



Kampala Private Equity and Venture Capital Conference 2015

REPORT



Kampala Serena Hotel

24th-25th June 2015

Abbreviations

ABI	aBi Trust
CMA	Capital Markets Authority
CICs	Competitiveness and Investment Climate Strategy, Secretariat
CEO	Chief Executive Officer
DFCU	Development Finance Company of Uganda
EAVCA	East African Venture Capital Association
EU	Enterprise Uganda
GDP	Gross Domestic Product
IPO	Initial Public Offer
MFI	Micro Finance Institutions
MFPEd	Ministry of Finance, Planning and Economic Development
MSMEs	Micro Small and Medium Enterprises
NGOs	Non-Governmental Organizations
NSSF	National Social Security Fund
PE	Private Equity
PWC	Price Waterhouse Coopers
SACCOs	Savings and Credit Cooperatives
SME	Small and Medium Enterprise
UDB	Uganda Development Bank
UDC	Uganda Development Cooperation
UIA	Uganda Investment Authority
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USSIA	Uganda Small Scale Industries Association
USE	Uganda Security Exchange
VC	Venture Capital
XSML	Extra Small, Medium, to Large Enterprises

Contents

Abbreviations	1
Executive Summary	4
1.0 Welcoming Remarks.....	5
2.0 Opening Speech, by Hon. Dr. Eng. Ajedra Gabriel Aridru, State Minister, Ministry of Finance Planning and Economic Development (Investments).....	6
3.0 Panel Discussions	7
3.1 First Panel Discussion:	7
Using PE/VC to grow businesses- a PE/VC firms' perspective	7
3.2 Second Panel Discussion:	8
Using PE/VC to grow your business – the Ugandan businesses experience	8
3.3 Third Panel Discussion (Session 3):	10
Introducing Alternative Financing to SMEs: What can government do for the SMEs?....	10
4.0 Presentations.....	12
4.1 National Social Security Fund: the Role of Pension Funds in Private Equity/Venture Capital.....	12
4.2 Compliance and Risk Management around the PE/VCs financing - PwC.....	13
4.3 The Legal View of PE/VC Financing – MMAKS Advocates.....	14
5.0 Closure of Conference	15
5.1 Closing Remarks by Mr. Byabakama Kaberenge Patrick a Member on the UIA Board.	15
6.0 Feedbacks, Expectations, Lessons and Recommendations.....	16
6.1 Participating Firms	16
6.2 Expectations by the PE/VC Firms.....	19
6.3 The PE/VC recommendations for SMEs	20
6.4 PE/VC's suggestions for better organization next time	21
6.5 Lessons learnt by the PE/VC Firms.....	21
6.6 PE/VC's recommendations for the organizers	22
6.7 Recommendations to UIA and Other stakeholders	22
6.8 Feedback from the steering committee.....	23
6.9 Feedback from SMEs.....	23
6.10 Lessons learnt by the SMEs.....	24
6.11 SME's recommendations for the organizers	24
Annex 1.....	25
General Questions Raised to the panelist.....	25
Annex 2.....	26
Photo Gallery	26
Annex 3.....	27
Program	27

Executive Summary

The inaugural Kampala Private Equity (PE) and Venture Capital (VC) Conference 2015, at the Kampala Serena Center was a resounding success and a sure stepping stone to the very much anticipated 2016 conference. It has its background in a suggestion by Chairman of the UIA Board of Directors, Mr. Juma Kisaame (CEO DFCU Bank), that a more focused approach to affordable capital should be sourced for small and medium enterprises (referred to as the missing middle), given that micro businesses have the micro finance alternatives and large firms have easy access to these money through commercial banks, while the middle (SMEs) are not adequately catered for.

The conference which attracted over 230 participants among whom were 190 SMEs and 10 PE/VC firms was opened by the Minister of State for Investments, Hon. Dr. Eng. Ajedra Gabriel Aridru, who represented the Rt. Honorable Prime Minister. The Minister recognized that SMEs find accessing affordable capital a challenge and decried the high interest rates which contribute to the high cost of doing business, and stressed the need to seek alternative sources of funding.

Most representatives of Private Equity and Venture Capital firms met an average of 10 firms with the least being 3 SMEs and the most being over 15 SMEs. Most PE and VC firms made more than one promising lead. Engagement continues online with the firms who included: Unreasonable East Africa, XSML, NSSF, Mango Fund, GoBigHub, African Alliance, Ascent, Accion, Pearl Capital Partners, Catalyst Principal Partners, DTOS Outsourcing Ltd and ZIEC.

The conference was closed by Mr. Byabakama Kaberenge Patrick, a UIA Board member, who thanked UIA and the collaborating partners for organizing such an interactive conference, where the SMEs could have different alternatives for financing their businesses.

