

Research Application Summary

An agribusiness incubation hub at Bishop Stuart University for innovative and diversified employment opportunities of young graduates

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Abstract

The youth in Uganda comprise up to 70% of unemployed persons in the country. This is because about 400,000 youths are released annually into the job market to compete for only about 9,000 available jobs. At the same time, although there is a growing private sector in the country, about 30% of the youths who are institutionally qualified are unable to find jobs due to academic curricula that do not provide employable, and entrepreneurial skills to start their own enterprises. The overall objective of this project is to establish an agribusiness incubation hub at Bishop Stuart University, that will enhance the development of entrepreneurial skills for innovative employment opportunities of young graduates. Specifically, the project seeks to build capacity of young graduates in smart business skills and enterprise management, nurture and mentor them to develop innovative enterprises that have potential to succeed in an open and competitive market environment. It also seeks to enhance establishment of partnerships with private and public sectors, and facilitate linkages between the innovative enterprises, potential markets, service providers and relevant market information sources. In the initial two years of its establishment, at least 10 innovative agribusiness enterprises supported with ICTs, will be selected from groups of students, and be given a chance for incubation. The business paradigm consists of bringing these stakeholders to work together at every stage of developing the business innovations, and maintaining the partnerships even after the innovations hatch. This will ensure sustained development of the innovations and market for the products. In this way, the project is expected to contribute to employment opportunities and income generation for the young graduates.

Key words: Agribusiness, entrepreneurship, incubation, Uganda, youth

Résumé

La jeunesse en Ouganda représente jusqu'à 70% des chômeurs du pays. En effet, environ 400 000 jeunes sortent chaque année des universités, et compétissent pour seulement 9000 emplois disponibles. Parallèlement, bien que le secteur privé soit en pleine croissance dans le pays,

environ 30% des jeunes ayant reçu des qualifications institutionnelles, arrivent difficilement à se trouver d'emploi, en raison de programmes scolaires n'offrant pas de compétences en matière d'esprit d'entreprise. L'objectif général de ce projet est d'établir à l'Université Bishop Stuart un centre d'incubation d'industrie agroalimentaire pour renforcer le développement des compétences entrepreneuriales, en vue de créer des emplois novateurs pour les jeunes diplômés. Plus précisément, le projet vise à renforcer les capacités des jeunes diplômés en business et gestion d'entreprise, en les encourageant et en les guidant à développer des entreprises innovantes susceptibles de réussir dans un environnement de marché ouvert et concurrentiel. Il vise également à renforcer les partenariats entre secteurs privé et public, et à promouvoir les liens entre les entreprises innovantes, les marchés potentiels, les prestataires de services et les sources d'information sur les marchés. Au cours des deux premières années après son établissement, au moins 10 entreprises innovantes agroalimentaires d'étudiants seront sélectionnées et incubées. Le modèle commercial consiste à amener ces parties prenantes à travailler ensemble à chaque étape du développement des innovations commerciales et à maintenir les partenariats même après la réussite des innovations. Cela garantira un développement soutenu et durable des innovations et un marché pour les produits. Ainsi, le projet devrait contribuer à créer des emplois et à générer des revenus pour les jeunes diplômés.

Mots clés: agroalimentaire, entrepreneuriat, Ouganda, incubation, jeunesse

Background

The agriculture sector in Uganda is considered a strategic sector for wealth creation and employment. Hence, as an avenue for poverty reduction, the development of agricultural businesses, access to markets and value addition are key aspirations of the country's national development plan (RoU, 2015; MAAIF, 2016). This avenue is expected to open more employment opportunities and income for both adults and the youth in the country. In particular, the youth in Uganda, aged 18-30 years, represent 22.5% of the country's population (UBoS, 2016), and comprise about 64-70% of unemployed persons (UBoS, 2012; Magelah and Karugonjo, 2014). This is because about 400,000 youths are released annually into the job market to compete for only 9,000 available jobs. At the same time, although there is a growing private sector in the country, about 30% of the youths who are institutionally qualified are unable to find jobs due to academic curricula that do not provide employable skills, and entrepreneurial skills to start their own enterprises, among other things (Magelah and Karugonjo, 2014). Yet facilitating youth participation in viable and sustainable agricultural ventures, in most developing countries, is believed to have the potential to drive widespread poverty reduction among the youth and adults alike (FAO, 2014).

