

# CRITICAL SUCCESS FACTORS FOR YOUTH - RUN ENTERPRISES

A PRESENTATION TO THE YOUTH ENTREPRENEURSHIP  
CONFERENCE - DAR ES SALAAM TANZANIA - 3 JUNE 2014

James Mugabi

# Opportunities/potential for creating Jobs..

- ▣ Technology give opportunity youth
- ▣ High Demand resources
- ▣ Top of each government agenda
- ▣ Increased innovation – Kenya in IT & Financial Inclusion, Uganda car industry, Nigeria film music industry, Tanzania untapped mineral wealth and Land

# SHOULD STARTUPS BE SUPPORTED? HOW

- ▣ Weakness/ **Support required**
  - Lack of practical experience
  - Lack of capital
  - Few guardian angels
  - Lack of skills – technical, managerial
  - Low exposure
  - Background education – wrote learning
  - Very few entrepreneurial success stories (most are in employment)

# Strength

- ▣ Energetic – physically and mentally
- ▣ Innovative
- ▣ Ambitious
- ▣ Timing good as world demand resources is at an all time high

# Threats

- High Risk
- High failure rates – known
- Bias of the lender
- Little focus
- In a hurry to succeed

# Case for support

- ▣ Employment creation (Uganda 14m eligible to work but 95% in informal or un employed)
- ▣ Economic Growth
- ▣ All inclusive growth – Prosperity for all
- ▣ Political Stability
- ▣ No alternative with a multiplier effect
- ▣ Increase innovation & Productivity

# HOW – Uganda' Approach

- ▣ The Youth Venture Capital Fund
  - A Marching fund between Banks and Government 50bn
  - Purpose - support viable & Sustainable SME's in private sector
  - A sinking Fund

# Terms

- ▣ Potential to employ at least 4 persons by the time the loan repaid
- ▣ Two guarantors/mentors
- ▣ Under go training on approval
- ▣ Loans between \$2,000 and \$10,000
- ▣ Interest rate 15% fixed
- ▣ Age 16-35
- ▣ Sectors – manufacturing, agro processing, primary agriculture, livestock, health, transport, ICT, tourism, construction, printing, service contractors
- ▣ Business existence – 3month



# Results

PATICIPATING SUBSECTOR	NUMBER OF BORROWERS	AMT DISBURSED	OUTSTANDING BAL
Land (Road N Rail) Transport	3	46,697,978	29,962,835
Travel Agencies	3	15,000,000	5,163,100
Food Beverages and Tobacco	1	25,000,000	13,447,724
Paper Paper Products Printing Publishing	1	10,000,000	8,187,563
Textiles Apparel and Leather	3	17,600,000	13,364,776
Wood Wood Products N Furniture	2	14,500,000	5,636,175
Farming (Crops Livestock and Poultry)	56	426,833,892	206,114,500
Membership Organisations Community Develop	4	49,000,000	24,026,990
Other Manufacturing Industries	4	41,700,000	16,123,553
Working Capital	49	338,423,380	154,274,740
Basic and Fabricated Non-Metal and Metal Prod	3	40,000,000	27,124,176
Education Services	8	78,000,000	35,404,560
General Construction Contractors	2	36,952,176	41,219,882
HEALTH SERVICES	18	187,000,000	90,888,826
Marketing	5	43,000,000	24,349,395
Non durable goods and services	1	5,000,000	1,895,686
OTHER-AGRICULTURE,FISHING N FORESTRY	3	35,000,000	19,753,944
OTHER-BUSINESS SERVICES	19	170,700,000	89,814,240
Processing	15	189,500,000	100,856,396
PRODUCTION	21	174,000,000	95,375,804
Purchase of Durable Goods	4	37,929,038	30,465,996
Restaurants and Hotels	6	49,000,000	27,885,112
Retail Trade	244	1,406,685,003	533,882,437
Wholesale Trade	45	333,500,000	158,339,143
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Grand Total	520	3,771,021,467	1,753,557,553

# Results

- ▣ The fund 25bn (\$10m) was quickly taken up
- ▣ Venture capital is risky!
- ▣ Arrears 36%
  
- ▣ Reasons of non performance
  - Low skills in business
  - Political donation
  - Dishonesty
  - Learning curve for lenders
  - Political pressure to lend
  - No dedicated mentors to follow up