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# Support to Agricultural Revitalization and Transformation (START) Facility Phase II for Small and Medium Enterprises (SMEs) in Uganda

**Call For Proposals (CfP) to Access Concessional Financing | May 2026 - May 2027**

## About UNCDF

General Assembly Resolution 2186 (XXI) decided to bring into operations the United Nations Capital Development Fund as an organ of the General Assembly which shall function as an autonomous organization of the United Nations. The United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in least developed countries, Small Island Developing States and countries in fragile settings. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

## UNCDF's mission

The UN Capital Development Fund's mission is to contribute to job creation, sustained economic growth and equitable prosperity in almost 80 developing countries and nearly all LDCs. We do so by crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms, and structuring advisory.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

## UNCDF's vision

UNCDF mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations, contributing to job creation, sustained economic growth and equitable prosperity.

## Support to Agricultural Revitalization and Transformation (START) facility phase II

With funding from the European Union Delegation to Uganda, UNCDF is implementing the second phase of the Support to Agricultural Revitalization & Transformation (START) facility. This phase is designed to promote inclusive economic growth and job creation by investing in sustainable and integrated agribusiness SMEs that create and retain wealth within Uganda.

START II supports SMEs to access affordable medium-term finance, strengthen institutional capacity of agribusiness SMEs in value addition and agro processing, integrate digital solutions to improve operational efficiency, and develop bankable investment proposals based on green and circular economy principles.

It builds on the systems and achievements of phase 1, scaling operations from Northern Uganda to cover the entire country. START II will run over a period of sixty months (five years) starting from January 2023 - December 2027.

START II is designed to occupy a special niche in the national agricultural finance sector in line with its objectives, and to complement other existing facilities. The medium to long-term development objective of START is to stimulate pro-poor economic growth in Uganda, retain economic benefits of agriculture in the country, through value addition, and improve local food systems and food security. The secondary medium-term objective is to transform the facility into a sustainable and adequately capitalized loan/grant facility providing technical assistance and seed capital to small and medium-sized value-adding agribusinesses in Uganda with the intention to scale up its operations and coverage to other agricultural value chains.

UNCDF implements START II in partnership with the Uganda Development Bank (UDB), Private Sector Foundation Uganda (PSFU), and Aceli Africa.

### Call for Proposals (CfP) START II

START invites applications from agribusiness SMEs engaged in value addition and agro processing in Uganda. The facility supports agribusiness SMEs to access finance (concessional and commercial) necessary for acquiring machinery, equipment,

technologies, assets, and working capital for post-harvest handling, storage, processing, packaging, and distribution.

The facility encourages and promotes value addition and agro processing through supporting agribusiness SMEs across Uganda to access affordable short term, medium-term and long-term financing to expand and grow their agribusinesses, giving priority to SMEs that have positive impact on **vulnerable groups and green practices**.

In the context of START phase II, the focus on vulnerable groups is defined as follows:

- Women and youth – Focus on businesses owned, led or providing services to, or employing women and/or youth.
- Refugees and host communities – Focus on businesses owned by, led, employing, or providing services to refugees and host communities.
- Persons with disabilities – Support for businesses owned, led by, employing, or providing services to persons with disabilities.
- Persons from the least developed sub-regions – Support for businesses located in or employing persons from Uganda's least developed sub-regions.

A **green agri-business** is an agri-business that is committed to the principles of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities.

Hence, **green practices** will be industry-specific actions that contribute to the achievement of these objectives. In the context of START phase II, such practices may include:

- Reliance on agricultural inputs grown in an environmentally sustainable way.
- Use of processing and storage technologies that are energy efficient, minimize losses of raw materials and/or contribute to internal recycling and reuse of materials.
- Targeted measures to safeguard the quantity and quality of water, soil, and to protect air quality.
- Use of renewable energy for operation of the facility.

## START services and products

### 1. Business Development Services (BDS) and technical assistance

- (a) General and pre-investment BDS support to SMEs in development of acceptable applications under the START facility.
- (b) Collaboration with digital partners to offer digital solutions that enhance various aspects of SMEs business operations e.g. inventory and records management (covering production, purchases, sales, expenses, stock, assets, and liabilities), production traceability, farmer mapping and registration, e-learning, marketing, and e-commerce (facilitating market linkages among market and value chain actors, bulking and aggregation, and providing market information), as well as agricultural services for partner farmers and suppliers.
- (c) Post-investment BDS support.

