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Original Article

Financing Manufacturing Growth: Uganda Development Bank Limited (UDBL) Lending Process to Large, Medium, and Small-sized Enterprises in Uganda

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ABSTRACT

Manufacturing-led industrialisation is widely recognised as a key driver of economic transformation, productivity growth, and employment creation in developing economies. However, limited access to long-term and affordable finance remains a major constraint to the growth and expansion of manufacturing enterprises, particularly in Sub-Saharan Africa. This study examines the lending processes of Uganda Development Bank Limited (UDBL) and their role in financing manufacturing growth among large, medium, and small-sized enterprises, with a specific focus on the construction materials subsector. The study adopts a documentary review design, drawing on Uganda Development Bank policy documents, annual reports, lending guidelines, and relevant empirical and theoretical literature. The analysis focuses on key components of UDBL's lending process, including eligibility requirements, project appraisal procedures, approval mechanisms, financing instruments, and lending terms. Particular attention is paid to how these processes are aligned with the heterogeneous financing needs of enterprises at different stages of growth. The findings indicate that UDBL operates a structured and development-oriented lending framework characterised by rigorous project appraisal, sector prioritisation, and differentiated financing instruments. The provision of long-term loans with repayment periods of up to 15 years, concessional interest rates, and grace periods effectively addresses the long gestation periods and capital intensity associated with manufacturing investments. These features enable firms to invest in plant construction, machinery acquisition, technology upgrading, and working capital stabilisation—areas often underserved by commercial financial institutions. However, the study also finds that the complexity of application and compliance requirements may pose access challenges for smaller enterprises with limited managerial and financial capacity. While these requirements enhance accountability and risk management, they may inadvertently exclude high-potential firms. The study concludes that UDBL's lending processes play a critical role in supporting manufacturing growth and Uganda's industrialisation agenda, but their developmental impact can be strengthened through complementary technical assistance, simplified access pathways, and continued policy support to enhance inclusiveness across firm size categories.

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INTRODUCTION

Manufacturing-led industrialisation remains a central pathway for achieving sustainable economic development, particularly in developing economies seeking structural transformation. Extensive empirical evidence demonstrates a strong positive relationship between industrialisation and economic growth, with manufacturing acting as a catalyst for productivity enhancement, employment creation, income growth, and technological advancement (Sindhu, 2020). Historically, economies such as Great Britain, the United States, Japan, and later the East Asian Tigers successfully transitioned from agrarian to industrial economies through deliberate investments in manufacturing and supportive financial systems (Sindhu, 2020). These experiences underscore the importance of access to long-term and affordable finance in enabling manufacturing growth. The manufacturing sector is widely recognised as a cornerstone of high-quality economic development due to its superior capacity for capital accumulation, economies of scale, innovation, and knowledge spillovers compared to other sectors (Yang *et al.,* 2021). Through value addition and processing, manufacturing firms expand production capabilities, enhance competitiveness in domestic and export markets, and stimulate linkages with other sectors such as agriculture, construction, and services. Consequently, the growth of manufacturing enterprises across large, medium, and small firm categories is critical for inclusive and sustained industrial development (Vaz, 2021).

Despite its importance, manufacturing growth in many developing countries is constrained by limited access to appropriate financing. Financial capital is a key determinant of firm growth, as it enables firms to acquire machinery, adopt new technologies, expand production capacity, and stabilise working capital cycles (Standaert *et al.,* 2022). While internal financing from retained earnings and owner capital plays an important role, it is often insufficient to support scale expansion, particularly in capital-intensive manufacturing activities (Brush *et al.,* 2002). External financing through formal financial institutions, therefore, becomes essential, especially for medium and large-scale investments that characterise industrial production. The availability and accessibility of finance, however, vary significantly across firm sizes. Large enterprises often have better access to long-term credit due to stronger asset bases, established credit histories, and lower perceived risk. In contrast, small and medium-sized enterprises (SMEs) face persistent financing constraints arising from information asymmetries, inadequate collateral, high transaction costs, and

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stringent lending requirements (Beck & Demirgüç-Kunt, 2006; Sebikari, 2019). These constraints limit SMEs' ability to invest in productivity-enhancing assets, thereby impeding their growth and contribution to industrialisation. Medium-sized enterprises, while relatively better positioned than SMEs, often remain underserved by commercial banks due to their transitional risk profile between small and large firms.

