

**Youth Innovation and Uganda's Economic Transformation: Who Holds the Keys?**

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**Abstract**

This study examined the relationship between youth innovation and economic transformation in Uganda, interrogating the structural, institutional, and human capital factors that either unlock or constrain the transformative potential of young Ugandans. Drawing on a cross-sectional survey of 400 youth entrepreneurs, innovators, and policymakers across five regions of Uganda, the study employed univariate descriptive statistics, bivariate Pearson correlation analysis, ordinary least squares (OLS) multiple regression, and structural equation modelling (SEM) to establish the magnitude, direction, and mediation dynamics of key relationships. Findings revealed that the Youth Innovation Index was the strongest predictor of economic transformation ( $\beta = 0.342$ ,  $p < .001$ ), while digital skills ( $\beta = 0.261$ ), access to finance ( $\beta = 0.198$ ), and the policy environment ( $\beta = 0.174$ ) also exerted statistically significant effects. SEM results confirmed that youth innovation served as a partial mediator between access to finance, digital skills, and economic transformation, with significant indirect effects observed ( $\beta = 0.093$  and  $\beta = 0.109$  respectively). The overall regression model explained 61.4% of the variance in economic transformation outcomes ( $R^2 = 0.614$ ,  $F(5, 394) = 125.36$ ,  $p < .001$ ). The study concluded that youth are indeed the primary keyholders to Uganda's economic transformation, but their potential is contingent on systemic investments in digital education, finance access, mentorship infrastructure, and a responsive policy ecosystem. The study recommended targeted digital skills integration in national curricula, the establishment of a dedicated youth innovation fund, and the institutionalization of mentorship frameworks within government and private sector programmes.

**Keywords: Youth Innovation, Economic Transformation, Uganda, Digital Skills, Structural Equation Modelling, Access to Finance, Policy Environment**

**INTRODUCTION**

Uganda's demographic landscape presents both a formidable challenge and an extraordinary economic opportunity. With over 78% of its population below the age of 35 and a median age of approximately 16 years, Uganda is one of the youngest nations in the world, yet persistent unemployment, limited industrial output, and structural economic fragility continue to define the lived realities of its youth. In an era defined by digital disruption, knowledge economies, and the rapid globalisation of innovation ecosystems, the question of whether Uganda's youth can serve as the principal architects of economic transformation is not merely academic — it is existential (Chvyakin & Kozilova, 2025; Joan & Christopher, 2025). Youth innovation, broadly conceptualised as the capacity of young people to generate, adapt, and commercialise novel ideas that create economic and social value, has emerged as a critical lever in global development discourse. International bodies including the United Nations Development Programme (UNDP), the African Development Bank (AfDB), and the International Labour Organization (ILO) have consistently championed youth-led innovation as a pathway to structural economic transformation in low-income and middle-income countries (Bizuneh et al., 2025; Rebecca & Vincent, 2024). In Uganda's context, however, the translation of

youthful demographic energy into tangible economic value has been impeded by interlocking systemic barriers — inadequate access to finance, limited digital skills infrastructure, a policy environment that has historically been reactive rather than enabling, and a weak mentorship ecosystem that leaves young entrepreneurs to navigate complex market realities in isolation (Bhebhe et al., 2016; Kjeld et al., 2023). This study, situated at the intersection of innovation economics, youth development, and public policy, sought to investigate the drivers, mediators, and structural pathways through which youth innovation shapes Uganda's economic transformation trajectory, seeking ultimately to identify who truly holds the keys to Uganda's economic future.

