confidence in current skillset. % of MSMEs that have past experience receiving capacity building support.

<p>2. What are the key predictors and barriers to growth of MSMEs in Uganda?</p>	<p>2.2. Do MSMEs have the appropriate linkages to grow?</p> <p>2.3. Are MSMEs able to access appropriate financing for their business needs?</p> <p>2.4. Do MSMEs have access to the appropriate technology required to grow their business and/or operate effectively?</p> <p>2.5. Do MSMEs have the internal processes and systems in place to grow their businesses and/or operate efficiently?</p>	<p>Under RQ 2.2:</p> <ul style="list-style-type: none"> • % of MSMEs engaged in sales of products/services using online channels. • % of MSMEs experiencing annual growth in customers. • % of MSMEs who are suppliers to other businesses. • % of MSMEs satisfied with the cost of key inputs • % of MSMEs satisfied with the quality of key inputs. • % of MSMEs who increased their stock/inventory compared to the previous year • % of MSMEs that import any inputs. <p>Under RQ 2.3:</p> <ul style="list-style-type: none"> • Average amount of capital sought by MSMEs? • Purpose of investment plans. • % of MSMEs that benefit from any government support <p>Under RQ 2.4:</p> <ul style="list-style-type: none"> • % of MSMEs with access to a smart phone and/or a computer. • % of MSMEs using software to run any key aspects of its business (e.g. quickbooks for accounting) • % of MSMEs that have access to specialized technology required for its specific business. • % of MSMEs that have seen a self-perceived improvement in operations since they started using technology. <p>Under RQ 2.5:</p> <ul style="list-style-type: none"> • % of MSMEs with any documented plans, processes and/or manuals. • % of MSMEs that understand the need for documentation. • % of MSMEs that understand the value of systems and processes in running their business. • % of MSMEs that have contracts in place with their employees. • % of MSMEs that have contracts in place with suppliers. • % of MSMEs keeping financial records. • % of MSMEs that see the need to keep financial records
<p>3. What are the motivations and aspirations of MSME owners in relation to their enterprises?</p>	<p>3.1. What kind of aspirations and motivations do MSME owners have for running their business?</p>	<p>RQ 3.1:</p> <ul style="list-style-type: none"> • Reasons that MSME owners start a business. • % of MSME owner whose mindset has changed over time. • % of MSME owners whose mindset has stayed the same. • Level of willingness of MSME owners to pay tax. • Factors increasing MSME owner willingness to pay tax. • Types of other personal responsibilities the business owner is balancing. • Childhood backgrounds of MSME owners - did they grow up around entrepreneurial people? • % of MSME owners with parents who were entrepreneurs. • % of MSME owners who would describe themselves as entrepreneurs. • % of MSME owners who would describe themselves as "confident". • % of MSME owners who would describe themselves as "creative". • % of MSME owners who would describe themselves as "risk-seeking"



3. What are the motivations and aspirations of MSME owners in relation to their enterprises?	3.2. Are MSMEs looking to grow beyond their current stage? Why or why not?	<ul style="list-style-type: none"> • Key identified strengths of MSMEs • % of MSME owners who prioritize obtaining new customers v maintaining existing customers. • % of MSME owners that want to formally register their business. • % of MSMEs that have formally registered who have seen the benefits from doing so. RQ 3.2: <ul style="list-style-type: none"> • % of MSME owners who are interested in growing the business. • % of MSME owners who are optimistic about the economy in Uganda • % of MSME owners that would prefer to open a new business rather than grow their existing business.
4. What are the predictors of sustainability and longevity of MSMEs in Uganda?	4.1. Are MSMEs in Uganda financially sustainable? 4.2. Are MSME owners able to articulate the wider impact they are creating?	RQ 4.1: <ul style="list-style-type: none"> • Average Revenue. • % of MSMEs who experienced revenue growth relative to the previous year. • Average % of customers that are repeat. • Average profit margins of MSMEs (either gross or net). • Average time taken to reach break even • % of MSME owners who engage in budgeting. • % of MSME owners who believe the cash flow position of their enterprise is challenging. RQ 4.2: <ul style="list-style-type: none"> • % of MSME owners that are interested in making a wider impact with their business. • % of MSMEs trying to integrate sustainable practices into the business? • Types of sustainable practices being implemented.

Research framework for the in-depth Interviews

In addition to the survey with 3,000 MSMEs, we also collected complementary information with a subset of 300 MSMEs to gain deeper insights that added further context to the information obtained from the survey activity. The questions related to data points within the survey where we believed insights could be strengthened with additional deep exploration.

