

In 2020, Uganda Development Bank (UDB) in partnership with European Union (EU) allocated funds in form of a grant attached to a loan (also known as 'facility') to enable the sector to revive through the hardship of COVID-19. The facility seeks to stimulate businesses operating in the tourism sector, which has been heavily impacted by COVID-19 by providing a grant and soft loan with flexible terms aligned to the current needs of the sector.

The first call was successfully completed and a total of 44 hotels and tour operators benefited from the facility. This second call intends to pick on the successes of the first call to further revive the sector.

A total approximate pool of UGX 62 Billion (UGX 40 Billion UDB loan plus UGX 22 Billion EU Grant) was set aside for this facility.

The facility will have the following components and additional benefits:

- i. A non-repayable grant attached to the loan based on the number of staff maintained during the two years' period that they will benefit from this facility. Minimum of 75% in comparison with the number of staff in the company at the time of application and always equal or above 5 staff.
- ii. Concessional loan interest rates not exceeding 12%; however, the effective cost of the facility to the borrower shall not exceed 8%.
- iii. Extended working capital loan tenor of up to 5 years inclusive of a 2 years' grace period.
- iv. Business advisory services as a non-monetary intervention including Environmental assessments.

Eligibility:

Interested firms must meet the following criteria to be considered eligible.

- a. The applicant must be a registered business in Uganda in form of a company, an association or a cooperative.
- b. The applicant must have a good credit record backed by a Credit Reference Bureau Report (CRB). A good record could include but is not limited to; no adverse reports from banks, no bounced cheques and/or no overdue loans.
- c. The applicant must have audited financial accounts for the last 2 financial years at the time of application.
- d. The applicant must provide evidence that they have registered for NSSF and PAYE for a minimum of 5 staff. Filings with NSSF and URA will be required to be submitted.
- e. The applicant must be able to retain 75% of the employees employed at the time of signing the contract and demonstrate that the staff is paid 100% of their gross salary during the two

years' period that they benefit from this facility.

The applicant must comply with all statutory requirements like local council trading licenses, PAYE and other URA tax obligations at the time of application.

Evaluation/Credit Assessment:

The applicant will be evaluated/assessed on the following aspects:

- a. Assessment of the applicant's two years audited accounts to verify their financial and economic capacity in order to confirm whether they had enough revenue to cover costs.
- b. Assessment of the eligibility of the costs in the detailed breakdown of projected costs for the 2 years' period tagged to this facility.
- c. An assessment of the adequacy of security provided in comparison with the facility amount requested. Security provided should be 1.2 times the value of facility requested.
- d. Assessment of CRB report to confirm repayment history, overall borrowing, facility terms, connected exposures (same shareholding), collateral pledged, pending applications and rejections.
- e. An assessment of the profiles of directors & key technical personnel to assess their technical and management capacity and their long-term interest in the business.
- f. A site visit to confirm existence and the extent to which the business has been impacted by COVID-19 will be done for all applicants that have qualified to access the facility.

Note:

The grant will be attached to the loan amount. Loan amounts need to be fully repaid by the borrower to UDB.

Eligible expenditures under the facility:

Eligible costs for 2 years operations	Non-eligible costs
- Gross Salaries of staff	- Loan-re-financing
- Operational running costs, e.g., utilities, repairs, and services of motor vehicles/equipment etc.	- Construction
- Marketing (in particular, Travel Life or ISO 14001 Certification costs)	- Annual subscriptions and memberships
- Costs associated with greening e.g., alternative sources of energy, waste management and related costs like solar panels etc	

Facility Limits:

The minimum amount accessible to an entity under the facility to an applicant shall be UGX 100 million and the maximum (single obligor/same shareholding) shall be UGX 1 Billion.

The maximum percentages of the grant to the facility requested and the maximum amounts of grants for each category are the following:

Table: Funding caps per target group (EURO)

Lot no.	Category (according to number of employees prior to COVID-19 outbreak)	Maximum Grant percentage to facility requested	Maximum Grant amount/ Funding (Euro)
1	5 - 20	40%	30,000
2	20 - 50	35%	40,000
3	50 - 100	30%	50,000
4	100 & above	25%	60,000

Requirements for facility application

- a. Management report (on official company letterhead) and application form including 2-year operational budget.
- b. Registered Resolution to borrow.
- c. Constituting documents (such as articles and memorandum of association, partnership deeds, Charters, etc.).
- d. A copy of the last 2 years audited accounts from an ICPAU registered firm.
- e. Management accounts for the most recent financial period.
- f. 6 months Bank statement(s) for the most current audited financial year.
- g. Loan statements for all existing loans, if applicable, including copies of loan offer letters or agreements from other financial institutions.
- h. Security for the proposed loan, including current valuations of the assets and details of any encumbrances carried out by approved bank valuers.
- i. Credit Reference Bureau Report as at the time of application of the company & all its shareholders/directors.
- j. Proof of NSSF or PAYE registration.
- k. Latest Annual Returns of Directors and Shareholders.
- l. Profile of directors & key technical personnel.
- m. Latest Tax clearance certificate

How to apply;

1. Entities are encouraged to download the application form from the Bank's website **UDBL-Online-App** or <http://eservices.udbl.co.ug/tourism-application>
2. Or hand deliver to UDB offices, Plot 6, Nakasero Road Kampala, Rwenzori Towers, 1st Floor, Wing B during working hours [Monday to Friday 8:00am - 5:00pm, closed on public holidays]

3. The Hand-delivered applications must be clearly marked with the reference 'Application for Tourism Sector Facility' together with the full name and address of the applicant at the bottom of the envelope. A signed and dated certificate of receipt will be given to the deliverer.

4. Applications sent by any other means (by fax, post or by e-mail) or delivered to other addresses will be rejected.

5. All applications must be submitted before the 31 of October 2022 at 5:00pm. Late applications will automatically be declined. The applications will be processed on availability of funding on a first come, first serve basis.

6. Applications will be assessed and evaluated in a phased manner as and when they are received until the facility is exhausted.

7. Information sessions will be organized for applicants to clarify on any queries

For further inquiries, please visit us at our offices located on; Plot 6 Nakasero Road, 1st Floor, Wing B, Rwenzori Towers
OR CALL **0414355509**
OR VISIT OUR WEBSITE www.udbl.com
OR EMAIL tourism@udbl.co.ug

