

PCF NEWS BRIEF



Presidential CEO Forum holds High Level Stakeholder Engagement Meeting On Private Equity Financing in Uganda



Centre is Minister of Trade, Hon. David Bahati, PCF Chriaman, Ms. Barbra Mulwana and other representatives from NSSF, CMA, BOU, MOFPED, FUE, UMA, URA, UNCCI, PSFU, UIA, PPDA, NITA-U, UBA

On 31st May, 2022, a Hybrid CEO meeting organized by the Presidential CEO Forum was held at the Kampala Serena Hotel. The purpose of the meeting was to strengthen Public-Private engagement for effective promotion of Private Equity investments in Uganda. The meeting attended by CEO's from various government and private bodies and was chaired by Ms. Barbra Mulwana, the Chairperman of the Presidential CEO Forum. The Guest of Honor was Hon. David Bahati, the Minister of State for Trade and Industries



Hon. David Bahati
State Minister for Trade,
Industry & Co-operatives

In his remarks, Hon. David Bahati, Minister of State for Trade, Industry and Co-operatives did appreciate PCF for organizing the dialogue, as it provides a learning platform through listening to the conversations by the intellectuals. He noted that Government of Uganda is committed to ensuring that there is Economic Recovery and enabling environment to foster trade initiatives. He further shared some ideas that can be adopted to tap into new markets as stated below.

- ❖ Uganda Airlines should consider buying Cargo Planes
- ❖ Understand the buyers on the other side (Due Diligence through the Banks)
- ❖ Need of Frameworks for financing through Central Banks
- ❖ Strategic approach to access DRC markets (Need a consortium as opposed to individualized businesses).
- ❖ Afri-exim bank have additional financing structures, which Uganda should take advantage of.
- ❖ Boost our export sector for Export promotion and Import substitution
- ❖ Organize agriculture (Right fertilizers, inputs,) with the market in mind.
- ❖ Products should have standards
- ❖ Value Addition on Products such as Milk



Above: PCF Chairman, Ms. Barbra Mulwana and Vice Chair, Mr. Emmanuel Katagole at the hybrid meeting.

Below: PCF Vicechair with the PCF Coordinator Ms. Irene Birungi Mugisha





Mr. Richard Byarugaba
MD National Social Security Fund
(NSSF)

Mr. Richard Byarugaba made a presentation and stated some key highlights about NSSF in regards to Private Equity and other available funding mechanisms.

NSSF: Key highlights

- ❖ Has total of 17 TRILLION Uganda Shillings, Collects 120 Billion per month, 5 Billion a day
- ❖ Challenge is the fund has become big for Ugandan market
- ❖ Owns 40% of the market (Domestic borrowing)
- ❖ Has 2000 Acres of land-Real estate is not a solution (NSSF has land without infrastructure)
- ❖ 75 Billion Ugx is available to invest in Companies as P/Equity, but in Uganda NSSF has deals below 10 billion only.
- ❖ There is untapped funding potential in NSSF Funds. What should be done to access these finances?
- ❖ *Run a business with proper records, with financial data, willing to work with others, be willing to be controlled (Challenge: Ugandan Businesses are not transparent).

Focus Area :Private Equity Financing

Private Equity Financing is an alternative form of private financing, away from public markets, in which funds and investors directly invest in companies or engage in buyouts of such companies.

Private Equity Financing in Uganda

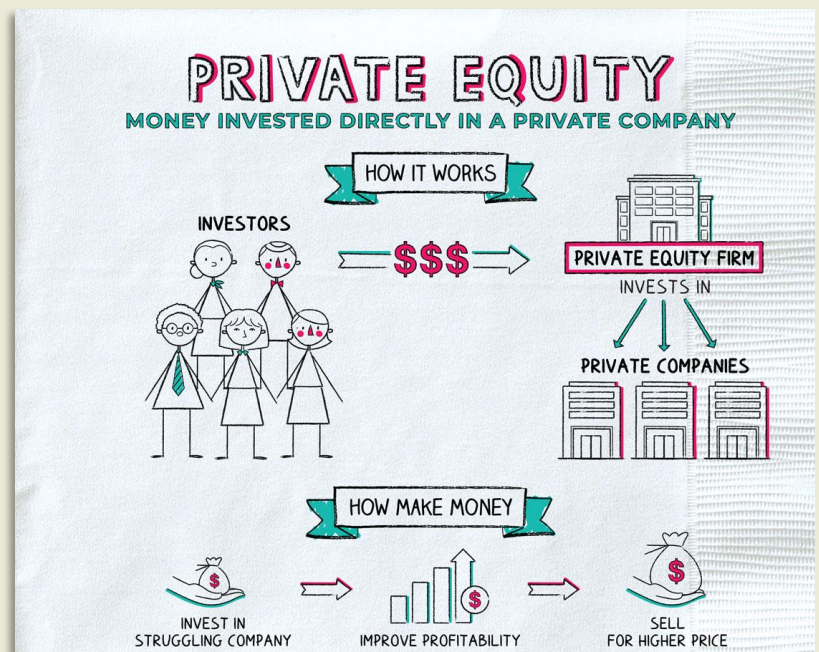
Private equity could be a significant driver for Private Sector growth, providing a source of long-term financing and growth expertise to Ugandan Private Companies.

