Changing the Mindset of Ugandan Entrepreneurs;

From Muppets to Gazelles Project

Report on Final Review Conference

11th April 2017 - Royal Suites Hotel, Bugolobi - Kampala Uganda



Jointly organized by

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1. PARTICIPANTS

The workshop was attended by over 50 participants from Makerere University Business School (MUBS), Uganda Investment Authority (UIA), Uganda Women Entrepreneurs' Association Ltd (UWEAL), The Embassy of the Kingdom of The Netherlands, Muteesa I Royal University (MRU), Government Ministries, Non-Governmental Organizations, a member of the Ugandan Parliament, government think tanks, politicians, representatives from rural female grassroots support institutions, women entrepreneurs, and the Ugandan Media. The participants shared a lot of knowledge and experience about female entrepreneurship. A list of attendance is attached as *Annex 3*.

2. CONTENT OF THE CONFERENCE

The workshop had a plenary session inclusive of the project overview; pitches and poster presentations from project researchers; a panel discussion on policy recommendations and an open plenary discussion. (*See Annex 2 for program*).

2.1 PLENARY OPENING SESSION

2.1.1 The Importance of Formulating Appropriate Policy in Impacting Rural Entrepreneurs - Gudula Naiga Basaza [PhD, Chairperson Uganda Women Entrepreneurs Association Limited/UWEAL]



Dr. Gudula Naiga Basaza made her remarks on the "Importance of Formulating Appropriate Policy in Impacting Rural Entrepreneurs". She appreciated the Netherlands Organization for Scientific Research; and appreciated the partners' efforts in the research and implementation of the Muppets to Gazelles Project. It was noted that the policy briefs from the research will go a long way to influence women entrepreneurs.

Majority of the population are rural dwellers; and majority of these are in agriculture. It should also be noted that the majority of the people at the Bottom of the Pyramid are rural

dwellers. The purchasing power is often affected by policies which affect business. In addition, Dr. Basaza went on to state that policy is the deliberate decision to guide outcomes. Policy decisions are made by policy makers but impact everyone. For example, take policies for health insurance. If the rural cannot access affordable health care, it affects their wellbeing. Regarding access to finance, the poor / rural dwellers borrow at a higher rate which can be as high as 30% or at least 10%. There is therefore a need for financial inclusion – improved means of accessing finances. The policy is not favorable or inclusive enough. Devising better access to information is also paramount.

UWEAL has been influential in the planning for the Women Enterprise Fund. There is a need for deliberate efforts to reach women groups. There is a need for appropriate efforts and policies to reach the intended target. One of the three mandates of UWEAL is advocacy and it has been a major player in the policy for reduction in prices of diapers and has had a key role in agricultural policies.

After research has been done, a position paper needs to be produced; policy dialogues held and a policy brief is developed. This is then followed by lobbying. If successful, the researchers need to give feedback to the beneficiaries highlighting what the outcome is. If unsuccessful, there is need to identify appropriate interventions. Presently, one of the interventions that have been identified in Uganda is value addition – which will be facilitated at the UWEAL incubation center. The other is networking, which is a core mandate of UWEAL; and formation of cooperatives for economic muscle. It is paramount that one is able to use policies and link them to beneficiaries; during implementation of programs, listen for feedback on the review of policies and adjust accordingly.

2.2.2 Overview of the Project – Gerrit Rooks [PhD, Eindhoven University of Technology]

Dr. Rooks gave an overview of the project, encompassing: the rationale, partners involved, the major goals and some of the major findings. He started by stating that dynamic entrepreneurs are sorely needed in order to boost local and/ or regional economic growth and productive employment through innovations that can improve productivity and create new markets. Barriers to dynamic entrepreneurship are especially large in the rural areas, and among women. Many enterprises remain small subsistence activities. In this project, which is a collaboration between Eindhoven



University of Technology, Makerere University Business School, Uganda Investment Authority and the Uganda Women Entrepreneurs Association Limited, the drivers to innovation among small-scale Ugandan entrepreneurs were investigated, and how they be helped to take down barriers to innovation.

Dr. Rooks pointed out that the project consisted of four parts. In the first part of the research, findings pointed to personal initiative being a crucial determinant of innovative activities. Entrepreneurs who are pro-active, self-starting and persistent will undertake more innovative actions, build better networks and ultimately be more successful. In the second part of our research findings centered on rural women entrepreneurs being caught in a cycle of poverty, comprising: disadvantages of small scale, quality problems, limited local markets, lack of investment capital or working capital, lack of access to technologies to decrease drudgery and improve product quality, and a social culture of mutual support. All these problems were found to be tightly interrelated and together impede financial accumulation. In the third part of the research the focus was on social networks of Ugandan entrepreneurs. Dr. Rooks related that Ugandan entrepreneurs, particularly female ones, live and operate in small close-knit groups. They have a limited number of contacts that they reach out to for advice and information. Often they have to support family members financially. In the fourth part of the research project, investigations rotated around whether "entrepreneur resource centers" in rural areas could help entrepreneurs improve their businesses and

lives. Two resource centers were built upon existing community initiatives, one in Mpigi and one in Nakaseke. In the centers, a diverse pallette of activities were initiated with the main aim of stimulating entrepreneurship through provision of information to increase the quality of products, and improve market position. The centers also provided training in financial management (some of it using mobile phones). It was found that resource centers are a very promising way to help entrepreneurs.

2.2.3 Insights from the Nakaseke Tele Center Marketing Platform – Basil Ajer [Director Small and Medium Enterprises, Uganda Investment Authority]

The Director Small & Medium Enterprises (SMEs), Uganda Investment Authority (UIA), Mr. Basil



Ajer indicated that UIA has been instrumental in the implementation process of the project. UIA has a mandate at the Small and Medium Enterprises division to support indigenous entrepreneurs and investors. It was involved in sub-project 4 of the research project, which focused on the adoption of ICT technologies and the establishment of resource centers for use by the rural entrepreneurs.

This work was able to achieve the following, among others:

- Establishment of hubs for information sharing
- Ensuring that there is a networking location for SMEs
- Boosts for a radio that is used to transmit local content necessary for the entrepreneurs and this regard, radio programs were introduced that were concentrated around best agricultural practices, model entrepreneurs from around the communities who would relate their own experiences and challenges, issues related to gender equality which are pertinent to the social make-up within rural entrepreneurship, among others.
- Recruitment of business advisors to transfer skills to the existing support structure at the resource centers for the assistance of rural entrepreneurs.
- Training of the rural entrepreneurs on best entrepreneurship practices and technical skills
- The resource centers also acted as information facilities access to internet

It has been established that the most effective information dissemination medium is radio.