1.0 Welcoming Remarks by Dr. Eng. Frank B. Sebbowa, ED UIA

In his welcoming remarks, the Executive Director of Uganda Investment Authority Dr. Eng. Frank Sebbowa welcomed all stakeholders present to the first Private Equity and venture capital conference in Uganda.

He reiterated the cardinal role of Uganda Investment Authority of promoting Uganda as the preferred investment destination and attracting investments in Uganda. He shared that in UIA's experience working with SMEs the challenges revolve around



Dr. Eng. Frank .B. Sebbowa

the lack of affordable and appropriate capital for business activities, which did not mean that, there was lack of money in Uganda, but rather there was expensive money for the SMEs. He reported that it's against this background that the Chairman of the Board of Directors of Uganda Investment Authority suggested that a more focused approach for affordable capital be sourced for small and medium enterprises given that micro businesses have Micro Finance Center, while large firms have access to money through commercial banks. Against this background 70 Private Equity and Venture Capital firms were invited to interact with 200 SMEs who were taken through a business clinic facilitated by USSIA. The SMEs were trained by business specialists from Enterprise Uganda (EU) on aspects of business communication and formulating a business plan; and Pearl Capital Partners with a focus on how to transact with PE/VC firms. He hoped that the conference will become an annual event. He noted that PE firms provide capital for longer periods and are more flexible than commercial banks. He prayed that many business deals would be initiated during the conference.

He thanked the steering committee which had put the conference together and the sponsors who made this possible. He made a special recognition of Professor Kyamuhangire who runs an incubation center focused on value adding agro processing enterprises in Makerere University.

2.0 Opening Speech, by Hon. Dr. Eng. Ajedra Gabriel Aridru, State Minister, Ministry of Finance Planning and Economic Development (Investments)

The conference was opened by Hon. Ajedra State Minister, Ministry of Finance Planning and Economic Development in charge of Investment, who delivered apologies on behalf of the Rt. Hon. Prime Minister who was attending a cabinet meeting given that Wednesday, is cabinet day.

Honorable Ajedra started his speech with a quotation from George Kenly.... “Creativity consists largely in arranging what we know in order to find out what we don’t know food for thought.



He recognized that SMEs find accessing affordable capital a challenge and decried the high interest rates which contribute to the high cost of doing business and stressed the need to seek alternative sources of funding. He thanked UIA and partners for organizing this conference and hoped participants will remain focused, become more creative and seek alternative financing. He re-echoed government’s support for this conference to enable SMEs to meet PE and VC firms which seek high growth firms and offer patient finance. He stressed that there is a lot of liquid capital all over; the challenge however was where to look for funding.

He noted that with the growing market opportunities in the EAC, where goods and services move freely, SMEs should have access to a widened market. He advised SMEs to take the challenges on widening markets and source for cheaper capital in order to run competitive businesses irrespective of whatever they trade in. He promised that the government of Uganda is committed to supporting SMEs to grow and become successful and sustainable enterprises. He stressed that business is no accident there the SMEs must be creative and focused in order to grow their businesses. With that he declared the conference open.

3.0 Panel Discussions

3.1 First Panel Discussion:

Using PE/VC to grow businesses- a PE/VC firms' perspective

The first open panel discussion focused around the use of PE and VC funding to grow your business from a PE /VC firm's perspective. The session panelists included Jarl Heijstee from XSML Capital, Mike Kinuthia from Pearl Capital Partners, Nonnie Wanjihia from East African Venture Capital Association based in Nairobi, and Paul Kavuma from Catalyst Principal Partners. It was moderated by Charles Nsamba from Capital Markets Authority.

The panelists agreed that Private Equity and Venture Capital represents patient capital which brings in cash and builds the SMEs capacity by accelerating the pace for growth. They however noted that the scale of funding largely depends on the entrepreneurs' ambition.

They all acknowledged that the private equity is a relatively new industry in the East African economy with Uganda being the second most active in the region after Kenya. Participants were informed that information about private equity and venture capital firms could be found on the East African Private Equity and Venture Capital Associations' website which includes research results per sector of interest.

They also acknowledge that Private equity and venture capital funding should complement rather than compete with funding from commercial banks. Whereas banks look for collateral private equity firms look for partnerships which provide mutual value addition. Private equity seeks mutually aligned shared losses and profits. PE firms seek business growth. They advise that PE firms and SMEs should adapt to each other in context.

The panel observed that venture capital has only registered success in the Silicon Valley and stressed that private equity is intended for mature goal oriented SMEs.

They advised SMEs interested in private equity funding to improve their business documentation, set up management systems including establishing effective corporate

governance. They also called on SME promoters to start being transparent, share information and pay taxes on time. They sounded a strong warning to SMEs to streamline their business activities and avoid corruption at all costs.

