

CALL FOR APPLICATIONS: TOURISM INTERVENTION FUND

Uganda Development Bank (UDB) in partnership with European Union (EU) has allocated funds in form of a **grant attached to a loan (also known as 'facility')** to enable the sector soar through the hardship of COVID19. 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. A total approximate pool of UGX 61.8 Billion (UGX 40Bn UDB loan plus UGX 21.8Bn EU Grant) has been set aside for this intervention. The EU grant is subject to the signing of an agreement between EU and UDB.

The facility will have the following components and additional benefits:

- A non-repayable grant attached to the loan based on the number of staff maintained in the company during the two years' period that will benefit from this intervention in comparison with the number of staff in the company before COVID-19 pandemic (28th February 2020).
- Concessional loan interest rates not exceeding 12%; however, the effective cost of the facility to the borrower shall not exceed 8%.
- Extended working capital loan tenor of up to 5 years inclusive of a 2 years' grace period.
- Business advisory services as a non-monetary intervention.

Beneficiaries:

Business entities under Uganda Hotel Owners Association (UHOA) and Association of Uganda Tour Operators (AUTO) shall benefit from the facility.

Eligibility:

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

- Must be a fully subscribed member of Uganda Hotels Owners' Association – UHOA or Association of Uganda Tour Operators – AUTO as at 31st December 2019;
- The applicant must be a registered business in Uganda in form of a company, an association or a cooperative;
- 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;
- The applicant must have audited financial accounts for at least the last 2 financial years (i.e. 2018 and 2019) prior to the COVID-19 outbreak to confirm existence of operations;
- The applicant must have been offering gainful employment to at least 5 people for at least six months before the COVID-19 outbreak (i.e. 28th February 2020) based on the PAYE contributions paid to URA and the Social Security contributions paid to NSSF;

- The applicant must be able to retain at least 50% of the employees employed prior to the COVID-19 outbreak (28th February 2020) in the first year and gradually attain 75% by the second year. The applicant should demonstrate that the retained staff will be paid at least 50% of their gross salary inclusive of all the statutory obligations during the two years' period that will benefit from this facility.
- The applicant must comply with all statutory requirements like Local Council trading licenses, NSSF, PAYE and other URA tax obligations where applicable for the current financial year, i.e. January 2020 to June 2020;
- An entity and its sister organizations can only apply for and access one facility.

Evaluation/Credit Assessment:

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

- Assessment of the applicant's two years audited accounts (i.e. 2018 and 2019) to verify their financial and economic capacity in order to confirm whether they had enough revenue to cover costs;
- Assessment of the eligibility of the costs in the detailed breakdown of projected costs for the 2 years' period tagged to this facility;
- 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;
- Assessment of CRB report to confirm repayment history, overall borrowing, facility terms, connected exposures (same shareholding), collateral pledged, pending applications and rejections;
- 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.

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 loans.

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. |

Facility Limits:

The minimum amount accessible to an entity under the facility to an applicant shall be UGX 100,000,000 and the maximum

(single obligor/same shareholding) shall be approximately UGX 1,000,000,000.

The grant will be attached to the loan term sheet signed with UDB. The grant will be provided in addition to the loan amount. Loan term sheet amounts need to be fully repaid by the borrower to UDB.

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 (UGX)

| 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% | 20,000 |
| 2 | 20 - 50 | 35% | 30,000 |
| 3 | 50 - 100 | 30% | 40,000 |
| 4 | 100 & above | 25% | 60,000 |

Requirements for facility application

- A Management report (on official company letterhead) giving an update on the company's performance pre-COVID-19 (i.e. 6 months prior to 28th February 2020) and the current operation status of the business highlighting challenges faced, and outlook for the business. Also include a funds disbursement schedule and a loan repayment proposal.
- Registered Resolution to borrow;
- Constituting documents (such as articles and memorandum of association, partnership deeds, Charters, etc.);
- A copy of the last 2 years audited accounts (i.e. 2018 and 2019) from an ICPAU registered firm;
- Management accounts for the most recent financial period (2020) to June 2020
- Bank statement(s) for the most current audited financial year and the 6 months of January to June 2020 that align with the audited accounts plus management accounts respectively;
- Loan statements for all existing loans, if applicable, including copies of loan offer letters or agreements from other financial institutions;
- Security for the proposed loan, including current valuations of the assets and details of any encumbrances, if applicable;
- Credit Reference Bureau Report as at 30th June 2020 of the company & all its shareholders/directors

- Off taker agreements/purchase agreements where significant sales are on credit or under contract for the 6 months period prior to 28th February 2020;
- Quotation(s) accompanied with profile(s) of the proposed supplier(s) for marketing and certification services.
- Proof of NSSF compliance; payment receipts and payroll 6 months prior to 28th February 2020;
- Proof of PAYE compliance; payment receipts and payroll 6 months prior to 28th February 2020;
- Latest Returns of Directors and Shareholders (if applicable)
- Profile of directors & key technical personnel;
- Proof of membership and subscription of the associations (UHOA/AUTO) as at 31st December 2019;
- Tax clearance certificate as at 31st December 2019.

How to apply;

- The application form can be accessed from the Bank's website <https://www.udbl.co.ug/calls-forapplication/> and companies are encouraged to apply either online at <https://eservices.udbl.co.ug/tourismapplication/> 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]
- The Hand-delivered applications must be clearly marked with the reference 'Application for Tourism Sector Intervention 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.
- Applications sent by any other means (e.g. by fax, post or by e-mail) or delivered to other addresses will be rejected.
- All applications must be submitted before the 15th November 2020 at 5:00pm. Late applications will automatically be declined.
- Applications will be assessed and evaluated in a phased manner as and when they are received until the facility is exhausted.

For more information on this initiative, please contact Ms. Satta on email address: tourism@udbl.co.ug All queries related to the call for applications should be submitted by 30th October 2020, 5:00pm.

Physical Address: Plot 6 Nakasero Road, 1st Floor, Wing B, Rwenzori Towers
Postal Address: P.O. Box 7210, Kampala, Uganda

Tel: **0414355509**

Website: <https://eservices.udbl.co.ug/tourism-application/>

Email: tourism@udbl.co.ug

