



Government of Uganda



MINISTRY OF FINANCE,
PLANNING AND ECONOMIC
DEVELOPMENT

NATIONAL BUSINESS DEVELOPMENT SERVICES (BDS) STRATEGY FRAMEWORK

Theme: Strengthening SME capabilities through BDS



FY 2022/23 - 2024/25

NATIONAL BUSINESS DEVELOPMENT SERVICES (BDS) STRATEGY FRAMEWORK

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through BDS



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FOREWORD

Uganda's Private Sector is comprised of over 90% Micro, Small and Medium Enterprises (MSMEs), majority of which are informal enterprises. These are characterized by weak business management systems and small unsustainable operations, resulting in a weak Private Sector. Despite the high MSME start-up rates, they are also synonymous with high mortality rates. Most of the start-ups do not last more than two years. In addition, very few MSMEs operate with internationally-recognized certification, due to low levels of technology uptake and limited innovations, which affects their ability to improve product quality. Furthermore, they are plagued with inadequate entrepreneurial abilities, low skilled labour, inappropriate attitudes to work and limited access to capital.

The third National Development Plan (NDP III)'s Private Sector Development Program (PSDP) recognizes that delivery of Business Development Services (BDS) in Uganda is critical for Private Sector Development, but has remained uncoordinated and fragmented. Risks of duplication abound as different Government Ministries, Departments and Agencies (MDAs) and development projects offer some form of BDS support to MSMEs. The delivery of BDS has also not followed any standards, which limits the consistency and impact of the services provided by the different actors.

The Ministry of Finance, Planning and Economic Development has, therefore, worked with Enterprise Uganda to develop a National Business Development Services (BDS) Framework to strengthen the organizational and institutional capacity of the Private Sector and enable mass access to BDS across the country. The Framework supports existing strategies including the Parish Development Model (PDM) and EMYOOGA for the MSMEs countrywide and in the process, promoting equitable development.

The BDS Framework is expected to support sustainable enterprise growth through reduction of the informal sector; building resilient and competitive MSMEs; increasing their capacity to compete for public contracts; ultimately increasing Private Sector investments in key growth areas; and achieving value-added growth in exports.



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PERMANENT SECRETARY/ SECRETARY TO THE TREASURY

Introduction to the BDS Framework

The National BDS Framework describes Uganda's institutional arrangements for providing Business Development Services (BDS) to start-ups and growth MSMEs, the BDS to be offered, and the delivery approaches to meet the BDS needs of MSMEs.

Besides limited access to finance, the weak organisational and institutional capacity is a major constraint to survival of enterprises, as well as their growth and competitiveness. As part of the third National Development Plan (NDP III), the Government committed to improve the management capacities of local enterprises through mass provision of BDS geared towards improving firm capabilities. Establishment of a National BDS Framework is one of the key interventions geared towards facilitating mass provision of BDS under NDP III. The National BDS Framework will guide and complement other interventions aimed at building firm level capacities, including: a) establishment of Business Development Services centres, b) promoting adoption of corporate governance best practices by MSMEs, c) development of local entrepreneurship skills, d) strengthening industry associations, chambers of commerce and trade unions, e) creation of national, regional and global business linkages for registered local enterprises and f) increasing of automation of business processes.

The overall objective of the Framework is *'To strengthen the management capacities of local enterprises through mass provision of Business Development Services geared towards improving firm capabilities'*. This is intended to drive growth, jobs and wealth creation, in accordance with NDP III, Private Sector Development Programme – Objective 2 – *'Strengthen the organisational and institutional capacity of the private sector to drive growth'*.

The Framework defines different categories of BDS initiatives to improve targeted business activities and service delivery mechanisms, to enable entrepreneurs at different levels of business growth to access suitable BDS. The Framework follows a layered approach to

delivering BDS that takes into account the variations in BDS needs along the life-cycle of an enterprise, the value-chain segment in which the enterprise is operating, and the vertical level that the enterprise is operating at (i.e. are the operations of the enterprise parish-based, district-based, zonal-based, national or international?).

This document includes: a) A Case for the National BDS Framework; b) The objectives and pillars of the BDS Framework; c) The BDS Framework Implementation Plan, Schedule and Results Framework.



1.0 A Case for the National BDS Framework

1.1 State of Local Enterprises Growth and Existing Survival Constraints

Local business enterprises, which are dominated by micro, small and medium enterprises (MSMEs), face growth and survival constraints on a number of fronts which undermines their growth, job creation and competitiveness. This limits their impact on the growth of the economy and constrains attainment of national development goals. Provision of business development services (BDS) to enterprises is one of the main strategies for addressing the binding constraints identified, which include:

- i. **Informality of MSMEs** - The majority of enterprises within the micro, small and medium sector operate informally. Informality is mainly caused by the difficulty and costs involved in registering a new business, and the fear of the administrative burden of regulatory compliance in running the business. Informality also limits MSMEs from benefiting from Government procurement deals. MSMEs face unfair competition and do not have the ability to access more rewarding national and international markets. This high incidence of the informal economy, thus, slows overall growth and leaves MSMEs perpetually trapped in small(er) dealings.
- ii. **Weak technical, business and managerial skills** is another challenge because there is a big skills gap in entrepreneurship, technical and management skills of most MSME owners. Majority of MSME owners actively manage the day-to-day operations of their businesses. The limited skills

affect the entrepreneur's ability to make optimal decisions that are required for the MSMEs to survive, grow and withstand competition from imported goods and services.

