



On the move?

Young people's views on doing business in Uganda

1. Introduction and summary

Given its rapidly growing population, ensuring that young people have income generating opportunities is a core challenge for Uganda. Key to this will be providing young people with the skills they need to establish businesses, and to access finance and other support to help them succeed.

This brief presents data on young Ugandans' experiences and views on business matters. How confident are they in their financial management skills? Are they aware of and taking advantage of youth empowerment initiatives like *Emyooga*? What do they see as the main obstacles to starting in business, and where might they access finance to get them started?

Data for the brief comes from Twaweza's *Sauti za Wananchi* survey. *Sauti za Wananchi* is a nationally-representative, high-frequency mobile phone panel survey. Information on the overall methodology is available at www.twaweza.org/sauti.

twaweza.org/sauti. For this brief, data were collected from two linked panels: first from 2,900 respondents comprising the full *Sauti za Wananchi* panel, and second from 1,597 respondents all aged 18-34 years, comprising panel members who are themselves aged 18-34 years and household members aged 18-34 in households where the usual respondent is older than 34. Data were collected during the first round of calls to the second *Sauti za Wananchi* panel, conducted between 15 January and 7 February 2022.

The key findings are:

- Younger citizens are less likely to own a business than older people.
- Young business owners are slightly more optimistic about the state of their business, and the expansive business environment
- Young people say their primary use of a hypothetical cash gift would be to

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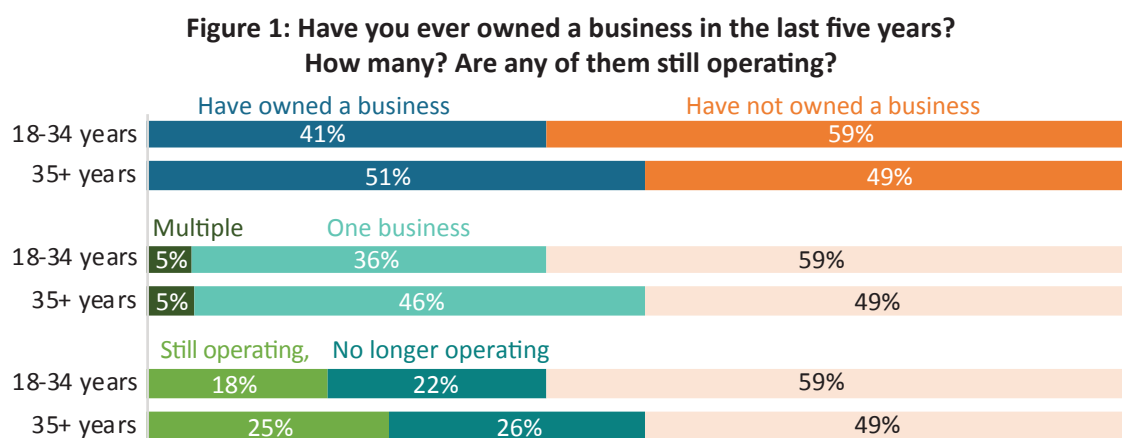
invest in the business and/or farming activities

- Young people feel reasonably confident in their ability to manage their finances
- Most young people are at least partially aware of the *Emyooga* initiative
- Young people list lack of capital, financial management skills and workspaces as the main obstacles to setting up in business
- Young people identify a range of possible sources of finance for starting a business

2. Seven insights on young people's views and experience of business, finance and youth empowerment initiatives in Uganda

Insight 1: Younger citizens are less likely to own a business than older people

Among citizens under 35, four out of ten (41%) have owned a business in the previous five years, compared to five out of ten (51%) older citizens. Similarly, fewer young citizens (18%) than older citizens (25%) currently own a business.

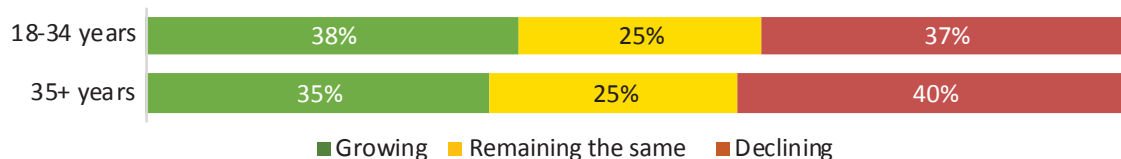


Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: all respondents; n=2,900

Insight 2: Young business owners are slightly more optimistic about the state of their business, than older owners are

Young business owners are a little more likely than older business owners to say that their business is currently growing (38% of young business owners, 35% of older business owners). Similarly, young business owners are slightly less likely to say that their business is currently declining.

