



## PRIVATE SECTOR FOUNDATION UGANDA

Your Partner in Private Sector Led Development

*PSFU E-Newsletter Feb 2011*

### New DFID-funded BUDS Project at PSFU

Private Sector Foundation Uganda (PSFU) through the Office of the Prime Minister (OPM) received funding from DFID under the Northern Uganda Post Conflict Recovery Program to implement a matching grant scheme worth 10 million (BSP) to support value addition throughout Northern Uganda for a period of five years. The project which started in January 2011 covers 55 districts stretching from Moroto through to West Nile.

In addition to the Kampala office therefore, PSFU shall set up a regional office in Gulu to allow for easier coordination and out-reach to the intended beneficiaries.

#### **Expected Benefits of the new BUDS-DFID Project**

This programme will promote private sector growth, investment and employment opportunities in northern Uganda through: creation of a small grants scheme for SMEs involved in the agriculture sector and supporting the acquisition and utilization of business development services (BDS) by SMEs through cost sharing.

#### **Objective of BUDS-DFID Project:**

The objective of the SME Grant Scheme is to stimulate pro-poor economic growth in Northern Uganda and to better retain the economic benefits of agriculture in the North. It will aim at improving post-harvest handling, processing, storage and marketing of agricultural and pastoral production through investment in essential equipment, technical assistance (TA) and training.

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. For more information contact: [www.psfuganda.org.ug](http://www.psfuganda.org.ug) / [dkisekka@psfuganda.org.ug](mailto:dkisekka@psfuganda.org.ug)

### 3<sup>RD</sup> ANNUAL PAN AFRICAN COMPETITIVENESS FORUM

**Theme: "Cluster Initiatives as Tools for Economic Development"**

The 3<sup>rd</sup> Annual Conference of the Pan African Competitiveness Forum 2011 was held at the Imperial Resort Beach Hotel Entebbe from 2<sup>nd</sup> -4<sup>th</sup> February 2011. The Conference was officially opened by Dr. Margaret Bukenya wife of the Vice President who was



the Chief Guest. She said the new economy is about speed, quality, flexibility, innovation, networks and building critical mass. She added that clustering is important in supporting competitiveness of old and emerging industries. Uganda and Africa face the challenge to foster programs that enhance the development of the Small and Medium Enterprises (SMEs) with the aim of nurturing them into fully developed clusters. " *Clusters and other factors that influence economic development should be embraced by all African Countries to enable the African continent to strategically secure a place on the economic corridors of power.*" She said.

Dr. Margaret Bukenya thanked Government of Uganda for recognizing that an enabling business environment is a pre-requisite for a competitive Private Sector. She called upon Government to continue supporting the Private Sector through; Development of infrastructure, maintaining a stable macro economy, Enactment of commercial laws, Support agriculture, and improvement of trade and business facilitation

Dr. Yasin Naku Ziraba Innovation Systems and Cluster Programme Faculty of Technology Makerere University in an exclusive interview said clusters are a key ingredient in creating competitiveness.

The 3 day conference which took place at Imperial Resort Beach Hotel was aimed at setting the African Continent onto the path of growth by bringing together all actors in the PACF's mission to deliberately consolidate the concept of cluster based competitiveness and innovation. Private Sector Foundation Uganda partnered with Innovation Systems and Clusters Program Faculty of Technology Makerere University to organize the event. Other partners included; Uganda Industrial Research Institute (UIRI), Competitiveness Investment Climate Strategy (CICS), SIDA, etc. For more information email: [pacf2011@tech.mak.ac.ug/](mailto:pacf2011@tech.mak.ac.ug/) [www.ugandaclusters.com](http://www.ugandaclusters.com)

## SID Senior Policy Makers Roundtable



The Society for International Development (SID) is an international organization with special interest in research and dialogue in development policy and governance.

*Hon Prof Sambili (Centre) at the opening ceremony of the Senior Policy Makers Roundtable, Nairobi, Kenya*

The SID Eastern Africa Regional Office runs a regional programme, '**Enhancing Equity in the East Africa Integration Process**' which studies and tracks the evolution of the EAC

integration from an equity perspective.

