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POLICY NOTE

Policy Note: 28, April 2025

Building bridges: Aligning Women Enterprise Investment and Farmer Realities under Uganda's Parish Development Model

Executive Statement

The Parish Development Model (PDM) aims to transition subsistence households into the money economy through localized investments at the parish level, with each parish receiving UGX 100 million annually to support enterprise development, particularly for women, youth, elderly, persons with disabilities, men and other vulnerable groups. However, over 40 percent of PDM beneficiaries continue to switch from the intended enterprises, which is likely to impede the success of the programme. Farmers have switched from high-value enterprises such poultry, piggery, and coffee to low-value enterprises due to long turnaround time, weather vagaries of pests and diseases, and market access constraints. To enhance PDM's impact, policy actions should focus on fastening fund disbursement, strengthening market access through cooperatives and storage facilities, expanding financial literacy and adopting gender-sensitive enterprise selection strategies that provide targeted financial and technical support.

Introduction

The Government of Uganda launched the Parish Development Model (PDM) in February 2022 to transition subsistence households into the money economy by addressing their barriers to accessing credit for investment. According to the 2024 National Population Census, over 39 percent of households in Uganda engaged are the subsistence economy (UBoS, 2024). The PDM programme is structured around seven pillars, namely: (i) agriculture value chain development; (ii) infrastructure and economic services; (iii) financial inclusion; (iv) social services; (v) community mobilization and mindset change; (vi) Parish-Based Management Information System (PBMIS); and (vii) governance and administration. Under the Financial Inclusion pillar, the government introduced a public credit facility at the parish level to provide affordable investment loans to subsistence households. The program directs these funds toward priority enterprises run by women, youth, the elderly, persons with disabilities (PWDs), men, and other vulnerable groups to ensure equitable participation. By November 2024, the government disbursed over UGX 1.9 trillion to Parish SACCOs, providing each parish with UGX 100 million annually (MoFPED, 2024). And with each beneficiary household receiving an average of UGX 1.0 million for investment in a priority enterprise as provided in the PDM guidelines (Ministry of Finance, Planning and Economic Development, 2023). The program has reached over 1.9 million beneficiaries across the country, demonstrating its vast scale and ambition, according to our estimates.

However, despite its extensive reach, the PDM faces implementation challenges of beneficiaries switching enterprises from those applied to which is likely to impede the sustainability of the programme. Over 40% of beneficiaries switched enterprises after receiving PDM funds, with varying proportions of 14.5%, 8.1%, 4.0%, 1.0% and 11.2% among the women, youth, elderly, PWDs and men, respectively. This disconnect between enterprise selection and implementation is likely to lead to inefficiencies in productivity, difficulties in accessing markets, and a diminished impact on rural development.

Drawing on extensive data collected by the Economic Policy Research Centre (EPRC) in November 2024 under the comprehensive study titled "*A process assessment of implementing the Parish Development Model at the Parish Level*," this policy note examines the most preferred enterprises among PDM beneficiaries, the switching of enterprises, the underlying factors that influence enterprise switching, and actionable policy recommendations to enhance the effectiveness and sustainability of the PDM.

PDM enterprise preferences by beneficiaries

The government identified seven priority enterprises[1] for investment by beneficiaries in their respective parishes (PDM Secretariat, 2022). Table 1 shows the enterprise selected based on the special interest group category as defined by the PDM guidelines. It is indicated that regardless of the special interest group category, there was a high preference for food crops among beneficiary households as evidenced by application rates, followed by poultry. The distribution of enterprise selection among women highlights a preference for food crops (34.4%), followed by poultry (17.2%) and piggery (12.4%). While high-value enterprises such as poultry, piggery, and coffee are applied by women, their investment in them is lower compared to food crops, which point to constraints that are faced by women in sustaining them.

The low application rate for some enterprises, notably coffee (only 5.0 percent of women applied), suggests barriers such as land ownership, financial access, technical knowledge, and the longer gestation period required to yield returns.

Distribution of food crop enterprises at the application stage

Figure 1 shows that women had the highest share of applications for food crop enterprises under the PDM (39%), while the elderly (9%) and Persons with Disabilities (3%) had the lowest. This indicates that women are more inclined to choose food crops, likely due to lower capital needs and their role in ensuring household food security.