They also advised SMEs to plan for the investors exit as early as they planned to bring the investors on board. Planned exits help to strengthen the relationship between PE and VC firms and SMEs. They cited several ways through PE and VC firms can exit; they include secondary purchase, initial public offers, and management buy backs. They also suggested that it is possible for SME owners to combine private equity funding with debt financing.

They also called on SMEs to look for partners who have as much experience in their sectors as soon as possible because the experience helps to build a sustainable business system. SMEs were advised to identify what else they needed apart from capital in form of cash and ensure that their private equity partners have what they would be looking for. They were encouraged to choose what suited them most and to shop around based on the capital they needed.

3.2 Second Panel Discussion:

Using PE/VC to grow your business – the Ugandan businesses experience

The second panel discussion was moderated by Erastus Kibugu from Onward Resources International. The panelists were Mrs. Maria Odido (Bee Natural Honey) and Mr. Joseph Kitamitribe (Altx).

Maria shared the success story of how Bee Natural was rescued from indebtedness through a private equity financing arrangement. She stressed that having had a bad experience with commercial loans, she had learnt a number of business lessons upon which she borrowed in her quest to find a Private equity partner. She stressed that her business needed more than just money to



Mrs. Maria Odido

increase the level of investment, but also needed expertise to build her management capacity. In her opinion the private equity funders needed no collateral but she had built a brand which acted as collateral. She also needed expertise which would grow her business beyond Uganda's borders.

On the other hand Joseph started looking for private equity funding from an experts point of view. He had all the information about the private equity market and how it operated, the challenge was how to identify a partner who would invest money and provide the expertise they were looking for. The common question that often arose was how much risk was implied given that they were out to get the best software necessary to build a global exchange.



The two panelists both agreed that, in order to survive SME owners should determine whether they would like their enterprises to grow with private equity or venture capital. They warned that in order for private equity to work, entrepreneurs must be patient and should select the offers carefully. They advised SMEs to get advisors to help them read through the fine print, in order to understand the gains and losses they may be exposed to and to sign only when they were really satisfied that, the level of investment offered will lead to the growth of their business.

They called upon all promoters of SMEs especially business owners to understand and know their businesses and make an effort to put management systems in place and let them work, while at the same time maintaining their role of defining the business strategy and vision. They emphasized that good governance starts with the owners. They strongly warned that it is not advisable for one to sell or exchange more than 50% of their shares for equity and advised that even with a private equity partner one must try to maintain ownership and control of the business. They called upon all the participants to make an honest evaluation of themselves and their businesses and ensure that any skeletons of any nature be it unpaid taxes are removed before the firms can be given a chance to grow.

3.3 Third Panel Discussion:

Introducing Alternative Financing to SMEs: What can government do for the SMEs?

The panel was moderated by Dr. Eng. Frank B. Sebbowa (ED UIA), and the panelists were Mr. Patrick Oketta (Director Development Finance UDB), Mrs. Agnes Nakkazi (ABi Trust), Mr. Dankaine Innocent (USE) and Dr. Peter Ngategize (National Coordinator CICS).

Dr. Sebbowa started the session by defining the PE firms, as firms with a lot of money, working on behalf of other individuals to manage the money. He assured the participants that these firms were ready to invest that money to the entrepreneurs willing to grow and boost their businesses. The Director noted that apart from PE/VC firms the SMEs could access finances from government development banks, commercial banks, investment clubs and government SACOs.

In his presentation, Mr. Patrick Oketta informed the conference that UDB was set up by the government in 1972, to manage Forex and provide financing to the SMEs without requirements required by commercial banks. After formation, UDB then in collaboration with Uganda Development Cooperation (UDC) financed a number of development projects which managed to grow many SMEs. Oketta informed the participants that UDB was currently going through a transition which would get it back to the right direction. Following government's decision to retain the functionality of the Bank, UDB acquired a new board, the rebranding of the Bank was ongoing, the Bank also remolded its key growth sectors to Agriculture, Manufacturing (Agro-processing related), Real Estates, Social services (health, education and hotels) and the government recapitalized UDB to support the Banks mandate of sustaining SMEs both in debt and equity.

He informed the participants that UDB offers about 30 – 50 million shillings to the SMEs, at an interest of 10-15%, but due to the limited funds, the bank was currently managing only debt financing and putting equity financing on hold till the Bank acquires enough funds. The Bank invests up to 30- 40% of debt for startups, and 60 – 70% of debt for the already established enterprises.

Patrick highlighted no a number of challenges that UDB was facing and these included, the lack of enough resources (the government's resource allocation to the bank was not enough), the Ugandan economy being too small to generate enough funds to support and sustain SMEs growth. He also assured the conference that UDB and Islamic banking Scheme were in the process of finalizing the introduction of a bank product called the Mudarabu product that could be extended to the general public, which product could mainly benefit the SMEs.