While agriculture is a key sector in Uganda, the highest percentage of agricultural households (28.5%) is found in the western region (UBoS/MAAIF, 2010). The region leads the country in the production of bananas, a major food crop in Uganda, with total acreage of 511,096 ha out of 970,000 ha countrywide, representing 67.9% of the country's total production (UBoS, 2017), accounts for 30% of the total cattle herd, and 73% of the total exotic herd (UBoS/ MAAIF, 2009; RoU, 2015). Despite its high performance in agricultural production, the western region lags behind in the number of registered agricultural businesses, having 14.5% of the country's total, only after the northern region at 2.9% (UBoS, 2011). Youth business incubation in this region would not only enable nurturing youth businesses to reduce risk of failure and increase employment opportunities for them, but would also enable tapping into the rich raw material resources of the area, provide market and value addition opportunities for the producers. Business incubation in general is considered to be an important avenue for entrepreneurship development leading to economic growth of any developing country (Obaji *et al.*, 2015). The overall objective of this project is therefore to establish a youth

agribusiness incubation hub that will enhance the development of entrepreneurial skills for innovative employment opportunities of young graduates.

Specifically, the project has the following objectives;

- (i) to build capacity of young graduates in smart business skills and enterprise management,
- (ii) to establish partnership with private and public sectors, and other stakeholders for the purpose of mentoring young graduates,
- (iii) to nurture innovative enterprises and ensure their potential to succeed in an open and competitive market environment,
- (iv) to facilitate linkages between the innovative enterprises and potential markets, service providers and relevant market information

Implementation approach

The Agribusiness Incubation Hub is being established at Bishop Stuart University (BSU), Mbarara Municipality, in south-western Uganda, in partnership with Excel Hort Consult (EHC), an agribusiness incubation company operating in East and Central Africa, and based in Mbarara, Uganda. The Hub consists of four main components; a training section, enterprise development section, partnerships, and a coordinating unit. In the training section, appropriate training modules are developed by the trainers. The modules are offered to the students participating in the incubation hub, as they develop their innovative enterprises. Business ideas are related to agriculture, including ICT and leadership skills. The businesses are developed and nurtured in partnership with selected stakeholders from private sector, public institutions, potential market actors, other incubator specialists and their incubatees. The business paradigm consists of bringing these stakeholders to work together at every stage of developing the innovations, and maintaining the partnerships even when the innovations hatch out, to ensure sustained development of the innovations and market for the products. The incubation hub is managed and coordinated by a Coordination Unit. The unit will house a Management Information System for the hub, where a record of partners and their responsibilities, training and progress reports will be kept. This conceptual framework is illustrated in Figure 1.

University students, both under- and post graduates, from across faculties and departments of the University, will be encouraged to attend sensitization sessions every year, to acquaint themselves with the activities and operations of the Incubator. At least 100 students, potential entrepreneurs, are expected to be sensitized every year. The students will then be encouraged to work in groups of up to 5 members to develop innovative business ideas that can be supported in the Incubator. The support that will be given in the incubation process will include technical training to develop and test the product, smart business skills and entrepreneurship training, access to potential market actors and other relevant stakeholders. Smart business skills training will involve providing key information and knowledge that can help the young entrepreneurs to use ICTs effectively to launch the agriculture-related businesses. The use of ICTs will be fostered in all the innovations, and attention will always be given to innovative ideas in the use of ICT in agriculture such as the development of computer-based programs, and extension services, and information systems. This training will run parallel to their regular study programs, using the harmonized training materials, utilizing the evenings and weekends. Training modules will include, but not limited to the following; Business planning and management, Enterprise selection, ICT, e-commerce, Market Information System, Financial literacy, Sales and Marketing management, Leadership skills, Group Dynamics, Risk analysis and Risk management. More training sessions will be given as the need arises during the incubation period. These will include Quality standards, Packaging, negotiation, Branding, and Intellectual Property Rights (IPR) among others.