1 Poultry, Fish farming, Piggery, Food crops, Zero-grazing dairy cattle, Fruits and Coffee

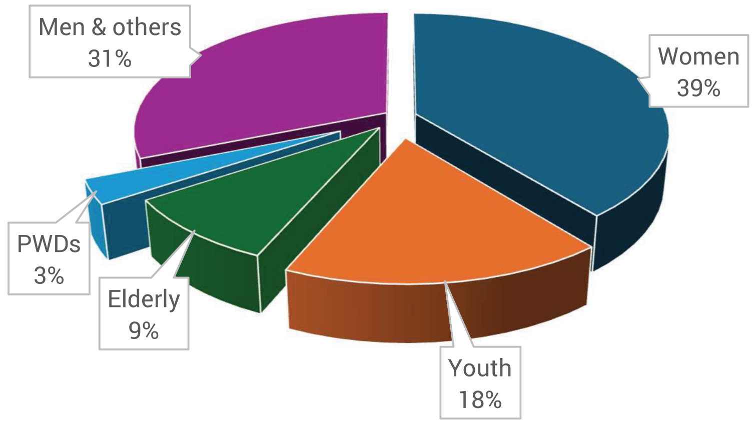
Table 1 Enterprise Preference by Category of Special Interest Group at application stage (%)

	Women	Youth	Elderly	PWDs	Men &Others	Overall
Food Crops	35.3	33.2	30.9	44.6	34.2	34.4
Poultry	18.0	14.8	17.1	32.5	16.4	17.2
Piggery	13.1	17.1	4.6	15.1	11.3	12.4
Goat	10.2	6.9	8.5	0.7	11.6	9.6
Coffee	6.0	6.0	7.5	-	5.0	5.7
Dairy cattle	3.3	5.3	4.1	4.5	3.6	3.8
Cocoa	2.6	1.2	8.5	-	3.1	3.0
Beef cattle	1.1	3.6	3.8	0.2	4.5	2.9
Fish	1.3	3.4	3.9	-	0.4	1.6
Didn't reveal	5.2	2.6	5.5	2.4	5.4	4.8
Others[1]	4.0	5.9	5.8	-	4.4	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: EPRC-PDM Household survey (Nov 2024)

1 Others include Sheep, Agricultural Trade, Cotton, Fruits, Beekeeping, Sugarcane, Tea

Figure 1 Distribution of PDM beneficiary applications for food crop enterprises by Category of Special Interest Group (%)



Source: EPRC-PDM Household survey (Nov 2024)

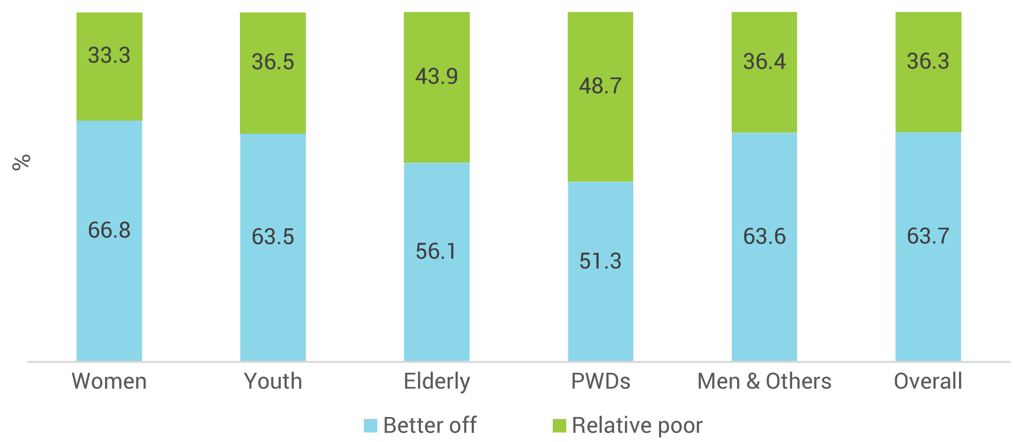
Selection of PDM beneficiaries by category of special interest group

Figure 2 illustrates the targeting of the PDM beneficiaries by welfare status across different special interest groups, highlighting disparities in reaching the relatively poor. While overall, 36.3% of beneficiaries are from the relatively poor category, the proportion is lower among women (33.3%) and youth (36.5%), suggesting that better-off individuals are more likely to benefit from the program in these groups. In contrast, the PDM appears to be more pro-poor in its targeting of Persons with Disabilities (48.7%) and the elderly (43.9%), who have the highest shares of relatively poor beneficiaries. This uneven distribution points to potential gaps in equity and inclusion, indicating a need for improved targeting mechanisms to ensure that the most economically vulnerable populations, particularly poor women and youth, are adequately reached.

