



## **RECP Private Sector Cooperation:**

Understanding Uganda Renewable Energy and Energy Efficiency Alliance (UNREEEA) Member Companies' Profiles and Needs

Nov. 2017

# Background

- The Uganda National Renewable Energy and Energy Efficiency Alliance (UNREEEA) was founded in 2014 and registered in early 2015 as an umbrella organisation of all renewable energy and energy efficiency associations in Uganda. The Alliance has over 100 active members from:
  - The Biomass Energy Efficient Technologies Association (BEETA)
  - Uganda National Biogas Alliance (UNBA)
  - The Hydro Power Association of Uganda (HPAU)
  - Energy Efficiency Association of Uganda (EEAU)
  - Uganda Solar Energy Association (USEA).
- In July 2017, the Africa-EU Renewable Energy Cooperation Programme (RECP) commenced its cooperation with UNREEEA entailing financial support to strengthen the Alliance. One activity is to conduct 'business trainings' to member companies of UNREEEA on topics of high priority. In August 2017, the Alliance conducted a member-wide survey to identify and confirm topics for this training.



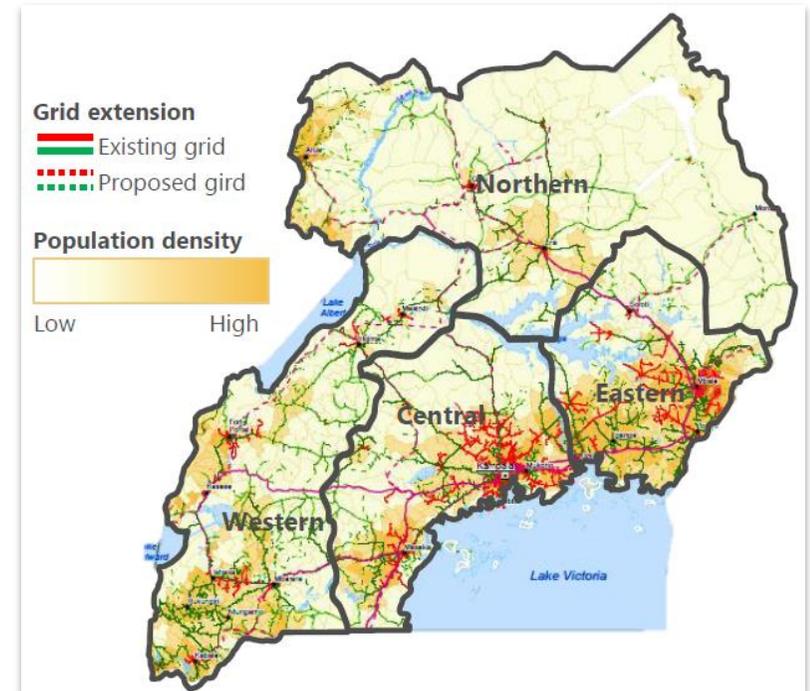
# Notes about this survey

- The survey was administered by UNREEEA Secretariat and Staff. Companies were visited where hardcopies were filled directly by the company CEOs/Managing Directors/Founders, etc. UNREEEA Staff clarified questions when necessary to ensure collected answers are as accurate as possible.
- The outcome of this survey represents only a sample of the Ugandan renewable energy market – members of UNREEEA. It should be taken as an indication of UNREEEA's composition and maturity.



# Survey Overview (I/)

- The survey was conducted in four regions:
  - Kampala Metropolitan Region (Kampala , Entebbe, Wakiso and Mukono )
  - Eastern Uganda Region (Mbale, Tororo, Manafwa, Kapchorwa, Pallisa , Soroti, Kumi, Sirinko, Bulambuli, Iganga , Jinja and Busia)
  - Western Region (Mbarara, Bushenyi, Ntungamo, Kiriuhura, Kasese, Mubende and Mityana)
  - Northern Region (Lira and Arua)
- The survey covered all UNREEEA member companies in terms of:
  - Served market(s)
  - Human capacity
  - Business set up fundamentals
  - Capital needs and growth stage
  - Capacity building needs



Electricity grid and population density in Uganda (2014) – Source: <http://data-energy-gis.opendata.arcgis.com/>

# Survey Overview (II/II)

- A total of 181 member companies completed the survey. Note that UNREEEA hosts over 250 companies (including farmers members of Uganda National Biogas Alliance ).
- The results are categorized per region: 1) Central Kampala and 2) Upper country (Northern, Eastern and Western Uganda):

Central Kampala	
<b>Total Companies</b>	<b>63</b>
Retail	53 (24 solar and 29 non solar)
Generation	20 (10 work in retail as well, mainly solar)
Oldest company	1987
Newest company	2017
Average est. yr	2010

Upper country	
<b>Total Companies</b>	<b>118</b>
Retail	113
Generation	10 (5 work in retail as well, mainly solar)
Oldest company	1996
Newest company	2017
Average est. yr	2012

# I. Survey Results from Central Kampala

# 1. Company Overview & Market Focus

# 1. Company Overview & Market Focus (Kampala)

## Type of products sold by retail companies

- Solar retailers constitute almost have the companies, noting that more than half of them sell other products.
- The non-solar market is dominated by cook stoves and charcoal briquette retailers.
- Only 5/17 cook stove businesses sell charcoal briquettes as well.

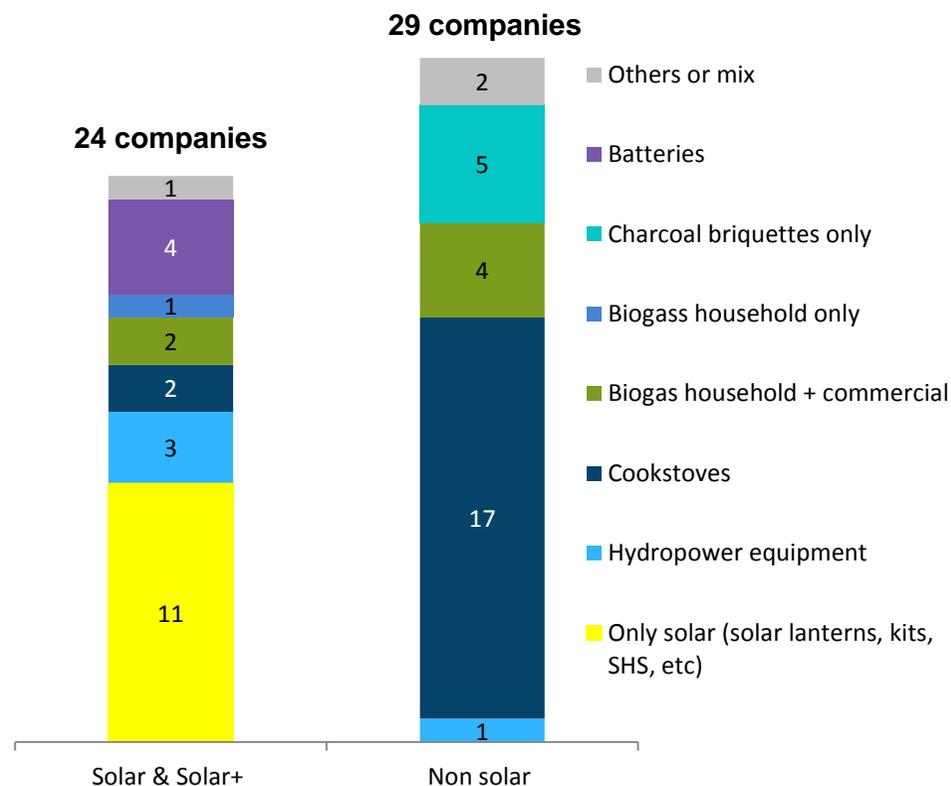


Fig. 1: Left: A total of 24 retail companies include 11 that sell only solar products and others that combine solar with other technologies. Right: A total of 29 retail companies selling non-solar technologies.

# 1. Company Overview & Market Focus (Kampala)

## Generation companies by technology

- Most companies based in Kampala specialize in solar projects.
- 3/7 solar C&I companies work on solar mini grids as well.
- Almost all (10/11) solar mini grids companies have a solar retail component.

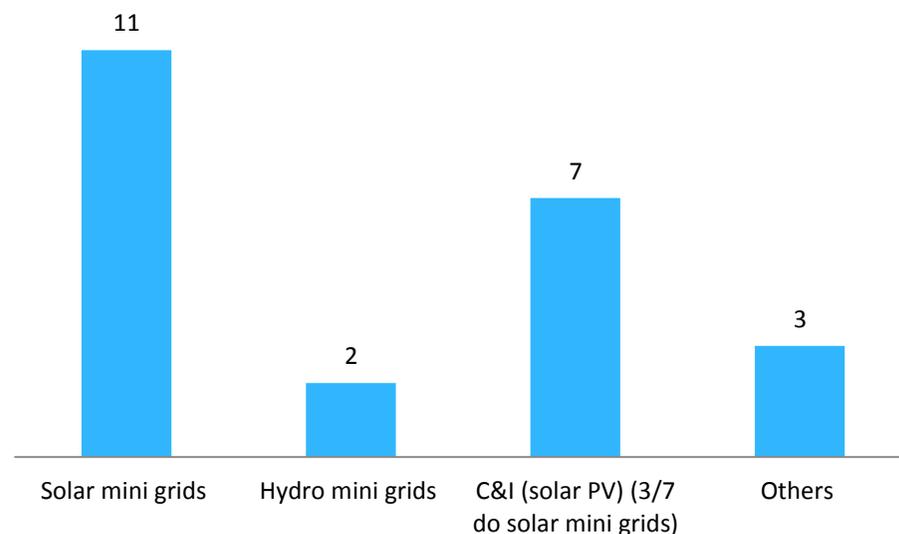


Fig. 2: Distribution of companies with generation projects (mini grid and C&I applications).

# 1. Company Overview & Market Focus (Kampala)

## Legal structure and control mechanisms

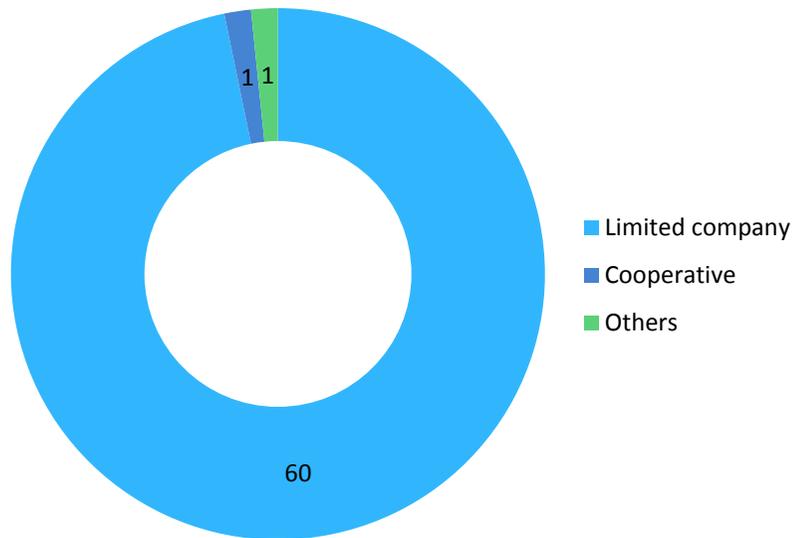


Fig. 3: Companies legal structure.

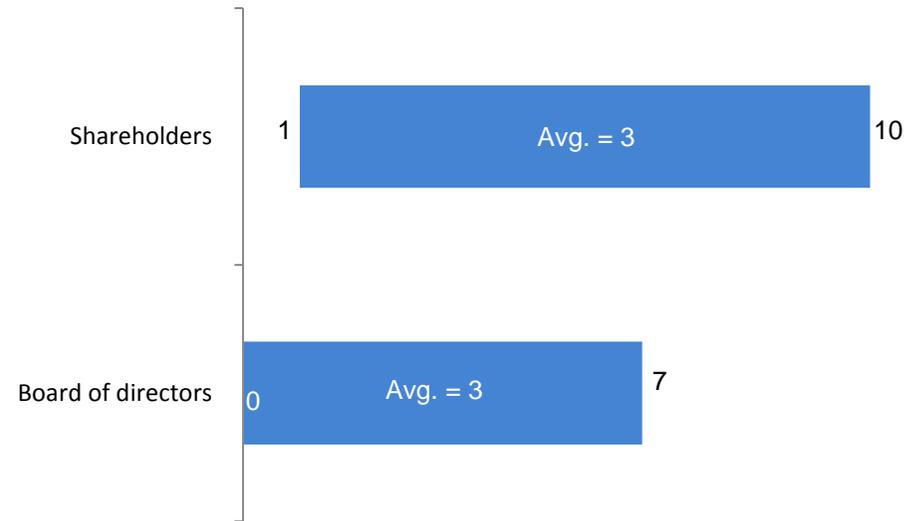


Fig. 4: Companies structure of control mechanisms. Outliers with 50 BoD and 25 shareholders eliminated. One company reported none.

# 1. Company Overview & Market Focus (Kampala)

## Company financial status

- Half the companies reported generating profit, while a significant number (38%) is around the breakeven point. A small number (5%) reported making losses.

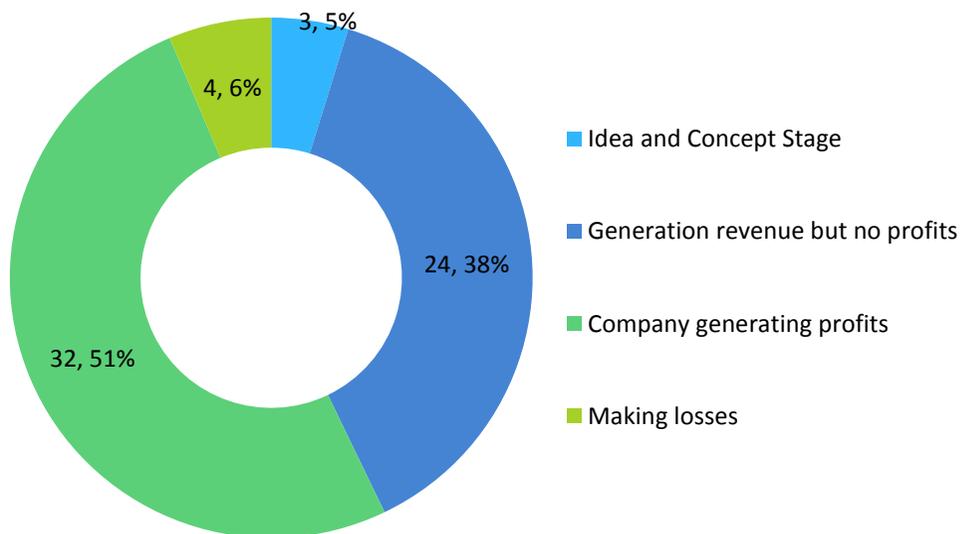


Fig. 5: Companies financial status.

# 1. Company Overview & Market Focus (Kampala)

## Products/systems standards & market competition

- The majority of companies indicated their products/systems follow some sort of standards, citing the International Electrotechnical Commission (IEC), Uganda National Bureau of Standards (UNSB), SNV for biogas, Global Alliance for Clean Cook Stoves (GACC) for cookstoves.
- Major cited market competition: kerosene, LPG, firewood substandard products and diesel generators.

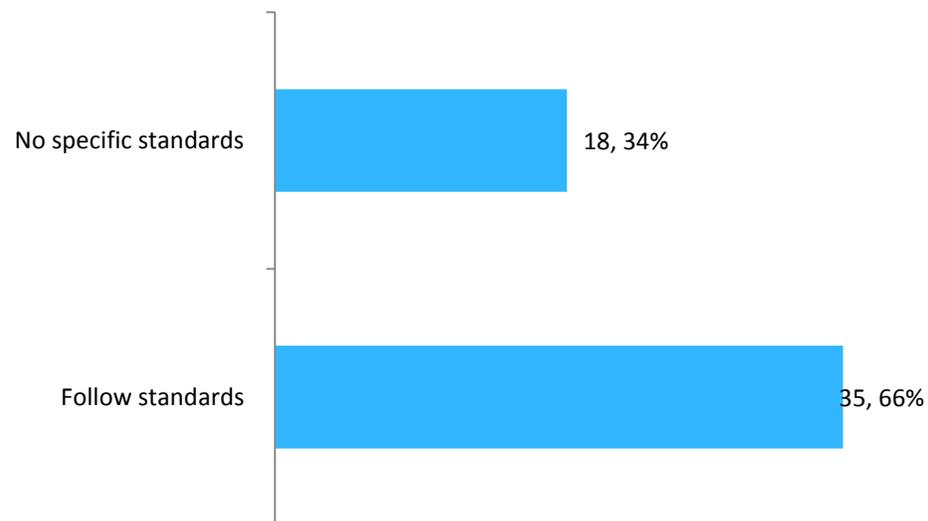


Fig. 6: Standards of products sold in Central Kampala.

# 1. Company Overview & Market Focus (Kampala)

## Challenges

### Top 5 cited challenges

“Limited access to finance”

“High marketing and distribution costs”

“High production costs”

“Low standards/poor quality products”

“Lack of enough skilled labor in the sector”

## 2. Human Capacity

## 2. Human Capacity (Kampala)

### Educational background and relevant experience

- Almost half interviewed individuals (CEO's, Managing Directors/Founders, etc) hold a business bachelor or a diploma. While, 18% hold a Master's degree.
- It can be inferred that most interviewed individuals are fairly experienced with a min of 5 years of experience and a considerable number over 10 years.

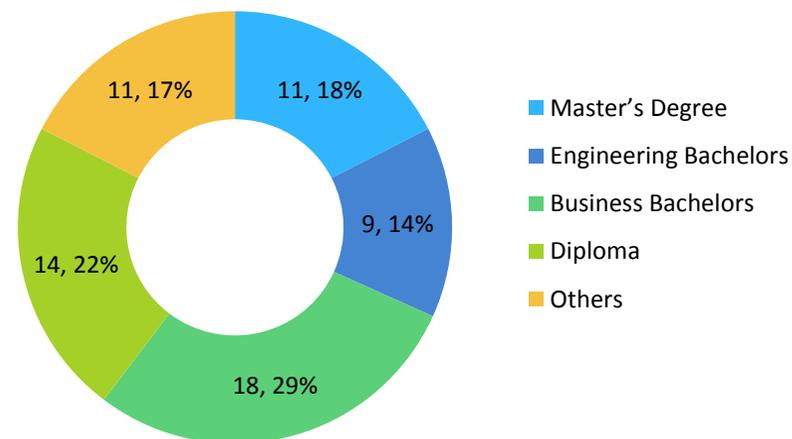


Fig. 7: Education background of interviewed individuals representing the CEO's, Managing Directors/Founders of 63 companies.



Fig. 8: Level of experience of interviewed individuals representing the CEO's, Managing Directors/Founders of 63 companies.

## 2. Human Capacity (Kampala, Cont'd.)

### Company employees and seniority level

- The majority of companies (55/63) have a limited number of employees (up to 5) with majority being senior.
- Only 2 companies have over 15 employees. An outlier (bioenergy business) with 100 employees was discarded.
- The average number of employees is 6 per company.