## **BACKGROUND OF THE STUDY**

Uganda's post-independence economic journey has been characterised by recurring cycles of reform, stagnation, and cautious recovery, yet the structural transformation from a predominantly subsistence agricultural economy to a diversified, industrialised, and service-driven economy remains incomplete. Since the adoption of the Poverty Eradication Action Plan (PEAP) in the 1990s and its successor frameworks including the National Development Plans (NDP I, II, and III), the Ugandan government has placed increasing emphasis on leveraging human capital — and by extension, youth potential — as a critical engine of long-term growth (Deal et al., 2023; Kanyamurwa, 2016; Kasirye, 2021). The National Development Plan III (2020–2025) explicitly identifies private sector development, innovation, and skills development as strategic priorities, while Vision 2040 envisions Uganda as a competitive upper-middle-income country underpinned by a knowledge-based economy. Globally, the empirical literature on youth innovation and economic development has grown considerably, with scholars such as Acs and Audretsch (1990), Schumpeter (1942), and more recently Dosi and Nelson (2010) establishing the theoretical foundations for innovation-led growth. In the African context, researchers including Mwangi and Kariuki (2015), Naudé (2017), and Osei-Boateng and Ampratwum (2011) have documented the transformative potential of youth entrepreneurship and innovation across sub-Saharan economies, while also cataloguing the structural impediments unique to the region — including shallow financial markets, fragmented regulatory environments, infrastructural deficits, and limited technology diffusion. In Uganda specifically, studies by (Ali et al., 2017; Julius & Isaac Kazaara, 2025; Nelson et al., 2024; Nelson & Christopher, 2022; Robinah & Jacob, 2023) have highlighted the disconnect between educational outputs and labour market demands, while more recent contributions from the Uganda Bureau of Statistics (UBOS) and the Economic Policy Research Centre (EPRC) have underscored the growing but underutilised potential of Uganda's burgeoning startup and tech innovation ecosystem, particularly in Kampala's emerging technology hubs (Asiimwe, 2023; Mohammed & Suzan, 2024; Mohammed & Henry, 2024). These converging bodies of evidence situate the present study within a rich scholarly tradition while also identifying critical empirical gaps, particularly the absence of a comprehensive, multi-variable quantitative analysis that simultaneously examines the direct and mediated pathways through which youth innovation drives economic transformation outcomes in Uganda.

## **PROBLEM STATEMENT**

Despite Uganda's substantial youthful population and the growing recognition of innovation as a driver of economic growth, the country continues to register persistently high youth unemployment rates — estimated at 64% among

those aged 18–30 by the Uganda Bureau of Statistics (UBOS, 2022) — alongside a sluggish pace of structural economic transformation. The industrial sector contributes less than 25% of GDP, digital infrastructure penetration remains uneven, and the vast majority of youth-led ventures operate informally, largely excluded from financial systems, policy benefits, and mentorship networks (Barman-Adhikari et al., 2019; Egessa et al., 2021; Godfrey et al., 2023). Critically, while anecdotal and qualitative evidence abounds regarding the vibrancy of Uganda's youth innovation ecosystem — from mobile money applications to agri-tech startups — rigorous, empirically grounded, multi-variable quantitative evidence that systematically maps the pathways through which youth innovation translates into measurable economic transformation is conspicuously absent. Existing studies tend to be siloed, focusing narrowly on either entrepreneurship or skills development or policy without integrating these variables into a coherent explanatory framework (Botwe, 2020; Hoge et al., 2022; Prudence, 2023; Sarah & Joshua, 2024). This evidence gap creates a critical deficit in policymakers' ability to make informed, evidence-based decisions about where to direct resources, how to design enabling institutions, and how to structure incentive frameworks that maximise the economic returns of youth innovation (Allan et al., 2023; Julius & Nancy, 2026; Macdonald et al., 2023). Without such evidence, Uganda risks continuing to invest in fragmented, poorly targeted interventions that fail to unlock the full economic potential of its youngest and most dynamic population segment. This study therefore addressed the question: what are the structural pathways through which youth innovation drives Uganda's economic transformation, and what factors most powerfully mediate or moderate these relationships?

## **OBJECTIVES OF THE STUDY**

### **Main Objective**

To examine the relationship between youth innovation and economic transformation in Uganda, and to identify the key structural, institutional, and human capital factors that mediate this relationship.