Marketing Platform System

Further, Mr. Basil Ajer reported on the technology system that was established in one of the centers. This technology is operated over the cloud platform and therefore is not affected by information loss in case of destruction of property. The center in question had prior suffered a loss of a full database due to heavy rains that destroyed the roof, taking in its loot, the computers at the time. The marketing platform created:

• Links between buyers of agricultural produce and sellers (farmers). The buyers within the online system are from within and beyond immediate boundaries of the center communities and district.

- Dissemination of agriculture and business information on process, product quantities, specifications and location.
- A database which currently has 800 active entrepreneurs with phone contacts, profiles, and who receive information updates on a weekly basis.

2.3 PITCHES FROM PROJECT RESEARCHERS



2.3.1 Innovation in Ugandan Entrepreneurship and Social Networks of Ugandan Entrepreneurs, do they Help? – Giacomo Solano (PhD) [Post-Doc on the project, Eindhoven University of Technology

Giacomo Solano (PhD) – Eindhoven University of Technology introduced the pitching session. He indicated that in developing countries, dynamic and

innovative domestic entrepreneurship is a key factor contributing to economic growth. Using a survey from a sample of 608 entrepreneurs in a urban area (Kampala) and rural area (Nakaseke district) his research found that entrepreneurs who are better educated, more motivated and have richer networks are more likely to innovate. Given this, he recommended that policy interventions should be aimed at continuing to improve the educational system, communication campaigns to raise motivation to innovate, and training to increase networking skills of high potential entrepreneurs.

Further, together with Dr. Gerrit Rooks, he investigated social networks of entrepreneurs in Uganda and found that social networks can be an important asset. Friends, acquaintances, business relationships can provide critical resources, such as information. However, networks can be a liability to the entrepreneur as well. Entrepreneurs can be expected to support their social contacts. This can be problematic, since profits are not re-invested in the business, thus hampering growth. From the survey, it was learned that many entrepreneurs in Uganda have to support social relationships financially, without accessing resources thanks to these contacts. These contacts are most often close relatives.

2.3.2 Drivers of Frugal Innovation. A quantitative Analysis of Ugandan Entrepreneurs. -Sam Dawa [Post-Doc, Muppets to Gazelles Project, Makerere University Business School]

Sam made a presentation on Drivers of Frugal Innovation: innovations developed by entrepreneurs attempting to exploit hidden markets amongst the poor by developing solutions to problems being faced that are priced within the reach of the locals, for example sanitary pads made out of papyrus. He argued that there is a lack of explanation as to what makes some



individuals living in poor contexts develop these innovative grassroots solutions to attendant problems and how this is done. After developing an instrument to measure frugal innovations in the same survey of 608 entrepreneurs as discussed above, he found that there is a relationship between an entrepreneur's recognition of opportunities and frugal innovation, which is influenced by whether the entrepreneur had migrated from a rural to an urban area during childhood, but not as an adult. So there is something in that childhood experience that makes people more creative and pro-active in making a living by spotting unique opportunities to meet needs of local people. He proposed entrepreneurial training and education at early learning stages that focus on addressing existing community challenges.

2.3.3 Female Entrepreneurship in Rural Uganda: A Poverty Trap analysis based on indepth interviews – Sarah Kyejjusa*[Researcher and Senior Lecturer, Makerere University Business School]*



Sarah informed the meeting that her research together with Henny Romijn employed a qualitative study approach using in-depth interviews with 24 female entrepreneurs. The study focused on rural women in the food processing sector in Mpigi, Nakaseke and Mbale districts. Findings showed that the majority of the female entrepreneurs are caught in a cycle of poverty. The three main pillars that form the poverty traps include technology, marketing, and finance. The research established that there are challenges in utilizing

technology. People use rudimentary methods for value addition because better technology is uneconomic to adopt for very small scales of production. Marketing, too, is a big challenge due to lack of information and access to affordable transport, while local markets are often severely limited due to poverty in the local communities. Meanwhile it is hard to access more dynamic markets due to poor quality products and packaging. The third barrier, finance, is not always the dominant constraint (as often portrayed in literature). Mismatches between financial requirements and available micro finance facilities were also found. For instance, some women require a loan for equipment but can only access a working capital credit.

Barriers in technology, marketing and finance were also found to reinforce each other. This calls for clustering of multiple interventions since a single intervention would not suffice to push the rural women out of the traps. The rural entrepreneurs face multiple challenges. While one form of support, microfinance, has often been singled out as a silver bullet, this cannot take them out of poverty on its own, in most cases. Multiple bundled efforts are called for, in small steps.

2.3.4 Mobile Money; The Story behind the Wide Diffusion. -Rebecca I. Kiconco-S – [PhD Candidate Eindhoven University of Technology and Lecturer Makerere University Business School]



From Muppets to Gazelles Project

Rebecca made a presentation on mobile money – the story behind the wide diffusion. It was highlighted that based on Bank of Uganda and Financial Inclusion insights over 57% of the Uganda population uses mobile money. The 43% who do not yet use mobile money are based in rural areas and have limited or no access to the technology and largely lack the skills to operate the technology. Mobile money was initially invented as a financial inclusion tool for the unbanked or the poorest of the poor with the initiation of MPESA in Kenya, which later diffused to the larger East African region and beyond. In rural areas, this technology has greatly diffused and is used by entrepreneurs not only to deposit their money but also to save, pay suppliers, receive funds from customers, keep track of their cash inflows and outflows through records.

Over 90% of households in the MTG baseline survey done for the establishment of the resource center services at Nakaseke (comprising approximately 1000 respondents) were found to have at least one mobile phone. The advantages of mobile money over other financial tools have been widely documented from ubiquity to saving transaction costs associated with money transfers. The biggest challenge according to the findings of this research is the lack of skills to operate the service, and the consequences thereof. The research done as part of the MTG project in Nakaseke district showed that the bigger percentage of the rural population have adopted mobile money; however, they use it indirectly through their networks that are more educated and skilled at using a mobile phone. This situation poses a great threat and risk of fraud as the entrepreneurs are unable to track and manage their own finances. Rebecca proposed that technologies though being useful in rural areas, need to take into consideration the (lack of) capabilities and available resources of the potential users in order to not only effectively ensure adoption but also ensuring that the services are exploited to their full potential.

