TERMS OF REFERENCE FOR DEVELOPMENT OF NEW SECTOR IDENTIFICATION CLASSIFICATION (SIC) CODES FOR THE BANKING SECTOR IN UGANDA

April 2025

Introduction

About the Uganda Bankers' Association

The Uganda Bankers' Association (UBA) is an umbrella organisation for financial institutions licensed and supervised by the Bank of Uganda (BoU). Established in 1981, UBA is currently made up of 34 members, including 24 Tier 1 Commercial Banks, 3 Development Banks, and 7 Tier 2 & 3 Financial Institutions. UBA promotes and represents the interests of the member financial institutions; works closely with the regulator to promote financial sector growth; undertakes policy research on the banking sector; and acts as a platform for advocacy for a strong, vibrant, and respected financial services industry.

About Aceli Africa

Aceli Africa ("Aceli") is a market incentive facility to unlock finance for high-impact agricultural SMEs. Aceli aims to bridge the gap between capital supply and demand for agri-SMEs in the East Africa region (Uganda, Rwanda, Tanzania, and Kenya) through:

- Increasing high-impact lending using financial incentives (portfolio first loss cover and origination incentive) to lenders. Aceli has specific targets to increase gender and youth inclusion, strengthen food security, and expand climate and environment practices.
- Expanding demand and strengthening lenders' capacity to serve it through (i) technical assistance to SMEs to address demand constraints and (ii) capacity building for lenders to address lenders' knowledge constraints about the sector.
- Strengthening the enabling environment through data and learning/continuous evaluations to inform policy.

Ultimately, Aceli wants to influence national governments to create a more favourable environment for agricultural SME finance, including (i) budget allocations that replace donor funding and promote inclusive agricultural growth and (ii) central bank regulations aligned to the promotion of agricultural lending.

The Uganda Bankers Association and Aceli Africa have had a running partnership since May 2023 to drive advocacy efforts for the improvement of the enabling environment for the agricultural finance landscape in Uganda.

Background to the assignment

In early 2022, Aceli undertook a study to establish the existing policies that positively or negatively influence agri-SME lending. The focus was on the effect of central bank regulations on agricultural lending. The study revealed:(i) Capital Adequacy Ratios are more conservative in East Africa than Basel III; (ii) unintended consequences of International Financial Reporting Standards 9 which requires banks to set aside capital for Expected Credit Loss (ECL); (iii) Loan Classification/Provisioning not sector-specific; (iv) low appetite for alternative collaterals by lenders; (v) treatment of credit guarantees (risk-weighting of guarantees) where most banks use guarantees as a security enhancement and most central banks do not treat credit guarantees as risk free instruments; and (vi) disconnect between what is agri finance within the banks and the Central Bank.

In November 2022, Aceli convened a stakeholder in Nairobi that discussed and prioritised policy areas to advocate for. The three identified most feasible central bank regulations that Aceli and partners are best suited to influence to increase capital supply include: An agriculture-specific prudential provisioning requirement considering seasonality, value chain complexities, and other risk factors while also protecting depositors; Review and harmonise Sector & Industry Classification (SIC Codes) and Treatment of credit guarantees.

A consultancy was commissioned to undertake a deep-dive analysis of the issues highlighted above, and policy briefs were developed with specific recommendations. A technical working committee, which includes representatives from UBA, Aceli Africa, and BoU, among others, was then constituted to oversee the implementation of the recommendations.

The Assignment: Development of New SIC Codes for Uganda

According to the policy brief on review of Sector and Industry Classification Codes (SIC), there is underreporting of financing to and contribution to the GDP by the agricultural sector due to the limitations of the current SIC coding system, which considers agriculture as "farming, fishing, and forestry." Any business activity beyond primary production is not classified as agriculture, and yet they are the less risky nodes of the value chain, leading to overstatement of credit risk and under-allocation of capital to the agricultural sector. The central bank and the lenders have different classification frameworks, which are, in most cases, high-level, to guide proper decision-making.