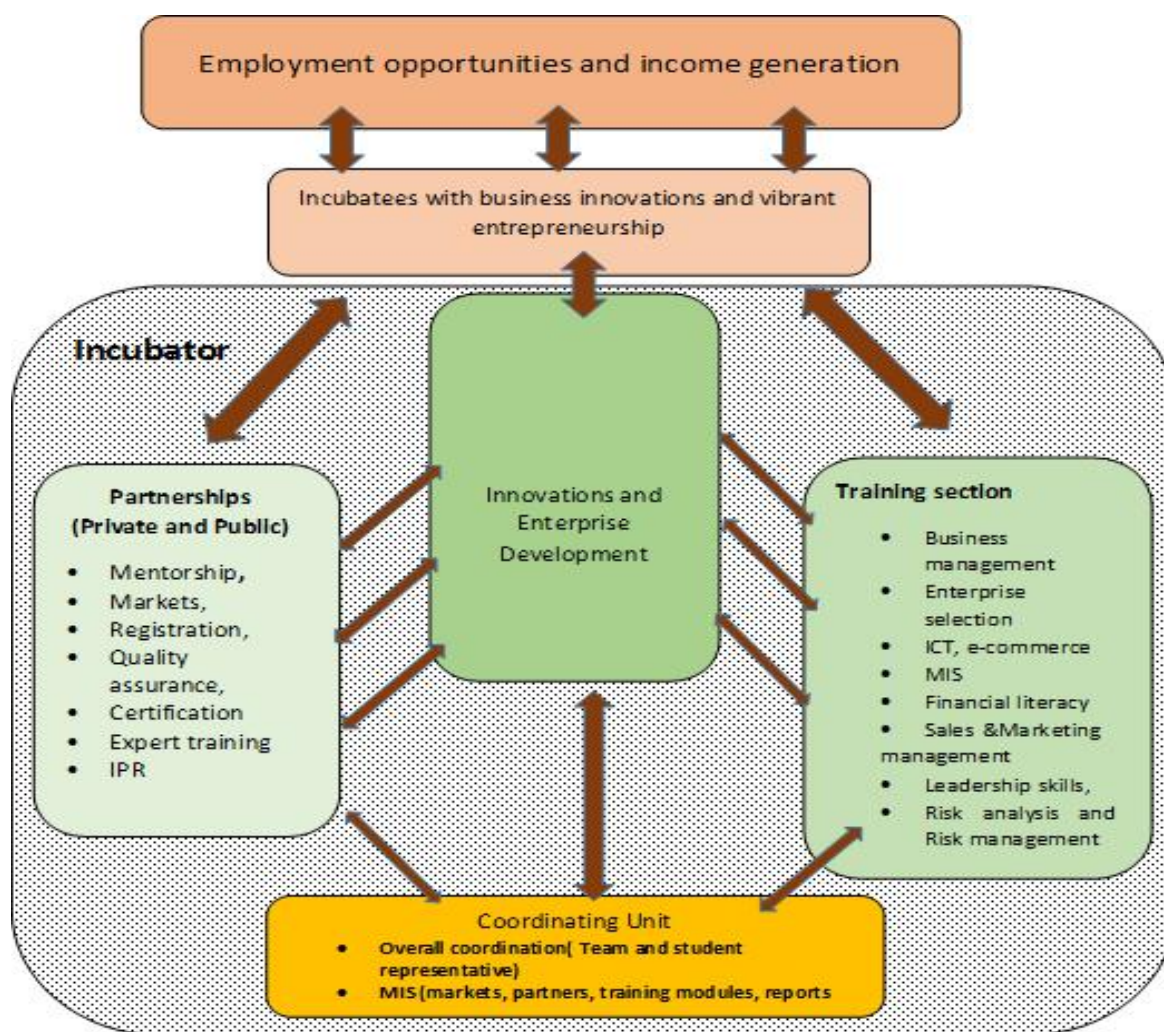


Figure 1. Conceptual framework for providing youth employment opportunities and income generation through an Agribusiness Incubation Hub

The selected innovations should guide the selection of stakeholders/partners to work with in the incubation process. Stakeholders and partners are required for various aspects of the incubation process. These include imparting skills through training, providing market for the products, potential service provision such as packaging materials and other inputs, guidance on registration of businesses and issues of Intellectual Property (IP).

