



The Republic of Uganda

# Development Initiative for Northern Uganda DINU



EUROPEAN UNION



## Support to Agricultural Revitalization and Transformation (START)

### START Overall Goal

Support SMEs in agricultural value addition in Northern Uganda by offering affordable medium-term finance through provision of Business Development Services, project structuring and transaction services, and seed capital in the form of concessional loans, grants and partial guarantees.

### Objectives



Offer access to technical assistance and affordable medium-term finance for agricultural value adding projects in Northern Uganda



Support projects that contribute to economic empowerment of women and youth



Encourage projects that aim at reducing environmental risks and ecological scarcities, promote green economy



Contribute to development of refugee hosting areas and leverage the refugee potential for local development



Make START a sustainable and adequately capitalized facility to provide technical assistance and capital to SME agrobusinesses nationally

### START at a glance

#### Joint venture



A unique partnership of three institutions: UN Capital Development Fund (UNCDF), Private Sector Foundation of Uganda (PSFU), and Uganda Development Bank Limited (UDBL)

#### Three lines of business



- Business development services
- Project development, structuring and transaction services
- Short- and medium-term finance

#### Customized finance



- Total current capitalization € 4 million
- Expected leverage € 8 million
- Project financing from UGX 40 million to UGX 400 million per project
- Concessional loans of up to 5 years



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## WHAT PROJECTS ARE ELIGIBLE?



Capital-intensive projects that use proven technology.



Using an **approved technology**, e.g., post-harvest handling equipment/technology; small-scale irrigation systems; technologies for effective storage chains; application of solar and other types of green energy and digital technologies to handling, processing and storage).



Promoted by a **registered agribusiness entity**, a cooperative, trade association or similar business representative organization legally established in Uganda located or operating in Northern Uganda.

40-400M  
25%

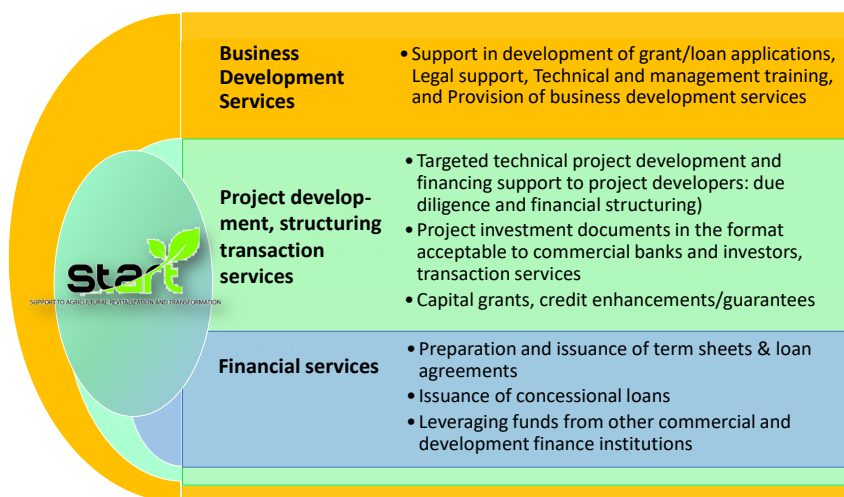
Needs additional funding from approx. UGX 40 million to UGX 400 million. The developer equity contribution should be at least 25% of the total cost of the project.



Aiming at a **tangible and demonstrable social and economic impact** (e.g., development of the local food supply chain; local economic impact; transformative impact on local economies).



Demonstrating **commercial viability**: the investment proposal must show how the project will generate revenues adequate for loan repayment).



## START PROCESS



① **Call for proposals.** Starts with the preparation of the call for proposals and ends with the submission of the finalized proposals to PSFU from prospective developers.



② **Project identification.** Starts with the screening of the submitted proposals by PSFU and may include requests for clarifications and additional information from the developers. The projects are then prioritized and selected for further development by UNCDF.



③ **Project development.** Starts with a due diligence and business case analysis for individual projects accepted for the pipeline and includes services delivered by UNCDF:



- \* project development (feasibility studies, business plan, financial model);
- \* project structuring (governance, incorporation);
- \* credit enhancement (grants and guarantees).



④ **Project financing.** Starts with the submission of a loan application or equity agreement with UDBL or other financiers and ends with the financial closure, i.e. signing of the loan or equity agreement and disbursement of the first tranche(s) to the developer.



⑤ **Post-investment support.**

Starts with the first grant (loan) disbursement to the developer and covers the period until the loan is fully serviced. Technical assistance provided during this period by UNCDF and PSFU will last until the business becomes economically and financially sustainable.



Region	Districts covered
Karamoja	Abim, Amudat, Kaabong, Kotido, Moroto, Nakapiripirit, Napak
Acholi	Agago, Amuru, Gulu, Kitgum, Lamwo, Nwoya, Omoro, Pader
Lango	Alebtong, Amolatar, Apac, Dokolo, Kole, Lira, Otuke, Oyam
Teso	Amuria, Katakwi
West Nile	Adjumani, Arua, Koboko, Maracha, Moyo, Nebbi, Yumbe, Zombo

**Private Sector Foundation of Uganda (PSFU)** is Uganda's apex body for the private sector. It is made up of over 200 business associations, corporate bodies and the major public sector agencies that support private sector growth. Since its founding in 1995, PSFU has served as a focal point for private sector advocacy as well as capacity building and continues to sustain a positive policy dialogue with Government on behalf of the private sector. PSFU aims to strengthen Private Sector capacity for effective policy advocacy and market competitiveness nationally, regionally and internationally.

**Uganda Development Bank Limited (UDBL)** is a public enterprise wholly owned by the Government of Uganda and carrying on business as a Development Finance Institution (DFI). The bank, a successor company to Uganda Development Bank, was incorporated as a limited liability company and it is mandated to finance enterprises in key growth sectors of the economy. UDBL repositioned itself as a key partner to the Government of Uganda in delivering its National Development Plan (NDP). In order to deliver this aspiration, the Bank focuses on the key growth sectors by financing development projects at attractive terms.

**United Nations Capital Development Fund (UNCDF)** makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 the means of implementation.

**European Union (EU)** is a political and economic union of 28 Member States. They decided to link together their know-how, resources and destinies. Together, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The EU is committed to sharing its achievements and values with countries and peoples beyond its borders. And in fact, over half of all development aid comes from the EU and its Member States, making them collectively the world's largest aid donor. Most aid goes to low-income and least developed countries.