Development finance institutions (DFIs) play a crucial role in addressing these market failures by providing long-term, patient capital tailored to the needs of manufacturing enterprises at different stages of growth. Unlike commercial banks, DFIs are mandated to prioritise developmental impact alongside financial sustainability, enabling them to support projects with long gestation periods and high socio-economic returns (Manigart & Wright, 2013). Through structured lending processes, DFIs also provide non-financial support such as project appraisal, technical assistance, and credibility signalling, which enhance firms' growth prospects and investment readiness (Puri & Zarutskie, 2012). In Sub-Saharan Africa, inadequate access to affordable industrial finance remains one of the most significant barriers to manufacturing growth. High interest rates, short loan tenures, and limited availability of long-term credit have constrained firms' ability to expand operations and upgrade technology (Ebitu *et al.,* 2016). These challenges are particularly acute for SMEs, which constitute the majority of manufacturing enterprises but contribute below their potential to industrial output due to persistent financial exclusion (Beck & Demirgüç-Kunt, 2006). Addressing these constraints requires targeted financing mechanisms that recognise the heterogeneity of firms by size and capacity.

In Uganda, the government has prioritised industrialisation as a key driver of economic transformation, with manufacturing identified as a strategic sector for value addition, job creation, and export diversification. Uganda Development Bank Limited (UDBL), as the country's principal development finance institution, plays a central role in financing manufacturing growth through a structured lending process designed to serve large, medium, and small-sized enterprises (UDB, 2020). UDBL's mandate focuses on supporting viable manufacturing projects with high developmental impact by providing long-term credit, asset financing, and working capital at relatively affordable terms.

UDBL's lending process involves rigorous project appraisal, sector prioritisation, and differentiated financing instruments aligned with firm size and investment needs. Large manufacturing enterprises benefit from long-term project finance for large-scale investments such as plant construction and heavy machinery, while medium-sized enterprises access medium-term credit for expansion and technology upgrading. Small enterprises, particularly those with growth potential, are supported through tailored financing structures aimed at overcoming collateral and liquidity constraints (UDB, 2021). By aligning its lending process with the financing needs of different firm categories, UDBL seeks to enhance manufacturing growth, promote industrial deepening, and contribute to Uganda's broader industrialisation agenda.

Objective and the Research Question of the Study

This study sought to analyse the lending processes adopted by Uganda Development Bank (UDB) in its role as a development finance institution, with particular emphasis on firms operating in the construction materials subsector. The study was guided by the research question: Which lending processes are applied by UDB in the provision of development finance to construction materials firms?

LITERATURE REVIEW

An Overview of Uganda Development Bank (UDB)

The Uganda Development Bank (UDB) was established in 1972 by presidential decree as a government-owned development finance institution, with its origins tracing back to early post-colonial initiatives (Oloka-Onyango, 1987).

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UDB was created to address challenges in loan administration, supervision, and limited credit availability, aiming to support viable development projects across Uganda's economy.

As a market leader in financing development aligned with the Sustainable Development Goals (SDGs), UDB primarily supports the industrial and manufacturing sectors, providing concessional loans, equity investment, and public-private partnership financing (Kasirye & Lakal, 2019).

UDB offers flexible lending terms, including repayment periods of up to 15 years, a three-year grace period, and interest rates capped at 12 percent in Ugandan shillings. The Bank supports labour-light manufacturing industries, start-ups, and expanding firms, often in partnership with the Uganda Manufacturers Association (UMA) for information dissemination and project initiation. Between 2014 and 2019, UDB approved UGX 360.5 billion for the manufacturing sector, of which UGX 236.21 billion was disbursed by December 2019 (UDB, 2019).

The impact of UDB financing is evident in the industrial sector's increased capacity utilisation, rising from 50 percent in 2018 to 61 percent in 2022, demonstrating the effectiveness of its financial interventions in promoting industrial growth and economic development (UDB, 2022).