2.3.5 Implementation of the Marketing Platform - Rachel Mindra Katoroogo (PhD) [Post-Doc on the project and Head of Department of Finance, Makerere University Business School]



Rachel described the marketing platform as an interactive technology system that avails farmers with current and relevant agricultural information. This technology is appropriate since mobile phone penetration in rural areas has increased over the last decade. The marketing platform system enables farmers in the database to receive and send an SMS to a specific number that will be broadcast to all known large scale buyers from within and out of the region.

A response to this SMS with the current market price will be sent to the farmer. An interested buyer will then be able to directly contact the farmer and possibly pay for the product through mobile money. Prices will also be available to the farmer on a need-to-know basis such that by sending an SMS to a specific number the farmer will be advised of current market prices.

In the same way a buyer will send an SMS to a specific number and he will be informed of price of the produce and available sellers. A large baseline survey (approx. 1000 farmers) was done in Nakaseke district. A farmer data base of about 1650 farmers in Nakaseke was then fully populated with up to date farmer phone contacts, and enterprise or farmer details. The project provided additional mobile phone and Marketing Platform usage trainings. In a subsequent impact evaluation

survey, nine in every ten sampled respondents acknowledged that the Marketing Platform had helped them initiate more value-added processes on their produce before sale. Nine in every ten sampled respondents also reported not receiving any complaints from customers about the quality of their produce anymore. 61.0% entrepreneurs acknowledged access to new and better markets as a result of the Marketing Platform. The success of the Marketing Platform experiment, and resource centres in general show that (1) ICT can work, but it should be accompanied with assistance and training – then ICT adoption can be a success; (2) It is recommended to use existing community initiatives as a foundation to build such initiatives onto. The Marketing Platform has made significant strides towards improving the quality of farmers' produce, increasing access to information and knowledge on current market prices and increasing access to markets for farmers by strengthening information sharing and communication among farmers using the phone SMS technology.

2.4 **POSTER PRESENTATION SESSION**

The researchers showcased their work using posters and were able to give more in-depth information to the participants. Reactions, comments and recommendations received were documented and are expounded below. Six poster presentations were presented that cover the topics that were pitched in the previous section. These are shown in *Annex 1*.

Feedback from audience on Research Posters

Marketing platform; -

- In contributing and furthering the bridging of the information gap, the use of the local language in transfer and transmitting of information pertinent to rural entrepreneurs needs should be stressed more.
- The Marketing Platform has had impact and should be continued and further piloted in other areas in Uganda to assist entrepreneurs to get valuable and necessary information regarding their agricultural produce.
- In going further, information regarding value addition and access to this information needs to be embraced and transmitted through the Marketing Platform. This can include information regarding necessary equipment, post-harvest handling mechanisms and sustainable production.
- The Marketing Platform should also be publicized for greater access to more markets.

Mobile money;-

- Given the dire lack of skills among entrepreneurs exhibited through the research findings, it was suggested that there ought to be a training of farmers in the use of mobile money services (comment: this was in fact done at Nakaseke Community Centre by the project).
- ICTs should be more customized to help the rural population, in line with the fact that the literacy levels of the users was not considered while setting up the mobile money system; and in further analysis of the challenges there should be a mobile money system where one

service can welcome any type of phone/provider. In furthering this discussion, one member of the audience provided pertinent information in this regard that telecom companies are now collaborating so that with Airtel, you can send money to MTN and the other way around. Another audience member also posed the question as to whether this will have an impact on the usability of mobile money? Is it a question thus of access versus one of literacy?

- Another suggestion and recommendation that arose during the poster presentation was to forge a way to work with the telecom company to find out whether using one common gadget or mobile phone shared between a group of people, with each of them having their own individual mobile money account, would a solution to the access to technology challenge which encompasses both the physical and cost related issues which are the major barriers to technology adoption.
- A participant at the conference also noted that Grameen Foundation had a project where a platform was developed that helped farmers to access information that helped with improving their yields, negotiate better prices for their yields. It was through use of a mobile phone that was given to an individual in a rural area and easily accessible to other rural people that this one phone could be a source of information to the other farmers.
- Regarding the access to finance, it was noted that mobile money is good it has its limitations. How can it be linked to other lines of financing in order to make rural entrepreneurs bankable and able to access all forms of cheap and affordable lines of financing? For example, one could think of having a partnership between micro finance institutions and mobile money telecom companies such that the mobile phone with its existing platform can act as the bridge between the financial institutions and the rural entrepreneurs for cheaper loans and access to financial services at affordable rates.

Social networking and Innovation;-

- It was noted that the productivity of one's social network is a function of one's ability to embrace openness, trust, and mindset change. This will ensure that networks indeed serve to effect a positive change which the research phrased as 'positive social capital', versus the 'negative social capital' where networks serve the opposite purpose and exploit the entrepreneurs of their resources that could have otherwise been re-invested in the business.
- Further, Uganda does not seem to have a very organized framework for supporting innovation. Innovation is a key driver for development. However, the major factors that are limiting innovation are input factors; people have acquired skills but largely lack inputs to transform their skills into marketable products and services.
- There is a need to encourage and empower the rural woman entrepreneurs to understand the importance of value addition and marketing. Networking in this endeavor should also be emphasized.
- Innovations can require a lot of money which local rural entrepreneurs do not have. There is a need to devise systems where people can get money for those innovations.
- There is also a need to register patents, IPA, for innovators to benefit from their efforts.

2.5 PANEL DISCUSSION HIGHLIGHTS

2.5.1 Panel Discussion of Policy Recommendations Moderated by Mr. Gumisiriza

Caleb – [Head Policy, research and Advocacy Uganda National Farmer's Federation]

The discussion focused on the policy recommendations following the research to take it to a logical conclusion. This would facilitate the next steps to take the project and the surrounding community to the next phase. Mr. Gumisiriza highlighted that policies need to create an enabling environment and actions which can be subsequently translated into programs, projects which can be implemented to achieve goals and objectives for example the use of mobile money services – the companies have to create an enabling environment for women entrepreneurs to access these services.