Survey Research Questions	IDI	Questions
1.1. What proportion of enterprises are nationals, male, female, youth, migrants, disabled etc?	To understand whether past experiences with business failure have influenced MSME owners future behavior.	Have you been part of a business that failed in the past? What happened?
1.3. To what extent are MSMEs formally registered?	To understand the perspectives of MSMEs on the registration process	What are your thoughts on the business registration process in Uganda? Is it easy or difficult? Why?

<p>2.1. Do MSMEs have access to an appropriate supply of human capital?</p>	<p>To understand how MSME owners make hiring decisions. To understand whether MSME owners see the need for external capacity building support. To understand why employers believe their employees leave the company. To understand how MSME owners measure employee performance.</p>	<p>How do you know when you need to hire a new employee? Do you think your business would benefit from business skills training? Why or why not? Why do your employees typically leave? Is there anything you think your business could do to prevent staff leaving? How do you know whether an employee is performing well or badly?</p>
<p>2.2. Do MSMEs have the appropriate linkages to grow?</p>	<p>To understand what MSME owners understand about their customer base. To understand whether MSME owners view quality of production/service as important.</p>	<p>Why do your customers choose to engage with your business? Do you think that quality is important in Uganda?</p>
<p>2.3. Are MSMEs able to access appropriate financing for their business needs?</p>	<p>To understand MSME owners beliefs about the importance of external finance. To understand the decision making process of MSME owners in relation to attempting to acquire external finance.</p>	<p>Do you think that being able to access external finance is important? How do you decide whether you need external finance? Do you think that there are good solutions for businesses who want to access finance in Uganda?</p>
<p>2.4. Do MSMEs have access to the appropriate technology required to grow their business and/or operate effectively?</p>	<p>To understand whether MSME owners believe that technology is an important aspect of growth.</p>	<p>Do you think that technology has been important to help businesses in your area grow? Why or why not?</p>
<p>2.5. Do MSMEs have the internal processes and systems in place to grow their businesses and/or operate efficiently?</p>	<p>To understand whether MSME owners believe that documentation, processes and systems are an important aspect of growth.</p>	<p>Do you think keeping documentation and having processes and systems are important for a successful business? Why or why not?</p>
<p>3.1. What kind of aspirations and motivations do MSME owners have for running their business?</p>	<p>To understand the diverse reasons why MSME owners start their businesses. To understand what factors MSME owners think about when considering their organization's growth. To understand MSME owners wider perspectives on the presence of entrepreneurship in Uganda.</p>	<p>Why did you start your business? Have those priorities changed? How do you determine if your business is growing? Do you think Uganda is an entrepreneurial country? Why or why not?</p>



<p>3.2. Are MSMEs looking to grow beyond their current stage? Why or why not?</p>	<p>To understand the past experiences of MSME owners in relation to growth. To understand the levels of optimism of MSME owners about the wider economy. To understand the perceived influence of government in supporting MSME growth.</p>	<p>If your business grew in the past, what kind of changes did your business experience? Do you feel that the experience was overall positive or negative? Are you optimistic about the future of businesses such as yours in the Ugandan economy? Why or why not? Do you believe that the government has helped MSMEs in this country?</p>
<p>4.1. Are MSMEs in Uganda financially sustainable?</p>	<p>To understand perceived success factors behind longevity of Ugandan businesses. To understand the perceived value of financial management activities.</p>	<p>What do you think are the main reasons you have managed to stay in business this long? Do you believe that financial management activities can help your business? Why or why not?</p>
<p>4.2. Are MSME owners able to articulate the wider impact they are creating?</p>	<p>To understand whether MSME owners consider the wider impacts of their business activities.</p>	<p>Do you think about the ways your business contributes to society? How?</p>

Qualitative pre-survey KIs

We validated elements of this research framework through qualitative pre-survey KIs.

This was not a pilot of the survey and IDI. The purpose of the pre-survey was to strengthen the survey and IDI construction through an initial research activity that was help us understand (1) how MSMEs in Uganda think about key concepts such as growth and innovation; and (2) whether MSMEs was aimed toing to provide responses to certain questions. This information aimed to help us refine, prioritize and rephrase questions, and include additional questions within the final IDI.