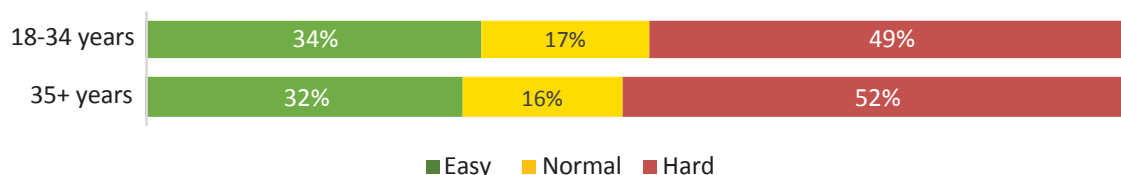
Figure 2: What word do you think would best describe the current status of your business?



Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: respondents who currently own a business; n=695

Business owners, young and old, share similar views on the wider business environment with similar numbers saying doing business in Uganda is easy (34% of young business owners, 36% of older business owners).

Figure 3: Overall, what is your general perspective on the ease of doing business in Uganda?



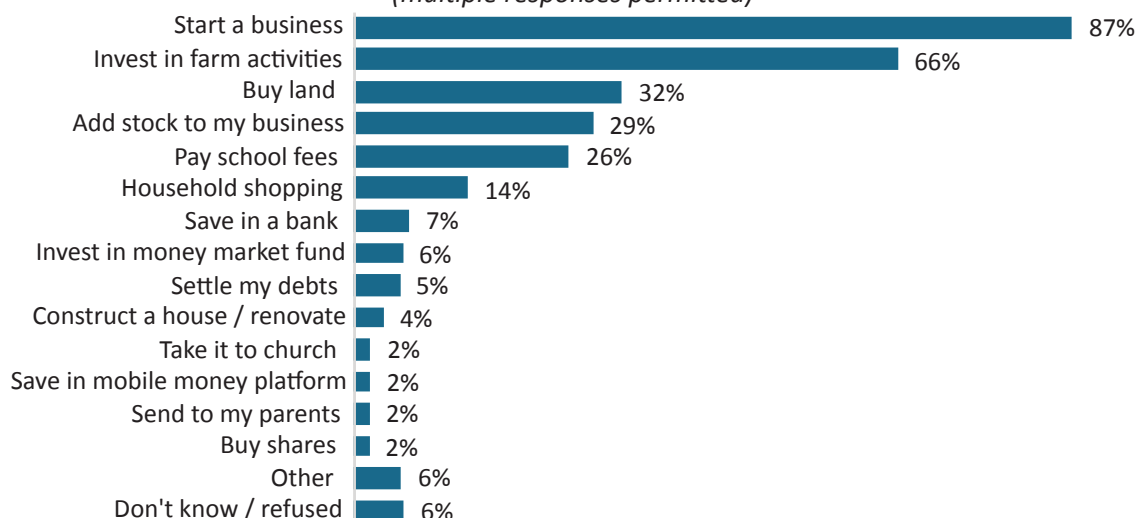
Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: respondents who currently own a business; n=695

Insight 3: Young people say their main use of a hypothetical cash gift would be to invest in business and /or farming activities

Most young people in Uganda (87%) would spend a hypothetical cash gift of UGX 3,500,000 on starting a business, followed by investing in farm activities (66%). Third and fourth on the list are buying land (32%) and adding stock to an existing business (29%), meaning all of the four most widely cited uses of the hypothetical gift are forms of investment.

School fees (26%), household shopping (14%), savings (7%), investing in a money market fund (6%), settling debts (5%) and constructing or renovating a house (4%) complete the top ten.

