



# Landscape Analysis of the Uganda Innovation Ecosystem

**2023**



# Landscape Analysis of the Uganda Innovation Ecosystem

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UGANDA

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# KEY DEFINITIONS AND ABBREVIATIONS

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Beyond the frequently used terms below, other terms and abbreviations will be introduced throughout the study.

## **Entrepreneurship Support Organization (ESO)**

Actors that contribute to Uganda's entrepreneurship and Innovation Ecosystem are called ESOs in this study. It is a term that is inclusive to a wider range of support services than the frequently used denomination "Hub". It includes actors such as investors, investment matchmakers, or service providers in different fields such as accounting firms that work with Uganda's entrepreneurs.

## **Startup Uganda (SU)**

Startup Uganda is Uganda's membership association for ESOs with the major hubs and business development service providers being members. Startup Uganda convenes the ecosystem, supports startup policy formulation, and organizes key activities for the ecosystem and to provide opportunities to its members.

## **Response Innovation Lab (RIL)**

The Response Innovation Lab is the organization that commissioned this Landscape Analysis. It is a global collaboration between World Vision, Save the Children, Oxfam and Civic to support innovations in humanitarian sector. The Uganda office, hosted by Save the Children in Kampala, is an active contributor to Uganda's Innovation Ecosystem. RIL is also a member of Startup Uganda.

## **Uganda Innovation Week (UIW)**

UIW is Uganda's largest yearly event on innovation and entrepreneurship that convenes entrepreneurs, investors, government, and other ecosystem stakeholders.

# EXECUTIVE SUMMARY AND RECOMMENDATIONS

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To start, a note for the reader with little time: Consider reading the executive summary and the sections called “Summary of findings” at the start of every major chapter to find all the highlights of the report. The end of every chapter lists recommendations deduced from the findings of that chapter. Though, the chapters provide depth and context and hold valuable insights. The following are the quick links to the chapters with the summary of findings:

Summarizing diverse research with thousands of data points and several methodologies and target groups is not an easy task. The following will, in short, describe the background and reason for this research, provide key highlights on a qualitative level based on the chapters of this study, and finally give a list of 16 recommendations to bring the Ugandan entrepreneurship ecosystem forward and ensure that entrepreneurs get better support faster.

- 1 Summary of findings from the interviews on collaboration  
.....
- 2 Summary of findings of the focus group discussion  
.....
- 3 Summary of findings of interviews with government actors

# BACKGROUND OF THE RESEARCH

This landscape analysis of the Uganda Innovation Ecosystem was commissioned by the Response Innovation Lab (RIL) in Uganda, which is hosted by Save the Children. It engaged Startup Uganda to conduct this research, which is Uganda's membership association of Entrepreneurship Support Organizations (ESOs, used as a common term for hubs, investment organizations, business development service providers, and other stakeholders that support entrepreneurs). Startup Uganda and its members actively participated in making this research work.

The purpose of the research is to provide an in-depth overview of how the ESOs in Uganda are set up, what they offer, to whom, and how. It particularly looks at the state and opportunity of collaboration among stakeholders in the ecosystem, especially among the ESOs, but also with the public sector. For this, Startup Uganda member ESOS were invited to contribute, as well as several refugee entrepreneurship hubs, entrepreneurs through a focus group discussion, as well as government representatives. Overall, the following methods were used and are explained in more detail within the chapters:

- 1 Desk research was conducted
- 2 24 ESOs filled the ecosystem survey
- 3 21 follow-up interviews conducted
- 4 6 Interviewees from 4 government authorities/ministries
- 5 8 entrepreneurs participated in the focus group discussion

In-depth data about all activities run by the participating ESOs was also captured, including descriptions of activities (such as trainings, incubation programs, etc.), monetization of activities, target groups, target sectors, stages of businesses addressed, and others. Most of this specific data will not be displayed in depth here, because it is much and detailed. Though, it is available to the ecosystem and will for instance be used to update the website of Startup Uganda with more detailed breakdowns of the activities of ESOs in Uganda.

# KEY FINDINGS OF THE RESEARCH

Nine key take aways are captured in this summary, based on the take-aways from the different research sections where they can be found in more detail.

# 1

## Need for more specialization:

There is a lack of specialization in the ecosystem which has a negative effect on the diversity and level of quality support that entrepreneurs can get from the ecosystem. Of 24 survey participants, 14 are fully sector agnostic. On average, the ESOs have 4.4 specific target demographics, which is high considering that they have on average 9.3 employees (full time equivalent) to serve those target groups. ESOs also work across many different stages of an enterprises' journey, often reporting to being open to work from ideation to Series A stage.

# 2

## Openness for collaboration:

ESOs are open to collaborate – but deliberate steps must be taken to build more trust in each other and understand strengths of other ESOs. There is also a strong awareness for the cost of collaboration, which joint projects with financial benefits could resolve. Four formats have mostly lead to collaboration in the past, namely (1) organizing pitch events together, (2) organizing big events and conferences together (such as Uganda Innovation Week), (3) designing and implementing bilateral activities and programs, and (4) designing and implementing larger projects with several ESOs over extended periods of time.

# 3

## There is a track record of collaboration:

ESOs have collaborated for a long while and learned many lessons, as outlined in this research. When larger projects are designed or collaboration encouraged, these summarized learnings should be considered. Especially, five steps/factors were found that are crucial:

- Step 1:** Build trust and working relationships with other players and get to know their strengths
- Step 2:** Have a reason to collaborate – what is the end goal and what are the benefits for each partner?
- Step 3:** Evaluate the collaboration fit of partners to be involved – do they have experience working with the target group, are they aligned on the goals, do they add needed expertise and/or resources?
- Step 4:** Build a partnership with a culture of co-creation, transparency, and openness
- Step 5:** Define clear deliverables, project management, and ensure full accountability



4

**Access to finance remains a limiting factor:**

Mentioned often before, this topic is not yet well enough resolved in the Uganda ecosystem – but ESOs are aware and working on better investment-readiness, started to invest themselves, and include investment opportunities in projects more deliberately.

5

**Entrepreneurs lack of trust in ESOs:**

Entrepreneurs do not trust in the technical know-how of ESOs as their teams lack the entrepreneurial and business experience needed to support them well. 8 entrepreneurs were asked if they “believe that Uganda’s Hubs have the necessary know-how to help entrepreneurs succeed” and answered an average of 2.3 on a scale from 1 to 5. Those are entrepreneurs with various backgrounds, sectors and stages that have been attached to ESOs in Uganda before.

6

**ESOs should build stronger technical capacities in-house:**

Capacity gaps of ESOs can only be partially resolved by capacity building. ESOs also need to hire more staff with experience of successfully building/ running/ managing businesses or individuals from the investment space to build internal capacities for high quality venture and business support. It is also important that those team members are involved or consulted for strategic matters of the ESOs and contribute to program design and implementation. Though, not every technical team member needs to have this background and finally, knowledge and experience matters.

7

**More entrepreneur-centricity needed:**

Build an ecosystem for entrepreneurs and design with and for them – onboard them into the ecosystem and services offered early so they can build trust and benefit down the road. ESOs must sharpen your unique value propositions to ensure the client can identify them as a partner more easily.

8

**ESOs are becoming more business-oriented:**

While grants remain the highest contributor to ESO budgets and is the biggest contribution to 13 of 21 ESOs (who submitted such data), several others have managed to build a service business around their skills in the entrepreneurship space and finance themselves more sustainably. On average, the percentage-wise contribution of grants to 21 ESO budgets was 57.8% in 2022.

9

**Narrow region support by Ugandan ESOs:**

Uganda’s ESOs are almost without exception headquartered in Kampala. Where specific regions are supported, a strong focus is set on Western Uganda and especially the city of Mbarara. Only one of the ESOs that is not country-wide active but only regionally is based in Northern Uganda, none in Eastern Uganda. Some ESOs are open to entrepreneurs from anywhere in Uganda, but the support for other regions is low. Though, some activity does happen by ESOs that did not contribute to the survey and are based in other regions, such as Muni University’s Innovation Hub in Arua in Northern Uganda of Uganda Christian University’s Hub in Mbale in Eastern Uganda. Reasons might be that most activities, clients, and opportunities are Kampala-centered.

*Other quantitative findings from the ecosystem survey are showcased in the chapter titled Summary of findings of the ecosystem survey.*

## RECOMMENDATIONS FOR THE ECOSYSTEM, ESOS, AND FUNDER

18 recommendations have been extracted from the findings of the different research sections and are split into recommendations on ecosystem level, possibly to be implemented through Startup Uganda, recommendations for ESOS, and recommendations for funders of the ecosystem and of ESOS. Finally, two recommendations for further research are given.



## RECOMMENDATIONS ON THE ECOSYSTEM LEVEL

1

### Build more connections with government actors:

Government actors are open to collaborate but do not have the necessary connections. Involve the various government actors more into ecosystem activities to deepen the relationships between the two spaces, for instance through

- Building a database of relevant and interested government actors that can be invited to ecosystem events, Startup Uganda activities such as the Annual Gathering, and to events of the different ESOs
- Joint strategy sessions on how to move the ecosystem forward together
- Roundtable conversations around the role of ESOs and the government, defining milestones and outcomes together and clarifying roles

2

### Use Startup Uganda as a forum to enhance collaboration and advance the ecosystem:

Startup Uganda is in a unique position as the one association of ESOs to collectively bring the ecosystem forward. The following activities are recommended:

**Make the Startup Uganda website a central information point:** It is still hard to learn in detail about what ESO offers what, in which quality, for who, and how often. This is a challenge for entrepreneurs but also other stakeholders. The website should entail key definitions and facts about the ecosystem, and show what every ESO is offering.

**Uganda Innovation Week:** Use UIW even more deliberately to co-create as an ecosystem and to build trust among ESOs. Run UIW as a professional joint project as if participating members were paid to do it or find funds to compensate to organizing committee in a small manner.

**Organize frequent networking events:** Frequent (ideally monthly) informal meetings and events to build relationships should be organized, hosted by another ESO every month and on a low budget.

**Host bi-annual collaboration meetups:** To foster collaboration, for example with some of the following activities:

- Collaboration lessons
- Funder conversations on the state of the ecosystem
- Co-creating a learning document on how to make collaboration successful and work out

**Publish an annual ecosystem impact report:** For example, including:

- Based on previous work done by Startup Uganda through the Annual Startup survey
- One page of about the impact of every paid member
- Define and report on ecosystem-wide metrics such as startups supported, SMEs supported, jobs created, funding raised (equity/debt), and others.
- ESOs share achievements, learnings & strategic plans
- Collaboration matchmaking, who offers and needs what
- Key ecosystem achievements and tracking of the macro developments in the ecosystem
- Outlining the top challenges for the next year
- Outline opportunities for funders

### **Certify programs run by Startup Uganda members**

After defining key terminologies in the ecosystem, it is recommended to certify activities done by Startup Uganda members so entrepreneurs know what to get where, for instance:

- Certify who runs a makerspace
- Certify who runs an accelerator program
- Certify who runs an incubation program
- Certify who runs a co-working space
- Certify who does investment matchmaking

## 3

### **Come up with ecosystem-wide definitions:**

Terms like “incubator”, “accelerator”, “early-stage”, “ESO”, or “startup” are not used in a harmonious way by ESOs and other stakeholders in the innovation ecosystem. There is an opportunity for Startup Uganda to own how these terms are defined in Uganda and to ensure that members call their programs and projects according to those terms. Organize a structured session to refine the terms together, which should help to have a more common language for collaboration.

## 4

### **Support ESOs to become investors:**

Several ESOs are investing in the entrepreneurs they work with, which can improve their technical support and understanding. Evaluate the performance of these ESOs that have invested, draw lessons, support them to professionalize, and support others to walk the journey to become investors.

## 5 Increase monetization of activities:

The SCALE framework from the Argidius foundation publication titled “Fulfilling the potential of BDS”<sup>1</sup> shows that monetization of activities has positive effects on outcomes – but the monetization rate in the ecosystem is low – for instance, only 3 of 29 ESOs offering continuous trainings charge some amount for them. Access to makerspaces (2 out of 8), to incubation services (6 out of 14) are also lowly monetized. Monetization could be to fully fund programs through fees or even only partially, for instance through commitment fees. Organize activities through which ESOs can share experiences with charging for programs and how to do it successfully.

## 6 Provide relevant and high-quality capacity building to ESOs

### Key topics that were identified in the research:

- Strengthening value proposition and supporting specialization of organizations
- Project management for senior staff from ESOs on how to set up and manage large projects, including:
  - Defining logical frameworks with clear targets and deliverables
  - Planning and managing timelines reliably
  - Project risk assessment for more reliable implementation
  - Communicating and working together with stakeholders
  - Financial management and budget planning for projects

---

<sup>1</sup>Argidius Foundation, “How to fulfill the potential of Business Development Services using SCALE”, 2021.

## RECOMMENDATIONS FOR ESOS

- 1 Enable entrepreneurs to get to know your ESO more easily:** While this is happening to an extent, entrepreneurs lack trust in programs and ESOS. Offer entrepreneurs valuable support such as regular free office hours, community and networking events, or support with specific needs such as for instance financial modelling. Such offers can help to build trust and show the expertise of an ESO and be a pipeline for other activities as well as support entrepreneurs.
- 2 ESOS should hire more experienced and successful business leaders and entrepreneurs as they grow:** Entrepreneurs lack trust in the knowledge of staff members in ESOS (*see link: Statement 4: I trust Uganda's Hubs as a partner to build a company with.*) as there are too few who have run or are running successful businesses. ESOS should consider hiring more staff members that can ably and confidently help entrepreneurs with the challenges they face. Ideally, those team members should be in the technical and leadership positions where they interact with entrepreneurs and influence ESOS' strategy, M&E plans, and programming.
- 3 ESOS should involve successful founders more:** Peer-to-peer learning from entrepreneurs with experience through different formats ranging from mentorship to talks on certain topics are a needed way to build peer relationships and make experience gathered by entrepreneurs more accessible.
- 4 ESOS and government actors should invite each other to activities and events frequently:** Government actors are open to interacting more with the entrepreneurship ecosystem, ESOS, and entrepreneurs. Yet, they lack the networks and channels to easily connect and join events. Though, the first most important step to break out of the siloed nature of the ecosystem, especially on the government actor side, is building relationships and knowledge of actors and activities in the ecosystem. Events are a great way to build informal relationships that are the first step for more engagements and collaboration.
- 5 ESOS can establish themselves as a channel for government services to entrepreneurs:** The siloed nature of work of government authorities means that entrepreneurs lack knowhow and access to them. Though, ESOS can serve as the linkage between government services and entrepreneurs, educating entrepreneurs about what is needed and offered, and creating direct connections. A close collaboration with government authorities on this is important to fine the best ways for operationalizing such a partnership.
- 6 ESOS should include government authorities in program design and implementation:** Government authorities are open and actively shared that they have capacities to inform and train entrepreneurs about the services offered. This can be a value add to programs and activities conducted by ESOS and done by government at no cost, in return getting an opportunity to reach entrepreneurs with no effort.

## RECOMMENDATIONS FOR FUNDERS

- 1 Fund a multi-stakeholder approach to come up with an ecosystem strategy for Uganda 2023:** A barrier to collaboration among ESOs and government is that there is no jointly agreed-upon strategy and direction of the ecosystem. A “Uganda Startup Ecosystem Strategy 2030” document which acknowledges key challenges, the status quo, and strategies for progress would be a good basis for direction and collaboration. A multi-stakeholder approach is important to ensure that the perspectives of ESOs, government, entrepreneurs, and investors are included, and they be open to co-creating solutions based on this strategy.
- 2 Build collaboration into funding:** When commissioning or designing programs, use the different expertise of partners to collaborate within the project framework and on eye-level, leveraging co-creation for better ownership of all project partners. This allows the expertise of various actors to be considered. Work with ESO consortia for better quality and more collaboration.
- 3 Quantity AND quality:** While large-scale projects are helpful, they have come at the cost of quality in the past. Design for quality, but in scale.
- 4 Support central ecosystem actors:** It is important to have a way to guide the ecosystem development on the macro level. For this, working through the most connected actors that collaborate with other ESOs already is useful. Startup Uganda as a member-based association could be in the best position, as it is neutral and not in direct competition with ESOs and has the highest level of connectivity in the ecosystem ([see link About the state of the ecosystem](#))
- 5 Put up a fund to spur ESO specialization:** For instance, start with a research fund component that finances ESOs to deeply evaluate their specialization plans and come up with strategies, that could be implemented in a second step. Funds are needed in the ecosystem and introducing such or a similar project-based funding opportunity that drives specialization as a key need in the ecosystem forward can be a strategic approach to bring the ecosystem forward.
- 6 Put up a fund of matching grants for ESO investments:** As described before, it is strategic to support ESOs interested in investing profits into SMEs and startups in the early stage. For that purpose, a fund for matching grants should be set up, where investments in startups by ESOs are matched 2:1 or 3:1 by funders, similar to the approach by <https://catalytic-africa.com/> for African angel investor networks.

## RECOMMENDATIONS FOR FOR FURTHER RESEARCH

### 1 **Deep-dive into how women-support is operationalized:**

20 of 24 ESOs listed women as a specific demographic they are supporting. While this could be a sign of being sensitized about gender biases that need to be removed, it could also be a mere alignment with donor agendas. A research is suggested that analyses how the ESOs support women entrepreneurs specifically, what dedicated programs to support women they have, what gender-balance in the teams running applications and programs exists, what best practices they have found in supporting women entrepreneurs, and potentially other questions.