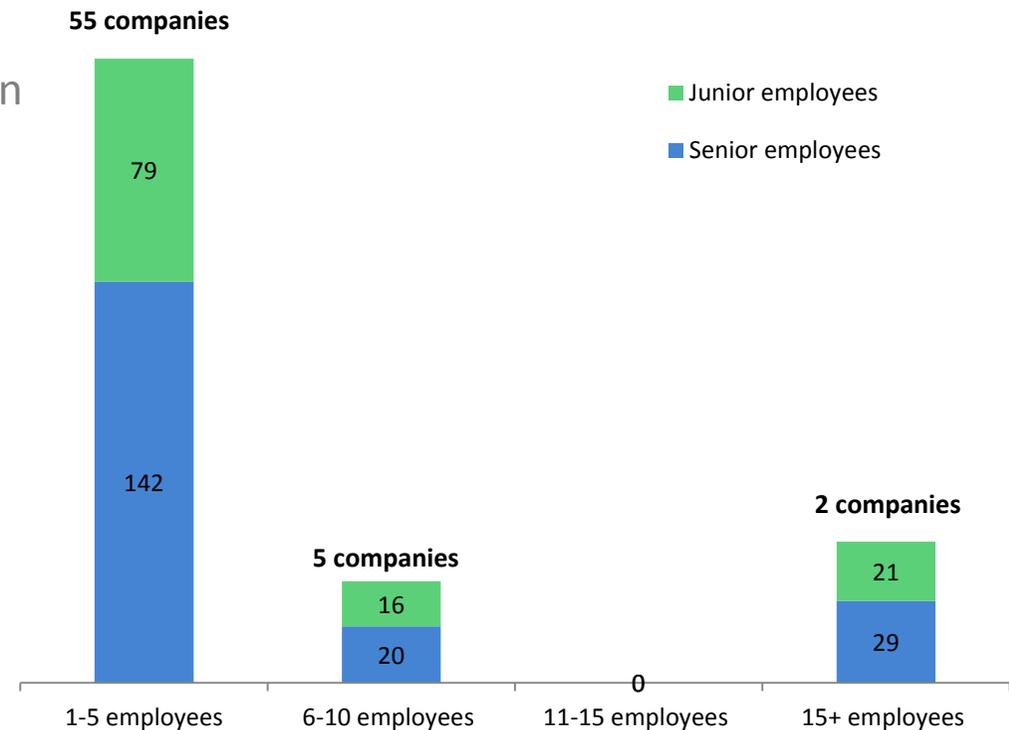


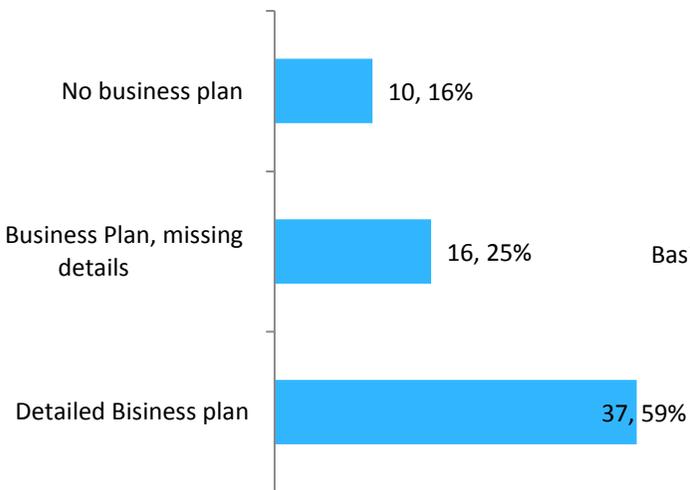
Fig. 9: Number of employees and seniority level across the 63 interviewed companies. An outlier with 100 employees was discarded.

# 3. Business Set-up Fundamentals

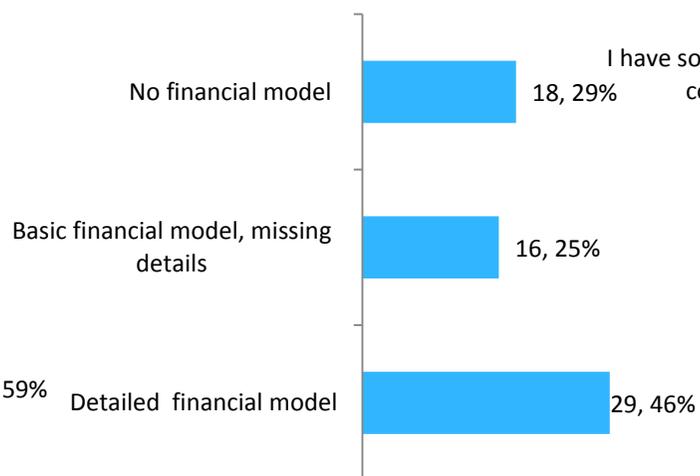
# 3. Business Set-up Fundamentals (Kampala)

## Business plans and financial models

Do you have a business plan?



Do you have a financial model?



Do you understand the difference between a business plan & a financial model?

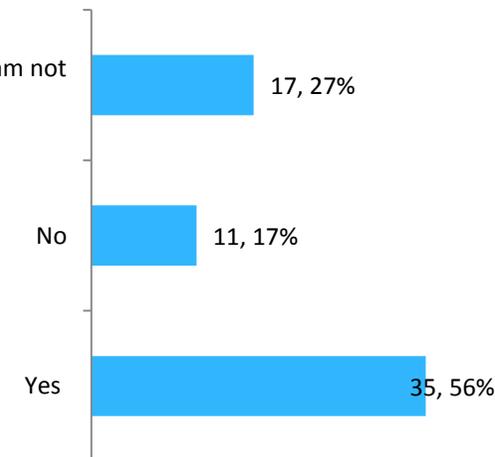


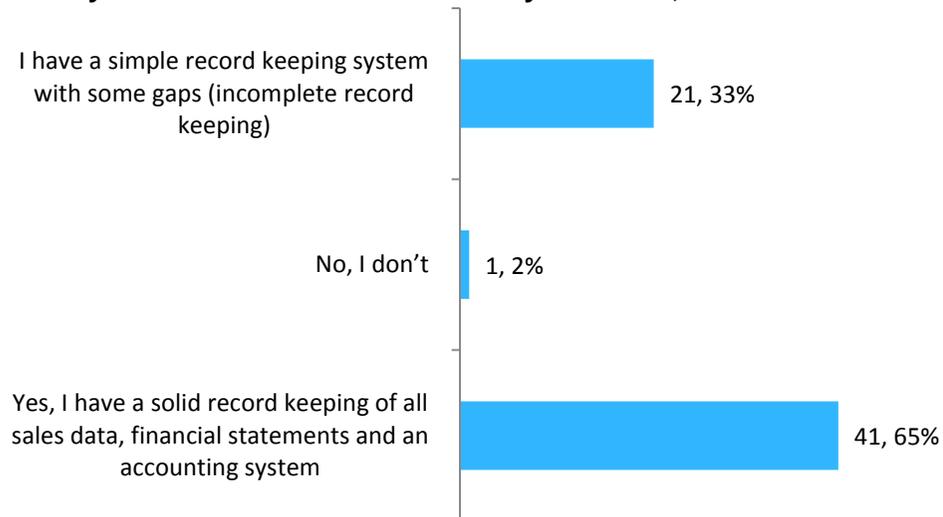
Fig. 10: Status of a business plan and financial model.

- Over half the companies reported having a detailed business model, while less companies have a financial model in place.
- A significant number (25%) reported having incomplete/old business models while 16% are operating without any business model in place.
- About half (56%) the companies reported understanding the difference between a business model and a financial plan.

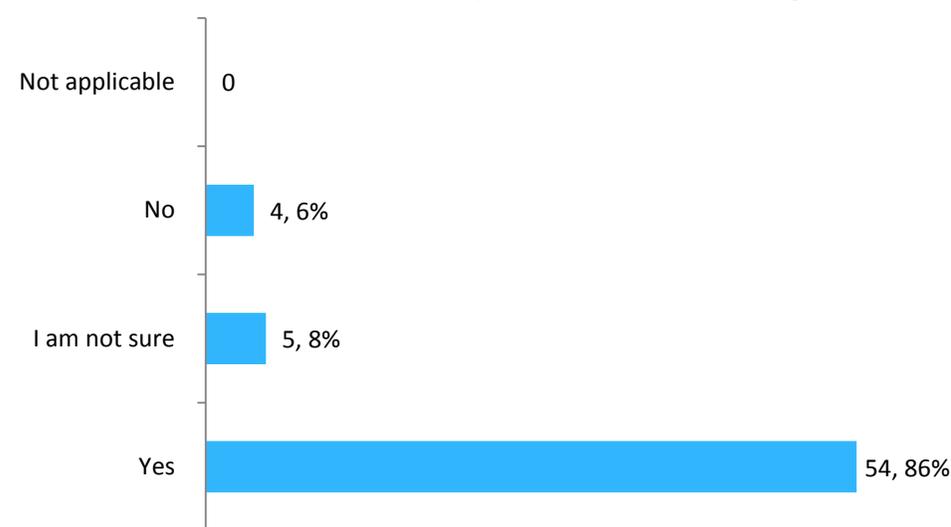
# 3. Business Set-up Fundamentals (Kampala)

## Financial records & capital usage plans

**Do you have a decent record of all your costs, sales and revenue?**



**Do you know what is your estimated working capital?**



- 65% of the companies reported having a solid record keeping and accounting system.
- The majority (86%) of companies indicated knowing their working capital needs, however, 50% of them reported not knowing what a 'capital usage plan' is or not having one in place.

**Do you have a capital usage plan?**

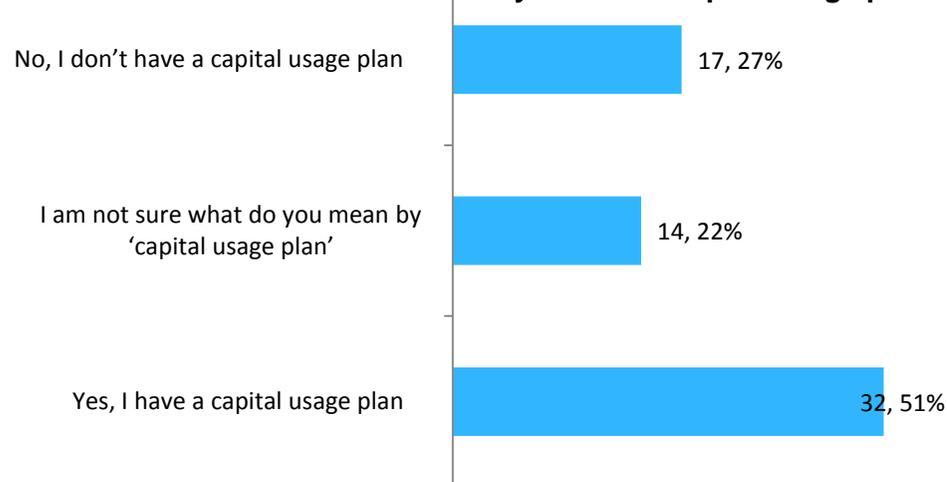


Fig. 11: Status of record keeping and capital usage plan.

## 4. Capital Raising & the Investment Process

# 4. Capital Raising & the Investment Process (Kampala)

## The investment pitch deck

- A significant number (60%) indicated having created an investment 'pitch deck' for their business. Only 7 companies reported not being familiar with the concept of a 'pitch deck'.

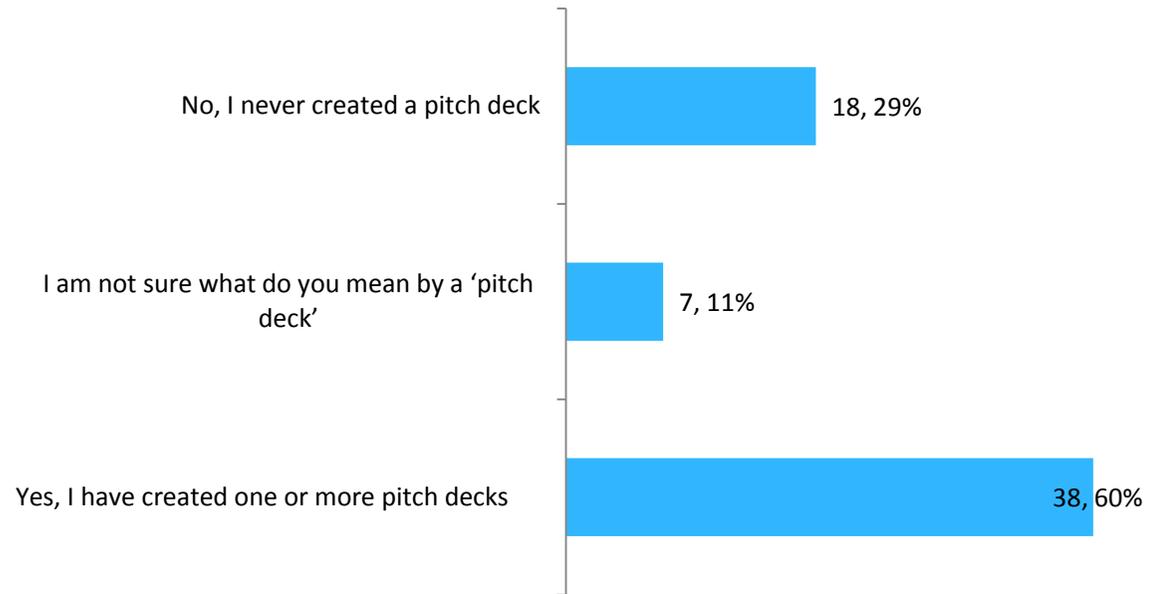


Fig. 12: Existence and knowledge of an investment 'pitch deck'.

# 4. Capital Raising & the Investment Process (Kampala)

## Writing fund proposals

- Only 37% of the companies wrote successful business proposals, mostly just 1 proposal. Only 1 company reported writing 6 successful proposals.
- At least 63% of the companies either have no previous experience writing funding proposals or have failed.

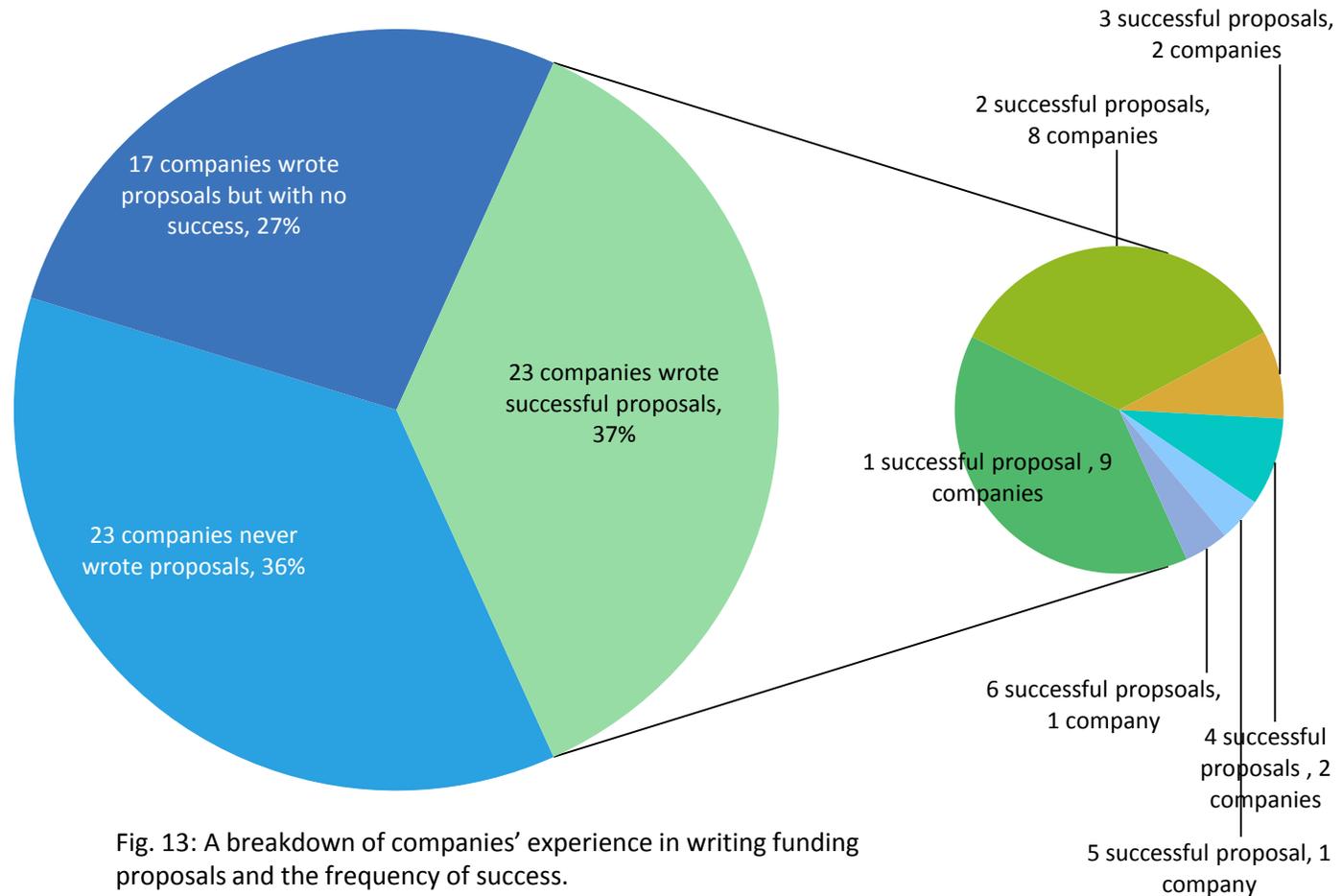


Fig. 13: A breakdown of companies' experience in writing funding proposals and the frequency of success.