Mode of PRF disbursement by category of special interest group

Figure 3 presents the mode of disbursement of the Parish Revolving Fund (PRF) across different special interest groups under the Parish Development Model (PDM), revealing clear differences in financial access and preferences, especially when comparing women to other groups. Women predominantly received their funds through formal banking channels (48.1%), which is slightly higher than men & others (46.6%) and significantly higher

Figure 2 Targeting of PDM Beneficiaries by Welfare Status and Category %



Source: EPRC-PDM Household survey (Nov 2024)

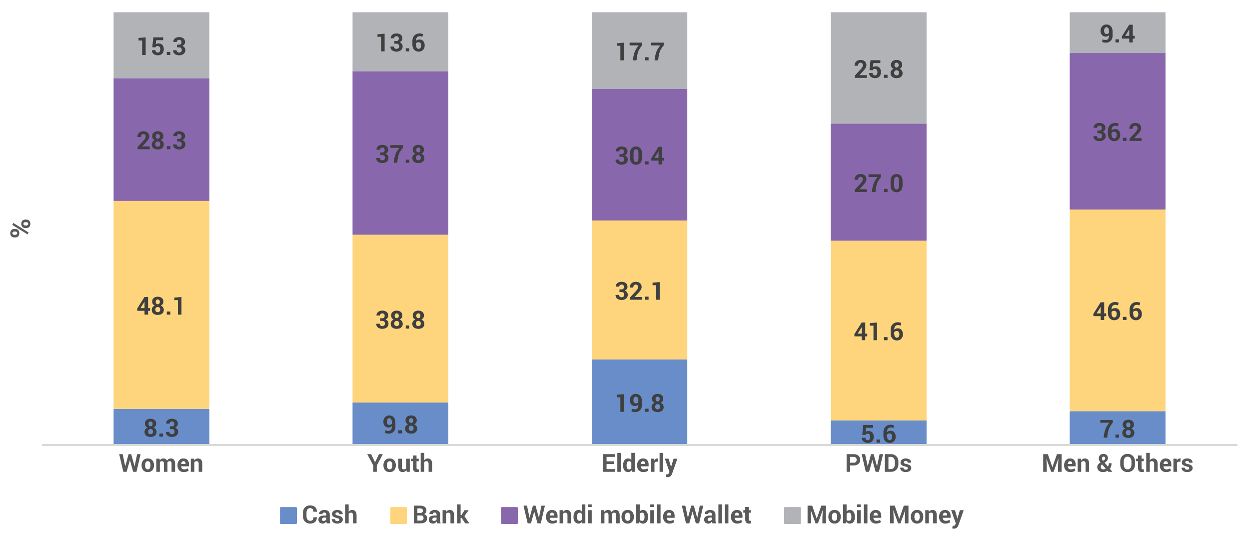
than youth (38.8%), elderly (32.1%), and PWDs (41.6%). This suggests that women, relative to most other groups, have better access to or preference for formal banking institutions, potentially due to targeted financial inclusion efforts.

Cash-based disbursement was least common among women (8.3%) compared to the elderly (19.8%) and youth (9.8%), implying that women may have better integration into formal financial systems or lower barriers in accessing non-cash transfers. PWDs were most reliant on mobile money (25.8%), reflecting possible mobility challenges in accessing banks, while the elderly also leaned more on cash (19.8%) and mobile money (17.7%), likely due to limited digital literacy or proximity to banking services. Youth and men showed higher reliance on the Wendi mobile wallet (37.8% and 36.2%, respectively), signalling greater adaptability or preference for this platform. However, women's lower usage of the Wendi wallet (28.3%) compared to these groups could reflect challenges in navigating digital platforms, trust issues, or limited mobile device ownership.

PRF investments by category of special interest group.

Table 2 provides analysis of how different beneficiary groups under the Parish Development Model (PDM) invested PRF, with women emerging as the most risk-averse and financially constrained compared to other groups. While all categories exhibited a preference for low-value enterprises, women's investment patterns were more conservative, with a significant 21.8% of them investing in food crops—only slightly lower than Persons with Disabilities (PWDs) at 44.9%, youth (23.6%), the elderly (23.8%), and men & others (27.8%). Women's limited engagement in high-value enterprises such as poultry (12.4%), piggery (12.9%), and coffee (5.0%) contrasts with PWDs, who invested 23.2% in poultry, and youth, who invested relatively more in piggery (14.5%) and dairy cattle (7.5%). This reflects structural disadvantages that uniquely affect women, such as limited access to productive assets like land, higher exposure to household financial pressures, and greater vulnerability to delayed fund disbursement - with women waiting the longest