Lending Processes of Development Banks: The Case of Uganda Development Bank (UDB)

Development finance institutions (DFIs) play a critical role in addressing long-term financing gaps in developing economies, particularly in sectors that are considered high-risk by commercial banks but are essential for structural transformation and economic growth (World Bank, 2018; Griffith-Jones & Cozzi, 2016). In Uganda, the Uganda Development Bank (UDB) serves as the country's primary development finance institution, mandated to support industrialisation and inclusive economic transformation. UDB's lending process is anchored in the financing of viable and competitive projects, with a particular focus on the industrial sector as a catalyst for economic modernisation (UDB, 2022). The bank prioritises projects that promote import substitution, value addition, export competitiveness, and local content development, thereby contributing to increased domestic production, employment creation, and income growth. This approach aligns with Uganda's national development strategies and broader industrial policy objectives (Government of Uganda, 2020).

Financial Products and Lending Instruments

The literature shows that UDB employs a diversified financing model that includes short-term, medium-term, and long-term credit facilities, as well as asset finance and equity investments. Loan tenures and conditions are structured according to project characteristics and implementation timelines (UDB, 2019). Short-term credit facilities, typically with maturities of up to three years, are designed to meet the working capital requirements of qualifying enterprises. Medium-term financing, ranging from four to eight years, supports capital expenditures related to the expansion and modernisation of existing enterprises. Long-term credit facilities, with tenures extending up to 15 years, are reserved for large-scale and capital-intensive projects such as infrastructure development and industrial plant establishment, reflecting the long gestation periods associated with such investments (UDB, 2019; Humphrey, 2015).

Asset financing is another key lending mechanism through which UDB facilitates the acquisition of productive assets in priority sectors. Under this arrangement, UDB finances up to 80 percent of the asset cost, while the borrower contributes the remaining portion. The financed asset serves as the primary collateral, reducing credit risk and easing access to finance for firms with limited asset bases (UDB, 2019; Brixiová *et al.,* 2020). In addition, UDB engages in equity investment, whereby it provides capital in exchange for minority shareholding in eligible projects. The bank may take up to 25 percent equity

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participation for a maximum period of ten years, targeting both startup and ongoing enterprises. Returns are generated through dividends and capital appreciation, allowing UDB to share both risks and rewards while fostering enterprise growth (UDB, 2019; Beck *et al.,* 2018).

Loan Appraisal and Approval Process

The UDB lending process is characterised by a rigorous appraisal and approval framework aimed at ensuring project viability, developmental impact, and financial sustainability. Prospective borrowers are required to submit a comprehensive loan application supported by legal, financial, environmental, and operational documentation. These include incorporation certificates, tax clearance certificates, operating licenses, environmental approvals from the National Environment Management Authority (NEMA), business proposals, historical and projected financial statements, and bank account records (UDB, 2020). Following submission, projects undergo detailed appraisal involving financial, technical, environmental, and social risk assessments. Only projects that meet UDB's eligibility criteria and align with its development mandate are approved for financing. Upon approval, funds are disbursed strictly for the agreed project purposes, and implementation is closely monitored to ensure compliance and performance (UDB, 2020; World Bank, 2019). Lending terms are deliberately structured to enhance project sustainability. Interest rates are capped—typically at a maximum of 12 percent in Ugandan shillings—and repayment periods may include grace periods of up to three years, particularly for long-term investments. Such concessional features distinguish development banking from commercial lending and are intended to ease repayment burdens during early project stages (Humphrey, 2016; UDB, 2020).

Overview of the Construction Sub-sector in Uganda

The construction sub-sector is a critical component of Uganda's industrial and economic landscape and represents one of the priority sectors for development financing. Construction activities encompass the entire lifecycle of built assets, from project preparation, financing, and design to construction, maintenance, expansion, and eventual decommissioning (URA, 2023).

Empirical evidence indicates that Uganda's construction sub-sector has experienced substantial growth since the post-conflict period of the late 1980s. By the early 2000s, the sector's contribution to GDP had increased to approximately 12 percent, compared to about 5 percent in the 1990s. This growth has been driven by increased public infrastructure investment, urbanisation, and private sector development (Rasiah, 2022; UBOS, 2021). The construction materials sub-sector forms a significant segment of the industry, comprising firms engaged in the production of cement, steel, roofing materials, and other building inputs. However, the sector remains characterised by high dependence on imported machinery and raw materials, limited technological upgrading, and relatively low employment absorption. Most firms are small- to medium-sized enterprises, with a large proportion employing fewer than 20 workers (Rasiah, 2022). Geographically, construction materials firms are heavily concentrated in Kampala, accounting for over 60 percent of establishments, while Western and Northern Uganda host comparatively fewer firms. Ownership structures are predominantly private limited companies, with notable foreign participation, reflecting both investment opportunities and capital constraints faced by domestic firms (Rasiah, 2022; UBOS, 2020).