- iii. **Laws and regulations, institutional and other attitudinal challenges** – In spite of Uganda having undertaken reforms in business laws and regulations recently, these still present challenges in start-ups and operation. These challenges inhibit formalization of enterprises, affect business start-ups and apply across the board whether or not a business is an MSME. For instance, MSMEs find it cumbersome, costly and intimidating to file tax returns right from year one of operation whether they are making a profit or not.
- iv. **Limited access to affordable long-term finance for MSMEs** - There is limited options for long-term financing which forces enterprises to use short term finance for long term projects. The limited availability of long-term finance opportunities in Uganda is a result of three basic factors. First, formal savings that could be translated to long-term investments are low, with limited long-term savings in the retirement benefits and insurance sectors. Second, underdeveloped capital markets provide equity and debt finance to only a small number of large firms. Third, development finance institutions lack financial resources to expand their operations. This financing constraint affects domestic firms more, since they cannot access finance on international markets.

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- v. **Costly and lengthy process for product certification and standardization** - This puts MSMEs in a disadvantageous position within domestic, regional and export markets.
- vi. **Limited access to markets and Information**
 - Inadequate knowledge about market opportunities and their inaccessibility force MSMEs to sell domestically, with foreign marketing only limited to trade fairs. Very few sell to main supermarkets due to inability to meet volume requirements; unfavourable terms set, unavailable market information and services especially on good packaging and distribution chains. Besides, the market is influenced by increasing demand for higher quality products. However, lack of awareness, limited access to service providers together with the lengthy and expensive cost of certification make markets less accessible.
- vii. **Limited infrastructural facilities** such as common user facilities, modern village markets, industrial parks, business premises, clusters, and access to land for operation, common testing facility centres and business incubators hinder the innovativeness and creativity of MSMEs. The existing infrastructural facilities related to transportation (roads, railways), power generation, transmission and distribution, water supply, telecommunication are not only adequate but also expensive, rendering the cost of doing business high.

1.2 Rationale for the BDS Framework

In order to tackle the business enterprises needs and support them to survive, grow and become competitive, BDS in this Framework are defined to include *all non-financial services that improve the performance of an enterprise, its access to markets and productive assets, competitiveness and sustainability*. This includes a wide array of services, both strategic and operational, covering the five functional areas of business management, i.e.:

- i) Leadership, business mindset and strategy;
- ii) Marketing and customer service excellence;

- iii) Operations, quality standards and systems;
- iv) Human resource productivity and people management; and
- v) Financial literacy, linkage and management.

Strategic services are used by the enterprises to address medium and long-term challenges in order to improve their sustainability. While operational services in BDS mean services that are needed/required for day-to-day company operations. BDS are a very important means of supporting the development of business enterprises which are known to create employment, generate income and contribute to economic development. Accordingly, delivery of BDS is an important means of achieving the National Development Plan.

A review of existing literature, the BDS Market Assessment Survey findings and stakeholders consulted point to access to finance and weak business/management capacities of MSMEs as being the most important binding constraints to MSME growth and competitiveness. Access to finance challenges stem from high interest rates charged by lenders/commercial banks and poor business practices as most MSMEs remain informal, do not keep books of accounts, do not comply to regulatory obligations including paying taxes and, therefore, remain high risk clients in the eyes of financial institutions. Such MSMEs cannot access commercial credit except in case of adequate collateral security, which is not in reach for most MSMEs. Government has responded by capitalizing Uganda Development Bank, reducing the Central Bank Rate to induce financial institutions to reduce the interest rates and creating several Funds that enable the MSMEs bypass the high interest rates charged by commercial banks. Such Funds have included the Youth Entrepreneurship Programme (Youth Fund), the Uganda Women *Entrepreneurship* Programme (UWEP), the Agricultural Credit Facility, SME Fund, credit channeled through SACCOs of organized groups, and recently, credits through Emyooga and PDM SACCOs. Whereas these Government Funds attempt to ease access to credit, they do not address - in fact they often bypass – the second cited most important constraint i.e. weak business/management capacities.

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There is broad recognition of the role of BDS in unlocking the potential of MSMEs to spur development and economic transformation. This recognition is reflected in different national policies and development strategies in which the Government has committed to accelerate private sector development by fostering business and management skills upgrading of MSMEs through provision of BDS. However, whereas the commitment to provide BDS has been made by the Government, delivery of BDS has not been systematic or coordinated to efficiently deliver the expected development impact. Several Ministries Departments and Agencies (MDAs) provide some form of BDS in line with their mandate. For instance, Uganda Revenue Authority (URA)'s delivery of BDS is oriented towards enabling SMEs in the informal sector to register for tax without exhaustively delivering the wider benefits of formalization. Equally, a number of development partners have funded BDS programmes. A salient example is the Business Uganda Development Services (BUDS Programme), which has been operational for over two decades. On the other hand, in the private sector several companies have implemented BDS programmes, e.g. Stanbic Bank, but these have been largely limited to their target clientele, which is only a very small fraction of the multitudes of MSMEs that need these services.

