



# UGEFA Green Finance Dialogue

What are “green SMEs” and what do they need to grow?

Green Manufacturing | 13 November 2020



UGANDA  
GREEN ENTERPRISE  
FINANCE ACCELERATOR

Funded by



European Union

Implemented by



adelphi

# Uganda Green Enterprise Finance Accelerator

We improve access to finance for green enterprises in Uganda.

## WE SUPPORT GREEN ENTERPRISES

We support green enterprises to develop the business and financial plans needed to access financing and scale their environmental and social impacts.



### Catalyser Programme

Engage with enterprises in hands-on interactive workshops focusing on key topics for financial readiness and growth

### Loan Facilitation

Match enterprises with our partner banks to access loan facilities designed to meet their financial needs

### Accelerator Programme

Support enterprises with loan management to invest in growth, scaling their contributions to job creation and a green economy



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## Establishment of Tailored Loan Mechanisms

Collaborate with financial institutions to support the development & piloting of loans tailored to green SMEs

## Technical Assistance for Banks

Support banks to expand their customer base to green & growing SMEs, including with innovative portfolio development tools

## Interactive Green-Climate Finance Trainings and Dialogue Fora

Provide trainings for financial institutions to build a case for green SME financing & leverage opportunities for green-climate finance

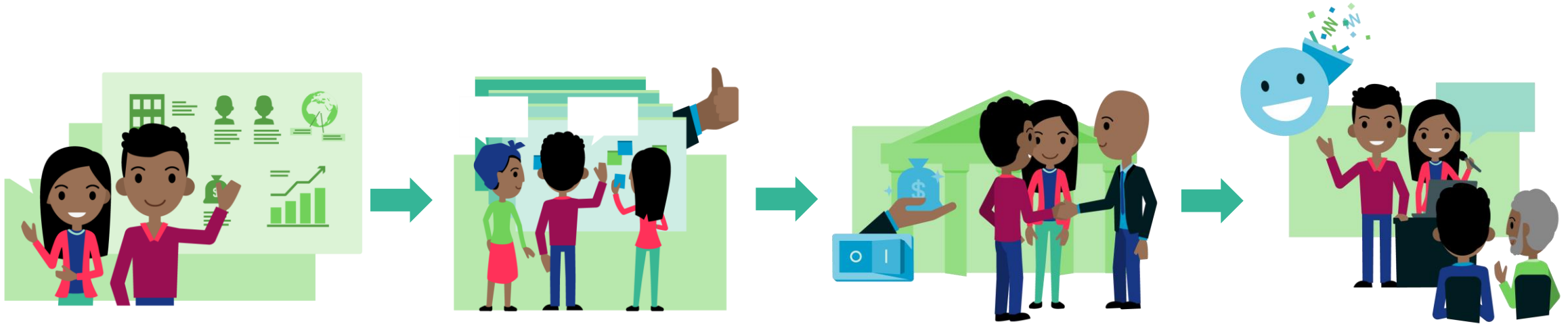
## WE REDUCE RISKS OF FINANCING CHANGE

We reduce the risk of financing change by working together with commercial banks to provide green SME lending.



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## WE SUPPORT THE TRANSITION TO A GREEN ECONOMY IN UGANDA

**100**

**Enterprises**

successfully submitted applications to commercial banks in Uganda to access tailored loan finance

**6.1 Mio USD**

**in Debt Financing**

provided to green SMEs across sectors to invest in growth

**Up to 1800**

**Jobs Created**  
in green sectors

# WE WANT TO COLLABORATE WITH YOU!

## TODAY...

- Share experiences in supporting green enterprises to grow
- **Map financing needs & pathways** for green enterprises in target sector
- **Lay the groundwork for collaboration** in order to jointly scale access to finance for green SMEs in Uganda

## MOVING FORWARD...

- **Co-publish results from today's session as *Sectoral Brief*** to inform financiers and other ecosystem actors of opportunity to finance the future of green SMEs
- **Align joint project priorities & continue to collaborate** in order to facilitate access to finance for green SMEs in Uganda while driving the transition to a resilient, green and inclusive economy in Uganda

