

Boosting aspiring SMEs

Small and Medium-sized Enterprises (SMEs) in Uganda are expected to benefit from a newly launched 'one-stop-shop' facility that integrates the provision of vital business development assistance with finance.

The initiative, called Aspire Uganda, is jointly established by the Shell Foundation and GroFin (an African specialist business developer and financier).

"Ugandan SMEs too often struggle to find the capital they need because banks see them as too risky an investment. By integrating funding with business development assistance we are offering a viable solution to this problem - giving SMEs hope and delivering returns to investors. We are open for business and actively looking for SMEs to assist with our unique offering of business development assistance and finance," said investment manager for GroFin Uganda, Abdel Tomusange.

Aspire Uganda forms a major part of a regional US\$43million facility that also provides support to SMEs in Uganda, Kenya, Rwanda and Tanzania. In Uganda, there is an exclusive co-investment agreement with the dfcu Ltd that greatly strengthens the facility.

It's also backed by strategic partnerships with international organisations committed to supporting the SME sector in Africa, including CDC, FMO, BIO, SIFEM, FinnFund, Syngenta Foundation, Skoll Foundation, Deutsche Bank and Triodos Bank.

Bridging the 'finance gap'

Typically, SMEs lack the business skills, track record and/or collateral to meet the existing lending criteria of local banks. This creates a 'finance gap' in most markets between US\$50,000 and US\$1million. The facility targets this gap, with all lending being in Ugandan shillings.

By delivering a combination of business development assistance and finance, Aspire Uganda can overcome those problems. Lack of collateral in itself does not mean that an SME is ineligible for support under the Aspire Uganda facility.

The result: a win-win situation with SMEs gaining the skills and finance required for sustainable growth and employment as well as delivering financial returns to investors.

Pan-African aspirations

Aspire builds on the proven success of a similar model established by the Shell Foundation and GroFin in South Africa.

Investment manager for GroFin Uganda, Abdel Tomusange, said: "There is no shortage of entrepreneurial talent in Africa.

But lack of business skills and access to local capital typically frustrates the start-up or growth of small and medium sized enterprises. The Aspire facility is designed to overcome these barriers in ways that both support local economic growth as well as delivering financial returns essential to their long term scale up and replication across Africa.”

During the next few years, they plan to make Aspire a ‘Pan-African’ brand, with SMEs benefiting across the continent.

A specific GroFin Uganda team has been established so that a 100% local team manages the facility.

SMEs approaching Aspire Uganda will receive rigorous pre-investment guidance before a decision is made whether or not to invest in them. Once that decision is taken, continued business development assistance will help them to implement their business plans and grow their businesses.

Executive director of dfcu, Moses Kibirige, said they're always looking for new ways to engage with SMEs and make things easier for them to do business with the bank: "We recognize the potential of enterprise in Uganda and believe that partnerships are the key to entrepreneurial development. The Aspire fund is an excellent illustration of how we have combined our respective strengths and expertise to encourage entrepreneurial development."

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