We aimed to conduct this activity with 30 enterprises across Kampala and Masaka - the intention was not to obtain a fully representative sample of enterprises at this stage, but to provide an additional line of information in addition to the MSME landscape report and stakeholder engagement that was optimize the survey and IDI construction.

These questions are provided in the table below:

Main Research Question	Pre-survey objectives	Questions
What are the key demographics of Ugandan MSMEs?	(a) to understand whether asking questions about registration are possible, and if so how to ask them; (b) to get a sense of whether registration itself is actually a challenge – we have heard an equal amount of people saying it is difficult and that it is easy.	Do MSME owners believe that the business registration process in Uganda is difficult or easy? Do MSME owners believe that it is important for a business to be formally registered? How willing would MSME owners be to disclose their business registration status (URSB, city, district or municipal registration, URA, etc) to a researcher? Why or why not?
What are the key predictors and barriers to growth of MSMEs in Uganda?	(a) to understand how MSMEs in Uganda really think about growth – how do they judge whether they are growing? Do they actually want to grow? (b) to understand what alternatives MSMEs think about when asked about access to finance; (c) to understand how MSMEs think about employment – particularly why a new hire is made and what good/bad performance looks like.	Why did the MSME owner start their business? Is this still the reason the MSME owner runs the business, or have their priorities changed over time? Why did the MSME owner choose that location for starting their business? How does the MSME owner determine if their business is growing? What does a successful business look like for the MSME owner? What are the MSME owner's long-term goals for their business? How does an MSME owner seek to address a financial challenge within their business? How does an MSME owner identify when they need to hire a new employee? How does an MSME owner identify when an employee is performing well or badly?
What are the predictors of sustainability and longevity of MSMEs in Uganda?	To understand the kind of considerations and comprehension that MSME owners might have in relation to sustainability and impact, rather than just growth.	What actions are MSME owners taking to make sure their business stays open on a long-term basis? Do MSME owners contemplate the ways in which their businesses contribute to wider societal impacts?
What are the predictors of successful innovation by MSMEs in Uganda?	To understand what innovation means to the subjects of the research, rather than to the entrepreneurship-building ecosystem.	Do MSME owners believe that their businesses are innovative? Do MSME owners believe that other businesses in their area are innovative? Have MSME owners made changes to improve their business operations recently? What were these changes? Do MSME owners feel that these changes have helped to provide an advantage over other businesses doing similar things?



Methodology

The planned research adopted a mixed method approach utilizing a survey design and cross-sectional study design to comprehensively assess several aspects/indicators like orientation, personality, leadership, motivation, knowledge, and functional skills across selected rural and urban enumeration areas in Uganda. To ensure a comprehensive understanding, the study aimed to focus on capturing key aspects of what we see as the "pillars" of healthy entrepreneurship in Uganda by deploying a survey tool with 3,000 MSMEs spread across the country and 300 In depth interviews with enterprise owners ((1 per selected Enumeration Area). The quantitative data from the survey aimed to capture detailed information about their experiences, challenges, and perceptions of entrepreneurship in Uganda, while qualitative insights from In depth interviews aimed to provide depth and context. Additionally, the study aimed to incorporate geographical diversity by including both rural and urban areas. This methodological choice aims to triangulate and complement the overall research findings, allowing for a nuanced and holistic perspective. We aimed to seek to engage enterprises at all stages of their growth journey and across all key sectors of the economy.

The full research process is described below.

