

# UDB i-Growth Accelerator 2017

## Call for Applications

Uganda Development Bank Limited (UDB) in partnership with the ResilientAfrica Network (RAN Lab) are pleased to announce the UDB i-Growth Accelerator 2017 that will focus on supporting commercialization of local start-ups and stimulating a culture of innovation in Uganda so as to contribute to the country's social economic development. The i-Growth Accelerator program is an annual initiative that will support individuals to grow and expand their start-up enterprises in all sectors.

For 2017, the Accelerator will focus on the Agriculture and Manufacturing sectors under the theme; ***'Towards a Smart and Sustainable Agricultural and Manufacturing Sector'***.

Uganda's Vision 2040 identifies Agriculture as a strategic opportunity that requires harnessing to maximize returns to the country's economy, an objective which aligns with UDB's development strategy. Agriculture is the mainstay of the Ugandan economy employing 65.6 per cent (UBOS 2010) of the labour force and contributing 21 percent to the GDP. Agriculture, if well harnessed will bolster the country's economy. By 2007 the sector accounted for 47 percent of total export earnings. Its contribution to the GDP has been declining but remains very important to provide a basis for growth in other sectors.

Innovation and Entrepreneurship are critical pillars that can jump-start the country's agricultural sector. Through innovation, entrepreneurs create new, competitive markets and businesses along the agricultural value chain which lead to job creation and have a multiplying effect on the economy. Potential entrepreneurs in Uganda are constrained by the limited access to finance and start-up capital which is exacerbated by lack of supportive life and entrepreneurial skills. The few existing entrepreneurship programs are not always well-tailored to their needs. Tailored skills through incubation can be a key channel to improve productivity and incomes in the informal economy and open opportunities to link with the formal economy. The UDB i-growth Accelerator will identify, recognize and accelerate outstanding innovative start-ups inline with the proposed theme and will support them to commercialization.

### **The Challenge:**

Agricultural production in Uganda is mainly dominated by smallholder farmers engaged in food and industrial crops, forestry, horticulture, fishing and livestock farming. The country is one of the leading producers of coffee and bananas in the World. It is also a major producer of tea, cotton, tobacco, cereals, livestock and fishing products among many others. However the Agriculture sector experiences challenges such as adverse climate variability and most communities depend on subsistence agriculture. More so agricultural yields are meagre and non-diversified (UNDP, 2007). The multiple stresses have risen from current climatic hazards, poverty and unequal access to resources, food insecurity, globalization trends (including impact of global financial crisis). Due to un predictable rain patterns, floods, prolonged dry spells, drought the agricultural methods employed are usually not effective to grow sufficient crops and raise livestock. Value addition to produce is low communities are stuck in a cycle of low productivity and skewed markets in which they have limited leverage. The result is low income, pervasive poverty and no growth. We need to disrupt the status quo, and introduce creative and modern methods of farming, open markets for produce and promote bulking and value addition technologies.

The 2017 i-Growth Accelerator focused on theme; ***'Towards a Smart and Sustainable Agricultural and Manufacturing Sector'*** is seeking solutions under the following sub-themes:

- 1. Production:** Majority of our communities rely on agriculture for livelihood, however, they are stuck in a cycle of low productivity and hence low incomes due to use of poor methods of agricultural production. We are searching for solutions that will change the status quo on agricultural practices related to production in a transformative way that multiplies yields, while making production more efficient and sustainable, promote diversification, improve farming practices, lowering input costs and approaches that will withstand the harsh vagaries of weather. These could include but are not limited to methods or technologies that significantly increase yield, prolong production capacity in drier seasons without disrupting bio-diversity. Approaches that expand available surfaces for crop and animal husbandry. Low cost farming implements that make production more efficient. New and efficient forms of green energy to power critical agricultural/livestock production processes, irrigation and farmer households. New approaches for increasing yield for indigenous drought resistant starches and

vegetables. Innovative approaches for adverse climate early warning including platforms for last mile communication.

- 2. Post-harvest handling and Transportation:** As Uganda marked World Food Day, facts and figures from a grassroots research paint a gloomy picture of the country's food security situation. The biggest causative factor is poor post-harvest handling, where there are massive losses to farmers, cumulatively leading to billions of shillings in key food-producing regions. Communities face major challenges with post-harvest handling of produce which includes both rapidly perishable produce (e.g. vegetables and fruits) and less rapidly perishable produce (e.g. grain and legume seeds). Communities also have limited access to affordable technologies for produce processing to improve its quality before sale (lack of value addition to raw produce). Worse still some of the challenges are related to poor transport and infrastructure. We are looking for solutions that suggest innovative ways of post-harvest handling of produce, reliable means of transport that will also contribute to food safety and security.
- 3. Value Addition, Standardization, Bulking and Branding:** Farmers often do not comply with grades and standards as required by the markets. The non-compliance to grades and standards, lack of value addition to produce results in low prices offered to farmers. Because of non-bulk sales and reliance on small holdings, rural farmers have little leverage on the price of their produce. Most importantly, rural farmers have low appreciation as well as capacity to add value and brand their produce in a way that positions their produce competitively in the market. This limits the kind of markets that local produce attracts. We are seeking for solutions that stimulate increased farmer leverage in the market through bulking, branding, produce standardization and traceability.
- 4. Market access and access to capital opportunities:** Current agricultural markets are riddled with mass asymmetries in the power of leverage by rural farmers. Most smallholder farmers produce low volumes of agricultural produce and face seasonality in production. The volumes produced by smallholder farmers are usually too small to attract meaningful demand. On the other hand, reliance on rain-fed agriculture confines farmers to seasonal production due to the unimodal rainfall