Therefore, whereas Government recognizes and has championed the role of BDS in the growth and competitiveness of the private sector in general and MSMEs in particular, and this commitment to deliver BDS is clear and well documented in different policies, there is no framework to guide public and private interventions in the BDS sector. Accordingly, delivery of BDS has remained uncoordinated and fragmented, with risks of duplication as different MDAs and development projects target different MSMEs. The BDS delivery has also not followed any standards, which limits the consistency and impact of the services provided by the different actors. The formulation of this Framework will go a long way in streamlining and mainstreaming of BDS provision in the country. By providing for delivery of critical BDS to the different segments of society and ensuring long term consistency of quality and purpose with a clear regular monitoring of results, the framework will in

the short-term aid recovery of businesses from the impact of COVID-19, and in the long term build up a much stronger economy sustained by competent MSMEs.

The BDS Framework will also address some of the impediments that MSMEs face especially those related to access to BDS which is vital for their growth and sustainability. This will spur more productivity, access to necessary resources and provide critical acumen for competitiveness both local and globally. By facilitating MSMEs growth and development, the National BDS Framework will prepare MSMEs to be ardent players within some of the core areas of national interest like BUBU, National local content and local procurement through which the Government is encouraging MSMEs to take up business opportunities created by Government investment in the development agenda of the country.

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2.0 Objectives and Pillars of the BDS Framework

2.1 Overall Objective of the BDS Framework

The National BDS Framework describes the country's institutional, regulatory and implementation arrangements for providing BDS to local start-ups and growth enterprises, the BDS to be offered, and the delivery approaches.

The overall objective of the Framework is to *'strengthen the management capacities of local enterprises through mass provision of Business Development Services geared towards improving firm capabilities'* to drive growth, jobs and wealth creation. This aspiration is anchored on the NDP III, Private Sector Development Programme – Objective 2, which is *'To strengthen the organizational and institutional capacity of the private sector to drive growth'*. This will enable enterprises to maximize benefits from Government initiatives and other market driven opportunities, including:

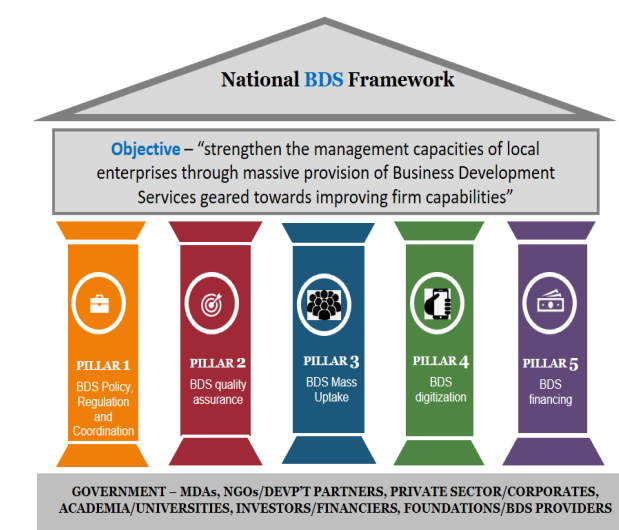
- Promoting local content to realize the aspirations of the BUBU Policy;
- Import substitution by effectively competing with imported goods;
- Support local enterprises to create wealth and jobs through schemes such as Parish Development Model (PDM), OWC, Emyooga, UDB, Agricultural Credit Facility and SME Recovery Fund, skilling Uganda programme and Youth livelihood; and
- Export promotion take up regional market opportunities created through trade negotiations under EAC, COMESA and AfCFTA.

The Framework follows a layered approach to BDS delivery that takes into account:

- Variations in BDS needs along the life-cycle of an enterprise (start-up, growth, maturity, and renewal/decline);
- Placement within a value-chain segment in which the enterprise is operating (primary, secondary and tertiary); and
- Geographical spread of operations of the enterprise e.g. parish-based, district-based, zonal-based, national or international).

2.2 Pillars of the BDS Framework

The Framework outlines the structure to support mass provision of BDS, with clear roles of the different stakeholders, anchored on five pillars as presented in the figure below.



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The priority actions under each of these Pillars are presented hereunder:

2.2.1 Pillar 1: BDS Policy, Regulation and Coordination

BDS Policy and Regulation: Whereas Uganda has multiple policies that commit the Government to providing BDS; there is no policy or regulation to govern the delivery of BDS for a systematic and sustainable growth of the sub-sector. However, some professional services like legal services, accounting and auditing services have legislation that govern the specific sector, while general BDS provision is not regulated.

As part of the BDS Framework implementation, Government will improve the governance of BDS delivery by developing a national BDS policy and regulations, and strengthening the regulatory function of the MSME Directorate of MTIC. As part of its regulatory mandate, MTIC will:

- a) Conduct a regulatory impact assessment for the national BDS policy
- b) Lead formulation of the national BDS policy and regulations
- c) Develop national BDS delivery standards
- d) Develop codes of conduct and guidelines to promote self-regulation of BDS providers
- e) Develop and disseminate guidelines for mainstreaming BDS in government programmes of MDAs and DLGs
- f) Establish the regulatory framework for the BDS Centre of Excellence (CoE).

BDS Delivery Coordination: Delivery of various BDS in Uganda is dispersed across many organizations, including government, non-governmental and private sector actors, and lacks an established mechanism of coordination. As part of the BDS framework implementation, MoFPED, under the Private Sector Development Programme, will be responsible for coordination of BDS delivery/provision through the PSD unit and Enterprise Uganda.