### 2 **Analyse the sources of revenue of ESOs along their growth journey:**

The data only allowed to have a snapshot into how ESOs were financed in 2022. To understand how the growth journey of ESOs was fuelled and how the budget composition (grants, consulting, co-working and other revenue) changed over time for each ESO, deeper research would be helpful. This would help to identify if there is a trend towards more sustainability, how long this journey takes, and others.



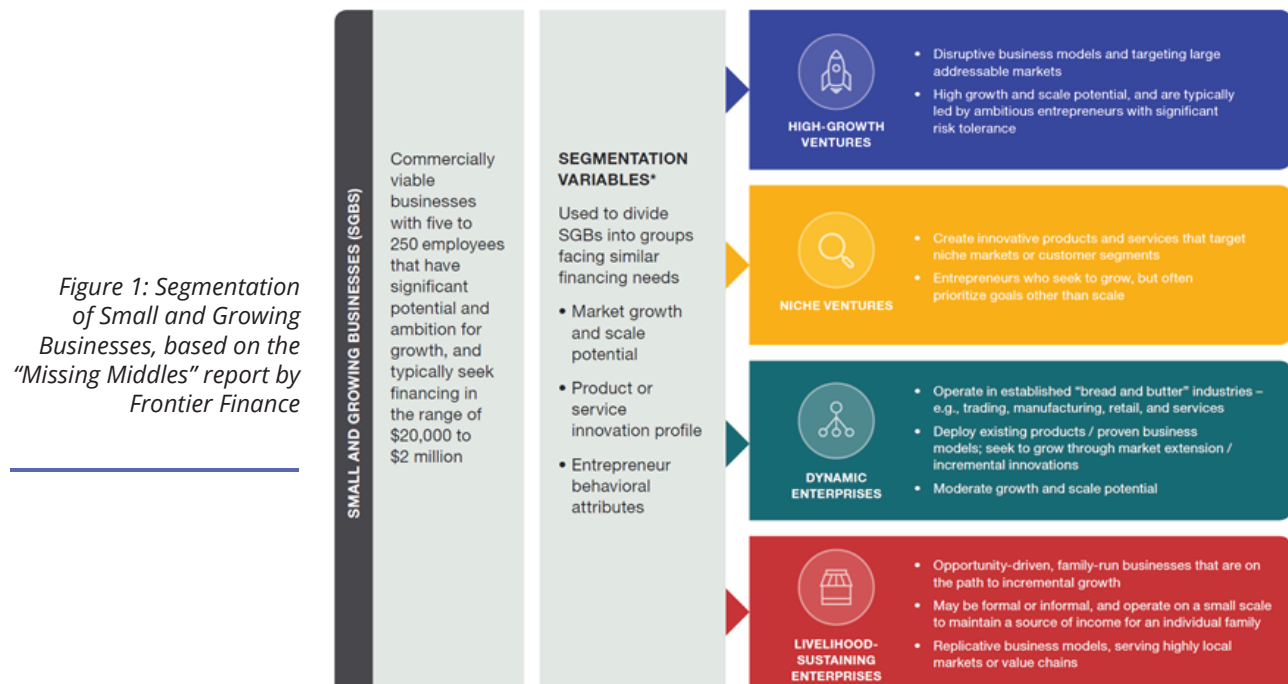
# DESK RESEARCH

Several pieces of literature were consulted to feed into this research. The literature was reviewed to extract useful information (1) for the methodology of the primary research, (2) about the state of the ecosystem, and (3) to enable cross-checks with the findings of this research. These will be looked at in the following subchapters.

## Key definitions extracted from desk research

The report “The Missing Middles” provides a way to segment small and growing businesses (SGBs) into four categories, based on differences in their growth potential, their product/service innovation profile, and the entrepreneur behavioural profile<sup>2</sup>. As these definitions are defined for the emerging and frontier markets context and are already familiar to many ESOs, they are used as a classification. They are:

- Livelihood-sustaining enterprises
- Dynamic enterprises
- Niche ventures
- High-growth ventures



<sup>2</sup>Kusi Hornberger, Veronica Chau, “The Missing Middles - Segmenting Enterprises to Better Understand Their Financial Needs”, Frontier Finance, 2019.

Other terms must also be more clearly defined by the ecosystem actors themselves, especially what an incubator and what an accelerator is. This research proposes the following definitions, based on the study “Entrepreneurship Ecosystem in Uganda” by the International Trade Center<sup>3</sup> and the definitions by the Global Accelerator Learning Initiative (GALI). Figure 2 is a graphic also used by GALI and stems from the research by Dempwolf et al. on “Innovation

**Accelerators:** Defining Characteristics among Startup Assistance Organizations”<sup>4</sup>. In short, Accelerators provide a fixed-term (and shorter) cohort-based program with the goal of connecting early-stage companies with investment. Incubators support early-stage companies to prove business models and prepare them to access acceleration services or grow on their own and are often more long-term and not necessarily cohort-based.

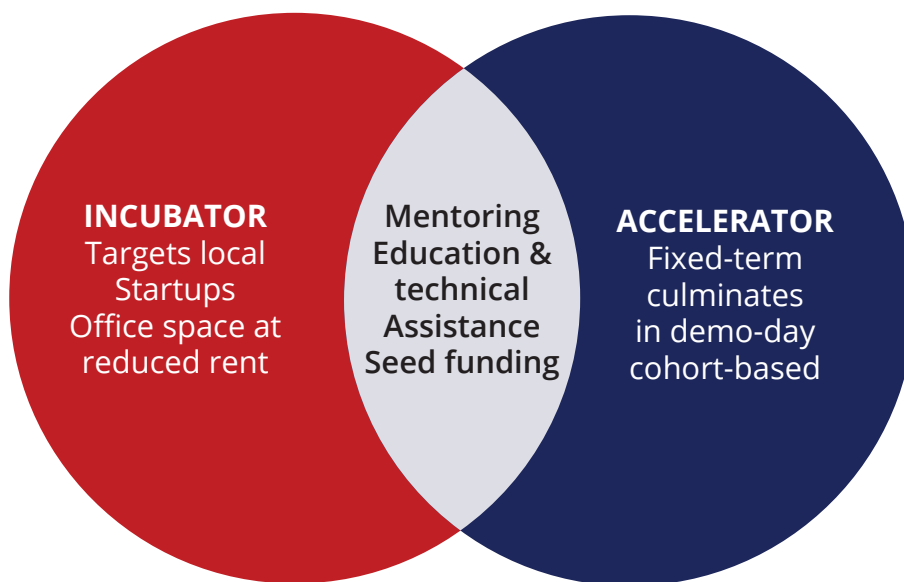


Figure 2: Characteristics of accelerators versus incubators, as in Dempwolf et al.

Based on the mentioned sources, the following definitions are suggested for incubators and accelerators. They are chosen to allow clear separation of the two terms and to ensure that they are in line with internationally used standards and definitions

<sup>3</sup>Matteo Todisco, John Ndabarasa, Nuria Rull, “Entrepreneurship Ecosystem in Uganda”, International Trade center, 2022.

<sup>4</sup>Graphic replicated based on: Scott Dempwolf, Jennifer Auer, Michelle Fabiana, „Innovation Accelerators: Defining Characteristics Among Startup Assistance Organizations”, 2014.

### Incubator

- Structured program with a duration between 6 months and 2 years
- Provides various clearly defined and stipulated support services and infrastructure
- Primarily focuses on helping early-stage solutions become viable
- Might offer grants or pre-seed investment

In short, incubators are focussed on establishing viable businesses, give access to technical assistance and in most cases office space, often not profit but impact-oriented, and are between 6-24 months long.

### Accelerator

- Has as a main target to connect early-stage companies with investment
- Has structured demo-days and makes investor connections based on a network of pre-qualified investors
- Primarily focuses on supporting working solutions to accelerate
- Often invests financially
- Fixed-term, cohort-based program that builds a high-intensity competitive environment, durations are below 6 months

In short, accelerators are investment-focussed, intense, profit-oriented, cohort-based, below 6 months long.

To summarize, incubators provide a wider range of support in earlier stages of startups than accelerators, especially to establish business models, help to launch the initial MVP, and grow a company in the early stage. Globally, incubators are almost never profit making or sustainable due to the early stage where they operate. Accelerators work with high-potential entrepreneurs and are often profit-oriented and invest alongside the technical support they give. The acceleration programs are shorter and more intense. It is suggested to standardize them in the ecosystem and certify programs of ESOs based on the final definition.

# ABOUT THE STATE OF THE ECOSYSTEM

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To analyse systems, interactions and relationships of players and their contribution to the goal of the system need to be considered. Literature on the Uganda ecosystem is a good complement to the deeper analysis of areas of focus and expertise of the different ESOs.

The Website “Startup Commons” ranks the Ugandan Ecosystem to be in the “Mapped & Vision” stage – more mature than many other ecosystems in the developing world that are categorized as “awakening”<sup>5</sup>. One reason is that there are multiple connected actors in the Uganda ecosystem, but they are not yet following one direction to build the ecosystem further.

In 2019, a first Social Network Analysis (SNA) about the Ugandan Entrepreneurship Ecosystem was commissioned by Credit Suisse and reflected just that<sup>6</sup>. It claims that “entrepreneurs tend to receive little support on their growth path.” Furthermore, it states that a major reason for that “is that ESOs do not sufficiently provide the linkages needed to help entrepreneurs get faster and easier access to support services or funding” and that “this gap is not driven by the absence of relevant players”.

The players in the ecosystem exist, but they found “a lack of collaboration between them”. They mentioned a lack of trust and lack of understanding the benefits of such collaboration as key reasons. The key variables to look at from an ecosystem perspective are Density (connectedness between players in form of relationships), Fluidity (How do entrepreneurs access the services), Diversity (diversity of services offered by ESOs and level of specialization), and Collaboration (how much collaboration and trust exists between organizations).

The study showed that on average, ESOs showed only 2.5 relationships and hence a low density – summarized as “many players, little interaction”. In terms of collaboration, the research showed that only 16% of the ecosystem actors collaborated with each other to achieve common goals – this both follows and is a reason for the low level of specialization and many organizations offering all services themselves instead of collaborating. This hen and egg problem seems to not be addressed. Collaboration both needs and amplifies specialization.

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<sup>5</sup>Startupcommons.org

<sup>6</sup>Benjamin Meyer, Kevin Asinde, “Understanding entrepreneurial ecosystems through social network analysis (SNA)”, Swisscontact, 2019.

<sup>7</sup>Matteo Todisco, John Ndabarasa, Nuria Rull, 2022.

SNA has been conducted in 2022 by the International Trade Center (ITC) to look at the state of the ecosystem in more depth and provides an updated state of the ecosystem<sup>7</sup>. The report claims that the low level of specialization has a root in ESOs positioning themselves to access international projects which provide a significant percentage of the budgets of many ESOs.

This positioning leads to widening of the scopes of work and focus of ESOs, hence decreasing the level of specialization. The report finds that this has the highest impact on intermediate stages of a start-up growth journey – where they have developed their ideas and models but need to iterate their products/services and build traction. The following is an excerpt from the report with recommendations to improve the ecosystem and the support delivered to entrepreneurs.

### For improving the ecosystem network:

- 1 Diversify funding models for ESOs
- 2 Increase specialisation of ESOs
- 3 Leveraging and improving the impact of Startup Uganda as ecosystem builder

### For improving the support delivered to entrepreneurs:

- 4 Diversifying training content and tailoring to business needs
- 5 Improving support at the intermediate stage: the “valley of death”
- 6 Improving gender balance in ESOs and tailoring support to women Startup Uganda as ecosystem builder
- 7 Improving support to entrepreneurs to internationalise at earlier stages
- 8 Provide diversified access to financing for entrepreneurs

While it is not clear if both SNA studies from 2019 and 2022 used the exact same methodology of determining the density of the ecosystem (average relationships of Hubs), the 2022 study shows that the average number of relationships in the ecosystem is 10.8 –

suggesting a steep increase of connectedness in the ecosystem. The membership association Startup Uganda is on top of the table in terms of the number of relationships, with Outbox Hub and The Innovation Village right behind.

ESOs with higher degree centrality (top 5)	
Startup Uganda	27
Outbox Hub	25
Innovation Village	22
Response Innovation Lab	17
Start Hub Africa	17

*Figure 3: Top five Ugandan ESOs ranked by “degree centrality” in the 2022 Uganda ecosystem research by ITC*

**To bring the Uganda ecosystem ahead, the following points are noted:**

1. Increasing collaboration is connected with the financing model of ESOs
2. Increasing collaboration is connected with the level of specialization of ESOs
3. Increasing collaboration is connected with understanding what other ESOs do well
4. Increasing collaboration is connected with trusting other ESOs
5. The ecosystem is in the state of defining a joint vision and ESOs still have to understand what they give to the ecosystem and what they take from the ecosystem

Hence, this research with a strong focus on collaboration is important and will provide a valuable basis to enhance collaboration and to bring the ecosystem forward.

# ECOSYSTEM SURVEY AND EVALUATIONS

24 organizations have filled the survey, of which 19 were followed-up on through interviews. Before looking at the findings, general comments and learnings are documented. Among the 24 are 18 members of the startup association Startup Uganda, 4 refugee entrepreneurship organisations, and 2 university entrepreneurship centres.

The complete survey has 123 questions, of which many are optional. On average, the 24 survey participants made 69 entries, amounting to a total of 1645 data entries.

## Methodology of the ecosystem survey

The survey questions were designed to achieve the following goals:

- Capture the most important demographics about ESOs in Uganda
- Capture all activities that ESOs run in detail, including descriptions, monetization, and beneficiary numbers in 2022
- Understand target groups of ESOs
- Capture financial position and understand the business models of the ESOs in the ecosystem in as much detail as possible

These objectives have been achieved through the data that was gathered.

The ESOs were informed through email by Startup Uganda and individually followed-up on through phone calls, e-mails and/or WhatsApp depending on the relationship with the consultants. All Startup Uganda members were contacted at least three times in such ways to ensure a reasonable likelihood of them participating.

Follow-up interviews (see the chapter “Interviews with 21 ESOs on collaboration in the ecosystem”) were conducted successfully with 21 of the 24 ESOs that filled the survey and the data submitted in the survey was rectified where unclear or ambiguous.

The evaluations in this chapter use simple statistical tools to display and explain the key data that was gathered and is relevant to this research. Both the raw data that was initially submitted and the cleaned survey data were gathered and are available.

Details about activities such as all the training formats run by ESOs are not displayed in this study because of the large number of data points. This could be published through other channels, such as the Startup Uganda website, at a later point.

## Categorization of activities conducted by ESOs

For the survey and this research, the various activities of ESOs were categorized in three types:

- Continuous in-house activities
- Long-term (2+ years of implementation) projects conducted as implementation partner
- Shorter term projects conducted as implementation partner

This was done because an ESO either conducts core activities themselves and on a continuous basis, or they implement projects based on grants or consulting contracts that they raised external funding for.

Continuous activities are structurally different from projects in the way they influence the work of an ESO. They come with more continuity and learnings and in-house capacities and require institutional funding or in-house cross-financing. The assumption is that those are harder to maintain and are hence a priority activity of an ESO.

This is similarly true for long-term projects as those allow specific and continuous staffing. Shorter term projects are not evaluated in depth in this research as they are numerous and vary a lot in size and type. It is assumed that the identity of an ESO primarily stems from continuous in-house activities, secondly from longer-term projects, and then from shorter-term projects.

## Summary of findings of the ecosystem survey

The following is a summary of the most important findings and facts about Uganda's ESOs.

### Core figures and facts

1

#### **Low sector specialization:**

14 of 24 ESOs (all from Startup Uganda) do not have a sector focus but are sector agnostic and work across many stages, having little specialization and focus.

2

#### **Widespread focus areas:**

The average full time equivalent (FTE, measure for full time employee count of an organization) across 24 ESOs is 9.3 while the average number of specific target beneficiaries is 4.4, a high number showing low focus. The FTE is not correlated with how many beneficiary groups an ESO targets (correlation coefficient of -0.1). This could be interpreted either as ESOs being lowly staffed considering the amount of beneficiary groups they serve, or as ESOs having too wide of a focus and too little specialization, possibly to fit into more funding criteria.



3

**Low monetization of in-house services:**

Only three of 21 ESOs (14.3%) that offer continuous training formats throughout the year monetize those. 42.9% on incubation-like services are monetized, and with different monetization models. There is still a perception by beneficiaries that services should not cost money, and that many services are externally funded and come with number targets that are harder to reach if services are charged for. Though, as referenced in desk research, charging at least commitment fees for services means that more value must be shown in marketing and delivery, target groups and their needs must be understood better to serve them what they need, and dropout rates go down because beneficiaries have “skin in the game”.

4

**Sensitized to support women:**

20 of 24 ESOs (83.3%) mentioned that they have a specific focus on supporting women entrepreneurs. 1. Sensitized to support women: 20 of 24 ESOs (83.3%) mentioned that they have a specific focus on supporting women entrepreneurs.

5

**Mostly non-profit organizations:**

Most ESOs are registered as a non-profit organization, only 25% (6 of 24) have a for-profit registration. Eight ESOs are non-profit companies without other registrations, three are NGOs.

6

**Mostly grant-financed, but not by much:**

54% of ESOs had at least 50% of grants in their budgets. The average percentage-wise contribution of grants in 2022 was 58.7%. Not that these 58.7% do NOT mean that 58.7% of all money that the ecosystem received were grants, it could be higher or lower. Most ESOs did not share absolute budgets but only percentages they received in grants, service contracts, or from other sources. 58.7% is the average percentage-wise contribution of grants<sup>8</sup>. Though, that still means that other funding sources aside grants are significant for some ESOs.

7

**ESOs started to invest:**

6 of 24 ESOs (25%), all of them being member of Startup Uganda, have invested debt capital in 2022, others have tried it before as well.

