

BUSINESS UGANDA DEVELOPMENT SCHEME (BUDS)

FACT SHEET

Introduction:

Private Sector Foundation Uganda (PSFU) through the Office of the Prime Minister (OPM) received funding from UK Department for International Development (DFID) under the Northern Uganda Post Conflict Recovery Program. The matching grant scheme will help a thousand small businesses in Northern Uganda to expand their operations and to create new employment opportunities. The project covers over 60 districts in Northern Uganda and is worth 13 million pounds sterling over the next four years.

Objective:

The objective of the programme is to stimulate pro-poor economic growth in Northern Uganda and to better retain the economic benefits of especially agriculture in the Post Conflict regions.

Purpose:

The project is aimed to improve post harvest handling, processing, storage and marketing of agricultural and pastoral production through investment in essential equipment, Technical Assistance (TA) and training.

The Northern Uganda post conflict recovery programme will promote market led agricultural development. The Scheme is intended to address the major impediments to high value agricultural production through the provision of matched funding for agricultural investments / initiatives. In addition, all activities geared at increasing performance (production, sales, quality, quantity, efficiency, employment, etc.) in ALL sectors including manufacturing, commerce, service, commercial agriculture, consultancy and business support, business associations, farming cooperatives and associations will be targeted for support.

The Grants Implementation Process

Eligible business entities will have to submit a filled application form together with a project/activity proposal highlighting the company background, planned activity, rationale, duration, deliverables/outputs, budget and source of funding. Where necessary, hand-holding will be provided by Scheme Officers who have the technical capacity to analyze and advise on business development services. The Scheme will cost-share with firms/organizations on a reimbursement basis up to 60 percent of the total costs on eligible expenses.

Expected Benefits

The BUDS project will provide up to 60% cost-sharing reimbursable grants for businesses to:

- (a) Stimulate pro-poor economic growth in Northern Uganda and to better retain the economic benefits in the North
- (b) Improve post-harvest handling, processing, storage and marketing of agricultural and pastoral production
- (c) Increase performance in all sectors including manufacturing, commerce, services, commercial agricultural consultancy, business associations farming cooperatives etc.
- (d) Maximize value addition channels and supply chain management;

- (e) Development of rural enterprise based on sustainable utilisation of natural resources;
- (f) Development of labour-intensive industries for employment creation;
- (g) Elimination of gaps in the supply chain leading to processed agricultural products;
- (h) Development of links between investors and the local economy through the supply of raw materials, employment and training; and
- (i) Promotion of trade by rural enterprises including trade outside of their locality.

The Scheme will support

- i. Acquisition of improved technologies by SMEs through a matching grant facility focusing on raising skills, standards and quality of firms in domestic/export supply chains to meet both national and international standards based on demonstrated sales/ export orders. This includes targeting women-led High-Value Agriculture Export crops production, such as vanilla production. Eligible expenses would include procurement of patents or manufacturing rights, procurement of prototypes, technology transfer to facilitate the physical development of new products, new quality control equipment, staff training, and other costs involved in conforming to international standards (including ISO 9000). In addition, this product would compensate large firms for part of the costs of providing on-the-job training to workers from MSMEs in their export supply chains, in order to improve quality of the final product.
- ii. Activities that increase the number of Ugandan farmers who own a share of that brand equity and benefit through income and the growing value of the brand asset by: (a) creating and/or improving mechanism(s) to assign brand equity to farmers either directly or through intermediary organizations; (b) creating content streams from and about rural communities, regions, and parks/wildlife, thus providing for a way for primary producers to increase the value of their share of brand equity; and (c) strengthening the effectiveness of Ugandan firms (both for-profit and non-profit) to implement firm linkages ventures.
- iii. Value addition in commercial agriculture products and by-products through processing and branding for the domestic and export markets. The idea is to facilitate the acquisition of improved technologies in order to enhance efficiency and increase production. The resultant effect from the value chain processing will be an increase in the quality and quantity of produce, reduction in wastage and increase in the labour market for the necessary work related skills.
- iv. Business Development Services and reaching in order to achieve greater impact through strengthening private enterprises. The ability of business associations and other formal groups to facilitate this process will be strengthened to allow them act as intermediaries to assess members' needs, group them, and seek appropriate BDS services. In addition to the firms, business associations and business service providers will encourage clusters of firms to participate, including "embedded" training or services provided between firms in a cluster. The grant program will finance up to 60 percent of the cost of the services and equipment, up to a specified limit per beneficiary (firms can make several requests up to that limit).

Eligibility criteria for Support

A matching grant will be given out to an applicant after being appraised based on the following criteria:

1. A legal person
2. A company registered in Uganda under the Companies Act (1961), a cooperative formed under the Co-operative Societies Act, an NGO operating under the NGO Registration Regulations and the NGO Registration Act, a chamber of commerce, trade association or similar business representative organisation legally established in Uganda, or vocational training institutions legally established in Uganda.
- 3.

4. Organisations directly responsible for the preparation and management of the action with their partners and not acting as an intermediary.
5. Stable and have sufficient financial resources to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it; and or demonstrate ability through verifiable assets.
6. Able to demonstrate their experience and capacity to manage activities corresponding in scale and complexity with those for which a grant is requested.
7. Have demonstrated/verifiable ownership of title or right of beneficial use of assets/land on which farming activities will be carried out.
8. A formal business EXCEPT those in the production of weapons and gambling shall not be eligible for support.
9. The applicants will have to prepare an adequate business concept or proposal (*see BUDS proposal guidelines*) for the attainment of which the applicants intend to obtain business development services, value addition and or equipment. The business concept/proposal shall include projected increases in sales revenue, the description of financial resources required for its implementation, the anticipated sources of funds, the proposed time frame and benefits (including spill-over's e.g. employment /sales) expected to be derived.
10. The Scheme will support enterprises from any sector such as manufacturing, commerce, industry, commercial agriculture and services. Serious business start-ups who are registered and have proven invested capital will qualify for support.
11. **Indirect Costs** (overheads) are eligible for flat-rate funding fixed at not more than 7% of the total eligible direct costs.
12. Supported Businesses will have to reside in one of the districts prescribed (by Office of the Prime Minister) under the Post Conflict Recovery Programme

Eligible applicants may form partnerships with other eligible organisations ("Partnership" referring to the grouping of eligible organisations). The Scheme will support active participation by encouraging the formation of groups/business associations as a way of developing and sustaining grass roots initiatives. Applicants' partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant beneficiary. They must satisfy the same eligibility criteria as applicants.

For more information contact:

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