DECEMBER 2025 QUARTERLY REPORT

Agricultural Credit Facility

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Abbreviations

ACF	Agricultural Credit Facility
BOU	Bank of Uganda
BMAU	Budget Monitoring and Accountability Unit
UDBL	Uganda Development Bank Limited
CIs	Credit Institutions
NPL	Non-Performing Loans
FIA	Financial Institutions Act 2004, Amendments and Regulations
GoU	Government of Uganda
MDIs	Micro Deposit-Taking Institutions
MoA	Memorandum of Agreement
MoFPED	Ministry of Finance Planning and Economic Development
PFIs	Participating Financial Institutions
PFMA	Public Finance Management Act
SMEs	Small and Medium Enterprises
MSMEs	Micro Small and Medium Enterprises
UGX	Uganda Shillings
BA	Block Allocation
USSIA	Uganda Small Scale Industries Association
MDAs	Ministries Departments and Agencies.

1 Executive Summary

The Agricultural Credit Facility (ACF) continues to play a critical role in providing affordable medium to long-term financing towards private sector investments and projects engaged in primary agricultural production, agro-processing and value addition to raw agricultural outputs, post-harvest management, the Grain trade, commercialisation and modernisation of agriculture. This in turn results in increased capacity for job creation, increase in household income, and boosting export promotion. Through its risk-sharing model the Government is able to leverage public sector resources to extend affordable credit to farmers and agro-processors while expanding financial inclusion to the small holder farmers who dominate the agriculture sector in Uganda.

The report features the utilisation of the ACF funds received from the Government of Uganda and performance during the quarter ended December 31, 2025. Additionally, it highlights the overall progressive performance since inception including enterprises funded as well as regional and gender uptake. It also highlights some of the high value priority crops that have been supported under the ACF in line with promoting the Government of Uganda's agro-industrilisation agenda.

During the quarter ended December 31, 2025, loans amounting to **UGX 51.32 billion**, with a corresponding GoU contribution of **UGX 26.34 billion**, were processed and disbursed by Bank of Uganda to **1,295 eligible projects.** Cumulatively, disbursements increased from **UGX 1.30 trillion** as at September 30, 2025, to **UGX 1.35 trillion** disbursed to **11,358** beneficiaries across the country. Most of the financing was extended to working capital for grain trade and on-farm activities, utilising 43 per cent and 36 per cent respectively. Agro-processing and post-harvest handling utilised 15 per cent and 7 per cent respectively. ACF has significantly enhanced financial inclusion with Micro, Small and Medium Sized Enterprises (MSMEs) constituting 94 **per cent** of the funded projects.

As Fund Administrator, BoU continues to play a critical role in ensuring that the PFIs conduct adequate due diligence before disbursing loans under the ACF. This has resulted in a notable loan recovery rate with a cumulative total of **UGX 441.44 billion (**65% of GoU contribution disbursed**)** repaid by the PFIs as at December 31, 2025. The recoveries are ploughed back and used for on-lending to other eligible projects. The portfolio maintains strong quality indicators, with non-performing loans at **UGX 3.93 billion**, representing a non-performing asset (NPA) ratio of 0.57 percent of the total Government contribution disbursed as at December 31, 2025.

The increasing demand for ACF loans is reflected in the pipeline (loan applications under review) at BoU amounting to **UGX 101.96 billion** with the corresponding GoU contribution of **UGX 52.94 billion.**

2 Government Remittances to the ACF Escrow Account

As at December 31, 2025, the GoU had made cumulative remittances of **UGX 371.56 billion** to the ACF escrow account at BoU. These remittances comprised UGX 366 billion in capitalization for PFI reimbursements and UGX 5.55 billion allocated for ACF marketing activities and audit fee payments. Operating as a revolving credit scheme, the ACF loan reflows from PFIs are ploughed back into the Scheme to support additional eligible borrowers.

