

The logo for BSMD (Business Services Market Development) features the letters 'BSMD' in a large, bold, serif font. The letters are white and set against a dark grey rectangular background. To the left of the letters, there is a vertical gradient bar that transitions from light grey at the top to dark grey at the bottom.

BUSINESS SERVICES
MARKET DEVELOPMENT

Reaching Export Markets with
Agro Products

1

The logo for BSMD (Business Services Market Development) features the letters 'BSMD' in a large, bold, serif font. The letters are white and set against a dark grey rectangular background. To the left of the letters, there is a vertical gradient bar that transitions from light grey at the top to dark grey at the bottom.

The Challenge

- How to “sell” BDS to over 800.000 MSEs and small holder farmers in Uganda
 - who have very little cash
 - are used to for free support from donors and development agencies
 - are mostly dispersed in rural areas

2

Rationale for approach

- SEs are critical to the livelihoods of a large section of the population
- MSEs' key growth constraints are market linkages, access to appropriate services, and infrastructure
- There are existing examples of private sector initiated B2B linkages that **provide market access and business support services**

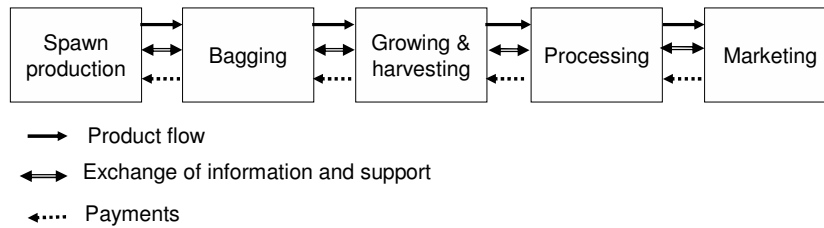
3

BSMD's approach

- Start with proven market opportunities
- Utilize importers, exporters or buyers in a chain as the key service providers
- Strengthen those market-based business linkages to enable especially rural MSEs to utilise market opportunities

4

Example 1: Mushroom Supply Chain



5

Business Services Mushrooms

Previous

- Mushroom growing technical training provided by local govt. and development agencies
- Services (training & market information) paid for by development and government agencies
- Limited market orientation
- No specific market access issues addressed
- Production did not take off

Current

- Production procedures, quality control, market information, being shared
- Services flowing from marketer and processor in the chain
- Businesses providing these services see them as an investment
- Services do reach all the partners
- Initial need for coordination and facilitation

6

Challenges from the mushroom pilot

- Partners usually have multiple interests that are not put on the table upfront
- Business and development objectives need to be carefully balanced
- Business risk is hard to understand and accept by participating MSEs
- Partners are not sharing crucial information

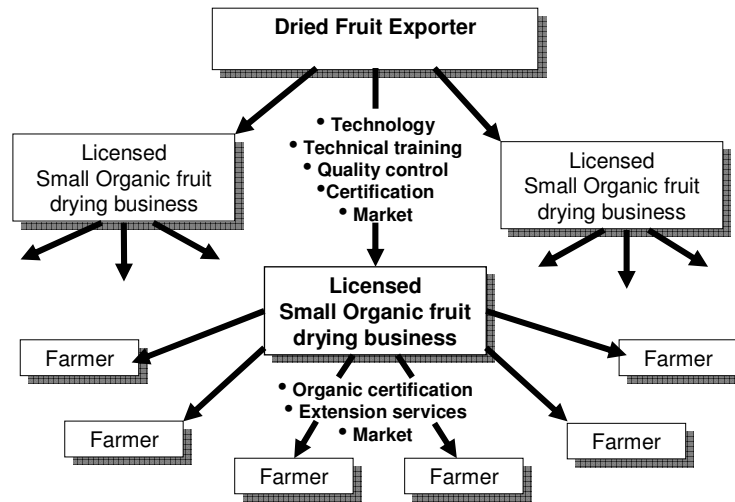
7

Some tools being developed

- Quality management system
- Production-marketing coordination mechanism
- Basic information and communication system
- Business plans – interrelated, but allow for independence
- Financial system – cater for financial flows in chain
- Contracts & dispute resolution mechanisms
- Monitoring system – chain development and performance

8

Example 2: Dried Fruit Exporter



9

Business Services Dried Fruit

Previous

- Growth viewed as own operation expansion
- Extension services limited to outgrowers
- Facilitation was mostly to develop the technology to be licensed out
- Service provision of facilitator was all in-house

Current

- Business growth through duplication of an improved business model
- Extension services to be offered down the entire chain
- Facilitation currently covers all aspects of business model
- Specialised service providers involved, more may be sought

10

Some tools being developed

- Quality management system for processor and farmers that incorporates all aspects of: organic certification, HACCP, BRC, EUREGAP, ...
- Extended production-marketing coordination system
- Affordable technology model for licensing
- Full business package – includes training program
- Long term contracts for partners
- Guide for service providers to approach a chain

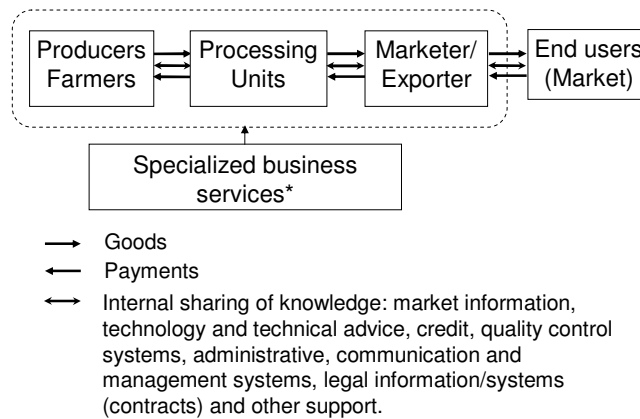
11

Challenges from the Dried Fruit pilot

- Partner selection is critical – risk has to be accepted by all chain partners
- Chain governance concerns
 - Good opportunity, but concern of being taken advantage of
- Confidentiality concerns
- Rapid rise of export standards led to technology focus and delay of progress

12

Generic flow of Business Services



13

Some issues in Supply Chain establishment

- MSE business culture and expectations
- Role & function separation in supply chain formation is critical
- Timeframe: Developing MSE capacity vs. fleeting market opportunity
- Appreciation of need for facilitation rather than financial input by project stakeholders

14

Some issues in Supply Chain establishment

- Service delivery mechanism is less visible
- Developing business linkages for the chain requires intra and inter enterprise capacity for collaboration
- Lack of trust among businesses a fundamental barrier - seems to cut across most business relations
- Strong pressure for the facilitator to take on many roles & tasks
- Some indications of flowing embedded services having a positive impact on the local BDS market

15

General Challenges

- On-going subsidised support to private sector initiatives is often competing with private sector initiatives
- Different approaches for trade development and export promotion in Uganda
- Developing knowledge is a means to an end - project time frame does not allow to prove impact

16

BSMD further work

- Documentation & promotion of lessons learned from pilot activities
- Development of supply chain management tools:
 - Codes of Conduct
 - Quality Management System
 - Template contracts
- Further research activities:
 - Documenting successful local supply chains
 - Study on local sourcing by supermarkets & processors
 - Documenting the effects of donor subsidies on SED
 - Defining Role of Uganda Government in SED