Figure 4: If you were given UGX 3,500,000, how would you spend it?
(multiple responses permitted)



Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

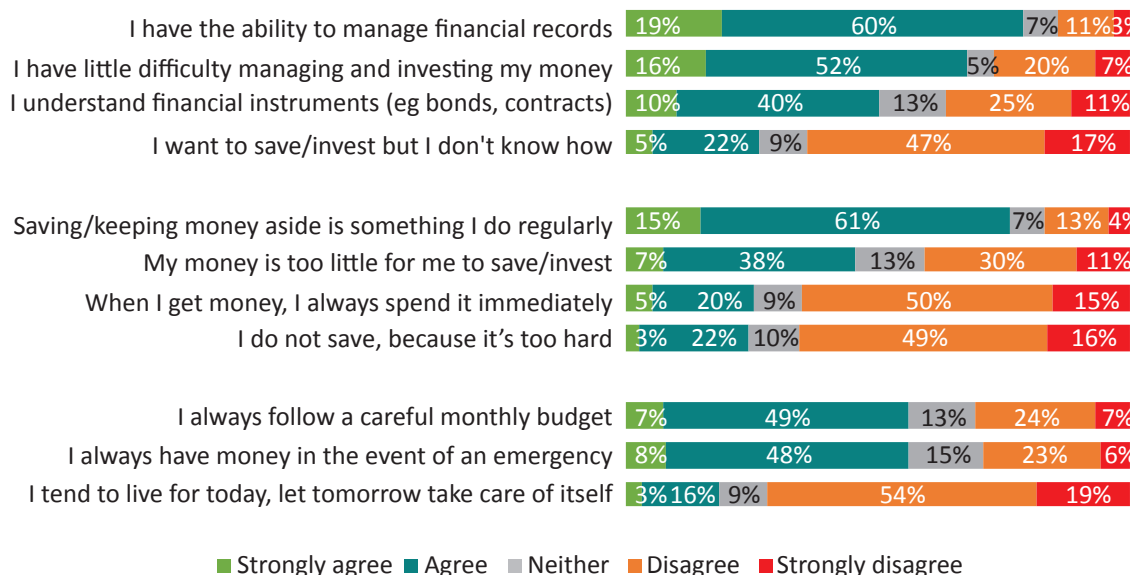
Insight 4: Young people feel fairly confident in their ability to manage their finances

Eight out of ten young people in Uganda (79%) agree or strongly agree that they can manage financial records. Most (68%) also say they have little difficulty managing and investing their money. Further, half (50%) say they understand financial instruments such as bonds and contracts, and a minority (27%) say they want to save or invest but don't know how.

In terms of savings, most young people (76%) set aside money regularly, while a much smaller proportion (25%) say they immediately spend any money they get.

Finally, most (56%) say they follow a careful monthly budget, and the same number (56%) say they always have some money available in an emergency. Just one out of five (19%) say they live only for today and let tomorrow take care of itself.

Figure 5: Do you agree or disagree with the following statements?



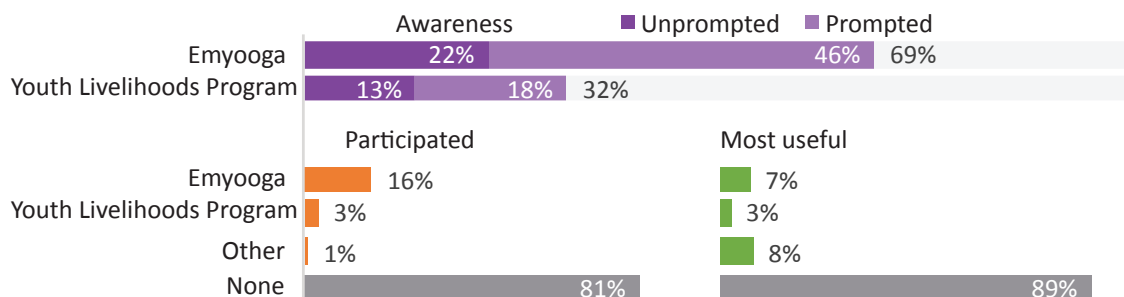
Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

Insight 5: Most young people are at least partially aware of the *Emyooga* initiative

Seven out of ten young people (69%) are aware of the *Emyooga* initiative, though just two out of ten (22%) can name the initiative without prompting. Three out of ten (32%) are aware of the Youth Livelihoods Program, including one out of ten (13%) who can name the initiative unprompted.