The capitalisation of **UGX 366 billion** together with the reflows (repayments from PFIs) of **UGX 441.47 billion** have supported cumulative lending of up to **UGX 682.14 billion** as GoU contribution. This has been matched with PFIs' contribution of **UGX 659.73 billion** to bring total lending under the ACF to **UGX 1.35 trillion** as at December 31, 2025. As at the reporting date, the Scheme had a cash balance of **UGX 125.34 billion** and this is expected to cover commitments amounting to **UGX 51.72 billion** (approved refinance requests awaiting the fulfilment of pre-disbursement conditions by the PFIs) as well pipeline applications still under review at BoU totaling **UGX 101.96 billion** as at December 31, 2025 with GoU contribution equivalent to **UGX 52.94 billion.**

The table below shows the Government cumulative funding to BoU as at December 31, 2025.

Table 1: Government remittances to the escrow account.

FINANCIAL YEAR	AMOUNT REMITTED TO BOU ESCROW A/C	Transfer to ACF Capital A/C	Transfer to Operations A/C (for ACF Publicity)	BALANCE ON ESCROW A/C
2009/2010	20,599,434,400	20,599,434,400	-	-
2010/2011	19,964,478,648	7,905,978,648	-	12,058,500,000
2011/2012	7,500,000,000	19,558,500,000	-	-
2012/2013	15,000,000,000	15,000,000,000	-	-
2013/2014	30,000,000,000	-	-	30,000,000,000
2014/2015	26,000,000,000	30,000,000,000	-	26,000,000,000
2015/2016	50,586,800	-	50,586,800	26,000,000,000
2016/2017	22,000,000,000	-	0	48,000,000,000
2017/2018	600,000,000	26,050,000,000	600,000,000	21,950,000,000
2018/2019	400,000,000	0		22,350,000,000
2019/2020	600,000,000	21,950,000,000	550,000,000	450,000,000
2020/2021	47,863,451,700	47,713,451,700	600,000,000	-
2021/2022	38,100,000,000	38,100,000,000	-	-
2022/2023	49,750,000,000	42,500,000,000	1,250,000,000	6,000,000,000
2023/2024	35,000,000,000	31,000,000,000	-	-
2024/2025	34,931,188,221	32,500,000,000	2,500,000,000	9,931,188,221
2025/2026	23,200,343,684	33,131,531,905	0	-
TOTAL	**371,559,483,453**	**366,008,896,653**	**5,550,586,800**	-

Source: Bank of Uganda

3 Performance of the Scheme during the quarter ended December 31, 2025

During the quarter, **1,576 loan** applications worth **UGX 64.08 billion** were received out of which **97 per cent** were MSMEs (loans not exceeding UGX 100 million). Loans amounting to **UGX 56.9 billion** were processed and approved in respect of 1,682 beneficiaries during the quarter for which the GoU contribution was UGX **29.22 billion.**