The Private Sector Development Unit (PSDU) at MoFPED, which is responsible for NDP III Private Sector Development Programme, is charged with

the coordination function of BDS Framework implementation. As the coordinator of BDS delivery/provision, MoFPED will:

- a) Hold high level stakeholder engagements on the National BDS Framework
- b) Convene regular structured meetings among BDS stakeholders to discuss sector performance and optimize complementarity of BDS delivery by Government, Private Sector and Civil Society
- c) Mobilize and optimize financial resources for implementation of the national BDS Framework
- d) Conduct BDS sector monitoring, evaluation and reporting
- e) Operationalize BDS Centres of Excellence
- f) Conduct and publish research on BDS best practices

The CoE will provide the institutional mechanism for developing and promoting BDS delivery and mobilization of stakeholders across the BDS ecosystem. The CoE will be designated to provide leadership, best practices, research, support and/or training for BDS delivery in Uganda. The BDS CoE will be staffed with a team of professionals in the different aspects of BDS, and facilities to aid delivery of BDS.

2.2.2 Pillar 2: BDS Quality Assurance

Under this pillar of the BDS Framework, Government will develop guidelines for implementing a national BDS quality assurance mechanism. BDS quality will entail evaluation of the content, processes, and competences of BDS providers. The Government, through the CoE, will regularly provide technical and capacity building support to BDS providers to ensure adequate quality of services.

The CoE will hold the mandate to examine the consistency and quality certification of BDS service delivery, and elaborate a strategy to build the competence and capacity of frontline staff delivering BDS programmes to meet minimum quality standards. Ultimately, the CoE will implement a qualification or accreditation system for BDS consultants/advisors in both the public and private sectors. Under this pillar, Government will:

- a) Build capacity of BDS providers to deliver tailored

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services to the different enterprise segments.

- b) Train BDS technicians at sub-county and parish level to serve as BDS focal points and referral agents.
- c) Build the capacity of business associations and professional bodies to introduce and include BDS programmes in their profile of services offered.
- d) Develop standard BDS manuals, training materials and approaches for wider adoption by BDS providers and promote sharing of best practices (lessons learnt) in BDS delivery.
- e) Develop and maintain a national database of BDS providers
- f) Establish a BDS referral system that enables BDS providers to refer enterprises requiring varying levels of BDS support to those providers with the relevant capacity.
- g) Design and operationalize a certified BDS providers' programme and accredit BDS providers across the country
- h) Establish a mechanism for reviewing BDS content and processes for purposes of accreditation.
- i) Facilitate formation of BDS networks at district and national levels, to provide a structure for mobilizing, coordinating and capacitating BDS providers.
- j) Convene annual conferences for BDS providers for the purpose of competency enhancement, sharing of good practices, and exchange of information and experience.

2.2.3 Pillar 3: BDS Mass Uptake

The BDS market in Uganda is characterized by low uptake by enterprises across the country. The low uptake of BDS in Uganda is an indication of gaps on the demand side of the market, in addition to supply-side challenges. On the demand side, low uptake is driven by low awareness/appreciation of BDS as a driver of enterprise growth and competitiveness, unwillingness and inability to pay for BDS, and limited physical access to a BDS provider. On the supply-side, reaching underserved BDS markets in districts, sub-counties and parishes is an ongoing challenge. Rural districts are less attractive locations for BDS providers because they are not only harder to reach, but they also have lower firm density and a higher proportion of firms in less productive sectors than cities and big towns. Consequently, BDS markets in these regions

are less likely to be self-sustaining. Given these factors, fully-funded or subsidized BDS schemes are critically important. Under this pillar, the Government will:

- a) Develop a BDS communication strategy and carry-out communication activities to promote awareness and uptake of BDS by enterprises.
- b) Establish partnerships with district local governments, and facilitate district/municipal commercial offices and BDS technicians at sub-county/parish levels to conduct BDS sessions with local business enterprises on different aspects of business.
- c) Establish partnerships with business associations and networks to serve as channels for delivering BDS to enterprises at the grassroots.
- d) Strengthen collaboration with NGOs/CSOs and other non-state actors in development and delivery of BDS.
- e) Conduct profiling of key actors in targeted sectors and commodity value chains to select BDS beneficiaries
- f) Carry out mass delivery of BDS across the country, in partnership with MDAs including district/municipal commercial offices, civil society and the private sector, down to Parish level. The BDS will be customized to the needs of the different enterprise segments.
- g) Introduce a mechanism to incentivize more MSMEs to take-up BDS, especially in peripheral regions.
- h) Develop a volunteer BDS support programme of retired business professionals in different areas of the country to share experiences and offer insights on BDS in their respective communities.
- i) Tag access to particular public services to evidence of participation or completion of a relevant BDS module.
- j) Develop and manage a portfolio of BDS programmes and products, including those accredited by UBTEB, using a layered approach to meet the needs of the enterprises at different levels of development
- k) Develop/accredit and disseminate BDS materials, guidelines and manuals, for the different categories of enterprises (large, medium and small/micro).

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2.2.4 Pillar 4: BDS digitization

To increase access and ensure efficient delivery of BDS, Government will digitize BDS access. In addition, digitization will make it “future-ready”, to capture the younger generations and to make it more readily adoptable. Under this pillar, Government will:

- a) Establish an online BDS portal to facilitate virtual access of BDS across the country.
- b) Link the BDS portal to other government portals to improve service delivery
- c) Promote active and extensive use of BDS portal by enhancing digital literacy among the business community.

