



2010 SEED Winner Oribags Innovations Ltd.

Uganda - Oribags Innovations Ltd. (2010)

Overview

Oribags Innovations (U) Ltd is a Ugandan private enterprise which makes hand-made paper bags, printing paper and jewellery from agricultural wastes. It recovers waste paper and natural fibres in an environmentally-friendly way to transform them into products for the local market. Agricultural waste is collected and purchased from local farmers and other groups. The raw material is processed at the incubation centre of the Uganda Industrial Research Institute (UIRI). The products are marketed locally and primarily sold to supermarkets and small craft and gift shops. The paper bags provide a better alternative to the environmentally-hazardous polythene bags used in packaging. Oribags aims to promote environmental sustainability through value addition, focussing on client needs' satisfaction and creating rural livelihoods. The enterprise was a recipient of the 2010 SEED Award.

Origins

Oribags Innovations (U) Ltd is a private company operating in Uganda. It was conceived in 2007 with a mission of being the leading producer of eco-friendly alternatives to environmentally hazardous polythene bags in the East African region, while utilising locally available materials. The company was registered in 2008 and began its work under the support and guidance of three key partners: a government research centre and business incubator-Uganda Industrial Research Institute (UIRI); a national NGO - Uganda Women Entrepreneurs Association Ltd (UWEAL), and TechnoServe - an international NGO aiming to support women-run SMMEs. In an interview, the company owner – Rusia, tells a story of passion laced with innovation and the ability to take opportunities when she talks about how she met her key stakeholders today.

'We were working as a group of students at the university to promote paper beads. I got to know about the Uganda Industrial Research Institute and invited them to a launch of one of our activities. We got to know more about the Institute and its work. When I started Oribags, I made use of this information to apply for assistance under their idea incubation programme. We signed a Memorandum of Understanding in December 2008. I became a member of UWEAL that same year, with whom I was able to get linked to TechnoServe and many other useful networks'.

Oribags applied for and won the SEED Award in 2010. At the time, the enterprise had less than five staff, no office, and was getting the bulk of support from UIRI.

How it has grown/current status/future prospects

Oribags applied for the SEED Award when it was still in the start-up phase. The main objectives for the company's application were to improve and grow by being able to meet urgent needs. To achieve this, the company set a number of objectives aimed at increasing processing capacity; diversifying and up scaling the existing range of products; intensifying marketing activities to commercialise products regionally; training youth and women in paper making and other entrepreneurship skills; and enhancing the administrative and management capacity. A number of these objectives have been supported under the SEED package accessed by Oribags in March 2011. The support SEED provided with the award included technical and financial support, advice on business planning, provision of contacts and networking services, and high level profiling. The financial support was used to address some of the urgent needs under the different components of the support plan. For example, in total 60 people (30 from a women's group and 30 from a youth group) were trained in issues including waste management, sorting, packing and transporting raw materials, and record keeping. The company also purchased office equipment including a computer and desk, and paid rent for new operational and office space. Finally, part of the money was also used to set up a website, make flyers, brochures, and business cards.

Today, the company is a micro enterprise which manufactures and sells its own products (handmade paper and paper bags) through direct sales to individuals and organisations backed by a sales distribution channel which targets craft stores and supermarkets. Direct sales to government agencies and private enterprises are Oribags' most profitable market involving fairly large orders, ability to pay and prospects for repeat buys. At the time of this study, an order for 400 paper bags had just been completed in a single afternoon. Another order for an upcoming inter-parliamentary Union of East Africa summit was being processed. The researcher saw samples of tailor-made products made for Uganda Wild Life authority (UWA), the Presidential Initiative for Banana Industrial Development (PIBID), UIRI, and Café Pap, a Coffee shop.

To meet the growing demand, the enterprise has opened a third production centre in Lukojo-Mukono 28 kilometers east of Kampala City. This is an addition to the UIRI- Incubator Unit where the paper is handmade and a rented complex in Kampala Industrial Area which houses the company offices. It is in Mukono and the industrial area complex that the paper is made into the final product (paper bags). Oribags' products are also sold in Katuna, at the Uganda- Rwanda border where they are very popular due to a ban on polythene bags commonly known as "Kavera", in Rwanda.