### **Specific Objectives**

1. To assess the level of youth innovation activity and economic transformation outcomes among youth in Uganda.
2. To determine the influence of access to finance, digital skills, and the policy environment on youth innovation and economic transformation in Uganda.
3. To establish the mediating role of youth innovation in the relationship between access to finance, digital skills, and economic transformation in Uganda.

## **RESEARCH QUESTIONS**

1. What is the level of youth innovation activity and economic transformation outcomes among youth in Uganda?
2. To what extent do access to finance, digital skills, and the policy environment influence youth innovation and economic transformation in Uganda?

3. Does youth innovation significantly mediate the relationship between access to finance, digital skills, and economic transformation in Uganda?

## METHODOLOGY

This study adopted a quantitative, cross-sectional survey research design to investigate the relationship between youth innovation and economic transformation in Uganda. A structured questionnaire was administered to a purposively and randomly selected sample of 400 respondents drawn from five regions of Uganda — Central, Eastern, Western, Northern, and Greater Kampala — targeting youth entrepreneurs, innovators, startup founders, and development practitioners aged 18 to 35. The sampling frame was drawn from registers maintained by the Uganda Investment Authority (UIA), the National Youth Council (NYC), and selected technology hubs including Hive Colab and Innovation Village. Data were collected over a period of three months using a five-point Likert scale instrument that measured the Youth Innovation Index, Economic Transformation Score, Access to Finance, Digital Skills, Policy Environment Index, Mentorship Access, and the Innovation Ecosystem Index; scale reliability was confirmed through Cronbach's alpha coefficients ranging from 0.76 to 0.89, indicating satisfactory to excellent internal consistency. The analysis proceeded in three stages. First, univariate analysis was conducted using measures of central tendency (means) and dispersion (standard deviations, minimum, and maximum values) to describe the distribution and variability of all study variables. Second, bivariate analysis employing Pearson's product-moment correlation coefficients was conducted to establish the direction and strength of pairwise relationships between the independent variables (access to finance, digital skills, policy environment, and mentorship access) and the dependent variable (economic transformation score), as well as the mediator (youth innovation index); statistical significance was tested at the  $p < .01$  and  $p < .05$  levels. Third, a hierarchical ordinary least squares (OLS) multiple regression model was estimated to quantify the independent contribution of each predictor variable to economic transformation, with standardised beta coefficients ( $\beta$ ) used to compare the relative magnitude of effects; model fit was assessed using the coefficient of determination ( $R^2$ ) and the F-statistic. Finally, a full latent variable structural equation model (SEM) was specified and estimated using maximum likelihood estimation in AMOS 24.0, incorporating both measurement and structural components to assess the direct, indirect, and total effects of each exogenous variable on economic transformation via youth innovation; model fit was evaluated using the Comparative Fit Index (CFI = 0.961), Tucker-Lewis Index (TLI = 0.954), Root Mean Square Error of Approximation (RMSEA = 0.048), and Standardised Root Mean Square Residual (SRMR = 0.052), all of which met established thresholds for acceptable model fit. Bootstrap resampling with 5,000 iterations was used to derive bias-corrected 95% confidence intervals for all indirect effects, thereby providing robust inferential support for the mediation hypotheses (Nelson et al., 2022, 2023).

## RESULTS AND DISCUSSION

### Descriptive Statistics of Study Variables

*Table 1: Univariate Descriptive Statistics for Key Study Variables (N = 400)*

Variable	N	Mean	Std Dev	Min	Max
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Youth Innovation Index	400	3.72	0.84	1.20	5.00
Economic Transformation Score	400	3.58	0.91	1.10	5.00
Access to Finance (UGX '000)	400	1,842	652	200	4,500
Digital Skills Score	400	3.45	0.97	1.00	5.00
Policy Environment Index	400	3.21	1.02	1.00	5.00
Youth Employment Rate (%)	400	42.6	14.3	8.0	91.0
Mentorship Access Score	400	3.14	1.08	1.00	5.00
Innovation Ecosystem Index	400	3.39	0.88	1.20	5.00

Note: All index variables measured on a 5-point Likert scale (1 = Very Low, 5 = Very High). Access to Finance measured in UGX thousands.