Implications for Development Lending

The reviewed literature underscores the importance of long-term, patient capital in supporting industrial and construction sector development in Uganda. Given the capital-intensive nature, long gestation periods, and structural challenges facing the construction sub-sector, development-oriented lending institutions such as UDB play a pivotal role in bridging financing gaps. By combining long-term credit, asset finance, equity participation, and advisory services, UDB's lending process is positioned to

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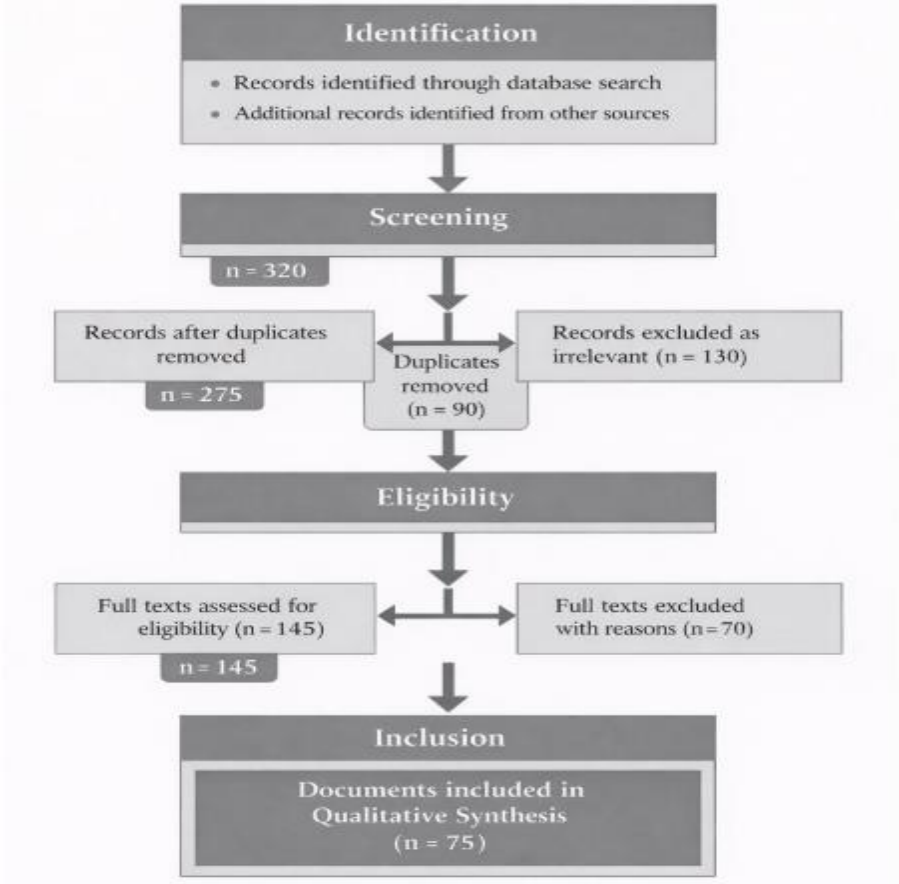
enhance firm productivity, promote value addition, and contribute to sustainable industrial growth (World Bank, 2018; Griffith-Jones & Cozzi, 2016).

METHODOLOGY

Research Design and Approach

This study adopts a descriptive and exploratory research design, grounded in a qualitative institutional case study approach, complemented by secondary quantitative sector data. This design is appropriate for examining how development finance institutions operationalise lending processes, particularly where the objective is to document procedures, criteria, and institutional decision-making rather than to estimate causal effects (Yin, 2018; Humphrey, 2016). The study focuses on Uganda Development Bank Limited (UDBL) as a case study, given its mandate as Uganda's principal development finance institution responsible for providing long-term and patient capital to priority sectors such as manufacturing and construction materials. Case study designs are widely used in development finance and policy research because they allow for in-depth analysis of institutional frameworks within their real policy and economic contexts (World Bank, 2018; Griffith-Jones & Cozzi, 2016). Figure (1) below provides a synthesis flow of the reviewed documents.