2.5.2 Ms. Dorothy M Tuma – Director DMT Consultants / Chair East African Women in Business Platform

Ms Tuma highlighted that it is good to interact and discuss with the researchers. Can the outcomes of this be broadcast? There is need for visibility (case studies, research reports, issues – for the entrepreneurs); advocacy to make the issues visible; not rely on government but find solutions we



can have while we wait for government intervention, for example mentorship. Ms Tuma noted that the District Commercial Officers seem to have higher responsibility that they can deliver on, technically. How can they be supported to deliver? Is there a parallel way to get their mandate delivered on? How can the private sector be involved to support this function? She also highlighted that whereas Virtual Centers (i.e. online business meeting & resource places) are recognized – not everyone is technically able to utilize them. It was recommended therefore that cooperatives are supported and facilitated to counter this.

It was also noted that there is limited knowledge of cooperatives (what they are, and how they work), and there is need therefore to sensitize entrepreneurs and bring them on board first. She requested that "can the foundation be set before we provide roofing material"? The ministry needs to work with all actors so that the cooperative is better appreciated; an understanding is established on how we can add value to products; and hand-holding is paramount in all this.

2.5.3 Mrs. Angela Bageine – Board Member, Uganda Women Entrepreneurs Association Limited

Mrs. Bageine emphasized that research should not stay on paper. We should ensure that it is acted upon. For example the value addition in Kampala is of a different form from that required in Mpigi, giving a comparison between the rural and urban setting and their different



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requirements. Presently, most research findings are still on paper. We should look for "*low hanging fruits.*" The newly formed cooperatives can be a good case to test the policy actions for actual success on the ground. Mrs. Bageine expressed the need to have networks (public and private sectors). She urged the involvement of the local leadership as this would ensure their support for the initiatives. Institutions with widespread networks should be utilized; and people should be trained on the ground to learn and facilitate their members for sustainability in the long run.



2.5.4 Prof. Arthur Sserwanga – Vice Chancellor – Muteesa 1 Royal University

Professor Sserwanga argued that a bureaucrat without research would not be able to know what is on the ground. There is need to go beyond the research recommendations so that the final tie incorporates both the policy makers' and researchers' perspectives to form the reality. Professor Sserwanga pointed out that most schools have computer laboratories that are not utilized. These can be used to create impact with the proposed strategies. He proposed that the District Commercial

Officers can be co-opted to implement their programs using these facilities. He suggested that virtual communication should be utilized rather than physical 'brick & mortar' resources: computers and resource centers. He argued for the utilization of what is there and available in the local communities rather than constructing new facilities.

2.5.5 Mr. Chris Ongura – Senior Officer, SME Marketing Promotion, Ministry of Trade, Industry and Cooperatives [MTIC]

Mr. Ongura explained that there is a linkage between policy and action. It is important to share the goals and strategies. MTIC's mandate is big yet the budget and resources are limited. There is a need therefore to engage the private sector for example to support value addition and improved productivity. Mr Ongura further explained that ICT should be embraced in marketing of the strategies. For example, the centers are



evidencing this. The cooperatives can be incubated and nurtured in ICT at Namanve. He also said that it is easier to reach and impact many entrepreneurs through groups. Mr. Ongura clarified that the government positions for example District Commercial Officers (DCOs) are to be localized and tailored to the local setting; it could be an issue of lack of information. He also clarified that DCOs are more of production officers. Mr. Ogura commented that the basis of forming cooperatives matters; entrepreneurs should decide, own, use and control their cooperative. Government should only be there to protect the beneficiaries through policy and regulations. The Government should give autonomy to the owners of the cooperatives. He further advised that there are other avenues for trade development, not only cooperatives – all across the value chain.

Noted Contributions from the Conference Participants on the Discussion

Mrs. Betty Bwanika [Executive Director - ANSWERID Worldwide the Mpigi Resource Center]

Ms. Betty commented on the Prof Sserwanga's proposal for Virtual Centers. She argued that physical centers are needed, practically; the academia / virtual centers do not benefit the rural entrepreneurs. The local resource centers create a comfortable environment for women to get skills development; forms of association; ability to identify enterprises and they guide them on how to grow and operate. The groups are growing into cooperatives which will enable them to develop further and be empowered.

Mr. Peter Balaba [Manager -Nakaseke Tele-center; the Nakaseke Resource Center]

Peter clarified that services from his center are demand driven; people cannot be forced to use what they cannot afford. For example smart phones – the battery does not last as long as those for analogue phones, hence the preference for analog; there are also issues with networks and affordability of data; ease of handling of simple phones (imagine a farmer swiping a smart phone whilst working in the garden); limits of technical know-how of to operate the phone, etc, which the centers know about. Innovations and applications are generally only applicable to a given category of people with a given literacy level. The centers have therefore customized texts in local languages, share best practices through the radios, and provide computer training.

He further shared that Government-funded SACCOs have closed because the people were not paying back. Regarding the idea of forming cooperatives – he commented that the idea is good but people cannot wait for the sales by the cooperative so that they can earn. Secondly, a cooperative should be formed by the beneficiaries themselves.

2.6 THE CONFERENCE CLOSURE

2.6.1 Ernest Abaho, (PhD) Head of the Entrepreneurship Center, Makerere University Business School

Dr Ernest Abaho, Head of the Entrepreneurship Centre in MUBS represented the Principal of MUBS at the conference. In his keynote Dr Ernest emphasized the need to support women on the economic ladder for they are the pillars of the society, therefore women must be given space and time to explore their abilities. Dr Abado added that the government should encourage women to join masculine sectors such as transport, manufacturing, fabrication and many others.



He urged the institutions present to take lead in supporting women in entrepreneurship through trainings in areas of value addition which is key in fighting hunger and rural poverty, and at the same time acts as a gateway for improved products in society. He also urged for the need to nurture/ build strong women right from childhood and grass root levels by giving them giving them access to

collateral services; all this will lead to development in the country. The Head of the Entrepreneurship Centre concluded his presentation by informing the institutions present that it was the mandate of all of them as government institutions to get female entrepreneurs out of the low life category (Muppets) to high life category (Gazelles).