The company has acquired land in Mukono 26 Kilometres from Kampala with funding from profits made in 2011. The land measures three acres and there are plans to start construction of buildings, purchase of an entire production line, transport equipment as well as raw material. Orikiriza Rusia, the key person and Managing Director has already identified the machinery on visits to India, South Africa, Europe and the United States.

Social, environmental and economic benefits and outcomes

a. Social outcomes and benefits

- i. 160 women and youths (organised into farmer groups) have been trained in practical skills in paper bags and jewellery making. These groups have also been trained in sustainable agricultural harvesting, waste handling and supply of raw material. DEL farm women's drama group, one of the samples selected for the case study, have been trained in making paper bag handles out of banana stems (agricultural waste). The paper bag handles previously being used on Oribags' products were synthetic. With training, DEL farm women's group is now able to supply enough eco handles to Oribags.

'We took some time to research into how we could make firm handles for our bags to replace the synthetic ones. Now our bags can be classed as 100 percent eco friendly which adds value to the final product' a beaming director told this researcher.

- ii. The women also make other crafts like mats, and jewellery which are marketed through Oribags extensive network. Oribags does not charge a commission for this service to the women since the volumes are still small. The women have a register where every transaction including items delivered and monies owed or received are recorded.
- iii. Three groups have been trained as part of social responsibility
 - Uganda Charity Trust Fund- 35 youths
 - Kawempe Home Care that has 130 HIV-affected youth and women
 - Youth Empowerment Development- 30 youths
- iv. The enterprise has been able to participate in the following exhibitions where they create awareness about the advantages of eco products, and give paper and bag-making talks to participants and attendees.
 - Uganda Manufacturers Association- Annual show- Uganda
 - The Global Women Forum- Washington USA
 - The National Science week- Uganda
 - National Youths Day Celebrations 2011- Arua, Uganda
 - Makerere University Business School Entrepreneurship Centre Expo- 2011 Uganda
 - German Cultural Centre Exhibition

b. Environmental outcomes and benefits

- i. Oribags makes use of agricultural waste and transforms it into products of value. By doing this the initiative creates an eco-friendly substitute for polyethylene bags.
- ii. The company has trained the groups which supply the raw material in waste management, specification, business records management and enterprise management.

c. Economic outcomes and benefits

- i. The company employs five permanent staff down from seven last year. Whereas the company had projected a growth in staffing over the years, they have found it operationally more efficient to use casual labour. Casual labourers are trained (free of charge), their work rate calculated and quality of output pre-tested before they are taken on. This, Rusia says, is very effective in meeting large orders. After the training, casuals are tested to see how long they take to make a single unit. They are then hired and each given a quota for which they are paid on completion. A pool of over 30 such trainees exists from which the company can choose whenever labour is needed. Most of the casual labourers are unemployed women and youths who have dropped out of school.
- ii. Retailers of Oribags' products earn 10% on recommended resale value. Some of the retailers however price the product a little higher which results in higher returns. A large number of craft shop owners are women employed on other jobs and stocking Oribags supplements their income. Prices for the paper bags range from 0.7 USD to 3.5 USD, while jewellery sells for between 3.4 USD and 8.6 USD.
- iii. Oribags sources its raw materials from the NAMA agribusiness initiative, a women's group in Mukono, and the Kahondo Grassroot Foundation in Kabale (south-western Uganda). These groups earn an income from the supplying the waste.

Success factors

- **Leadership:** Leadership appears to be one of the main factors which has contributed to the growth of this enterprise. Rusia displays qualities of having a clear vision, ability to innovate, and perseverance. ‘I know where the machines are; I now have to work hard to get them’ she said when asked about the purchase of machinery for the production line which is close to four months behind schedule now. We also observed a spark of brilliance in her plan to increase efficiency by lowering the number of permanent staff and replacing them with casual labour. Dorothy of UWEAL had this to say about the reasons behind Oribags’ growth:

‘The most important factors that have contributed to the growth of Oribags are Rusia’s involvement in networks, the trainings she has received in marketing and export, and her desire to learn. I have noted a great improvement in the appearance of her products over the years...’