## ONGOING OPPORTUNITIES



### Access to Networks & Visibility

around topics of green enterprise business advisory and financing for (green) enterprises that you work with



### Regular Networking Touchpoints

through future UGEFA Green Finance Dialogue sessions (including **Green Entrepreneurship Day** at Kampala Innovation Week on 27 Nov), Ecosystem Networking Breakfasts and more



### High-level Profiling & Insight Dissemination

at annual Green Finance Dialogues and via various formats for sharing ecosystem insights and data, within ecosystem studies/briefs, enterprise case studies and solutions prototyping sessions



# Agenda of the Session

15 MIN

WELCOME & INTRODUCTIONS

05 MIN

CELEBRATE GREEN SME ACHIEVEMENTS

55 MIN

MAP INVESTMENT PATHWAYS

15 MIN

WRAPPING UP & LOOKING FORWARD



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# Green Manufacturing sector overview

Catalysing green growth through green manufacturing

Value-added manufacturing contributed 15.45% of Uganda's GDP in 2019. The sector is dominated by SMEs, which generate over 80% of the manufactured output.

Much of the value addition is driven by food processing, which accounts for 40% of the manufacturing index (Economic Policy Research Center, 2018).

Green manufacturing is key to **economic transformation through value addition, job creation and inclusion** (particularly in the agriculture and related sectors), **improvement of Uganda's current account** through promotion of local industries and value addition to resources that are locally available.

Investment into green industrialisation until 2040 is expected to contribute:

- \$0.6 billion to GDP
- Reduce GHG emissions by 8.9%
- Create 30,000 job

(New Climate Economy Partnership, 2016)



## Relevant Policies and Strategies

Uganda Vision 2040

Buy Uganda Build Uganda Policy

Third National Development Plan (NDPIII) 2020/21 - 2024/25

Draft National Industrial Policy 2018

Draft National Industrial Development Strategy



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# Green manufacturing businesses

	Role of SMEs	Common business activities
 <p>Agro-processing</p>	<p>SMEs are involved in food processing activities such coffee, tea, sugarcane and cassava. (GGGI, 2017).</p>	<p>Sourcing of the inputs, processing through sorting, roasting, fermenting, drying, mixing, milling and grinding, packaging the products, and distributing the products.</p>
 <p>Textiles &amp; Clothing</p>	<p>SMEs are involved in value addition in textiles, clothing and footwear, often from imported inputs such as kitenge.</p>	<p>Value addition to raw material, and distribution of the products.</p>
 <p>Cosmetics</p>	<p>The cosmetic market is growing fast, and SMEs are involved in manufacturing cosmetics, soap, and foam products.</p>	<p>Research and development, sourcing, processing, packaging and distribution.</p>
 <p>Construction</p>	<p>As urbanisation creates a growing housing and construction market, SMEs play an important part in the construction value chain</p>	<p>Sourcing of inputs (e.g. waste) and processing of the inputs into construction materials such as posts, tiles, bricks, and cement.</p>
 <p>Household Goods</p>	<p>Responding to growing demand and rising incomes, SMEs produce furniture, crafts, and other goods such as sanitary pads and everyday items.</p>	<p>Research and design, sourcing inputs, processing, packaging and distribution</p>





# Green manufacturing businesses

	Role of SMEs	Common business activities	Financing needs
 <p>Agro-processing</p>	SMEs are involved in food processing activities such as coffee, tea, sugarcane and cassava. (GGGI, 2017).	Sourcing of the inputs, processing through sorting, roasting, fermenting, drying, mixing, milling and grinding, packaging the products, and distributing the products.	Acquiring energy efficient machinery...
 <p>Textiles &amp; Clothing</p>	SMEs are involved in value addition in textiles, clothing and footwear, often from imported inputs such as kitenge.	Value addition to raw material, and distribution of the products.	Working capital to import materials...
 <p>Cosmetics</p>	The cosmetic market is growing fast, and SMEs are involved in manufacturing cosmetics, soap, and foam products.	Research and development, sourcing, processing, packaging and distribution.	Certification for products...
 <p>Construction</p>	As urbanisation creates a growing housing and construction market, SMEs play an important part in the construction value chain	Sourcing of inputs (e.g. waste) and processing of the inputs into construction materials such as posts, tiles, bricks, and cement.	Manufacturing facilities...
 <p>Household Goods</p>	Responding to growing demand and rising incomes, SMEs produce furniture, crafts, and other goods such as sanitary pads and everyday items.	Research and design, sourcing inputs, processing, packaging and distribution	Designing environmentally-friendly packaging...



