

## Summary of Investment: Economic Enterprise Restart Fund (EERF) – Uganda

<b>Project Name</b>	Economic Enterprise Restart Fund (EERF)
<b>Country</b>	Uganda
<b>Region</b>	Sub-Saharan Africa
<b>Status</b>	Pending Approval
<b>Environmental Category</b>	B
<b>Sector</b>	Rural MSMEs and Smallholders
<b>Industry</b>	Financial Institution
<b>Date of Disclosure</b>	27 May 2021
<b>Projected to be presented at the Board</b>	11 June 2021

### Project Description

IFAD will provide up to US\$5 million in senior debt financing to Stanbic Bank Uganda Limited to fund the launch of the EERF; other financiers in the first round are Stanbic Bank Uganda Limited (SBU) the project sponsor, and a local agriculture investment fund. The specific goal of the proposed EERF is to recover and stabilize access to finance for COVID 19 affected rural and urban MSMEs and to contribute to job and income creation and preservation, food security, and strengthened resilience of underserved rural and urban areas. In line with IFAD's mandate, its US\$ 5 million loan will be exclusively targeting rural areas of Uganda, while ensuring that at least 55% of EERF target size will be employed in rural regions and that EERF ensure strong targeting of women, youth and poorest rural regions in Uganda. The EERF is also expected to raise a technical assistance facility of up to US\$ 4 million to strengthen the impact of its financing activities.

Stanbic Bank Uganda Limited (SBU), the promoter and manager of the EERF, is Uganda's largest private commercial bank, and already strongly involved in providing banking services to the Ugandan agricultural sector.

The EERF will be established as a separate unit in SBU, with its own staff (seconded by SBU), accounts and policies. Deposit Taking MFIs are expected to borrow the EERF resources and on-lend to Savings and Credit Cooperative Organizations (SACCOs) and Village Savings and Loans Associations (VSLAs), who will in turn provide micro and small loans, with an average of US\$ 300 to their clients / members. It is expected that at least 50% of the final beneficiaries will be women and 30% youth.

### Sponsor/Cost/Location

Project Sponsor and Major Stakeholder / Investors of the Project

SBU is a private company, 100% owned by Stanbic Uganda Holdings Limited and supervised by the Bank of Uganda (BOU). Stanbic Uganda Holdings Limited is listed on the Uganda stock exchange and is 80 percent owned by Stanbic Africa Holding Ltd (South Africa) with another approximately 7 percent held by 9 investment and pension funds, and the remainder by > 22,000 retail shareholders.

The EERF, although embedded in SBU, and supported by SBU's systems and staff, will have its own independent governance framework, consisting of its own credit procedures, an Advisory Board and an Investment Committee (IC) with representatives of the investors / contributors to the EERF.

### Additionality

IFAD's financial additionality in the EERF investment stems from the provision of long-term resources that are not currently available on the market despite SBU fund raising efforts, and acting as an anchor investor, who is actively and successfully promoting this

project also to other development partners. IFAD's non-financial additionality to EERF stems from its early involvement in the conceptualization of the EERF since mid 2020, when IFAD's country team and IFAD's Project for Financial Inclusion in Rural Areas (PROFIRA), which had supported hundreds of SACCOs and VSLAs over years with capacity building, cooperated with and advised SBU on the design of the EERF. The connection to institutions that were strengthened through PROFIRA is expected to foster greater impact and sustainability of the lending activities supported by EERF to the rural poor and MSMEs.

**Contact**

For further information about the project, please contact:

International Fund for Agricultural Development  
Via Paolo di Dono, 44,  
00142 Roma  
[pmi\\_pai@ifad.org](mailto:pmi_pai@ifad.org)