Secondary research and landscaping

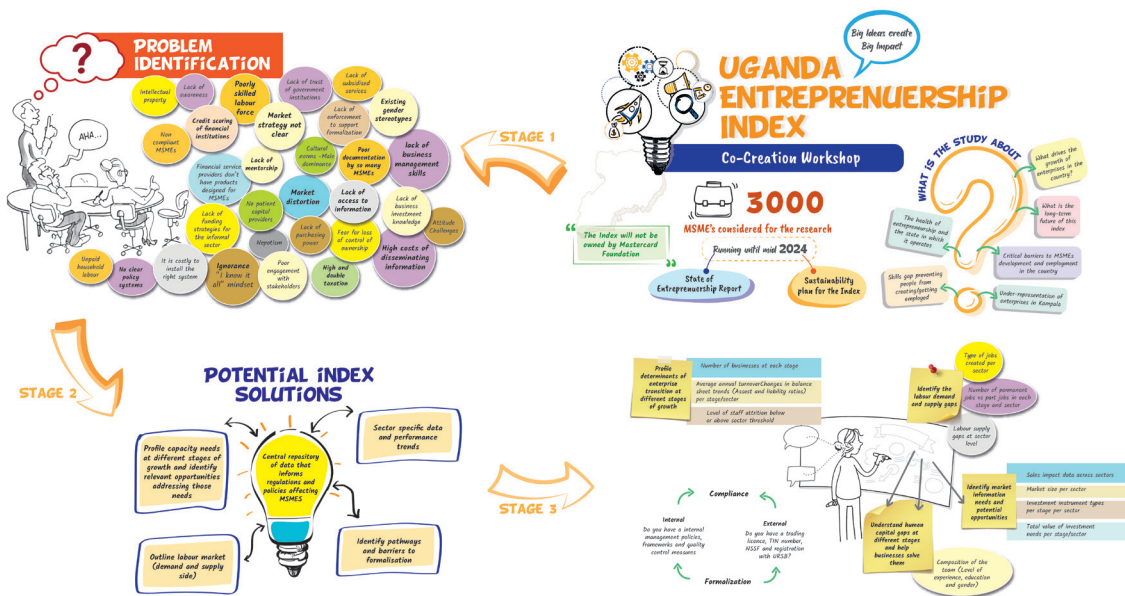
The study started with a review of global and country research (not amounting to a full-fledged systematic literature review) to map critical gaps in understanding the growth journey of MSMEs to serve as context for our own inquiry. At the end of this stage, the team drafted a Landscape Mapping report that identified key insights into the entrepreneurial ecosystem in Uganda and East Africa, particularly key challenges faced by Ugandan MSMEs. It also identified the existing role of indexes at a global perspective, as well as use cases at a national level.

Scoping

As part of the design process of the study, we engaged key stakeholders in the Ugandan entrepreneurial ecosystem to develop a consensus on which aspects of entrepreneurship are important to understand as part of this study. A full list of attendees is provided as an annex, but over a two-day co-creation workshop held at Golden Tulip Canaan from November 8 to 9 over 20 participants representing a range of MSMEs, capital providers, enterprise associations, development funders, NGOs and enterprise support organizations contributed. We led participants through a group work-based design session in which we (1) explored the current challenges faced by MSMEs in the country; (2) developed potential use cases for the index based on challenges faced by MSMEs; (3) brainstormed useful data points to support different index use cases; and (4) refined a shortlist of use-cases by prioritizing data points. This was instrumental in the development of the "pillars" of the study.

The visual below illustrates the outputs from the co-creation process.

Visual 1: graphic representation of the design process



Due to the strategic importance of this project to the Ugandan ecosystem, the project also leveraged a technical steering committee consisting of key bodies in the Ugandan enterprise development space. These are:

- Ministry of Trade, Industries and Cooperatives (chair)
- Ministry of Education
- Uganda Bureau of Statistics (General Secretary)
- Private Sector Foundation Uganda
- Makerere University Business School (Vice-chair)
- Kyambogo University
- National Instructors' College Abilonino
- Uganda Bankers' Association
- Association of Microfinance Institutions of Uganda
- MTN
- Airtel
- Uganda Women Entrepreneurs Association Limited
- Federation of Small and Medium-sized Enterprises Uganda

This committee met monthly. We leveraged this committee to refine the scope of the research and ensure compliance of the sampling methodology with regulatory standards.

The stage ended with the submission of the IRB to Gulu University in Uganda and the submission of the global research protocol to the independent technical steering committee and Mastercard Foundation.



Primary data collection

To ensure a comprehensive understanding of the research objectives, the investigation across the thematic areas aimed to employ a dual methodology. This aimed to involve administering household surveys to MSMEs across the selected 15 subregions in both rural and urban areas of Uganda. Additionally, In Depth interviews were conducted with selected enterprise owners. This strategic choice aims to triangulate and complement overall research findings, fostering a nuanced and holistic perspective.

With a database of proficient research assistants and enumerators that Ichuli possesses, quality interviews were conducted. These enumerators went through rigorous training on data collection procedures to ensure the quality of data gathered. Each enumerator held at least a bachelor's degree and possesses extensive experience in research, monitoring and evaluation, and data collection.

Screening Phase

The first step of the data collection process was to screen potential study participants in order to recruit individuals matching our sampling planned presented in the next section. Researchers aimed to screen participants by asking a few demographic questions, a few questions to enable us to understand the sector and size of the MSME, as well as a question to ensure that the participant is an owner of the MSME being interviewed.

