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**BUSITEMA UNIVERSITY ARAPAI CAMPUS  
FACULTY OF AGRICULTURE AND ANIMAL SCIENCES, ARAPAI CAMPUS  
DEPARTMENT OF AGRIBUSINESS AND EXTENSION**

**ASSESSING THE ROLE OF BUSINESS INCUBATION ON THE PERFORMANCE OF  
AGRIBUSINESSES IN KAMPALA CITY**

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**A SPECIAL PROJECT REPORT SUBMITTED TO THE DEPARTMENT OF  
AGRIBUSINESS AND EXTENSION IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF  
AGRIBUSINESS OF BUSITEMA UNIVERSITY**

**MARCH 2020**

**DECLARATION**

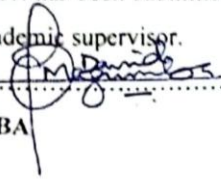
I ACHOM PATIENCE, BU/UP/2020/2734 declare that the information in this dissertation was written and compiled by me and it has never been submitted to any institution for any award.

SIGNATURE.....Achom Patience..... DATE..12<sup>th</sup> MARCH, 2024.....

**APPROVAL**

This Special project report has been submitted to the department of Agribusiness and extension with approval by my academic supervisor.

SIGNATURE.....



DATE.....

15<sup>th</sup> / 03 / 2024

**DR. DAVID MAGUMBA**

## **DEDICATION**

I dedicate this hypothesis to my parents; Mr. and Mrs. Grace Okiror, My siblings; Anyait Mercy Joy, Mukule Jemimah, Malinga Brian, Ikwap Emmanuel, Opolot Calvin, Iraat Grace whose unwavering support and encouragement sustained me through this journey.

I also dedicate this report to all my friends who encouraged me whenever I thought I would not make it; Muhanguzi Oscar, Ataliba Patience, Acero Fortunate, Odong Moses, Nestor Isdore, Kagodo Ashraf, Uwizera Elaine Maria, Wasembula Brian, Aserait Lucy and Musenzi Ibra, thank you.

I would like to dedicate this dissertation to my supervisor who guided me along the way, thank you for your invaluable wisdom and insight

Finally, I also dedicate this hypothesis to the resilient agribusiness entrepreneurs of Kampala, whose stories and experiences have inspired this research.

This dissertation is dedicated to each of you, with heartfelt appreciation.

## **ACKNOWLEDGEMENT**

I would like to express my sincere gratitude to my supervisor, Dr. Magumba David, for his invaluable guidance, support and encouragement throughout the entire process of conducting this research. Your expertise and constructive feedback were instrumental in shaping this dissertation.

I am also deeply thankful to the faculty members of Busitema University, Arapai campus especially Mr. Ochom Geoffrey for their insightful comments and suggestions during the various stages of this study.

Special thanks are extended to the staff and management of the business incubation centers in Kampala who generously shared their time and expertise, without them this research would not have been possible.

I am grateful to my family for their unwavering love, patience, and understanding during this demanding period. Their encouragement kept me motivated and focused.

Lastly, I would like to acknowledge the financial support provided by my parents which enabled me to pursue this research.

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**LIST OF ABBREVIATIONS**

- BI.....Business Incubators
- CURAD.....Consortium for Enhancing University Responsiveness to  
Agribusiness Development
- BIC.....Business Incubation Center
- MUBIC.....Makerere University Business Incubation Center
- URI.....Uganda Industrial Research Institute

## **ABSTRACT**

This research explores the role of business incubation on the performance of agribusinesses in Kampala city, Uganda. Despite the growing interest in supporting agribusinesses through incubation, there is limited evidence on their effectiveness, particularly in emerging markets like Kampala city. Through a mixed-methods approach, including surveys and interviews, data was collected from 70 agribusinesses at various stages of incubation. The findings highlight the demographic characteristics of incubatees, business profiles, contributions of incubation, and challenges faced by agribusinesses. The results indicate that business incubation plays a crucial role in fostering growth, innovation, and competitiveness within the agricultural sector. While agribusinesses under incubation experience positive outcomes, challenges such as limited access to funding, market competition, and high operational costs persist. The study concludes with recommendations for enhancing the effectiveness of business incubation programs such as; incubators offering training and mentorship on market analysis, product positioning, and marketing strategies to help businesses thrive in competitive environments and suggestions for future research such as; comparative studies between agribusinesses in incubation programs and those operating independently could help assess the added value of business incubation. These findings contribute to informing policymakers, stakeholders, and incubator managers on designing and implementing effective support programs for agribusinesses in Kampala and beyond.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background

Agriculture is a major tool to end extreme poverty and boost shared prosperity in most developing countries (Didoni, 2020). The number of poor people escalated from 280 million in 1990 to 330 million in 2012 which has increased the demand for food (TAA, 2019). Growth in agriculture especially in the agribusiness sector remains 2–3 times more effective at reducing poverty than growth in other sectors and that the world's 500 million smallholder farmers play a key role in delivering this growth and also in producing 70% of the world's food (Didoni, 2020). A number of agribusiness entrepreneurs with a clear view of value-adding opportunities are emerging in developing countries and therefore, agribusiness incubation can be utilized to accelerate the commercialization and modernization of agriculture and to develop a competitive agribusinessness sector in developing countries (World Bank, 2011).

Developing countries and donors are promoting agribusiness incubation as a process that focuses on nurturing innovative, early-stage enterprises that have high potential for growth and to become competitive agribusinesses by serving, adding value to or linking to farm producers (Didoni, 2020). Agribusiness refers to the various businesses involved in food production such as farming and contract farming, seed supply, agrochemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales (Ozor, 2013).

Agribusiness incubators play a significant role in the ideation, start-up and improving of agricultural businesses and small and medium enterprises (SMEs) (FAO, 2022). Governments of different countries have embarked on business incubation as an economic and social program which provides the intensive support to start-up companies, coach them to start and accelerate their development and success through business assistance program (Al-Mubarak & Busler, 2013). Business incubation works with incubatees as a company that receives ongoing support from an incubator (Didoni, 2020).

Globally, business incubators are seen as an essential tool for the development of SMEs (Lose & Tengeh, 2015) and they play a key role in business growth (Wanyoko, 2013). By 2012, there were more than 7000 business incubators and programs worldwide, approximately 1800 of those incubators were in the USA and 900 in Europe and by 2013 there were 9000 business incubators running worldwide (Alzaghal & Mukhtar, 2017).

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