# 4. Capital Raising & the Investment Process (Kampala)

## Awareness of available funding/financing opportunities

- A significant number of companies (65%) do not know any relevant upcoming funding/financing opportunities in Uganda. This signals weak access to information on relevant windows and calls for proposals active in the country.
- Those who reporting 'yes', mentioned the following:
  - ▶ The Sustainable Use of Natural Resources and Energy Finance (SUNREF)
  - ▶ The Energy and Environment Partnership (EEP)
  - ▶ The United Nations Industrial Development Organization (UNIDO)
  - ▶ The Uganda Energy Credit Capitalisation Company (UECCC)
  - ▶ SWITCH Africa Green Fund
  - ▶ Catalytic Small Grant Program
  - ▶ UNCDF Women in Energy & UNCDF-Clean Start Fund
  - ▶ Innovations Against Poverty (IAP)
  - ▶ Global Alliance for Clean Cook Stoves (GACC)
  - ▶ Skills Development Facility of Private Sector Foundation Uganda
  - ▶ Afribanana Products ltd
  - ▶ Mobile for Development Utilities (GSMA)
  - ▶ TRINE
  - ▶ D-prize challenge
  - ▶ Post-Bank Uganda

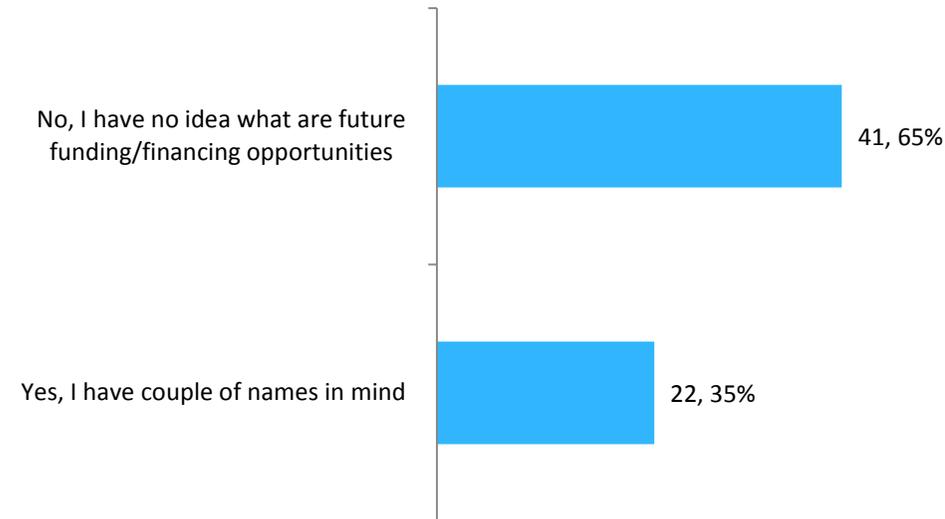


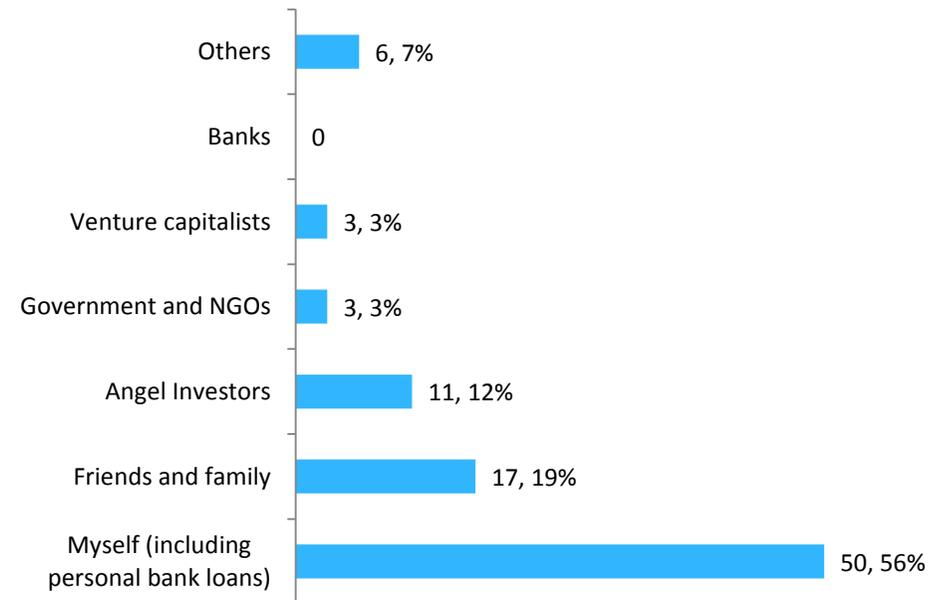
Fig. 14: Knowledge of relevant future funding/financing opportunities in Uganda.

# 4. Capital Raising & the Investment Process (Kampala)

## Capital resources and access to early-stage funding

- The majority of companies (over 90%) fall into the 'early stage' of project development. Over half (56%) of the companies are solely self-funded. A number (3) reported access to venture capital funds and 0 reported access to debt (Project Finance) through local banks.
- The lack of access to early stage financing/funding is clear with only 20% of the companies confirming receiving some sort of early-stage funding.

### Who are the main investors in your company so far?



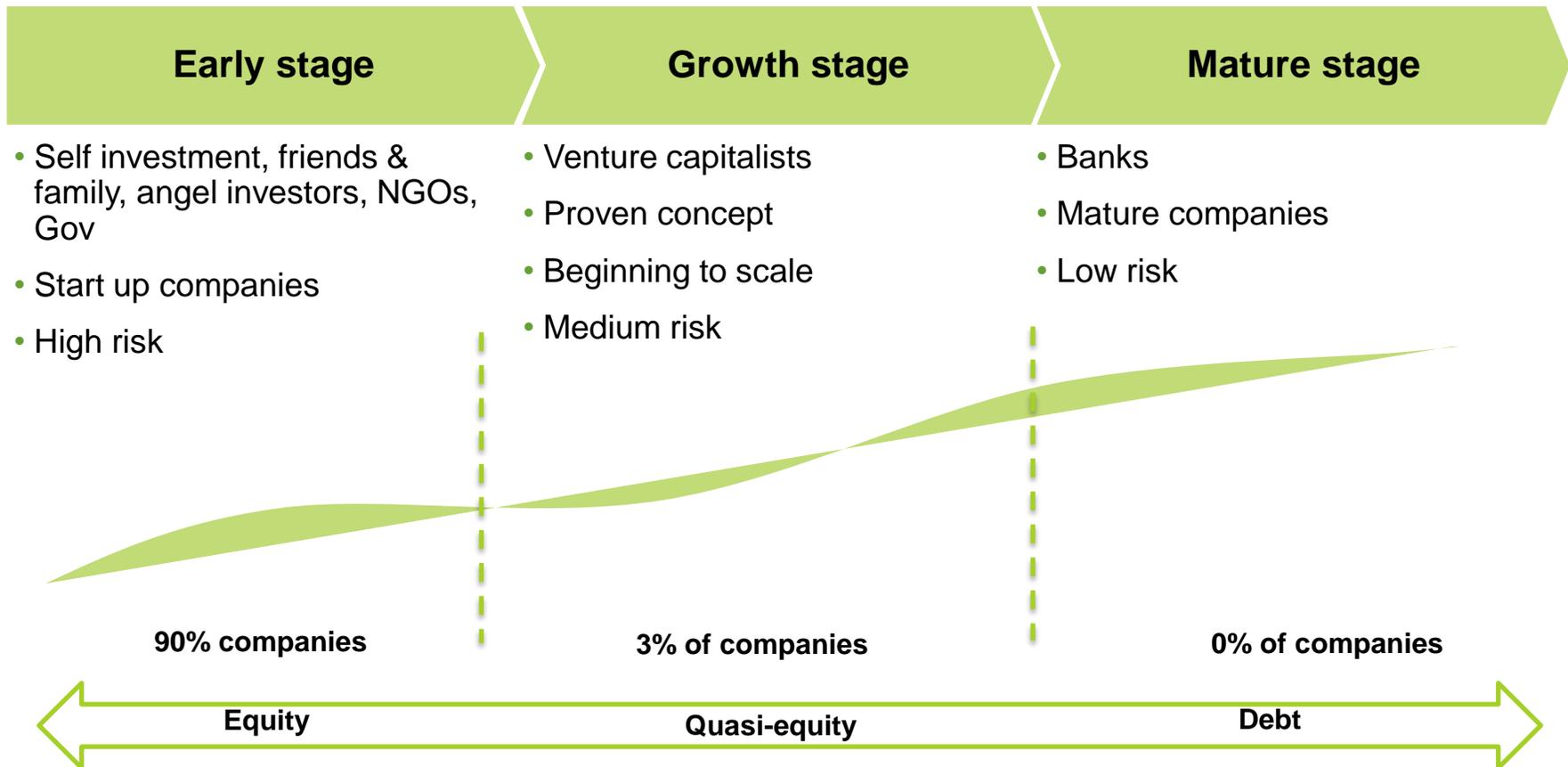
### Have you received any early-stage funding (ex: grants for pre-feasibility work)?



Fig. 15: A breakdown of sources of capital (upper) and level of early stage financing received (lower).

# 4. Capital Raising & the Investment Process (Kampala)

## Companies\* growth stage



\*7% selected "others" for the source of funds without providing details..

# 4. Capital Raising & the Investment Process (Kampala)

## Investment steps and the capacity to negotiate



- Only 44% of the companies have gone through any of the investment stages, confirming that most of the early stage companies are self funded (35/63 companies).
- About 70% of those companies that have gone through the investment process have either never negotiated with an investors or have done so with no preparation/training/knowledge.
- Some companies have landed directly into the 'term sheet' stage.

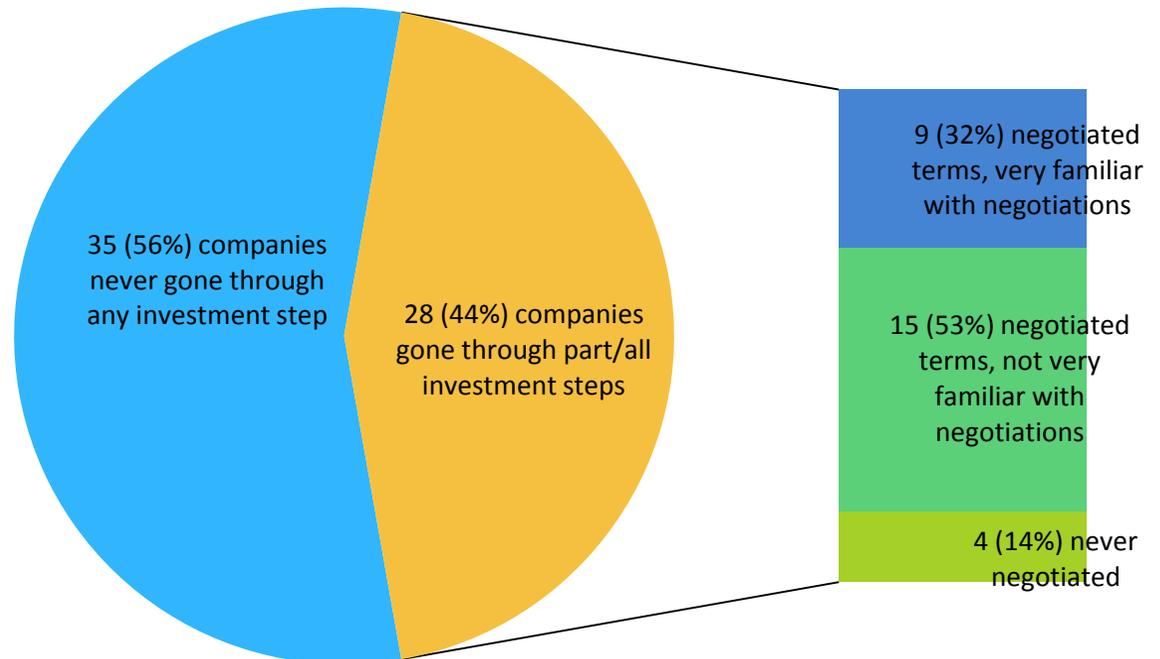


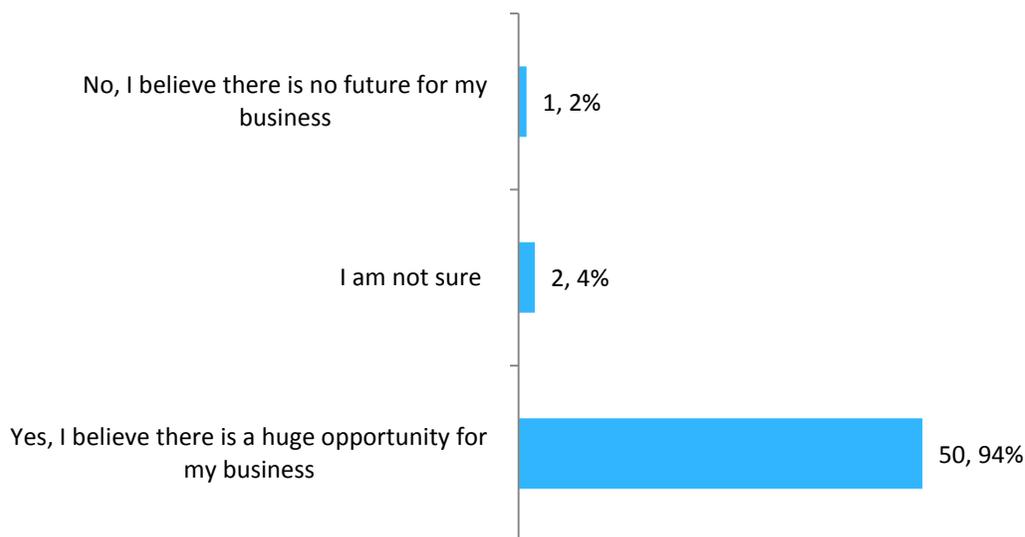
Fig. 16: A breakdown of companies experience with the investment process and in particular negotiating with investors.

# 5. Sales & Marketing for Retail Companies

# 5. Sales & Marketing for Retail Companies (Kampala)

## Sales strategy

**Do you see a future market opportunity to scale up your business?**



**If yes, do you have a sales strategy to grow your business (scale up)?**



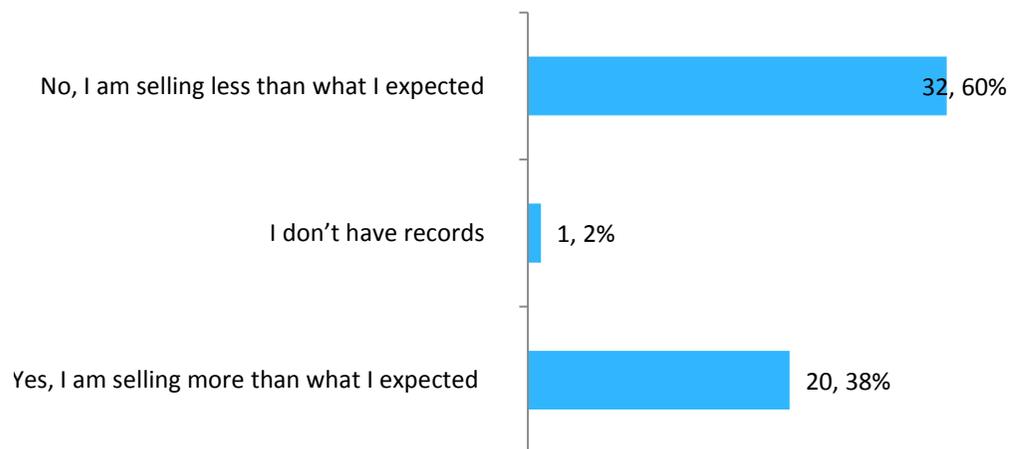
Fig. 17: The perceived market opportunity (left) vs. the existence of a market strategy to size the opportunity (right).

- Retailers are strongly optimistic about the future of their business where 94% reported 'seeing' a business opportunity and about 79% have a detailed sales strategy.
- However, the next slide shows that more than half (60%+) reported selling less products than expected with higher operational costs than expected.

# 5. Sales & Marketing for Retail Companies (Kampala)

## Sales & operational costs

**Are you selling more or less than you expected initially?**



**Are your business operational costs higher or lower than you expected initially?**

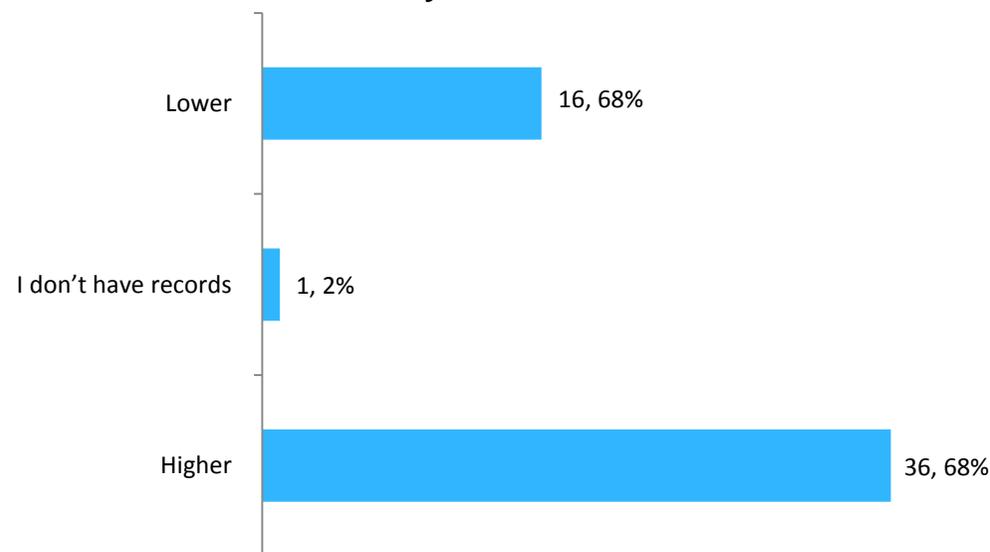


Fig. 18: Real sales compared to initial expectations (left) and real operational costs compared to expectations (right).

- Even though most companies are strongly optimistic about the future of their business where 94% reported 'seeing' a business opportunity and about 66% have a detailed sales strategy (see previous slide), more than half (60%+) reported selling less products than expected with higher operational costs than expected.
- Companies are in general optimistic in terms of overestimating their sales and underestimating their operational costs.

# 5. Sales & Marketing for Retail Companies (Kampala)

## Customer awareness

- Consumer education is needed as reported by more than half the companies.

**Do you think your consumers are aware of the added value of your product?**

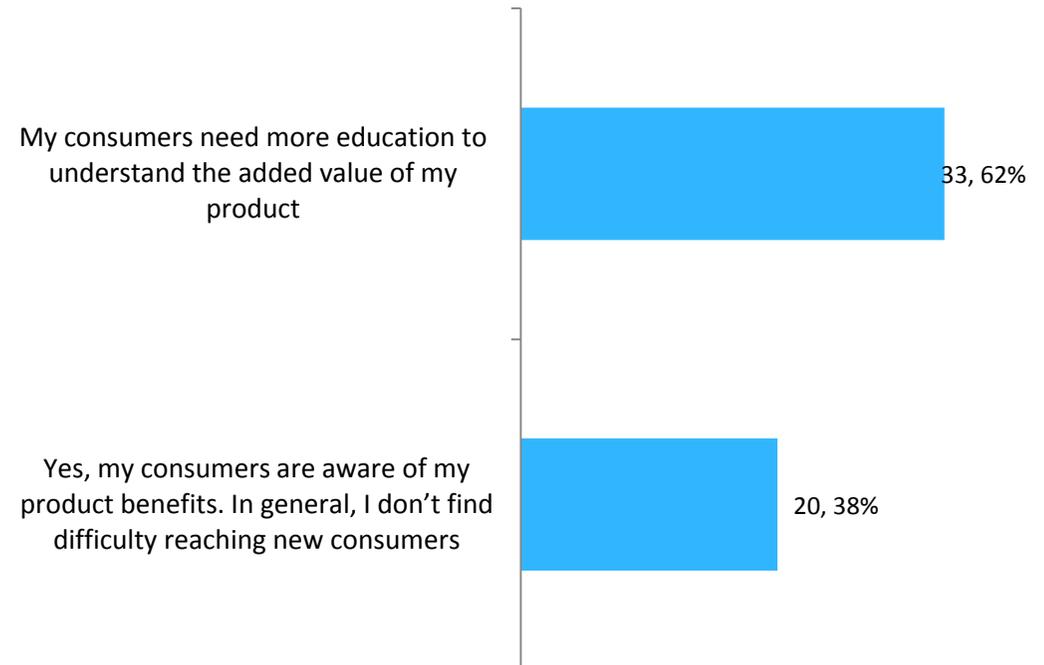


Fig. 19: Perceived consumer awareness levels by companies.

## 6. Generation Projects Status & Needs

# 6. Generation Projects Status & Needs (Kampala)

## Distribution of generation projects and their development phase

- Most projects are below 100kW (mostly solar projects), while larger size projects are mostly hydropower.
- Most projects are at an early stage of development (concept, pre-feasibility,...)

