EMPOWERING UGANDA'S SMES FOR GLOBAL MARKETS

By Hope Mafaranga

In the bustling markets and industrial parks across Uganda, micro, small and medium enterprises are increasingly forming the backbone of the country's economy, contributing more than 80% of the national economic activity and providing employment opportunities, particularly for women and less-educated individuals.

For many small business owners, the struggle to meet standards and access formal markets remains a daily reality despite various government and partner interventions aimed at supporting small enterprises.

Dr Emma Naluyima, a mixed farmer based in Bwerenga in Wakiso district, says small-scale farmers are increasingly aware of the importance of meeting quality standards, but many still lack the resources required to upgrade their production systems.

Naluyima said many small and medium enterprise (SMEs) are eager for information on how to obtain certification and clear guidelines on meeting international export standards.

She said many entrepreneurs still lack adequate knowledge about market regulations and the requirements needed to ensure their products meet both local and global standards.

She called on the Government to invest in proper storage facilities to curb post-harvest losses that continue to affect farmers and agro-based enterprises.

"All these challenges have a negative effect on SMEs and their ability to grow and compete in international markets," she argued.

Judith Bakirya, the founder of Busaino Fruits and Trees in Jinja district, said small agribusiness operators face challenges in accessing modern processing equipment and complying with packaging and certification requirements needed to reach larger markets.

Among traders, the situation is not very different. Aisha Namuddu, a grain trader in Kasangati, Wakiso district, said limited access to affordable credit makes it difficult for small traders to expand their businesses and meet quality standards required by large buyers.

In Mubende district, Samuel Yiga, a smallholder farmer who has transitioned into commercial farming, says many rural entrepreneurs want to formalise their businesses but are discouraged by the costs involved in certification and improving production facilities.



Judith Bakirya, one of the best farmer winners showing her products

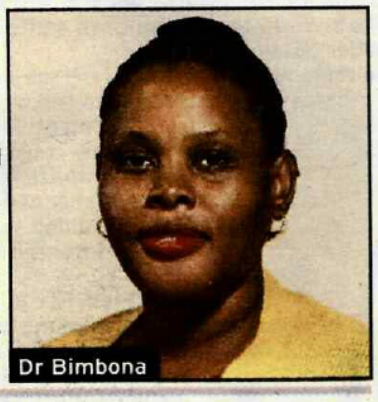
BACKBONE OF THE ECONOMY

Dr Sarah Bimbona, the director of the entrepreneurship and outreach centre at Makerere University, said MSMEs remain the backbone of Uganda's economy, employing about 90% of the private sector workforce and contributing roughly 20% to the country's gross domestic product.

She said many of these businesses continue to struggle to meet required standards, limiting their ability to compete in both domestic and international markets.

Bimbona said over the past decade, the Government and its development partners have implemented several initiatives aimed at strengthening SMEs and improving their competitiveness.

She highlighted the Buy Uganda Build Uganda policy launched in 2017, aimed at promoting locally produced goods and reducing the country's trade deficit. One thousand Ugandan products have been certified under this policy.

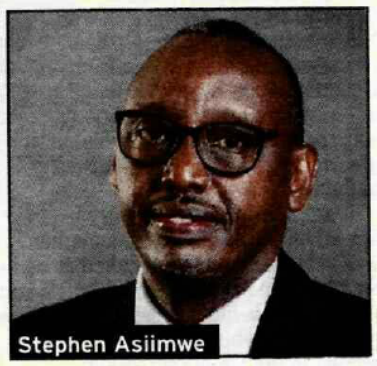

Dr Bimbona

Stephen Asiimwe, the executive director of Private Sector Foundation Uganda (PSFU), said the organisation has continued to support SMEs financially, particularly companies that are already prepared for production but lack the funds needed to standardise and certify their products to meet required market standards.

"We have supported companies under the Mastercard Foundation, the United Nations Development Programme, and the GROW Project Uganda to ensure they obtain certification," he said.

Asiimwe added that PSFU has also been at the forefront of advocacy efforts and has consistently engaged different stakeholders to ensure SME owners are equipped with the necessary skills and are able to acquire the competencies they need to compete effectively in both local and international markets.

Abubaker Bakulu Mpagi, the principal certification officer in charge of SMEs at the Uganda National Bureau of Standards, said they offer training to MSMEs in good manufacturing practices, Hazard Analysis and Critical Control Point, labelling and product-specific


Stephen Asiimwe

standards.

"We also offer gap analysis services, mentorship and technical guidance to interested MSMEs prior to certification. This enables MSMEs [micro, small and medium enterprises] to improve production processes and ensures sustained compliance, not just one-time certification," he said.

Mpagi said they have published over 4,800 standards, which has enabled MSMEs to improve not only their products, but also their processes in different categories of standards in stock, including food, agriculture and forestry standards, which specify food safety requirements to prevent contamination.

Mpagi said over 700 MSMEs are on the product certification scheme.

"Certification of products leads to product and process improvement, consumer trust, and open market access; mitigates risks associated with substandard products and processes; and is a legal requirement," he said.

PRODUCT CERTIFICATION FEES

Mpagi said they have subsidised fees for certification of products manufactured by MSMEs.

He said MSMEs pay sh500,000 compared to large enterprises that pay sh1m for product certification.

Laura Althaus Mugagga from StartHub Africa, said they work with small businesses to prepare them for standards compliance.