Figure 3 Mode of PRF disbursement across Category of Special Interest Group %



Source: EPRC-PDM Household survey (Nov 2024)

Table 2 PRF investments across category of special interest group. %

Enterprise	Women	Youth	Elderly	PWDs	Men & Others	Overall
Food Crops	21.8	23.6	23.8	44.9	27.8	24.8
Poultry	12.4	12.9	11.8	23.2	11.6	12.4
Goat	12.3	9.6	7.2	8.3	14.4	11.9
Piggery	12.9	14.5	5.6	14.9	10.9	11.9
Beef cattle	7.4	7.1	7.3	4.4	9.8	8.0
Dairy cattle	5.1	7.5	4.5	-	4.5	5.2
Coffee	5.0	3.9	5.2	-	5.2	4.8
Cocoa	3.5	2.3	14.0	-	2.6	4.0
Microenterprises[1]	4.9	6.2	2.6	4.0	1.1	3.7
Consumables[2]	3.8	4.1	4.1	-	1.1	3.0
Agro comodity trade	1.8	2.0	4.1	-	2.2	2.1
Other[3]	2.5	2.3	3.1	-	2.6	2.5
Didn't reveal	6.6	4.0	6.9	0.3	6.3	5.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: EPRC-PDM Household survey (Nov 2024)

1 Microenterprises include retail shop, vending, bar, bodaboda, carpentry, tailoring, groceries, restaurants, soap making, mobile money, brick making, saloon
2 Consumables include rented house, bought iron sheet, bought bricks, motorcycle, school fees, bicycle, bought clothes, bought electronics, tank, bought food, personal use
3 Others include sheep, fish, fruits, bee keeping, cotton and tea

(9.5 months) compared to men (7.89 months) and PWDs (8.28 months). While the elderly invested heavily in cocoa (14.0%), a long-term enterprise, and youth showed some inclination towards microenterprises (6.2%), women were more inclined to goats (12.3%) and microenterprises (4.9%), highlighting their preference for manageable and flexible ventures requiring minimal capital. A higher proportion of women (6.6%) did not reveal their enterprise investment compared to youth (4.0%) and men (6.3%), possibly indicating fund diversion to meet urgent household needs - a pattern less evident among other groups.

Beneficiary households switch to enterprises they never applied for after receiving PDM funds.

Over 40 percent of PDM beneficiary households switch to enterprises they never applied for after receiving PDM funds. The proportions are relatively higher among women (14.4%), compared to youth (8.1%), elderly (4.0%) and men (11.6%). Majority of the women, youth, and PWDs disproportionately transition from high-value enterprises, such as poultry and piggery, to lower-value ventures like food crops and consumables, which require lower capital investments and offer quicker returns but may not align with long-term economic sustainability goals of the programme (Table 3). The transition is particularly evident among women with a proportionate switch from poultry to food crops (18.5%) and from piggery (10.2%) to consumables, followed by PWDs, and the elderly. Many high-value enterprises require substantial initial investment, and women often lack access to affordable credit and savings mechanisms that would allow them to sustain their businesses. This is further exacerbated by the high cost of inputs such as quality animal feed, veterinary care, and improved farming technologies makes it difficult for women to maintain high-value enterprises, forcing them to shift to food crops or small-scale retail businesses that require lower financial commitment.

Table 3 PDM beneficiary shift from high value to low value enterprise %

Original Enterprise	Switched To	Women	Youth	PWDs	Men	Elderly
Poultry	Food Crops	18.5	14.2	22.8	15.1	16.3
Piggery	Consumables	10.2	9.8	12.4	9.4	5.8
Coffee	Food Crops	4.8	5.2	3.6	6.2	7.5
Goat	Microenterprises	7.3	6.5	5.9	6.9	6.2
Dairy	Food Crops	5.1	4.7	3.8	4.3	3.9
Fish	Microenterprises	2.5	2	1.5	1.9	1.4
Cocoa	Food Crops	3.8	2.9	2.1	2.9	2.4
Beekeeping	Microenterprises	2.1	1.5	1.2	1.7	1.3
Sheep	Food Crops	1.7	1.8	1.3	1.5	1.2
Beef	Food Crops	1.5	1.6	1.1	1.4	1.3

Source: EPRC-PDM Household survey (Nov 2024)

A long turnaround time associated with accessing PDM funds explains this observed shift in enterprises, according to the EPRC-PDM November 2024 Household survey.