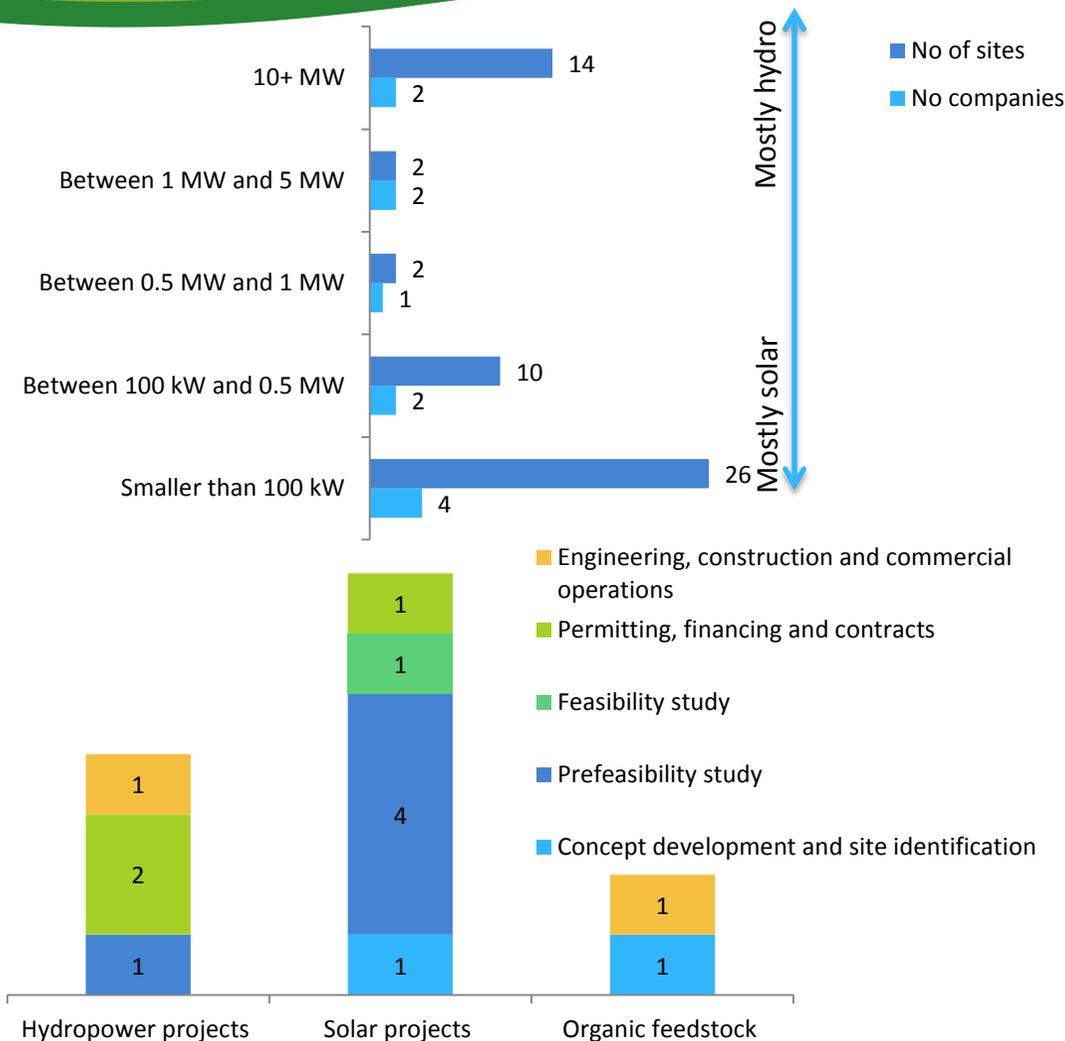


Fig. 20: Distribution of generation projects by size (upper) and stage of project development (lower).

# 6. Generation Projects Status & Needs (Kampala)

## Knowledge and experience with Project Finance

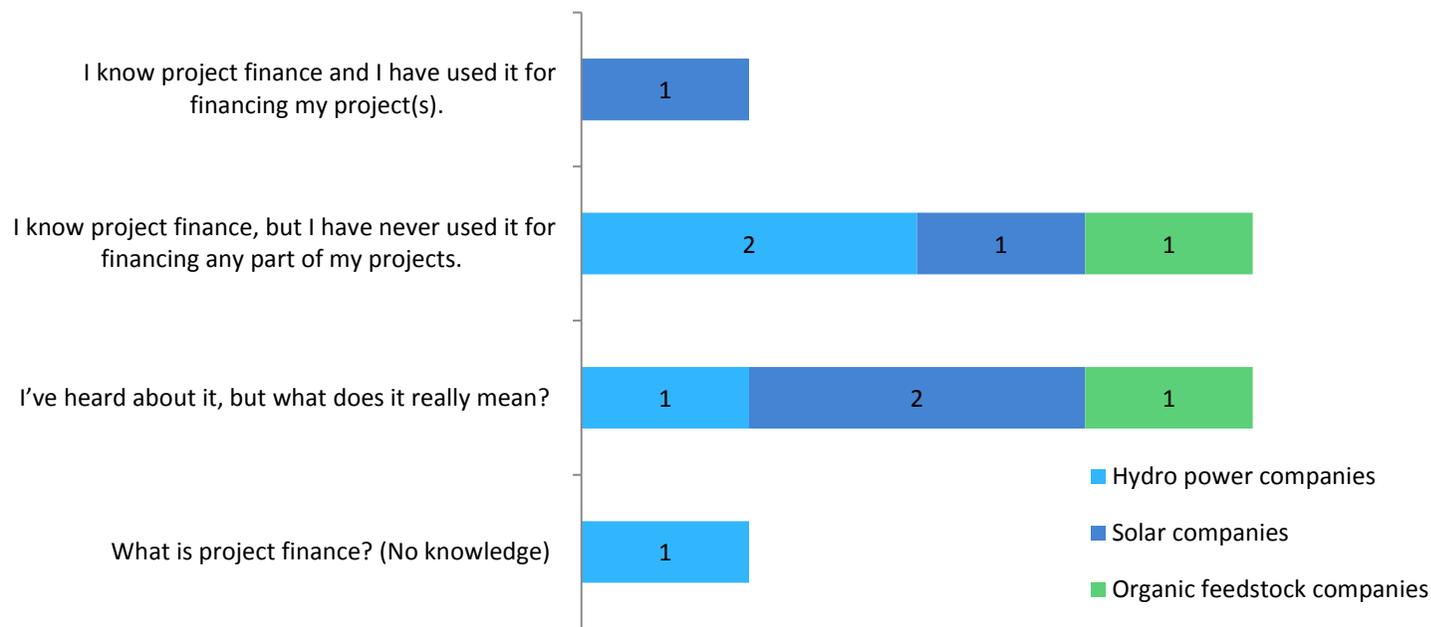


Fig. 21: Knowledge and experience with Project Finance across generation companies.

- Only 1 company indicated some experience with Project Finance. The rest either have no knowledge or have no experience with Project Finance.

# 6. Generation Projects Status & Needs (Kampala)

## Capacity building needs

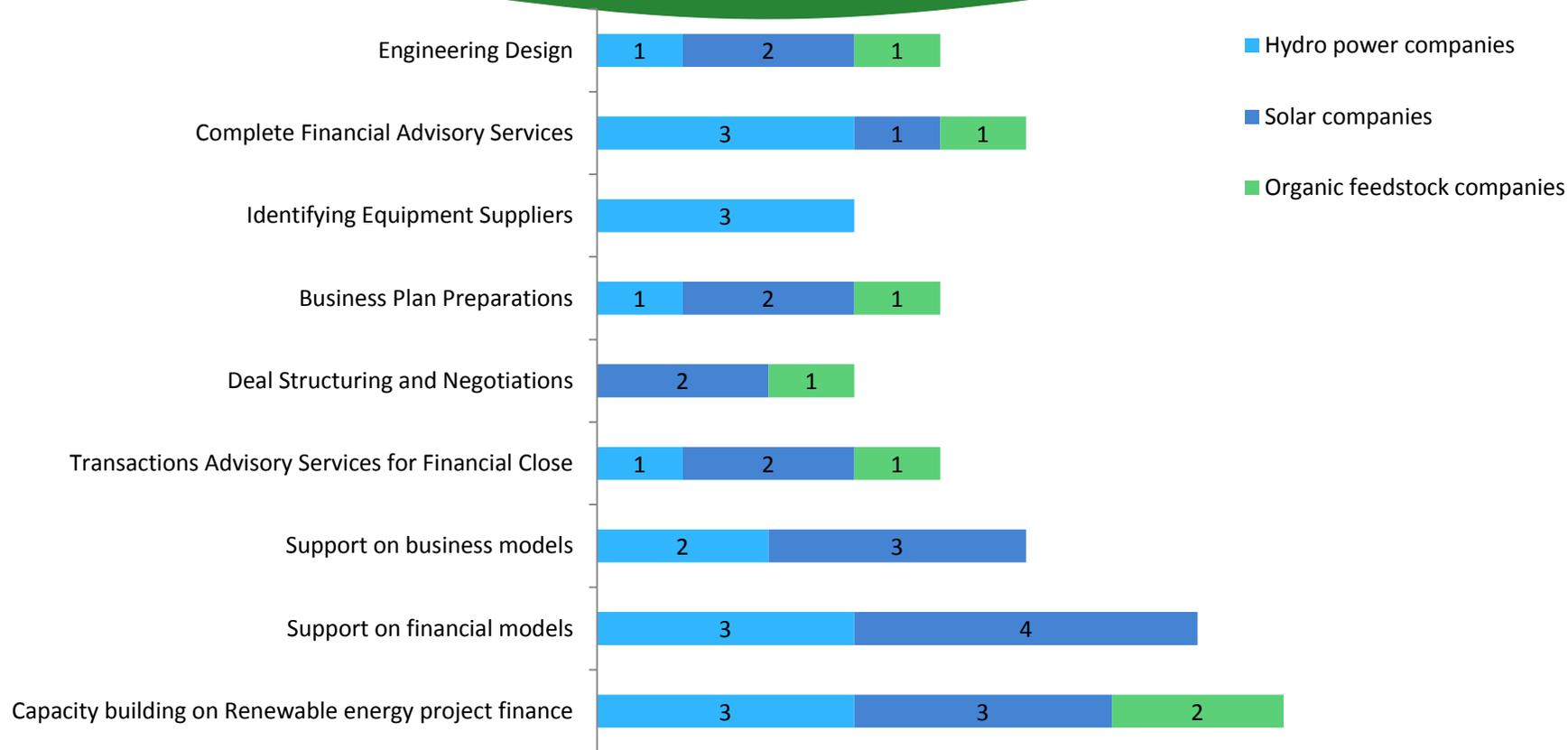


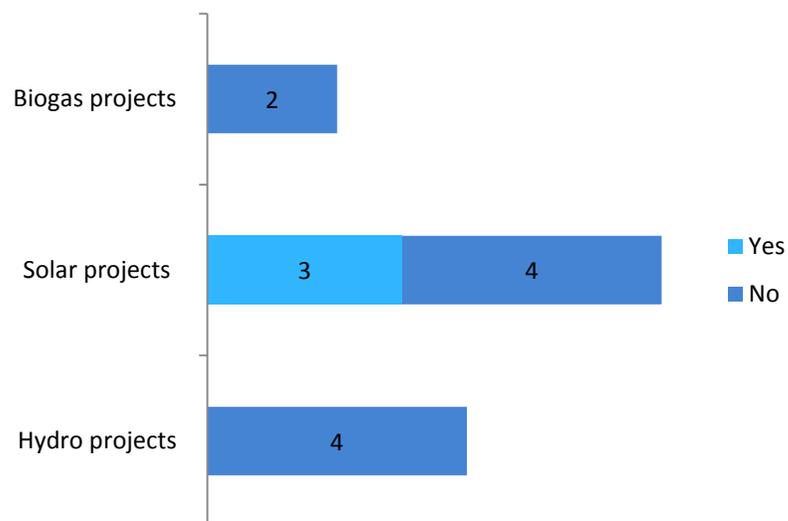
Fig. 22: Areas of support needed across generation companies.

- Needs spread across a variety of topics.

# 6. Generation Projects Status & Needs (Kampala)

## Project management and off-taker agreement

Do you have a project sponsor?



Do you have a memorandum of understanding, Letter of Intent, or a PPA with an off-taker?

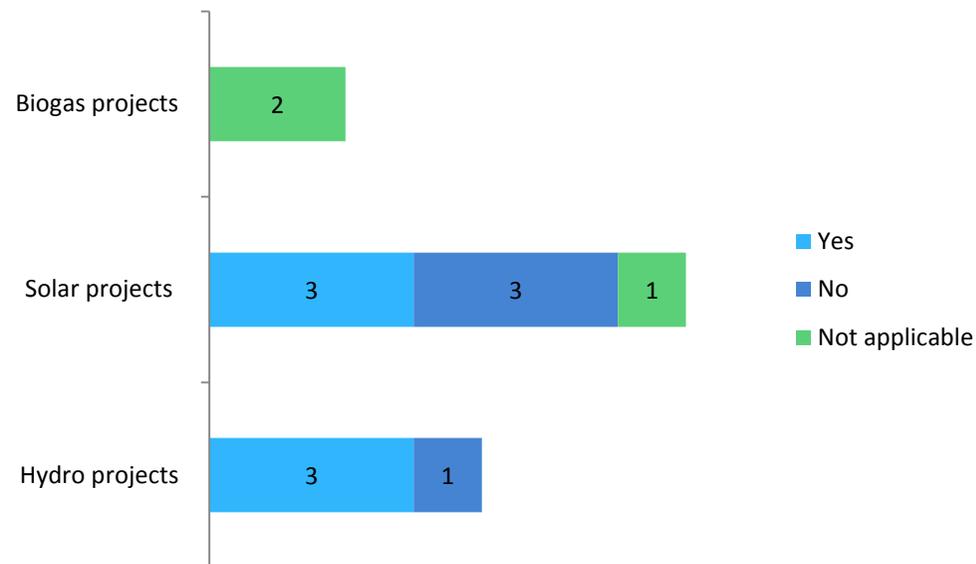
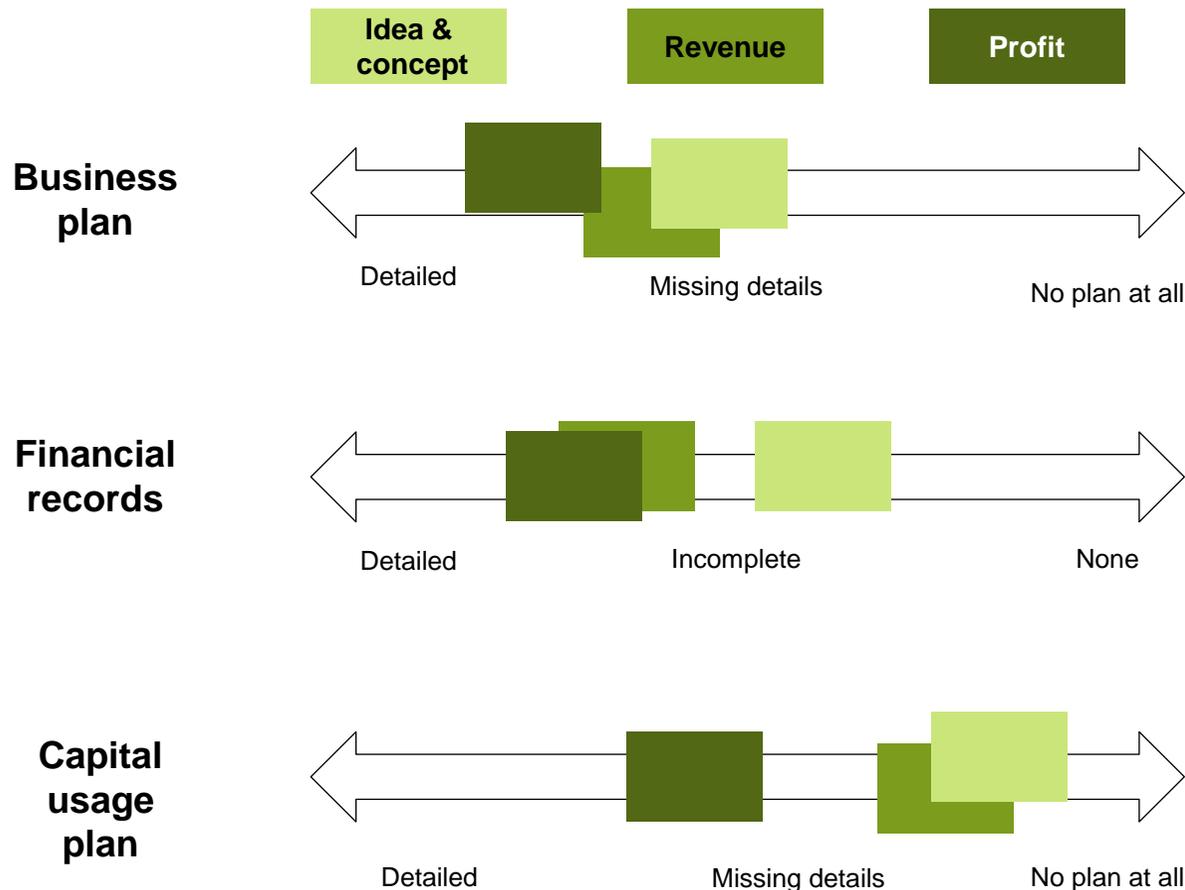


Fig. 23: The number of projects with a sponsor (left) and an off taker agreement (right) across the generation companies.

# Comparison of Major Results

# Overall comparison of major results\* (Kampala)

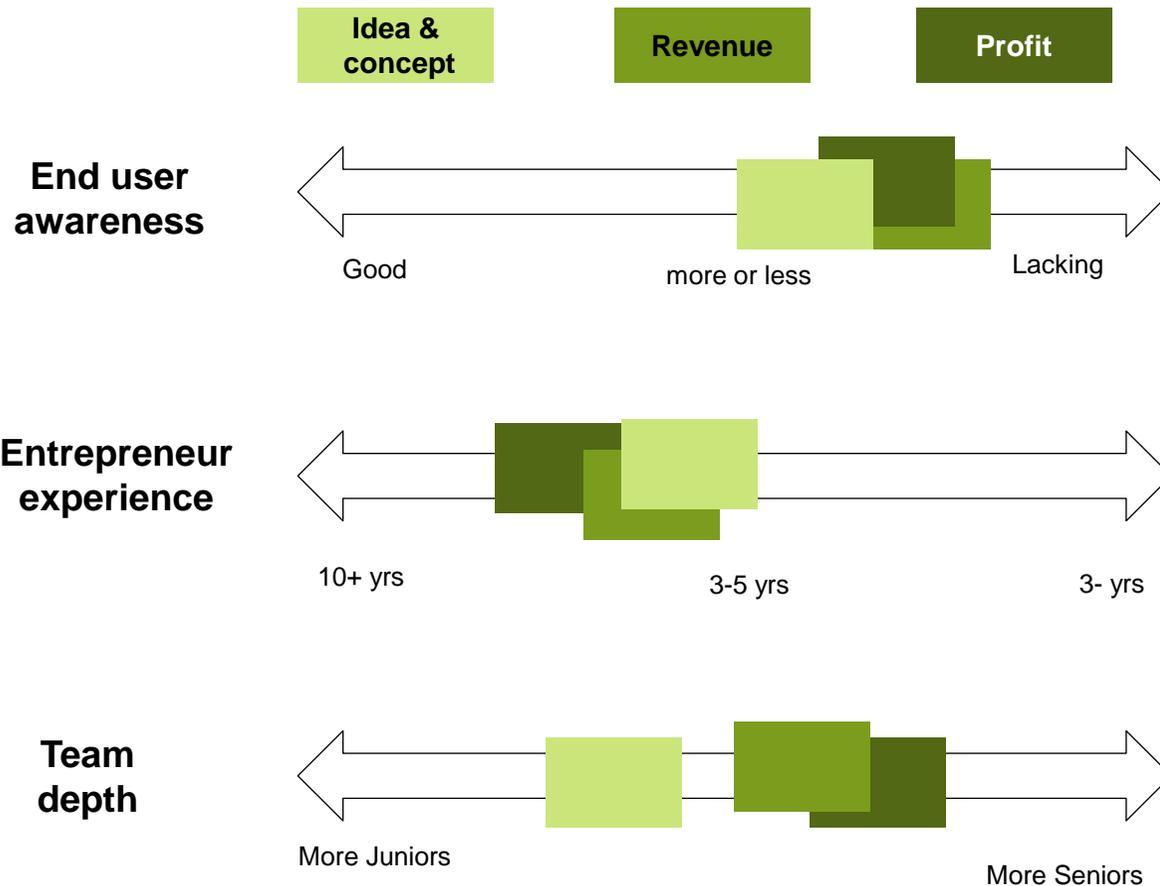


- Generally companies showed high confidence in their business plan and the level of details.

