Ministry of Trade, Industry and Cooperatives

SME Development in Uganda at the Enhancing Youth Employment and small firms Growth conference;

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Presentation Outline

- Overview of SMSE Sector
- MSME vision, mission and Functions
- MSMEs status and opportunities
- Challenges to the sector
- Implementing Institutions
- Conclusion
# Overview of MSME sector

<table>
<thead>
<tr>
<th>Type</th>
<th>No. of Employment</th>
<th>Capital investments</th>
<th>Total turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>&lt;5</td>
<td>0-10</td>
<td>0-10</td>
</tr>
<tr>
<td>Small</td>
<td>5&gt;50</td>
<td>10-100M</td>
<td>10-100M</td>
</tr>
<tr>
<td>Medium</td>
<td>50&gt;99</td>
<td>100-360M</td>
<td>100-360M</td>
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Overview of MSME sector – Cont’d

Underpinning Country’s Vision 2040 and NDP II.

- Increase manufacturing MSME contribution - from 18% (2014/15) to 24.5% by 2019/20

- Priority agro-processing and value addition in food and non food processing; energy, oil and gas and services sector

- Non food manufacturing , Energy, oil and gas, the service sector, education, health sector and hospitality services all support MSMEs
Overview of MSME sector – Cont’d.

ii) Employment creation – out of 35 million Ugandans, 77% below age of 30; with 400,000 youths (15-35 years) released annually to compete for available 90,000 jobs

✓ Address high dropouts (8.5M Primary, 1.5M Secondary and 0.2 M Tertiary).

✓ MSME highest informal sector employer over 1 million enterprises; Micro 93.5%, Small 4.1% and Medium 2.4%.

iii) Regional integration – Growing markets EAC, COMESA, SADC. MSME annual growth rate of 6.6% (need to grow by 11.7% in the next 30 years).
Vision: To create a critical mass of viable, dynamic and competitive MSMEs, significantly contributing to the socio-economic development.

Mission: To stimulate growth of sustainable MSMEs through enhanced business support service provision, access to micro finance, technical and business skills, and creation of conducive policy, legal and institutional framework.
The specific policy objectives of in this regard are the following;

i. To provide enabling environment through policy, legal and institutional coordination framework

ii. To promote research, product/process development, innovation, value addition and appropriate technologies including ICT

iii. To promote product and service standards for quality assurance
MSME Policy objectives – Cont’d.

iv) To support access to markets and business information services

v) To increase access to credit and financial services

vi) To enhance capacity building entrepreneurship, vocational, business and Industrial development skills

vii) To enhance gender equity, inclusiveness and environmentally friendly businesses for sustainable development
MSMEs in Uganda.

Despite being engines of growth for economic development of Uganda and the world, the MSMEs currently are characterized by:

- Inadequate technical and business skills
- Managerial challenges;
- Limited access to affordable finance.
- Limited technology adaptability
- Limited access to quality assurance and affordable product certification services
- Dominant informality of the sector.
- Limited infrastructural facilities such as modern markets, industrial parks, common testing/work facilities etc
- Limited access to market and business information, and
- Uncoordinated structure
Opportunities for MSMEs

- Stable and strong Macro Economic Environment
- Access markets: National Regional and international Such as: COMESA, EAC, SADC, EU, USA, Cross Boarder Markets and others.
- Presence of Supporting institutions such as UNBS, MTAC, Youth Livelihood Programme, UWEP, OWC
- Utilize DCO For Information sharing and capacity
- Enterprising and trainable labourforce.
- Presence of Natural Resource Endowment,
- Legal and policy framework

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Legal and policy framework

The Government has developed policies, legislation and strategies for MSMEs, industrial and technological development.

- **Approved Policies**: MSME Policy, LED Policy, BUBU Policy, National Sugar Policy, Textile Policy, Grain Trade Policy, Leather Policy, Accreditation Policy, Quality and Standards Policy, Cooperative Policy, e.t.c.

- **Reservation schemes by PPDA**.

- **Policies under formulation**: Packaged Water Policy and Iron and Steel Policy, e.t.c.

- **Laws under review**: Industrial Development Bill, Cooperative Societies and National Sugar Bill
MTIC

Internal trade
External trade
Cooperatives
Industry
Business Development and Quality Assurance
Processing and marketing

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The MSMEs Directorate

- In response to the above, the Ministry of Trade, Industry and Cooperatives has established the MSME Directorate to steer the development of MSMEs in Uganda.

- The Directorate is constituted of:
  - Department of Processing and Marketing
  - Department of Business Development and Quality Assurance

These departments have been set in a way to address all policy and technical concerns of the MSME sector.
Functions of MSMEs Directorate

 Promote industrial research, Product development and innovation, value addition and appropriate technologies including ICT
 To provide enabling environment through policy, legal and institutional coordination framework.
 To promote product and service standards for quality assurance.
 To support access to micro finance, markets and business information services.

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To enhance gender equality, inclusiveness and environmental friendly business for sustainable development.

To enhance capacity building for entrepreneurs, vocational, business and industrial development skills.

Offer business development services to entrepreneurs.
Institutions and Agencies working with MSMEs

- Uganda National Bureau of Standards (UNBS)
- Uganda Industrial Research Institute (UIRI)
- Management Training and Advisory Center
- Uganda Development Corporation
- Uganda Investment Authority, Ware House Receipt System
- Uganda National Chamber of Commerce and Industry

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Uganda Export Promotions Board
Private sector foundation
USSIA and UMA etc
**Trust Bodies**
Textile Development Agency - TEXDA
Uganda Cleaner Production Centre -
Leather Training and Common Facility Centre -
IF YOU WANT TO BE IN POSITION OF EXPLORING MSMEs OPPORTUNITY YOU MUST BE IN POSITION....

Asante Sana!!!!

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