Figure 1: Flow Synthesis of the Reviewed Documents



Scope of the Study

The scope of the study is limited to UDBL's lending processes as they apply to firms operating in the construction materials subsector, a strategic component of Uganda's industrial and manufacturing sector. Specifically, the study examines: Loan application requirements; Financial products and lending instruments; Project appraisal and approval procedures; and Loan acquisition and disbursement processes. Geographically, the study is confined to Uganda, while temporally it relies on institutional and

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sector data covering the period 2019–2025, corresponding with UDBL's recent strategic plans and Uganda's National Development Planning frameworks (UDB, 2019; Government of Uganda, 2020). In addition, relevant peer-reviewed journal articles with related insights on lending processes were identified and reviewed through Google Scholar, Scopus¸ Web of Science, JSTOR, Springer, and ScienceDirect (Elsevier)

Data Sources

The study relies entirely on secondary data, which is appropriate for institutional and policy-oriented research where comprehensive documentation exists (Bowen, 2009). Data were obtained from the following sources: Uganda Development Bank (UDBL) publications, including annual reports, lending guidelines, strategic plans, operational manuals, and information from the UDB online loan application portal (UDB, 2019; 2020; 2022). National policy documents such as the National Development Plans, Uganda Vision 2040, and sectoral industrial policy reports (National Planning Authority, 2007; Government of Uganda, 2020). International datasets, particularly the World Bank World Development Indicators (WDI), are used to contextualise trends in industrial and manufacturing sector growth in Uganda and selected East African countries (World Bank, 2025). Peer-reviewed journal articles and policy reports on development finance institutions, SME financing, and industrialisation (Beck & Demirgüç-Kunt, 2006; Humphrey, 2015; Manigart & Wright, 2013).

Data Collection Procedures

Data collection followed a systematic document review process, which involved identification, screening, and analysis of relevant institutional and policy documents. Only documents that directly addressed development lending, appraisal criteria, financing instruments, or sector performance were retained for analysis. Figures illustrating the loan application requirements and loan acquisition process were adapted from the UDB online portal, ensuring that the study reflects current operational practices rather than theoretical lending models (UDB, 2025).

Data Analysis Techniques

The study employs qualitative content analysis to examine UDBL's lending processes. Documents were coded and analysed thematically following established approaches to qualitative policy analysis (Krippendorff, 2018). The key analytical themes included: Eligibility and documentation requirements; Lending instruments and financing structures; Appraisal, approval, and risk assessment mechanisms; and Alignment of lending processes with development objectives. In addition, descriptive statistical analysis was used to synthesise secondary quantitative indicators on industrial and manufacturing sector performance. Comparative graphical analysis was applied to illustrate Uganda's industrial sector trends relative to selected East African countries, consistent with comparative development studies (Rasiah, 2022; World Bank, 2025).

Validity and Reliability of the Study

To enhance validity, the study triangulates multiple data sources, including institutional documents, national policy frameworks, and international datasets (Yin, 2018). The use of official UDBL publications and internationally recognised databases minimises the risk of measurement error and misrepresentation. Reliability is ensured through transparent documentation of data sources, consistent application of analytical themes, and reliance on publicly available and verifiable documents, allowing for replication by other researchers (Bowen, 2009).