2.2.5 Pillar 5: BDS financing

The provision of adequate financial resources will be absolutely crucial for the success of the programmes set out in this BDS Framework. The financial plan of the Framework must be considered within the context of GoU’s commitment to provide business development services as laid out in a number of national policies and programmes. The financing strategy of the BDS framework will focus on enabling each MDA to prioritise BDS activities in their respective programmes, strengthen complementarity of BDS between the different MDAs to enhance efficiency and mobilise funding for the BDS Interventions from the private sector; NGOs; Civil society; and from development partners.



BDS Framework

3.0 Implementation Strategy, Schedule and Results Framework

3.1 BDS Framework Implementation Strategy

The BDS framework will be implemented under the guidance and supervision of the Ministry of Finance, Planning and Economic Development (MFPED), which is mandated to formulate sound economic and fiscal policies, mobilize resources for the implementation of government programmes, disburse public resources as appropriated by Parliament, and account for their use in accordance with national laws and international best practices.

The BDS framework implementation strategy focuses on delivering unmet BDS needs to enterprises in sectors and value chains that have been prioritized by the Government under NDP III, PDM and respective productive sector development plans, together with selected larger and medium scale companies, which are considered key for development of priority value chains. Accordingly, provision of BDS will be targeted at the MSMEs on the growth path, as well as individual persons that are not productively participating in the economy (excluded in the economy) to enable them take-up economic opportunities in their local areas. To adequately contribute to economic transformation, BDS delivery will be delivered in such a way that it is complementary and facilitative to other Government programmes aimed at transforming the economy to create jobs, increase household incomes and improve competitiveness of the private sector. Therefore, the target beneficiaries of the BDS will be of three categories, namely:

- a) MSMEs in the value chains of priority agricultural commodities by PDM, namely: Coffee, Cotton, Cocoa, Cassava, Tea, Vegetable Oils (Inc. Oil Palm), Maize, Rice, Sugar Cane, Fish, Dairy, Beef, Bananas, Beans, Avocado, Shea Nut, Cashew Nuts and Macadamia.
- b) MSMEs in prioritized complementary sectors of the economy under NDP III and NRM Manifesto, including services like tourism and manufacturing
- c) Individuals in local communities that are currently excluded from the monetary economy. These are in both rural and urban areas and require mindset change and empowerment to take up economic activities that enables them earn income and effectively participate in the monetary economy. This will be aligned to the Parish Development Model.

Under this BDS framework, Government will implement initiatives to promote uptake and use of BDS, following a layered approach. This will involve:

1. Deliberately singling out and targeting **medium and larger** enterprises in each of the prioritized commodities under the PDM, services and manufacturing sectors, operating at the different nodes of the value chains, including production, value addition/agro-processing, trading/marketing and exporting. Under this cluster of enterprises, the menu of BDS will focus on strengthening enterprises' capabilities in aspects of corporate governance, certification and standards, products development, productivity improvement, technology acquisition, adoption of digital solutions and automation of business

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processes, market expansion, tax and regulatory compliance, succession planning and inter-generational sustainability of enterprises. Going by example from other countries, these medium sized companies should soon appreciate and readily pay for continuing BDS directly.

2. Coordinate and streamline BDS provision for **small enterprises** in each of the prioritized commodities under the PDM, services and manufacturing sectors, operating at the different nodes of the value chains, including production, value addition/agro-processing, trading/marketing and exporting. The BDS menu for small enterprises will be in aspects of business management skills training, formalization, establishing management systems and internal policies, compliance with legal requirements including taxes, improving financial management, quality certification and standards, market access and expansion. This layer currently receives some BDS paid for by the enterprise/entrepreneur or MDAs directly or through a project, or by NGOs. More effort needs to be made to make this provision better coordinated to reach more numbers, and checked for quality to ensure better results.
3. Roll out funded mass BDS programmes for **micro enterprises, start-ups and the excluded in the economy**. The BDS menu for this target category will include aspects of entrepreneurship and basic business management skills training, business opportunity identification and feasibility assessments, record keeping, savings mobilization, and formalization. These tend to be rural based and at the lower levels of the market/product chain. These will be targeted for mindset transformative BDS packages to enable them start economic activities to increase household incomes and embark on the growth trajectory.

The interventions in the BDS Framework will focus on enterprises in agricultural production, value addition and marketing to support the agro-industrialization strategy, manufacturing to support the industrialization strategy of Uganda and services sector prioritized by the Government. The interventions will also prioritize creating and strengthening business linkages along the value chain to optimize efficiency and competitiveness

along the value chains for targeted sub-sectors.

To reach BDS beneficiaries, two strategies will be used. First, profiling of key actors in targeted sectors and commodity value chains will be undertaken to identify those in need and or interested in receiving BDS. This will be conducted in partnership with commodity platforms, business associations and or MDAs in the specific value chains. For example, The Uganda Grain Council (TGCU) will be engaged in selecting beneficiary grain producers/processors/exporters, while UCDA and the coffee associations will be engaged in profiling coffee sector players. The profiling will generate a macro-list of potential BDS consumers, which will be screened to generate a final list of beneficiaries. This selected list will be subjected to a rapid diagnostic assessment (BDS need assessment) to identify the critical needs, which will inform the design of the kind of BDS for each of the selected players. This will mainly be used in selecting medium to large enterprises. For micro and small enterprises, selection will follow value chain actors along the value chain with the parish being the entry level.