8

**ESOs are international and large:**

8 ESOs (33.3%) have operations in multiple countries, 7 ESOs are active across Uganda. Though, the presence in Eastern and Northern Uganda is low – only 1 of 9 subnational ESOs is present there, none in Eastern Uganda. All 7 national ESOs are based in Kampala.

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<sup>8</sup>For more clarification: Assuming one ESO made 990k USD in a certain year, 100% of it from grants. Another ESO made 10k USD in a certain year, 100% of it from service contracts. Then, the percentage-wise contribution of grants in ESO budgets would be 50% while the total grant contribution in that ecosystem would be 99%. The percentage-wise contribution is the best accessible number and skewed especially when there are players much larger than all others and jointly not representative in terms of their revenue mix.

## Other core findings

**Three revenue streams run Uganda's ESOs:** There are only three revenue streams that contributed more than 50% to the budget of any Ugandan ESO in 2022. Those are:

- Grants (up to 100% in a budget, 11 have it as their highest contribution)
- Consulting (up to 95% in a budget, 7 have it as their highest contribution)
- Rental revenue from events and co-working (up to 73% in an ESO's budget, 1 has it as their highest revenue stream).
- Two ESOs has 50% grants and 50% consulting revenue in their budgets.

# 1

### **Unclear definitions:**

Especially regarding incubation and acceleration, definitions are not clear. Initially, 9 ESOs said they run continuous acceleration programs, which reduced to 3 if applying the international and wide-spread definitions stated in the desk research section.

# 2

### **The market effect:**

The ESOs that have a for-profit registration are bigger than the ESOs under SU that are registered as non-profits – with 13.5 FTE versus 4.4 FTE on average. This does not say anything about quality of services, but only relates to success in building larger organizations.

Figure 4 below displays all ESOs that filled the survey, in order based on the full time equivalent (measure for number of employees, normalized for full-time) and including what services the ESO runs on a continuous basis (not project-based), as well as their type of registration.

# DETAILED FINDINGS FROM THE ECOSYSTEM SURVEY

The following sections will describe in detail who Uganda’s ESOs are, how they are set up, what they focus on, and how they are financed. This will give an overview of the status quo of the ecosystem.

## Demographics and activities of Uganda’s ESOs

This section will paint the picture of the general setup of all the ESOs that participated in the survey.

The first interesting fact to look at is how the surveyed ESOs are registered. As can be seen in Figure 5, registration as a company dominates, with companies limited by guarantee (non-profit companies according to Ugandan law) leading the way with eight, followed by limited companies (for-profit) with five. Two entities have hybrid structures with two registration types and increase these counters by one

each. Three entities are registered solely as NGOs, while three university based ESOs, and the Response Innovation Lab do not have a separate registration – although the Makerere Innovation and Incubation Center is currently underway to get registered as a separate entity (currently under Ministry of Finance). Two of the refugee entrepreneurship hubs are registered as CBOs (Platform Africa and Young African Refugee Entrepreneurs Network), two others as non-profit companies (Yinnoh and Unleashed).

**Legal Registration Status of 24 ESOs**

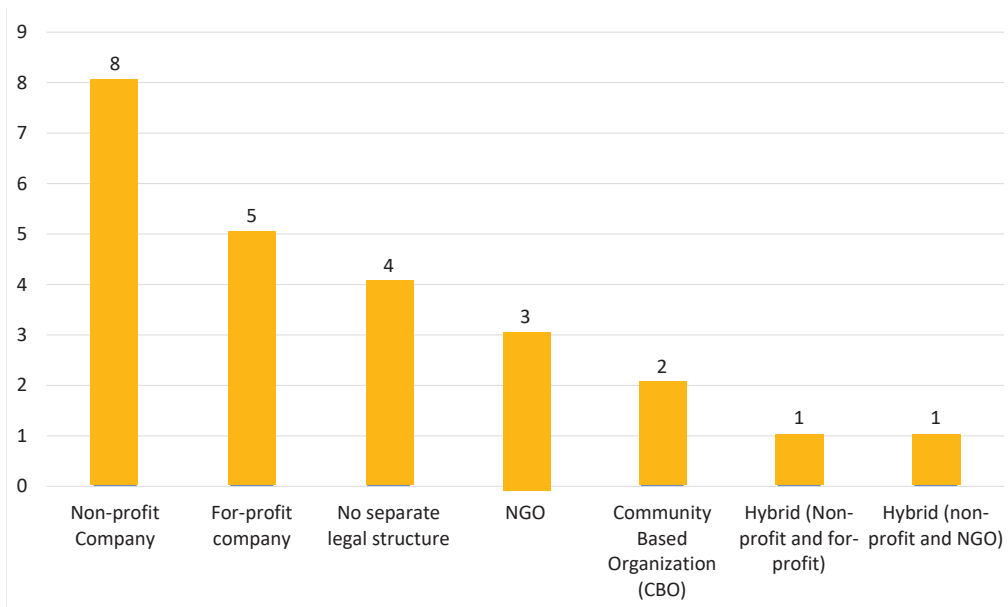


Figure 5: Registration types of 24 ESOs

While team size does not necessarily equate to size of operations or speak about quality of operations, it is an important metric to consider. In this case, full time equivalent of employees is listed, a metric where part-time staff is counted as the fraction of work hours per week in comparison to a 40-hour work week. Figure 6 gives the breakdown of ESOs that have 1-5, 6-10, 11-15, and above 15 FTE in their team. While six ESOs have 15 or more people in their team on an FTE basis, nine ESOs have between 1-5 FTE, and eight ESOs have between 6-10 FTEs. Only one ESO, Circular

Design Hub with 14 FTE, lies in between. It can be said that there are few big players and a bigger number of smaller players in the ecosystem – once again mentioning that this is related only to team size but not to the average salary or output, which could be high for smaller organizations with fewer more senior people on the team. Furthermore, some ESOs might choose to outsource certain activities to reduce the continuous payroll burden of the organization. Nonetheless, this gives a picture of where Uganda’s ESOs stand.

### Team Sizes of 24 ESOs as FTE

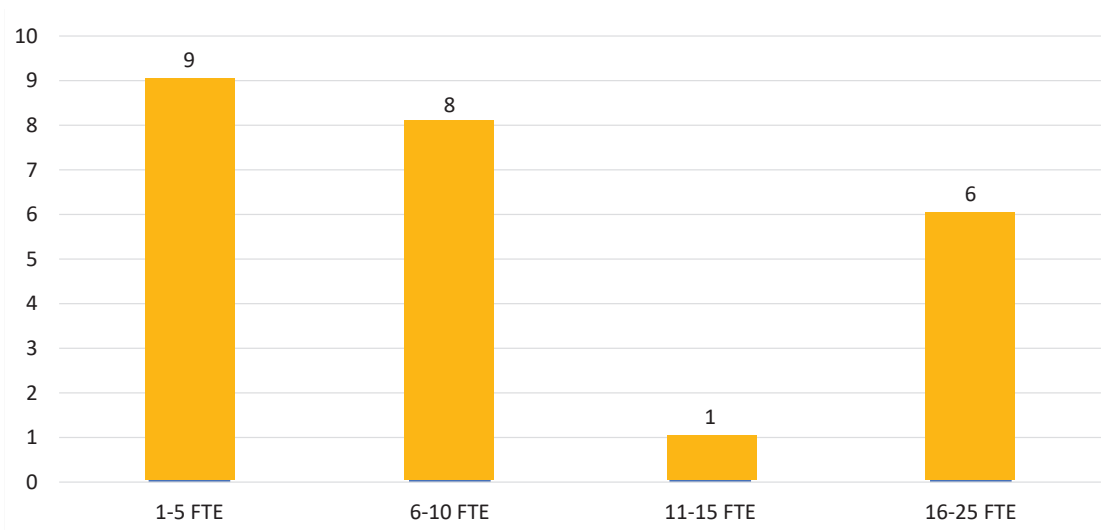


Figure 6: Number of team size as full time equivalent (FTE) of 24 ESOs

Figure 7 shows the geographic reach of the 24 ESOs that filled the survey. They are almost equally active on a subnational, national, and international level, with nine, seven, and eight organizations respectively. National means that the ESO has active operations in all four of Uganda’s regions; This was impossible to verify in detail and it is likely that many of those that have ticked “national” are not continuously operating in all four regions but have run programs open to people all over Uganda. Furthermore, all of the nation-wide active organization have their head offices in

Kampala and only one ESO (WITU) operates an office in another city (Mbarara) according to the follow-up interviews. For those ESOs active on a subnational level, the primary focus is the Central and Western region, whereas none is active in the Eastern region, and only one is active in the Northern region (Platform Africa, a refugee entrepreneurship organization). Generally, the focus of ESOs is mostly in Kampala, with Mbarara in second place after that.

### Geographic Scope of 24 ESOs

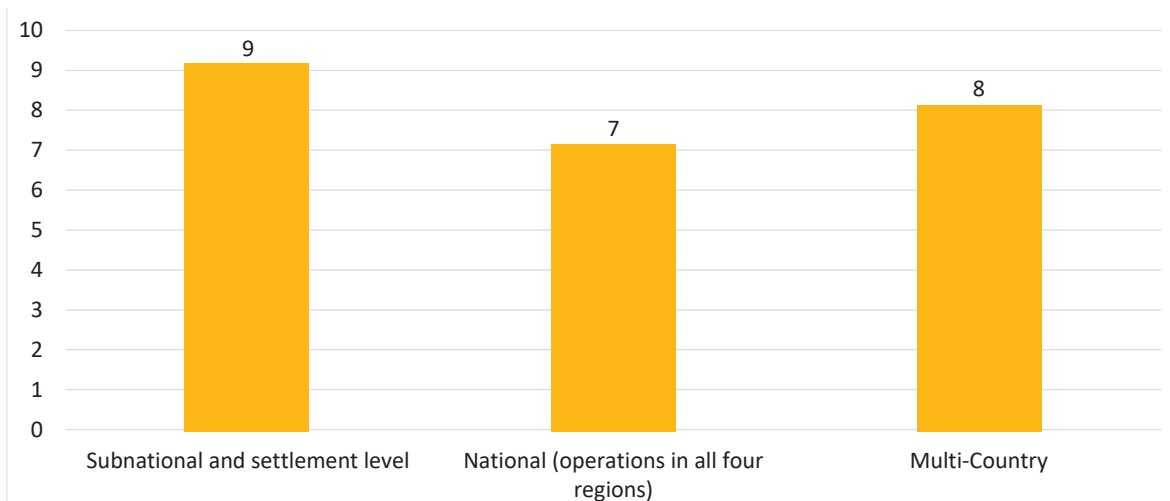


Figure 7: Geographic Scope of 24 ESOs

Name of the ESO	Full time Equivalent (Employees)	Registration type	Services offered by the ESO							
			Trainings	Incubation	Acceleration	Makerspace/ machines	Investment Matchmaking	Debt Financing	Equity Financing	
Einstein Rising	22	Non-profit company	Yes.	Yes.	Yes.	No.	Yes.	Yes.	No.	No.
Women in Technology Uganda	20	NGO	Yes.	No.	No.	No.	No.	No.	Yes.	No.
StarHub Africa	20	For-profit company NGO	Yes.	Yes.	No.	No.	Yes.	Yes.	Yes.	No.
Outbox Uganda	19	For-profit company	No.	Yes.	No.	No.	No.	No.	No.	No.
Amarin Financial Group	18	For-profit company	No.	No.	No.	No.	Yes.	Yes.	No.	No.
Media Challenge Initiative	16	NGO	Yes.	No.	No.	Yes.	No.	No.	No.	No.
Circular Design Hub	14	For-profit company	Yes.	No.	No.	Yes.	Yes.	No.	No.	No.
Young African Refugees Entrepreneurs Network	10	Community Based Organization (CBO)	Yes.	Yes.	No.	No.	No.	No.	No.	No.
SHONA Group	10	Non-profit-company NGO	Yes.	No.	No.	No.	No.	No.	Yes.	No.
Ortus Africa Capital	8	For-profit company	Yes.	No.	No.	No.	No.	Yes.	Yes.	Yes.
Refactory Limited	8	Non-profit-company	No.	No.	No.	No.	No.	No.	No.	No.
SINA (Social Innovation Academy)	8	Non-profit-company	Yes.	Yes.	Yes.	No.	No.	No.	Yes.	No.
Response Innovation Lab	7	Registered through "Save the Children"	Yes.	Yes.	No.	No.	No.	No.	No.	No.
Unleashed (Potentials in Motion)	7	Non-profit-company	Yes.	Yes.	Yes.	No.	No.	No.	No.	No.
Makerere Innovation and Incubation Centre	7	Registered through Ministry of Finance	Yes.	Yes.	No.	No.	No.	Yes.	No.	No.
Yinnoh(Youth Innovation Hub)	5	Non-profit-company	Yes.	Yes.	No.	Yes.	Yes.	No.	No.	No.
Kyambogo University Business Incubation Center	5	Registered through the university	Yes.	Yes.	No.	Yes.	No.	No.	No.	No.
United Social Ventures	4	NGO	Yes.	Yes.	No.	No.	No.	Yes.	No.	No.
MASE Africa	3	Non-profit-company	No.	Yes.	No.	Yes.	Yes.	Yes.	No.	No.
Platform Africa	3	Community Based Organization (CBO)	Yes.	No.	No.	Yes.	Yes.	Yes.	No.	No.
GrowthAfrica	3	Non-profit-company	No.	No.	Yes.	No.	Yes.	Yes.	No.	No.
TechBuzz Hub	2	For-profit company	Yes.	Yes.	No.	Yes.	No.	No.	Yes.	No.
iventure AFRICA	2	Non-profit-company	Yes.	No.	No.	No.	No.	No.	No.	No.
Innovation Hub of the Mbarara University of Science and Technology	2	Registered through the university	Yes.	Yes.	Yes.	Yes.	Yes.	No.	No.	No.

Figure 4: Overview of all ESOs that participated in the ecosystem survey sorted by team size and including their registration type and the activities run on a continuous basis.

## SERVICES OFFERED BY UGANDA'S ESOS

This section will discuss activities that ESOS continuously run outside of various projects they are implementing, as well as what types of services they have implemented as a service between 2020 and end of 2022, starting with the former.

Figure 8 breaks down how many ESOS continuously run specific activities in-house, meaning, outside of shorter time-bound programs they are implementing for partners. It is important to note that this separation was not clear. For future research it is suggested that projects implemented for partners that are at least 3 years long should be counted as continuous activities as they are handled as continuous and not with a short-term project setup.

**Equity investment** is only provided by Ortus Africa Capital, through their B2B tech fund that is based in Uganda.

Then, there are three accelerator programs in Uganda. Before the interviews, 9 ESOS had submitted to be running acceleration programs but the descriptions given in interviews lead to listing these as incubation or training programs. This is a general challenge: There are no standard definitions about activities run by ESOS and terms are used very differently. This is not only the case for acceleration, but also for incubation, makerspaces, and even investment activities.

The next most frequent activity is deployment of debt capital, which was done by six organizations in 2022, namely Ortus Africa Capital (debt fund

for SMEs), Einstein Rising (debt investments in SMEs and Social Businesses), SHONA through SHONA Capital (debt investments in SMEs), SINA (Revenue-share investments in Social Enterprises), StartHub Africa (Revenue-based equity and debt investments in tech and niche ventures), and Techbuzz Hub (debt investments in agrobusinesses) in order of highest to smallest amount deployed in 2022. This is a new development with more ESOS interested in investing into companies they work with, leveraging the existing relationships and knowledge of the business to mitigate risks.

A related activity, giving out grants to entrepreneurs outside a project context, was not captured in the survey. The Response Innovation Lab is an example for this activity.

This is followed by makerspaces and fablabs, which range from offers of a few machines for prototyping to sector-specific setups of tools and machines for a specific group of entrepreneurs such as the center at Kyambogo University focussing on bakery products with industrial-scale machines for that purpose, or the Food Lab being built at the Circular Design Hub with agro-processing machines for that sector.

**Incubation services** are much offered by ESOS and in very different formats. Generally, continuous guidance and support for entrepreneurs over long periods of time (up to two years) and for idea and pre-seed stages, with offers such as different trainings, mentorship, office space and others are considered incubation. Though, the term needs more refinement as well. For instance, the

incubation centre at Mbarara University of Science and Technology has supported 259 students with access to plots of land for farming experimentation, business clinics, and some experimental grants. NASE Africa sometimes provides flexible support to entrepreneurs that have participated in their events and offered flexible and varying support through 1-on-1 and free office space. United Social ventures have worked with 70 entrepreneurs in 2022 and also monetize this service. They provide individual business diagnostics and work on their business model and internal processes as well as on documentation for funders and being helped to raise funds. The Response Innovation Lab supported 30 organizations through various trainings throughout the year, from intellectual property trainings to resource mobilization.

The most frequent activity run by the different ESOs are various training formats that are run for their communities or specific target groups on at least a yearly basis, often multiple formats per ESO. One mentioned even by other ESOs are the financial management trainings conducted by SHONA.