- Generally all keep financial records but with varying level of details.

- Although almost all indicated knowledge of working capital needs, there is lack of a structured approach to stage capital needs and clearly specify its use and impact.

# Overall comparison of major results (Kampala)



- A strong need for consumer education is indicated.

- Reasonable levels of experience.

- Seniority persists within the teams of profit making companies while start ups teams reported more junior members.

## II. Survey Results from Upper Country (Northern, Eastern and Western Uganda)

# 1. Company Overview & Market Focus (Upper Country)

## Type of products sold by retail companies

- The majority of all companies sell solar products, either alone (36%) or combined with other products (20%).
- 64% of the solar companies specialize only in solar products, unlike in central Kampala where only about 40% of solar companies sell only solar products.
- Unlike Central Kampala, the non-solar market is dominated by biogas for both households and commercial applications. This is expected due to the availability of biogas feedstock (mostly from livestock) in rural areas and the urban agglomeration of cook stoves and briquettes companies in Central Kampala.

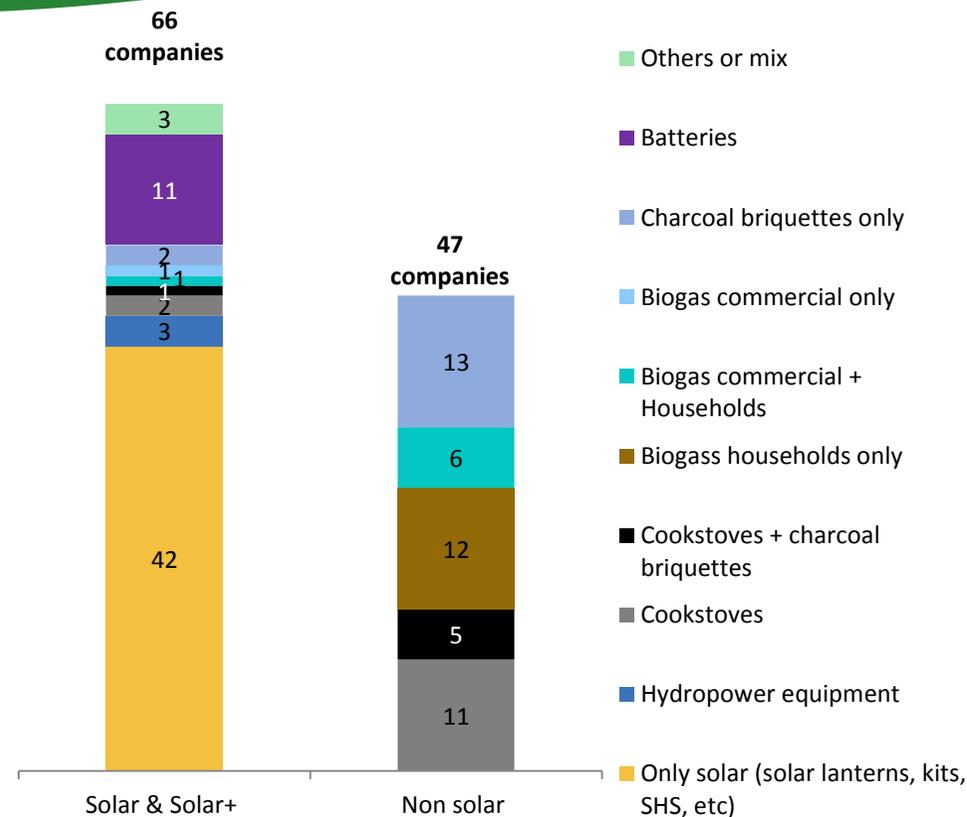


Fig. 24: Left: A total of 66 retail companies include 42 that sell only solar products and others that combine solar with other technologies. Right: A total of 47 retail companies with non-solar focus.

# 1. Company Overview & Market Focus (Upper Country)

## Generation companies by technology

- A limited number of UNREEEA companies with generation projects, with dominance of solar PV.
- All solar mini grids companies have a solar retail component .

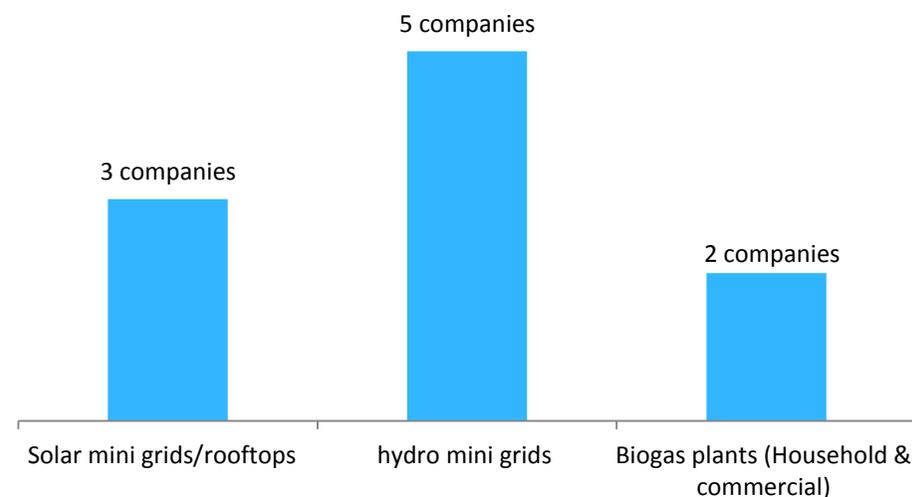


Fig. 25: Distribution of companies with generation projects (mini grids).

# 1. Company Overview & Market Focus (Upper Country)

## Legal structure and control mechanisms

- ‘Limited’ company legal structure remains a majority, however, other forms such as cooperatives, ESCO and farmers were reported. “Others” include community based organizations, associations and youth groups that are registered at the district level.
- The average number of shareholders is relatively larger due to the existence of community organizations, associations and youth groups.

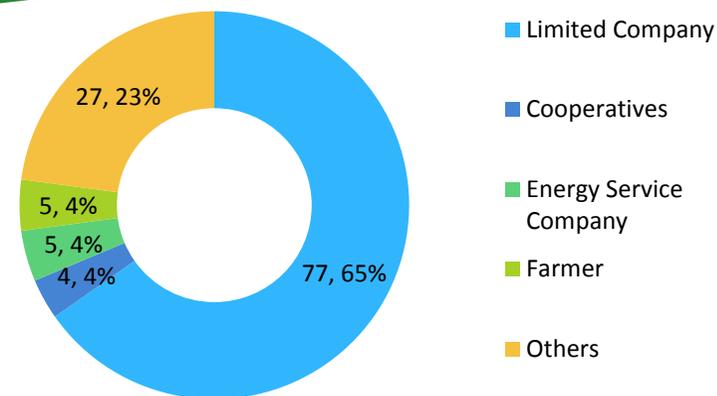


Fig. 4: Companies legal structure.

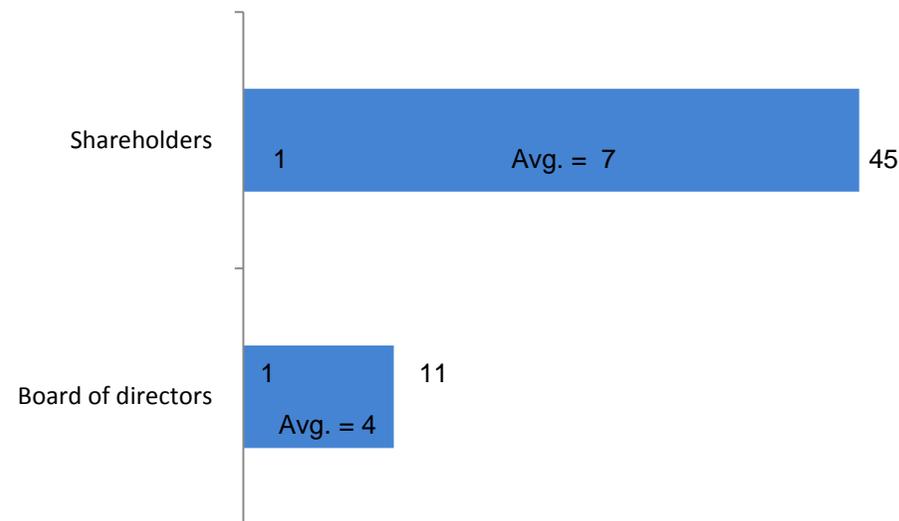


Fig. 26: Companies structure of control mechanisms. An outlier with 203 shareholders was eliminated.

# 1. Company Overview & Market Focus (Kampala)

## Company financial status

- Upper country companies resemble similar financial status to those in Central Kampala, with majority either making profit or operating at a break-even point.
- More companies (12%) are found at the idea and concept stage compared to those in Central Kampala (only 5%).

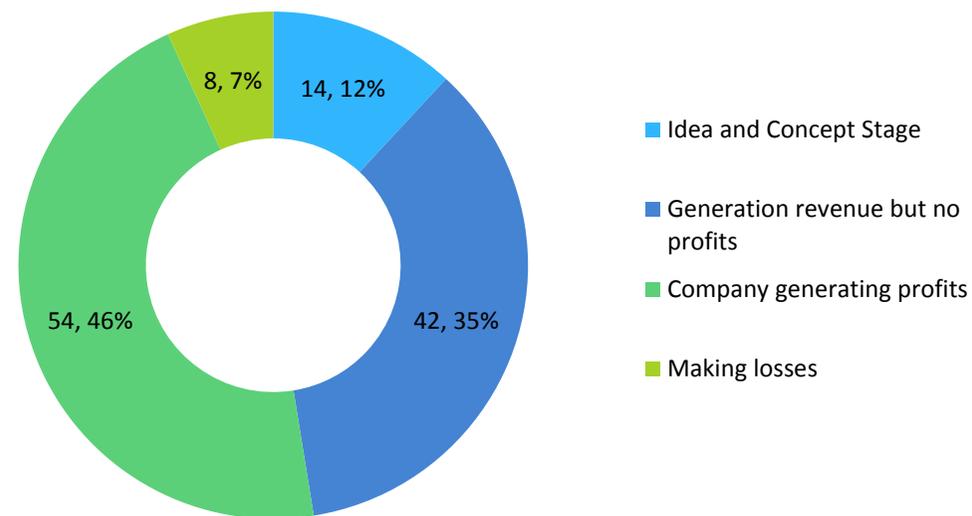


Fig. 27: Companies financial status.

# 1. Company Overview & Market Focus (Upper Country)

## Products/systems standards & market competition

- 46% of the retail companies indicated their products/systems follow some sort of standards, citing Uganda National Bureau of Standards (UNSB), SNV for biogas, Global Alliance for Clean Cook Stoves (GACC) for cookstoves and the International Electrotechnical Commission (IEC).
- Market competition cited kerosene, LPG, firewood, substandard products and diesel generators.

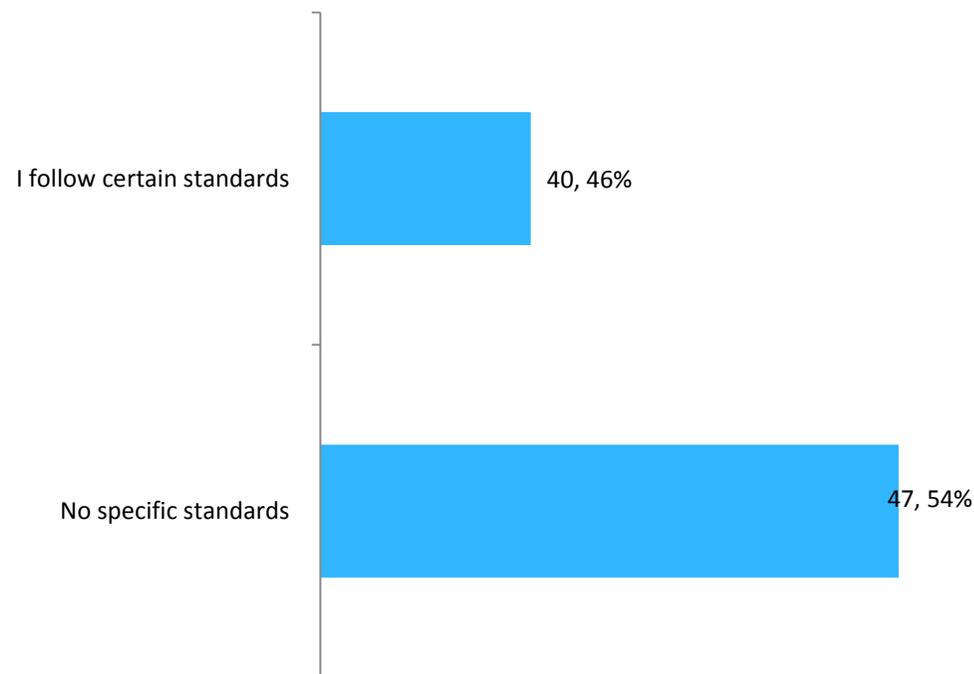


Fig. 28: Standards of products sold in upper country.

# 1. Company Overview & Market Focus (Upper Country)

## Challenges

### Top 5 cited challenges

“High taxes”

“Limited access to finance”

“Inadequate skills in marketing”

“Low profit margin”

“High transportation costs”

## 2. Human Capacity

## 2. Human Capacity (Upper Country)

### Educational background and relevant experience

- 28% of interviewed individuals (CEO's, Managing Directors/Founders) hold a business bachelor. While only 9% hold a Master's degree.
- "Others" include: Uganda Advanced Certificate of Education (UACE), which is equivalent to an upper secondary school certificate. In addition, other reported certificates were in: business administration, construction trade, food processing, electrical installations, education, agricultural trade, computer science, mathematics, marketing, etc.
- The level of experience of interviewed individuals is split almost equally between juniors and seniors.

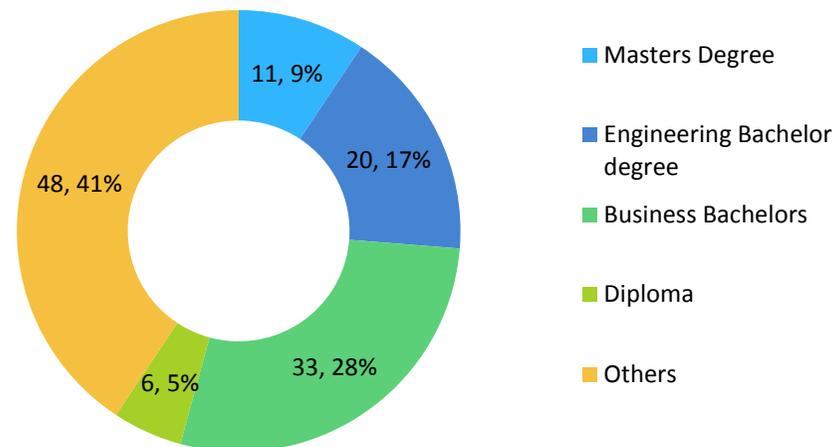


Fig. 29: Education background of interviewed individuals representing the CEO's, Managing Directors/Founders of 63 companies.

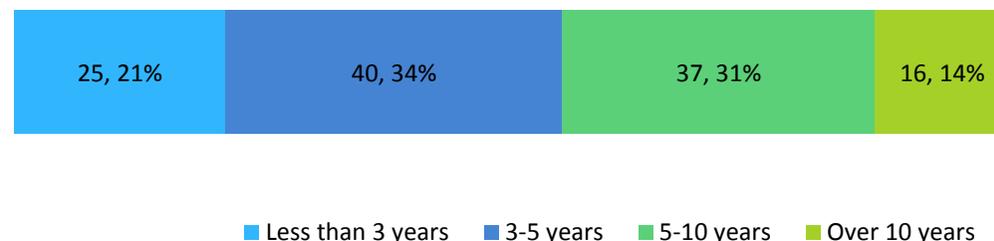


Fig. 30: Level of experience of interviewed individuals representing the CEO's, Managing Directors/Founders of 118 companies.

## 2. Human Capacity (Upper Country)

### Company employees and seniority level

- The majority of companies (95/118) have a limited number of employees (up to 5) with majority being senior.
- Only 3 companies have over 15 employees.
- The average number of employees is 5 per company.

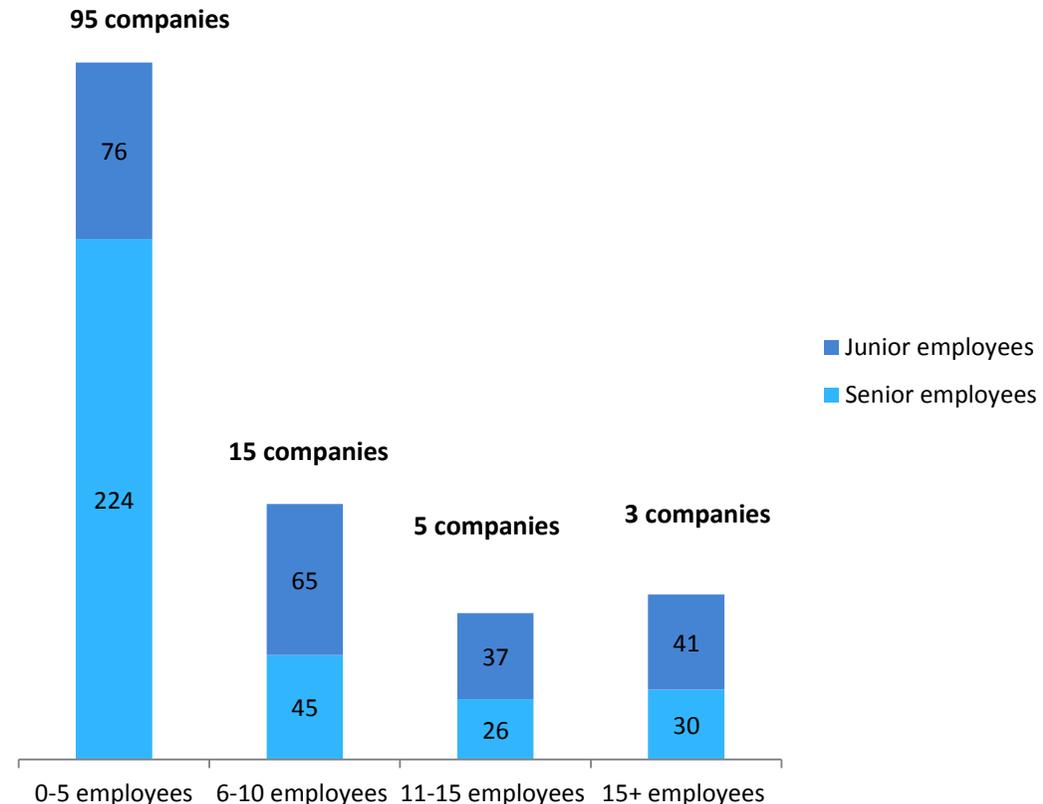


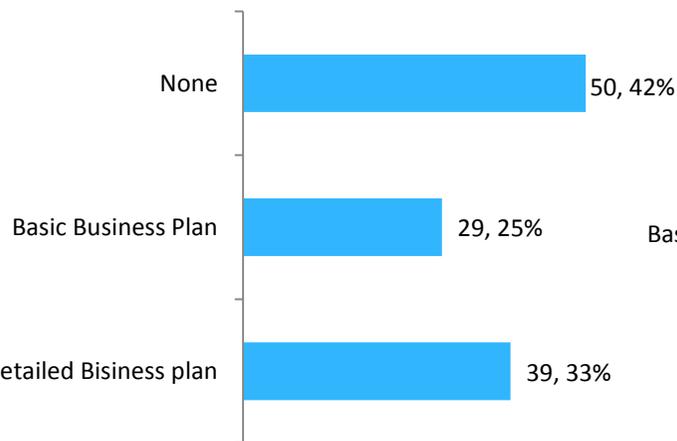
Fig. 31: Number of employees and seniority level across the interviewed companies.