As the innovations get close to ‘hatching’ out of the incubator, the incubatees will be given chance to show-case their innovations at the University, in the neighboring communities, participate in regional and national competitions and at other fora elsewhere. The experiences and lessons learnt from the Incubation Hub will then be documented and published.

Review of progress. The project that started in March, 2018 has had two major activities; selection of students to join the incubation process, and identification of stakeholders.

Selection of students. The selection procedures and policy for students to join the incubation

program is vital for the survival of the selected enterprises. It has been observed that these determine the performance of the selected enterprises during incubation, as well as their survival outside the incubator (Scaramuzzi, 2002). Incubatee selection process is also one of the factors that determine the success of a business incubator (Gerlach and Brem, 2015). At BSU, students were encouraged to propose business ideas that could be supported by the incubation hub. Selection of the students' business ideas was done by a committee of the project implementing team, that was assigned the task. The team comprised of faculty deans, and representatives of the partner organization EHC, among others. The business proposals were then selected based on innovativeness, potential for commercialization, financial aspects, originality, and expression of passion to drive the business idea to fruition, among others. These aspects were given scores and the top scorers were selected. The selected projects included yoghurt making, wine processing, production and value addition to wine, fruit juice, after-shave, and herbal acaricides, among others. The selection of these projects then led to the identification of relevant stakeholders.

Table 1. Stakeholders involved in the Agribusiness Innovation Hub and their roles

Stakeholder	Expected role
1. Uganda National Bureau of Standards (UNBS)	Ensuring quality standards of the products, Standards certification Training support
2. Uganda Registration Services Bureau (URSB)	Registration of business name, Registration of Companies, Legal advice
3. Uganda Industrial Research Institute (Kabale)	Technical training to produce a diversity of products, Mentoring the incubatees
4. Afri-Banana Products Ltd.	Mentoring students along the banana value chain
5. SILGAD Investments Ltd.	Mentoring students in wine processing
6. Uganda Revenue Authority (URA)	Advice on taxation
7. African Agribusiness Incubators Network (AAIN)	Networking with other incubators, Training opportunities for incubation management, Funding opportunities for incubator establishment and expansion
8. Stanbic Bank (Mbarara)	Training opportunities in financial issues
9. Post Bank (Mbarara)	Providing finances to individual and group start-ups
10. Excel Hort Consult (EHC)	A partner in the establishment of the Hub, Mentoring along the banana value chain, Business training
11. Uhuru Juices	A successful incubatee to mentor others,
12. Afro-Plast Ltd.	Providing a diversity of packaging materials
13. Mbarara District Local Government	Support for business training, Support for creating market linkages
14. AVSI (Italian NGO)	Support for business training and enterprise management
15. Bishop Stuart University staff	Staff will be involved in business training Supervising project activities, Mentoring incubatees

Stakeholders of the incubation hub. A number of stakeholders were identified and invited for an initial stakeholders' meeting at which their would-be role in the incubation process was further clarified. Table 1 shows some of the identified stakeholders and their roles.

Expected outputs and impact. The Agribusiness Incubation Hub is expected to contribute to enhancing the development of entrepreneurial skills for innovative employment opportunities of young graduates. By the time the incubated businesses hatch out of the incubator, they will have been nurtured to ensure that they succeed in an open and competitive market environment, and will be linked to potential markets, service providers and relevant market information. The incubatees will benefit from mentorship provided by private and public sector partners and other relevant stakeholders, while still in the incubator. This process is expected to produce young graduates who have their own businesses registered, with products meeting the right quality standards for the market, and serving identified markets. In this way, the young graduates will be innovatively employed and also able to provide employment to others in their businesses.

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