### Services offered by the 24 ESOs

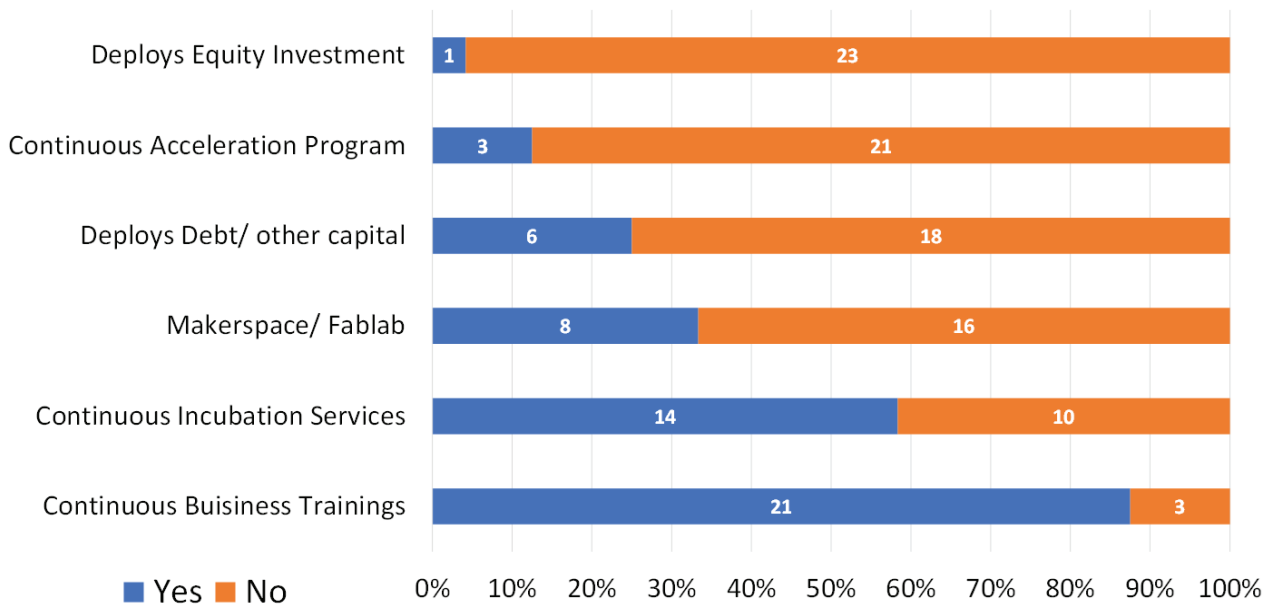


Figure 8: Continuous services offered by the 24 ESOs



Figure 9 shows what services were implemented since 2020 by the various ESOs in Uganda. Generally, this is close to the services that are conducted in-house on a continuous basis as just analysed, with the exception of acceleration-based services which were offered on a project basis by nine ESOs versus the three ESOs that run accelerators. This is likely due to unclear definitions, as in fact 9 ESOs had stated to run accelerators in the initial survey before six of them were recategorized as incubation programs in the follow-up interviews. It is

important to note that offering accelerator services without deep internal expertise in running those complex problems could be problematic in terms of the quality of services provided.

Various training formats are most often implemented as a service, followed by incubation and general business development including mentorship and similar activities. Acceleration and tech courses such as for software development follow.

### Project-based services offered by 24 ESOs since 2020

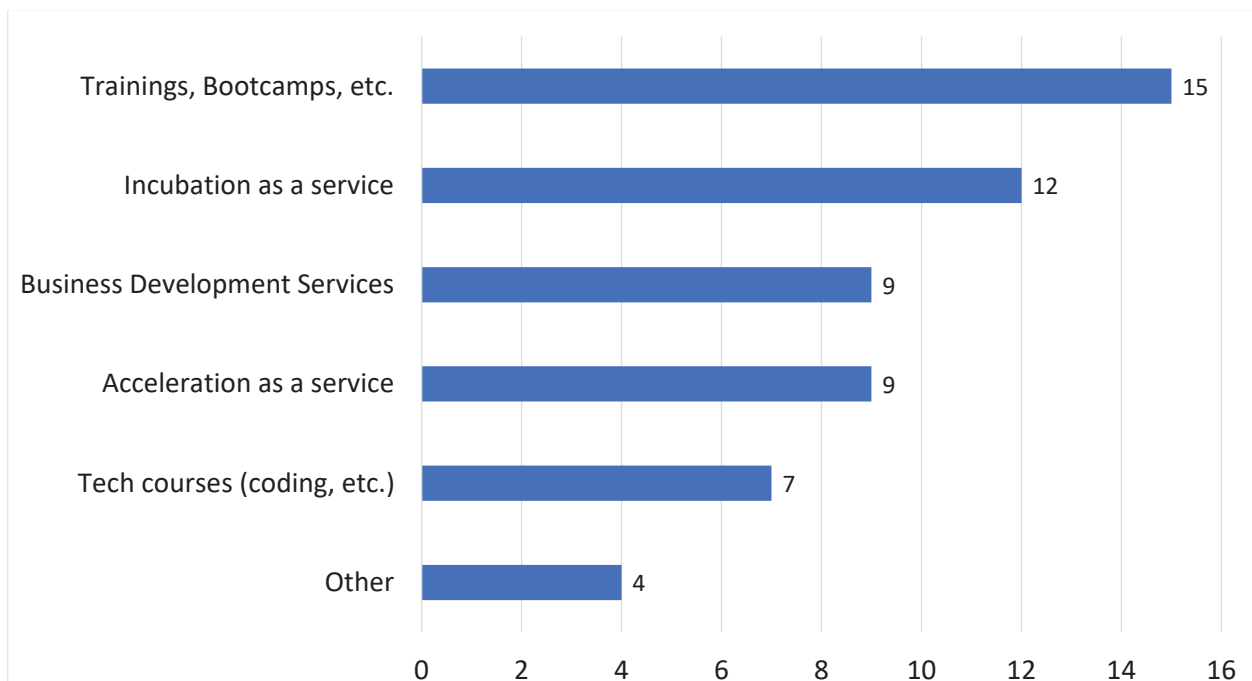


Figure 9: Project-based services offered by the 24 ESOs



# TARGET GROUPS OF UGANDA'S ESOS

This section looks both at certain demographics and sectors targeted the most by Uganda's ESOs, in that order.

Figure 10 shows the demographics that ESOS target specifically, with Women being a specific target group for programs for 20 of 24 ESOS, with Youth below 30 being targeted by 17 ESOS the second most frequent group. University students comes in third with 13 ESOS, followed by software developers with 12 and Refugees with 11 ESOS, and other target groups with eight or less as listed in the figure.

On average, these are 4.4 demographics targeted per ESO, meaning that the organizations seem to consider a wide variety of demographics. While a female software developer studying at university is part of the first four categories, a question remains how well specific target groups are actively supported in depth with tailored programming with so many focus groups.

## Demographics targeted by the 24 ESOS

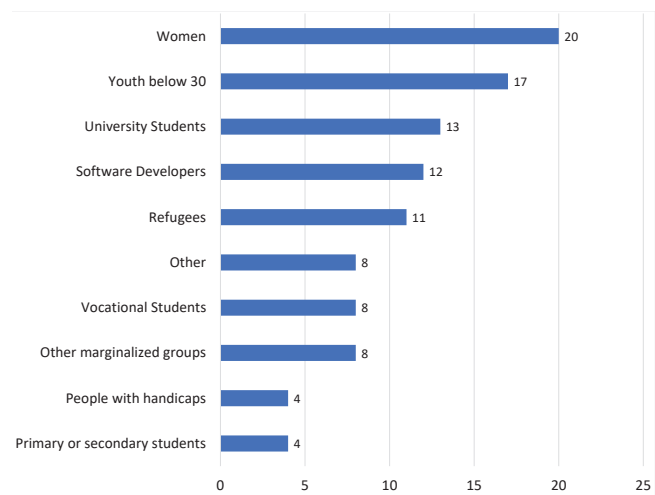


Figure 10: Demographics that 24 ESOS actively target

Figure 11 shows the sectors that are targeted by different ESOs. Fourteen, that is more than half of the ESOs do not have a specific sector focus. Education and EdTech comes in second with nine ESOs, followed by IT & SaaS companies with five, Agriculture/AgriTech and Health/HealthTech with four ESOs each and other sectors as in the graphic.

Those ten ESOs without sector focus target a rather low number of 2.7 sectors on average, hence being quite selective and specialized. Both the entrepreneurship centers of Kyambogo university and Mbarara University of Science and Technology, as well as all four refugee entrepreneurship organizations have a few specific sectors they target. The Media Challenge Initiative is the only ESO with only one target sector, which are media-related businesses.

No ESO specifically targets Real Estate, Engineering, Arts & Crafts, Cultural and Recreational Services, Tourism & Hospitality, or Transport & Logistics.

This speaks to a relatively low specialization in the ecosystem, where almost all larger ESOs do not have sector focusses and are generally open to working with a wide range of businesses.

### Sector focusses of 24 ESOs (several possible if not “sector agnostic” )

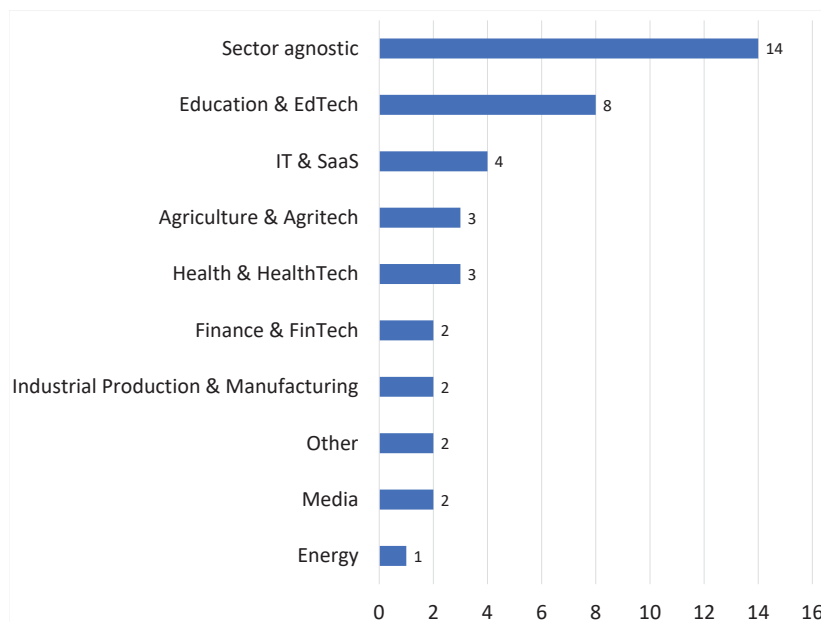


Figure 11: Sector focuses of 24 ESOs, either sector agnostic or multiple options possible

## How Uganda’s ESOs are financed

This section will explore the types of revenue streams that finance Uganda’s ESOs, as well as how important they are as part of an ESO budget. This approach is chosen as it was deemed difficult to see all ESOs disclose financials. Though, the responsiveness to share breakdowns of revenue streams was very high, with 21 of 24 having submitted their revenue breakdowns.

### Revenue Streams of 24 ESOs

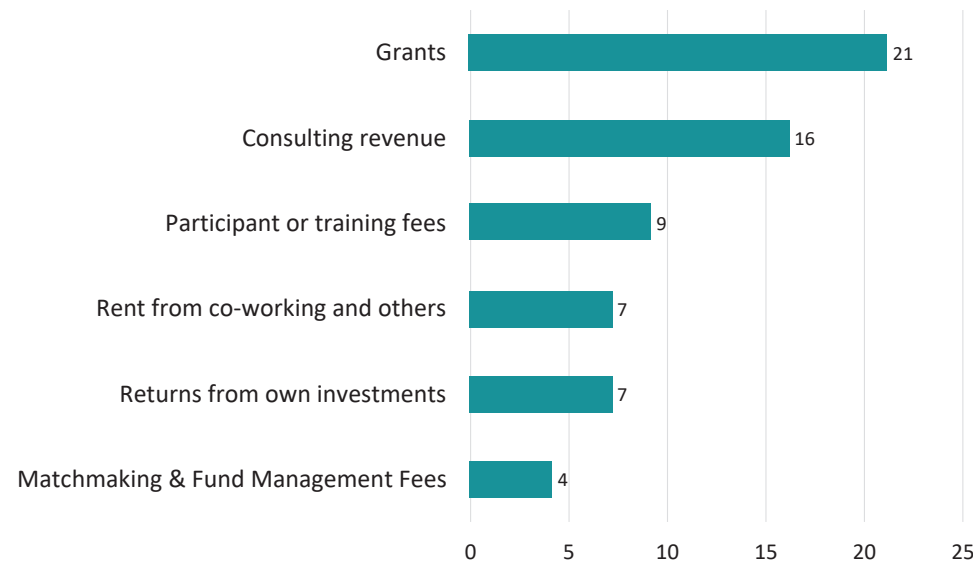


Figure 12: Number of ESOs that have a certain revenue stream as part of their income

Firstly, the types of revenue streams that contribute to the budgets of Uganda’s ESOs are looked at in Figure 12. 21 of 24 organizations had grants in their current budgets, 16 organizations had consulting revenues as part of their income, and nine charged training or commitment fees. The less frequent revenue streams are rental income from coworking and events, returns from investments (seven ESOs each), and lastly, 4 ESOs have generated revenue through investment matchmaking or fund management fees.

The data analysed in the following two graphics Figure 13 and Figure 14 was gathered as a percentage contribution of a revenue stream to an ESO budget for the year 2022 for each of the proposed types of revenue streams. For

instance, if an ESO only had received grants in 2022, that category would be 100% for that ESO, all others 0%.

Figure 13 shows how much a revenue stream contributed an ESO budget on average, across 21 ESOs that submitted this data, and for the year 2022. For instance, if an ESO had 100% of their revenue from rental income for example from running a co-working space, and none of the other 21 ESOs had any Rental income, the number displayed in Figure 13 would be 100% divided by 21 which is 4.8%. Hence, what the graph displays, is how high the contribution of a revenue stream was to an ESO budget in Uganda on average in 2022.

The breakdown can also not be used to find out how much money came from a certain revenue stream into the ecosystem. Take the example of one Hub once again having all their revenue from rental income and others having no rental income; It now depends on the amount of money that ESO made from rental income how important rental income was for the overall “ecosystem budget” – if it was 1000 USD, the image is different that if that rental income was 10 Million USD and yet the number displayed would still be 4.8%. This understanding is important for the interpretation of the graph, which lacks the information of absolute budgets which only 14 ESOs shared, not enough for more robust analysis. Once again, the graph shows how high the contribution of a revenue stream to an ESO budget is on average.

Grants had on average a 58.7% contribution to ESO budgets and are twice as high as the second highest contributor percentage-wise, which was consulting revenues with 29.1%. Rental income follows with 6.5% and others as displayed in the graph.

This shows that the Uganda ecosystem is still mostly dependant on grants, both institutional and for the implementation of projects. Consulting revenues mean cross-financing activities through implementing service contracts. Revenues that stem directly from the beneficiaries are almost negligible, aside from, arguably, the rental revenues through co-working.

### Average contributions by source to incomes of 21 ESOs

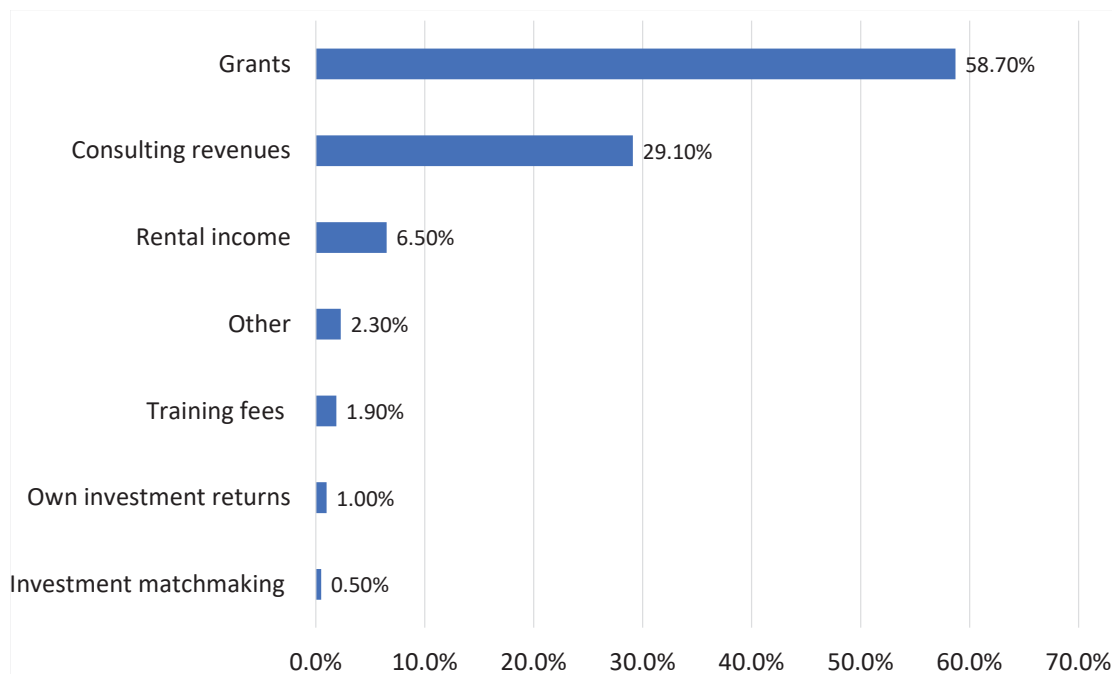


Figure 13: Shows the contribution of a revenue stream to an ESO budget on average in Uganda in 2022.

Another way to look at this data is displayed in Figure 14. For every revenue stream, it only considers all the ESOs that had made any money through that revenue stream. By that, for the previous example of only one ESO having made any rental income but it contributed 100% to their budget, rental income would stand at 100% in Figure 14, as the average contribution to the budgets of ESOs that made money through co-working is displayed.

This is a useful graph as it shows how important a revenue stream is to those ESOs that focus on that revenue stream. Still, grants come out on top, with 66.3% average percentage-wise contribution to ESO budgets where non-zero. Most ESOs still rely heavily on grants, with 13 ESOs having them as their highest contributor to the budget.