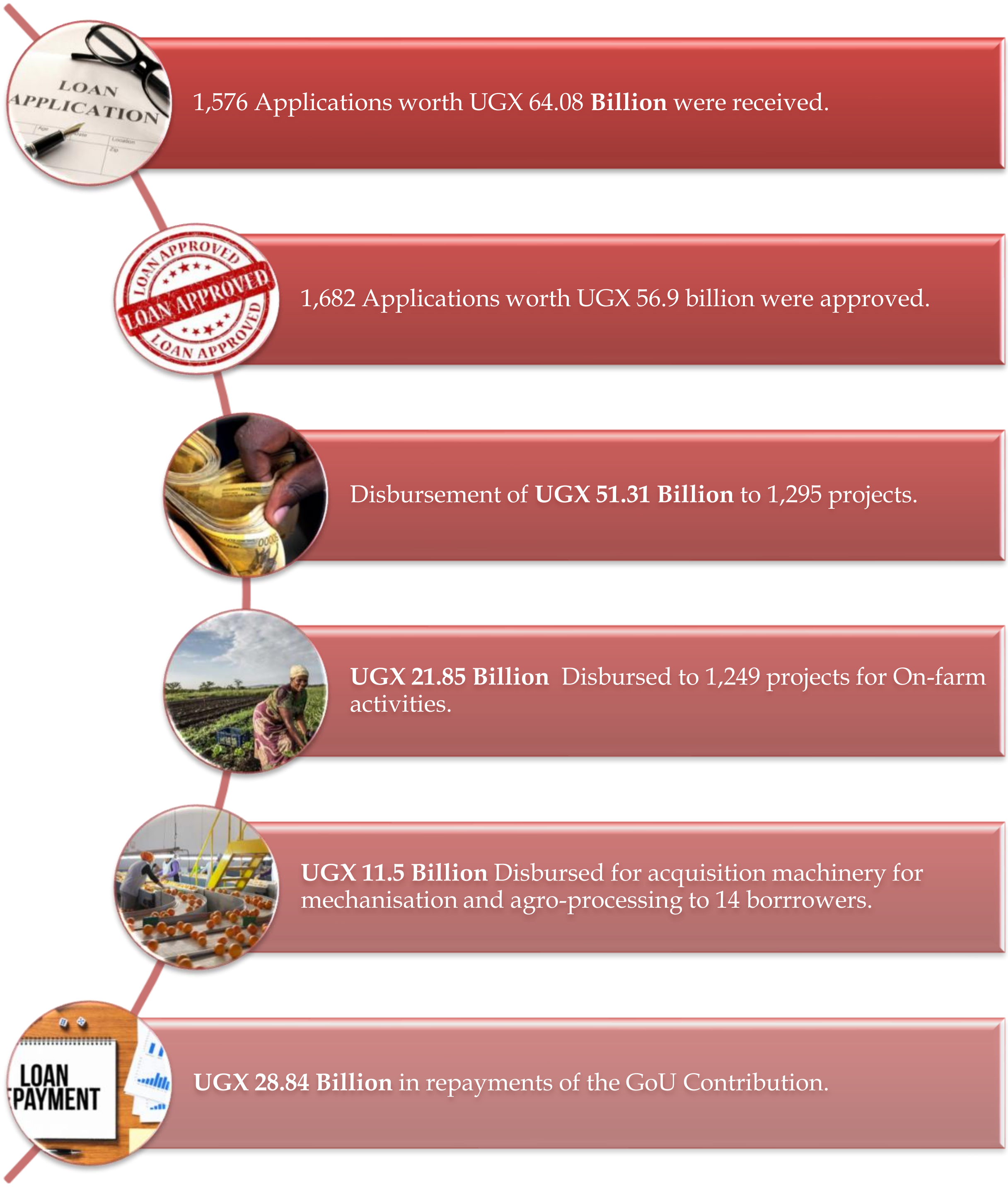
Disbursements (refinance) made by BoU during the quarter amounted to **UGX 26.34 billion** and this was in respect of loans totaling **UGX 51.32 billion** disbursed by PFIs to **1,295** beneficiaries of which 89 per cent were under the Block Allocation Model.

Disbursements made to micro borrowers under the Block Allocation model amounted to **UGX 5.04 billion** (loans not exceeding UGX 20 million) disbursed to **1,156 beneficiaries**, representing **89.3 per cent** of the total number of beneficiaries who accessed funding during the quarter. This model enables PFIs to extend credit to micro borrowers who are usually excluded from traditional banking. Block Allocation facilitates lending to clusters of small holder farmers, making it easier for PFIs to assess risk, monitor borrowers, and reduce transaction costs. Although individual farmers can also benefit, the model encourages aggregation, an important mechanism for enabling small-scale farmers to participate in formal credit.