To effectively reach the underserved in the society, multiple strategies will be utilized, and these include:

- Building the capacity of MDAs and DLGs to deliver BDS holistically and comprehensively. This will include recruiting BDS technicians at parish levels to serve as entry points for BDS delivery. Where suitable technical persons in other government programmes are available in these areas, these will be trained and supported to include BDS delivery in their menu of services provided.
- Strengthening the capacity of private providers to effectively meet the needs of MSMEs within their areas of operations.
- Establishing partnerships and collaboration with NGOs and business associations that are involved in the delivery of BDS like PSFU, UIRI, UWEAL and UIA.
- Operationalizing the BDS centre of excellence to ensure quality and consistence in the delivery of BDS

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3.2 Implementation Schedule and Results Framework

The roadmap for rolling out of the BDS framework will be executed following a phased approach, with the completion of key milestones triggering commencement of sub strategies. The Implementation roadmap and results framework, with key performance indicators are presented in tables 1 and 2 respectively.

Table 1: BDS Framework Implementation Plan

	Intervention/Activity Description	Output	Y1	Y2	Y3	Key Implementing Agencies
Pillar 1: BDS Policy, Regulatory and Coordination						
Objective 1: To improve BDS policies, regulation and coordination						
Intervention 1.1: Develop a national BDS policy and strengthen the regulatory function						
a	Conduct a regulatory impact assessment (RIA) for the national BDS policy	National BDS policy and attendant guidelines	X			MTIC, MFPED, Cabinet Secretariat; CoE
b	Develop a national BDS policy and attendant guidelines			X	X	MTIC, MFPED, Cabinet Secretariat; CoE
c	Develop national BDS delivery standards	BDS standards developed		X	X	MTIC,MFPED/CoE, PSFU, UBTEB,
d	Develop codes of conduct and guidelines to promote self-regulation of BDS providers			X	X	MTIC,MFPED, PSFU, UNBS; UBTEB, CoE
e	Develop and disseminate guidelines for the integration of BDS in development Programmes of MDAs and DLGs	BDS mainstreamed in Government Programmes	X	X	X	MTIC,MFPED, Cabinet Secretariat; CoE
Intervention 1.2: BDS delivery Coordination						
a	Hold high level stakeholder engagements on the national BDS framework	BDS meetings held	X	X	X	MFPED (PSD),MTIC, CoE, EUg, PSFU
b	Constitute steering committee and convene regular structured meetings among BDS stakeholders to discuss sector performance		X	X	X	MFPED (PSD),MTIC, CoE, EUg, PSFU
c	Mobilize and optimize financial resources for implementation of the Framework	BDS mainstreamed in Government Programmes	X	X	X	MFPED (PSD),MTIC, CoE, EUg, PSFU
d	Conduct BDS sector monitoring, evaluation and reporting	M&E reports	X	X	X	MFPED (PSD),MTIC, CoE, EUg, PSFU
e	Operationalize BDS Centres of Excellence	BDS Centres of Excellence designated	X	X	X	MFPED (PSD),MTIC, CoE, EUg
f	Conduct and publish research on BDS best practices	BDS best practices published		X	X	MFPED (PSD),MTIC, CoE, EUg, PSFU,EPRC
Pillar 2: BDS Quality Assurance						
Objective 2: To strengthen BDS Providers' Capacity						
Intervention 2.1: Build Capacity of Private Sector BDS Providers						
a	Build capacity of BDS providers to deliver tailored services to the different enterprise segments.	Capacity and competence of frontline players/ institutions in delivering BDS built/ strengthened		X	X	MFPED (CoE), MTIC,UNBS, EUg , Business associations, UIA,PSFU
b	Train BDS technicians at sub-county and parish level to serve as BDS focal points and referral agents.		X	X	X	MFPED (CoE), MTIC,UNBS, EUg , Business associations, UIA,PSFU
c	Build the capacity of business associations and professional bodies to introduce and include BDS programmes in their profile of services			X	X	MFPED (CoE), MTIC,UNBS, EUg , Business associations, UIA,PSFU
d	Develop standard BDS manuals, training materials and approaches for wider adoption by BDS providers		X	X	X	MFPED (CoE), MTIC,UNBS, EUg , Business associations, UIA,PSFU