One out of six young people (16%) reported participating in *Emyooga*, around half of whom (7%) named the initiative as the most useful/beneficial youth empowerment initiative.

**Figure 6: Which youth empowerment initiatives are you aware of?
Which have you participated in? Which have you found most useful?**



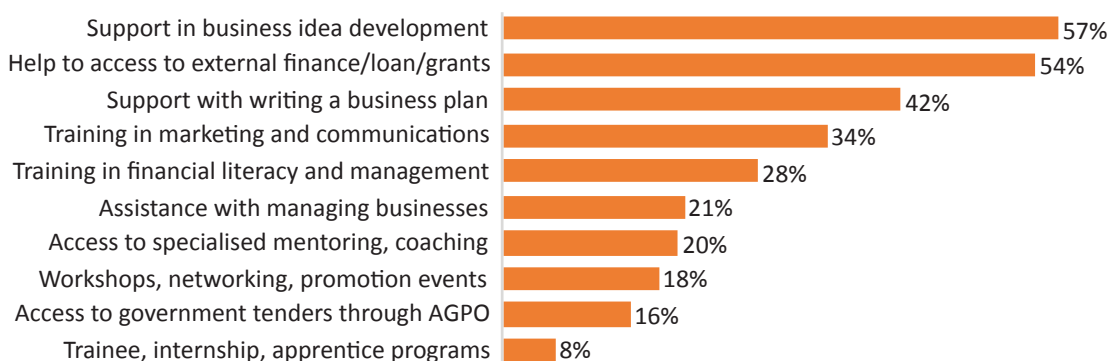
Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

Insight 6: The main forms of support young people say they would need to start or run a business are in developing ideas and accessing finance

Young people name start-up capital the main thing they would need to start or run a business, cited by most young people (86%), more than anything else. This is followed by a suitable space to run the business (69%), financial literacy or management skills (54%), access to inputs (37%) and affordable inputs (32%). (not shown in chart)

Young people point to many forms of support they need to sharpen their entrepreneurial skills. At the top of the list is support with developing business ideas (57%) and help accessing finance (54%). Other popular responses include support with preparing a business plan (42%), training in marketing and communications (34%) and training in financial literacy and management (28%).

Figure 8: What three things will be vital for young people to start/run a business or sharpen their entrepreneurial skills?

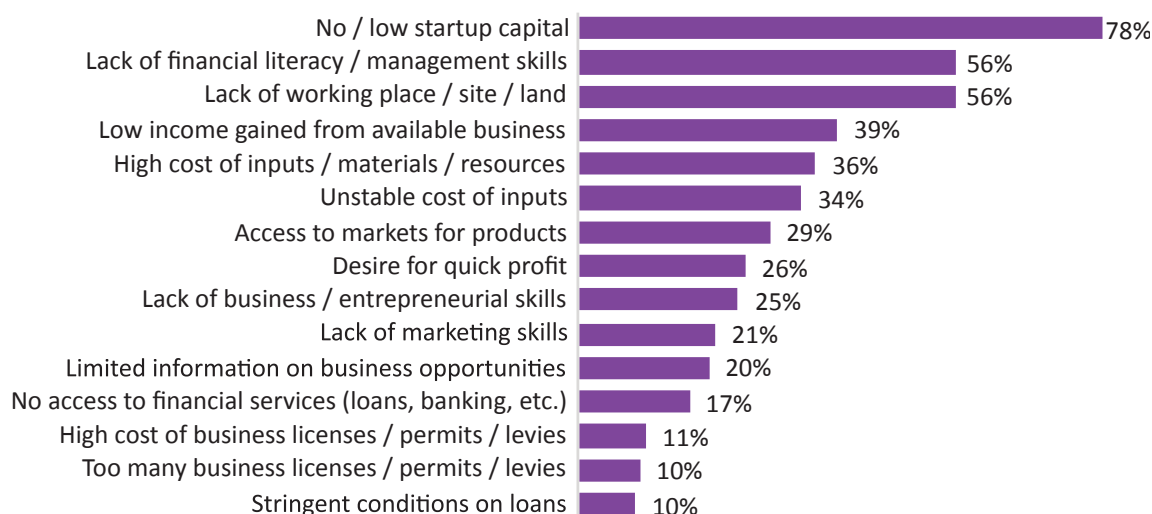


Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

Insight 7: Young people list lack of capital, financial management skills and work spaces are the main obstacles to setting up in business

Young people point to a lack of start-up capital (78%), financial management skills (56%) and suitable work sites (56%) as the main obstacles they face in starting or running a business. Other obstacles raised include the low income gained from the business opportunities they see (39%), the high cost of inputs (36%) and the unstable costs of inputs (34%).