2.6.2 Closing Remarks from Hon. Minister of State for Luwero Triangle: Galabuzi Dennis Ssozi



In his closing speech the Minister thanked and welcomed the participants to the conference. Thereafter he expressed his appreciation for having officiated the launch of the technological marketing platform system at the Nakaseke Multipurpose Community Telecentre [MCT] in June 2016 in Nakaseke District, and was thrilled to officially oversee the closure of the entire project. He added that it had brought together the efforts of scholars who are passionate about developing solutions that can change the lives of the ordinary person, the hard work of the policy writers, implementers and think tanks that build upon the foundations of academic work. In the dynamic world, it

is paramount to exploit the synergies between different parties to get the best results.

The Muppets to Gazelles project has primarily boosted the use of ICT in the rural areas especially on mobile platforms and other internet based applications which have penetrated the hard-to-reach areas. ICT issues in the country have been ignored for long because of the mentality that the rural users are still illiterate and therefore, they are not in a position to use ICT-based technologies. It is great to see projects that are keen on bringing about a change with appropriate technologies that can be used by the rural population. Embracing local communities and working hand in hand with them for their own development will liberate our people from their own self-depreciation or their own self-criticism.

This project has been supported by the Government and its development partners because at the back of our minds, we believe that ICT will not only transform the lives of everyday people but also empower them with new skills, above all in the field of entrepreneurship. This is especially true of women who bear the biggest burden of society's problems yet who share very little of the success. This contrast must be changed as several ministries, departments and agencies are tirelessly working to enable women to enjoy the results of their sweat.

Hon. Galabuzi Dennis Ssozi noted that the project has empowered the local women, rural entrepreneurs, their communities and has shown that the commonly known peasant can be assisted to move from Muppets to Gazelles. Consequently, these people will effectively manage their businesses, their households and also make a contribution to Uganda's development. All the above achievements are aligned with the Government of Uganda's desire to attain middle income status by

2020 and are embedded both in the long term national targets through Vision 2040 and global ones through the Sustainable Development Goals. He then took pride in acknowledging all the development partners and efforts of several government ministries and agencies engaged in the female empowerment drive especially in these rural areas. He said that once we begin to fully utilize our strongest resources, the people, only then will we be able to recognize the impact of projects like Muppets to Gazelles which are only a fraction of what more we can do, achieve, and aim for.

The Minister concluded his remarks by thanking the following development partners: Uganda Investment Authority, Eindhoven University of Technology (Netherlands); Makerere University Business School, and Uganda Women Entrepreneurs Association Limited (UWEAL), Nakaseke Multipurpose Community Telecentre [MCT] and ANSWERID worldwide for the remarkable job done.

Annex 1 – Research Posters



Innovation in Ugandan entrepreneurship

Giacomo Solano, PhD; Gerrit Rooks, PhD Eindhoven University of Technology School of Innovation Science

ABSTRACT

In developing countries, dynamic and innovative entrepreneurship is a key factor, contributing to economic growth.

We develop and tested a model of innovative performance. Using a sample of 608 entrepreneur we find that innovative performance depends on three categories of variables: personal, firm, and context.

We find that many entrepreneurs are innovating, especially the larger older firms in rural areas. We also find that entrepreneurs who are better educated, more motivated and have richer networks, are more likely to innovate.

Policy interventions should be aimed at continuing to improve the educational system, communication campaigns to raise motivation to innovate. and training to increase networking skills of high potential entrepreneurs

CONTACT

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INTRODUCTION

In developing countries, dynamic

a key factor, contributing to

Despite the importance of

studies on this topic are still

Based on various streams of

literature we develop a model of

in figure 1. We distinguish three

broad categories of factors that

characteristics, and the broader

METHODS

We randomly selected 608

rural district: Kampala and

The interview started with

the entrepreneur.

demographical questions, it

included questions about the

enterprise and it success, and also

questions about the personality of

Innovation was measure by asking

entrepreneurs whether in the last three years they introduced or

improved products and processes,

and or invested resources to improve the business (see table 1)

Nakaseke, We interviewed 294

in Nakaseke. The duration of an

interview was approximately 30

entrepreneurs in Kampala and 314

influence whether or not a

business innovates:

context.

minutes.

innovative performance, as shown

innovation for business

economic growth.

relatively scarce.

and innovative entrepreneurship is

performance and economic growth,

BESULTS

We find that:

- Many business are innovating (about 60%)
- More educated entrepreneurs are more likely to innovate
- More pro-active and confident entrepreneurs are more likely to innovate
- Entrepreneurs that have larger networks are more likely to innovate
- Larger businesses are more likely to innovate
- "Older" businesses are more likely to innovate
- Businesses in rural areas are more likely to innovate

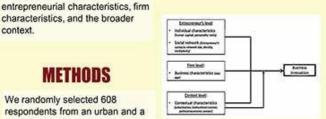


Figure 1. A model of innovative performance of Upendan businesses

	Percentag of firms
Businesses that in the last 3 years	
introduced new products or services, or	0.62
Improved the existing ones	
Businesses that in the last 3 years	
improved the way or implemented any new	0.00
way to produce or offer products and	0.60
services?	
Businesses that in the last 3 years	
Invested resources to improve your	0.41
(business) premises	
Businesses that in the last 3 years	
Invested resources to Improve your	0.55
(business) machineries or tools	

Table 1. Percentages of business that innovated.

Policy Recommendations

Innovation is a crucial activity to help a country develop and grow economically. It should be on the top of the priority list.

Continued investments in the educational system will indirectly pay off by boosting the economic system through innovation by entrepreneurs

Interventions to boost motivation to innovate should be considered. One possibility is a large scale communication campaign to create awareness of the importance of innovation. A second possibility is the training of high potential entrepreneurs to increase motivation and networking.

Lastly, urban areas are less innovative, perhaps rural areas are catching up. More research is needed to find out.

CONCLUSIONS

We have studied innovative performance of Ugandan entrepreneurs. Many entrepreneurs innovate, especially educated and motivated entrepreneurs in rural areas. More research is need to determine what causes rural areas to be more innovative.

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ABSTRACT

innovations is studied. These are

innovations that are developed by

locals in a poor context and are

locals. Opportunity recognition is used as a predictor. 600

respondents were sourced from

the central districts of Kampala

and Nakaseke. The results show that the relationship between the

study variables is moderated by

migration context and previous

ownership of a business. Goal

awareness training and early entrepreneurial education are

recommended to foster the

development of frugal innovations.