### 2. Project preparation and development services

- (a) Preparation of financial models & simple business plans
- (b) Prepare a Project Information Memorandum (PIM).
- (c) Recommending potential funding sources for the SME projects and devising strategies to assist the project in achieving financial closure with external investors.
- (d) Highlight any specific areas that require capacity building through technical assistance grants.

### 3. Financial services - link developers to financial institutions and investors.

- (a) Technical assistance (TA) grants to support SMEs to address selected compliance and certification requirements such as environmental and social assessment, product certification (with UNBS), fair trade certification, organic certification, food fortification etc.
- (b) Linkage to Uganda Development Bank (UDB) for concessional loans.
- (c) Linkage to financial institutions for commercial loans through partnership with Aceli Africa.

## Concessional loans terms & conditions

concessional loans for capital expenditure purposes will be provided by UDB to enable agribusiness SMEs acquire machinery, equipment, storage, and processing facilities to increase processing capacity. Interest rates and other terms for concessional loans shall be as follows.

### Partnership with Uganda Development Bank (UDB)

UNCDF is partnering with Uganda Development Bank (UDB) under the START facility to extend concessional financing to formally registered agribusiness SMEs in Uganda. The concessional loans (medium term to long term) are mainly for capital expenditure purposes and will be provided by UDB to enable agribusiness SMEs to acquire machinery, equipment, storage, and processing facilities to increase processing capacity. The terms and conditions and eligibility are summarized below:

- (a) Concessional borrowing terms include:
  - Interest rates - 12% p.a computed and charged monthly
  - Tenure - up-to 96 months
  - Grace period - up-to 24 months
  - Collateral - Security coverage of 100% as per bank policy
  - Loan appraisal fees - 0.5% of loan amount
- (b) Loan amount accessible range from UGX50m to UGX900m.
- (c) Formal registered agri SMEs (companies, cooperatives, associations, partnerships, sole proprietorships) that have been in existence / in business for at least 2 years.
- (d) Suitable for agri - SMEs seeking long term concessional capital for growth and expansion (repayment period up-to 8 years).
- (e) Mainly suitable for capital expenditure such as purchase of equipment, construction of warehouses /storage facilities, acquisition of proven technologies, working capital, etc.
- (f) Financing does not cover the cost of land acquisition and loan re-financing.
- (g) Priority given to SMEs with high positive impact on women, youth, refugees/host districts, persons with disabilities, underserved areas etc.

Accessed from UDB by sending applications via the START application portal: [www.start.go.ug](http://www.start.go.ug).

## Partnership with Aceli Africa

UNCDF is also partnering with Aceli Africa under the START facility to provide investment readiness and matching support to agricultural SMEs, enabling them to potentially access financing on commercial terms through partner financial institutions, including commercial banks and impact investors. Both formal and informal agribusiness SMEs engaged in legal agricultural activities are eligible to apply for short- to medium-term loans ranging from UGX50 million to UGX900 million.

## Geographical coverage

START II is accessible countrywide, supporting the development and financing of capital-intensive agricultural projects promoted by SMEs that add value in storage and processing of agricultural produce. START II will also consider the necessary complementary activities under production such as commercial agriculture.

## General eligibility criteria and priority agribusiness SMEs for concessional loans

START facility products and services can be accessed by agribusiness SMEs registered and operating in Uganda involved in value addition and agro-processing.