The programme is premised on the fact that while equity is a fundamental principle and value of the EAC Treaty, it is least understood by all actors in the integration process.

SID concluded a series of studies focusing on four sectors: **Trade, Media, Education, and Labor** and hosted a **Senior Policy Makers Roundtable** in Nairobi to share and discuss the findings of the Studies. The event attracted high level policy makers from EAC ministries; senior technical staff of the EAC Secretariat; academia; and leading private and social sector actors in the region. The event was officially opened by Kenya's Minister for East African Community, Hon. Prof. Hellen J. Sambili and culminated in the official launch of the publication "**East African Integration: Dynamics of Equity in Education, Trade and Media**". The launch was presided over by the Secretary General of the EAC, Ambassador Juma V. Mwapachu.

## Trade Mark East Africa (TMEA) Launch

The Trade Mark East Africa (TMEA) Launch was held in Nairobi on February 1, 2011. It was presided over by the Burundian President and Chair of Summit for the East African Heads of State and attended by among others the Kenyan Prime Minister, The Kenyan Minister for EA Affairs and the EAC Secretary General.

TMEA is supported by the Danish, UK, Netherlands and Belgian Governments among others with operations across East Africa intended to support Trade policy and regional integration.



During the launch, TMEA exposed participants to its operations across East Africa, its Business Plan and the expected roles of the national stakeholders' forums. Visit Trademark's website at [www.trademarkea.com](http://www.trademarkea.com) to watch a video on the launch

TMEA is committed to supporting East African Governments, the private sector and the civil society in; policy and infrastructure development, improving cross border trade and investments, removal of Non Tariff Barriers and ensuring transport efficiency.

PSFU is on the National Organizing Committee for TMEA and is already working with the team to support private sector involvement in regional integration and cross border trade.

## Network of Reformers' Conference



OECD, Zambia and the European Union.

A *Network of reformers* conference was organized in Mombasa from February 2-4, 2011 to take stock of the progress made by East African countries in improving regulatory quality and effectiveness across the EA region. The conference addressed itself to improving regulatory quality and effectiveness, the regulatory cost of doing business, regional harmonization of commercial laws and how to improve inspection and enforcement of regulatory reforms.

Good practices were shared from the Association of South East Asian Nations (ASEAN), West African states (ECOWAS),

This was the 3<sup>rd</sup> Peer-to-Peer Regional learning event organized jointly by the World Bank Group, Investment Climate Assessment Services and the East African Community Secretariat. The earlier ones were held in Arusha (2008) and Kampala (2009). The conference was also punctuated by networking clinics particularly to share challenges and best practices from the participating countries. From Uganda, the conference was attended by the State Minister for Planning as well as representatives from UIA, CICS, MTTI, and Freight Forwarders' Association, the Law Reform Commission, the Uganda Registry Services Bureau, the Cabinet Secretariat and PSFU. The Chairman EABC also participated in the conference.

# PSFU MEMBERS' PLATFORM

## ASSOCIATION OF MICRO-FINANCE INSTITUTIONS OF UGANDA (AMFIU)



*Mr. David Baguma, the Executive Director of AMFIU*

**AMFIU is an associate member of PSFU. AMFIU was the National winner for the PSFU Business Association and Community Development Awards 2010 organised by PSFU. AMFIU has acquired a fully fledged home in Najjanankumbi, and has set up a modern training facility. AMFIU has registered numerous achievements in advocating for issues affecting the microfinance sector. PSFU carried out a one on one interview with Mr. David Baguma the Executive Director for AMFIU.**

**Qn:** *AMFIU was the award winner of the PSFU Business Association and Community Development Award 2010. What are some of the key things you think made AMFIU stand out from the others?*

**Ans:** I think what made AMFIU win is basically understanding our mission and going for it with the passion that it deserves. AMFIU is member focused and the custodian of sound practices when it comes to inclusive financial services delivery. We are self made concerning the challenges the industry faces and where we want to go.