The univariate descriptive statistics presented in Table 1 revealed that the study variables exhibited moderately high mean scores with acceptable levels of dispersion, suggesting both reasonable central tendency and sufficient heterogeneity for analytical purposes. The Youth Innovation Index recorded the highest mean score of 3.72 (SD = 0.84), indicating that, on average, respondents perceived youth innovation activity in Uganda to be moderately high, though the standard deviation of 0.84 and the range from 1.20 to 5.00 underscored considerable variability across individuals and regions. The Economic Transformation Score followed with a mean of 3.58 (SD = 0.91), reflecting a moderate-to-good overall assessment of economic transformation outcomes, yet the relatively wide standard deviation pointed to significant disparities in transformation experiences across the sample, potentially attributable to regional economic inequalities, differential access to infrastructure, and varying levels of institutional support. The Youth Employment Rate recorded the lowest mean at 42.6% (SD = 14.3), consistent with national statistics reporting high youth unemployment, while the Policy Environment Index and Mentorship Access Score registered the lowest Likert-scale means among index variables at 3.21 and 3.14 respectively, indicating that respondents perceived the policy environment and mentorship ecosystem as the weakest enablers of youth innovation in Uganda.

These findings were consistent with prior studies by Bbaale (2011) and Mawejje and Munyambonera (2016), who identified structural institutional weaknesses — particularly the lack of a coherent youth-centred innovation policy framework and the underdevelopment of mentorship networks — as the principal constraints on Uganda's innovation ecosystem. The mean score of 3.45 for Digital Skills (SD = 0.97) suggested moderate digital capability among respondents, but the standard deviation approaching 1.0 indicated that digital skills remained unevenly distributed, likely reflecting the documented urban-rural digital divide in Uganda where broadband penetration and digital literacy programmes are disproportionately concentrated in Kampala and a few secondary cities. Access to Finance, measured in UGX thousands, recorded a mean of UGX 1,842,000 (SD = 652,000) with a wide range from UGX 200,000 to UGX 4,500,000, illustrating the stark heterogeneity in financial resource availability among young entrepreneurs and

reinforcing the frequently cited finding that most youth-led enterprises in Uganda operate with severely constrained capital bases, often below the minimum threshold required for meaningful productive investment and market entry.

**Bivariate Correlation Analysis**

**Table 2: Pearson's Product-Moment Correlation Matrix for Study Variables (N = 400)**

Variable	1	2	3	4	5	6
1. Economic Transformation Score	1.000	—	—	—	—	—
2. Youth Innovation Index	0.684**	1.000	—	—	—	—
3. Access to Finance	0.571**	0.512**	1.000	—	—	—
4. Digital Skills Score	0.623**	0.591**	0.447**	1.000	—	—
5. Policy Environment Index	0.538**	0.483**	0.461**	0.502**	1.000	—
6. Mentorship Access Score	0.497**	0.543**	0.389**	0.476**	0.431**	1.000

Note: \*\* Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation matrix presented in Table 2 demonstrated that all study variables were positively and significantly correlated with the Economic Transformation Score at the  $p < .01$  level, providing initial support for the proposed conceptual framework. The Youth Innovation Index registered the strongest bivariate correlation with economic transformation ( $r = 0.684, p < .01$ ), indicating a large and practically significant association that accounts for approximately 46.8% of shared variance — a finding that positioned youth innovation as the most powerful correlate of economic transformation outcomes in the sample. Digital Skills also exhibited a strong positive correlation with economic transformation ( $r = 0.623, p < .01$ ), closely followed by Access to Finance ( $r = 0.571, p < .01$ ) and the Policy Environment Index ( $r = 0.538, p < .01$ ), while Mentorship Access recorded a moderate but statistically significant correlation ( $r = 0.497, p < .01$ ). Among the predictor variables themselves, Digital Skills and the Youth Innovation Index shared the strongest inter-variable correlation ( $r = 0.591, p < .01$ ), suggesting a theoretically coherent relationship whereby improvements in digital literacy are closely associated with greater innovation capacity among youth.

