

ACF funded projects reach UGX 711.53 billion by September 2022

The Agricultural Credit Facility (ACF) scheme was operationalized in October 2009 with the main objective of promoting the commercialization of agriculture by providing medium and long-term financing to projects engaged in agriculture and agro-processing focusing mainly on value addition. The standard interest rate for ACF funds is capped at 12% per annum.

As at September 30, 2022, the ACF had received cumulative applications worth UGX 1.13 trillion from 3,039 eligible borrowers out of which UGX 711.53 billion was disbursed to 2,670 projects including large off-takers that support out growers. Of the amount disbursed, 31.2 per cent was towards on-farm activities, 36.8 per cent to projects that required working capital for grain trade, 19.5 per cent was towards projects related to Agro-processing and 12.5 per cent was to projects engaged in post-harvest management.

The maximum loan tenure is 8 years including a grace period of up to 3 years. Although the facility was designed mainly to cater for commercial farmers and agro-processors, other Small and Medium Enterprises (SMEs) have also benefited through farmer associations/groups that comprise out-growers. Most of the SMEs include those involved in poultry farming, fruit growing, acquiring tractors for land opening and milk coolers among others. There has been a concerted effort by the government to accommodate as many farmers as possible. Consequently, the terms and conditions of loan access have been modified during the operational years to facilitate the participation of Micro, Small and Medium Enterprises (MSMEs) engaged in the agricultural value chain, and the Grain Trade. The introduction of the Block Allocation product under the ACF has played a pivotal role in unlocking access to finance by micro and small-holder farmers where UGX 10.43 billion had been disbursed to 1,527 rural farmers countrywide as at September 30, 2022. Block Allocation permits the PFIs to on-lend microfinance loans of up to UGX 20 million to individual farmers based on alternative collateral such as chattel mortgages, cashflow-based financing

and character-based loans among others. This has enabled access to finance by the disadvantaged especially women and the youths who usually have no access to land as collateral.

Grain trade and agro-processing attract high loan amounts due to the need for high financing requirements by grain traders to be able to mop up the excess grain on the market as well as acquire machinery for value addition. On the other hand, 86.2 per cent of the total number the financed projects were on-farm activities, and these constitute the highest number of MSMEs, which comprise much of the agricultural sector and are the engine of job creation. The financing needs of farmers in this category include: farm expansion and improvement, installation of valley dams and acquisition of irrigation equipment, land opening (green fields), inputs for primary production such as improved seedlings, fertilizers, pesticides, farm restocking with improved breeds of goats, pigs and cattle for both dairy and beef production.

Such agricultural funding initiatives are critical to prevent any threats to food security in addition to enhancing agricultural sector productivity.

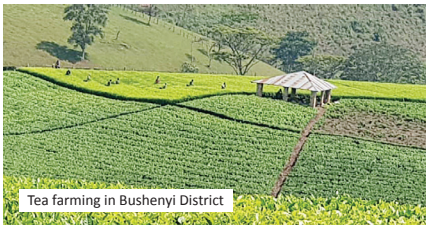
How to access the ACF loan

Loans under the ACF can only be accessed through the PFIs that include all the Commercial Banks, Credit Institutions and Micro-Finance Deposit-taking institutions regulated by Bank of Uganda (BoU).

Please find further information on our:

Website: www.bou.or.ug or,
email: info@bou.or.ug or ACF@bou.or.ug and
Contact: The Executive Director of Finance,
Bank of Uganda
37/45 Kampala, Uganda,
256-41-258441/9

Some pictures of the ACF-funded projects:



Tea farming in Bushenyi District



Fish farming in Wakiso District