Consulting revenues contribute 42.6% on average for those ESOs implementing such service contracts. StartHub Africa had 95% of their revenue coming from consulting fees from service contracts, almost fully relying on this model in 2022. Ortus Africa has 90% of their budget from consulting revenues, United Social Ventures has a high 62% of their income from these. TechBuzzHub stands at 55%, Outbox and the Makerere Innovation and Incubation Center

both as well have a high 50% of their budget from consulting revenues.

Rental income stands at 29%. The latter is an interesting case where TechBuzz Hub made 40% of their budget from co-working revenue, and the Circular Design Hub 73% from events and coworking, showing that the rental income model can run an ESO almost completely and also, what it takes to make it work. Others have only minimal contributions of maximum 10% of rental income in their budgets. The category "others" only had two ESOs, Amarin Financials with 36% (accounting and bookkeeping services and subscriptions) and Media Challenge Initiative with 18% (mostly renting out equipment and offering services for events, such as light, sound, and video and livestreaming). Investment matchmaking, training fees, and own investment returns are not a major contribution to any ESO and stay at 10% and lower.

The viable ways to run an ESO in Uganda that has worked so far is based on grants, consulting revenues, and rental income. All of them require different physical and team setups but are viable models in the ecosystem right now, while the contribution of other revenue streams is likely to rise in the future.

### Average contribution of non-zero revenue streams to ESO incomes

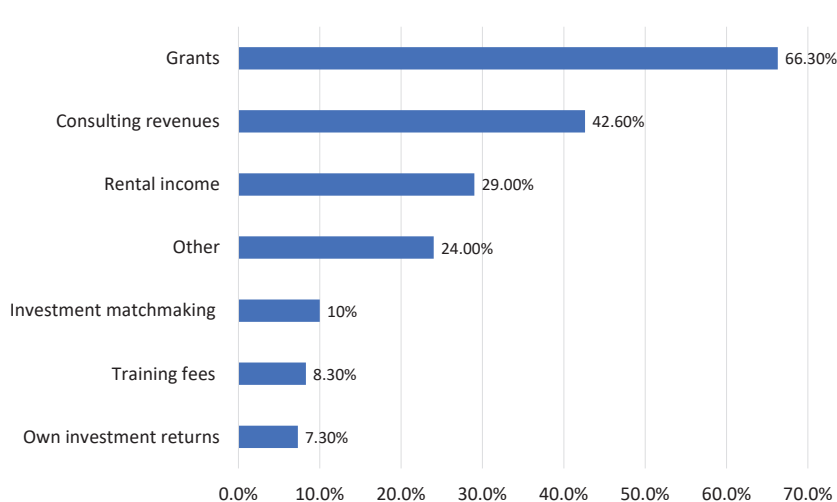


Figure 14: Average contribution of a revenue stream to the ESO budgets that had any income from that revenue stream

# MONETIZATION RATE OF SERVICES OFFERED BY ESOS IN UGANDA

Training fees in the previous section included all incomes from charging entrepreneurs for various programs and services offered. This will be analysed in more detail in this section for the most frequent support services in form of trainings, operating makerspaces, and running incubation and acceleration services. The monetization rate is how many ESOS running such activities are charging for them opposed to those offering them for free. The breakdown is displayed in Figure 15. Trainings are the most frequent activities, and are the least monetized.

Only Einstein Rising, TechBuzz Hub, and StartHub Africa charge a fee for their training programs, leading to a very low monetization rate of trainings. Makerspaces and the provision of facilities is only monetized by two (25%) of ESOS running such spaces. Those are the Circular Design Hub and TechBuzz Hub that both offer

machines for agribusinesses or are in the setup of doing so. Incubation services are monetized more often, with program fees (possibly on credit with payment plan, multiple ESOS), a percentage of any money raised afterwards (Makerere Innovation and Incubation Center), and revenue share models (such as United Social Ventures) being used to monetize them.

The three acceleration programs from Einstein Rising, Growth Africa, and SINA monetize their accelerators with fees of 500USD, 150 USD, and 50USD respectively, while the SINA fee applies only to alumni from their other programs and externals join at 2500 USD which participants have to raise themselves from funders. This has helped with generating revenue from the program and ensure that entrepreneurs are more committed and try to maximize the value they get from the program.

**Monetization of ESO Activities (Charged vs. free)**

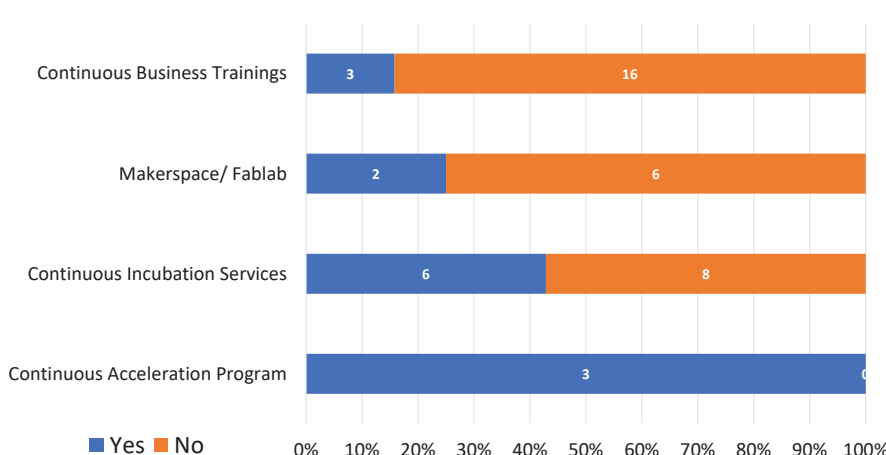


Figure 15: Rate of monetization of different activities for those ESOS running such activities

## Recommendations from the ecosystem survey

- 1 Support ESOs to become investors:** Work with ESOs investing in businesses already and support others that want to raise a fund or invest directly. Several ESOs are already investing into their beneficiaries, and this has positive effects on program quality due to skin in the game. Specifically, the management and financial department should lead these conversations as they will be in charge of allocation of funds and of due diligence and structuring investments.
- 2 Enhance monetization of activities:** The SCALE framework from the Argidius foundation publication titled “Fulfilling the potential of BDS”<sup>9</sup> shows that monetization of activities has positive effects on outcomes – but the monetization rate in the ecosystem is low, including at least charging commitment fees for programs and activities. It is recommended to organize activities through which ESOs can share experiences of charging for programs and how to do it successfully.
- 3 Support ESOs to specialize their support:** Specialization in terms of beneficiary demographics, supported sectors, and supported stages of businesses is still low. Deliberate support for ESOs that want to narrow and deepen their scope of work would be impactful to bring the ecosystem forward. This support should be both strategic, help to make such specialization economically viable (for instance through strategic positioning), and remove at least some of the risk of more specialization such as losing out on certain funding opportunities, and should be important considering the needs of entrepreneurs in Uganda. One way could be through a funding and technical assistance program for ESOs to specialize.
- 4 Define key terminologies better:** Terms like “incubator”, “accelerator”, “early-stage”, “ESO”, and “startup” are not used in a harmonious way. There is an opportunity for Startup Uganda to own how these terms are defined in Uganda and to ensure that members call their programs and projects according to those terms.

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<sup>9</sup>Argidius Foundation, “How to fulfill the potential of Business Development Services using SCALE”, 2021.



# INTERVIEWS WITH 21 ESOS ON COLLABORATION IN THE ECOSYSTEM

After an ESO had submitted the ecosystem survey, they were contacted for a follow-up interview. The first part of the interview was to go through the submitted data and to clarify and clean the submissions. This chapter is about the second part of the interviews, which is a set of 7 questions on collaboration in the ecosystem. This was conducted with 21 ESOS in total.

## Methodology of the interviews on collaboration

Semi-structured online or phone interviews were conducted with seven fix questions. Follow-up questions were only asked to extract context or explore additional aspects to the same question.

Afterwards, the questions were analysed one after another by extracting patterns and repetitive motifs, using the context of the gathered data to describe and interpret the findings.

Lastly, through email and the Startup Uganda WhatsApp group, long-term projects (2 years+) implemented by Uganda's different ESOS were identified (see Categorization of activities conducted by ESOS). Those will be listed at the end of the chapter under the section titled Long-term projects implemented by Uganda's ESOS.

## Summary of findings from the interviews on collaboration

The following is a summary of the most important findings from the interviews.

### Core findings

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#### Four formats have brought ESOS together to collaborate:

- a. Organizing competitions and Pitch Events together (low effort)
- b. Organizing big Events and conferences together (low-medium effort)
- c. Designing and implementing bilateral activities that are strategic for both sides (medium effort)
- d. Designing and implementing larger projects with several ESOS over extended periods of time (high effort)

## 2 Five steps to successful collaboration have been important in the past

- Step 1:** Build trust and working relationships with other players and get to know their strengths
- Step 2:** Have a reason to collaborate – what is the end goal and what are the benefits for each partner?
- Step 3:** Evaluate the collaboration fit of partners to be involved – do they have experience working with the target group, are they aligned on the goals, do they add needed expertise and/or resources?
- Step 4:** Build a partnership with a culture of co-creation, transparency, and openness
- Step 5:** Define clear deliverables, project management, and ensure full accountability

## 3 Large ecosystem projects - the future of collaboration? Large projects including multiple ESOs are complex but hold the potential to build deep collaboration. The NSSF Hi-Innovator program implemented by Outbox has received positive feedback. Though, it is important to learn from previous cases that showed challenges and did not go as well. The failure reasons of such projects were mostly due to:

- Lack of co-creation in the approach of the project (top-down) lead to quantity without resources for quality
- Project management was untimely and without transparent communication or clear structures for accountability
- Unclear deliverables from the start, including uncertainty about how they are tied to disbursements

## 4 Four gaps in the support offered to Ugandan entrepreneurs were identified:

- Gap 1:** Access to finance and quality investment-readiness
- Gap 2:** Quality of Business Development Services (BDS)
- Gap 3:** Access to quality acceleration services
- Gap 4:** Quality mentorship & coaching, and other individual support

## 5 Three main reasons why ESOs have not collaborated more were found:

- Not having easy access to and understanding of collaboration partners
- Internal reasons such as focus on quality, building a team, etc.
- Opportunity cost to collaboration – it takes time and outcomes are not always clear

The next section will dive into the interviews in detail and paint a detailed picture of the state of collaboration in Uganda's Innovation ecosystem.

## DETAILED FINDINGS FROM ALL INTERVIEW QUESTIONS ON COLLABORATION

The following will present structured findings around each of the seven questions asked around the topic of collaboration. Recommendations will be made after the analysis based on all findings.



### DESCRIBE CASES WHERE YOU HAVE SEEN COLLABORATION BETWEEN PARTNERS WORK AND EXPLAIN WHAT WAS IMPORTANT TO MAKE THEM WORK?

Firstly, four different formats of collaboration were extracted from the answers to this question. They are described shortly and ranked by the effort it takes to bring collaborators on board. Thereafter,

#### **Formats and forms of collaboration that have worked in the ecosystem**

The following is an extraction of four types of collaborations that were frequently mentioned in the interviews, including examples. Understanding what setups made for good

collaborations in the past can help to build more successful collaborations in the future. The four cases of collaboration are presented in the order of effort it takes to make them successful. From the reasons given why the collaborations mentioned by ESOs were successful, success factors are then deducted and summarized, with a 5-step checklist including guiding question on how to set up a working collaboration in the ecosystem.

#### **Format 1: Competitions and Pitch Events**

Inviting other ESOs or their businesses to pitch events, competitions, and other events as judges, participants, or guests is an easy way to build relationships and to collaborate and learn more about what other players in the ecosystem do well. There are numerous examples of such collaborations on an event-basis happening successfully.

Such collaborations usually mean a low effort to bring collaborators on board and helps to get to know other ESOs better.

### Format 2: Big events and conferences

Positive examples that were mentioned are Uganda Innovation Week and the Kampala Impact Day. Events enhance visibility of members and their activities and provide value to the entrepreneurs assigned to different ESOs. They are a relatively cheap and low-commitment option to collaborate and require lesser alignment and hence lesser depth and trust between players to be successful. Hence, they are a good way to start working together and to enable deeper collaboration down the road.

Such collaborations mean a low effort to bring collaborators on board (despite organizing the events can be a high effort) and mostly happen without contractual frameworks and are done together based on existing trust.

### Format 3: Bilateral activities that are strategic for both sides

Positive examples that were mentioned were pipeline activities where one partner got access to the entrepreneurs and businesses from another's network and this partner could provide their businesses with access to finance. Another example mentioned several times were partnerships with private sector companies that included a financial benefit for the ESO and the corporate getting access to entrepreneurs, startups, or software developers for example. Applying for funding together could be another example that was mentioned multiple times.

Bilateral collaborations often resolve specific needs of the partners and can be transactional as well as collaborative.

Such collaborations mean a medium effort to bring collaborators on board as they require strategic alignment on goals and clarifying deliverables, budget implications, and other aspects, mostly including contractual relationships but only with one other partner.

### Format 4: Larger projects where several ESOs work together over extended periods of time

Positive examples that were mentioned were the Hi-Innovator project by NSSF and the Ninja project by JICA.

It is important to set these projects up in the right way based on success principles discussed below under this same question. The project management can be more complex but when set up well, co-creation and synergies between ESOs lead to better outcomes and build deeper relationships among ESOs.

Such collaboration means a high effort to bring collaborators on board and frequently involve lengthy due diligence and contractual relationships.

## Success Factors To Make Collaborations Work

The ESOs shared many success factors from their experience that were crucial to the success of past collaborations. They have been analysed and clustered in five steps to take in building working collaboration. The five steps in short are:

- i Build trust and working relationships with other players and know their strengths
- ii Develop a shared vision and goal for the partnership
- iii Evaluate the collaboration fit of partners to be involved
- iv Build a partnership with a culture of co-creation, transparency, and openness
- v Define clear deliverables, project management, and ensure full accountability

These five steps are described in detail below. For this purpose, 23 quotes from the interviews are used to cite the ESOs directly. Each of the five steps comes with guiding reflection questions that can be used when thinking of a collaboration with partners from the ecosystem, designed to help set up a working partnership. They can be viewed as a checklist for collaboration.

### Step 1: Build trust and working relationships with other players and know their strengths

The most common motif among the reasons why certain collaborations worked well is trust. It is the base for partnerships and collaborations and must be built over time. One ESO said that “the informal relationships are equally important as the formal contract”, because they have to “trust that what someone is offering is coming from good intentions”. Another ESO shared that “people underestimate the power of the relationship themselves” and that “people sign contracts, but they don’t really matter” and that the important thing is “good faith”. Trust is built over time and must be fostered over time.

“Being involved in the activities of each other and supporting each other” came up as a good way to build working relationships that serve as a base for collaboration. This is helpful because another factor to make collaboration work is that “partners understand what strengths they all have and what value they bring on board” for a project.



### Guiding questions to evaluate when you consider a collaboration:

- Who do you know has key strengths that are important to make the program successful?
- Do you trust the partners that are collaborating on this project?

#### **Step 2: Have a vision and reason for the collaboration- what is the end goal and what are the benefits for each partner?**

To make collaborations successful, the purpose and desired end goal of coming together needs to be clear and important for all partners. Furthermore, the setup needs to make sense in the logic of how each partner runs their organization and how they are financed. One ESO shared that the success of a collaboration was due to “alignment on the outcome” and because they were “clear on the gap [they] wanted to address”. Another mentioned the importance of an “end-goal” for the partnership. Collaboration works if it is a “win-win” scenario and if the project or activity is “financially sustainable and beneficial for all parties involved”. This is especially true for longer-term engagements.

The strongest reservation about collaboration is on the aspect of finances – as ESOs have many activities running, it needs to be well defined if and how a collaboration can be financially beneficial or have other benefits, as it will else collide with other priorities.



### Guiding questions to evaluate when you consider a collaboration:

- Are all parties aligned on the end goal and outcome?
- Is this collaboration beneficial for all parties involved?
- Is this collaboration financially beneficial/viable for all parties involved?

#### **Step 3: Evaluate the collaboration fit of partners to be involved – do they have experience working with the target group, are they aligned on the goals, do they add needed expertise and/or resources?**

To make a collaboration successful, ESOs shared that being deliberate about who to partner with is key. From successful collaborations, ESOs pointed out that “organizations had direct synergies”, were “similar organization types and had target groups”, or that it was important to work together with someone with “specific expertise to deliver on something”.

“Complementing areas of focus or expertise” such as a specific specialization or specific resources of ESOs are an important consideration for collaboration.



### Guiding questions to evaluate when you consider a collaboration:

- Do the partners you consider contribute relevant expertise or capacities to the project setup?
- What expertise or resources does each partner bring on board that is relevant for the end goal?

#### **Step 4: Build a partnership with a culture of co-creation, transparency, and openness**

The best collaborations are those that are “mutually beneficial” and where partners have a “common vested interest to put something out there”. In a collaboration, “partners want to contribute and add their expertise, not only be managed by another ESO”. This is a case for co-creation and co-design of projects. One ESO mentioned that they were consulted regarding the setup of an activity with women entrepreneurs and that they were excited to see their suggestions implemented. Creating something together increases ownership and commitment to a joint program, whereas these are decreased where a lead implementer builds a more transactional relationship with partners. Financial incentives are important, but are ideally only one of the reasons for collaboration. For better outcomes of projects and to leverage the expertise of different ESOs, co-creation is a strong tool.

Another ESO mentioned that it is very important to “foster transparency and openness” in the implementation. Transparency about budgets and who benefits in what way is important to avoid that a partner feels left out or unfairly treated, which can reduce trust and motivation to deliver quality work. Openness about terms and the general setup of the project helps to build this trust further and enables co-creation in the first place.