**Qn:** *As a member of PSFU, what are some of the things you have benefitted from PSFU and where do we need improvement?*

**Ans:** We found PSFU doing a similar thing of lobbying and advocacy but doing more embracing activities beyond what AMFIU could do. So the synergies are paying off for the microfinance industry. The exhibitions that PSFU organises have made AMFIU more visible; leave alone the two awards we have so far received.

**Qn:** *A few years back, the SMEs were considered un-bankable. How true is this and how has AMFIU supported the SMEs?*

**Ans:** Yes that term was used once upon a time by technocrats that worked and lived within a box. We have proved them wrong by doing what we know in the best way outside the known boxes. Innovation and relevancy to the needs of clients as human beings accorded with respect. The overwhelming

proofs have now led them to hide their pride and now call us unbanked – a whole shift in paradigm thinking.

**Qn:** *Looking at the issue of interest rates, don't you think that the interest rates are too high and SMEs cannot be able to benefit from this?*

**Ans:** Interest rates are always a reflection of the cost of money being extended to users. Uganda being a developing economy, coupled with macroeconomic policies, these play a major role of keeping the interest rates high. The other reason is inefficiencies and greed. For SMEs to benefit, a deliberate effort and support by government is critical. This is an area that ensures economic transformation of any developing country.

**Qn:** *What are some of the objectives of AMFIU and how can SMEs benefit from your services?*

AMFIU has a goal of ensuring everyone in this business succeeds and grows their businesses in a professional and sustainable manner. Capacity building, synergies and lateral learning are key in nurturing businesses.

**Qn:** *Do you think the business environment we are working in is a favourable one? Where do you think the Government needs improvement?*

**Ans:** The working environment is 65% favourable, mainly because of the liberalisation policy. However, inadequate regulatory and policy frameworks for SMEs and Tier 4 MFIs are inhibiting accelerated growth that ensures inclusive financial services. For example, food is the number one human right and a

public good but is always allocated a small budget. This is an area that government cannot de-invest itself and simply leave it to the private sector.

### About AMFIU

The Association of Microfinance Institutions of Uganda (AMFIU) is a network of microfinance institutions (MFIs) throughout Uganda. It was founded in November 1996, and officially registered in 1999 under the NGO-Act and as a company limited by guarantee. AMFIU is a member-founded and member-owned institution. The main reasons for its establishment were the felt need for MFIs to have a common voice; to lobby government for favorable policies; to share information and experiences; and to link up and network with both local and international actors.

AMFIU is currently 135 members strong. The membership is divided into three categories; ordinary membership, associate membership and individual associate membership.

AMFIU was recognized as the best association 2010 by Private Sector Foundation, because of its excellent leadership and good governance as well as its numerous efforts in promoting good practices among the financial services sector.

## Monthly Trainings for PSFU Members



*PSFU members attending training on 28<sup>th</sup> Jan 2011 in the PSFU Boardroom.*

Private Sector Foundation Uganda developed free short term training programs for Associations who are members of PSFU. This is an additional member service to PSFU Members. The trainings are held every last Friday of the month throughout the year.

The first training was delivered by PSFU in the Boardroom on Friday the 28<sup>th</sup> January 2011. The course outline included; Key Membership Concepts, Membership Organization Basics, Techniques for Membership Development, Tools for Membership Growth and Expansion, Strategies for Membership Retention, Organizing Membership Functions.

Participants for the training included 17 people from the following PSFU member Associations; Icon Women and Young People's Leadership Academy,

Uganda Veterinary Association (**UVA**), Institute of Procurement Professionals of Uganda (**IPPC**), Uganda Dairy Processors Association (**UDPA**), National organic agricultural movement of Uganda (**NOGAMU**), National association of women organizations in Uganda(**NAWOU**), Uganda law society (**ULS**), Uganda National Association of Building and Civil Engineering Contractors (**UNABCEC**), Uganda small scale industries association (**USSIA**), Association of Real Estate Agents –UGANDA (**AREA**).

### Objectives of the Training

The training programs are aimed at building the capacity of staff, management and Boards of Associations in areas such as membership Development, Marketing for Associations, Fundraising and Events Management.