Category	Features
<b>Agribusiness SME</b>	<ul style="list-style-type: none"> <li>(a) Must be a legally registered person (company, cooperative, association, partnership, sole proprietorship).</li> <li>(b) The agribusiness must be registered in Uganda under the Companies Act, Cooperative Societies Act, or similar business representative organization legally established in Uganda.</li> <li>(c) The agribusiness must have between 2 – 100 employees.</li> <li>(d) It must have annual turnover or total assets ranging from UGX 10m to UGX 500m.</li> <li>(e) The Agribusiness must have been in operation for at least 2 years. .</li> </ul>
<b>SME Promoter Owner</b>	<ul style="list-style-type: none"> <li>(a) Directly responsible for the preparation and management of the activities with their partners and not acting as an intermediary.</li> <li>(b) Stable and with sufficient financial resources to ensure the continuity of their SME throughout the project period.</li> <li>(c) Able to demonstrate their experience and capacity to manage activities corresponding in scale and complexity with those for which financial support is requested.</li> <li>(d) Can provide contribution either from own resources or in combination with other shareholders, equity equal to at least 25% of the total cost of the project.</li> <li>(e) Have demonstrable/verifiable ownership of title or right of beneficial use of assets on which the project will be carried out</li> <li>(f) Not involved in harmful or exploitative forms of forced labour or child labour as defined in the International Labour Organization core labour standards</li> </ul>
<b>Sector</b>	<ul style="list-style-type: none"> <li>(a) Value addition in storage and processing of agricultural produce (including handling and packaging) and any other complementary activities.</li> <li>(b) Priority will be given to SMEs that pay particular attention to vulnerable groups (women and youth, refugees and host communities, persons with disabilities, persons and businesses from the least developed Ugandan sub-regions) and green practices.</li> <li>(c) Ineligible if involved in activities/sectors, such as manufacture, sale or distribution of alcohol, tobacco, or tobacco products as well as manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES).</li> <li>(d) Agricultural activities within the boundaries of national parks and other protected areas are ineligible.</li> </ul>
<b>Economic and social impact targeted</b>	<p><b>Development of the local food supply chain:</b></p> <ul style="list-style-type: none"> <li>• Improved quantity and quality of local food production;</li> <li>• Improved effectiveness of local food markets;</li> <li>• Improved position of women and young people in the local food supply chain.</li> </ul>

Category	Features			
	<p><b>Local economic impact:</b></p> <ul style="list-style-type: none"> <li>• Increase in locally retained revenues;</li> <li>• Increase in household revenues;</li> <li>• Increase in local decent employment opportunities;</li> <li>• Increase in demand for local primary production (increase in the locally sourced inputs/local supply chain);</li> <li>• Improved local resilience and adaptation to climate change.</li> </ul> <p><b>Transformative impact:</b></p> <ul style="list-style-type: none"> <li>• Increase in the added value of a product created locally;</li> <li>• Application of new technologies;</li> <li>• No adverse social and environmental impacts (see Section 5.1 for more details)..</li> </ul>			
<b>SME's Equity Contribution</b>	<p>The minimum equity contribution at 25% + is mandatory and may come in a variety of forms (e.g. land, plant and equipment, cash). If the equity contribution is produced in kind in the form of physical assets and/or in the form of other products resulting from certain prior activities, the applicant must prove the relevance of these assets for the project and produce evidence of ownership of such assets.</p> <p>The following assets and other products may be considered as part of the equity contribution.</p>			
	<table border="1"> <thead> <tr> <th>Physical assets</th> <th>Other products</th> </tr> </thead> <tbody> <tr> <td>Land, buildings, machinery and equipment, vehicles (incl. motorcycles).</td> <td>Feasibility studies, training and skilling of personnel, management systems complete with required software and equipment (databases, accounting, planning, etc.), intellectual property rights (patents, trademarks, designs, etc.)</td> </tr> </tbody> </table>	Physical assets	Other products	Land, buildings, machinery and equipment, vehicles (incl. motorcycles).
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In addition, the projects must meet the criteria of additionality and neutrality in line with the recommendations of the European Commission<sup>1</sup>, as explained below:

**Additionality:** Without public support, the private enterprise would not undertake the action or investment, or would not do so on the same scale, at the same time, in the same location or to the same standard. The supported action should not crowd out the private sector or replace other private financing.

**Neutrality:** The support given should not distort the market and should be awarded through an open, transparent, and fair system. It should be temporary in nature with a clearly defined exit strategy. Support justified by market failures and consequent risks should not have the effect of discouraging regulatory reform efforts addressing the causes of market failure.

## Priority agribusiness SMEs - vulnerable groups and green businesses

**(a) Focus on women and youth:** The SME qualifies if it is owned or led by a woman and or youth or is providing services to or employing women and youth.