Access to funding by Private Sector for capital investments in Uganda remains a big challenge where by the traditional funding sources from banks and Public Equity markets (or bonds and debt markets) are not sufficient.

Ugandan Business people often supplement the available funding sources with alternatives Such as Private Equity.

Challenges of Private Equity Financing in Uganda

- ❖ The current Partnership Act or the Companies Act in Uganda do not have provisions for registration for Private Equity funds (Private Equity funds are different from normal Companies, so they need clear regulations to operate).
- ❖ There is generally lack of awareness about Private Equity for many businesses in Uganda. This limited sensitization about Private Equity funding sources affect Business Community Operations.
- ❖ There are no specific regulations for Private Equity in Uganda even though most countries regulate Private Equity operations.
- ❖ Challenges of double taxation of Private Equity funds affects decisions of Ugandan Businesses interested in investing into Private Equity operations



“I think good private equity investors create a lot more economic value than they destroy”

Bill Ackman

Key Objectives of the Meeting

- ❖ The meeting was premised on ‘Innovative financing mechanisms for Private Sector Development’ as theme. Specific objectives included to:
- ❖ Deliberate on the challenges related to Private Equity Financing, and offer alternatives that can best support financing Businesses in Uganda.
- ❖ Propose measures to address Legal and Regulatory challenges affecting Domestic Resource mobilization in Ugan
- ❖ Develop policy options to improve Private Sector’s access to various financing opportunities.
- ❖ Identify the roles of various stakeholders for best practices in mobilizing business resources in Uganda.
- ❖ Take stock of available domestic sources of finance to the business Community.

The key highlights of the discussion were;

- ❖ It is every stakeholder’s responsibility to keep the economy flourishing.
- ❖ The Business Community needs local solutions to solve local problems.
- ❖ There is need to tap into opportunities presented by new markets.
- ❖ Need to source for best financing options through available resources.
- ❖ Need for corporate culture in Uganda and boost domestic savings.

OUTCOMES OF THE MEETING

- 1) Awareness about Private Equity and funding opportunities in Uganda.
- 2) Strengthened Stakeholder Coordination.
- 3) Successful engagement and Collaboration.
- 4) Appreciation by Stakeholders of the need to collaborate and address issues related to Private Sector Development (PSD).
- 5) Willingness of Stakeholders to work towards sustainable business financing.



Hon. David Bahati (Left) interacts with Ms. Olive Kigongo after the Hybrid Meeting