Mrs. Nakkazi Agnes Informed the participants of the different forms of support that ABI trust offers to the SMEs and these included, giving line of credit to the financial institutions, which institutions extend these funds to the SMEs through loans. ABI in addition offers grants to the SMEs in Agribusiness and social investments (solar, bio gas and irrigation), but the amount of funds was determined by the value of the business the SME was engaged in. ABI trust also offers potable guarantees, this works for the SMEs that cannot access finances from financial institutions, here ABI carries a business due diligence on behalf of the SME, and the SME is then given a letter of introduction from ABI to present to any financial institution to assess finances. ABI also offers funding to the enterprises that are supporting maximum of 50 permanent staff (2-50 employee's livelihood dependence on the company's existence).ABI also supports any value –chain activities rated to Agro-processing.

She informed the conference that, the ABI trust funds were dependent on the size of business the SME in need of the funds was engaged in, after the due diligence of the business the SME could apply for funds from ABI trust.

Agnes noted that ABI trust was supported by the government of Uganda, 5 years ago the government signed an MOU with ABI trust to fund Agro-processing projects in Uganda.

Mr. Dankaine Innocent started his presentation by informing the conference that Uganda Securities Exchange was formed in 1998, by the government of Uganda to serve as a market for stock exchange. He noted that USE currently had 8 listed Ugandan companies and other 8 entities from Nairobi, which the participants could trade in.

He informed also the participants that, an SME could only get money from securities exchange by participating/ coming into the market through the IPO. He noted the new reforms that USE had under taken to better the market and these included the automation of the processes, investor education, the introduction of the automobile applications and this was where a company could register with USE on phone without interacting with any of the USE officer.

Dr. Peter Ngategize started his presentation by informing the conference that the process of amending the banking Act was fourth coming, and the act was to bring with it, bank assurance, agency banking and provision for Islamic banking, which would offer good products such as no interest rates but rather sharing of profits, a separate advisory board for the bank, no interests on deposits, a separate Islamic window, and the banks participation in the client's business.

The Dr. also welcomed the participants to join the investment clubs that are being formed by CICs under the Ministry of Finance, Planning and Economic development, as another option of acquiring finances for their businesses.

4.0 Presentations

4.1 National Social Security Fund: the Role of Pension Funds in Private Equity/Venture Capital

Mr. Gerald Paul Kasaato represented the Managing Director of NSSF Mr. Richard Byarugaba. In his presentation, he noted that NSSF supports the growth of the Venture Capital and Private Equity Industry as way of providing more avenues for investments. He informed the conference that the drivers of pension funds participate in private equity. He urged the participants to take on pension funds as the best financing option, for reasons being that the pension funds, had a longer time horizon of up to 25 years, easy access to capital, provision of a long term capital to support the company's growth and support's strong corporate governance.

Gerald noted that the regulatory environment for pension funds had made tremendous developments with the establishment of the Uganda Retirements Benefits Authority and further the enactment of the Uganda Retirements Benefits Authority (Investment of scheme Funds) Regulations 2014 . He informed the conference that the regulations

allow the pension funds to invest in Private Equity to a maximum of 10%, with a Private Equity allocation of approximately 1% of the Funds total portfolio, Internal Limit of 10 % (7.5% unlisted companies and 2.5% in PE funds) of the total portfolio in the current Strategic Asset Allocation. This therefore makes PE/VC an eligible asset for NSSF and the Fund was currently looking for opportunities to invest in Private Equity.

He mentioned that at the moment NSSF's Strategic allocation for Private Equity was a maximum of 10%, and the examples of investments that NSSF had made include investment in Serena Hotels of about 14% in and 50% in Housing Finance Bank.

NSSF also supports different stakeholders like Uganda Investment Authority and the Capital Markets Authority to ensure that more companies grow and provide investment opportunities for the fund. He informed the participants that the NSSF Fund was actively seeking increased exposure to private due to its long term economic impact and the long term return potential.

Mr. Gerald Paul Kasaato gave an overview of the NSSF Private Equity investment plans, and these included, creating an NSSF backed Private Equity fund vehicle through tax consideration and selecting investment managers; Investing in Private Equity fund through compliance with URBRA framework and adding the internal capacity; Directly investing in selected opportunities.

4.2 Compliance and Risk Management around the PE/VCs financing - PwC

Mr. Uthman Mayanja, Partner at Price Waterhouse Coopers started his presentation by giving an overview of the compliance and risk management for Private Equity transactions. The presenter gave insights to the participants about the life cycle of PE transactions, right from the initial stage of the project and the key things which need to be specified, and these included, the risks to a particular sector, due diligence process to determine whether the business had a potential for growth, completion, operation side of the business and compliance issues (legal and financial), valuation process, and the post-acquisition stage.

Mr. Uthman advised the participants that it was important to identify what could go wrong in a business by inviting the PE firm and provide for mitigates. He also noted

that compliance challenges may arise for different reasons like lack of information and full appreciation of the impacts.