The next training will take place on 25<sup>th</sup> Feb 2011 in the PSFU Boardroom. The Training will be in **Fundraising and Sustainability Strategies.**



# SME Event / Members' Day set for 3<sup>rd</sup> –5<sup>th</sup> March 2011

## **THEME: "ENHANCING SME PERFORMANCE FOR PRIVATE SECTOR GROWTH"**

The Annual Member Days are intended to provide information, networking and capacity building for the PSFU membership by bringing together various actors in the value chain. This year's theme is mainly focused on financial service provision BDS for SMEs which are a prerequisite for MSME growth. The event will take place from 3<sup>rd</sup> -5<sup>th</sup> March 2011 at UMA Main Exhibition Hall.

The **objective of the event** is to assist MSMEs have a better understanding of the availability of financial services and BDS and how they can effectively be accessed. **Challenge not so much the liquidity of lending institutions.** Rather, on the demand side, many MSMEs need guidance on the advantages and disadvantages of alternative forms of financing and how best to prepare present their investment projects to potential financiers.

We believe this event will provide a platform for SMEs to get more information about the available financing opportunities, BDS, information on investment and asset financing, services offered by insurance companies etc.

This event is aimed to provide an **opportunity for the participants to have one-on-one meetings** with the various Bank officers, consultants, corporate managers and service providers who offer financial services and business development support to SMEs.

The three day interaction encompasses **mini exhibitions with motivational speakers** and **business clinics** featuring some of the successful

SMEs and International SMEs that have managed to excel in the international markets.

Over 60 organisations who offer financial related services; leasing, mortgage, transfer, insurance, savings, stock exchange targeting small and medium enterprises are expected to exhibit during this event. Some of the expected exhibitors include;

Banks, insurance companies, telecom companies, leasing companies, brokerage firms, IT companies, marketing and advertisement agencies, BDS program

(BUDS, ESL and ERT), Property managers and real estate developers, importers of machinery and equipments.

The sponsorship packages include the following: Platinum Category : 10 million, Gold Category: 6 million, Silver Category: 3 million, Exhibitors : 1million. Please check the details on [www.psfuganda.org.ug](http://www.psfuganda.org.ug)



*Participants at the 2010 PSFU Members' Day*

## UFA Flower Exhibition

**Theme: "Flowers for Wealth"**

Uganda Floricultural Association (UFA) a member of Private Sector Foundation has a total of 120 members who are engaged in flower production majority of whom are women, with a biggest constraint always being appropriate planting materials.

The Chairperson UFA; Mrs. Harriet Ssali noted that the Flower sector is very vital in the economic development of Uganda ranking 3<sup>rd</sup> in non- traditional export earning.

The event showed some of the products that were undertaken to study with experts from Namulonge and Makerere University with an aim of acquiring appropriate planting materials for small holder flower growers in Uganda with support from the Netherlands Ministry of Agriculture. A project which started in 2008 had work packages which included verification and collection of propagation materials of indigenous or rare flowers and plant species with commercial potential, introduction of planting material for new commercial flower varieties, training smallholders in production aspects of the identified varieties and now promoting the new varieties that have been identified.

Among the treasured species, UFA exhibited three varieties of planting materials that have proved to be successful in the areas where they have been so far tasted. These included; Morbydick (milk plant /cotton bush) locally known as "Akafumbo" which is proudly Ugandan whose fruits are decorative and can be used as fillers in a bouquet, Tuberose (Palianthes Tuberose); Eryngium Planum (Sea holly) and Arabicum. These can be grown in areas of Mpigi, Mukono, wakiso and Karamoja with Arabicum in Kabaloro.

UFA has now embarked on the task of getting commercial buyers in the European market where this month they will conduct a commercial trial shipment aimed at obtaining insights on the quality aspects as well as getting feedback from the potential buyers in Europe.

The Chairman Representative of PSFU Mr. Juma Yusuf K. Walusimbi recognized the role that the Netherlands Embassy and UFA is playing in supporting small-holder flower growers in Uganda through promotion of appropriate planting materials for sustainable increase of small holder flower production. He addressed various challenges faced by small-holder farmers in Uganda today among which include; lack of appropriate planting materials for out-door-grown flower species, high cost of financing, lack of branding, lack of streamlined investment incentives, high air freight charges and high fuel and electricity prices, which have made Uganda less attractive to flower investments.