PCF Coordinator: Ms Irene Birungi Mugisha with PPDA ED, Mr. Benson Turamye



Mr. Emmanuel Katongole
PCF Vice Chairman

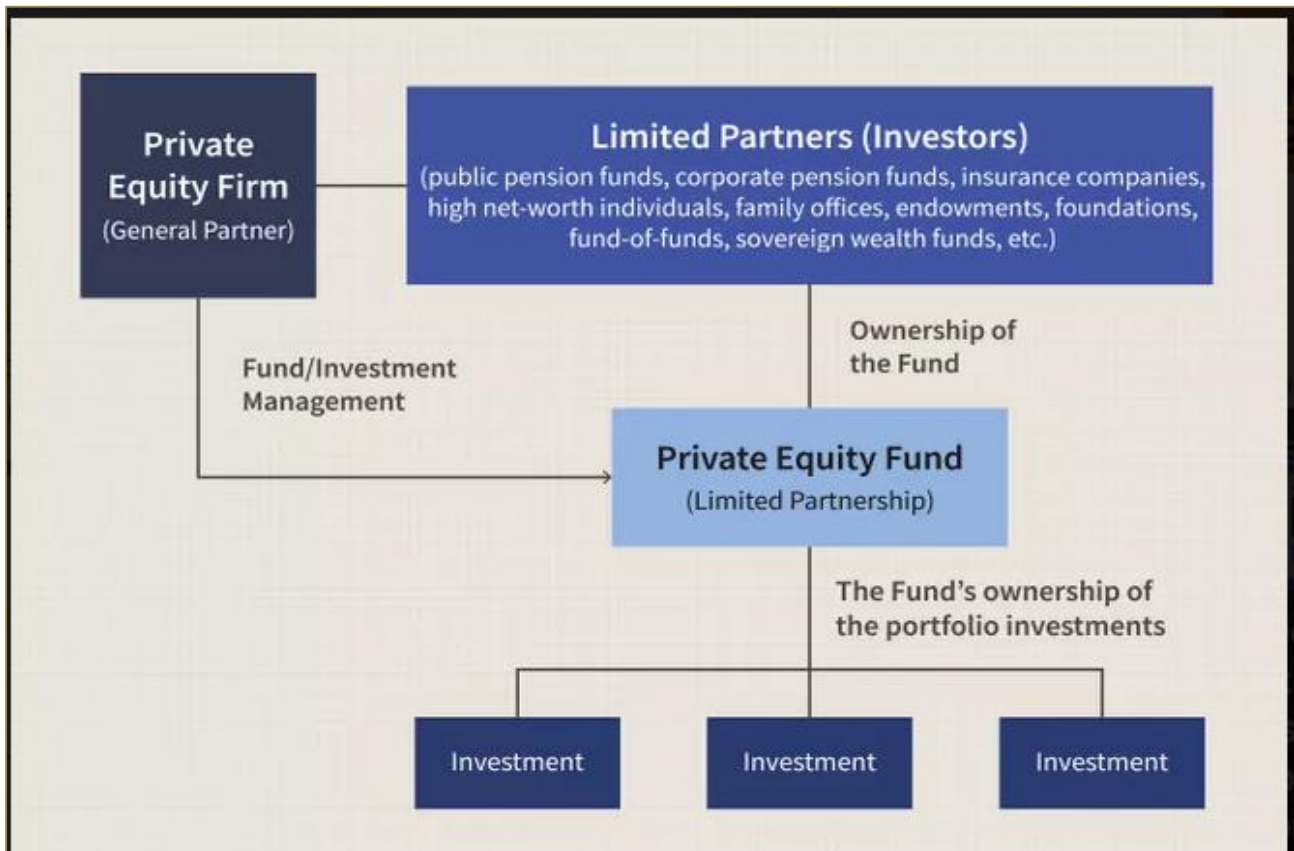
Comment form Vice Chairman

Mr. Katongole Emmanuel of Cipla explains that the nature of Uganda businesses prefer extra control in order for them to keep in business. He gives an example of himself and states that, at one of his companies, he had 35% share holding, when he acquired Private equity financing, the funder took 15% shares and he remained with 6% shareholding.

He further stresses that the money he is getting currently with private equity financing, he wouldn't have acquired it even when he had the 35% share holding.

He therefore encourages business owners to explore the available private equity funding options in order to grow their business and increase their income.

An illustration to Understand how Private Equity Works



SUMMARY OF RECOMMENDATIONS

Sno.	Issue	Recommendation	Responsible Stakeholder
1.	Lack of information about PE	<ul style="list-style-type: none"> • There is need to compile key information about Private Equity and disseminate to the business communities • Do more sensitization on how to choose partners (Banks, Lawyers, Accountants, insurance advisors) • Spread information about benefits of PE to increase demand • Build an ecosystem for Private Equity to increase supply through projects like Oil pipeline, Uganda Airlines 	PCF, URSB, UBA ULS, NSSF, CMA
2.	Tax and Legal challenges affects PE industry (Double Taxation)	<ul style="list-style-type: none"> • There is need for legal and regulatory review Companies Act and/or the Partnership Act to offer a structure private equity funds 	PCF, MoFPED, URA, MoTIC, NSSF, ULS PEARL CAPITAL
3.	Absence of Transactional and Legal advisors on Private Equity	<ul style="list-style-type: none"> • There is need to create private equity-specific regulations to allow growth of PE in Uganda 	PCF, MoFPED, URA MoTIC, NSSF, ULS PEARL CAPITAL
4.	Informality of businesses due to lack of incentives	<ul style="list-style-type: none"> • Create incentives for informal companies to interest them to formalize • Mindset change towards corporate governance and business ethics 	PCF, MoFPED, URA, URSB, ULS
5.	Unconsolidated BDS	<ul style="list-style-type: none"> • There is need to consolidate business development services to increase access to information for informal businesses 	PCF, URSB, PSFU, UMA, ULS, MoFPED, NITA-U