# 3. Business Set-up Fundamentals

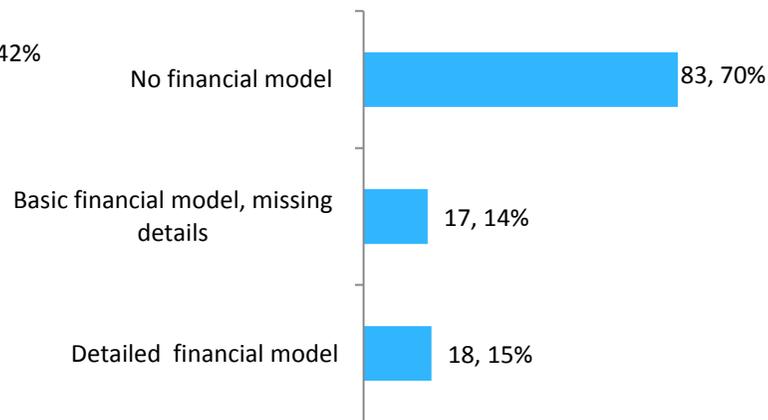
# 3. Business Set-up Fundamentals (Upper Country)

## Business plans and financial models

Do you have a business plan?



Do you have a financial model?



Do you understand the difference between a business plan & a financial model?

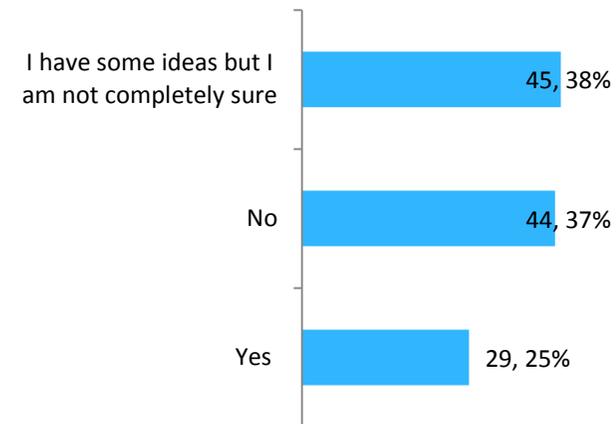


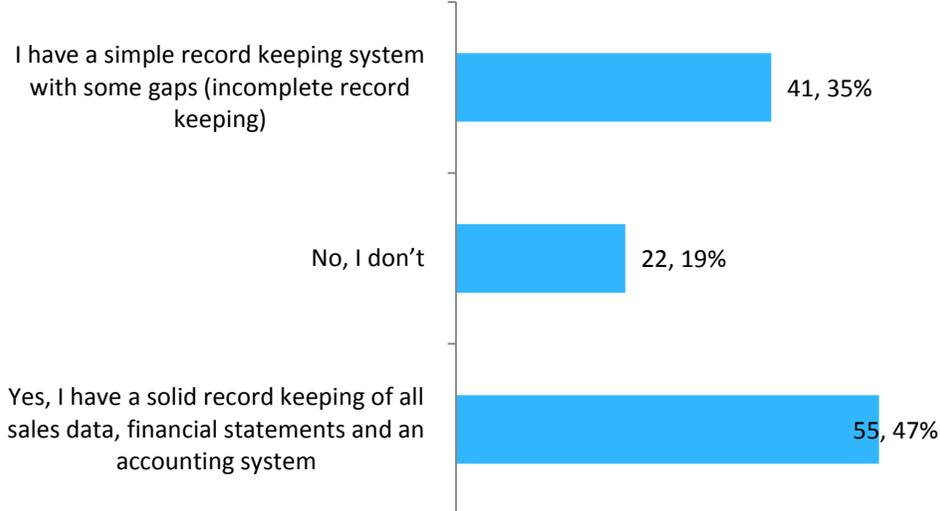
Fig. 32: Status of a business plan and financial model.

- More than half the companies either do not have a complete business plan or non at all. The same applied for the financial model, with way less companies reporting having one in place.
- Unlike in Central Kampala, almost half the companies reported not understanding the difference between a business model and a financial plan.

# 3. Business Set-up Fundamentals (Upper Country)

## Financial records & capital usage plans

**Do you have a decent record of all your costs, sales and revenue?**



**Do you know what is your estimated working capital?**

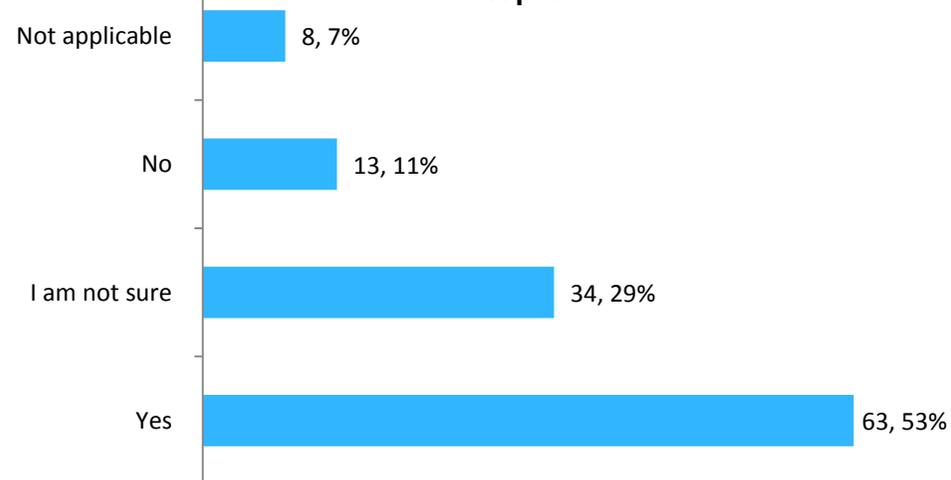
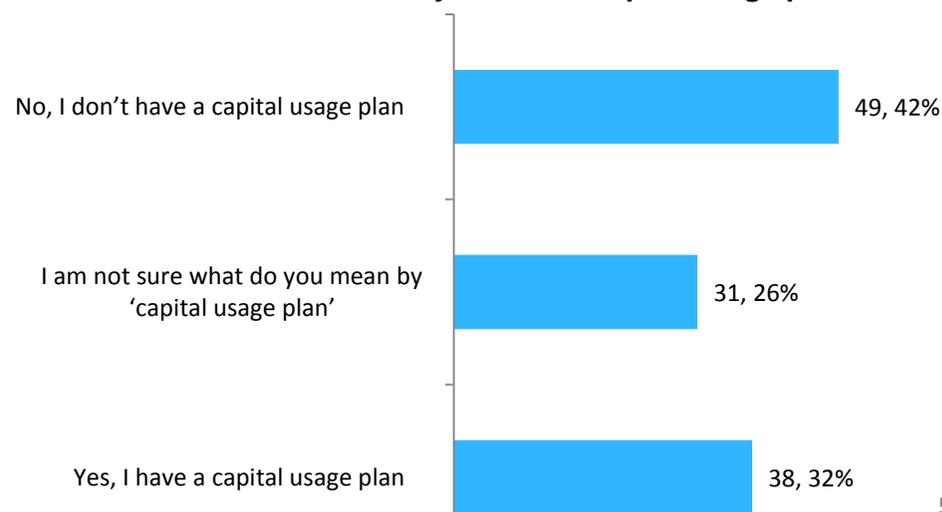


Fig. 33: Status of record keeping and capital usage plan.

- Almost half the companies reported having a solid record keeping and accounting system.
- More than half the companies (63%) indicated knowing their working capital needs, however, 32% of them reported having a capital usage plan in place.

**Do you have a capital usage plan?**



## 4. Capital Raising & the Investment Process

# 4. Capital Raising & the Investment Process (Upper Country)

## The investment pitch deck

- Only 17% indicated having created an investment 'pitch deck' for their business.

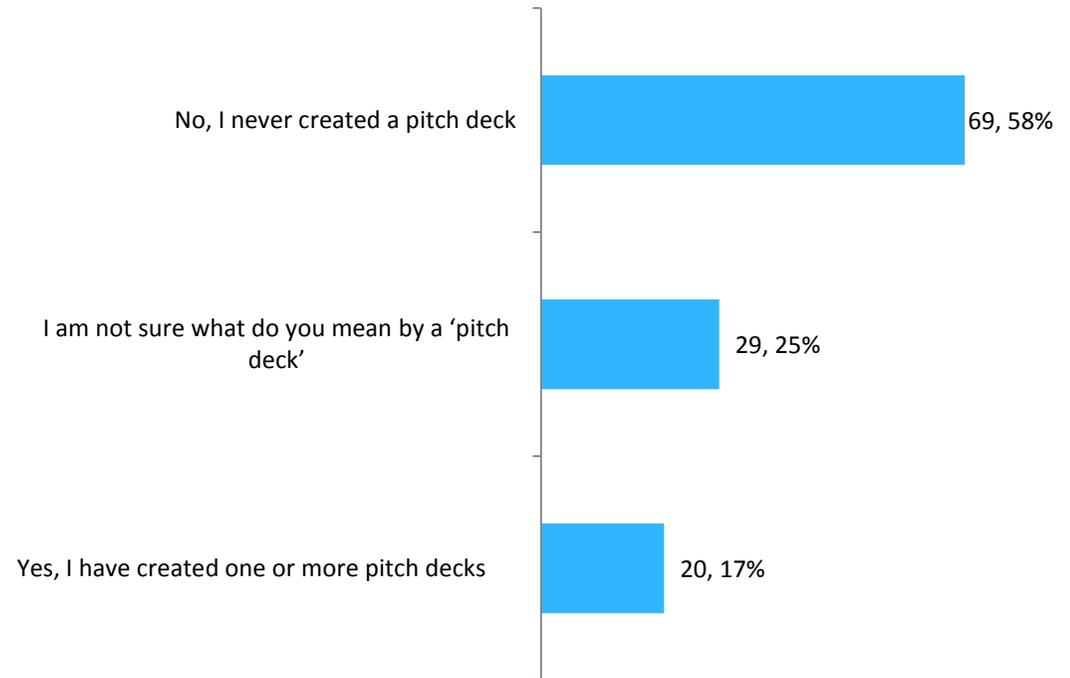


Fig. 34: Existence and knowledge of an investment 'pitch deck'.

# 4. Capital Raising & the Investment Process (Upper Country)

## Writing fund proposals

- Only 22% of the companies wrote successful business proposals, mostly just 1 proposal. The max number of successful proposals was 10, reported by only 1 company.
- At least 78% of the companies either have no previous experience writing funding proposals or have failed.

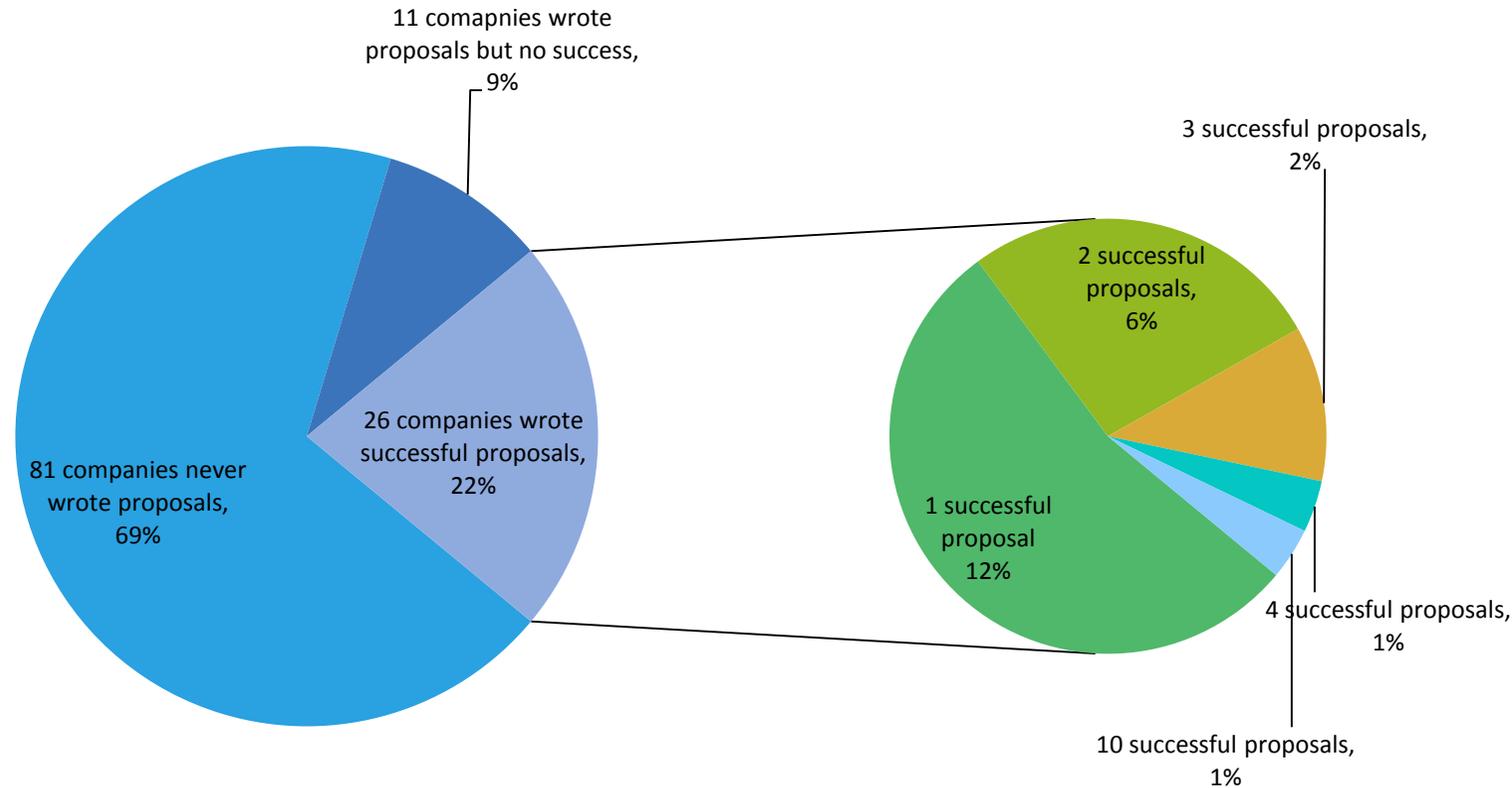


Fig. 35: A breakdown of companies' experience in writing funding proposals and the frequency of success.

# 4. Capital Raising & the Investment Process (Upper Country)

## Awareness of available funding/financing opportunities

- Similar to the situation in Central Kampala, a significant number of companies (85%) do not know any relevant upcoming funding/financing opportunities in Uganda. This signals weak access to information on relevant windows and calls for proposals active in the country. There were no specific details provided for any funding/financing initiatives.

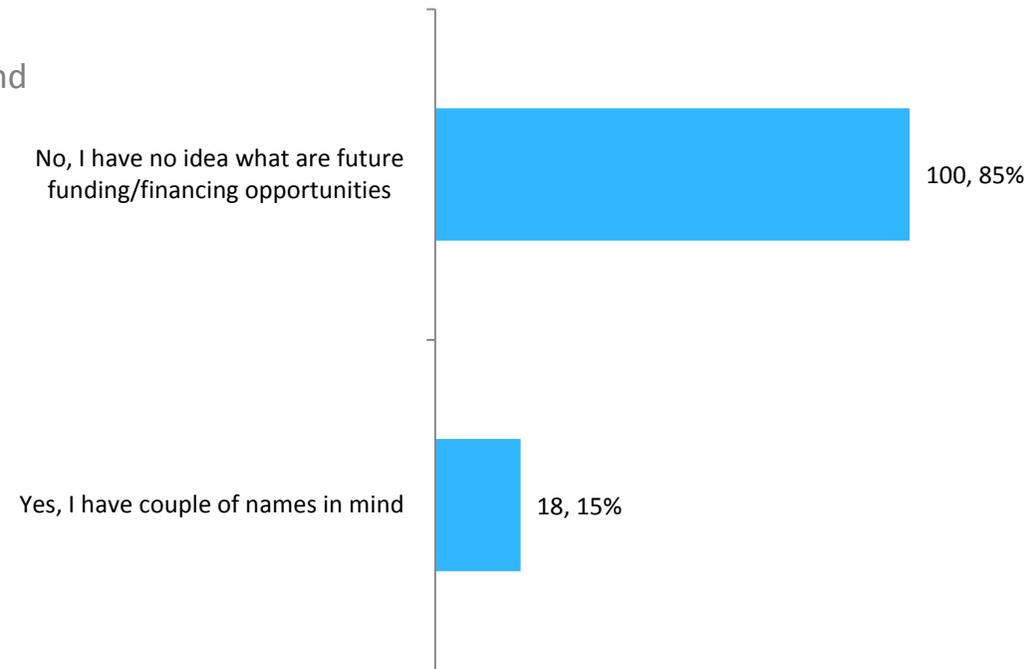


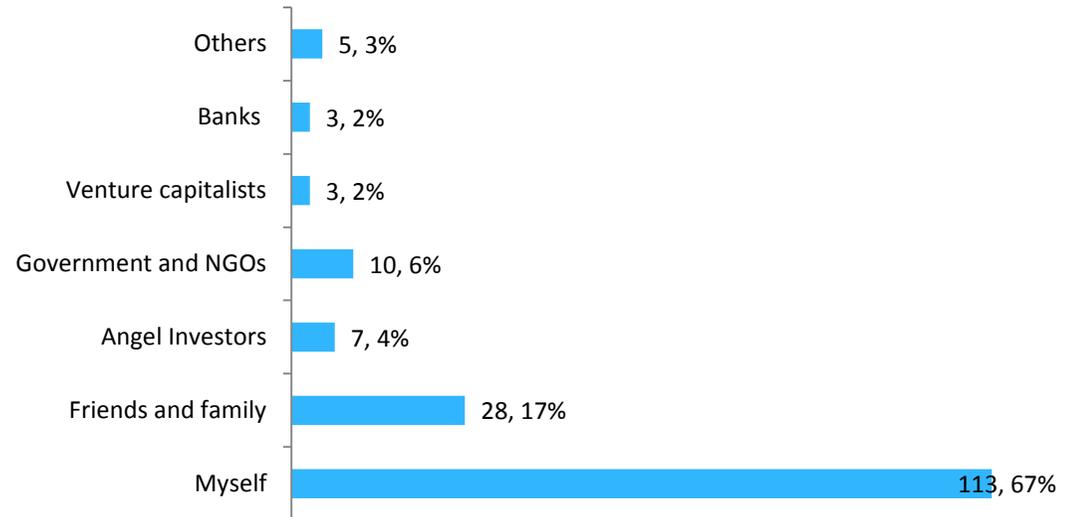
Fig. 36: Knowledge of relevant future funding/financing opportunities in Uganda.