SMEs were advised that going forward they should embrace Enterprise Risk Management as it would benefit the business through creating value.

4.3 The Legal View of PE/VC Financing – MMAKS Advocates

Mr. Phillip Karugaba, Partner MMAKS Advocates introduced to the participants what the PE money would do in their business and these included, Corporate Governance, technical requirements, Financial requirements, and opportunity for business expansion.

He highlighted on what PE Investors would want from Investee Companies and these included, a business with positive cash flows & growth potential, a return on capital and exit between 5 -10 years. He noted that the advantages of PE/VC firms to the Bank Loans should be best compared by the SME seeking for financing, before acquiring the funds.



The SMEs were also cautioned to be clear on whether PE/VC was for the company or something which would help the business to grow. SMEs should therefore prepare by getting all the Legal aspects (corporate, title and ownership contracts, and insurance), taxation, regulatory and licensing, environmental compliance, corporate governance and culture (INEDs), human resources and technical matters.

Phillip took the participants through the steps for PE transactions, which included due diligence that is legal and financial, remedial actions for the gaps identified in the investee company, regulatory consents if the investee was regulated by an authority, and The necessary agreements for the transaction (share subscription or purchase agreement, shareholders agreements and ancillary documents).

5.0 Closure of Conference

The Executive Director UIA thanked the organizing committee for the job well done, the Private Equity firms for putting their time and money to see that the conference was a success and the SMEs who had come to find out more on the alternative sources of funding. He informed the participants that if all went well; a similar conference would take place next year. The Director concluded by inviting Mr. Byabakama Kaberenge Patrick, a member on the UIA Board to official close the conference.

5.1 Closing Remarks by Mr. Byabakama Kaberenge Patrick a Member on the UIA Board.

Mr. Byabakama started his closing remarks by thanking the Executive Director and staff of Uganda Investment Authority for organizing such an interactive conference, where the SMEs could have different alternatives for financing their businesses.

He further thanked the attendees for sparing their time to come and listen to possible solutions to their financial problems and options of growing their businesses, he thanked the sponsors for financially supporting the conference and for availing themselves to answers the many SMEs questions, and providing different alternatives for financing.

Patrick noted that Uganda is a private sector led economy, indicated by the private sector contribution of about 80% to the country's GDP and the SMEs contribution of 50%. It's against this background that government of Uganda is planning to recapitalize to Uganda Development Bank (UDB), which would be able to move the private sector (SMEs) to the right direction. He urged the SMEs to put in a lot of personal efforts through networking in order to exploit the available opportunities. He also advised the participants to have confidence in Uganda's capacity, because Uganda was fully blessed and there was need to enhance and fully exploit the God given provisions. In his conclusion Patrick urged the need for transparency, focus and working smart among the SMEs. He declared the conference closed.

6.0 Feedbacks, Expectations, Lessons and Recommendations

6.1 Participating Firms

The following Private Equity and Venture Capital firms participated in the conference.

Company/Fund Name	Unreasonable East Africa
First Name	Ivan
Last Name	Mandela
Phone Number	0776682526
Email Address	ivan@unreasonableeastfrica.org
Type of Fund	Loan Fund
Range of Funding (\$)	\$5000-\$50,000,
Preferred Sectors for Funding	Multi Sector

Company/Fund Name	XXML
First Name	Jarl
Last Name	Heijstee
Phone Number	+31 852 736 059
Email Address	Jarl.heijstee@xsmcapital.com
Type of Fund	PE fund/Mezzanine
Range of Funding (\$)	\$250,000-5,000,000
Preferred Sectors for Funding	Diversified (All sectors)

Company/Fund Name	NSSF
First Name	Mathew
Last Name	Rukaari
Phone Number	0700341176
Email Address	mrukaari@nssfug.org
Type of Fund	Social Security (Pension Fund)
Range of Funding (\$)	N/A
Preferred Sectors for Funding	Open to All

Company/Fund Name	Mango Fund
First Name	Elizabeth
Last Name	Lindow
Phone Number	0794 499 085
Email Address	Elizabeth.lindow@mangofund.org
Type of Fund	Investment/Debt/Equity
Range of Funding (\$)	\$5000-\$50,000,
Preferred Sectors for Funding	Manufacturing, Agro processing, technical farming, medical services, (value addition activities)

Company/Fund Name	GoBigHub
First Name	Ojijo
Last Name	Pascal
Phone Number	+256776100059
Email Address	ojijo@gobighub.com
Type of Fund	Micro Private Equity
Range of Funding (\$)	USD. 1000-USD. 50,000
Preferred Sectors for Funding	All

Company/Fund Name	African Alliance
First Name	William J Nyakatura
Last Name	Nyakatura
Phone Number	+256 772 253 754
Email Address	nyakaturaw@africanalliance.co.ug
Type of Fund	Micro Private Equity
Range of Funding (\$)	
Preferred Sectors for Funding	All