- **Skills:** The paper, paper bags and jewellery are all handmade. There is a need for skill at all levels to avoid wastage and maintain standards. When we visited the paper-making plant, some paper was being laid out on panes to dry in the sun. Considerable skill is required to ensure that the paper is not spread out too thin, and that when still wet it does not get contaminated. The bag handles which are made by women groups must be of standard size not to mention tensile strength. All these aspects call for a high level of skills.
- **Training:** Training of women involved in the supply of raw material and the production of paper bags has been one of the factors that has contributed to growth. The products are handmade and require skills which can only be gained through training. The business is also labour intensive, requiring that many people are involved in production to meet demand.
- **Networking:** Networking has played a key role in the growth of the enterprise. The business owner mentioned a number of networks which have been instrumental as sources of information and linkage to markets and potential funders. These include:
 - BiD Foundation
 - World of 30
 - The International Alliance for Women
 - Uganda Women Entrepreneurs Association Limited
- **Support from SEED:** According to the business owner, working with SEED’s support partner, *Adelphi*, to develop the business support plan helped to focus the enterprise by aligning all the needs of the company, attaching a budget to each and prioritizing them. High-level profiling of Oribags had significant benefits in forging important new contacts. Government officials and related business enterprises in the private sector were invited for the Award winning ceremony. The British High Commissioner to Uganda, Martin Shearman, hosted the award ceremony. Some of the people who attended ended up being customers of Oribags. The award ceremony also helped in raising the profile of Oribags in important networks.

Mapping Oribags’ stakeholders

Oribags key stakeholders include their partners, high-level networks, customers and beneficiaries. These key stakeholders have been pivotal in referring Oribags to other individuals and institutions. These have developed into a network which has played a major role in the growth of Oribags. These organisations and their roles are briefly summarized below.

Table 8 Oribag's Stakeholders

Who	Nature of Organisation	Role
Category 1. Partners		
Uganda Industrial Research Institute (UIRI)	Government- Uganda. UIRI is a government research institute and business incubator	Technical assistance, product research and demonstration of operations. Purchases Oribags' products and facilitates Oribags in attending trade fairs and exhibitions. Provides access to the resource centre and internet.
Uganda Women Entrepreneurs Assoc. Ltd (UWEAL)	National NGO (local membership, not-for-profit organisation)	Training, networking, mentoring and business counseling, information provision. Access to a network of over 700 business women and professionals.
TechnoServe Uganda	International NGO	Training, counselling and business coaching under Women Mean Business programme
Category 2. High level networks		
SEED Initiative	International awards platform, founded by UNEP, UNDP and IUCN	Technical and financial support. Advising on business planning, provision of networking services, and high level profiling.
BID Foundation	International network	Business coaching and a chance to win prize money.
The International Alliance for Women	International network	Training in best business practices and sharing success stories from women's networks around the world; programmes for economic empowerment. High level profiling through the TIAW World of Difference Award 2011
World of 30	International Platform of Women in their 30s	Awareness-raising through writing articles
Voice of America	Media house in America	Awareness-raising through live stories
Category 3. Customers		
Brussels Airlines	International Airline	Product purchase
Exposure- Africa	50 Retail shops- Uganda	25 Shops retail Oribags' products
WWF	International conservation organisation	Products purchase
Presidential Initiative for Banana Industrial Development (PIBID)	Government of Uganda Business Incubator	Supplier of of raw material (banana waste)
National Federation of coffee growers	Federation	Product purchase, roast coffee bean packaging
International Women's Organisation of Uganda	NGO	Networking
Uganda Wildlife Authority (UWA)	Government-	Products purchase, company seasonal greeting cards.
K-Roma Ltd	Wine maker- Local	Products purchases
Capital Shoppers	Supermarket- Local	Paper bags retailers
Anna's corner	Café, library, African Art centre	Products purchase
SEWA crafts	CBO- Women craft makers network	Networking
Café Pap	Coffee shop- Local	Products purchase
Uganda National Council of Science and Technology(UNSCT)	Government Institution	Products purchase
Category 4. 'Other' Beneficiaries		
NAMA agribusiness initiative	45 member local- group- Mukono	Receive training, supply raw material to Oribags.
DEL Farm women's drama group	Local women group- Mukono	Receive skills training, supply raw material, make bag handles for Oribags
Kahondo Grassroot Foundation	Local group, Kabale	Receive skills
Uganda Charity Trust Fund		35 youths receive skills training
Kawempe Home Care	NGO- Local	130 HIV-affected youth and women trained
Youth Empowerment Development		youths receive training
Hope of Children and Women Victims of Violence(HOCW)		30 Women Trained

