

MGF AIMED AT IMPROVING CAPACITY, ENHANCING PRODUCTIVITY AND COMPETITIVENESS



OVER 312 ENTERPRISES BENEFIT FROM CEDP

By Vision Reporter

At least 312 small businesses benefited from the Matching Grants Facility (MGF), a component of the Competitiveness and Enterprise Development Project (CEDP), which is a Government of Uganda and World Bank funded. The project was launched in 2014 and co-ordinated by Private Sector Foundation Uganda (PSFU).

The MGF aimed at improving the capacity, enhancing productivity and competitiveness of enterprises in Uganda. The grant enabled enterprises to address firm-level constraints that inhibit productivity, growth and competitiveness.

Micro, small and medium-sized enterprises (MSMEs) accessed matched grants over up to 50% for the purpose.

In Uganda, the low productivity and competitiveness are linked to lack of management skills, poor financial management systems, and inadequate market information among MSMEs.

Stephen Asiimwe, the Chief Executive Officer of PSFU, says CEDP was designed to address some of these sector specific challenges to help enterprises become competitive.

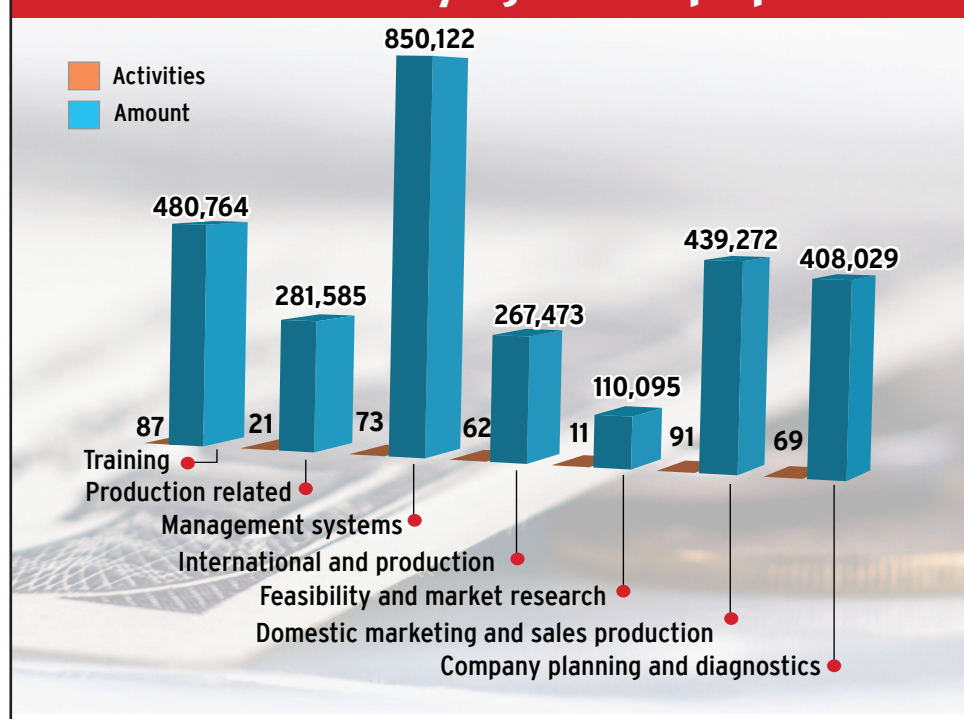
"PSFU was delegated to be the implementing partner of this project, largely because it is the apex body of the Uganda private sector."

Asiimwe says the matching grant component worked in such a way that when an enterprise applied for support of for instance, sh50m, the MGF would provide sh25m (50%) reimbursement upon successful implementation of the approved eligible activity which is matched with the sh25m contribution by the applicant.

In essence, the MSMEs would spend sh50m on the agreed activity and demonstrate that this has successfully been implemented prior to the reimbursement.

GRAPHIC BY PHILLIP NSAMBA

Disbursement by Agreement purpose



Total sales volume growth (billion shillings)

SECTOR	BEFORE GRANT	AFTER GRANT	% INCREASE
Agribusiness	264	403	53
Fisheries	460	573	25
ICT	15	22	47
Tourism	22	31	43
Total	761	1,031	Average: 35



Annual export sales by sector (billion shillings)

SECTOR	BEFORE GRANT	AFTER GRANT	% INCREASE
Agribusiness	32	69	119
Fisheries	456	567	24
ICT	1.2	6	379
Tourism	15	21	43
TOTAL	504	663	Average: 32



JOBS CREATED

At least 3,225 new jobs were created by MSMEs beneficiaries during the implementation period of MGF. And 51% of these jobs went to women.

"We tried very much to align the support towards gender equity. We were keen to ensure that women and youth-led projects benefited. PSFU deliberately hand-held these enterprises to ensure that at the end of the day, they submit quality applications. They were also supported during implementation," Kisekka says.

Daniel Kisekka, the MGF manager, says CEDP had four components all targeted to addressing business environment challenges.

Whereas the other three components of the project were focused on the broader business environment, the MGF focused on addressing firm-specific challenges.



Asiimwe

Kisekka says MGF was successfully concluded in 2019 and the overall assessment and rating of the component was highly satisfactory.

"On our part as implementers, that is the rating you are looking for. Satisfactory will be good but when someone rates you highly satisfactory in this kind of environment, that means that we have met and surpassed



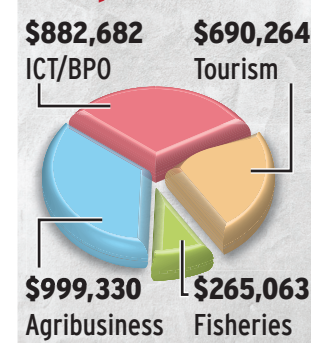
Kisekka

the objectives of the programme," he says.

"The design of the MGF was to support provision of business development services. We were looking to build the capacity of enterprises and ensure that businesses were operating efficiently," Kisekka says

The MGF design was informed by the second Competitiveness and Investment Climate

Amount disbursed per sector



Strategy which recommended support for the high potential sub-sectors including tourism, coffee, grains and pulses, horticulture, edible oils, fisheries and information technology/business process outsourcing.

For the first time, PSFU focused on intervening and improving priority value chains.

"In terms of the number of applications for the MGF, the biggest beneficiaries came from the agricultural-related activities because therein you had about four sub-sectors. There were coffee, grains, pulses,

horticulture and edible oils. So, in essence, we had a number of applications from those agricultural areas.

"But then you need to do a distinction as well in terms of the values when it comes to the amounts of monies committed. When you are splitting the total amount, you will find that the technology driven areas, information and communications technology (ICT) in this case, had a bigger volume.

"So, in terms of percentage, the money that was committed to the ICT sector had the highest uptake in terms of value. Although, in terms of the number of applications, those were more related to the agricultural sectors," Kisekka says.

HOW MUCH WAS SPENT ON MGF?

The MGF was allocated a total of \$3m (sh11b) out of which 95% was disbursed as follows: (sector, number of enterprises and value – see graphics above)

Until the closure of the programme in June 2019, Kisekka says they had put out six calls for proposals.