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THEME: Strengthening SME capabilities
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	Intervention/Activity Description	Output	Y1	Y2	Y3	Key Implementing Agencies
e	Develop and maintain a national database of BDS providers	National database of BDS providers	X	X	X	MFPED (CoE), MTIC, EUg , UIA,PSFU,MICT
f	Establish a BDS referral system			X	X	
g	Design and operationalize a certified BDS providers' programme and accredit BDS providers across the country	Accredited list of BDS providers		X	X	MFPED (CoE), MTIC,UNBS, EUg , Business associations, UIA,PSFU
h	Establish a mechanism for reviewing BDS content and processes for purposes of accreditation		X	X		
i	Facilitate formation of BDS networks at district and national levels	BDS networks formed	X	X	X	MFPED (CoE), MTIC, EUg , Business associations, UIA,PSFU
j	Convene an annual conference for BDS providers	Annual BDS conferences held	X	X	X	MFPED (CoE), MTIC, EUg , UIA,PSFU
Pillar 3: BDS Mass Uptake						
Objective 3: To improve access and utilization of BDS among local MSMEs						
Intervention 3.1.1 Create mass awareness and Deliver BDS to enterprises						
a	Develop a BDS communication strategy and carry-out communication activities to promote awareness and uptake of BDS by enterprises	BDS communication activities conducted	X	X	X	MFPED (CoE), MTIC, MING,MICT, UCC, Media
b	Establish partnerships with DLGs to facilitate BDS delivery to enterprises in line with PDM	Partnerships for mass delivery of BDS		X	X	MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA,EUg
c	Establish partnerships with business associations and networks to serve as channels for delivering BDS to enterprises at the grassroots	Partnerships for mass delivery of BDS	X	X		MTIC, MFPED(CoE), PSFU
d	Strengthen collaboration with NGOs/CSOs and other non-state actors in development and delivery of BDS	Partnerships for mass delivery of BDS	X	X	X	MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA,NGOs
e	Conduct profiling of key actors in targeted sectors and commodity value chains to select BDS beneficiaries	BDS beneficiaries identified	X	X		MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA
f	Carry out mass delivery of BDS across the country to support PDM	BDS delivered across the country	X	X	X	MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA
g	Introduce a mechanism to incentivize more enterprises to take-up BDS, especially in peripheral regions, in line with PDM	Incentive arrangement to increase BDS uptake in place		X	X	MTIC, MFPED
h	Develop a volunteer BDS support programme of retired business professionals to aid BDS delivery	Access to BDS enhanced		X	X	MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA
i	Tag access to particular public services to evidence of participation or completion of a relevant BDS module.	Access to BDS enhanced		X	X	MFPED(CoE),MTIC, MGLSD, MoLG, business associations, UIA
j	Develop and manage a portfolio of BDS programmes and products	BDS programmes and products developed	X	X	X	UBTEB, MTIC, MFPED, PSFU
k	Develop/accredit and disseminate BDS materials, guidelines and manuals			X	X	MFPED, MTIC, PSFU

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	Intervention/Activity Description	Output	Y1	Y2	Y3	Key Implementing Agencies
Pillar 4: BDS digitization						
Objective 4: To promote virtual/online access to BDS						
Intervention 4.1: Setting up online BDS portal						
a	Establish an online BDS portal to facilitate virtual access of BDS across the country.	Online BDS portal established	X	X	X	MICT,MFPED(CoE), MING/UCC, MTIC, MGLSD, NITA-U, UBOS, business associations, UIA,
b	Link the BDS portal to other government portals to improve service delivery	Online BDS portal virtually linked to relevant government portals		X	X	MICT,EUg, NITA-U
c	Promote active and extensive use of BDS portal by enhancing digital literacy among the business community.	Access to BDS enhanced through the portal		X	X	MICT,EUg, NITA-U, UIA
Pillar 5: BDS financing						
Objective 5: To provide adequate and sustainable funding for BDS Framework implementation						
Intervention 5.1: Increase public sector funding for BDS						
a	Provide funding for implementation of the national BDS framework from the consolidated Fund	BDS framework financed	X	X	X	MFPED
b	Support MDAs to mainstream BDS within their programming and budgeting	BDS mainstreamed in MDA work plans	X	X	X	MFPED, All MDAs

NATIONAL BUSINESS DEVELOPMENT SERVICES (BDS) STRATEGY FRAMEWORK

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Table 2: BDS Results Framework

Description	Objectively Verifiable Indicators (OVI)	Baseline Value	BDS Framework Target 2025/26	Source of Data	Assumption
Overall Objective/ Goal					
1.0 To strengthen management capacities of enterprises through mass provision of appropriate Business Development Services	1.1 Percentage reduction in informal MSMEs	53.4%	45%	BDS market/ MSME assessment surveys	
	1.2 Number of new jobs created by enterprises as a result of accessing BDS	0	310,000	BDS market/ MSME assessment surveys	
	1.3 Enterprises that start to engage in international trade as a result of accessed BDS	0	1,000	Monitoring and Evaluation reports	
	1.4 MSMEs that graduate into large enterprises category after accessing BDS	0	1,000	Monitoring and Evaluation reports	
Purpose/ Development Outcomes					
2.1 Increased MSMEs formalizing businesses	2.1.1 Number of MSMEs facilitated to register their businesses with URSB	0	90,000	BDS market/ MSME assessment surveys	
	2.1.2 Percentage of MSMEs keeping business records as a result of accessed BDS	TBD	40%	BDS market/ MSME assessment surveys	
	2.1.1 Percentage of registered MSMEs with a business bank account	TBD	50%	BDS market/ MSME assessment surveys	
2.2 Increase capacity of MSMEs	2.2.1 Percentage increase in enterprise turn-over after BDS	0	30%	BDS market/ MSME assessment surveys	
	2.2.2 Percentage increase in capacitated MSMEs accessing commercial bank loan financing after accessing BDS	TBD	30%	BDS market/ MSME assessment surveys	
	2.2.3 Number of enterprises transitioning / graduating into higher MSMEs categories as a result of accessed BDS	0	a) 20,000 micro to small enterprises, b) 3000 small into medium enterprises c) 1000 medium into large enterprises	M&E reports/ MSME assessment surveys	
	2.2.4 Percentage increase in enterprises with appropriate corporate governance systems as a result of accessed BDS	TBD	30%	M&E reports/ MSME assessment surveys	
	2.2.5 Percentage increase in public contracts awarded to enterprises as a result of accessed BDS	TBD	30%	M&E reports/ MSME assessment surveys	