These bivariate findings were broadly consistent with innovation systems theory (Lundvall, 1992; Freeman, 1995), which posits that the components of an innovation ecosystem — finance, skills, policy, and networks — are not merely additive but are interconnected and mutually reinforcing. The moderate to strong inter-correlations among predictor variables (ranging from  $r = 0.389$  to  $r = 0.591$ ) indicated a degree of multicollinearity that warranted careful attention in the regression analysis; however, subsequent variance inflation factor (VIF) diagnostics confirmed that multicollinearity did not compromise the stability of the regression estimates (all VIF values  $< 2.5$ ). The finding that Mentorship Access exhibited relatively lower correlations with most predictor variables compared to Digital Skills and Finance suggested that mentorship operates through somewhat distinct channels, potentially reflecting the more relational, informal, and network-dependent nature of mentorship as compared to the more transactionally and

infrastructurally mediated pathways of finance and digital skills. Collectively, these bivariate results established the empirical foundation for the more nuanced multivariate analyses that followed.

**Multiple Regression Analysis (OLS)**

**Table 3: OLS Multiple Regression Results — Predictors of Economic Transformation Score (N = 400)**

Predictor Variable	B	SE	t	p-value	$\beta$
(Constant)	0.481	0.112	4.294	< .001	
Youth Innovation Index	0.342	0.038	9.001	< .001	0.314
Access to Finance	0.198	0.041	4.829	< .001	0.187
Digital Skills Score	0.261	0.043	6.072	< .001	0.238
Policy Environment Index	0.174	0.039	4.462	< .001	0.162
Mentorship Access Score	0.139	0.036	3.862	< .001	0.127

Note: R = 0.784; R<sup>2</sup> = 0.614; Adjusted R<sup>2</sup> = 0.609; F(5, 394) = 125.36, p < .001. Dependent variable: Economic Transformation Score.  $\beta$  = Standardised beta coefficient.

The OLS multiple regression model produced a statistically significant and substantively meaningful fit (F(5, 394) = 125.36, p < .001), with the five predictor variables collectively explaining 61.4% of the variance in economic transformation outcomes (R<sup>2</sup> = 0.614, Adjusted R<sup>2</sup> = 0.609). This represents a large effect size by conventional standards (Cohen, 1988) and indicated that the conceptual model was well-specified and empirically robust. The Youth Innovation Index emerged as the strongest independent predictor (B = 0.342,  $\beta$  = 0.314, t = 9.001, p < .001), confirming the bivariate findings and reinforcing the theoretical primacy of youth innovation as the central driver of economic transformation in Uganda's context. Digital Skills ranked second in predictive strength (B = 0.261,  $\beta$  = 0.238, t = 6.072, p < .001), followed by Access to Finance (B = 0.198,  $\beta$  = 0.187, t = 4.829, p < .001), Policy Environment (B = 0.174,  $\beta$  = 0.162, t = 4.462, p < .001), and Mentorship Access (B = 0.139,  $\beta$  = 0.127, t = 3.862, p < .001). Critically, all predictors retained statistical significance (p < .001) in the simultaneous regression model, underscoring the independent and additive contributions of each factor to economic transformation after controlling for the shared variance among predictors.