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priced within the ability of the

The occurrence of frugal

Drivers of Frugal Innovation A Quantitative Analysis of Ugandan Entrepreneurs

Samuel Dawa¹; Aziiz Sutriso²; Henny A. Romijn² ¹Makerere University Business School, ²Eindhoven University of Technology

INTRODUCTION

There is a lack of explanation as to why some individuals located in poor contexts develop innovative grassroots solutions to their oustomers' problems while many others in a similar situation do not.

We can describe the grassroots innovation activities by dynamic entrepreneurs as Frugal Innovation. This is innovation in ... 'a situation of scarcity where the economic situation of potential customers cannot be easily changed requiring the entrepreneur to innovate with a view to exploiting hidden markets" (Gibbert et al., 2014).

- Growing interest in Frugal Innovation is due to: • the opportunities they engender for solving attendant problems
- possibilities when these innovations are migrated to more developed contexts.

This research aimed to capture frugal innovation empirically, as there are no known constructs for it. It also developed and tested a conceptual framework that relates (an empirical construct of) frugal innovation to entrepreneurial opportunity recognition.

THEORY

- Opportunity recognition is at the core of the innovation process (Ucbasaran, Westhead & Wright, 2009).
- *... a form of creativity that can result in organizational innovation facilitated by organizational learning* (Lumpkin & Lichtenstein, 2005).

*... a process in which signals from an objective reality (eg new customer needs) are processed, represented subjectively, and used to form beliefs about opportunities (Baron, 2006; Grégoire et al., 2010 and McMullen and Shepherd, 2006).

→Without a process of recognizing opportunities, and evaluating and exploiting them, innovation becomes a haphazard and redundant activity.

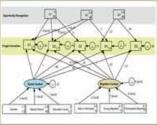
Further, Krueger, Reiley and Carsrud (2000) propose that earlier exposure to significant life events can precipitate increases in entrepreneurial intentions

METHOD

600 interviews with small entrepreneurs, of which 50% located in Kampala and 50% in Nakaseke, conducted in 2016;

Structured questionnaire, focused on innovation performance and key determinants (personal and social/network characteristics)

ESTIMATION RESULTS OF MAIN MODEL



	Var. fitted R-squared mc2		
Social Context		.0124	.0124
Migration Context	.0212643	. 6934	, 6934
Overall		.76040	

The Migration Context heavily influences the probability of entrepreneurs conducting frugal innovation.

Specifically: people who migrated before the age of 13 to Kampala or already ran a business before migrating will be 23% more likely to conduct frugal innovation. Support for this result can be drawn from the immigrant entrepreneurship, pluri-activity, serial and portfolio entrepreneurship literatures.

Second round analysis: model extension, linking opportunity recognition to personal initiative (various proxies).

Main result: significant link between opportunity recognition and entrepreneurial goal orientation.

Interpretation:

When the road which the entrepreneur aspires to travel is clear because the person is goal directed, then he/she can easily recognise the opportunities that can be beneficial to grasp to reach those goals. Such a person will quickly take advantage of these opportunities. It is clear when something constitutes an opportunity and when it does not. Quick action to grasp opportunities in tum leads to

higher scores on frugal innovation.



CONCLUSIONS

A construct of frugal innovation consisting of scores on the following elements seems promising:

- If my customers demanded I could improve my product further
- My new product is good enough to meet customer needs in this area
- My product/service may change the way things are done in my area

Opportunity recognition is linked to frugal innovation through migration-related experiences, while personal characteristics are hardly important.

Being goal oriented helps entrepreneurs to grab opportunities which can foster frugal innovation

POLICY RECOMMENDATION

Goal awareness training could help entrepreneurs to become more purposeful in their thoughts and behaviour. This will help them to recognise and grasp opportunities, which will in turn enhance their frugal innovation performance.



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Female Entrepreneurship in Rural Uganda: A Poverty Trap analysis based on in-depth interviews

Sarah Kyejjusa1;Henny Romijn2 Makerere University Business School, ²Eindhoven University of Technology

ABSTRACT

Rural female entrepreneurs are less privileged and often have limited resources and edification (Kyejjusa, Gough& Pilgaard, 2016) Poverty traps analysis on rura female entrepreneurs in food processing focuses on identifying and explaining the existence of low well-being "basins of attraction" (Barret and Porter 2013)

In-depth interviews with 24 women and conversations with 2 groups were held. The results show that most of the female entrepreneurs found themselves in multiple poverty traps consisting of different problems such as marketing, technology and finance. These traps are also mutually reinforcing. Thus, single-instrument support might not be sufficient to push the

women out of these traps Combined support and interventions are called for.

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INTRODUCTION

Uganda is situated in the tropics and therefore enjoys a favourable climate for agriculture. The agricultural sector is the biggest employer with 77 percent of the population aged 10 years and older (UBOS, 2006). It contributes up to 31 percent of GDP and 48 percent of exports while providing large raw material resources to the manufacturers (MFPED, 2010), Women are major participants in the sector, contributing approximately 70 percent of agricultural GDP (AgriBusiness Initiative U-Growth Programme Uganda, 2009).

Female entrepreneurs are usually smallholder farmers, working on plots of less than 2 hectares. It has been argued that the limited value addition practices by farmers have contributed to the low returns in the sector. There have been initiatives to improve the productivity of value chains and actors. Specifically to increase demand and match appropriate inputs for both conventional and organic primary production and processing in selected value chains (AgriBusiness Initiative U-Growth Programme Uganda, 2009).

This research was set out to study women who are adding value to their agricultural produce through drying, processing, milling, roasting, pounding and mixing. The study examined their technology (equipment) used, their business development, networks, opportunities and challenges.

METHODOLOGY

focused on rural female The research entrepreneurs in food processing and whose businesses had been in existence for at least one year.

This was an exploratory study and therefore Ins was an exploratory study of the exploratory of (5) and peri urban Kampala (2)

The researchers also had conversations with 3 women groups in Mpigi (2) and Mbale (1). A women's NGO, "ANSWERID" in Mpigi, Nakaseke Community Centre were also visited. to find out about their activities & challenges

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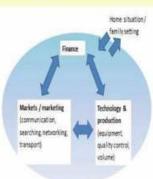
MAIN FINDINGS 1

The great majority of women entrepreneurs are caught in a CYCLE OF POVERTY involving: disadvantages of small scale,

- quality problems,
- limited local markets
- lack of investment capital and/or working capital. lack of access to technologies to decrease

drudgery. a social culture of mutual support.