Sno.	Issue	Recommendation	Responsible Stakeholder
6.	Lack of business integrity and unprofessionalism	<ul style="list-style-type: none"> • There is need to promote good ethical business behaviors and professionalism. • Build corporate culture that adhere to standards 	PCF, PSFU, UMA, PPDA, UBA
7.	Tapping into new and expanding markets such as DRC	<ul style="list-style-type: none"> • Take advantage of insurance available to cover business risks (e.g political risks) • Strategic entry into markets as a consortium of businesses • Understand the buyers in the new markets by conducting due diligence through the banks) • Uganda airlines should diversify to include Cargo planes • 	PCF, PSFU, UMA, UIA, Uganda Airlines, UNCC, Bank of Uganda, IRA,
8.	Boost export sector and improve exports	<ul style="list-style-type: none"> • Organize agriculture with the aim to access the markets by ensuring standards and adding value to the products • Boost manufacturing through local financing mechanisms • 	PCF, UDB, Export Promotion Board, PSFU, UMA, UNCC
9.	Local funds available and not accessed	<ul style="list-style-type: none"> • Provide information about the funds and conditions for access. 	PCF, NSSF, UBA, Bank of Uganda
10.	Unprofessional of lawyers giving wrong legal advice	<ul style="list-style-type: none"> • Need professional skilling of lawyers 	PCF, ULS, PSFU
11.	NSSF investment in local infrastructure	<ul style="list-style-type: none"> • Uganda should issue infrastructure Bonds to allow NSSF to invest in local infrastructure projects 	PCF, NSSF, BOU, URA, IRA

List Of Invited Participants

NO	NAME	POSITION	ORGANISATION
1	Hon. David Bahati	Minister	Ministry of Trade Industry and Cooperatives
2	Dr. Ramathan Ggoobi	PS/ST	MoFPED
2	Ms. Barbara Mulwana	Chairman	PCF
3	Mr. Emmanuel Katongole	Executive Chairman	Quality Chemicals/ UNOC
4	Ms. Sarah Arapta	Chairman	Uganda Bankers Association
5	Mr. Richard Byarugaba	Managing Director	NSSF
6	Mr. Daniel Birungi	Executive Director	UMA
7	Mr. Stephen Asiimwe	Executive Director	PSFU
8	Ms. Mercy .K. Kainobwiso	Registrar General	URSB
9	Ms. Olive Kigongo	President	UNCCI
10	Ms. Pheona Wall	President	Uganda Law Society
11	Mr. John .R. Musinguzi	Commissioner General	URA
12	Mr. Opio Douglas	Executive Director	FUE
13	Dr.Hatwib Mugasa	ED	NITA- Uganda
14	Mr. Benson Turamye	ED	PPDA
15	Mr. Paul Kavuma	CEO	Uganda Insurers Association
16	Dr. Edward Isingoma Matsiko	Managing Partner	Pearl Capital Partners (U)Ltd
17	Mr. Keith Kalyegira	CEO	Capital Markets Authority
18	Ms. Irene Birungi Mugisha	CEO	Presidential CEO Forum
19	Mr. Mathias Katamba	ED	DFCU
20	Dr. Adam Mugume	Executive Director of Research	Bank of Uganda
21	Mr. Kaggwa Moses	Ag. Director/ Economic Affairs	MoFPED
22	Ms. Sarah Kabasinguzi	M&E Coordinator	PSDU/MFPED

PICTORIAL



PCF BOARD MEMBERS THE PCF HYBRID MEETING



PCF Activities for June 2022

Sno.	Activity	Date
1	BOARD MEETING WITH PRIME MINISTER	7 TH JUNE, 2022
2	VISIT TO ZIROBWE	11 TH JUNE, 2022
3	VISIT TO KIRA MOTORS	18 TH JUNE, 2022
4	CHOGM WEEK	20 TH JUNE, 2022
5	VISIT TO MBALE	25 TH JUNE, 2022
6	CEO RETREAT AT STATE HOUSE	30 TH JUNE, 2022

Contact us

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