# 4. Capital Raising & the Investment Process (Upper Country)

## Capital resources and access to early-stage funding

- The majority of companies (over 90%) fall into the 'early stage' of development. Over half (67%) of the companies are solely self-funded. A number (3) reported access to venture capital funds and 3 reported access to debt through local banks.
- The lack of access to early stage financing/funding is clear with only 11% of the companies confirming receiving some sort of early stage financial support.

### Who are the main investors in your company so far?



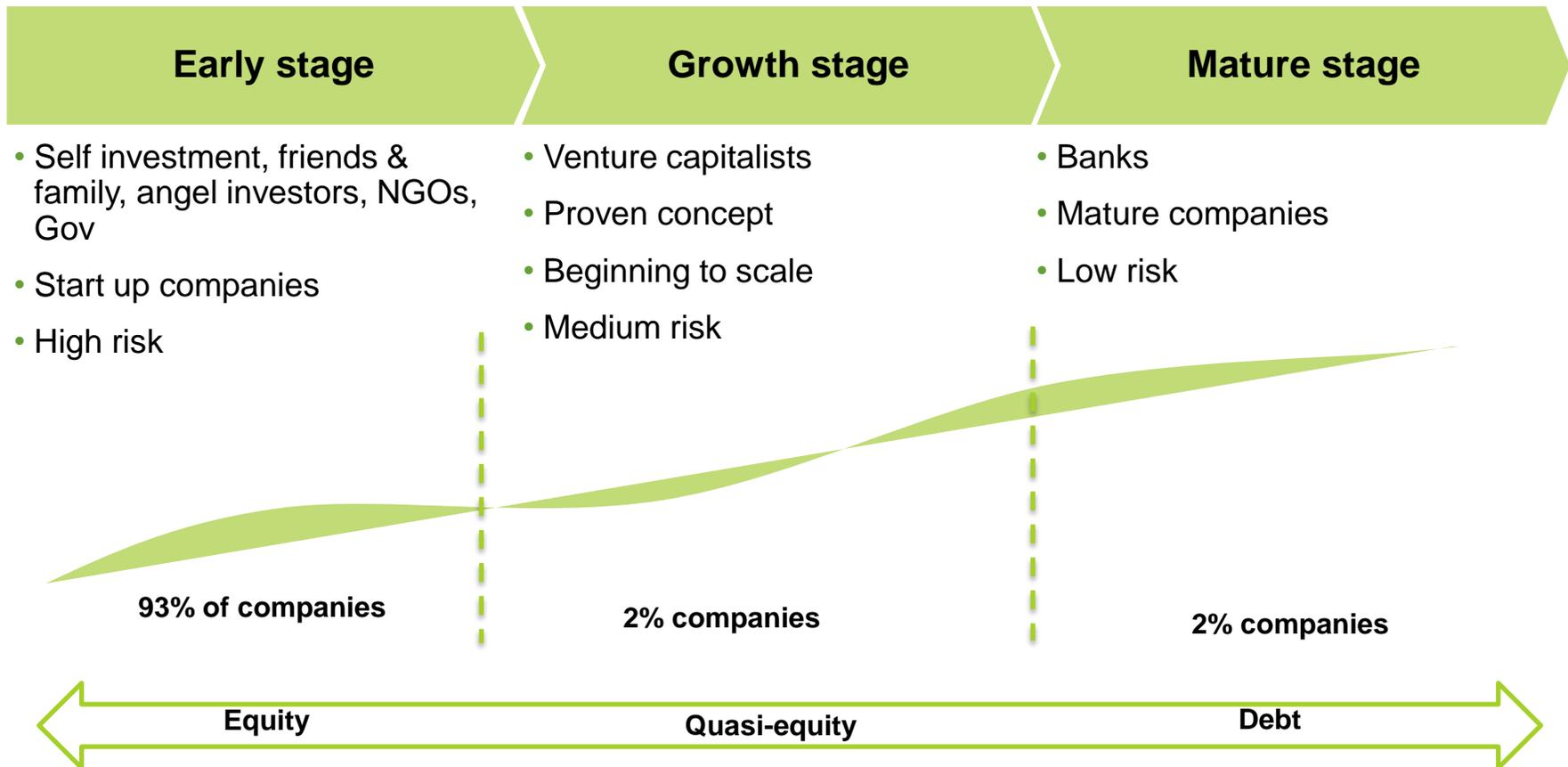
### Have you received any early stage financing (ex: grants for pre-feasibility work)?



Fig. 37: A breakdown of sources of capital (upper) and level of early stage financing received (lower).

# 4. Capital Raising & the Investment Process (Upper Country)

## Companies\* growth stage



\*3% selected "others" for the source of funds without providing details..

# 4. Capital Raising & the Investment Process (Upper Country)

## Investment steps and the capacity to negotiate



- A significant number reported going through parts or all of the typical investment steps. However, not sequentially. It is suspected that most self-funded companies acquired personal bank loans and went through some sort of due diligence, hence the large number.
- About 80% of those companies that have gone through the investment process have either never negotiated with an investors or have done so with no preparation/training/knowledge.

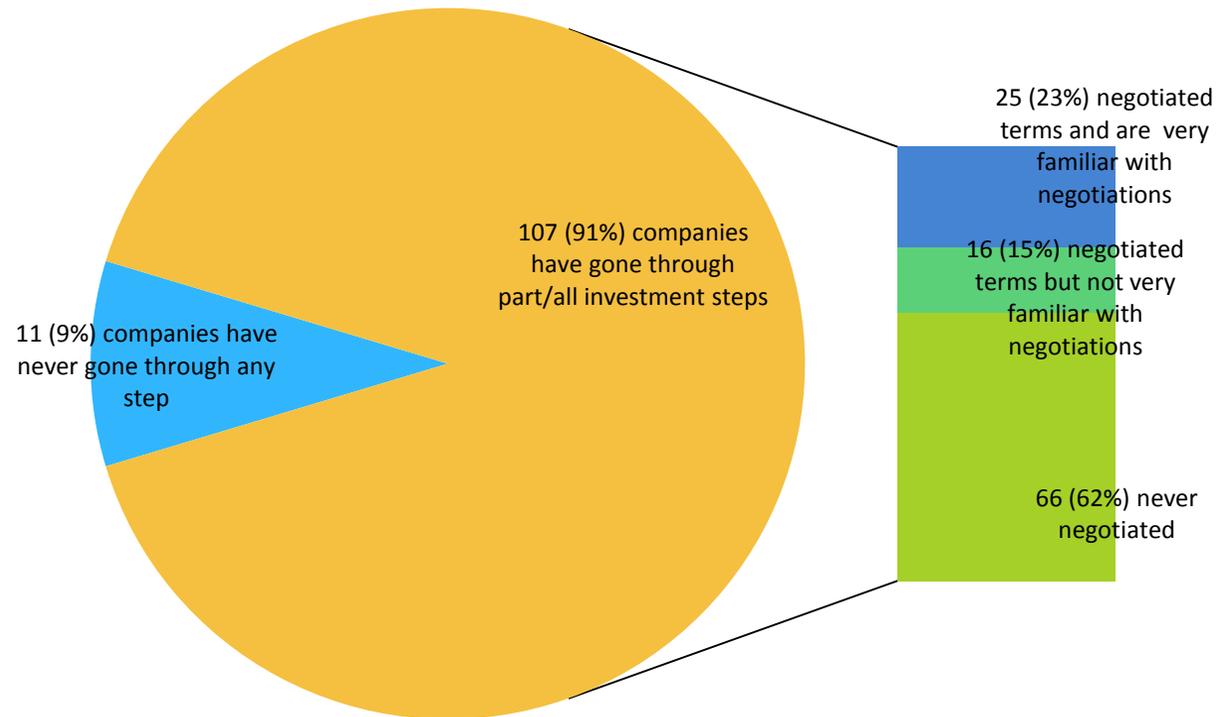


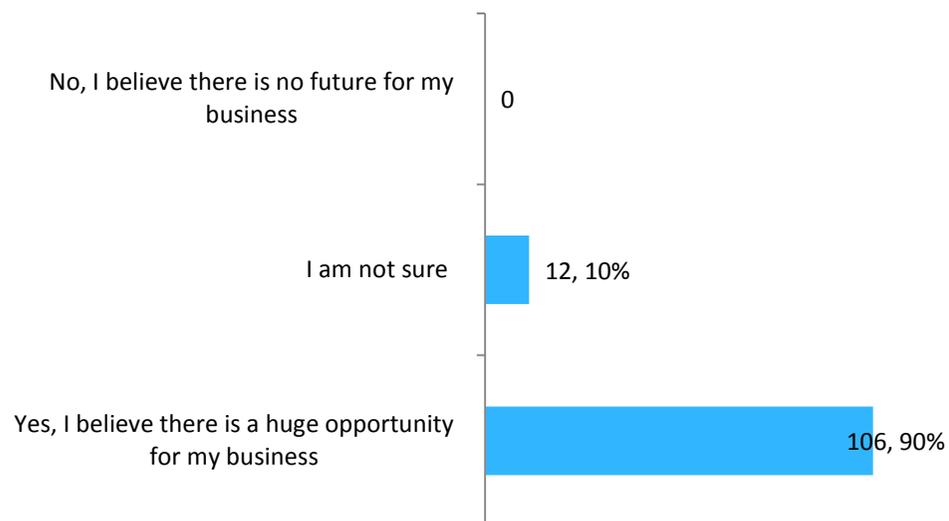
Fig. 38: A breakdown of companies experience with the investment process and in particular negotiating with investors.

# Sales & Marketing for Retail Companies

# 5. Sales & Marketing for Retail Companies (Upper Country)

## Sales strategy

**Do you see a future market opportunity to scale up your business?**



**If yes, do you have a sales strategy to grow your business (scale up)?**



Fig. 39: The perceived market opportunity (left) vs. the existence of a market strategy to size the opportunity (right).

- Retailers are strongly optimistic about the future of their business where 90% reported 'seeing' a business opportunity and about 43% have a detailed sales strategy.
- However, the next slide shows that almost half (52%) reported selling less products than expected with higher operational costs (59%) than expected.

# 5. Sales & Marketing for Retail Companies (Upper Country)

## Sales & operational costs

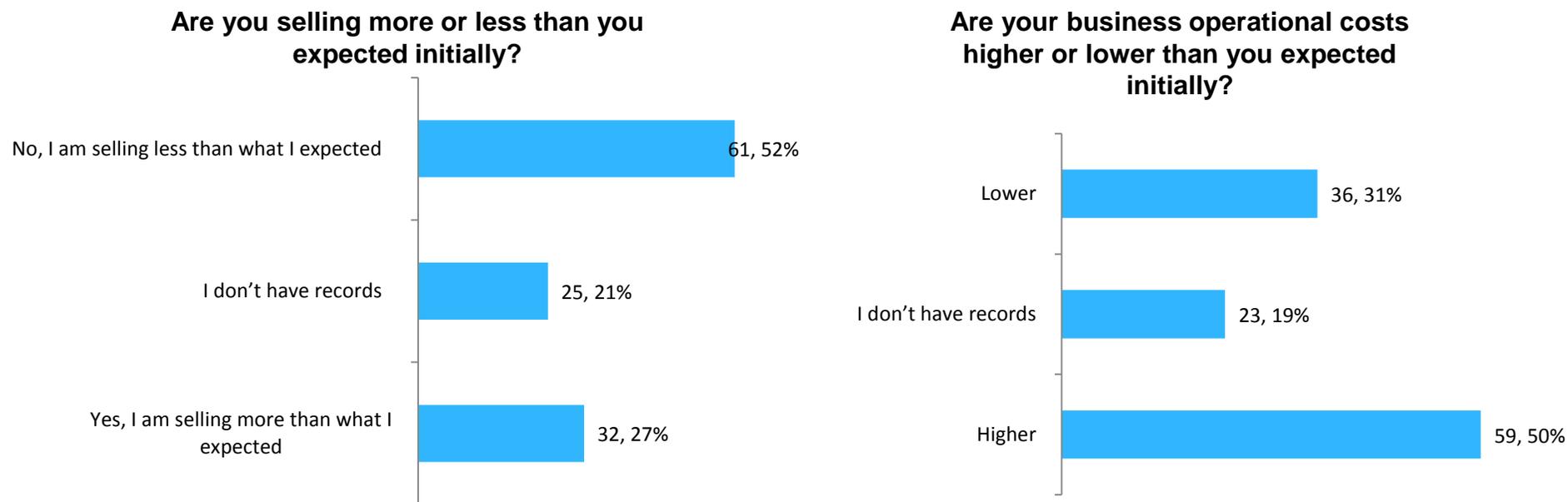


Fig. 40: Real sales compared to initial expectations (left) and real operational costs compared to expectations (right).

- Even though most companies are strongly optimistic about the future of their business where 90% reported 'seeing' a business opportunity and about 43% have a detailed sales strategy (see previous slide), half (52%) reported selling less products than expected with higher operational costs than expected.
- Companies are in general optimistic in terms of overestimating their sales and underestimating their operational costs.

# 5. Sales & Marketing for Retail Companies (Upper Country)

## Customer awareness

- Unexpectedly, companies expressed more confidence in their customers' awareness compared to those in Central Kampala where 62% reported a need for customer education.

**Do you think your consumers are aware of the added value of your product?**

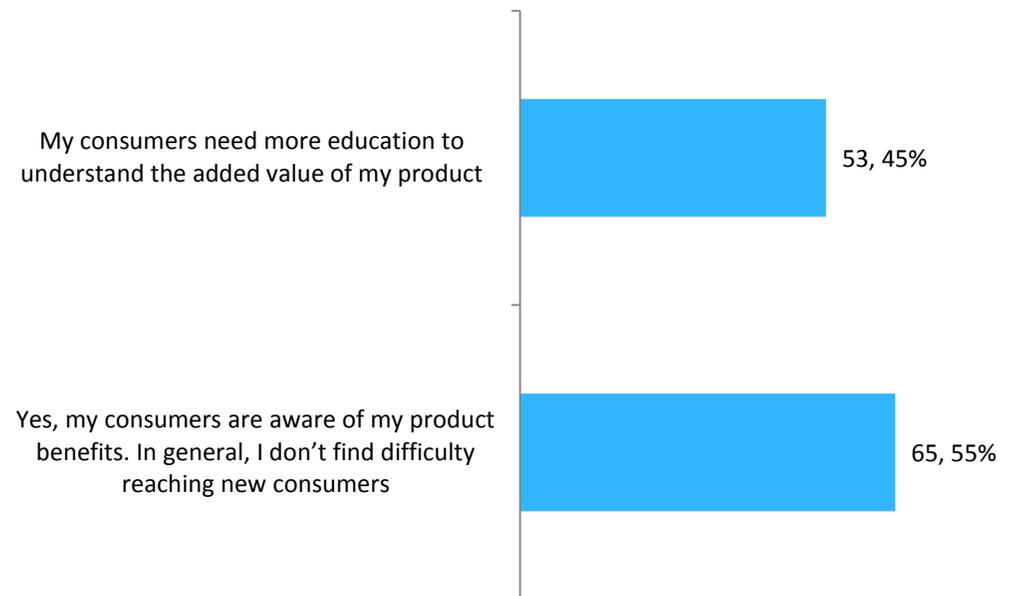


Fig. 41: Perceived consumer awareness levels by companies.

## 6. Generation Projects Status & Needs

# 6. Generation Projects Status & Needs (Upper Country)

## Distribution of generation projects and their development phase

- Most projects are below 100kW (mostly solar projects), while larger size projects are mostly hydropower based.
- The companies are relatively at an early stage of project development which a significant number of projects yet to pass the feasibility stage.

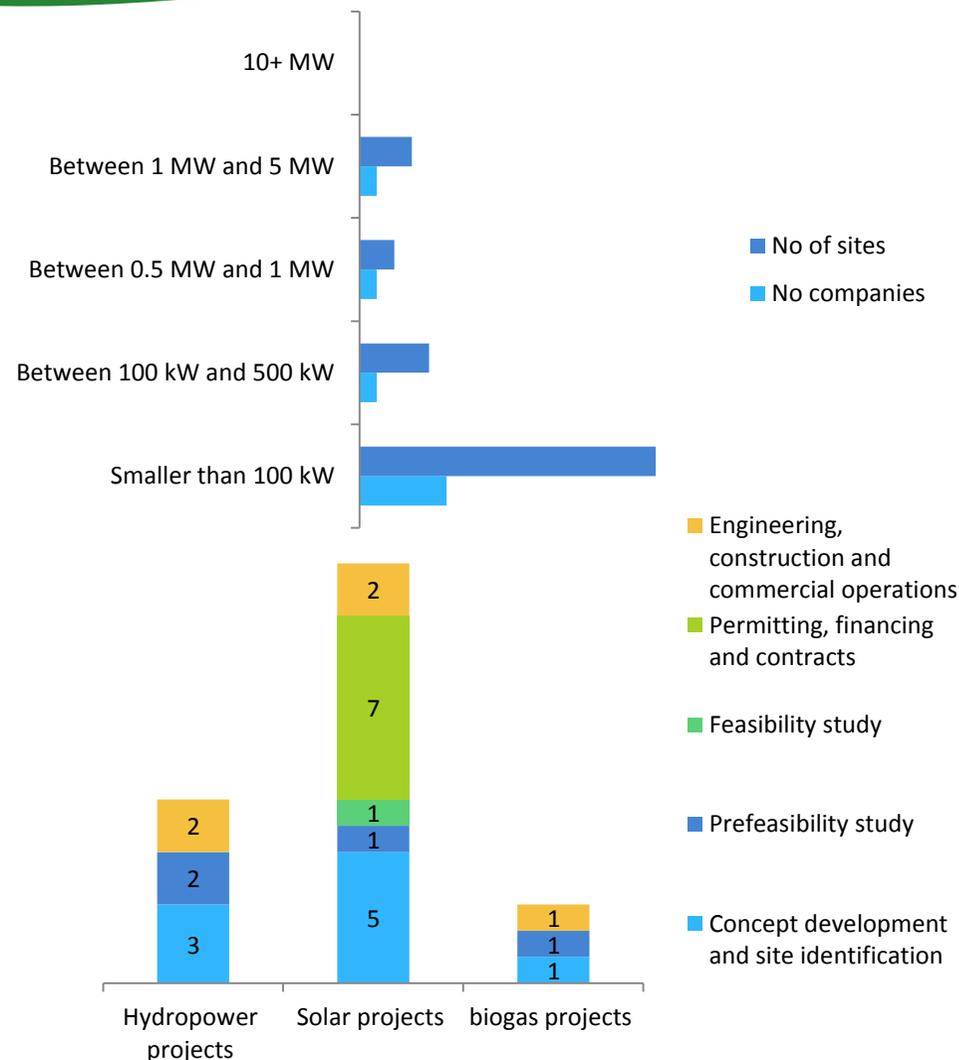


Fig. 42: Distribution of generation projects by size (upper) and stage of project development (lower).