Company/Fund Name	Ascent Capital U Ltd
First Name	Richard
Last Name	Mugera
Phone Number	+254 720 630 057
Email Address	r.mugera@ascent-africa.com
Type of Fund	P/E
Range of Funding (\$)	\$ 2- 10 million
Preferred Sectors for Funding	All

Company/Fund Name	Accion
First Name	Pat
Last Name	Wilson IV
Phone Number	+1 910 777 3164
Email Address	pwilson@accion.org
Type of Fund	Venture Capital
Range of Funding (\$)	\$ 1- 5 million \$
Preferred Sectors for Funding	Financial Services, Technology
Company/Fund Name	ZIEC
First Name	Martin
Last Name	Namisi
Phone Number	+256 772 401 876

Email Address	maritino@hotmail.com
Type of Fund	N/A
Range of Funding (\$)	N/A
Preferred Sectors for Funding	N/A

Company/Fund Name	Infinity Capital Ltd
First Name	Alan
Last Name	Mugume
Phone Number	+256 782 705894
Email Address	amugume@infinitycapital.co.ug
Type of Fund	Private Equity
Range of Funding	USD 100,000 – 300,000
Preferred Sector for Funding	Agri-business, FMCG, Financial Services

Company/Fund Name	Catalyst Principal Partners LLC/ Catalyst Fund LLC
First Name	Paul
Last Name	Kavuma
Phone Number	+254 734770978
Email Address	pkavuma@catalystprincipal.com
Type of Fund	Private Equity; Closed-end
Range of Funding	\$ 5mn - \$ 18m
Preferred Sector for Funding	Consumer (FMCG), Services, Industrial

Company/Fund Name	Hendom
First Name	Alexander
Last Name	Letts
Phone Number	+44 7912653008
Email Address	alexletts@mac.com
Type of Fund	Family
Range of Funding	N/A
Preferred Sector for Funding	Agriculture/ renewables /social impact

Company/Fund Name	DTOS OUTSOURCING LIMITED
First Name	VINEY
Last Name	DIDIER M.G.G
Phone Number	+230 404 6000
Email Address	SERVICE PROVIDER
Type of Fund	N/A
Range of Funding	N/A
	N/A

Company/Fund Name	Infinity Financial Advisory
First Name	Mary
Last Name	Nansubuga
Phone Number	0772 969667
Email Address	Mariamnansubuga54@gmail.com
Type of Fund	N/A
Range of Funding	N/A
Preferred Sector for Funding	N/A

Company/Fund Name	USAID East Africa Trade and Investment Hub
First Name	Nelly
Last Name	Ngunguru
Phone Number	+254 724 580439
Email Address	nngunguru@eatradehub.org
Type of Fund	N/A
Range of Funding	N/A
Preferred Sector for Funding	N/A

6.2 Expectations by the PE/VC Firms

- They expected to find a large group of investors, entrepreneurs and eco system discussions on how to increase the flow of capital into high growth SMEs.
- To meet different stakeholders in the Private equity space and to create partnerships for future business transactions.
- To learn more about investment funds in Uganda and what the government is doing to spur SME growth with possible clients and SMEs.
- To meet some interesting investable SMEs.
- Improve understanding of Uganda's investment regulations.
- To meet young, vibrant, entrepreneurs with a view to exploring possible business partnerships and investments opportunities; To offer perspectives on the funding opportunities provided by PE in the region; networking and I information sharing with industry players.
- To see viable SMEs who are well prepared to share experience in their journey and seek equity partnerships.
- Expected to see more presentations from the selected participants.

- To meet innovators in terms of both technology and approach
- To increase brand visibility.
- To promote the next GoBigHub Get Funded Event on Saturday, 4th, July, 2015.
- To learn about new developments and concepts in PE industry, with reference to Uganda.
- To network and understand the plans and strategies of the other PE/VC firms.
- To interact with SMEs.
- Look for more business opportunities.
- To meet early stage startups focused on financial services and technology.

Representatives of Private Equity and Venture Capital firms met an average of 10 firms with the least being 3 firms and the most being over 15 SMEs. Most PE and VC firms made more than one promising lead.

6.3 The PE/VC recommendations for SMEs

- SMEs should improve their fundraising materials and learn to articulate their funding needs better. The entrepreneur must be clear on how much money they are looking for, for what, the impact it has on their business in terms of revenue and growth, the return rate and these must be well articulated by the entrepreneur.
- Improve their disclosure practices
- Prepare more professional proposals
- Increase their financial literacy, keep good and accurate records, learn how to read financial statements and use them to develop their business strategies or hire an accountant.
- Bring a short company profile including some basic financial information
- Short description of the need for financing amount and use
- A quick 2 page investor brief/pitch will do, it should also indicate sources and uses of funds, and valuation of their businesses, as well as a good understanding of exit strategies. . GoBigHub will be happy to partner with UIA, to address the specific area of pitching to investors, and writing a two page investor brief.