Financing was extended towards on-farm activities, Grain Trade, agro-processing and mechanisation with on-farm activities receiving the largest funding accounting for **UGX 21.85 billion** extended to 1,249 projects. These funds are used to support primary production activities such as purchase of agriculture inputs, acquisition of biological assets, farm infrastructures like dams, fencing, land clearing among others. Grain trade received **UGX 17.47 billion** for purchase of grain from farmers while agro-processing and farm machinery and equipment utilised **UGX 9.36 billion** and **UGX 2.16 billion** respectively.

Recoveries made from the PFIs during the quarter amounted to UGX **28.84 billion** while outstanding loans with the PFIs (GoU contribution) stood **at UGX 240.67 billion** which is 35 per cent of the loans refinanced to the PFIs as at December 31, 2025. This implies that 68 per cent of the loans disbursed to the PFIs have been repaid, denoting a good loan recovery rate with 98 per cent of the outstanding portfolio reported healthy and the loans still within their maturity profiles.

Figure 1: ACF Summary performance for the quarter ended December 31, 2025



Source: Bank of Uganda ACF data.

Table 2: ACF Cumulative performance during the quarter ended December 31, 2025, compared to the previous quarter.

Portifolio Classification	31-Dec-25	30-Sep-25	Movement	%change
Number of loans applications received	19,102	17,526	1,576	8%
Value of loan applications received	2,007,130,191,277	1,943,048,358,290	64,081,832,987	3%
Number of loans disbursed	11,358	10,063	1,295	11%
Total value of loans disbursed	1,349,503,227,847	1,298,198,207,926	51,305,019,922	4%
GoU Contribution-Disbursements	682,142,808,908	655,803,778,948	26,339,029,960	4%
Block allocation projects financed	8,626	7,470	1,156	13%
Value of Block allocations disbursed	40,174,774,588	35,134,074,588	5,040,700,000	13%
Repayments	441,451,607,402	406,855,881,111	34,595,726,291	8%
Value of deliquent loans	3,937,116,988	4,104,672,096	(167,555,108)	-4%

Source: Bank of Uganda

Loan recoveries amounting to **UGX 167.56 million** were made in respect of five delinquent loans held by DFCU, Opportunity Bank and Finance Trust Bank. This led to a reduction in the NPL position from **UGX 4.10 billion** reported in the previous quarter to **UGX 3.94 billion** in the quarter under review. BoU continues to follow up with the PFIs to ensure that reasonable efforts are undertaken by the PFIs to recover the loans in delinquency.

4 ACF Cumulative Performance since inception

As at December 31, 2025, BoU had received a cumulative total of **19,102 loan applications** from 24 PFIs, representing a total loan value of **UGX 2.0 trillion**. Of these**, 11,358** applications with a total value of **UGX 1.35 trillion** fulfilled all the pre-disbursement conditions and were disbursed. The GoU contribution accounted for **UGX 682.14 billion.** The number and value of applications disbursed represent 59.5 percent and 67.2 per cent of total applications received respectively. The remaining **UGX 657.63 billion** in undisbursed loan applications comprise commitments awaiting additional information, pipeline applications still under review and ineligible applications.

Opportunity Bank Uganda Limited had the highest number of applications submitted to BoU as well as number of loans disbursed and these are largely MSMEs under the Block Allocation arrangement. Opportunity Bank runs one of the largest SME capacity building initiatives in Uganda and their MSME Accelerator Program is designed to build capacity for this market segment where they offer business training, marketing linkages, mentorship and coaching in addition to financing.

Stanbic Bank, DFCU Bank, Pearl Bank and Absa Bank, had the highest value of loans disbursed accounting for U**GX 350.5 billion, UGX 204.9 billion, UGX 182.89 billion and UGX 127.6 billion** respectively. These PFIs mainly lend to medium and large-scale Grain Traders and Agro-processors whose financing needs require large funding.