The long turnaround time associated with accessing PDM funds significantly influences enterprise switching.

The loan application process for the PDM funds is too lengthy, with limited beneficiary engagement. Compared to other targeted PDM categories, women had to wait for approximately 9.5 months to access PDM funds compared to 7.89 and 8.28 months for men and PWDs respectively (Figure 4). Unlike men, who may have alternative financial sources or stronger networks to bridge funding gaps, women frequently rely on the PDM disbursement, making them more vulnerable to the consequences of delays. Much as youth may be more willing to endure long turnaround times for funds due to fewer immediate financial obligations, women must prioritize enterprises that allow them to meet pressing household expenses. Although beneficiaries adopted digital channels like Wendi Mobile Wallet, mobile money, and bank transfers for easier fund transfers, some still prefer cash transactions. Some beneficiaries reported challenges in withdrawing funds due to agent liquidity issues or high transaction costs. Bank transfers, on the other hand, often require beneficiaries to travel long distances to access funds which further delays their ability to invest in productive enterprises. The delayed access to funds means that some planned high-value enterprises may no longer be feasible, forcing women to shift quickly to enterprises with immediate profitability. The uncertainty surrounding disbursements has discouraged women from committing to long-

Figure 4 Mean turnaround time for accessing PDM funds (months)

Source: EPRC-PDM Household survey (Nov 2024)

term enterprises which further reinforces their tendency to opt for short-cycle enterprise like food crops, lower-value alternatives that align with unpredictable funding schedules.

> *".............money came late, we had forgotten about it, the season for planting had already passed.... Some of us used part of the money on other pressing personal needs because we had waited for so long....... we had no choice but to change to something else that could still work at that time............."* PDM Enterprise Group FGD 2024

Increasing incidence of pests, diseases and weather-related issues continues to exacerbate enterprise shifts among PDM beneficiaries. As the case was with the input distribution programme under Operation Wealth Creation (OWC)**,** weather-related challenges that manifest in form of pests and diseases is the most cited (35%) driver for enterprise switching among PDM beneficiaries (Table 4). The observed proportion is comparably higher among PWDs (40.8%), the elderly (37.6%), women (35.8%) when compared to other gender categories. This partly explains why women, along with youth and PWDs (Table 1) often transition to food crops and micro-enterprises that require lower capital investments and offer quicker returns. But these enterprises tend to be of low value and highly vulnerable to weather vagaries which may make recovery and the revolving of funds difficult, ultimately reinforcing the cycle of vulnerability. The lack of a structured monitoring mechanism for how PDM funds are utilized exacerbates these challenges. The finding on weather vagaries aligns with those of ESAFF Uganda (2022) and Mbabazi and Nkwatsibwe (2024), who also observed that weather related vulnerabilities significantly impacted enterprise sustainability under the PDM.

> *"........we had to change because the chicken kept dying from diseases, and then the rains even washed away part of our projects. It just wasn't working anymore......."* PDM Enterprise Group FGD 2024

Market constraints continue to expedite enterprise switching among beneficiaries: PDM enterprise beneficiaries are grappling with marketing constraints (30%) for their products (Table 4). Twenty eight percent of the women cited market constraints as a key reason for switching enterprises. For women entrepreneurs, marketing challenges are amplified by pre-existing structural barriers such as limited access to business networks, financing, market information and storage facilities. Additionally, gendered market barriers such as restricted mobility, low bargaining power, and challenges in securing commercial space further increase their vulnerability to market fluctuations. Enterprises like dairy, where 5.1% of beneficiaries switched, are susceptible to market fluctuations forcing women to constantly adapt; this often leads to frequent business switching as they struggle to find stable, sustainable opportunities. Without proper market linkages or cooperative support, women face difficulties in securing buyers, leaving them exposed to price volatility and reduced profitability. Consequently, many women choose enterprises that offer easier and immediate sales, such as food crops or microenterprises, to quickly sell products and meet household needs and financial obligations.

