

## New Opportunities for Japanese SMEs in Uganda

### Embassy launches Project EastxEast as Smiley Earth and others shine

The time has never been better for Japanese mid-sized firms to enter Uganda. Ugandan President Yoweri Museveni this month issued an open invitation to Japanese entrepreneurs<sup>1</sup>, while Ugandan Ambassador to Japan Betty Grace Akech-Okullo launched Project East x East, a campaign designed specifically for Japanese mid-sized firms considering Uganda as their next destination.



*President Museveni (center), Tatsumasa Oku (right), Yuuichi Kashiwada (left)*

### **Project East x East: Helping Japanese SMEs access Uganda**

“I am delighted to be launching Project East x East (“East by East”) this month”, says Ambassador Akech-Okullo. “Now, Japanese SMEs (small- to mid-sized enterprises) can directly contact our embassy in Shibuya, Tokyo if they are interested in coming to Uganda. Together with Ideologie International, our Tokyo/Uganda-based business consultant partner, we will be able to provide strategy, connections, advice and local knowledge.”

### **From Japan to Uganda, a growing trend**

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<sup>1</sup> Source: National Resistance Movement Party, Official [homepage](#)

In 2015, something unprecedented happened in Uganda. The number of registered Japanese companies in the country nearly doubled in just one year<sup>2</sup>. “We can expect to see an increasing number of Japanese companies making their way to Uganda in the coming years”, says Ideologie International CEO Jun Shiomitsu. “The first-movers from Japan are already there, and they are doing very well.”

### **The four-man Osaka business that’s BIG in Uganda**

One example of such a first-mover is Smiley Earth<sup>3</sup>, a small, Osaka-based family business that creates high-quality, 100% organic cotton products. Smiley Earth also wholesales organic Ugandan cotton in Japan. The company has only four employees in Japan, where it runs a factory in Izumisano City. The rest of its operations - including cotton production, “ginning” (the process of separating cotton fiber from seeds), and spinning - are based in Uganda, providing great income to the local residents of the northern Gulu region.

Smiley Earth may only have four employees in Japan, but the company is a big deal in Uganda. In fact, it goes all the way to the very top. President Yoweri Museveni met with Smiley Earth CEO Tatsumasa Oku during an official working visit to Japan in September of 2015<sup>4</sup>, and personally thanked him for his contribution to Uganda.

Ambassador Akech-Okullo, who is herself originally from the Gulu region, openly applauded the company. “I am delighted to see this wonderful work relationship develop between my host country Japan and my home Gulu”, she remarked. “I know from experience that Japanese and Ugandans make great work partners. With the launch of Project East x East, our embassy is committed to help build even more similar business partnerships between Japan and Uganda in the coming years.”

### **The SACCO – a Japanese SME’s best partner in Uganda**

In an exclusive interview with Ideologie International at Ambassador Akech-Okullo’s factory in Izumisano City had tools and skills, but we had a problem: material. I was focused on making my products from 100% organic cotton, and it was difficult and costly to find the quality and quantity that I needed. This was true, at least, until Yuuichi Kashiwada, a forty-year veteran of Japan-Ugandan business, introduced me to a Ugandan cotton farmers’ SACCO (Savings and Credit Cooperative Organization).”

The modern SACCO system was originally designed in the 1980’s by Dr. Muhammad Yunus, Nobel Laureate and pioneer of microfinance banking<sup>5</sup>. A SACCO is a unique, democratic, self-help organization where members - usually people who share a common bond or are in some way familiar with each other – cooperate and pool their

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<sup>2</sup> Source: African Development Bank External Representation Office for Asia Africa Business Partners, [2016 List of Japanese Enterprises Doing Business with African Continent and Countries](#)

<sup>3</sup> Source: Smiley Earth [homepage](#)

<sup>4</sup> Source: Japan Times, [September 9, 2015 issue](#)

<sup>5</sup> European Centre for Research Training and Development UK, [“International Journal of Community and Cooperative Studies”](#)

money into a fund used in various ways to help each other to grow, survive, and become sustainable. SACCOs are owned and managed by their members<sup>6</sup>.

“The members of the Gulu Cotton SACCO are my partners,” said a smiling Oku, with his arms around SACCO members visiting him in Tokyo. “Working with them meant that, after sharing some skills and building trust, I had a reliable, stable team of excellent organic cotton-producing partners in Uganda ... I didn’t need to hire a single person in Uganda. This was a perfect set-up for a family business like mine.”

“There are SACCOs for virtually every kind of industry in Uganda; the taxi industry, agri-business industry, steel industry, fabric industry, and others,” notes Ideologie International CEO Jun Shiomitsu. “SACCOs are legal bodies officially registered under regulatory authorities. They are not hard to find. The challenge is finding the right one to partner with, earning the trust of its members, and transferring technology and skills. This is best done by referral or word-of-mouth through someone who knows Uganda well.”

“Building the trust is of paramount importance,” remarked Oku. “Through personally cooperating closely with the Gulu District local government and leaders of the cotton farmers’ SACCO, I am now able to help them produce the cotton that the Japanese market demands and assure its quality.”

### **The macro-picture: Why is Uganda set for historic growth?**

“Most of Uganda has been at peace since 1980. But it is significant that Japanese companies such as Smiley Earth are now operating successfully in a peaceful Gulu District, considering the violence it has seen in recent history,” says Ambassador Akech-Okullo, referring to the tragic civil war with Joseph Kony’s Lord’s Resistance Army that ravaged the region until the early 2000’s. “Gulu is now considered to be a post-conflict community that has a rapidly growing economy. It gives me great joy to say this ... Uganda is truly a peaceful country today.”

“If anybody can relate with how a post-war or post-tragedy country can be ready for historic economic growth,” Akech-Okullo added, “it should be the Japanese. We Ugandans have enormous respect for Japan’s strength after the World War and after the Great Tohoku Earthquake and Tsunami. We are ready to learn from you. We are ready to welcome you and cooperate with you. We are prepared to grow like you did.”

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<sup>6</sup> Uganda Cooperative Savings And Credit Union Ltd, [“What is a SACCO?”](#)



*Tatsumasa Oku displaying products at Isetan Shinjuku 5F (till May 24)*



*Ambassador Betty Grace Akech Okullo of the Republic of Uganda*