RESULTS

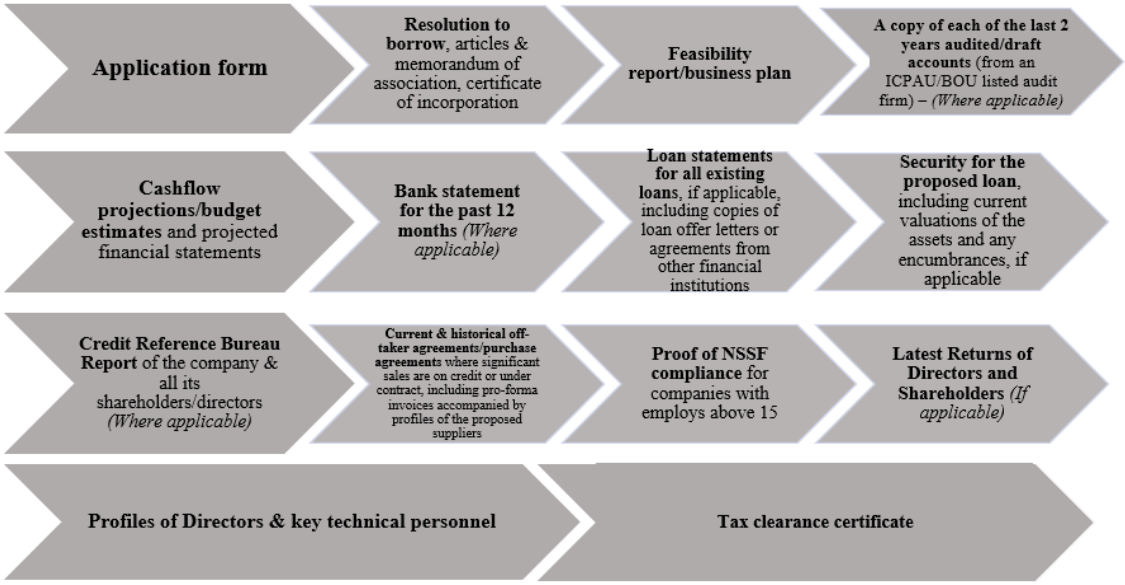
The Application Requirements

The UDB loan application process has several requirements designed to ensure transparency, accountability, and proper credit evaluation before loan disbursement. Figure 2 below represents the requirements s for execution of the loan.

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Figure 2: Showing Loan Application Requirements by UDB



Adopted from UDB Online Portal (2025)

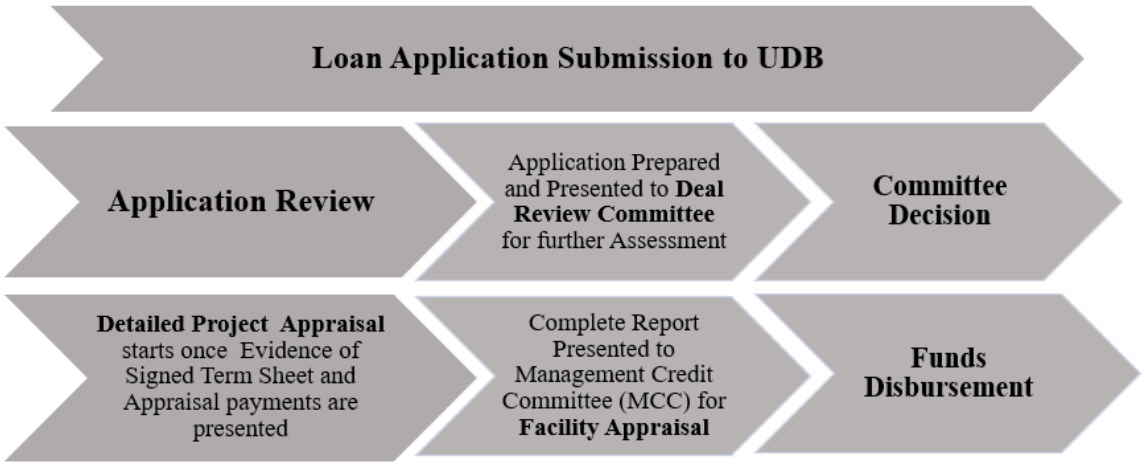
To complete a loan application, an institution must provide a comprehensive set of documents that present its legal standing, financial health, and operational capacity. The process begins with submitting a duly filled application form supported by a formal resolution to borrow, accompanied by the company's articles and memorandum of association and its certificate of incorporation. Applicants must also include a feasibility study or business plan, following the guide provided on the lender's website, along with audited or draft financial statements for the past two years from an ICPAU- or BOU-listed audit firm, where applicable. To demonstrate financial stability and planning, the institution is required to submit cash flow projections, budget estimates, projected financial statements, and a bank statement covering the previous 12 months. If any loans already exist, copies of loan statements and corresponding offer letters or agreements must be provided.