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Description	Objectively Verifiable Indicators (OVI)	Baseline Value	BDS Framework Target 2025/26	Source of Data	Assumption
2.3 Increased tax and regulatory compliance of MSMEs	2.3.1 Annual growth in tax collections from enterprises accessing BDS	TBD	15%	URA reports	
BDS Framework Specific Objectives					
1.1 Improve BDS sub-sector policies, planning & coordination	3.1.1 Approved BDS policy and regulatory instruments	0	BDS policy and regulation in place by 2023/24	Monitoring and Evaluation reports	
	3.1.2 BDS Centre of Excellence operationalised		In place by 2023/24	BDS sub-sector Performance Reports	
	3.1.3 Number of BDS standards developed	0	At least 5 BDS standards approved by 2024/25	Monitoring and Evaluation reports	
	3.1.4 Establishment of a BDS management information system to track sector performance	0	BDS MIS in place by 2023/24	BDS sub-sector Performance Reports	
1.2 To Strengthen BDS Providers' Capacity	3.2.1 Number of persons whose capacity has been built to provide/deliver BDS to enterprises	0	40,000	M&E reports/ MSME assessment surveys	All sub-counties and parishes designate a BDS technician to support PDM SACCOs
	3.2.2 Annual growth in number of BDS providers on national database	0	10%	M&E reports/ MSME assessment surveys	
	3.2.3 Functional BDS referral system		In place by 3023/24	M&E reports/ MSME assessment surveys	
1.3 To promote Uptake of BDS	3.3.1 The percent of enterprises who are aware of BDS	TBD	TBD	M&E reports/ MSME assessment surveys	
	3.3.2 The percent of enterprises who have used a BDS out of all those who are aware of it.	26.8%	TBD	M&E reports/ MSME assessment surveys	
	3.3.3 The percent of enter[rises who are willing to pay for BDS	TBD	TBD	M&E reports/ MSME assessment surveys	
	3.3.4 Percent of sub-counties/ parishes with at least one BDS technicians/ focal points	TBD	100%	M&E reports/ MSME assessment surveys	
1.4 To digitize BDS provision and make it "future-ready"	3.4.1 Web-based BDS centre to facilitate virtual delivery of BDS across the country established	0	Operational by 2023	Monitoring and Evaluation reports	ICT backbone infrastructure extended to all districts and sub-counties in Uganda
	3.4.2 Number of users accessing digitised BDS via the BDS portal	0	20,000 annually	Monitoring and Evaluation reports	
1.5 To Increase public sector funding for BDS	3.5.1 Percentage of public livelihood and Infrastructure programmes funding allocated to BDS		Livelihood programmes=15% Infrastructures programme=2%	Monitoring and Evaluation reports	MDAs and DLGs mainstream BDS in development programmes

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3.3 Risk Matrix

The National BDS Framework identifies risks that could affect its implementation; describes the risk and its impact on the attainment of desired impact; the risk rating and the mitigation actions to minimize impact of the risk on program success.

Risk tag	Name of risk	Description of Risk	Description of Impact	Risk rating	Mitigating Action
				H/M/L	
1	Under subscription by the target enterpriess	The interventions do not reach the target beneficiaries especially the underserved communities at parish level due to lack of awareness or high cost	The desired outcomes of building management capabilities of MSMEs will not be achieved	Medium	continuous sensitisation of the masses using multiple channels, and subsidise BDS for increased uptake
2	Lack of cooperation by MDAs and DLGs	Failure by all MDAs to mainstream BDS in their programming and budgeting	Given the implementation strategy of the BDS framework which leverages partnerships with MDA, failure by MDAs to participate could jeopardize the delivery of the NDP III outputs and outcomes.	High	Strong coordination by MoFPED(CoE)
3	lack of funding for implementation	Limited commitment from government to fund the BDS Framework due to competing priorities.	Delay in program implementation	High	Prioritise BDS within NPIII and Budget strategy 2023/24
4	Delayed establishment of COE	delayed development of policies and regulatory framework to support the establishment of the CoE	Possible delay of the start of the programme	medium	Prioritisation of BDS related policy formulation by MTIC and MFPED
5	Lack of commitment from development partner	Some development partner programs may not align with the National BDS framework	Lack of counterpart funding from Development partners could affect the implementation of the BDS framework and the intended outcomes	Medium	Inclusion of Development partners in the national Steering committee for BDS framework implementation.

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6	Misconstruing of government programme	The public may mistake the Project to be a vehicle for free hand-outs from the government. When the hand-outs don't come through, they may choose to abstain from participation	Attracting of wrongly motivated beneficiaries which will lead to outputs but not to desired outcomes of the NDP III	Medium	Embed mindset change in the continuous sensitisation program to get buy in from the business community.
7	Inadequate participation by girls, women and persons with disability	Not enough girls, women and persons with disability benefit from the BDS delivered	A core element of NUYEP (focused an gender, gender specific interventions) won't be achieved. Log-frame outputs/ outcomes/impact won't be achieved in terms of gender targets.	low	Targeted awareness among community leaders, women leaders, and women focused groups
8	Limited scope of internet penetration nationally	Limited digital capability as well as limited access to digital infrastructure due to low coverage and cost.	This is likely to affect the level of access to BDS using online channels.	medium	Subsidising of internet costs for the underserved communities. Increasing internet penetration.

**NATIONAL BUSINESS
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