All these problems are tightly interrelated and together impede financial accumulation. But there are some exceptions of women who do grow their business in every location visited.





been studied

each other

individually. Our

several different

The same kinds of poverty cycles have been found in earlier literature on poverty traps



POLICY-BELEVANT LESSONS

· Single-instrument support (e.g. only microcredit) will not work for the poorest because it will fail to create enough momentum to escape these intertwined low-income traps.

Thus the need for integrated support, includes a number of activities addressing the traps. The activities should target financial support, assistance in building capacity for marketing and for technology enhancement, and in close sequence.

· Less poor & more educated women are likely to benefit from a more focused approach

POLICY RECOMMENDATIONS

- 1. A multi-pronged approach that addre several problems in small steps is likely to work best for the large majority. This should also involve awareness raising, group organization and confidence building activities through entrepreneurial MENTORING. In other words, it should be aimed at capacity building and empowerment.
- 2. The small majority of dynamic growers can benefit from specific forms of assistance, and they themselves should be allowed to define what they need. The dominant problem is not always finance (other recent literature on women's enterprise development also concludes this).

From Muppets to Gazelles Project



Social networks of Ugandan entrepreneurs: do they help?

Giacomo Solano, PhD; Gerrit Rooks, PhD Eindhoven University of Technology School of Innovation Science

ABSTRACT

We investigated social networks of entrepreneurs in Uganda. Social networks can be an important asset. Friends, acquaintances, business relationships can provide critical resources, such as information. However, networks can be a liability to the entrepreneur as well. They can be expected to support their social contacts. This is problematic, since profits are not invested in the business, thus hampering growth. We interviewed 300 rural and 300 urban Ugandan entrepreneurs. From these interviews we learned that many entrepreneurs in Uganda have to support social relationship financially. These are most often close relatives. We also found that contrary to what has been put forward before based on anecdotes, male entrepreneurs have less resourceful networks. From our results it seems that female entrepreneurs are more likely to be supported by males than the other way around. We did not find differences between rural and urban areas.

CONTACT

Giacomo Solano Gerrit Rooks Eindhoven University of Technology Email: Unovince University of Technology There is consensus that networks of personal relations are an important asset that determines the success of a business, hence entrepreneurial networks are often said to constitute a form of social capital (Stam et al., 2014). Social relations may provide entrepreneurs with access to resources such as start-up capital or social support (Farchamps

and Minten, 1999; Honig, 1998)

INTRODUCTION

The downsides of social networks have largely been neglected, although various negative aspects of being embedded in social networks have been mentioned in the literature (Portes, 1998), Anecdotic evidence, early anthropological research (Hunter, 1962; Khalaf and Sthwayn, 1966) and few recent studies (Alby et al., 2014; Grimm et al., 2013) suggest that excess claims on entrepreneurs is an important issue for entrepreneurs.

Successful entrepreneurs may face distributive obligations. Once a business becomes successful and generates profit, further growth may be hampered because entrepreneurs are expected to support relatives, friends, and community members. However, systematic research into downsides of networks in developing countries is scarce, especially with regard to the Sub-Saharan African context (see Rooks et al., 2016).

We randomly selected 608 respondents from an urban and a rural district: Kampala and Nakaseke. We interviewed 294 entrepreneurs in Kampala and 314 in Nakaseke. The duration of an interview was approximately 30 minutes.

The interview started with demographical questions, it included questions about the enterprise and it success, and also questions about the personality of the entrepreneur.

To measure networks, we asked entrepreneurs to provide us with names of relations they approached for (1) personal advice, (2) business advice, we also asked who approached them requesting for resources. The entrepreneur was allowed to name in total 15 contacts.

For every contact that was mentioned, we asked additional questions about the contact. These were demographical questions, and questions about the type of relationship (e.g. relative or friend) but also questions about (1) the resources the contact potentially could provide to the entrepreneurs, and (2) resources the contact had requested from the entrepreneur. Network composition On average the Ugandan entrepreneurs has 2.5 business contracts that provide him or her of advice. The reported personal networks are much smaller, they consist of 1.1 contacts. Interestingly the average number of contacts that request support

RESULTS

Of the people that requested resource, 57% requested financial support, 32% requested free goods or services, 5% asked for a job.

from the entrepreneur is somewhat larger; 1.3

Who requested for support? We found that in most cases relatives requested support, Male contacts were less likely to request or demand support from female entrepreneurs.

Migration

persons.

As an additional interesting finding, our data suggests that rural-urban migration of entrepreneurs is substantial. Entrepreneurs who were born in an rural areas and who decided to move to Kampala constitute the 65% of the urban sample.

	Total	Kampala	Nakaseke
Number of interviews	608	294	314
Age	34.1	33.4	34,9
Years of education	9	9.8	8.2
Nr of employees	1.3	1.5	1.2
% service sector	30.8	32.7	29.1
% production and trade	60.8	64.3	57.5
% agriculture sector	7.3	2.7	11.5
Whole network (0-15)	4.9	4.8	5
Personal-advice network size (0-5)	1.1	1,1	1,1
Business-advice network size (0-5)	2.5	2.5	2.5
Request network size	1.3	1.2	1.4

Table 1. sample characteristics.

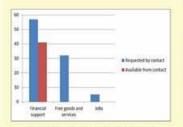


Chart 1. Percentage of resources.

POLICY RECOMMENDATIONS

Our results suggest that a substantial amount of Ugandan entrepreneurs support relatives. While inherently supporting relatives is a human virtue, it may harbor the risk that profits are not invested in the enterprise and growth of the enterprise is thus hampered. For a large number of enterprises growth is not a goal, they have social goals. The goal of the enterprise is to support the network.

A number of entrepreneurs however are motivated to achieve growth, so how can they be helped? A possibility might be to create insurance like schemes, such as 'cash round', ways that can help entrepreneurs who's network contacts are in great need. However, this does not solve the poverty that is behind the problem. We face a really difficult problem.

We found that advice networks of Ugandan entrepreneurs are relatively small. Since networks are often a primary way of learning, many business will learn at a sub-optimal degree. Especially since many entrepreneurs are not yet connected to the internet (note that internet is also limited).

A concrete policy recommendation is to organise networking events, like monthly dinner or breakfast meetings where entrepreneurs can meet and greet and listen to speakers (this has been shown to be a powerful tool in the Netherlands). The drawback of this approach that it is mostly suitable for the already accomplished entrepreneur who can afford it.