Surveys with 3,000 MSMEs

We deployed the key survey tool with 3,000 MSMEs according to the sampling planned indicated later in the planned.

In depth Interviews with 300+ MSMEs

We engaged 300+ MSMEs in 45minutes to 1.5hours qualitative interviews. These MSMEs was selected across location, enterprise typology, gender, and age. The purpose of this was to unlock deeper, qualitative insights to support our understanding of MSMEs in Uganda and validate quantitative findings.

Data analysis and reporting

Data triangulation and analysis

During the data collection phase, thorough attention was given to data quality. This was done using a tracker and a cleaning log which was produced by the Monitoring and evaluation expert and shared with the field teams every morning. From day one of the data collection, data submitted was closely monitored to check the number of surveys collected by the enumerator, time lapses per survey, logical errors, and inconsistencies, and performance against set targets. The scripts utilized for quantitative data collection was repurposed post-data collection to conduct the cleaning process. This cleaning process aimed to concentrate on rectifying logical errors as needed, removing surveys that are excessively brief or submitted by enumerators whose reliability is in question, and addressing 'other' responses within the survey. The cleaning log aimed to meticulously record any necessary modifications, serving as a guide to update the raw data and generate the cleaned dataset.

Given that the distribution of listing and survey data were quite similar weighting of data was not necessary.

Furthermore, quantitative data analysis was conducted using software tools such as R, Excel, SPSS, and Stata, aligning with the analysis and indexing strategy outlined in the methodology section. For survey data analysis, various methods was employed, including cross-tabulation, trend, and conjoint analysis, aimed at extracting crucial insights from the compiled data. The primary analytical tools for quantitative data analysis aimed to encompass inferential statistics, deductive methods, and descriptive statistics.

1. Inferential Statistics: These were used to make inferences or predictions about a population based on sample data. Common techniques include:

T-tests: To compare means between two groups and find if the differences between them are statistically significant, as in case of gender.

- ANOVA: To compare means between more than two groups, as in case of type of enterprise.
- Regression Analysis: To analyze the relationship between variables, instance factors that explain the differences in income of enterprises.
- Chi-square tests: Used to assess the association between categorical variables, like age groups.
- Correlation Analysis: Used to measure the strength and direction of the relationship between two continuous variables.

2. Descriptive Statistics: On similar lines we aimed to also use descriptive analysis to describe and summarize the main features of a dataset. Common descriptive statistics include measures of central tendency (mean, median, mode) and measures of dispersion (range, variance, standard deviation) was used to explain the differences, and create a narrative among the different sample strata.

Moreover, for the research we used deductive method of analysis, as it involves testing hypotheses derived from existing theories or models. Since there need to have secondary research to back our research framework, and initial consultations to understand the landscape, the research undertook confirmatory research in nature, with a well-established theoretical framework to guide the research.

To analyze qualitative data we followed the following steps:

- Data Preparation: Transcription of interviews/interview notes, coding of data, and organizing it for analysis.
- Initial Coding: Breaking down the data into smaller meaningful segments or codes.
- Theme Identification: Identifying patterns or themes within the coded data.
- Data Exploration: Examining relationships between themes and exploring variations in responses.
- Interpretation: Drawing conclusions and making meaning from the data.

Thus, for qualitative research we undertook both content and context analysis to understand underlying themes and patterns. This was supported with narrative analysis which is basically developing success stories, and understanding the factors that lead to such impacts.

The analysis of quantitative data aimed to involve the following steps:

- Data Cleaning: Identifying and handling missing data, outliers, and errors in the dataset.
- Descriptive Analysis: Calculating summary statistics such as mean, median, mode, variance, and standard deviation.
- Exploratory Data Analysis (EDA): Visualizing the data using charts, histograms, scatter plots, etc., to understand the distribution and relationships between variables.
- Hypothesis Testing: Using inferential statistics to test hypotheses and make inferences about the population based on sample data.



To provide a clear snapshot of the distribution of key variables, we aimed to utilize measures such as means, frequencies, and percentages. This aimed to include examining demographic characteristics, such as age, gender, and location, as well as business-related metrics, such as revenue, profit margin, and access to finance. Furthermore, graphical representations, such as histograms, bar charts, and scatter plots, was employed to visually illustrate patterns and trends within the data. These comprehensive analytical approaches aimed to enable us to generate insights presented in the State of Entrepreneurship report through graphs, text, and tables, enriching the depth of our analysis.

