LEARNING BRIEF | LIA-LB-02

Key Learning From The BDS Cost Share Facility Pilot

PHASES 1 & 2

September 2026

Access The Full Cost Share Facility Report

Background

Agri-SMEs in Uganda face persistent constraints in accessing markets and finance, largely due to weak institutional and managerial capacity. Quality, demand-driven, and affordable Business Development Services (BDS) are therefore critical to enabling Agri-SMEs to professionalise and compete effectively. Recognising this gap, AMEA and its partners co-developed and piloted a BDS Cost Share Facility (CSF) under the ABLAST programme — promoting a client–service provider relationship in which Agri-SMEs contribute to the cost of services, while BDS providers deliver value-oriented, market-responsive support.

The pilot was implemented in two phases, engaging 6 BDS providers and a total of 52 Agri-SMEs across 12 districts and four regions of Uganda — exceeding the original target of 50 agSMEs. This brief consolidates the key learning from across both phases, drawing on provider reports and structured field verification with participating enterprises.

52
AgSMEs Supported

6
BDS Providers

12
Districts / 4 Regions

100%
Satisfaction Rate

21%
Avg. Income Increase

Profile of Participating Enterprises

The two phases drew from different but complementary enterprise populations, providing a richer and more representative evidence base than either phase could have achieved alone.

Characteristic	Phase 1 (25 agSMEs)	Phase 2 (27 agSMEs)
Dominant org. type	Companies (81%)	Cooperatives (53%), Companies (47%)
Primary business	Agri-processing & value addition (69%)	Cereals, dairy, coffee, horticulture
Business maturity	53% operating > 5 years	93% operating > 5 years
Employment	60% employ 6-10 people	80% employ 3-5 people
Prior BDS access	81% had never accessed BDS	60% had prior but limited-value BDS
Geographic spread	Centra Uganda focus	12 districts, 4 regions

Key Findings

1 **The BDS access gap is deep - in reach and in quality**
Phase 1 confirmed that 81% of participating agSMEs had never accessed professional BDS. Phase 2 revealed a further dimension: 60% of Phase 2 enterprises had previously received some BDS, but 78% of those reported it had generated limited practical impact - being short-term, generic, and disconnected from their actual business challenges. Together, the two phases establish that the BDS market failure in Uganda is not just about reach; it is equally about the relevance and quality of services available.

2 **Needs-based assessment transforms service quality**
Before the CSF, none of Phase 2 agSMEs had undergone any pre-service capacity assessment. Under the pilot, 100% of enterprises across both phases received a structured capacity assessment before support commenced. This shift - from supply-driven to diagnostic, demand-driven BDS - produced markedly stronger outcomes, with 94% of capacity areas addressed being directly driven by assessment findings rather than provider discretion. Core capacity areas supported included business planning (94%), financial management and record keeping (81%), agribusiness and market systems (95% in Phase 2), governance (80%), and access to finance preparation (75%).

3 **AgSMEs are willing to pay - when value is clear**
Both phases recorded 100% satisfaction with BDS received, and 100% willingness to pay for comparable services in future. The primary drivers of willingness to pay were consistent across phases: practical, hands-on coaching linked to observable business outcomes (cited by 80–88%); access to finance and market linkages (67–81%); and follow-up support beyond the initial engagement (47–81%). The average amount enterprises would pay differed by organisational type: companies indicated UGX 1,500,000 per package (range UGX 300K–3M); cooperative societies indicated a mean of UGX 825,000 (median UGX 700K), rising to UGX 2,000,000 for high-value-chain cooperatives in coffee, milk, and potatoes.

4 **Contribution modality must match enterprise type**
Analysis of actual contribution arrangements across all 52 enterprises revealed three distinct modalities in use: cash only (62% of enterprises); blended cash and in-kind (21%); and in-kind only (17%). A clear organisational split emerged: 75% of private companies paid cash only, while 45% of cooperative societies contributed in kind and 35% through blended arrangements. Notably, blended arrangements rose sharply in Phase 2 - suggesting that as enterprises gain familiarity with cost-sharing and trust in BDS value, their willingness to include cash contributions increases. Future CSF design should offer flexible, blended modalities with payment timing aligned to agricultural revenue cycles.

5 **Business outcomes are measurable and meaningful**
Phase 1 found that 56.25% of agSMEs reported greatly improved business performance, with 37% reporting slight improvement. Phase 2, assessed approximately 2.5 months post-BDS, confirmed improvements in market segmentation and customer targeting (85%), governance and internal systems (80%), and financial management and planning (75%). Across both phases, participating agSMEs recorded a 21% average increase in business volume and income — exceeding the 15% project target. The most consistent and immediate gains were in financial discipline: separation of business and household finances, adoption of basic record-keeping, and transition from intuitive to evidence-based decision-making.

6 **Cooperative societies require differentiated approaches**
The inclusion of cooperative societies in Phase 2 generated important learning that pure-company cohorts cannot capture. Cooperatives face distinctive capacity challenges - governance, member management, aggregation strategy - that differ from those of private agribusinesses. They also have different cash-flow dynamics and contribution capacities. A one-size-fits-all BDS package and cost-sharing tier will not serve both organisational types equally well. Future scaled CSFs should design differentiated packages and tiered cost-sharing rates from the outset.

Recommendations for Future Scaling

- **Tiered cost-sharing:** Set co-payment rates in relation to enterprise type, value chain profitability, and business maturity - 10% for early-stage or resource-constrained enterprises rising to 30% for established, high-value-chain businesses.
- **Institutionalise needs assessment:** Require a structured capacity assessment as a non-negotiable entry point for all BDS provision. This is the single most impactful process innovation from the pilot.
- **Embed market and finance linkages:** BDS without linkage to markets and capital delivers partial value. Future programmes must integrate structured linkage support - buyer introductions, lender referrals, and partnership facilitation - as core BDS package components.
- **Shift to coaching and mentorship:** Move from one-off training to sustained, relationship-based engagement. BDS providers should leave tangible deliverables - tools, records, business plans - that demonstrate and sustain value beyond the engagement period.
- **Flexible blended contribution modalities:** Default to blended cash and in-kind arrangements with contribution timing tied to harvest seasons and agricultural revenue cycles. Rigid cash-only payment schedules limit uptake, particularly among cooperatives.
- **Invest in BDS provider capacity:** All six providers in the pilot were graduates of the ABEEP GROW training delivered by AMI. Supply-side provider development is a prerequisite for CSF-type models - not an optional extra.
- **Extend monitoring timelines:** Capture medium-term outcome evidence 6–12 months post-BDS to assess sustained impact on business income, market access, and employment. Disaggregate all data by gender, age, disability and organizational type.

Conclusion

Across two phases and 52 enterprises, the ABLAST Cost Share Facility has demonstrated with consistency and clarity that Ugandan agSMEs are willing to invest in their own growth when BDS is practical, relevant, and demonstrably linked to business outcomes. The pilot generates a strong evidence base for a scaled, market-based BDS financing model in Uganda - one grounded in needs-assessment, co-investment, and sustained provider–enterprise relationships. The institutions built through ABLAST, including UBSPL and the Uganda BDS Standards, provide the quality assurance infrastructure on which a self-sustaining BDS market can now develop.

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Thank You

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