pattern experienced in the country. Seasonality in production contributes to fluctuations in supply making it impossible for farmers to sustain supply as demanded by most buyers. Poor market information system, low literacy levels and poor business skills, scattered and disorganised production and marketing arrangements, poor access to extension services, unregulated contract farming, policy incoherence related to for example export licenses for agricultural exports. Rural farmers find it difficult to access credit from commercial banks. Because of their low levels of financial literacy, they are often considered a high risk group by commercial banks, which are mainly driven by profit. Farmers also lack the collateral they need to secure the size of loans that are required for establishing viable businesses. Without access to finance, it is difficult for rural farmers to expand their businesses let alone venture into new profitable enterprises. However, the many uncertainties in their environment also contribute to poor credit performance when they get loans. We are seeking solutions that disrupt current models for rural venture financing to increase access to credit for rural farmers. We are seeking models or approaches for agricultural markets that promote new types of networks and distribution methods to catalyze enterprise and narrow the gap from farm to market and those that also reduce the contact of middlemen who exploit farmers and increase farmer leverage in the market.

## **5. Manufacturing and Agro processing:**

## **Who can participate / Who is Eligible?**

The call shall be open to interested applicants from diverse backgrounds who propose brilliant projects in relation to the theme. Submissions can be done in teams or individuals for example youth groups, community based organisations, vocational institutes, students, young entrepreneurs, NGOs, women groups, associations, SMEs etc . Projects should suggest transformative interventions or solutions. Applicants should note carefully that the suggested projects could be in form of ‘technologies’ or ‘approaches’. It should be a project with a demonstrable proof of concept for the solution/approach an existing enterprise with at least 1 or 2 years of existence.

## **Additional Considerations**

Successful projects should have the following additional attributes;

- Scalability: the proposed solution should be scalable at different geographical scales preferably regional, national or sub-national and community level.
- Job creation: Creation of employment opportunities is fundamental to the achievement of the vision 2040 overarching goal of Transforming ‘Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years. It is therefore important that the proposed solutions consider how they will create new employment opportunities.
- Multi-sectoral collaboration: Participation of both the public and private sectors is fundamental or collaboration of multi-disciplinary sectors such as finance, water , energy and humanities will be an added advantage.
- Environmental conservation: Increase yield while keeping the ecosystem green. Green energy to power production
- Other aspects include; Originality of the idea, business/sustainability model, clear implementation plan, additional spin offs (your project provides more than one solution/ benefits to the users), cost effectiveness and competitive advantage of the solution.

## **Benefits to the winning teams:**

Inclusion into UDB i-Growth Acceleration Program, where teams will receive:

- Technical support, Mentorship and Business Coaching
- Linkages to local, regional and international expertise and contacts
- Financial support to develop and pilot the solution towards scaling
- Linkages to potential investors and financiers
- In Addition to the award package, the winner(s) also have a chance to be

considered for debt or equity funding from UDBL. UDBL provides project finance with a minimum of UGX 100 Million

### **Grants Amounts**

Financial support to further develop the solution ranging between UGX 10,000,000/= to UGX 25,000,000/=

**NOTE:** RAN and UDB reserve the right to change the projected award amounts, or the number of anticipated awards, at any time. The release of this call does not obligate RAN or UDB to make any awards. RAN may also apply additional geographic, thematic, gender, and other considerations as additional evaluation criteria.

### **Application Procedure:**

All applicants are required to apply online by filling the application template that can be accessed via: <http://grants.ranlab.org>

Application closes on January 25<sup>th</sup>, 2018.

For any inquiries, please contact us at: ResilientAfrica Network (RAN); Plot 28, Upper Terrace Kololo Phone: +256-414 343 597 Email: [info@ranlab.org](mailto:info@ranlab.org)

### Timeline

Milestone	Dates
Call for Applications goes out	Tuesday, December 12 <sup>th</sup> , 2017
Call for Applications closes	January 25 <sup>th</sup> 2018
Exhibition and Final Award	February 22nd 2018
Acceleration Program for Awardees	March – June 2018