

BUDS PROGRESS REPORT

1.0 Introduction

Business Uganda Development Scheme (BUDS) is a sub component under the Private Sector Competitiveness Project Two (PSCPII). The Scheme is in its fourth year of implementation and focuses on supporting the acquisition of business development services (BDS) as a strategy to boost private sector performance and competitiveness. Reimbursable grants of up to a cumulative of US\$ 100,000 are available and can be accessed by qualifying firms to undertake performance enhancement activities.

In a situation where a number of MSMEs are unable to break even, the use of expertise in their businesses becomes more necessary for survival. BUDS supports MSMEs to apply Business Development Services (BDS) as a way of resolving business constraints in order for them to become profitable and achieve sustainable growth.

The Scheme has to-date supported over 700 companies across the country to appreciate and access professional proficiency as leverage to business performance. Consequently over 1,048 BDS related activities valued at double the allocated cumulative grant of US\$ 4.5 million dollars have been undertaken by qualifying firms and organizations.

By using grants to facilitate skills and knowledge acquisition by private firms, BUDS hopes that the latter can as a result of the processes undertaken:

- i) Improve company sales performance
- ii) Appreciate the value of using business development services even in the absence of donor funding
- iii) Increase employment opportunities and enrollment
- iv) Improve production and efficiency

Despite the set backs attributed to the global economic melt down, the Scheme has continued to see a demand for its services and products by the business community. The targeted allocations have been met and surpassed with new prospects coming on board throughout 2009. A good number of repeat clients have also expressed satisfaction with the Scheme and followed up with new applications for other eligible activities.

2.0 Highlights on Scheme Performance

- Cumulative allocations worth US\$ 4,495,050 made by December 15, 2009
- Reimbursements totaling US\$ 2,603,734 paid out to the Scheme beneficiaries to-date
- 200 activities valued at US\$ 978,453 in the pipeline
- Average value of reimbursement per activity is at US\$ 3,542 (19% above threshold)
- 4,363 beneficiaries of which 2,441 (56%) are women

- 43.2 percent of reimbursed activities belong to firms out-side Kampala
- The service sector remains the dominant beneficiary with 480 allocated activities worth US\$ 2,013,559 followed by manufacturing (221 activities) at US\$ 1,305,978
- The trend is repeated with the reimbursements where the service sector has 317 activities worth US\$ 1,025,601 refunded followed by manufacturing with 166 activities valued at US\$ 819,558 paid out
- Training is the most undertaken activity at US\$ 1,225,544 or 27 percent of the total allocated value
- Allocations have been made to over 55 districts around the country
- The geographical dispersion of reimbursements to-date is spread over 47 districts country wide

The sector-based approach has ensured that all sectors including services, manufacturing, commerce, commercial agriculture, consultants and business support, business associations and farming & cooperative groups are embraced to promote the private sector.

The Scheme has supported a range of activities including company diagnostics & planning, trainings, management systems, production related, domestic and international marketing and sales production, feasibility and market research. As a result companies have registered benefits from undertaking BUDS supported activities.

Over US\$ 120,000 of grants has gone to Companies that have sought International Standards Certification. The ISO process greatly enhances performance by streamlining processes including production efficiency and quality. As a result the companies have become more competitive and some are able to put their products on to the international market.

A sample of a detailed breakdown of some of the beneficiaries of the BUDS grant

Client name	Certificate type	Name of certifier	Sector/ importance
Flona Commodities	International Organic certification	Ugocert- Uganda Ceres Germany- on going	Certification of Ugandan organic fruits, compliance with export of dried fruits to Europe
Gurunanak	International ORGANIC CERTIFICATION, IN LINE with EU and US organic practices	Ceres Germany	Certification Of Ugandan organic shear nut butter exported to the US and EU MARKETS. Compliance with those markets
Jaksons Uganda Limited	EUREPGAP certification	Africert- Kenya	Certification of Ugandan fruits produced under conventional methods, compliance with export of

			fruits to Europe
Abasaija Kweyamba Mubuku Irrigation scheme	EUREPGAP certification	Ceres, Germany	Certification of Ugandan fruits produced under conventional methods, compliance with export of fruits to Europe
Tatgem Uganda Limited	International Organic certification	Ugocert Uganda-on going	Certification of Ugandan organic fruits, compliance with export organic fruits and vegetables to Europe
BioUGANDA	International organic certification	IMO, Switzerland	Certification of Ugandan organic fruits, compliance with export of dried fruits to Europe
Kibinge Coffee Farmers Association	Utz Kapeh certification	IMO Switzerland	Certification of Ugandan utz kapeh “ premium “ coffee

Examples of how the BUDS Grants have benefited some of the clients:

1. Guru Nanak based in Lira was supported to undertake product exposition in the USA and as a result 8 contracts (long time) have been signed to supply Shea butter oil to the market. By breaking into the international markets, the company is able to extend its revenue base but importantly provide employment to close to 200 local farmers (bulk of them women) who supply the raw product.
2. Plastics Recycling Industries has been able to turn plastic waste into an exportable product with the assistance from BUDS. The company imported into the country the latest technology that allows for transformation of plastic waste into recycled export product. As a result the company’s sales performance is expected to rise from 600 million shillings (2008) to over 3 billion by 2010. Already the sales projections for 2009 are expected to be over 1.2 billion as a result of BUDS support under agreement 6044/3.
3. Kato investment Limited has been able to launch and sustain its coffee product on the Japanese market as a result of initiatives support by BUDS. BUDS has already supported Kato Investments to a tune of about US\$ 32,000 to undertake the following activities: Packaging design and translating the packaging materials in Japanese language, Website design and Development of a 30 minute traceability and promotional video and translation in Japanese language, among others. As a result the company has introduced a range of products including coffee cups, zicofe instant; zicofe ground coffee and raw coffee beans on the Japanese market. The company projects an increase in sales from US\$ 190,213 (2008) to US\$ 209,522 by 2012. The company has also boosted local revenue especially form the Mbale region where the coffee

is purchased by paying premium prices to the locals who form a network of 300 farmers.

4. Flona Commodities Limited is into agro-processing and its product line comprises of a range of agricultural products (both fresh and dried) such as apple bananas, papaya, jack fruit, pineapples, passion fruits, hot pepper, chiles, etc. The company has so far registered more than 300 members from Mukono, Kayunga, Jinja, Kamuli and Luwero who are well-organized in associations, through which the company extends various services i.e. training, capacity building, good agricultural practices, food safety and security, good post harvest handling, horticultural processing, market information and accessibility. The European Union (particularly the UK) and Switzerland are the major market destination for especially fresh produce. Dried fruits are exported mostly to the United Kingdom and Japan. Flona's market share of the potential exporters of fresh and dried fruits in Uganda stood at 10% as of December 2008.

5. SESACO is receiving orders from all over East Africa as a result of BUDS support that ensured improvement in design and packaging of her products to meet the market taste. As a result, turn over for SESACO is three times what it was before BUDS support. The client was also able to identify and acquire machinery with BUDS support and acknowledges that without the support, the success recorded would have been impossible. The quality and quantity of products put on the domestic and regional markets has increased tremendously securing

Examples of specific Interventions Upcountry

1. BUDS is supporting an initiative by *Nile Crocodile Park* to a tune of US\$ 8,462 to develop a bankable business plan that will be used to raise funds to supplement the investors' own resources for establishing and managing the project. Initial plans indicate that the minimum number of crocs will rise to 5,000 per annum, and will triple to 15,000 commercial stocks over a three year cycle. The investor has bought a total of 520 hectares free hold land and invested over US\$ 237,500 to accomplish the project activities. The company hopes to achieve sales of \$111,000 in 2010, \$143,000 in 2011, &1.06 million in 2012 and \$1.09 in 2013. The company anticipates getting gross margin higher than 40 percent per annum.
2. Akony Kori Company Limited is based in Gulu and the company's main activities include production of cooking oil and seed cake processing from sun flower. The company was formed to deal in all types of produce by growing, buying processing and marketing it in Uganda and abroad. It introduced planting of sunflower seeds in Lango sub-region in 1984. It was also a pioneer in establishing an oil processing mill in the area. The company was supported to undertake an environmental impact assessment activity with a grant of US \$ 2,820. The company's sales performance is expected to reach 712 million shillings in 2010 from 412 Million shillings in 2007 when the company was

first supported. To-date the company has created employment opportunities for locals (App. 100 farmers) through the supply chain network.

3. Guru Nanak Oil Mills is based in Lira and specializes in the production of shea butter using shea nuts as a raw material. The Nuts are supplied through a network of 200 locals (majority being women). The company was supported by BUDS to undertake organic certification and a product exposition in the USA. As a result the company has won 8 tenders to supply shea butter to the American market leading to increased sales performance and employment opportunities for the local residents (Over 200 farmers are involved in the supply of raw products).
4. Gulu Churchhill Courts Hotel was supported twice to develop standard operating procedures and hotel design and a financial management strategy respectively. As a result of the activities undertake, the hotel management estimates returns of 372 million shillings by 2009, rising to 694 million by 2010. Employment levels are expected to rise from 34 staff in 2009 to 57 staff by end of 2009.
5. Bee Natural Products Limited is into processing, packing and marketing of organic honey. The company has been supported to undertake financial management, market development and production. The company is exporting it product to the Germany market and it is currently overwhelmed by demand.