CONCLUSIONS

We find that networks of Ugandan entrepreneurs are sub-optimal. A substantial amount of contacts (often relatives) are asking for support. This implies that networks are hindering he business in further growth. Only a limited number of contacts are able to provide the entrepreneur with advice.

We recommend that more attention is paid to networking, it is an easy / inexpensive / effective way to learn. Organizing networking events and training may be a solution (and a business opportunity)

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Eindhoven University of Technology Mobile Money – The story behind the Wide Diffusion Rebecca I. Kiconco S.¹, Gerrit Rooks²

¹Makerere University Business School ²Eindhoven University of Technology

Proportion

INTRODUCTION

RESULTS

Respondents pursuing activity

91%

87%

Rural Urban Comparison

ABSTRACT

The research focuses understanding mobile money adoption and the drivers behind usage. The research depicted is a com ination of three studies carried out regarding mobile money.

The first study's focal point was mobile phone skills as an antecedent of mobile money use in the Urban areas. Findings show that mobile phone skills are a major determinant of whether one adopts or uses different services of mobile money.

This study was later replicated in a rural area and the findings still hold, though there is a clear discrepancy in the skills levels between Urban and Rural areas due to wide differences in literacy levels.

The third study was a usability study which was done with the aim of understanding the abilities of a typical rural mobile money user as well as the difficulties they face while using the system. We found that rural mobile money users find customized means to use the service within their constrained context. Further, they use a few services on the system based on relevance in their environment.

CONTACT

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Mobile money has been at the center stage of improving financial Inclusion in the rural areas. However, in the latest financial inclusion report using Ugandan data, findings show a sizable portion of the population know about mobile money. but they do not use it. About 43% are considered "aware non-users," and they are primarily po educated. The biggest barriers for awar limited access to technology and lack of the technology.

This study investigates skills and in parti skills and their effect on the adoption a money. The mobile phone skills are of because the mobile phone is that platform money system runs.



METHODS

Data was collected from Urban and a replication carried out in

Rural areas. In each of the areas, over 200 responses were

received. Entebbe Municipality was the Urban area and

In addition, a third study was done to test the usability problems of mobile money users in rural areas.

The study was interested in the mobile phone skills levels of

the respondents and their mobile money usage. A mobile

phone skills instrument was developed, piloted and used.

Actual skills were tested. The respondents were subjected to a

12 question test instrument that was later tested for scalability

The usability testing required respondents to carry out actual

transactions. The data in the study in question was collected in

Nakaseke District was the rural area.

using Mokken scaling.

a lab setting as shown on the right

oor, rural and less	Send Money	87%
re non-users include f requite skills to use	Deposit Money	85%
	Buy Airtime	73%
ticular mobile phone	Pay Bills	29%
and usage of mobile of particular interest	Pay Goods	20%
m over which mobile	Bank Transfers	6%
Mobile money use	of usage and adoption. greatly associated with which mobile money w • The individuals that do	he major determinant of depth Having mobile phone skills was one's usage and the extent to as used. o not have the mobile phone v by proxy, i.e. through mobile

Receive Money

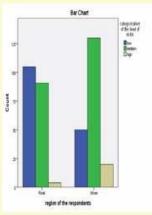
have the mobile phone proxy, i.e. through mobile money agents, their more literate relatives, and acquaintances. However, this is a problem because the risk of fraud is multiplied by others having knowledge about your financial status

Usability Testing lab



Through an extension of the earlier study, usability testing of the mobile money users ascertained that individuals with low skills were not in a position to initiate any transaction or faced major challenges while attempting to execute transactions.

Further probing also revealed that the extent to which mobile money is used is also dependent on the relevance and usefulness of the service in question. Thus the major services used in rural areas are to receiving funds, sending money, buying airtime and checking the account balances.



As can been seen above, low mobile skills are predominant in the rural areas (Shown by the blue columns). This problem greatly hinders the usage and extent to which mobile money and related mobile phone applications can be productively exploited.

Policy Recommendations

Given the necessity of mobile applications especially in rural areas and yet there are still glaring challenges in direct use, we recommend that mobile money apps and/or platforms should be simplified, customized and tailored to the skill level of the rural users.

In cases where the mobile platform systems cannot be modified, we recommend a focus on capacity building to assist rural users of mobile money acquire skills to operate their own mobile money accounts.

Policy needs to merge the gap between policy making and policy implementation through using a consultative approach with the beneficiaries of the intended policy. It is one of the reasons while mobile applications are not used in rural areas and yet these applications may assist rural entrepreneurs in the development of their businesses.

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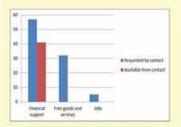


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Annex 2 - Conference Program



Annex 3 - Conference Participants

Name	Organization/Institution
Susan Mwebaza	Makerere University Business School
Sam Dawa	Makerere University Business School
Giacomo Solano	Eindhoven University of Technology
Gudula Basaza	Uganda Women Entrepreneurs Association
Namyalo Florence	ANSWERID NGO and Resource Centre, Mpigi
Namusisi Grace	ANSWERID NGO and Resource Centre, Mpigi
Mubiru Richard	Ministry of Finance, Planning and Economic Development
Geoffrey Were	Cluster Development Institute Center - Makerere University
Nabayozi Rebecca	Nakaseke Town Council
Kizza Annet	Nakaseke Town Council
Nakafeero Florence	Nakaseke Town Council
Ongura Chris	Ministry of Trade, Industry and Cooperatives
Ezra Rubanda	Uganda National Chamber of Commerce
Moses Mwebenbezi	Uganda Women Entrepreneurs Association
Mirro Justine	ANSWERID NGO and Resource Centre, Mpigi
Kesande Provia	Makerere University Business School
Kakowge Rose	
Stella Tayembwa Mbonye	
Brenda Kyomuhendo	Makerere University Business School
Grace Achire	Uganda Women Entrepreneurs Association
Nabiwande Nalayati	Ministry of Gender Labor and Social Development
Nakabuye Zawa	Makerere University Business School
Diana Ntamu	Makerere University Business School
Muwanga Muzail	Uganda Investment Authority
Sserubiri Byron	Uganda Investment Authority
Hon. Galabuzi Ssozi	Minister of State for Luwero Triangle, Office of the Prime Minister
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