

**Support to Agricultural Revitalization and Transformation (START) supports Small and Medium Enterprise (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, technical assistance 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 Facility 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
- 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
- UNCDF has arrangements to provide more financing above the upper limit of UGX 400 million through partnering with other financial institution



**Terms and Conditions of Finance**



Up to **10%** of the financing requirement payable to third party service providers as project development grants



Up to **50%** of the external loan project-based partial guarantees



Zero-interest loans to cover up to **40%** of the financing requirement subject to special conditions

Concessional loans to cover up to **75%** of the financing requirement, at **10-12%** annual interest rate, maximum tenor 5 year and maximum grace period 1 year

Only **1%** appraisal fee is charged by UDBL on concessional loans disbursed. The same project can benefit from only one type of finance in addition to a project development grant

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

*\*All new districts created or to be created from out of the districts above are automatically eligible for the START Facility*

**START Process**  
Call for proposals. Download submission forms at <http://www.psfuganda.org/start-facility-submission-form/> and sub-mit your completed form to PSFU via e-mail: [cfpstart@psfuganda.org.ug](mailto:cfpstart@psfuganda.org.ug) and [cfp\\_start@uncdf.org](mailto:cfp_start@uncdf.org) Make sure that your proposal complies with the required standard and is submitted on time. You will receive an electronic acknowledgement receipt for your submission.

**Project identification.** PSFU will carry out the first screening to make sure that your proposal meets the basic submission criteria. You may be contacted by PSFU for additional information. If your proposal fails, you will be notified and appropriate BDS support provided for future improvement.

If your proposal passes this stage, it will be forwarded to UNCDF for the second screening and due diligence to verify the information in the submitted proposal as well as establish both the commercial and technical viability of the project. Based on the results of the second screening and due diligence, UNCDF will do final appraisal and selection of projections for the development pipeline. If your project is selected, an Investment Officer will be assigned to work with you.

Unsuccessful projects will be notified and given appropriate BDS support to overcome their weaknesses to submit bankable proposals in subsequent calls. You may be contacted by UNCDF for additional information. UNCDF will do final appraisal and selection of projects for the development pipeline. If your project is selected, an Investment Officer will be assigned to work with you. Unsuccessful projects will be notified.

**Project development.** The Investment Officer will carry out due diligence and business case analysis for your project and will provide required support including:

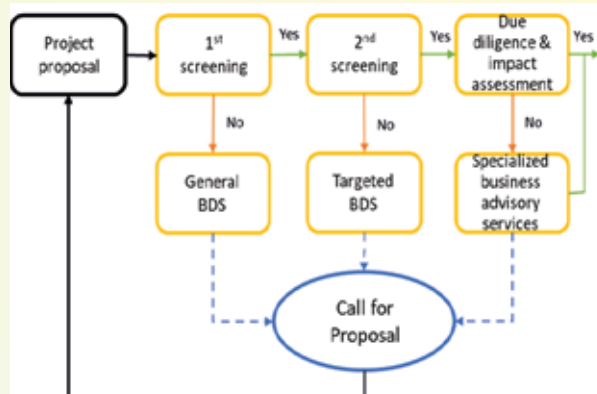
- Project development (feasibility studies, business plan, financial model);
- Project structuring (governance, incorporation);
- Project financing arrangements (financial structure and sources of finance).

**Project financing.** The Investment Officer will prepare, negotiate and submit a loan application or an equity agreement (where applicable) with UDBL or other financiers for your project. Financing may include concessional loans or zero-interest (under special circumstances) and partial bank guarantees and technical assistance grants (where necessary). Once approved by the financier(s), your project will receive financing as specified in the agreement(s).

**Post-investment support.** UDBL and partners will monitor the performance of your project and its debt servicing progress. In addition to UNCDF and PSFU will continue to provide technical assistance to address the identified technical and/or financial issues during the life of the project until the business becomes economically and financially sustainable.

**START Facility Process Flow**

- \* The START facility approval process may take 6-9 months from the final day of submitting proposals to the time when the project receives financing depending on the readiness of the applicant to provide the required information. The flowchart presents the process from call to proposal to finalization



**Summary results of 1<sup>st</sup> Call for Proposal**  
In May 2018, the START facility was officially launched in Kampala and the five sub-regions of Northern Uganda and subsequently the first call for proposals issued lasting till August 2019.



Recently the START Facility announced the first two successful applicants (from the shortlist/pipeline of 17 companies) under the first call for proposal, whose proposals were completed and submitted to Ugan-da Development Bank Ltd (UDBL) for financing. One company runs a maize processing plant in Omoro District and the other produces honey and related products in Lira District. The total cost of the two projects is UGX 945 million with UGX 660 million coming from START Facility.

In addition to commercial and financial viability, the two companies demonstrate a significant local development impact including new jobs for women and youth, one of the key objectives of the facility.



Mr. Tom Anyii Okello – The MD TAF Assured Mixed Enterprises displaying the honey harvesting gear and honey products in his outlet in Lira Town. The company stands to receive over UGX 190M for investing in Honey processing.



Mr. Mark Okoke – The MD Kana Grain Millers Ltd shows Mr. Deus Tirwakunda, the START Manager around the factory. The company stands to receive over UGX 470M for investing in modern grain storage facilities

The facility is designed to support the implementation of the food security and nutrition component of the Development Initiative for Northern Uganda (DINU) programme. DINU is a Government of Uganda programme financed by the European Union under the overall oversight of the Office of the Prime Minister.

To find out more about the work of UNCDF under DINU programme follow us @UNCDF\_DINU or contact [jenifer.bukokhe@uncdf.org](mailto:jenifer.bukokhe@uncdf.org) For additional information on the START Facility please contact [deus.tirwakunda@uncdf.org](mailto:deus.tirwakunda@uncdf.org)

**WHAT PROJECTS ARE ELIGIBLE UNDER START FACILITY?**

- 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.
- Needs additional funding from approx. UGX 40 million to UGX 400 million. Mechanisms are also in place to provide financing beyond the UGX 400M upper limit through working with partners. The developer equity contribution should be at least 25% of the total cost of the project (in cash, land or business related assets).
- 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).

**Business Development Services**

- Support in development of grants/loan applications, Legal support, technical and management training, and Provision of business development services

**Project development, structuring transaction services**

- Targeted technical project development and financing support to project developers; due diligence and financial structuring)
- Project investment documents in the format acceptable to commercial banks and investors, transaction services
- Technical assistance grants, credit enhancements/guarantees

**Financial services**

- Preparation and issuance of term sheets & loan agreements
- Issuance of concessional loans
- Leveraging funds from other commercial and development finance institutions