Figure 9: What are the five most critical difficulties young people face when they want to start/run their own business?

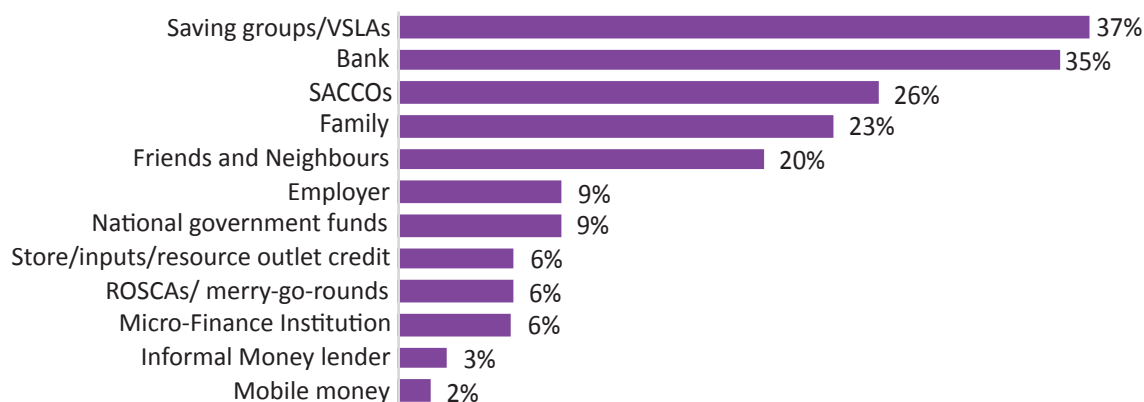


Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

Insight 8: Young people identify a range of possible sources of finance for starting a business

Young people point to different potential sources of finance for those wanting to start a business. The most widely cited are savings groups and / or village savings and loan associations (VSLAs; 37%) and banks (35%). Savings and credit cooperative organisations (SACCOs; 26%), family (23%) and friends or neighbours (20%) are also widely cited.

Figure 10: If you wanted to start/run a business or other income generating activities, where will you go to access finance?



Source: *Sauti za Wananchi*, baseline for second panel (January – February 2022);
Base: young people in panel households; n=1,597

3. Conclusions

This brief finds unfulfilled potential in the business environment for young people in Uganda. It is telling that young people overwhelmingly state that if they receive an unexpected cash gift of 3,500,000 UGX, they will spend this on starting a business. In previous research conducted by Twaweza, this was also true among the adult population. This demonstrates that the desire among young people to set up in business is strong and that the main obstacle to doing so is a lack of finance. The second aspect of this conclusion – lack of finance is a significant obstacle – is also demonstrated by how this issue is at the top of young people’s list of barriers and needs for starting a business. Young people also express the vital need for mechanisms that sharpen their entrepreneurial skills, such as support in developing ideas and linkages in accessing financing.

With this in mind, young people’s awareness of and attitude towards initiatives designed to support youth empowerment – particularly the *Emyooga* initiative and the Youth Livelihoods Programme – are revealing. Only a minority of young people are confidently aware of such programmes, and even fewer have participated and found them helpful. There is room for more awareness raising and work to grow and improve these initiatives.

Nevertheless, there are also some reasons for optimism. Most obviously, young people express a high level of confidence in their own financial management skills and behaviours. They say they understand financial records, investments and financial instruments and are in the habit of saving money regularly and following a monthly budget. It is, of course, possible that this confidence is not matched by the reality of their actual practice, but it is at least a good sign that they do not feel daunted by such matters. Put differently, young people are ready to take their place as the engines of growth for the Ugandan economy. Can the government and private sector support them to realise these aspirations?