# Share your thoughts...

- What was your “aha moment” today?
- What are you excited about for the next year?
- What can we take forward together as a group or bilaterally?

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# We look forward to connecting again!

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**Business**



Agro-processing & food processing

**Financing Needs**



Working capital to buy agri-inputs during harvest season as primary need	Financing for storage facilities, packaging, harvesting	Increase efficiency & use of machinery throughout year
Acquiring energy efficient machinery	Financial support for advisory / trainings to ensure global competitiveness	
Specific machines aligned with relevant standards	Financing for organic certification to enter/expand to export markets	
Tech (smartphones, laptops/computers) for accounting		

**Financing Successes & Challenges**

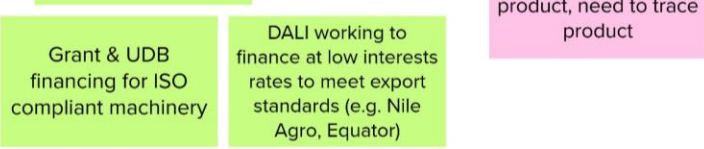
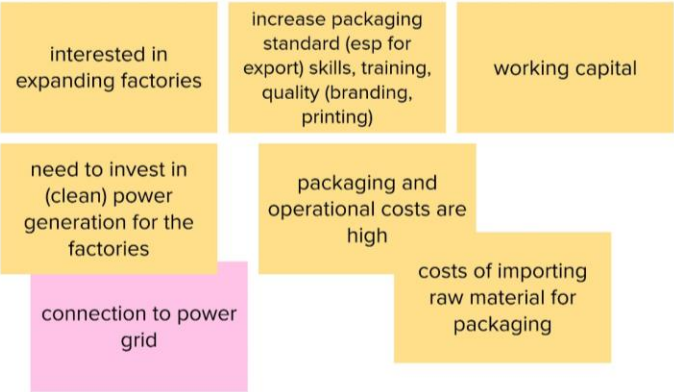


Cooperatives going to MFIs / SACCOS but financing inadequate	How to best package for value-added products? (knowledge gap for affordable technology)	Insufficient collateral for higher ticket sizes	Lead farm structure (DALI)
& not attractive to higher performing agribusinesses	FIs structure of agro value chain financing?	Increasing capacity of FIs for value chain financing	
Compliance with production standards (i.e. for local, regional, export markets)	World Bank facility for facilitating organic certification qualification & processing	But...understanding value chain structures (transparency of roles)	
Compliance particularly challenging for smaller producers in local markets		Commercially viable smallholders vs subsistence - avoid lumping together	
Much compliance & standardisation led by private sector (not govt authorities)		non food grade processing machines	
Greater role for local governments required for contract enforcement		need conscious consumption - organic product, need to trace product	
Grant & UDB financing for ISO compliant machinery	DALI working to finance at low interests rates to meet export standards (e.g. Nile Agro, Equator)		

Cosmetics (shea butter)

Textile

supplying schools, hospitals, prisons



standards and compliance for export markets

commercial banks not financing sustainable packaging

producer responsibility (manufacturers & sustainable packaging)

contracts with houses e.g. M&S - specific standards that need to be met

how do the standards align to Ugandan standards?

Traceability of value chains & child labour (linked to exports)

UG - below 18 is a minor. policy - can work at 14yo if supervised

trainings & skills development

## Ecosystem Insights

Pipeline building of commercially viable agribusinesses

invest in information for SMEs

need a gap study

how to leverage resources to scale production and marketing - region wide markets (huge)

e.g. egg yolk powder imported, despite chicken in the region

consumption - think about the consumer