Qualitative transcripts was promptly transmitted to the Field manager/ M&E Expert during the ongoing data collection process. The qualitative data collection process aimed to adhere to the UNCST National Guidelines for Research involving Humans as research participants which states the procedure of management of personally identifiable information by ensuring that the collection of personally identifiable information is minimized and where necessary, deleted timely. Analysis of In Depth interviews data was conducted using NVivo/MAXQDA, with transcripts uploaded into the software and coded based on recurring themes. The resulting coding system was exported as a data saturation grid, outlining key themes, areas of consensus, and points of disagreement. A Data Saturation Analysis Grid (DSAG) was formulated and utilized to provide context and address the more subjective aspects of the research.

Coding the entrepreneurship index

We aimed to develop a composite index which measures the state of entrepreneurship in Uganda. The score aimed to fall within a range of 0 and 1, where zero represents a very weak state of entrepreneurship while 1 represents a very strong state of entrepreneurship in Uganda. The overall score was computed from the mean scores covering the four sub-indices of growth, aspirations, longevity and sustainability, and innovation. Throughout all computations, values aimed to have two decimal points.

The aggregated measure is computed as the average of scores of its four components. Using the EI score, which aimed to range between 0 and 1, a distance to perfect score was computed by deducting the EI score from the ideal state of 100.

The four sub-indicators was computed as the (possibly weighted) average of a series of standardized indicators that are relevant for the pillar. It aimed to also be possible to compute sub-indexes and composite index for segments of the sample with specific characteristics.

Step 1: compute the sub-index for each of the four pillars

$$SI_{Ki} = \frac{\sum_1^J X_i}{J_k}$$

Where K represents each pillar (sub-index); J represents each component in a sub-index; X represents the value taken by the component; and i represents each respondent.

Step 2: Compute the Composite Index (EI), both a weighted and an unweighted version was tested:

$$EI_i(\text{weighted}) = \sum (W_K SI_K)$$

$$EI_I(\text{unweighted}) = \frac{\sum_{i=1}^K SI_{iK}}{K}$$

Step 3: compute the composite index

$$EI = \sum_{k=1}^K (EI_K) \times 100$$

Step 4: compute the distance to a perfect score

$$\text{Distance to PS} = (1 - EI) \times 100$$

To identify which data was long in the index we aimed to need to conduct a variance analysis to ensure sufficient variability of data across sample strata.

Validation workshops

Following data analysis and prior to drafting the final research report, the team aimed to facilitate two validation workshops involving relevant partners including the technical steering committee, development funders, enterprise support organizations, enterprise associations, and enterprises themselves. Attendees of these validation workshops was drawn from the organizations that attended either the co-creation workshop or the stakeholder engagement event. The purpose of the workshops was to present and seek validation of the key analytical outcomes. We planned for around 20 attendees per event to maintain focussed discussions. One event was held in Kampala, another in Gulu.

State of entrepreneurship report

The evaluation team aimed to produce a draft State of Entrepreneurship report and Entrepreneurship Index which aimed to incorporate the feedback from the validation workshops. The integrated report aimed to include a detailed research methodology and limitations, findings and conclusions to the key research questions, good practices and lessons learnt, and specific examples and stories from field visits. The draft integrated report was submitted to the technical steering committee and Mastercard Foundation for feedback.

Dissemination

The team aimed to disseminate both the full report and index, as well as identify key knowledge products to share.

The key audience is wide ranging, consisting of all stakeholder groups that have an influence in the Ugandan entrepreneurial ecosystem, as well as those that may have an interest in entering the ecosystem. We planned to hold a webinar to disseminate the final report and launch the digital platform version of the index, as well as identify and publish a series of knowledge products that can be used to highlight specific key report findings.



Sampling strategy

This sampling strategy is a deliberate and intentional planned to ensure that a project selects a unique sample of the population that represents the general population and can thus have the results generalized across distance.

The study aimed to include micro, small, or medium-sized enterprises (MSMEs) operating within Uganda across various sectors, aimed toing to participate, while excluding those unaimed toing to participate and entities not falling within the defined sectors (e.g., large corporations, informal businesses not meeting MSME criteria).

In this strategy, we aimed to detail the following:

1. Sample size calculation
2. Sample strata
3. Sample distribution

Sample size calculation

The sampling design was a two-stage process. The objective of the design was to give every unit an equal and known chance of being chosen for inclusion in the sample. To achieve this, we aimed to follow random selection methods at every stage of sampling.