Security for the proposed loan must be clearly outlined, including up-to-date valuations of the pledged assets and disclosure of any encumbrances. Where relevant, applicants should also present a Credit Reference Bureau Report for the company as well as its shareholders or directors. For businesses that sell on credit or operate under supply contracts, both current and historical off-taker or purchase agreements must be included, supported by pro forma invoices and profiles of proposed suppliers. Compliance documentation is equally important, requiring proof of NSSF contributions, the latest returns of directors and shareholders, and profiles of the company's directors and key technical personnel. To complete the application package, a valid tax clearance certificate must be submitted, confirming that the applicant is up to date with their tax obligations.

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Figure 3: Loan Acquisition Process by UDB



Adopted from UDB Online Portal (2025)

The UDB loan acquisition process follows a structured and sequential approach designed to ensure transparency, accountability, and effective credit risk management. The process, which has seven steps, commences with the submission of a loan application by the prospective borrower to the Bank. Upon receipt, the Bank undertakes an application review to verify the completeness and accuracy of the submitted documents. Once the preliminary requirements are satisfactorily met, the application is prepared and presented to the Deal Review Committee for further assessment. Based on the Committee's recommendations, the applicant is either issued Term Sheets for a full project appraisal or a Decline Letter if the proposal does not meet the requisite standards. Following the signing of the Term Sheet and payment of the appraisal fee, the Bank conducts a comprehensive project appraisal to evaluate the technical, financial, and economic viability of the proposed investment. The resulting appraisal report is subsequently submitted to the Management Credit Committee (MCC) for consideration and facility approval. Upon approval, the facility proceeds to the legal documentation stage, after which, once all legal and contractual conditions have been fulfilled, funds are disbursed to the borrower. This systematic process ensures that only bankable and sustainable projects receive funding, thereby aligning with UDB's mandate to promote socio-economic transformation through strategic financial interventions.

DISCUSSION

The findings of this study reveal that Uganda Development Bank Limited (UDBL) operates a structured and development-oriented lending process that is largely consistent with the theoretical and empirical literature on development finance and industrialisation. The emphasis on rigorous project appraisal, extensive documentation, and sector prioritisation reflects the core mandate of development finance institutions (DFIs) to mitigate credit market failures while ensuring long-term project viability (Humphrey, 2015; World Bank, 2018). Such structured lending processes are particularly important in manufacturing and construction materials subsectors, where investments are capital-intensive and characterised by long gestation periods.

The availability of long-term loans with extended repayment periods and grace periods aligns with the literature emphasising the role of patient capital in supporting manufacturing growth. Studies by Yang *et al.* (2021) and Vaz (2021) highlight that manufacturing firms require stable, long-term financing to facilitate capital accumulation, technology upgrading, and economies of scale. UDBL's lending framework, which allows repayment periods of up to 15 years,

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directly addresses the mismatch between short-term commercial bank lending and the long-term financing needs of industrial firms, a constraint widely documented in developing economies (Beck & Demirgüç-Kunt, 2006).

The study further finds that UDBL's lending process differentiates financing instruments based on firm size and project scale, thereby accommodating large, medium, and small-sized enterprises. This differentiation is consistent with Baumol's (1958) theory of firm growth, which posits that access to financial capital is a critical determinant of firms' ability to expand and compete effectively. Large firms, with stronger asset bases and governance structures, are better positioned to absorb large-scale financing, while medium-sized enterprises benefit from medium-term expansion loans. The inclusion of asset financing and equity participation further reflects best practices in development banking, where risk-sharing mechanisms are used to stimulate investment in high-impact sectors (Manigart & Wright, 2013).

However, the findings also suggest that the complexity of UDBL's lending requirements may pose challenges for smaller enterprises. The extensive documentation and compliance obligations, although essential for accountability and risk management, may disproportionately disadvantage SMEs with limited managerial and financial capacity. This observation corroborates prior evidence that SMEs face higher transaction costs and information asymmetries when accessing formal finance, even within development-oriented institutions (Sebikari, 2019; Standaert *et al.,* 2022). As noted by Brush *et al.* (2002), while external finance accelerates firm growth, its accessibility is often constrained by firms' ability to meet institutional lending standards.