- The participants were advised to acquire enough information, fully study and properly understand the securities exchange market before joining.

6.4 PE/VC's suggestions for better organization next time

- Organizers should rally a larger group of investors. As an investment authority, you have the leverage to do so.
- Try to get as many Angel investors in the room as possible.
- Work with the entrepreneurs and help them prepare for the conference.
- Get a backup of panel speakers in the future in the event that one speaker can't make it.
- Most of the conference was directed towards very large companies but most of the companies and SMEs that attended were much smaller and not yet ready to approach PE or the USE. I recommend having a session that is targeted towards these smaller SMEs that need less than 100 million Uganda shillings.
- Bring more examples of SMEs that benefited from PE funding.
- Have more time for questions from SMEs.
- Create a place (booth where SMEs could put marketing materials or help them to create a one page marketing folder.
- Allow SMEs to exhibit.
- Allow SMEs to send prospective pitches to PE players, so that presentation can be tailored to the needs of attendees.
- Present a bi annual magazine, "Invest in Uganda", not a mere pull out, heavy, like 500 pages, like yellow pages, listing investment opportunities in Uganda, returns, risks, players, compliance issues, regulatory environment, industry leaders, and many others.

6.5 Lessons learnt by the PE/VC Firms

- It was a good networking experience and the panel discussions were helpful.
- There is real demand for private equity funds.
- UIA is doing a lot to bring investors and SMEs together.
- The conference was energizing and very informative, we look forward to next year's conference.
- There is need for more awareness of PE and VC.

- There is need for government PE fund, or expansion of Government venture capital fund.
- There is need for youth livelihood fund to be translated into a PE Fund, run at local levels, with businessmen or contract fund manager, like GoBigHub.

6.6 PE/VC's recommendations for the organizers

- Have a backup for the likely event that one does not show up.
- Have a session between investors and the organizers to discuss the investing climate in Uganda and how investors and the government can partner together to de-risk SMEs for investors in order for more SMEs to access the funds available.
- Include funders with a smaller investment maximum on the panel.
- Create a B2B space where there is a bit of privacy to enable the free flow of information.
- Raise the level of awareness about Private Equity and venture capital.
- There is need for youth livelihood fund to be translated into a PE Fund, run at local levels, with businessmen or contract fund manager, like GoBigHub.
- More for the presentations, the time was too short for the presenters.
- Ensure that a bigger base of PE firms is invited in the next conference.

6.7 Recommendations to UIA and Other stakeholders

- UIA should engage more organizations working with entrepreneurs and investors to help you prepare the entrepreneurs and rally a larger group of investors into the room. If anything, we should try to have more investors and other eco system players than entrepreneurs.
- There is need for a government PE fund, or expansion of government venture capital fund.
- The participants hoped for sectoral banks as a way of reducing or lowering interest rates in Uganda, the introduction of sectoral banks would maintain interests rates for SMEs, such that as the rates go up in commercial banks due to the macro- economic factors (raise in the US dollar), the sectoral banks remain charging the same interest.

- The government should provide more support to the private sector, by streamlining the business registration processes and provide a reasonable financing option to the sector

6.8 Feedback from the steering committee

- There is need for better screening of the SMEs to invite for the next conference, because the SMEs that were invited this time round were very small and mainly startups.
- The steering committee agreed to have quarterly follow up meetings; to effectively implement the conference's agreed upon recommendations.
- The steering committee also agreed to bill the PE firms that turned up for the conference without paying registration fees.
- The committee reviewed how the funds were spent, and agreed to keep the balance in a separate account, as a balance carried forward for the next conference.
- The committee suggested that UIA should draw a road map which other institutions in the steering committee could follow.
- The members suggested that UIA should draft an MOU with the institutions having their staff as members of the steering committee, to cater for their full commitment/dedication in the committee.

6.9 Feedback from SMEs

- To raise funds for their businesses.
- To acquire more information about private equity and venture capital.
- To understand the requirements of private equity and venture capital firms.
- To seek other funding options.
- Learn and network with other entrepreneurs.
- On average, the promoters of SMEs who attended this conference talked to three possible investors.
- They acknowledge that they made a few promising leads.
- Negotiate with government to reintroduce BUDs support.
- Engage directly with UIA to improve the understanding of SMEs.
- Increase the awareness and sensitization workshops.

- Address SME challenges of accessing finances.

6.10 Lessons learnt by the SMEs

- Make thorough preparations.
- Have proper business documents and records showing cash flow projections, past performance trends and clear financial needs.
- In the event that they are unable to prepare their own documents promoters of SMEs learnt that they need to engage professionals to do it on their behalf.
- They also recognized the need to employ professionals to manage their businesses.
- Funding options are available for SMEs.
- Be proactive and take a long term view at their enterprises.