# 6. Generation Projects Status & Needs (Upper Country)

## Knowledge and experience with Project Finance

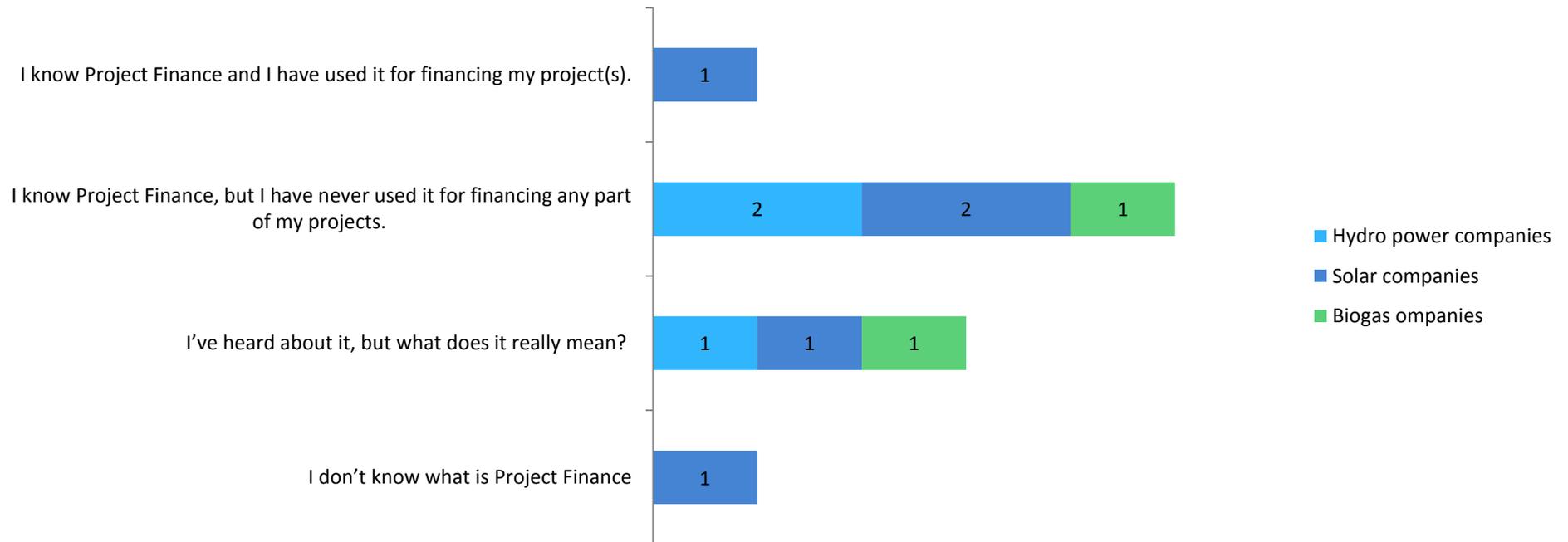


Fig. 43: Knowledge and experience with Project Finance across generation companies.

- Only 1/10 company indicated some experience with Project Finance. The rest either have no knowledge or have no practical experience with Project Finance.

# 6. Generation Projects Status & Needs (Upper Country)

## Capacity building needs

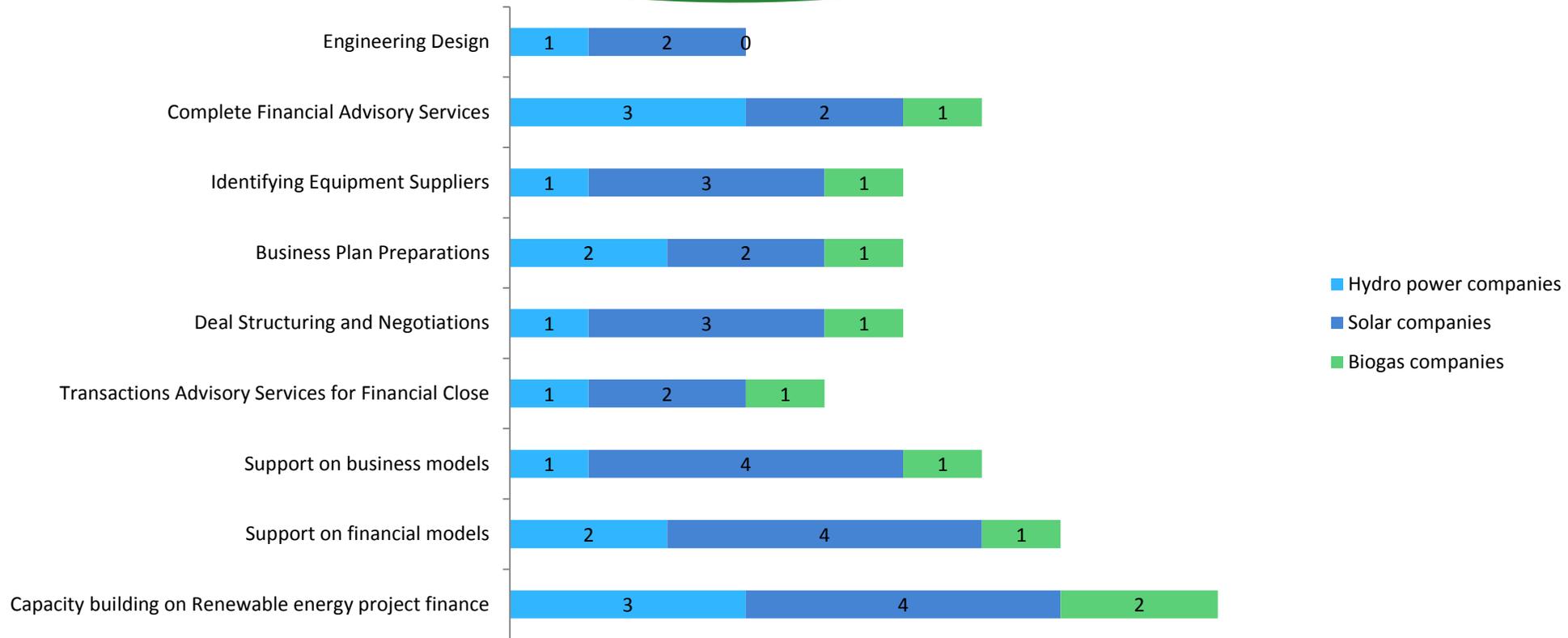


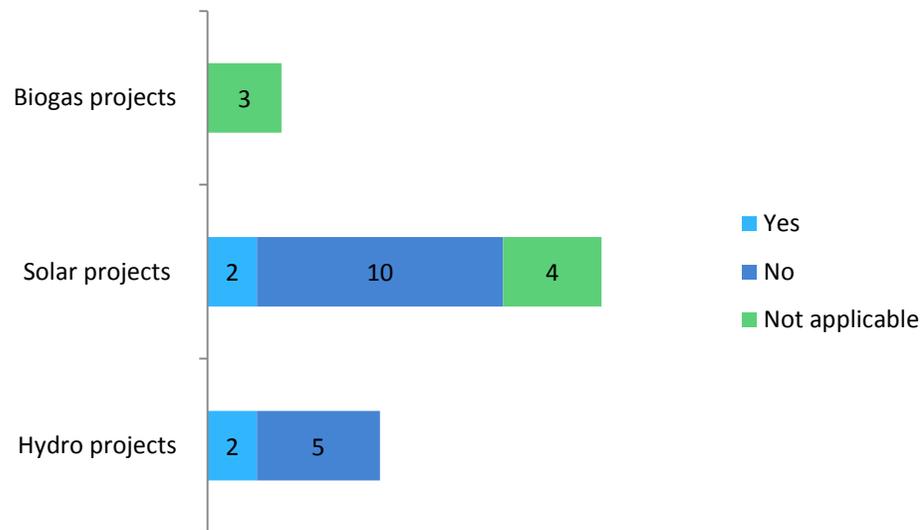
Fig. 44: Areas of support needed across generation companies.

- Needs spread across a variety of topics.

# 6. Generation Projects Status & Needs (Upper Country)

## Project management and off-taker agreement

**Do you have a memorandum of understanding, Letter of Intent, or a PPA with an off-taker?**



**Do you have a project sponsor?**

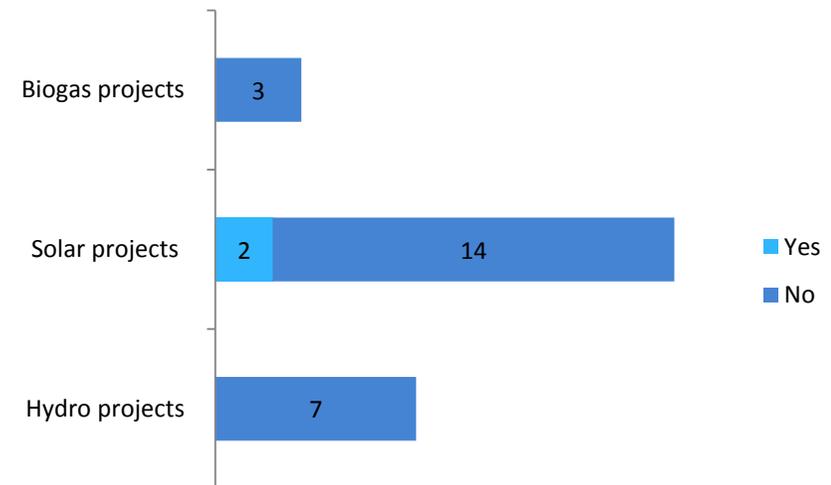
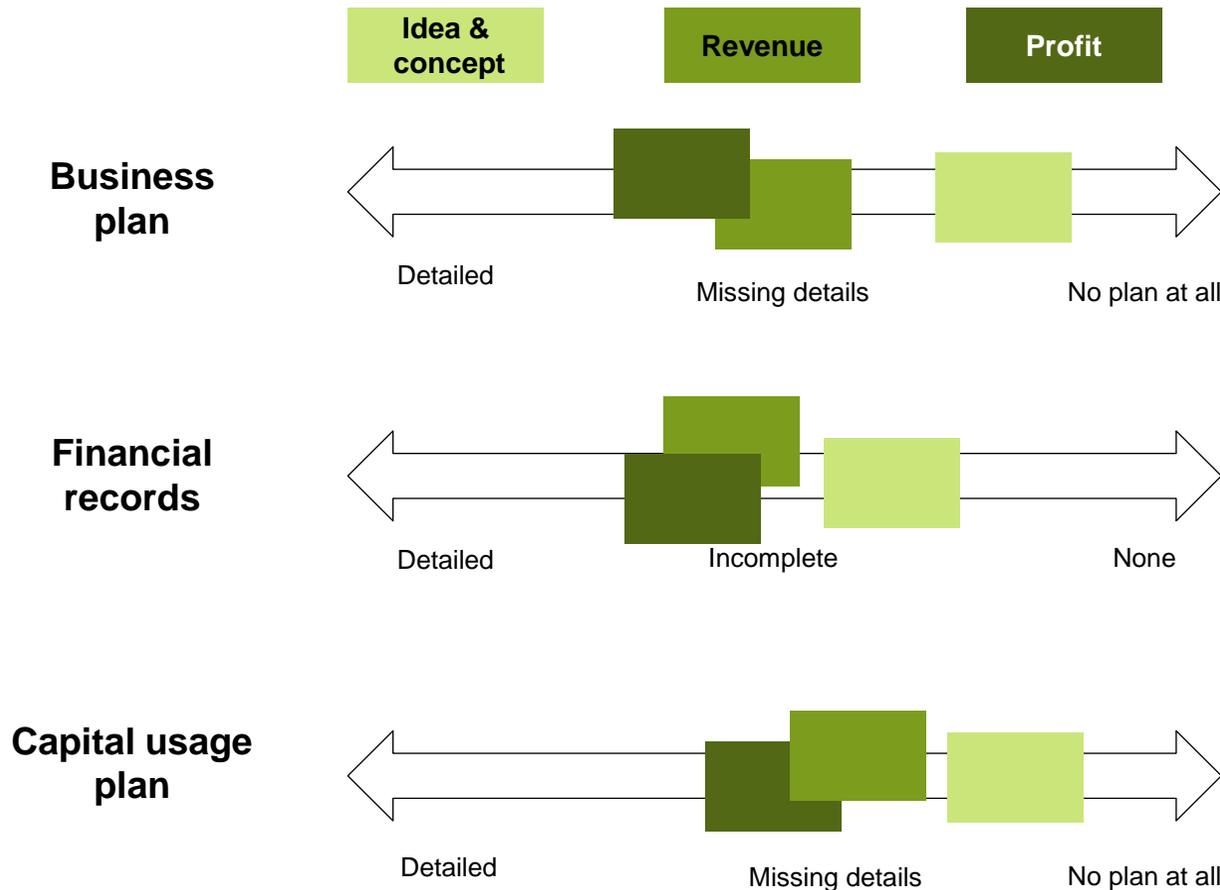


Fig. 45: The number of projects with an off-take agreement (left) and project sponsor (right) across the generation companies.

- Only solar projects (2) indicated having a project sponsor.

# Comparison of Major Results

# Overall comparison of major results\* (Upper Country)

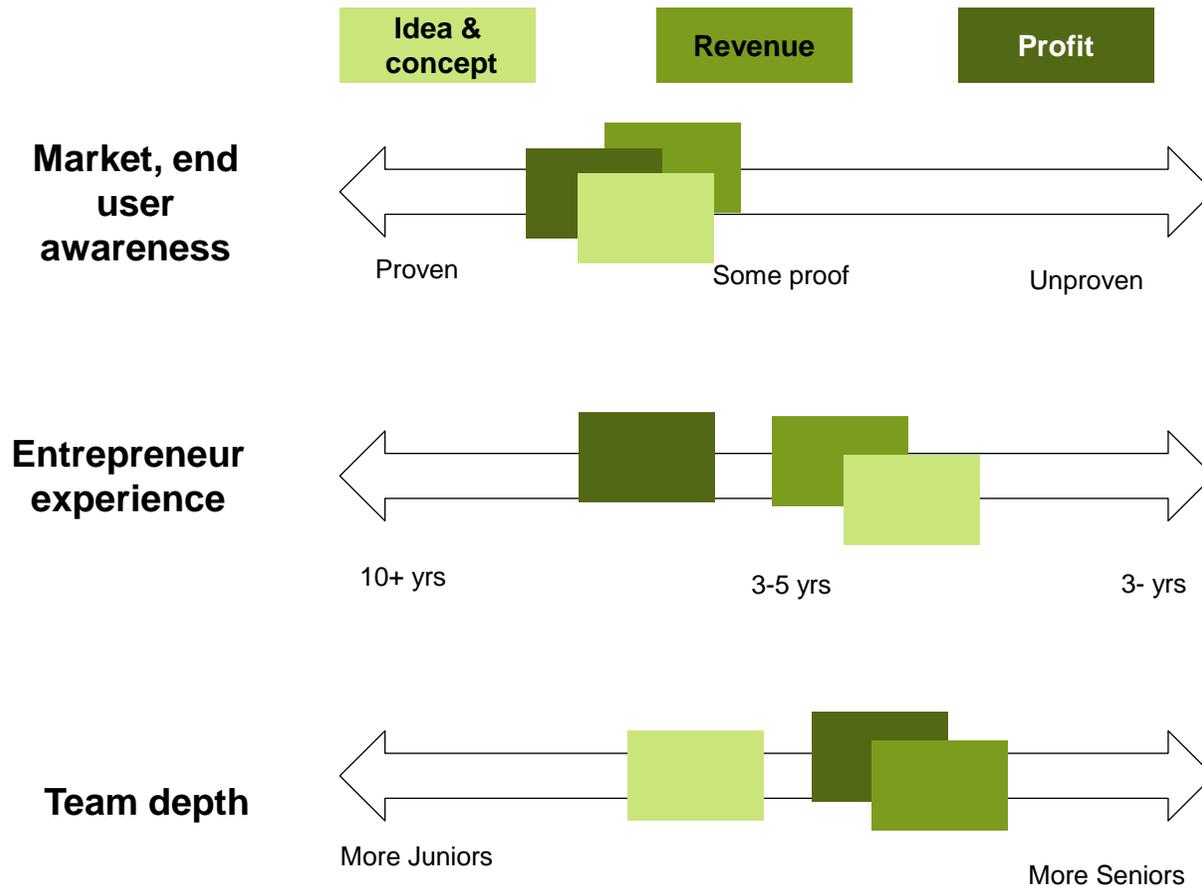


- Generally companies showed high confidence in their business plan and the level of details. Clear lack of a structured approach in many start ups.

- Generally all keep financial records but with varying level of details.

- Although almost all indicated knowledge of working capital needs, there is lack of a structured approach to stage capital needs and clearly specify its use and impact.

# Overall comparison of major results (Upper Country)



- Unexpectedly, companies indicated a strong confidence in their customers' awareness of their products.

- Reasonable levels of experience with clear seniority among profit making companies.

- Seniority persists within the teams of profit making companies while start ups teams reported more junior members.

# Training Modules (ToR Excerpt)

Four modules are described below based on the needs of UNREEEA members: **4.**

## **1. Business set up and fundamentals**

- Business control mechanisms (Board vs. Shareholders)
- Explain the difference between a business plan and a financial model and why they are important
- Creating a business plan: From a one-page simple business plan to a complex business plan: explain the elements of the business plan and provide templates
- Creating a financial model: Explain the elements of the financial model and provide templates
- Explain “Cash Flow” and how to properly manage it
- Explain accounting fundamentals: Understanding and managing “Financial Statements”: i) balance sheet, ii) income statement (profit & loss) and iii) statement of cash flows
- Exercise and review session

## **2. Writing a marketing plan**

- Explain what is a marketing plan
- Explain why a marketing plan is important
- Explain the steps to develop a marketing plan, including: Situation analysis (competition, company, product, customer, market); Strategy (segmentation, targeting, positioning, goals); Tactic (products/services, pricing, promotion, etc); Implementation (timing, delivery channel, etc); Monitoring (performance measurement, breakeven analysis, etc)
- Provide a template for the steps explained above
- Exercise and review session

## **3. Raising capital I: The fundamentals**

- Why raising capital is not the only marker of success (not the end but the mean)?
- Explain the investors landscape in Uganda (Who)
- Explain what funds are linked to various business stages (early stage, growth stage, and mature stage) (What)
- Explain early stage investor due diligence: Why the “People”, the “Product” and the “Market” are more important than the “Financials”
- Explain investor language and how to use it when approaching investors
- Explain company valuation
- Explain debt and equity investing
- Using own funds: How to limit own liability
- Explain investment process and what needs to be prepared for each of the following investment steps: i) Initial Meeting, ii) Initial Due Diligence, iii) Term Sheet, iv) Further Due Diligence, v) Closing and Investment

## **Raising capital II: The tools**

### Writing quality fund request proposals for early stage businesses

- Collect and present for discussion a list (as comprehensive as possible) of various funding programmes and ‘call for proposals’ from active funds/financing initiatives in Uganda (EEP, REPP, UNCDF, UECCC, SUNREF, etc)
- Explain the different types of ‘call for proposals’ from the above identified sources of funding for early stage businesses in Uganda
- Explain how to create a “Requirements Matrix”: A table that describes each requirement and the corresponding page and paragraph number of the requirement and where it was included in the proposal
- Explain how to avoid major mistakes such as budget mistakes, writing mistakes, etc
- Explain what appendices to include and how to present them
- Exercise session: Select an active funding programme and guide an exercise of writing a sample proposal including the Requirement Matrix
- Review session

### Estimating capital needs and developing a “Capital Usage Plan”:

- Explain “Capital Usage Plans” and why they are important
- Show examples of “Capital Usage Plans”
- Explain how to develop a “Capital Usage Plans” with steps
- Provide a template for the steps explained above
- Exercise and review session

### Developing an “Investor Pitch Deck”:

- Show examples of Pitch Decks from successful international start-ups for demonstration purposes
- Explain the steps of developing a Pitch Deck: Overview/snapshot of the business, Products, Market Overview, Competitors, Team, Growth Plans, Capital Requirements, etc
- Provide a template for the steps explained above
- Exercise and review session
- Negotiating terms with investors: Explain major terms such as liquidation preference, participation preference, veto rights, tag-along rights, drag-along rights, anti-dilution provision, pay-to-play, right of first refusal, etc
- Exercise and review session