## How to Train your Staff to Become Innovative

Innovation can be defined as the process that renews something that exists. Its business definition is; the process by which an idea or invention is translated into a good or [service](#) for which people will [pay](#). To be called an innovation, an idea must be replicable at an [economical cost](#) and must satisfy a specific need.

The lack of staff skills is the single biggest impediment to innovation success. Services and service delivery processes do not lend themselves to development by a separate unit. All staff need is to be actively involved and to have an innovation mindset.

One of the most common management errors is to underestimate the skills training for staff to participate constructively in innovation. Investment in training will benefit the firm in the long run by eventually reducing the time needed to identify new opportunities and increasing the degree of certainty in the solution

selected. There are five areas in which training is critical: stimulating creativity, assessing innovation options, focusing on the customer, designing new services and implementing change.

**Simulate Creativity:** Creativity is the ability to make unexpected connections and realign ideas into new relationships. Three aspects of creativity are directly related to innovation: the ability to think outside conventional or traditional assumptions, the ability to make connections between seemingly unrelated areas and ability to move beyond the more obvious initial ideas.

**Assess innovation options:** New ideas need to be evaluated for appropriateness and feasibility.

**Focus on the customer:** Innovations are effective only if they are acceptable to your customers. Being

able to identify a customer's need is a critical skill for service staff. A customer wanting personalized attention and a customer requiring the fastest possible service need to be approached differently. In learning to determine customers' needs, continually ask yourself, "What is my evidence? Why do I think that x is the customer's real need?"

**Design new services:** Three skills sets in particular need attention: analysing one's own experience, practising extrapolation and analysing the service flow. These are discussed below.

### ***Practise extrapolation***

Good ideas often come from trends in other industries. Help staff develop the habit of lateral thinking by techniques such as: looking at a new trend in another industry (e.g. one-stop service) and ask staff to brainstorm possible implications for your own firm's services. The brainstorm could occur during a staff training session, or more routinely by internal communication, such as e-mail.

### ***Analyse the actual service flow***

The process of blueprinting can help you to identify all the steps in the service delivery process, whether executed by the customer or by staff. You can then

look for opportunities to streamline, add value or establish service standards. Similarly, you can analyse the physical cues in the service environment to make sure that they reinforce the message you want customers to receive.

### **Implement change**

At its core, innovation is a change process. Being able to manage the change process will make the difference between success and failure. All too often, managers assume that, once a new concept has been pilot tested, the launch will be virtually automatic. In fact, it seldom works that way. To help ensure success, take the following steps:

### **Address customer expectations**

Services are ultimately delivered in interaction with customers, whether face to face or at a distance. Staff need to be able to articulate the benefits that customers can expect to receive from the service, as well as understand what your firm cannot control, i.e. the attribution of responsibilities. Staff needs to be trained and empowered to customize appropriately and to find solutions when customers are unhappy, with an awareness that problems solved can actually make a customer more loyal than he or she was before the difficulty arose.

## **Short Introduction Training Courses for PSFU Members**

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|--|---|
| 1. <b><i>Fundraising and Sustainability Strategies</i></b> | <b><i>25<sup>th</sup> February 2011</i></b> |
| 2. <b><i>Member Services Development</i></b>               | <b><i>25<sup>th</sup> March 2011</i></b>    |
| 3. <b><i>Marketing for Associations</i></b>                | <b><i>29<sup>th</sup> April 2011</i></b>    |

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**For more information Contact:**

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### **Upcoming Events:**

- SME/ MEMBERS DAY 2011 – March 3<sup>rd</sup> -4<sup>th</sup> Jan 2011 Main Exhibition Hall Lugogo. To partners with PSFU in organising this event call Dona Sava on Tel: +256 752-521377, Tel: +256 312 263850/ 261850 / 286849/730985 Email: [dsava@psfuganda.org.ug](mailto:dsava@psfuganda.org.ug)