### Guiding questions to evaluate when you consider a collaboration:

- Do all project partners know the financial incentives that come through the program for all parties?
- Is the culture of the joint project encouraging input and contributions from all partners?
- Is critical feedback encouraged and gathered to co-create solutions?
- Was the project designed together by the partners or are they involved in that design?
- Are the structure, the operations, the selection of partners, and other factors transparently communicated?

### Step 5: Define clear deliverables, project management, and ensure full accountability

For successful collaboration, one of the major success factors is good “expectation management, continuously along the relationship”. It has helped ESOs from the start to “talk about budget implications from start” and to have accountability during the implementation from all parties involved. Moreover, governance and project management including timelines and milestones must be clearly defined for expectation management and accountability.

Hence, when starting projects, it is important to “define clear deliverables for everyone”, ideally, they should be measurable and unambiguous.



#### Guiding questions to evaluate when you consider a collaboration:

- Are the targets for the project defined clearly and measurably?
- Are the budgets for the project defined clearly and in detail?
- Is it clear what contribution to the targets is expected from every partner?
- Are there processes for progress and financial accountability in place?



#### DESCRIBE CASES WHERE COLLABORATION WITH PARTNERS FAILED AND WHY IT FAILED?

The challenges could be well clustered into shortcomings regarding the five different steps of building good collaborations deducted from submissions on the previous question.

#### Reasons why collaborations failed

The responses by all ESOs on this question are clustered under the five steps for successful collaboration that were introduced under Question 1. This is to show how failing to walk through these steps/ resolve potential issues can affect the success of collaboration.

The most repeated failure reasons that were mentioned were:

- 1 Lack of trust among ESOs
- 2 Inadequate project management and unclear responsibilities and deliverables
- 3 Uncertainty about budgets and conditions and timelines for disbursements

The following will describe failure reasons summarized under the five steps to successful collaboration as deducted before.



**Step 1: Build trust and working relationships with other players and know their strengths**

Lack of trust was mentioned multiple times and is still a challenge in the ecosystem and leads to less potential collaboration. One ESO said that “someone sent an opportunity, [and they] didn’t even apply, because [they] didn’t trust the person”. It was also mentioned that some actors are “suspicious about each-other” which leads to “no transparency or openness to talk [things] through”. It was also tried to fix a lack of trust “with a contract, but that doesn’t work”.

One ESO said that “some partner have not identified their areas of strengths and want to do everything”, which reduces the level of collaboration and possibly the quality of programs.

It was also noted that building “partnerships needs time” and that “building a relationship takes time as well”, confirmed by another interviewee saying that “sometimes partnerships were rushed”.

**Have a reason to collaborate**

While there are multiple drivers for collaboration, income generation is a strong one. ESOs have stated multiple cases where starting collaboration has been difficult where no payment was involved.

One ESO reported that they “tried to bring entities together, but it didn’t work if no money was involved”. Another reported that they “were supposed to be hosted [by another ESO] for an event, but the other hub was no responsive anymore and switched off”.

Possibly, such pre-events and generally engagement needs to be owned by all partners to work. One ESO identified as a possible core challenge that “what we want to achieve collectively is not often being asked”. One ESO said that in previous experience, it has “not been clear what constitutes a success in the

collaboration” and it failed due to that.

Another collaboration failed because of unclarity about the budget and the question of “who takes what percentage”. Not sharing transparently what an organization is benefitting from a program can lead to big mistrust down the road.

**Evaluate the collaboration fit of partners to be involved**

Lack of alignment was mentioned twice as a reason why collaborations failed. Finding out along the way that partners had a different target group was another.

**Build a partnership with a culture of co-creation, transparency, and openness**

One ESO mentioned that there have been issues with power dynamics in partnerships before, whereas the other organization had more power, which affected effective collaboration. A lack of co-creation has been reported as one of the major reasons why projects involving several ESOs were not successful.

**Define clear deliverables, project management, and ensure full accountability**

An important point was made by an ESO that it can be a big challenge when there is a “lack of flexibility in approach, in how [the collaboration] is going to be done” because “if you don’t allow learning to take place, it will fail”.

Especially longer collaborations should inbuild mechanisms for adjusting the scope, which also must be discussed with funders of projects.

It was also mentioned that “bureaucracy and untimely project management, too little flexibility and slow [implementation]” are a problem.

For one collaborative project with several actors, it was noted that the project was “poorly handled” and that there was “no clear communication”, “no clear timelines and rules for disbursing money”. This lead to some ESOs

having done work but not getting reimbursed. Furthermore, “funds were not coming in time”, but nonetheless, “deliverables were expected” without clarity if they would be reimbursed. It was also mentioned that there was “no clear communication”.

Running projects with multiple stakeholders including contractual relationships is complex and requires sufficient administrative and project management capacities.

### 3 HOW CONFIDENT ARE YOU TO COLLABORATE WITH OTHER ESOS IN THE ECOSYSTEM, AND WHY?

Generally, the ecosystem is open and confident to collaborate. Some ESOs answered with a figured on a scale up to 10, others with a statement about their confidence level. The average rating of those who shared a number was 7.25, with the minimum being 5. Three ESOs said they are very confident to collaborate, and one each shared that they are confident, generally confident, and 50% confident. Overall, the confidence level when it comes to collaboration seems to be high.

One of the ESOs that rated their confidence a 5/10 said that the “intention is there, but they still feel that some actors at the table sometimes loose vision why they are at that table”. They mentioned a capacity gap where “management is often very hands-off” with programs and where there “remains a lot of work for ESOs to be able to demonstrate value for the entrepreneurs”.

This capacity issue seems a more widespread reservation that prevents more collaboration. One interviewee mentioned that “some ESOs lack entrepreneurial experience and sound academic”. It was also mentioned that it is often not clear “what [ESOs] are doing and what they

are good at”.

One of the ESOs with an 8/10 said that there are some trust issues and that in “several cases, startups were branded as someone else’s success story”. While another ESO first gives the benefit of doubt, they mentioned that they “always keep something for themself because we are also competitors”. This is a challenge mentioned by another ESO, that “sometimes actors see each other as competitors, not collaborators”.

Finally, it was mentioned in several ways that confidence is also high “because it is the only way to survive in the ecosystem” and that it “makes sense to share resources and work together”.

While the confidence levels are high, the qualitative responses showed many critical elements, even where there was a high rating. Possibly, the high confidence could be interpreted as a strong openness to collaborate, while there are many question marks that first must be resolved.



## What gaps in the support ecosystem for entrepreneurs are ESOs jointly not addressing enough yet?

This question should be compared to how entrepreneurs in the focus group discussion are looking at this question and what they found most important. Entrepreneurs asked for:

- Tailored and more specialized support programs
- Investment-readiness support
- Investment matchmaking support
- Making connections and linkages

There is a lot of overlap between what entrepreneurs want more from ESOs and the gaps that ESOs observed. The top points from ESO side are access to funding and investment-readiness, more acceleration options, and resolving the quality gap of business development services (BDS). Though, the submissions were diverse and all categories will be listed for completeness.

One observation is that ESOs do not seem to agree fully on what the actual gaps are. Some mentioned that early-stage support is provided but incubation and especially acceleration (mentioned specifically four times) services are scarce, others argued that there is a lack of quality in early-stage services that are provided to entrepreneurs which leads to challenges as the businesses grow. The most mentioned gaps in the order below are:

### Gap 1: Access to finance

- This includes:
- Investment-readiness including the setup of data rooms and memos
- Understanding how investment works for different types of financing
- Understanding what investors are looking for
- Understanding the legal dynamics of different types of investment
- Making connections with investors.

### Gap 2: Quality of Business Development Services (BDS)

Narratives under this category were:

- “BDS service quality is not up to standard”
- “Everyone says they are an expert but they are not”
- There are “no standards to assess venture building”
- “More specialization is needed”
- “One-size fits all type of services – little specialization of support”
- Too little focus on soft skills and entrepreneurship mindset

Quality and too little specialization are recurring motifs that need to be addressed.

### Gap 3: Access to quality acceleration

A lack of acceleration services was mentioned various times, and one ESO shared that they think that “many people advertise acceleration services but rather do incubation”. Standards and definitions are a challenge, especially for comparisons with other ecosystems globally and regarding acceleration stage. This gap likely speaks to a lack of structured support for companies that have built traction and are seeking to unlock faster growth, that means, support beyond the early stage and to raise financing.

### Gap 4: Mentorship & coaching

Quality mentorship and coaching were mentioned, as well as technical assistance on specific topics such as business plan development, how to outsource accounting, financial modelling or others.

#### Other gaps

- Market linkages: Connecting entrepreneurs with potential clients
- More resources for women entrepreneurs
- More support for grassroots and informal entrepreneurs
- More support in the regions, outside Kampala
- Leveraging the potential of educational institutions more, as they operate in silos
- Better talent for Hubs and for the entrepreneurs
- A Startup act for Uganda is lacking
- Makerspaces and machines for micro entrepreneurs
- More processing facilities for agribusinesses are lacking
- Easier access to digital infrastructure: not enabling startups to participate and work with mobile money easily or to access the regulatory infrastructure such as ID verification or easier access to sandboxes



### In which areas are you looking for collaborations with other ecosystem players?

ESOs were asked to submit both what they are happy to offer and what they are looking for. Concrete requests for finances and offers on a payment basis are omitted here.

#### ESOs are looking for

- Looking to apply for funding together (5x)
- Trainings: Send entrepreneurs to other Hubs for good trainings (5x)
- Co-investment opportunities with other ESOs
- Technical expertise to implement programs together
- Support in governance and structuring financials of the ESO better

### ESOs are offering

- Investment-readiness support: Can offer it for other Hubs
- Receiving innovators that fit into own programs (2x)
- Organizing events together (hackathons, joint launch event for startups, market days, etc.) (2x)
- Supporting ESOs that are thinking to invest
- Sharing training materials/trainings with partners
- Running joint trainings
- Export markets: collaborating on helping to export
- Supporting digitization of SMEs and businesses through their expertise
- Can support with M&E and due diligence on startups



### Why have you not collaborated more in the past? Name three reasons?

Most of the reasons for not collaborating more were either internal, or related to the cost of collaboration, or not knowing who to collaborate with when there is an opportunity. The submissions will be presented under these three core reasons.

#### Not having easy access to collaboration partners

- Not being part of networks or pockets of collaborations
- No opportunities presented themselves (e.g. more co-investing),
- Hubs not responding to requests for collaboration (emails, intros)
- Confirming attendance for activities and not showing up
- Where not collaborated, there was a lack of information about other ESO activities
- Ecosystem mapping was lacking, what is the focus of each Hub?

#### Internal reasons for not collaborating more

- Collaborated more before, right now gone back to fundamentals
- too much noise, streamline focus on core business
- Many ESOs have 3-6 months or less runway which makes collaboration hard
- Took them time to build out their UVP in form of their curriculum strong enough

#### Opportunity cost to collaboration

- Focussed on “building a strong identity before being able to collaborate with others”
- There could be instances where the activities don’t meet their objective or mandate and do not want to jump onto something for the sake of collaboration alone
- Collaboration takes effort, have maybe not gone all the way sometimes
- Collaboration has a cost: time, effort
- Time is an issue, attention you can give to a new partner is limited



## Is there anything else you want to share?

Under this question, an important take away was that “partnerships are not an end goal but a way to get things done. They still need to make sense”. This relates to the cost of collaboration as a key reason for not having collaborated more in the past.

Another comment was made that the “link between ESOs and the government is missing – government is a key part of any ecosystem and this linkage needs to be done”. Government was also mentioned to consider “more procurement locally” instead of recruiting from abroad for services that the ecosystem can provide.

It was mentioned as well that there is “need [for] a match-maker, someone from the outside bringing together ESOs intentionally”.

This can be the role of an organization such as Startup Uganda, to help ESOs to start “working as a group or team” and to “meet more often”. To summarize the interviews on collaboration, it seems that the ESOs see similar gaps as the entrepreneurs do and are open to collaborating to close those gaps. Challenges are wide and range from internal reasons to lack of trust and understanding of the other ecosystem actors, as well as mistakes made in collaborations in the past which once again affect trust.

When the right factors are in place and ESOs start to think about collaboration as a deliberate and active process that has specific steps and rules for success, collaboration is one tool to bring the ecosystem forward. On top of that, the ESOs need to continue to improve their expertise, level of specialization, and quality of services to make collaboration easier.

Umbrella bodies such as Startup Uganda are in a unique position to facilitate several of these processes, bring ESOs together, build trust and knowledge of who does what well in the ecosystem.

Donors and funders have designed programs in the past that involve multiple actors from the ecosystem and allow for and foster collaboration and relationships. Many factors need to be considered to ensure that such projects are successful and it is important to learn from the positives and negatives from previous projects. When funders co-create programs with multiple partners on eye-level, manage to build partnerships for co-creation and joint implementation that are not majorly centred around a single entity, ensure alignment on clearly defined goals and deliverables that are realistic and are keen on transparency and good project management, large and longer-term projects have potential to be extremely beneficial to the entrepreneurs and work well for the ESOs as well.

# RECOMMENDATIONS FROM THE COLLABORATION INTERVIEWS

The following recommendations are made based on the findings from the collaboration interviews:

## 1

### Use Startup Uganda as a forum to enhance collaboration through activities

**a. Uganda Innovation Week:**

Use UIW even more deliberately to co-create as an ecosystem and to build trust among ESOs. Run UIW as a professional joint project as if participating members were paid to do it or find funds to compensate to organizing committee in a small manner.

**b. Organize frequent networking events:**

Frequent (ideally monthly) informal meetings and events to build relationships should be organized, hosted by another ESO every month and on a low budget.

**c. Host bi-annual collaboration meetups:**

To foster collaboration, for example with some of the following activities:

- i. ESOs share achievements, learnings & strategic plans
- ii. Collaboration matchmaking
- iii. Collaboration lessons
- iv. Funder conversations on the state of the ecosystem

**d. Publish an annual ecosystem impact report: For example including:**

- i. One page of about the impact of every paid member
- ii. Define and report on ecosystem-wide metrics such as startups trained/ incubated/ accelerated, investment of startups raised, and others
- iii. Key ecosystem achievements and tracking of the macro developments in the ecosystem
- iv. Outlining the top challenges for the next year
- v. Outline opportunities for funders

## 2

### Provide quality capacity building to ESOs

**a. Strengthening value proposition and supporting specialization of organizations**

**b. Project management for senior staff from ESOs on how to set up and manage large projects, including:**

- i. Defining logical frameworks with clear targets and deliverables
- ii. Communicating and working together with stakeholders
- iii. Financial management and budget planning for projects

### 3

**Develop a collaboration playbook:**

Based on the findings on collaboration, come up with an action-oriented and short playbook on how to make collaboration successful and work out

### 4

**Organize “ecosystem meets funders” fireside chats with the goal of**

- a. Learning more about the funder perspective and what they are trying to achieve
- b. Discussing how projects can be implemented that include multiple ESOs
- c. Communicating the vision of the ecosystem to find more buy-in from funders
- d. Sharing challenges that ESOs think must be addressed
- e. Learning how to funders can ensure they enhance collaboration and not competition through their funding setup



# LONG-TERM PROJECTS IMPLEMENTED BY UGANDA'S ESOS

The following is a list of long-term projects of at least 2 years of implementation time that are ongoing as of March 2023. Only where a Ugandan ESO and Startup Uganda member is an official implementing partner, these projects will be listed below.

## 1 NSSF Hi-Innovator program:

### **Run by NSSF, funded by Mastercard Foundation, implemented by Outbox.**

The Hi-innovator initiative is supporting small and growing businesses by extending catalytic seed funding, building the capacity of entrepreneurship support organisations to provide quality technical assistance and working with financing institutions to unlock affordable patient capital so that they can become more competitive.

## 2 Digital DOORS program:

### **Funded by Mastercard Foundation, implemented by The Innovation Village.**

This digital economy program provides a blend of digital infrastructure, tools, skilling, and channels to support those innovating to bring opportunities in the burgeoning Digital Economy closer to young people, women, smallholder farmers, small businesses, among others, across hard-to-reach communities all over Uganda, unlocking opportunities that improve lives and livelihoods.

## 3 OVO Kampala impact day:

### **Funded by OVO, implemented by Einstein Rising.**

Kampala Impact Day is an annual celebration of impactful enterprises and brings the Uganda entrepreneurship ecosystem together.

## 4 Youth Startup Academy Uganda:

### **Funded by KOSME and ITC, implemented by Hive Colab.**

YSA Uganda is a Korean overseas incubation hub and will provide comprehensive incubation and facility to 1,000 young entrepreneurs in Uganda. It provides access to co-working space, technical and business development support, coaching and mentoring, and access to investor networks.

## 5 Empower YOU program:

### **Run by Caritas Switzerland, funded by the European Union and Caritas Switzerland, implemented by StartHub Africa.**

Empower Youth Organizations in Uganda is a European Union program that supports 1000 existing Micro and Small enterprises in Gulu and Lira to professionalize, grow, and create jobs.



## FOCUS GROUP DISCUSSION WITH ENTREPRENEURS

The focus group discussion included eight Ugandan entrepreneurs with different backgrounds, at different stages of their business journeys, and from different sectors, some who were part of ESOs and some who build with little to no support from any ESO. The purpose was to capture the perspective of entrepreneurs about the state of the Ugandan Entrepreneurship Ecosystem.