Category	Criteria	Sub-criteria
<b>Women</b>	<b>Leadership and Ownership (women led or owned)</b>	<ul style="list-style-type: none"> <li>• 50% of the entity is owned by one or more women; OR</li> <li>• Business founded by a woman; OR</li> <li>• Share of women in senior management is at least 30%; OR</li> <li>• Women make up at least 30% of the Board (active with voting rights).</li> </ul>
	<b>Products and services</b>	<ul style="list-style-type: none"> <li>• Provides products and services that intentionally seek to close gender gaps or are designed to meet the specific needs or wants of women or girls.</li> <li>• Examples include those relating to women's health; safety; labour-saving technologies or devices; financial inclusion; reduce women's caregiving responsibilities; or learning tools to improve the skills and capabilities of women.</li> </ul>

<sup>1</sup> European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries. Brussels, 2014

Category	Criteria	Sub-criteria
	Women-powered value chains or workforce	<ul style="list-style-type: none"> <li>Companies that intentionally seek to source from women producers (agribusiness SME buys at least 30% of produce directly from women suppliers); OR</li> <li>Distribute their products mainly through women-led companies or women sales agents; OR</li> <li>At least 30% of employees are women with employment conditions in compliance with national laws.</li> </ul>
Youth	Leadership and Ownership (Youth led/owned)	<ul style="list-style-type: none"> <li>30% of the entity is owned by one or more youth (i.e. aged 18-35 years); OR</li> <li>Business founded by youth; OR</li> <li>Share of youth in senior management is at least 30%; OR</li> <li>Youth make up at least 30% of the Board (active with voting rights).</li> </ul>
	Youth-powered value chains or workforce	<ul style="list-style-type: none"> <li>Enterprises that intentionally seek to source from youth producers (agribusiness SME buys at least 30% of produce directly from youth suppliers); OR</li> <li>Distribute their products mainly through youth-led companies or sales agents; OR</li> <li>At least 35% of employees are youth.</li> </ul>

**(b) Refugees and host communities:** The SME qualifies if it is owned by a refugee and host community members or is providing services to or employing refugees and host communities' members.

Category	Criteria	Sub-criteria
Refugees and Host Communities	Leadership and Ownership (Refugees led-owned)	<ul style="list-style-type: none"> <li>20% of the entity is owned by one or more refugee; and/or</li> <li>Business founded by refugees; OR</li> <li>Share of refugees in senior management is at least 20%; OR</li> <li>Refugees make up at least 20% of the Board (active with voting rights).</li> </ul>
	Refugee hosting district	<ul style="list-style-type: none"> <li>The agribusiness SME is located in a refugee hosting district of Uganda.</li> </ul>
	Products and Services	<ul style="list-style-type: none"> <li>SME is majorly involved in supplying goods / products to refugees.</li> </ul>
	Refugees -powered value chains or Workforce	<ul style="list-style-type: none"> <li>Companies that intentionally seek to source from refugee producers (agribusiness SME buys at least 20% of produce directly from refugee producers); OR</li> <li>At least 20% of employees are refugees.</li> </ul>

**(c) Persons with Disabilities:** The SME qualifies if it is owned by a person with disability, or is providing services to or employing persons with disabilities;

Category	Criteria	Sub-criteria
Persons with Disabilities	Leadership and Ownership (Persons with disabilities led)	<ul style="list-style-type: none"> <li>10% of the entity is owned by one or more</li> <li>Persons with disabilities; and/or</li> <li>Business founded by a person with disability OR</li> <li>Persons with disabilities constitute at least 10% of senior management OR</li> <li>Persons with disabilities make up at least 10% of the Board (active with voting rights)</li> </ul>
	Persons with disabilities -powered value chains or workforce	<ul style="list-style-type: none"> <li>Companies that intentionally seek to source from producers who are persons with disabilities (agribusiness SME buys at least 10% of produce directly from persons with disabilities); OR</li> <li>At least 10% of employees are persons with disabilities.</li> </ul>

**(d) Least Developed Sub-regions:** The SME qualifies if it is located in one of the least developed sub-regions of Uganda, or offering services to or employing persons from the least developed sub-regions;

Category	Criteria	Sub-criteria
Least Developed Sub-regions	Located in least developed subregion	<ul style="list-style-type: none"> <li>Karamoja sub-region</li> <li>Other disadvantaged sub-regions as per UBOS statistics</li> </ul>
	Least developed sub-region -powered value chains or workforce	<ul style="list-style-type: none"> <li>Enterprises that intentionally seek to source from producers in least developed sub-regions (agribusiness SME buys at least 30% of produce directly from least developed sub-regions); OR</li> <li>At least 30% of employees are from Least developed sub-regions</li> </ul>

**(e) Green Businesses:** a green business or sustainable business refers to an enterprise that has minimal negative impact or potentially a positive effect on the global or local environment, community, society, or economy—a business that strives to meet the triple bottom line. Such a business is committed to the principles of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities. The criteria for agri-business SMEs to qualify is in line with the aBi Finance Holdings Limited (aBiFH) green taxonomy framework. An SME qualifies if it fulfils at least one of the following:

**(i) Reliance on agricultural inputs grown in an environmentally sustainable way:**

- Soil health improvement (crop management, no/low till with increased retention of organic residues, organic fertilizer, rotational grazing, carbon sequestration);
- Enhancing ecosystem functions (erosion control, Integrated Water Resource Management, natural pollination);
- Integrated Pest Management;
- Implement activities that increase biodiversity, agroforestry, and forestation of the ecosystem;
- Increasing biodiversity (habitat provision, biological pest control);
- Reforestation or land restoration activities, including establishing commercial forestry, agroforestry, promoting avoided deforestation and conversion of waste land back to productive land.

**(ii) Use of processing and storage technologies that:**

- are energy efficient, minimize losses of raw materials and/or contribute to internal recycling and reuse of materials;
- optimize the use of biomass and renewable resources in value-added processing, apply sustainable packaging.

**(iii) Deploys targeted measures to:**

- safeguard the quantity and quality of water, soil, and to protect air quality;
- reduce waste, bio-economy based solutions and re-use by-products from processing activities by the enterprise,
- use bioenergy that is suited to the agro-ecological context and uses natural resources efficiently, or waste streams from one supply chain that are used as raw materials for another.

**(iv) Uses renewable energy in business operations** e.g. solar energy, wind, falling water, the heat of the earth (geothermal), plant materials (biomass), waves, ocean currents, temperature differences in the oceans and the energy of the tides etc.

**(v) Use systems and processing involved in the recycling** of plastics, paper and domestic waste that are detrimental to the environmental and ecological scarcities.

## Pre-submission information

The Private Sector Foundation Uganda and other START facility partners will provide information to project developers to enable SMEs to prepare their applications for concessional loans. Through the media, local radio stations, and implementing partner organizations, regular sensitizations on the application processes will be carried out. Please refer to [www.uncdf.org](http://www.uncdf.org) and [www.psfuganda.org](http://www.psfuganda.org) for more information.

## Project selection process for concessional loans

Project applications will be selected for START facility financial support through a four (4)-stage process

- 1) screening (longlisting),
- 2) screening (shortlisting),
- 3) light due diligence/ verification and impact assessment and
- 4) proposal development

SME Proposals developed with support from UNCDF for concessional loans are submitted to UDB for final appraisal, approval and disbursement of the loans in line with UDB's lending policies.

# How to Apply for START Facility Support

A call for proposal (CfP) is issued through public media including leading daily newspapers (e.g., New Vision and Daily Monitor) as well as websites for UNCDF and partners and remains open throughout the year. The open call will allow SMEs to submit applications any time of the year, whenever they are ready with the required information.

The following instructions are critical for applicants planning to submit their proposals under the START Facility.

1. An on-line application form will be provided for applicants to submit their proposal for concessional loans. The online form can be accessed on the link [www.start.go.ug](http://www.start.go.ug). No applications / proposals will be accepted via email or hard copy.
2. The online application form must be completed carefully to ensure all the required information is provided. Submission of incomplete information is an automatic ground for rejection of the proposal.
3. Relevant supporting documentation must be uploaded onto the relevant section at the end of the online application portal.
4. Only one application will be accepted per SME/enterprise.
5. Any significant errors or any major inconsistency in the application may lead to the rejection of the proposal.
6. Applicants should quote all figures in Ugandan Shillings and if possible, as round figures.
7. **Language of proposal:** Proposals must be submitted in English.
8. **Deadline for submission:** The call for applications shall remain open throughout the year to enable SMEs submit their applications any time.
9. **Inquiries:** For additional inquiries about the application process please send your inquiry to the two emails: [dkisekka@psfu.org.ug](mailto:dkisekka@psfu.org.ug) and [cfp.start@uncdf.org](mailto:cfp.start@uncdf.org) with the subject "INQUIRY".
10. **Acknowledgement of receipt:** The START online application system will automatically acknowledge receipt of your application by replying to the provided contact email address. Please ensure that you receive the acknowledgement receipt after submission of your proposal.
11. **Caution to Applicants:** No fees are required to apply. Applicants should not accept to pay any fees/commission to any individual/consultant claiming to facilitate approvals.

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For more information on START Facility, please contact

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