Table 4 Reasons for Enterprise Switching (% by gender categories)

Reasons for switching	Women	Youth	Elderly	PWDs	Men & Other	Total
Pest, Disease and weather-related issues	35.8	32.9	37.6	40.8	35.3	35.3
Market constraints	28	38.5	27.3	30.9	26.6	29.8
Off season	28.7	21.9	19.8	17.8	25.7	25.3
Underestimated capital	5.3	5.2	12.1	10.5	9.2	7.2
Overestimated capital	2.2	1.6	3.3	0	3.2	2.4

Source: EPRC-PDM Household survey (Nov 2024)

Seasonal variations of the prioritized enterprises continue to account for enterprise switching among PDM beneficiaries, as Uganda experiences shifts in rainfall patterns that have led to increasingly unpredictable growing seasons for crops and livestock. As reported by 25.3% of beneficiaries, this unpredictability—combined with the limited use of irrigation technologies (estimated at less than 1% nationwide)—means that many farmers receive PDM funds too late in the season to invest effectively, making them prone to losses and forcing them to switch enterprises. This is particularly evident among women entrepreneurs, with over 28.7% shifting to year-round enterprises like poultry, piggery, and dairy farming, which require continuous inputs but often fail to generate steady income throughout the year. Studies by ESAFF Uganda (2022) and Mbabazi and Nkwatsibwe (2024) corroborate these findings, noting that weather-related vulnerabilities significantly hinder enterprise sustainability under the PDM and similar initiatives such as Operation Wealth Creation. The absence of climate-adaptive infrastructure—like irrigation systems, early warning mechanisms, and weather-indexed insurance—exacerbates these challenges, pushing beneficiaries toward short-cycle or micro-enterprises that offer quicker returns but are often of lower value and contribute less to long-term economic transformation.

"………we changed because we were not sure of the rain. Sometimes it rains when we don't expect it, other times there's a long dry spell. It's hard to plan properly, and the crops end up failing. That's why we decided to try something else………" PDM Enterprise Group FGD 2024

Limited financial planning capacities further exacerbate enterprise switching, as many PDM beneficiaries either underestimate or overestimate the capital required to sustain their enterprises. According to the EPRC-PDM Household Survey (November 2024), 5.3% of women reported facing capital shortfalls that limit their ability to scale operations and procure essential inputs, while 2.2% overestimated the financial resources needed—leading to misallocation of funds or heightened risk aversion. These challenges point to widespread gaps in financial literacy, particularly among rural women, which prevent them from making informed investment decisions. This is consistent with findings from Kayizzi-Mugerwa (2024) and MoFPED (2023), which underscore the lack of structured, practical financial literacy training under the PDM. Other studies, such as Finscope Uganda (2023), have long documented gendered disparities in financial knowledge, access to credit, and business planning capacities. Without adequate training in budgeting, cash flow management, and return on investment analysis, many women revert to low-value, short-cycle enterprises that offer quick but limited returns. This not only undermines the long-term sustainability of PDM investments but also reinforces patterns of vulnerability, as beneficiaries continue to switch enterprises in search of immediate income rather than building resilient business models.

Conclusion and proposed policy actions

While the Parish Development Model (PDM) has demonstrated potential in empowering women, youth, and other categories through enterprise investment, the high rate of enterprise switching, particularly among women points to key challenges that continue to hinder its long-term effectiveness. To enhance the sustainability of the PDM and contribute significantly to its goal of fostering inclusive and sustainable economic transformation, the following policy actions should be implemented.

1. Improve timeliness of fund disbursement: The government should implement automated disbursement systems, such as mobile money and direct bank transfers, to ensure timely and efficient fund distribution. Fixed and predictable disbursement schedules should be introduced, ensuring that funds are received at the right time, particularly for women engaged in seasonal enterprises like poultry and horticulture.

2. Enhance market access and linkages for women entrepreneurs: Women-led cooperatives and producer groups should be strengthened to improve collective bargaining power and facilitate direct linkages with buyers. The government should also invest in local processing and storage facilities to allow women to add value to their products and access wider markets. PDM should

also incorporate market intelligence systems, providing women entrepreneurs with real-time price information and demand trends to help them make informed business decisions.

3. Enhancing financial literacy and business planning skills will help beneficiaries make informed investment decisions, reducing the likelihood of enterprise switching. Mandatory financial literacy training should be introduced before fund disbursement, focusing on budgeting, record-keeping, and investment planning. Local governments should also provide on-site technical support, including agricultural extension services, to help women sustain high-value enterprises like poultry, piggery, and dairy farming.

4. A more flexible and context-sensitive approach to enterprise selection should be adopted, allowing beneficiaries to align investments with their capacities and market demand, while strengthening monitoring and tracking systems to reduce the significant proportion of "Didn't reveal" enterprises. This includes regular follow-ups and improved data reporting at parish level by the parish chief, alongside gender-sensitive support that prioritizes women's needs through tailored financial and technical assistance for long-gestation enterprises.

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