### The eight entrepreneurs who participated were:

1. Belinda Esaete, BelDeluxe, Fashion
2. Sandra Awilli, Sharecard, MEL/Tech
3. Ester Kabasambo, Refill your Art, Healthcare
4. Emmanuel Akadwanaho, Miah Uganda, PropTech
5. Collins Mbulakyalo, Waape, HR Tech
6. Innocent Orikiiriza, KaCyber, Mobility/Tech
7. Martin Tumusiime, YoWaste, Waste Management/Tech
8. Robert Okello, Maarifasasa, HR/Tech

### Methodology of the focus group discussion

The responses are captured anonymously and without revealing the gender of the person who submitted a response. Detailed notes and quotes were taken during the conversation, summarized afterwards, and key patterns and narratives extracted from them. In total, nine questions were asked of which seven will be evaluated here. The first omitted question was similar to another one and did not yield new or additional insights. The second omitted question was about which individuals, organizations, resources, or content provided relevant support/advice to the entrepreneurs.

The answers are biased towards individuals and organizations the entrepreneurs are attached to and not representative, and hence omitted in this evaluation.

Five of the seven questions that were evaluated included rating the question asked on a scale from 1-5 by each entrepreneur, with room for sharing thoughts and experiences afterwards, as well as possible follow-up questions by the interviewer.

### Summary of findings of the focus group discussion

The following table lists these five rating questions and the average score given by 7 of the 8 entrepreneurs who attended that part of the conversation. Note that 1 is the minimum score, 5 the maximum score, with 3 being exactly in between.

	Questions (1 = completely disagree, 5= completely agree)	Average Scores
1.	Entrepreneurship Hubs had a huge contribution to our successes up to today.	3.4
2.	When I needed support in building my business, I was able to get it from Uganda’s Innovation Hubs.	2.7
3.	I know what Uganda’s Hubs offer to entrepreneurs.	3.1
4.	I trust Uganda’s Hubs as a partner to build a company with.	3.1
5.	I believe that Uganda’s Hubs have the necessary know-how to help entrepreneurs succeed.	2.3

## Core findings are:

1. **Entrepreneurs are critical about the work done by ESOs:**
  - a. Ratings on questions low, especially regarding the trust in ESO know-how
  - b. Lack of practical experience: Few staff members of ESOs have built or run successful businesses, ESO knowledge was described as “textbook-based”
2. **Offers and strengths of ESOs are not clear to entrepreneurs**
3. **Entrepreneurs think that ESOs lack specialization**
4. **The most useful things that entrepreneurs got from ESOs were:**
  - a. Partnerships/Linkages/market (mentioned by 6 out of 8)
  - b. Mentorship/Advise (mentioned by 5 out of 8)
  - c. Publicity/Visibility/Exposure (mentioned by 3 out of 8)
  - d. Trainings & capacity Building (mentioned by 3 out of 8)

After this short summary of the focus group discussion, the answers to the questions will be discussed one-by-one and in more detail. Recommendations will be given in the end of the chapter.

# DETAILED FINDINGS FROM EACH QUESTION OF THE FOCUS GROUP DISCUSSION

The first five were asked as statements and rated from 1-5 with an option to comment, while the last were asked as open questions.

## Statement 1: Entrepreneurship Hubs had a huge contribution to our successes up to today.

This statement had the highest score of 3.4 on a scale of 1-5. Overall, all entrepreneurs have or had one or the other touchpoint with a Hub since starting their business and have gotten some kind of value.

Though, two of the five entrepreneurs who shared their experiences mentioned that Hubs had no critical contributions to the progress of their businesses. Another entrepreneur pointed out that big businesses were started even before Hubs operated in Uganda. Two other entrepreneurs who gave the highest mark shared about their experiences when they were

still students or recent graduates and found entrepreneurship programs to handhold them to get started or make progress in those early days.

An observation worth pointing out is that Hub support was perceived valuable by two entrepreneurs in their very early-stages – one who is much further ahead and one still in the early stage. The ESOs contribution to the entrepreneurs' journey was perceived high in the start by those entrepreneurs.

## Statement 2: When I needed support in building my business, I was able to get it from Uganda's Innovation Hubs.

The journey of an entrepreneur is marked with many crucial points where the right support leads to better decision-making and progress. The below average rating of 2.7 out of 5 indicates that entrepreneurs did not receive the necessary support in moments they needed it.

Reasons for this were various, for example that hubs were offering the entrepreneur "membership-based services where you have to first subscribe and pay", while the entrepreneur was looking for free support. Another entrepreneur asked "how do you get to the

people in the hubs?" – and then said that "they are ghosting you, they are not available, or they take you around in circles". One entrepreneur said that the access was possible because of relationships built over time and when support was needed, the entrepreneur was able to get it because of that.

A take-away is that entrepreneurs seem to have challenges to access support and the right people to talk to at ESOs, as they do not know how the organizations work. Paying for services can be difficult, especially when the quality and usefulness of those is not clear. ESOs should

work on building clear ways to communicate how to access what value.

It seems that ESOs could offer free consultancies to entrepreneurs not yet in their networks and/or office hours to make it easier for entrepreneurs to understand the value that ESOs offer. This free support could be impactful and helpful for entrepreneurs and become a channel for onboarding entrepreneurs in the structured programs of an ESO.

### **Statement 3: I know what Uganda's Hubs offer to entrepreneurs.**

This statement scored an average of 3.1 on the scale of 1-5. Two entrepreneurs shared that they are quite aware of hub offerings, because of consulting work with hubs and because of having been in the ecosystem for six years. Others mentioned that it is difficult to “access people at the hubs”, and that there is “no way to get real information about programs and support” and that “it is not clear what the strength of each Hub is”. Entrepreneurs mentioned that that “when Hubs are not clear about what they are offering, they waste time of the startups” – it could help if Hubs did “better at communicating their Unique Value Proposition and core strengths”.

The key problem that was found in the interviews is that there is a very clear communication gap in terms of offers, strengths, and target groups by the Hubs. Entrepreneurs that are running their businesses for a longer time, get to know the offers of Hubs.

A key goal seems to be that it is possible for entrepreneurs to self-select into the programs offered by Hubs based on centrally available information that makes it possible to compare Hubs directly. Reaching out to Hubs should become easier as well, to clarify open questions that entrepreneurs have.

### **Statement 4: I trust Uganda's Hubs as a partner to build a company with.**

Aside from one entrepreneur rating with 4 out of 5, all others gave a 3 on this statement, leading to an average of 3.1. Two entrepreneurs mentioned that they do not trust the Hubs or the people running them, but some of the programs that the Hubs run. Two other entrepreneurs shared that once you are attached to a Hub, you trust them – and that this trust depends on the relationship that you have or build with the Hub. Another entrepreneur mentioned that Hubs have many limitations, such as that they are not good at helping with getting access to funding, which makes it harder to build a company with them.

Trust in Hubs seems to be case-based and less in the institution but more into the fact that it is possible to get some value out of programs and services that are being offered. Furthermore, entrepreneurs mentioned that trust depends on the people running the ESOs. But once an entrepreneur is linked to an ESO, they learn to trust them.

**Statement 5:  
I believe that Uganda’s Hubs have the necessary know-how to help entrepreneurs succeed.**

This statement about the perceived know-how of Hubs got the lowest rating of all, with an average of 2.29 from 7 entrepreneurs rating on a scale of 1 to 5.

A lot of complaints of different nature were brought up. One entrepreneur who rated a 2 mentioned that programs are “so theoretical, with classes set up like in university; trainers which have never experienced what you are going through and giving you textbook information.” The person suggested to invite people who have actual experience in building businesses more to contribute to Hub programs.

The entrepreneurs in the room were in agreement with this statement that programs are too textbook based. They want support from founders that went through similar journeys. The entrepreneurs mentioned that often, they would only join any program because of

the possibility of getting access to grants or investment, but not for the support.

Two entrepreneurs mentioned that they got value through the Hubs by finding the right person to help them. One of the two mentioned that the best way is to let the founders of a Hub direct you to whoever can help you best.

This feedback about how the know-how of Hubs is perceived means that the quality of services provided to startups must be improved. Entrepreneurs agreed that they prefer to work with current or former entrepreneurs who understand the startup journey as well as with experts who have specific deep expertise to help them. There is a lot of room for improvement and for Hubs to offer entrepreneurs the technical guidance necessary to grow their companies from where they are.

**Question 6: What are the top 3 most important things you have gotten from the innovation ecosystem that helped you improve your business?**

Up to three answers were noted from each entrepreneur on this question, and clustered afterwards with the following breakdown.

Theme	Frequency
Partnerships, Linkages, customers, & networking	6
Mentorship	5
Publicity, Visibility, Exposure	3
Trainings & Capacity building	3
Funding	1
Investment-readiness	1
Pitching Sessions	1
Office Space	1

Building partnerships and getting linkages can be difficult for entrepreneurs who lack access to networks and potential clients, especially when they are young. As support under this docket most directly affects the bottom line, and hence the most mentioned support. Mentorship or individual advice follows closely, outscoring trainings due to being more needs based and tailored to the specific case. The categories around trainings and exposure follow, with office space, pitching, funding and investment-readiness not under the things that startups benefitted from the most.

This would mean various things, for instance that it was not important to them, not good enough in quality, or simply not provided.

### **Question 7: What should Innovation Hubs do to provide more value to entrepreneurs?**

This question was asked to find out what the concrete wish lists of the entrepreneurs in the room from ESOs were.

The entrepreneurs mentioned that the best support comes from tailored programs that solve specific needs and include a needs assessment of the entrepreneurs. Furthermore, entrepreneurs thought that ESOs can play a bigger role in providing access to funding and investor connections as this is difficult for them. Furthermore, investment-readiness was mentioned as a topic in-demand, to understand the investor logic and expectations before entering into such conversations.

A last category of support that was mentioned was about making connections and networking – more opportunities for the community of entrepreneurs to come together is highly

desired. This was also mentioned to resolve a talent problem for startups, that often have a difficult time to find co-founders, interns, or early employees.

A point was made by the entrepreneurs that ESOs should specialize more to provide more tailored and specific support that is more helpful.

An interesting case that was mentioned in that regard is about SHONA, where entrepreneurs appreciated that they were sent away (in a positive way) and SHONA explained that they are focussing on manufacturing and agribusiness, not on technology-based companies. Entrepreneurs appreciate that such specialization is helpful to them to get tailored support and does not waste time.

# RECOMMENDATIONS FROM THE FOCUS GROUP DISCUSSION

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## 1 **Communicate activities and strengths of ESOs centrally and clearly:**

There is a need for making activities happening in the ecosystem more visible to entrepreneurs. A central platform, ideally the Startup Uganda website, should be used as a one-stop hub to learn about everything that is being offered by Ugandan ESOs in detail, including clear descriptions of the value and frequency of trainings, incubation, access to services, space, etc.

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## 2 **Enable entrepreneurs to get to know your ESO more easily: Entrepreneurs lack trust in programs and ESOs, which can be broken but hardly through paid-for services.**

While monetization of programs is important, it can be a good strategy for ESOs to offer free and quality services that cost little time or money, such as frequent free office hours, community and networking events, support with specific needs such as for instance financial modelling. Such offers can help to build trust and show expertise, and be a pipeline for other activities as well as support entrepreneurs.

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## 3 **ESOs should hire more experienced and successful business leaders:**

Entrepreneurs lack trust in the knowledge of staff members in ESOs as there are too few who have run or are running successful businesses. ESOs should consider hiring more entrepreneurs with a track record of success to enable hands-on business support. Another way would be to have a strong mentor pool of entrepreneurs who have built businesses in the past.

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## 4 **ESOs should involve successful founders more:**

Peer-to-peer learning from entrepreneurs with experience through different formats ranging from mentorship to talks on certain topics are a needed way to build peer relationships and make experience gathered by entrepreneurs more accessible.

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# INTERVIEWS WITH GOVERNMENT ACTORS

Six individuals from four government ministries and authorities were interviewed, namely:

- Ministry of Trade, Industry & Cooperatives (MTIC)
- Science, Technology, and Innovation Secretariat (STI)
- Uganda Registration and Services Bureau (URSB)
- Uganda Investment Authority (UIA).

## Methodology of the interviews with government actors

Semi-structured online or phone interviews with eight questions were conducted. Follow-up questions were only asked to extract context or explore additional aspects to the same question. Afterwards, the questions were analysed one after another by extracting patterns and repetitive motifs, using the context of the gathered data to describe and interpret the findings.

This was a component of the research with the goal to extract key narratives from the government perspective that can be used for alignment and deepened in further conversations with government actors.

## Summary of findings of interviews with government actors

The following is a summary of the most important findings from the interviews.

### Core findings

- i Lack of joint strategy:** The lack of a joint ecosystem vision and strategy makes collaboration among government actors and with ESOs more difficult due to lack of alignment of goals.

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- ii Government aware of the role it has to play:** Government actors are aware of their role and of the challenges in the ecosystem, which is an important base for productive collaboration.

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- iii Work happens a lot in silos:** Many activities happening in silos and there is little collaboration with ESOs or across government actors themselves. For example, some ministries and parliament all working on innovation topics but not together

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- iv Collaboration mostly with other government actors:** Where collaboration of government actors is happening, it is mostly with other government actors and there is little deliberate collaboration between government actors and ESOs.

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- v Openness for more collaboration:** Government actors are open to collaborate more with ESOs and see the importance of this.

The next section will dive into the interviews in detail and discuss answers and unveil narratives from the interviews.

# DETAILED FINDINGS FROM THE INTERVIEWS WITH GOVERNMENT ACTORS

The following will present structured findings around each of the seven questions asked around the topic of collaboration. Recommendations will be made after the analysis based on all findings. Note that the answers to questions are presented as anecdotal evidence, no statistical significance can be achieved through the 6 interviews. Though, the following is a good representation of key narratives and perspectives of government actors.



## How knowledgeable on a scale between 1 - 5 do you feel about the different stakeholders and initiatives happening in the Ugandan Innovation Ecosystem? Please explain your answer.

The average rating on this question among six people was 2.5 (median: 2.0), lower than the middle of the scale which lies at 3.0.

One reason for this was given in that the ecosystem not being very integrated and that the actors from the interviewed government authorities get to meet most players individually and not as a group of ecosystem players. One interviewee said that “70% of the players think they can walk [the entrepreneur support journey] alone and are not looking at the bigger ecosystem” and does not feel strategically involved as a government actor, noting that ESOs

seem to “stumble on them rather randomly”. Another actor mentioned that a challenge with the government authorities is that “a lot of work is happening in silos”, mentioning as examples that Ministry of Trade is working on the Startup policy, Ministry of ICT has their own startup strategy, and that parliament is working on startup topics separately as well.

Overall, the number of connections among government actors and the wider ecosystem is still limited and seems to be mostly on bilateral arrangements with few actors, with a more coordinated and wider approach lacking.



## How and from who or what do you learn about what is going on in the Ugandan innovation ecosystem?

All interviewees mentioned direct conversations with entrepreneurs, associated experts or partners as a key information channel – outlining the importance for creating more and stronger networks. Outside these, events and being invited to such are an information channel, as well as having the relevant conversations as a by-product of the work they engage in. For example, working with URSB in the IP department spurs conversations related to IP with the ecosystem.

Other channels that were mentioned were traditional media, social media, personal networks, and research they followed.

The above channels can be actively used to strengthen bonds and relationships among government actors and the ESOs. Actively inviting government actors to ESO events and vice versa is a low hanging fruit to start building more direct relationships.



### What contacts and collaborations do you have with players in the Ugandan Innovation Ecosystem and who are these players?

On this question on contacts and collaboration partners, the interview partners mostly listed partners they have collaborations with and were asked to keep naming more to get more complete lists of partner names.

The four entities showed very similar types of collaboration; Interactions with other government actors dominate, especially with Ministry of ICT and National Guidance or associated entities such as NITA, and the ICT Hub Nakawa (mentioned by three of the four interviewees), the Ministry of Science, Technology, and Innovation and the associated Uganda Council for Science and Technology (mentioned by two out of the three others), as well as the government owned Uganda Development Bank (Mentioned by two out of four). Beyond this, ESOs were mentioned three times, especially The Innovation Village.

Other government authorities or bodies, universities and educational/research institutions (mostly Ugandan), other ministries, government initiatives, and specific technical

partners (such as the global and Africa-wide IP organizations WIPO and ARIPO) in line with the specific mandate were noted.

Summarizing, the collaboration players are mostly government-associated players or initiatives.

The representative of URSB directly mentioned this point, stating that by design, most partners are other government actors. The representative stated that there is generally a strong “silo mentality regarding service provision in government departments” and that this service provision “ends with their mandate”. They mentioned that the open question is “how a user can find what they need” as entrepreneurs are often not aware where to go for services.

Collaboration with players to build a channel to entrepreneurs could help here. Overall, the players were open and interested in more collaboration, stating that it is important and has not been done enough.



### What is good about the Ugandan Innovation Ecosystem?

The most mentioned narratives about the positives were (1) regarding the growing young population and hence a growing number of innovative entrepreneurs with ideas that (2) build on the many opportunities due to challenges and problems in the market. Both of these were mentioned by 3 of the six interviewees.

Other factors that were mentioned as positive in the ecosystem by individuals were:

- A growing local demand and market
- That investment is starting to come into

the country, for example angel and venture capital

- There being more experienced entrepreneurs and peer mentoring from entrepreneurs for entrepreneurs happening
- There being more collaborations with global hubs and programs

Generally, the uniform message is one of progress and positive developments regarding the standing of the Ugandan entrepreneurship ecosystem.



## What are the most important things that need to improve about or in the Ugandan Innovation ecosystem?

A variety of topics that need improvement were mentioned by individual interviewees. An improvement regarding access to capital, including related activities such as better regulation for the investment space and de-risking investments in Uganda was the most frequent narrative. The regulatory environment was deemed not favourable for investors in Uganda. The topic of property rights and IP protection was also mentioned several times as an area of improvement, including the awareness of entrepreneurs for its importance.

