

Cheers! Ugandan Eagle flies high

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Nile Breweries' beer business project finds its way into the books of America's most prestigious university as a case-study in doing business in a developing country, according to a new publication entitled "Business Linkages: Lessons, Opportunities and Challenges."

The International Business Leaders Forum (IBLF) and Harvard University's Kennedy School and the International Finance Corporation (IFC) have released a new publication that features Uganda's Eagle Lager Project, exploring the challenges and opportunities in the practice and scale-up of business linkages between large firms and small-medium enterprises in developing countries.

The publication provides 21 case-studies from companies like SAB Miller, the parent company of Nile Breweries Limited, which are said to be leading in this area. It also highlights lessons from their experiences.

"Business linkages can help to both stimulate and sustain local economies by, for example, enabling the transfer of skills, knowledge and technology to local enterprises, and providing routes to market for locally-produced goods and services," said Amanda Gardiner, program manager at IBLF and co-author of the report.

Onapito Ekomoloit, Nile Breweries' Corporate Affairs Manager said the Eagle Lager Project in Uganda is a special case from other beers because it deals with poverty.

"This is in the sense that this beer is brewed from sorghum. Small-scale farmers in the rural areas grow this crop. We have been able to sustain provision of market to farmers in the rural areas with market for the last five years," he said.

In Uganda, about 8000 farmers have benefited from the project in terms of price and skills.

"The biggest unique element with this beer is that we have been able to provide back and forward linkages with the rural farmers. No other crop in Uganda over the five years that has had a steady price. Some crops might have had a ready market but not steady price," Ekomoloit added.

The brewery claims to have offered UGX300 per kilogram to farmers and a guaranteed market for their products. The market price for sorghum lies between UGX200 and UGX250. "This rural transformation and income improvement aspects are responsible for making this investment very unique," he said, adding that the project shows that the company doesn't only sell beer but we also adds benefits to the community.

Enabling small, local firms to supply goods and services to larger enterprises creates more efficient supply chains. At the same time, it maximizes development benefits by helping local companies to grow and create jobs.

“As the world becomes ever more globalised, international businesses are faced with an urgent need to forge stronger ties with the local communities in which they operate. While these challenges are particularly pronounced for foreign firms with affiliates in developing countries, they are relevant to domestic developing country firms as well,” Gardiner said.

“The challenges for businesses, however, are in the implementation. Many large firms are, in principle, interested in developing relationships with local small and medium enterprises however, such relationships can also be costly to form and maintain, and as a result, they rarely develop easily or smoothly,” she added.

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