

EDITORIAL

Support for innovation must come with incentives

Government has in the last four years expended considerable energy and resources towards skilling the youth and enhancing the country's capacity in science, technology and engineering. This can be seen from the skilling Uganda programme through which youths countrywide are receiving skills training and the development of facilities like the engineering district and the one in Namanve in Mukono, which aim at supporting engineering design and manufacturing to facilitate import substitution; establishment of technology business incubators (TBIs) and; regional business incubation facilities to support start-ups and other innovations.

Unfortunately, those efforts have not been supported by creation of an environment in which innovators and innovations deriving thereof can thrive once they in a competitive environment out of the incubation centres.

Besides the need for tailored programmes to support the innovators with the necessary requisite capital, there is need for the country to once again assess its tax policies especially in regard to start-ups.

The country is grappling with unemployment, especially among the youth. Some of the affected person have somehow been able to venture into business, but the environment, especially the tax regime, simply will not allow those start-ups to thrive.

In March 2024, Uganda Revenue Authority revealed that several Ugandan firms, particularly the small taxpayers whose annual turnovers is around Shs50million had registered sharp declines in annual incomes.

That came shortly after the Global Entrepreneurship Monitor (GEM), a joint project between Babson College of the United States and the London Business

School of the United Kingdom (UK), which researches on entrepreneurship around the globe, ranked Uganda as one of the most entrepreneurial countries in the world with about 30 percent of Ugandans starting up a business every year. It, however, noted that Uganda is also among the top five countries in Africa with a high business failure rate with many of the businesses collapsing within a year or before making a year since inception.

This high business mortality rate was associated with poor planning, lack of financial discipline on the part of the proprietors, inadequate capital and a litany of taxes and numerous licence fees. The taxes and licence fees increase the cost of doing business, reduce profitability, and stifle possible growth. This calls for changes to the tax policies.

Incentives like tax holidays in the first two years of a start-up and financial support in the form low interest loans for innovators are a must lest all the resources and efforts expended on enhancing the country's capacity go to waste.

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