Beyond that, areas of improvement mentioned by government actors were:  
Better financial sustainability of ESOs

Better technical skills of ESOs for business support needed  
Creating more partnerships between ESOs and government  
Capacities, skills, entrepreneurship mindset and innovation culture of entrepreneurs  
Better structures and governance of businesses  
Encouraging individuals with experience in industry to start businesses  
Lowering the cost of doing business

Government actors seem to have the crucial know-how of the challenges in the ecosystem and enabling environment, and what has to happen to improve the ecosystem.



## What is hard about interacting with the Ugandan Innovation Ecosystem for you?

The hardest thing mentioned was the lack of a strategy for the ecosystem and for improving it; This leads to siloed work as a joint direction for working together is lacking. It was stated that there is also “too little deliberate efforts to come together and approach collaboration strategically”. It was mentioned that the relationships with ESOs are not continuous “but only need-based”.

Other aspects that were mentioned are:

- Know-how of ESOs:** Very low experience and know-how missing
- Lack of data:** Accurate data on value chains and the economy is missing (e.g. for market analyses)
- Enabling environment:** Weak innovation policies to support entrepreneurs

A joint direction and the relationships among actors to continuously work on the key challenges in the ecosystem are key to progress.



## What is the role of politics in shaping the Ugandan Innovation Ecosystem?

Uniformly, the interviewees mentioned building the policy and enabling environment as the core role of government. Beyond that, their job is to drive the strategic agenda of government, such as for instance to enhance “IT & IT-enabled services through business process outsourcing as a major opportunity for job creation”. Hence, it is important to them to see how “the ecosystem can support the political agendas” such as “job creation, business growth, and fighting corruption”.



## What would you wish for so that collaboration with actors of the Ugandan Innovation Ecosystem becomes better?

The wishes that spur collaboration from interviewees are in line with the findings from previous questions. A clearer vision and agenda for the ecosystem and harmonization of efforts for less duplication and breaking out of siloes are the most important and mentioned by three of the four organizations. This includes a wish to “gather so everyone understands what everyone is doing, to create synergies, close gaps, and build relationships”.

URSB mentioned that they are open to be more involved in trainings and sharing regarding incorporation and IP topics. This wish to be more involved by the ecosystem is a shared one.

## RECOMMENDATIONS FROM THE INTERVIEWS WITH GOVERNMENT ACTORS



### An ecosystem strategy and vision that involves ESOs, government, and entrepreneurs is needed:

A barrier to collaboration and effective usage of funds is that there is no jointly agreed-upon strategy and direction of the ecosystem. This could be for instance a jointly designed positioning paper on “Uganda Startup Ecosystem Strategy 2030” which acknowledges key challenges, the status quo, and strategies for progress in a multi-stakeholder approach. An aligned strategy will help with more collaboration among government actors as well as make it easier to identify areas of collaboration among ESOs and government to forward this strategy.



### ESOs and government actors should invite each other to activities and events frequently:

Government actors are open to interacting more with the entrepreneurship ecosystem, ESOs, and entrepreneurs. Yet, they lack the networks and channels to easily connect and join events. Though, the first most important step to break out of the siloed nature of the ecosystem, especially on the government actor side, is building relationships and knowledge of actors and activities in the ecosystem. Events are a great way to build informal relationships that are the first step for more engagements and collaboration.



**Startup Uganda and ESOs can establish themselves as a channel for government services to entrepreneurs:**

The siloed nature of work of government authorities means that entrepreneurs lack knowhow and access to them. Though, ESOs can serve as the linkage between government services and entrepreneurs, educating entrepreneurs about what is needed and offered, and creating direct connections. A close collaboration with government authorities on this is important to fine the best ways for operationalizing such a partnership.



**ESOs should include government authorities in program design and implementation:**

Government authorities are open and actively shared that they have capacities to inform and train entrepreneurs about the services offered. This can be a value add to programs and activities conducted by ESOs and done by government at no cost, in return getting an opportunity to reach entrepreneurs with no effort.

**COMPARISON OF THE DESK RESEARCH AND FINDINGS**

Generally, the findings from desk and primary research are fully aligned, with some aspects found in the desk research not being accessible through the data gathered.

On an ecosystem level, other studies found that funding models of ESOs should be diversified more, which is supported by this research, with only three different ways being dominant in how ESOs are financed, with grants and consulting revenues being dominant.

Secondly, this research found in various ways that specialization of ESOs is a priority, which is supported by the desk research.

Thirdly, the potential of Startup Uganda has been pointed out through various recommendations as it is uniquely positioned to impact the ecosystem and ESOs - one of the major findings in the desk research as well.

Some desk research had a deeper focus on the need regarding the support for entrepreneurs, while this research was mostly focussing on the ESOs. Nonetheless, the following findings were gathered by both.

Firstly, more support is needed at the intermediate stage of businesses, after they have proven viability. This research shows that ESOs mostly run training and incubation programs, but acceleration-like services and mentorship offers are scarce.

While previous research found that ESOs should improve their internal gender balance, this research did not gather this data. Though, it suggests that ESOs need to build teams that are set up to provide superior entrepreneur support and suggests having more people with strong business and startup acumens in their ranks.

Furthermore, and as found many times before, more and more diverse ways to access to finance still need to be put in place as entrepreneurs are limited because of the lack thereof.

Overall, the alignment with previous findings is strong, and no strong disagreement in findings or recommendations can be noted. It seems that the ecosystem is making continuous progress in the right direction, is ever more aware of its challenges, and working to resolve them.

# ANNEXES

This Annex lists the questionnaires used for the different types of data acquisition in this research. Use these quick links for easier navigation (CTRL + click):

- **Survey questions**
- **Interview questions for ESO interviews**
- **Interview questions for focus group discussion**
- **Interview questions for political actors**

The following is the full list of questions from the survey.

1. **Name of the organization/company i.e. Startup Uganda**
2. **Description of the organization/company**
3. **Link to the website/social media page if no website**
4. **Area of operation**
  - Multi-country / Foreign
  - List African countries you have operations in
  - National (operations in all four regions)
  - Subnational and settlement-level
  - Central Region
  - Western Region
  - Eastern Region
  - Northern Region
5. **Logo of the organization**
6. **Legal status (multiple options possible if you have an NGO and a for-profit company for instance)**
  - a. No separate legal structure, registered through another organization (for example a university)
  - b. Not formally registered in any way yet
  - c. Company Limited by guarantee
  - d. Company Limited by guarantee with valid NGO license
  - e. Civil Society Organization (CSO)
  - f. Community Based Organization (CBO)

- g. For-profit company
- h. Other

**7. What year was your organization registered?**

**8. Current FTE (Full-time equivalent) of the organization (For example: count 2 people employed at 20 hours a week as one FTE)?**

**9. Contact information (Name, email, phone number of Contact person)**

**10. Organization Location (Address of the main office/headquarter/location; Street name and number, name of city)**

**11. What are your key focus sectors?**

- a. Sector agnostic (no specific target sector)
- b. Media
- c. Health & HealthTech
- d. Industrial Production & Manufacturing
- e. Energy
- f. Finance & FinTech
- g. Engineering, Real Estate & Construction
- h. Agriculture & AgriTech
- i. Arts & Crafts
- j. Cultural & Rec. Services
- k. Education & EdTech
- l. Tourism & Hospitality
- m. Transport & Logistics
- n. Other IT & SaaS
- o. Other (Specify)
- p. Other

**12. Which SDGs does your organization actively address (you will be asked how in consultations afterwards)**

- a. SDG 1 – No Poverty
- b. SDG 2 - Zero Hunger
- c. SDG 3 – Good Health and Well-being
- d. SDG 4 – Quality Education
- e. SDG 5 – Gender Equality
- f. SDG 6 – Clean Water and Sanitation
- g. SDG 7 – Affordable and clean energy
- h. SDG 8 – Decent Work and Economic Growth
- i. SDG 9 - Industry, Innovation and Infrastructure
- j. SDG 10 - Reduced Inequality
- k. SDG 11 - Sustainable Cities and Communities
- l. SDG 12 - Responsible Consumption and Production



- m. SDG 13 - Climate Action
- n. SDG 14 - Life Below Water
- o. SDG 15 - Life on Land
- p. SDG 16 - Peace and Justice Strong Institutions
- q. SDG 17 - Partnerships to achieve the Goal

**13. Which demographics do you deliberately and actively work with in your continuous programs?**

- a. Refugees
- b. University Students
- c. University Graduates
- d. Vocational students
- e. Women
- f. Youths (below 30 years)
- g. Rural communities
- h. Software developers
- i. Other

**14. Annual continuous activities done by your organization (outside those implemented through specific time-bound projects, do not consider activities you ran once through a project for instance)**

**a. Technology courses (such as coding classes, etc.)**

- a. Software development/engineering
- b. Hardware development
- c. Computer literacy (such as MS Office courses)
- d. Digital arts and design
- e. Others
- i. Please describe

**b. Co-Working**

- a. Describe your key co-working packages (price and benefits of each package).

**c. Business and Entrepreneurship trainings, Masterclasses, Bootcamps, etc.**

- a. How many different types of trainings do you run on a regular basis?
  - i. 1
  - ii. 2
  - iii. 3
  - iv. 4
  - v. More than 4

**b. Please provide us with more information for each training.**

- i. Who is the target group of the training?
- ii. What do participants learn?
- iii. What is the expected outcome of the training?
- iv. Do participants pay for the training (yes / no?)
- v. What is the length of the training?
- vi. How many beneficiaries did you train in 2022?

**d. Incubation Services**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, early pre-seed, late pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. Length of the incubation
- e. Business Model: Do entrepreneurs pay for the service in cash, payment plans, equity or other? (yes, no)
  - i. If yes: How much and in what way?
- f. Services: Please briefly describe the core outline of the incubation services
- g. Impact Outputs: How many beneficiaries received incubation services in 2022?
- h. Impact Outcomes: What impact did you notice on the beneficiaries?

**e. Acceleration Services**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. Length of the acceleration program
- e. Business Model: Do entrepreneurs pay for the service in cash, payment plans, equity or other? (yes, no)
  - i. If yes: How much and in what way?
- f. Services: Please briefly describe the core outline of the acceleration services
- g. Impact Outputs: How many beneficiaries received acceleration services in 2022?
- h. Impact Outcomes: What impact did you notice on the beneficiaries?

**f. Investment Matchmaking Services**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. What ticket sizes do you help support (give a range in USD)?
- e. How many successful matches have you facilitated in 2022?

**g. Deploying Equity Investment directly**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. What ticket sizes do you invest (give a range in USD)?
- e. How much capital have you invested in 2022?
- f. How many investments have you done in 2022?

#### **h. Deploying Debt and/or other investment types directly**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. What ticket sizes do you invest (give range in USD)?
- e. How much capital have you invested in 2022?
- f. How many investments have you done in 2022?

#### **i. Consulting Services for SMEs and/or startups**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. Do entrepreneurs pay for the service? (yes/no)
  - i. If yes, how much?
- e. Please describe your consulting services more.
- f. Impact Outputs: How many beneficiaries received consulting services in 2022?
- g. Impact Outcomes: What impact did you notice on the beneficiaries?

#### **j. Access to makerspace / machines / lab etc.**

- a. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- b. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- c. Sector: Which sectors do you support?
- d. Do entrepreneurs pay for the service? (yes/no)
  - i. If yes, how much?
- e. Please describe your offering more.
- f. Impact Outputs: How many beneficiaries did you impact in 2022?
- g. Impact Outcomes: What impact did you notice on the beneficiaries?

#### **k. Other**

- a. Please explain which other services you provide and who they are for.

### **15. Projects implemented by your organization in the past 2 years (outside your standard annual activities)**

#### **a. Technology courses (such as coding classes, etc.)**

- a. Software development/engineering
  - i. Client / sponsor

- b. Hardware development
  - i. Client / sponsor
- c. Others
  - i. Please describe
  - ii. Client / sponsor

**b. Business and Entrepreneurship trainings, Masterclasses, Bootcamps, etc.**

- i. How many different trainings did you implement project based?
  - ii. 1
  - iii. 2
  - iv. 3
  - v. 4
  - vi. More than 4
- b. Please provide us with more information for each training.
  - i. Name of client / sponsor
  - ii. Who was the target group of the training?
  - iii. How many beneficiaries did you impact?
  - iv. What was the outcome of the training?
  - v. Did participants pay for the training (yes / no?)

**c. Incubation as a service (project-based)**

- a. Name of client / sponsor:
- b. Type: What type of business did you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- c. Stage: Which stages did you support? (Idea, pre-seed, seed, Series A)
- d. Sector: Which sectors did you support?
- e. Length of the incubation
- f. Fee: Did entrepreneurs pay for the service? (yes, no)
  - i. If yes: How much and in what way?
- g. Services: Please describe briefly the core outline of the incubation
- h. Impact Outputs: How many beneficiaries were impacted?
- i. Impact Outcomes: What impact did you notice on the beneficiaries?

**d. Acceleration as a service (project-based)**

- a. Name of client / sponsor
- b. Type: What type of business did you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- c. Stage: Which stages did you support? (Idea, pre-seed, seed, Series A)
- d. Sector: Which sectors did you support?
- e. Length of the acceleration
- f. Fee: Did entrepreneurs pay for the service? (yes, no)

- i. If yes: How much and in what way?
- g. Services: Please describe briefly the core outline of the accelerator
- h. Impact Outputs: How many beneficiaries were impacted?
- i. Impact Outcomes: What impact did you notice on the beneficiaries?

**e. BDS / Consulting Services for SMEs and/or startups**

- a. Name of client / sponsor
- b. Type: What type of business do you focus on? (Livelihood sustaining, Dynamic, Niche, High Growth)
- c. Stage: Which stages do you support? (Idea, pre-seed, seed, Series A)
- d. Sector: Which sectors do you support?
- e. Do entrepreneurs pay for the service? (yes/no)
  - i. If yes, how much?
- f. Please describe your consulting services more.
- g. Impact Outputs: How many beneficiaries received consulting services in 2022?
- h. Impact Outcomes: What impact did you notice on the beneficiaries?

**f. Other**

- a. Please explain which other projects you implemented and for who (client / sponsor)

**16. Are you currently actively working on policy engagement as an organization?**

**a. Yes/No**

- i. If yes, what policy advocacy are you engaging in right now and how?

**17. What are all the ways you are generating income with your organization right now and in the near future?**

**a. Revenues from co-working space incl. of renting out space for activities, catering, etc.**

- i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %

**b. Grants for the continuous activities of the organization**

- i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %

**c. Project-based grants**

- i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %

**d. Implementing consulting projects based on service contracts**

- i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %

**e. Participant or training fees**

- i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %

- f. **Investment/grant matchmaking commissions and/or fund management fees**
  - i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %
- g. **Returns from own investments**
  - i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %
- h. **Other (describe)**
  - i. If ticked, percentage of annual revenue in 2022 from 0 – 100 %
- 18. **What are your specific information channels to learn about activities and opportunities in the Ugandan Entrepreneurship Ecosystem (specific WhatsApp groups, individuals, newsletters, twitter accounts, etc.)? Please list them here**
- 19. **What have been the 1-3 most important partners, funders, or clients in regard to the revenue generation of the organization in the last years?**
- 20. **With which other entrepreneurship organizations have you collaborated in the past?**
- 21. **Where do you see potential for collaboration with other ESOs which would benefit your organization?**
- 22. **What was the total budget spent in 2022 (helps to show donors/partners how far you have reached)?**
- 23. **What Associations are you a member of?**
  - a. Startup Uganda
  - b. Afrilabs
  - c. E-Trade Uganda
  - d. ANDE
  - e. Other international networks/associations (list them)
  - f. Other Ugandan networks/associations (list them)

## Interview questions for ESO interviews

1. Describe cases where you have seen collaboration between partners work and explain what was important to make them work?
2. Describe cases where collaboration with partners failed and why it failed?
3. How confident are you to collaborate with other ESOs in the ecosystem, and why?
4. What gaps in the support ecosystem for entrepreneurs are ESOs jointly not addressing enough yet?
5. In which areas are you looking for collaborations with other ecosystem players?
6. Why have you not collaborated more in the past? Name three reasons?
7. Is there anything else you want to share?

## Interview questions for focus group discussion

**Answer on a scale of 1-5 – discussion afterwards:**

Entrepreneurship Hubs had a huge contribution to our successes up to today.

1. When I needed support in building my business, I was able to get it from Uganda's Innovation Hubs.
2. I know what Uganda's Hubs offer to entrepreneurs.
3. I trust Uganda's Hubs as a partner to build a company with.
4. I believe that Uganda's Hubs have the necessary know-how to help entrepreneurs succeed.  
Open questions from here:
6. What are the top 3 most important things you have gotten from the innovation ecosystem that helped you improve your business?
7. What support did you miss from the ecosystem when building your business?
8. What should Innovation Hubs do to provide more value to entrepreneurs?
9. Name the individuals, organizations, resources, content, or other entities that have given you relevant support/advice before. It could be anyone or anything, not necessarily a Hub. Just list them.

## Interview questions for political actors

1. How knowledgeable on a scale between 1 - 5 do you feel about the different stakeholders and initiatives happening in the Ugandan Innovation Ecosystem?
    - a. Please explain your answer.
  2. How and from who or what do you learn about what is going on in the Ugandan innovation ecosystem?
  3. What contacts and collaborations do you have with players in the Ugandan Innovation Ecosystem and who are these players?
  4. What is good about the Ugandan Innovation Ecosystem?
  5. What are the most important things that need to improve about or in the Ugandan Innovation ecosystem?
  6. What is hard about interacting with the Ugandan Innovation Ecosystem for you?
  7. What is the role of politics in shaping the Ugandan Innovation Ecosystem?
  8. What would you wish for so that collaboration with actors of the Ugandan Innovation Ecosystem becomes better?
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