Challenges and how they have been met

The company has faced a number of challenges and barriers in its effort to scale up. These include the following:

- **Access to finance:** Access to finance has not been easy for Oribags. According to company's fundraising strategy, it estimated that approximately 900,000 USD was needed to finance activities between 2011 and 2012. The 9,000 USD received from the SEED initiative, and profits made in 2011 are the major sources of financing so far. The company has not been able to meet major components of the development plan like setting up a paper processing facility, enhancing marketing activities, building management and technical capacity, and training. There has however been some progress towards achieving some of the components such as purchasing land and setting up a website. Management is considering accessing a loan to purchase machinery while it continues to seize any opportunity for funding from potential donors and partners.
- **High operational costs:** It is quite expensive for Oribags to employ staff on permanent basis as the total output per staff – under minimal supervision - is low. As a result, the company has resorted to employing casual workers based on the prevailing demand. A few dedicated staff however, are maintained on a permanent basis.
- **Access to technology:** The machinery needed cannot be obtained in Sub Saharan Africa, which is frustrating. It can be got from America, Europe, India, China, and South Africa. The Managing Director feels that low technological innovations in Africa are a major constraint. The equipment therefore must be shipped in, albeit expensively.
- **Managing cash flow:** There are delays in receipt of payments especially with government contracts. "You have to be patient", Rusia says. This comes with costs since the suppliers and employees need their money paid immediately. She notes that the networks she is engaged in have provided the necessary cushioning.
- **Weak market for eco-friendly products:** Whereas on 1st September 2007 the government of Uganda banned polythene bags (commonly known as "Kavera") to date the ban has not taken effect. If this had happened, there is a high possibility that the growth of Oribags would have been faster driven by a high market demand. That notwithstanding, there is a notable trend in the way the business is growing. In the absence of general demand, the proprietor is skimming the market to target high end large buyers who are keen on consuming eco-friendly products. These high end consumers like UWA and WWF not only buy in bulk, they are also willing to pay a premium because they understand the product. This strategy may be justifiable in the short run but ultimately for the wider benefit to the environment and community, the way to go is to scale up production with reduced costs so that the products are available and affordable.

Current needs/types of support the enterprise requires now

- Machinery
- Marketing
- Support to train others

Lessons Learned from the Oribags case study

Oribags Innovations Ltd is a company that demonstrates that innovations with waste are within our reach, if only supported by research and access to finance. The enterprise has maintained the 'triple bottom-line' by aiming for and achieving social, environmental and economic benefits. However, there is still a lot of room for growth. Raising awareness of the

importance of 'recycled' material is an uphill task that should not be left to the company alone. With climate change devastating lives and livelihoods, Oribags demonstrates innovations for adaptation which needs to be up-scaled.

The extent to which Oribags grows will be largely dependent on the quality of leadership that Rusia offers to the company. Whereas networks, marketing and access to finance and other resources are important, it is how these are put to work that ultimately matters.

References

Oribags, The Funding Strategy

Oribags Support Plan developed with SEED Initiative (2011),

Partner relations chart

SEED application

Oribags Innovation Ltd business plan (2010)

Websites visited

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- SEED initiative; <http://www.seedinit.org/>
- Technoserve Uganda- <http://www.technoserve.org/work-impact/locations/uganda>
- Global south to south expo 2011 <http://www.southsouthexpo.org/>
- BiD Network <http://www.bidnetwork.org/>
- UWEAL Uganda Women Entrepreneurs Association Limited <http://www.uweal.co.ug/>
- UWA <http://www.ugandawildlife.org/>
- Uganda Industrial Research Institute (UIRI) <http://www.uiri.org/>
- Presidential Initiative for Banana Industrial Development (PIBID)
- Kawempe home care <http://www.kawempehomecare.org/>
- Entebbe Municipal Council <http://entebbemunicipal.org/>

Interviews

- Ms. Rusia Orikiran – Managing Director, Oribags Innovations Ltd
- Ms. Dorothy Kanduhukye – staff of UWEAL
- Mr. Joseph Rubalema – Director, UIRI
- Matsiko Simon-Staff member at Oribags Innovations Ltd
- Mugenyi Grace – retailer at Exposure Africa
- Nalwoga Jane – DEL Farm Women's drama group