For both the quantitative survey and In-depth Interview, we aimed to define a nationally representative sample of MSMEs across multiple sectors (e.g., agribusiness, energy, manufacturing, ICT, trade, etc).

Sample strata

We aimed to construct the following sample strata:

1. Region wise sample distribution
1. Location of the enterprise (urban/rural)

To arrive at the proportions, we have used the following data sources:

1. Region wise sample distribution – We have used the same proportions to distribute our sample as the distribution of household enterprises as taken in the 2019/20 National Household Survey.
2. Location of the enterprise (urban/rural) – We are using the same survey to assign the urban/rural distribution

These proportions aimed to inform our selection of enumeration areas as per Uganda Bureau of Statistics' maps.

The overall sample distribution per region was:

Region	Proportion in population
Kampala	0.081
Central	0.298
Eastern	0.205
Northern	0.130
Western	0.287

Each region's sample aimed to then be divided into urban and rural locations (with the exception of Kampala where the entire population can be classified as urban), based on the National Household Survey 2019/20's measurement that approximately 35% of household enterprises were in urban locations, with 65% in rural locations.

One enterprise per enumeration area was randomly selected to participate in an in-depth interview in addition to the survey.

Sample distribution

The sample distribution at every region was carried out in these steps:

1. Selection of enumeration areas: we aimed to select enumeration areas within each sub-region to deploy our enumeration team according to the sampling proportions outlined above.
2. Creation of sampling frame: In each selected enumeration area, enumerators aimed to engage at an enterprise level and aimed to maintain a count of (1) which sector the enterprise is in; (2) the number of employees an enterprise has; (3) the youth and non-youth entrepreneurs, (4) male and female ownership of enterprises; and (5) gender and youth distributions of employees. This aimed to allow the study to categorize enterprises based on size (micro, small, medium). All enterprises were listed electronically, from which we aimed to then select study participants. GPS data aimed to also be collected to ensure that enumerators comply with the enterprises selected to participate in stage 3. We aimed to also ask enterprises to indicate a aimed toingness to participate in the study.
3. Execution of Survey and In depth Interviews: the data collected at step 2 aimed to enable our team – consisting of an overall field manager and regional sub-managers – to develop a walking planned for the enumeration team to collect primary data within each enumeration area. Probability sampling was utilized to select specific enterprises to interview based on the frequencies of data collected in stage 2. For example, if an enumeration area predominantly has trading enterprises, these were chosen at random. If an enumeration area only has one female-owned enterprise, this was chosen with a probability equal to one.

Partner roles and responsibilities

The project consists of both internal and external partners. Internally, the project consortium is as follows:

- Mastercard Foundation: the Foundation is the originator of this project.
- Ichuli Consulting: Ichuli is leading the delivery of this project, including execution of field activities.
- MicroSave Consulting: MSC is partnering with Ichuli Consulting to provide an international perspective to all key activities and leading on the data analysis.
- Ipsos: Ipsos is providing technical advisory at key stages of the project.

Externally, the project is engaging with an independent technical steering committee as well as national based stakeholders such as government institutions, capital providers, enterprise support organizations, development funders and NGOs. We aimed to expect these stakeholders to (1) participate in the information dissemination workshops; and (2) influence policy regarding MSMEs.



Ethics, risks and data protection

Ichuli Consulting aimed to follow a robust process of training field staff, pretesting tools, and supervising the quality of data gathered. Data collection was conducted in accordance with the agreed protocol while observing applicable research standards and rigorous data quality. Quantitative and qualitative data collection was conducted by experienced and trained Ichuli team members. All data collection tools was translated into relevant languages and administered in the language preferred by the respondent.

Ethical Considerations

Ichuli aimed to seek ethical approval from the Gulu University Research Ethics Committee. Ichuli aimed to also ensure complete compliance with GUREC and Mastercard Foundation's informed consent and confidentiality policies, as well as international good practice regarding research ethics and protocols particularly with regards to working with vulnerable populations and young people. Our work is strongly rooted in the overriding principles of 'do no harm' and the 'best interests of the child.'

Specific consideration was given to:

- Administrative confidentiality of those participating in research.
- Physical safeguards for those conducting research.
- Data protection and secure maintenance procedures for personal information.
- Age-appropriate and ability-appropriate assent processes based on reasonable assumptions about comprehension of individuals involved in the research, including in the development of data collection tools; and
- Child protection, safety, and privacy.