The regression results carried important policy implications: the relative hierarchy of standardised beta coefficients suggested that investments in digital skills infrastructure would yield the second-largest return — after direct innovation-enabling interventions — in terms of economic transformation outcomes, while improvements in the policy environment ranked fourth, reflecting the enabling but less directly impactful nature of policy compared to more proximal human capital and financial variables. The finding that the constant (B = 0.481, t = 4.294, p < .001) remained significant indicated that economic transformation is not solely a function of these five predictors, and that unmodelled factors — including infrastructural development, social capital, and macroeconomic stability — also contribute to transformation outcomes. These findings resonated strongly with the theoretical framework advanced by Naudé (2017), who argued that in African economies, the returns to youth innovation are contingent on a complementary set of enabling conditions, and that the policy environment functions as a moderating rather than an

enabling force in contexts where institutional quality is low. The adjusted  $R^2$  of 0.609, marginally lower than the unadjusted  $R^2$ , confirmed that the model remained valid and did not suffer from significant overfitting, even after penalising for the number of predictors included in the specification.

**Structural Equation Modelling (SEM) — Path Coefficients and Mediation Analysis**

*Table 4: SEM Standardised Path Coefficients and Mediation Effects (N = 400)*

Pathway	$\beta$	SE	t-value	p-value
Youth Innovation → Economic Transformation	0.342	0.038	9.001	< .001
Access to Finance → Youth Innovation	0.271	0.041	6.610	< .001
Digital Skills → Youth Innovation	0.318	0.044	7.227	< .001
Policy Environment → Youth Innovation	0.214	0.040	5.350	< .001
Mentorship Access → Youth Innovation	0.187	0.037	5.054	< .001
Access to Finance → Economic Transformation (direct)	0.104	0.035	2.971	.003
Digital Skills → Economic Transformation (direct)	0.119	0.037	3.216	.001
Indirect: Access to Finance → ET (via YII)	0.093	0.024	3.875	< .001
Indirect: Digital Skills → ET (via YII)	0.109	0.026	4.192	< .001

Note: Model fit indices — CFI = 0.961; TLI = 0.954; RMSEA = 0.048 [90% CI: 0.039–0.057]; SRMR = 0.052. Bootstrap indirect effects based on 5,000 resamples with bias-corrected 95% confidence intervals.

The structural equation model demonstrated excellent fit to the observed data across all conventional indices — CFI = 0.961, TLI = 0.954, RMSEA = 0.048 (90% CI: 0.039–0.057), and SRMR = 0.052 — all of which met or exceeded recommended thresholds (Hu & Bentler, 1999; Kline, 2016), thereby validating the overall structural architecture of the proposed model. The direct path from Youth Innovation to Economic Transformation was the strongest structural relationship in the model ( $\beta = 0.342$ ,  $t = 9.001$ ,  $p < .001$ ), replicating the regression finding in a latent variable framework and providing more robust evidence that accounts for measurement error. Among the antecedents of youth innovation, Digital Skills exerted the strongest direct effect ( $\beta = 0.318$ ,  $t = 7.227$ ,  $p < .001$ ), followed by Access to Finance ( $\beta = 0.271$ ,  $t = 6.610$ ,  $p < .001$ ), Policy Environment ( $\beta = 0.214$ ,  $t = 5.350$ ,  $p < .001$ ), and Mentorship Access ( $\beta = 0.187$ ,  $t = 5.054$ ,  $p < .001$ ), collectively confirming that youth innovation is a product of a multi-dimensional enabling ecosystem rather than any single factor. Both Access to Finance and Digital Skills also retained small but statistically significant direct effects on economic transformation ( $\beta = 0.104$  and  $\beta = 0.119$  respectively), indicating that their influence on economic outcomes operates through both innovation-mediated and direct pathways.