6.11 SME's recommendations for the organizers

- Invite more Private Equity and Venture Capital firms.
- Compile SME support organizations by sector and share the information before the conferences.
- Increase the sensitization campaign and ensure that its truly nationwide.
- Allow SMEs to set up demonstrations and exhibit their products.
- Have more breakout sessions, make them more competitive.
- Air the sessions live on televisions so that more people can follow and learn about Private Equity and Venture Capital funding.

Annex 1

General Questions Raised to the panelist

1. In Uganda most SMEs are family based businesses, so how does the PE/VC firm come in to address the challenges of governess?
2. To what extent is the PE/VC firm involved in the partnership with the SME, and where could the interested SME access the PE/VC firms?
3. Is the PE/VC firm the last resort for the SME after failing to access finances?
4. What are the specific requirements for an SME to access funds from the PE firms?
5. When does the PE/VC firm drop the partnership with the SME?
6. With the current performance of the dollar in Uganda, was this the right time for an SME to partner with a PE firm?
7. A part from financing what other ways do PE/VC firms support SMEs?
8. How do PE/VC firms weigh the risks in the businesses they fund?
9. How does an SME evaluate which PE/VC firm to prefer?
10. Outside the commercial banks, development banks have not done enough in financing the SME projects, and what are the challenges facing UDB in financing these projects?
11. What unique selling propositions do the PE/VC firms offer that the commercial banks and public firms cannot offer to the SMEs?
12. Who should be the right individual to benefit from the Islamic banking scheme, and how best can SMEs benefit from this scheme?
13. How have the NGOs and other development entities presented unique ventures to the SMEs, and what is an SME expected to do to benefit from these entities?
14. What criteria does UBD follow when sourcing the financial requirements they require from the SMEs, and what is UDB's current interest rate for the SMEs?
15. What kind of rationale does UDB cater for in terms of debt and equity financing, and examples of companies where the bank has participated as equity?

16. Why are many SME/Companies not supported in the securities exchange business?

Annex 2

Photo Gallery



A cross-section of participants paying attention to the panelist.



The panelist during the first panel discussion, Using PE/VCs to grow businesses



The second panel discussion, The Ugandan experience with the PE/VC firms



The third panel discussion, Introducing alternative financing to SMEs: Government



The conference being energized



The steering committee

Annex 3

Program

The Kampala PE/VC Conference, 2015

“Introducing alternative financing options for SMEs”

June 24th – 25th 2015

Serena Hotel Kampala, Victoria Ballroom

PROGRAM

Time	Activity	In charge
8.00 – 8.30	Arrival and Registration	UIA
8.00 – 9.00	Breakfast	All
9.00 – 9.15	Opening Remarks	Frank Sebbowa – Executive Director UIA
9.15 – 10.00	Chief Guest Officially launches the conference	Rt. Hon. Prime Minister
10.00 – 11.00	Panel Discussion: Using PE/VC to grow your Business- a PE/VC firms’ perspective	Moderator – Charles Nsamba (Capital Markets Authority) Panelists: <ul style="list-style-type: none"> Jarl Heijstee (XSML Capital) Mike Kinuthia (Pearl Capital Partners) Nonnie Wanjihia (EAVCA) Paul Kavuma (Catalyst Principal)

		Partners)
11.00 – 12.00	Panel Discussion: Using PE/VCs to grow your Business- the Ugandan experience	Moderator – Erastus Kibugu (Onward Resources Int.) Panelists: <ul style="list-style-type: none"> • Mukasa Isaac (Biyinzika International) • Joseph Kitamirike (Altx Exchange Limited) • Mary Odido (Bee Natural)
12.00 -12.30	The Role of Pension Funds in Private Equity/Venture Capital.	NSSF
12.30 – 12.50	Compliance and Risk Management around the PE/VCs financing	PwC
12.50 – 13.10	The Legal View of PE/VC Financing	MMAKS
13.10 -14.30	Lunch	All
14.30 – 16.00	B2B	All

Day 2

Time	Activity	In charge
8.00 – 8.30	Registration	UIA
8.30 – 9.30	Breakfast	All
9.30 -10.00	Recap of Day 1	All
10.00 – 11.00	Panel Discussion: Introducing Alternative Financing to SMEs: What can government do?	Moderator – Dr. Eng. Frank B. Sebbowa (ED UIA) Panelists: <ul style="list-style-type: none"> • Patricia Ojangole (CEO UDB) • Paul Bwiiso (CEO USE) • Peter Ngategize (CICs) • Agnes Nakkazi (aBitrust)
11.00 – 12.00	Closure of Conference	Frank Sebbowa – Executive Director UIA
B2B continues		