The role of UDBL in addressing financing constraints within the manufacturing and construction materials subsectors is particularly significant given the documented linkages between these sectors and broader economic growth. Camino-Mogro & Bermudez-Barrezueta (2021) demonstrate that construction-related manufacturing generates strong forward and backward linkages, amplifying its contribution to GDP and employment. By financing plant construction, machinery acquisition, and working capital, UDBL strengthens these linkages and enhances productive capacity, consistent with Uganda's industrialization and structural transformation objectives (National Planning Authority, 2007; UDB, 2022).

Overall, the findings support the argument that development banking plays a critical role in bridging the industrial financing gap in Sub-Saharan Africa, where high interest rates and short loan tenures have historically constrained manufacturing growth (Ebitu *et al.,* 2016). UDBL's lending process reflects an institutional response to these constraints by providing concessional, long-term finance tailored to the needs of industrial enterprises. Nevertheless, the literature suggests that maximising developmental impact requires complementing financial products with technical assistance and capacity-building initiatives to ensure that smaller firms can effectively access and utilise development finance (Beck & Demirgüç-Kunt, 2006; World Bank, 2018).

Therefore, the study's findings are consistent with existing theoretical and empirical literature, confirming that well-designed development-oriented lending processes such as those employed by UDBL are instrumental in promoting manufacturing growth and advancing industrialisation. However, the inclusiveness and effectiveness of such processes depend on continuous adaptation to the heterogeneous needs of firms across different size categories.

CONCLUSION

This study set out to examine the lending processes of Uganda Development Bank Limited as the mandated development finance institution supporting firms in the construction materials subsector. Drawing on secondary institutional and policy data, the study finds that UDBL operates a

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comprehensive and well-structured lending framework characterised by rigorous application requirements, differentiated financial products, and multi-layered appraisal and approval procedures.

The evidence shows that UDBL's lending processes are designed to support manufacturing and construction materials firms through long-term and patient capital, addressing key financing constraints that limit industrial growth in Uganda. By aligning loan tenures, interest rates, and grace periods with the capital-intensive nature of industrial investments, UDBL plays a critical role in facilitating firm expansion, technology upgrading, and productive capacity enhancement. The Bank's emphasis on developmental impact, project viability, and compliance with environmental and regulatory standards further reinforces its role as a catalyst for sustainable industrialisation.

However, the study also concludes that while UDBL's processes are robust and consistent with development finance best practices, their complexity may pose challenges for smaller enterprises with limited financial and managerial capacity. This highlights the need for complementary interventions that enhance firms' ability to meet lending requirements and fully benefit from development finance opportunities.

In summary, UDBL's lending processes constitute an important institutional mechanism for financing manufacturing growth in Uganda. Their effectiveness in driving inclusive industrial development will depend not only on the availability of long-term finance but also on adaptive process design and targeted support for enterprises across different size categories.

Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed: First, UDBL should strengthen pre-financing support mechanisms, particularly for small and medium-sized enterprises in the construction materials subsector. This could include technical assistance in business plan development, financial record preparation, and feasibility analysis to improve firms' readiness for formal lending and reduce exclusion arising from documentation constraints. Secondly, the Bank may consider introducing simplified or tiered application pathways for smaller loan sizes, while maintaining rigorous appraisal standards for larger and more complex projects. Such differentiation would reduce transaction costs for smaller firms without compromising the quality and sustainability of funded projects.

Additionally, UDBL should deepen partnerships with sector associations, such as manufacturers' and construction industry bodies, to enhance outreach, information dissemination, and project pipeline development. These partnerships can help identify high-potential firms and improve alignment between financing products and sector-specific investment needs. Not only that, policymakers should continue to support UDBL through adequate capitalisation and policy coherence, ensuring that the Bank can expand its long-term lending portfolio while maintaining concessional terms. Sustained government support is essential for UDBL to meet growing demand for industrial finance and contribute effectively to Uganda's industrialisation objectives.

Last but not least, future research should extend beyond process analysis to examine the firm-level and sector-wide impacts of UDBL financing on productivity, employment, and export performance. Such empirical assessments would provide valuable evidence on the effectiveness of development banking in driving manufacturing-led growth and inform further refinements to lending policies.

Declarations

Ethical Considerations

The study is based exclusively on publicly available secondary data and does not involve human participants, confidential client information, or proprietary financial records.

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Consequently, no ethical clearance was required. All data sources are appropriately cited to uphold academic integrity and avoid plagiarism.

Competing Interests

The authors declare no competing interests.

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