All Ichuli researchers/data collectors undergo research ethics training, safeguarding and child protection training and signing of the policy to conduct field research on behalf of Ichuli. In addition, all Ichuli employees undertaking fieldwork for this assignment aimed to have completed Citi's comprehensive training on data protection and safeguarding. All protocols and policies regarding data collection agreed upon was acknowledged and observed in the training and throughout the course of data collection. The selected team for this assignment aimed to co-facilitate the training of data collectors and prepare materials according to their expertise and level of responsibility for the assignment.

Confidentiality

Participant responses was fully confidential and aimed to not be connected with their name or any other identifiable information at any stage of the analysis. All data pertaining to personal information was stored in a secure location. Participants was asked to volunteer and allowed to skip any questions they do not want to answer. Participants was informed of their right to discontinue interviews for any reason at any time without penalty. Participants was informed of this policy at the beginning of all interviews.

Informed consent and assent

In line with ethical guidelines, all participants aimed to have the purpose of the research explained to them prior to the interview. This was done in a structured way using data collection tool guided consent forms. Informed consent procedures ensure that participants of the interviews understand the purpose of the data collection and that their participation is voluntary.

Gender sensitive and inclusive approaches

At all stages from inception to implementation, Ichuli aimed to adequately account for how age, gender, and disability presented dynamic factors of vulnerability amongst the children, women, and their communities where we work. Materials developed was both age-appropriate, gender-sensitive and inclusive. We aimed to use a multidisciplinary team composed of female and male consultants and local enumerators.

Identified risks and associated mitigation strategies

Ichuli has a comprehensive review system that supports risk identification and mitigation allowing us to adjust and respond if needed, depending on the situation. Ichuli is versed in contingency and continuity planning to non-response from survey participants and local leadership. The Ichuli team led by the Project Manager aimed to follow the following 4 principles for developing a mitigation plan:



- Identifying and defining risks that may affect the project, and then documenting those characteristics. Each risk entry should identify the cause, the likelihood of the event, and the effect the risk could have on the project. Periodically all information is shared with the steering committee for review and feedback.
- Conducting an analysis in the form of an assessment to determine which identified risks require later management.
- Determining one or more viable risk responses and establishing options and actions that increase opportunities and reduce project risks.
- Continuing to monitor and identify risks and execute appropriate response plans.

Key risks identified for this research activity are as follows:

Risk	Likelihood	Impact	Risk Level	Mitigation
Questions on formalization – participants may be unwilling to answer questions pertaining to registration due to concerns on how data will be used	Medium	High	High	In the pre-survey we are evaluating how likely MSME owners are to answer this question. We will also allow participants to opt out of answering this question if they wish.



Novel research – participants may be confused by some of the questions.	Medium	High	High	Our onboarding with enumerators is highly interactive. We will leverage their insights to create appropriate phrasing approaches to questions. Tools will also be translated into local languages. A pilot will be conducted to test the tools.
District-level research – there is a risk of failing to make appropriate governmental connections at a district level to identify appropriate research participants.	Low	High	Medium	We will ask for official government letters from the Ministry of Trade, Industry and Cooperatives to introduce the project team to district-level officials. MTIC is the chair of our technical steering committee.
Data quality – there is a risk that the data collected will be low quality.	Low	High	Medium	We have a comprehensive enumerator onboarding package. Enumerators are required to submit data on a daily basis. We also deploy Data Quality Assurance officers to monitor and engage in data cleaning.
Risk associated with the duration of the interview (1-2 hours): There is a risk that the respondents may get fatigued or disengaged during the data collection, leading to decreased response quality or incomplete data.	Medium	High	Medium	Prior to the interviews, participants will be informed about the anticipated duration of the interview. Clear communication about the importance of their participation and the significance of their input in the study will be emphasized, encouraging their commitment to the process. Additionally, Efforts will be made to create a comfortable and conducive environment for the interviews. This includes ensuring suitable physical conditions, minimizing distractions, and allowing participants to express any concerns or discomfort they may experience during the interview.
Sticking to the plan - Enumerators may fail to remain within enumeration areas, and may not stick to the MSMEs selected by the central team following the sampling frame construction.	Medium	High	High	All enumerators will be provided with a map of the enumeration area. They will also be connected to LCs to facilitate smooth progress. All enterprises will be GPS mapped - at the surveying stage GPS data will be sense-checked to ensure that the correct MSME is being surveyed.





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