There is, therefore, a need to adopt a value chain approach in classifying lending to agriculture and other sectors for proper reporting and allocation of capital. The Central Bank and other actors should consider adopting a comprehensive SIC classification system for the proper identification of loans by purpose, such as the North American Industrial Classification System (NAICS).

UBA is therefore seeking qualified and experienced consultant(s) to develop a comprehensive SIC framework for Uganda based on a value chain approach, starting with the agricultural sector but scalable to other sectors.

Key tasks (Scope of Work) include:

1. Map investments across the key agricultural value chains in Uganda according to the following value chain clusters: cereals, pulses and legumes, livestock, cash crops, oil seeds, aquaculture, insects, horticulture, nuts, spices and herbs, roots and tubers, sugar crops, and forestry, among others. ***See an example of a value chain matrix to consider in the annex 1.***
2. Development of a new comprehensive SIC framework for the agricultural sector.
3. Present and validate findings to the technical working committee and other stakeholders.

Expected deliverables

1. An inception report after meeting with the technical working committee.
2. Comprehensive SIC framework for the agricultural sector.

Minimum Requirements of the Consultant (s)

1. Previous experience in conducting value chain mapping and analyses for different agricultural sub-sectors (highlighted above) in Uganda.
2. Prior experience implementing value chain development programs across different agricultural sub-sectors in Uganda
3. Minimum Qualifications: Master's Degree in Agricultural Economics or related field.
4. Strong applied research skills
5. Excellent oral and written communication skills.

Timelines

The estimated duration of the assignment is 15 working days, including stakeholder validation.

Application process

Interested consultant/s can apply for the assignment by submitting the expression of interest to take up the assignment, with the following documents;

     a. Technical proposal
     b. Financial proposal, including professional fees
     c. Curriculum Vitae (CV)
     d. Evidence of executing similar work previously

Interested applicants should submit their application, supporting documents to secretariat@ugandabankers.org with the subject line "UBA - SIC framework Consultancy" no later than 30th April 2025. Only short-listed candidates will be contacted.

Annex 1: Value chain Matrix

Category	Value chain
Fishing	Cage fish farming
	Pond fish farming
	Open fishing
Cereals	Barley
	Maize
	Millet
	Rice
	Sorghum
	Wheat
Cut flowers	Cut Flowers
Traditional cash crops	Cocoa
	Coffee
	Cotton
	Tea
Forestry	Commercial forestry (large scale)
	Non-timber forestry products
	Timber (Smallholder agroforestry)
	Tree nursery
Fruits	Apples
	Avocado
	Bananas and plantain
	Jack fruits
	Mango
	Citrus
	Papaya
	Passion fruits
	Pineapple
	Straw berries
	Watermelon
Inputs	Agrodealers (farm inputs supply)
	Input supply (animal feeds)
Livestock	Dairy
	Beef
	Goat
	Pig
	Poultry – broilers

	Poultry - Indigenous
	Poultry - layers
	Sheep
Nuts	Cashew
	Groundnuts
	Macadamia
Oilseeds	Palm oil
	Sesame
	Sunflower
	Shea tree
Other foods	Bee products such as honey
	Chia seeds
Pulses and legumes	Common Beans (Dried Beans)
	Cow peas
	Green grams
	Lentils
	Peas
	Soya beans
	Cassava
Roots and tubers	Irish Potatoes
	Sweet Potatoes
	Yams
Spices & Herbs	Herbs (basil, coriander, mint)
	Spices (ginger, garlic, cloves)
	Spices (Vanilla)
Sugar crops	Sugar cane
Vegetables	Asian vegetables (cabbage, broccoli, celery, cauliflower)
	Carrots
	Chili/ Peppers Fresh
	Cucumber
	French Beans
	Green leafy vegetables
	Mushroom
	Onions
	Pumpkins
	Tomatoes
	Pumpkins
	Egg plants
	Cabbages