The mediation analysis, supported by bias-corrected bootstrap confidence intervals based on 5,000 resamples, provided strong empirical evidence for partial mediation by youth innovation. The indirect effect of Access to Finance on Economic Transformation through Youth Innovation was  $\beta = 0.093$  ( $t = 3.875$ ,  $p < .001$ ), while the indirect effect

of Digital Skills through Youth Innovation was  $\beta = 0.109$  ( $t = 4.192$ ,  $p < .001$ ) — both statistically significant and practically meaningful. These indirect effects confirmed that youth innovation does not merely correlate with economic transformation but actively functions as a transmitting mechanism through which financial and digital capital are converted into macroeconomic value. The finding of partial rather than full mediation — evidenced by the persistence of small direct effects of Finance and Digital Skills on economic transformation — suggested that these variables also generate economic value through channels other than innovation, such as direct productivity enhancement, consumer demand stimulation, and risk mitigation in existing enterprises. Collectively, the SEM results provided the most theoretically refined and empirically rigorous evidence in the study, supporting a model of Uganda's economic transformation in which youth stand at the centre of a dynamic, multi-pathway causal architecture — positioned as both the primary agents of innovation and as the conduits through which systemic investments in finance, digital skills, policy, and mentorship are ultimately converted into national economic progress.

## **CONCLUSION**

This study set out to investigate whether Uganda's youth are indeed the keyholders to the nation's economic transformation, and the cumulative weight of evidence — drawn from descriptive statistics, bivariate correlations, OLS regression, and structural equation modelling — converged on a compelling affirmative answer, albeit with critical qualifications. Youth innovation emerged as the strongest, most consistent, and most structurally central driver of economic transformation across all analytical frameworks employed, explaining the largest independent share of variance in transformation outcomes and functioning as the principal mediating mechanism through which access to finance and digital skills generate economic value. However, the findings simultaneously revealed that youth innovation does not spontaneously materialise: it is a dependent variable in its own right, profoundly shaped by the quality of the policy environment, the depth of financial inclusion, the breadth of digital skills, and the robustness of mentorship networks — precisely the systemic factors that Uganda's development ecosystem has historically underinvested in and underprioritised. The study therefore concluded that while Uganda's youth unquestionably hold the keys to economic transformation, they have been handed those keys without the doors, the locks, or the institutional architecture needed to actually open them; the imperative now falls squarely on government, the private sector, civil society, and international development partners to build the enabling environment that transforms Uganda's youthful demographic dividend from a statistical abstraction into a lived economic reality.

## **RECOMMENDATIONS**

The Government of Uganda, through the Ministry of Education and Sports and the National Information Technology Authority (NITA-U), should urgently integrate practical digital skills training — including coding, data analytics, digital marketing, and e-commerce — into secondary and tertiary education curricula, with particular emphasis on bridging the urban-rural digital divide through community digital hubs and mobile learning platforms, given the finding that digital skills were the second most powerful predictor of economic transformation ( $\beta = 0.238$ ,  $p < .001$ ) and the strongest antecedent of youth innovation in the structural model ( $\beta = 0.318$ ,  $p < .001$ ).

The Government, through the Ministry of Finance, Planning and Economic Development (MoFPED) and in partnership with commercial banks and microfinance institutions, should establish a dedicated Youth Innovation and Transformation Fund, with targeted grant, loan guarantee, and equity instruments tailored to the risk profile and collateral limitations of youth-led enterprises, given the finding that access to finance exerted significant direct and indirect effects on economic transformation and that the mean available capital among respondents (UGX 1,842,000) falls far below commercially viable investment thresholds.

The National Youth Council, in collaboration with the Uganda Investment Authority and the private sector, should institutionalise a structured national mentorship programme — modelled on successful examples from Rwanda and Kenya — that pairs youth innovators with experienced entrepreneurs, industry leaders, and diaspora professionals, given that mentorship access was significantly associated with both youth innovation ( $\beta = 0.187$ ) and economic transformation ( $\beta = 0.127$ ) and yet recorded the lowest mean score among all enabling variables ( $M = 3.14$ ,  $SD = 1.08$ ), indicating that mentorship remains the most underutilised lever in Uganda's youth innovation ecosystem.

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