It is important to note that Pearl Bank Uganda Limited (Formerly PostBank Uganda Limited) has continuously demonstrated stable and notable growth in both loan value and number of beneficiaries in comparison to other PFIs. The institution has expanded its portfolio beyond MSME lending to include grain trade financing and agro processing in key value chains especially coffee, dairy and beef value chains. Cumulatively, Pearl Bank Uganda Limited had disbursed **UGX 182.89 billion** to 1,521 beneficiaries as at December 31, 2025. Table 3 below shows uptake per PFI in both loan applications received by BoU and disbursements made as at December 31, 2025.

Table 3: Cumulative Loan Applications and Disbursements per PFIs as at December 31, 2025

PFI	No. of Project App'ns Received	Value of Loan Applications at BoU (UGX)	No. of Projects Disbursed	Total Disbursement (UGX)	PFI Contribution (UGX)	GoU Contribution (UGX)
Opportunity Bank	12,096	60,838,221,531	5,984	37,089,832,600	15,575,164,900	21,514,667,700
Pearl Bank (U) Ltd	2,012	244,683,243,234	1,521	182,889,043,234	86,023,739,617	96,865,303,617
Centenary Bank	1,640	139,448,907,217	1,114	91,885,958,600	46,038,483,974	45,847,474,626
Equity Bank (U) Ltd	1,432	161,561,970,347	1,342	87,965,690,100	43,982,845,050	43,982,845,050
DFCU Bank	1,036	258,121,731,829	829	204,865,744,355	102,721,943,282	102,143,801,073
Stanbic Bank(U)Ltd	194	511,760,300872	148	350,510,362,804	175,703,396,040	174,806,966,764
Housing Finance Bank	163	30,019,449,565	124	24,962,450,966	12,481,225,483	12,481,225,483
Tropical Bank (U)Ltd	135	41,337,500,000	38	22,385,100,000	11,192,550,000	11,192,550,000
Pride Bank	105	2,660,100,000	45	1,343,500,000	506,050,000	837,450,000
UDBL	66	111,857,621,178	47	78,541,829,193	39,294,962,596	39,246,866,597
Finance Trust Bank Ltd	63	22,833,021,214	55	19,923,753,905	9,961,876,953	9,961,876,952
Absa Bank (U)Ltd	57	202,390,428,844	48	127,552,466,647	63,776,233,323	63,776,233,324
Bank of Baroda(U)Ltd	38	132,323,016,446	24	84,771,016,443	42,385,508,221	42,385,508,222
Bank of Africa(U)Ltd	23	20,890,939,000	18	15,515,939,000	7,757,969,500	7,757,969,500
KCB Bank(U)Ltd	10	11,860,540,000	7	5,660,540,000	2,913,770,000	2,746,770,000
Diamond Trust Bank	9	16,968,000,000	3	3,300,000,000	1,650,000,000	1,650,000,000
Crane Bank Ltd*	6	19,565,000,000	2	2,080,000,000	1,040,000,000	1,040,000,000
Gold Trust Bank*	3	175,000,000	1	30,000,000	15,000,000	15,000,000
Mercantile Bank Ltd	3	1,170,000,000	-	0	0	0
YAKO Bank	3	355,200,000	2	230,000,000	69,000,000	161,000,000
Standard Chartered Bank	2	5,000,000,000	2	5,000,000,000	2,500,000,000	2,500,000,000
Orient Bank(I&M)	2	5,500,000,000	2	2,600,000,000	1,650,700,000	949,300,000
Top Finance Bank/Salaam Bank	2	400,000,000	2	400,000,000	120,000,000	280,000,000
IBUL**	2	5,410,000,000	-	0	0	0
TOTAL	**19,102**	**2,007,130,191,277**	**11,358**	**1,349,503,227,847**	**667,360,418,939**	**682,142,808,908**

Source: Bank of Uganda *Defunct PFIs **Changed name to Exim Bank (U) Limited.

5 Repayments and dues from PFIs

As at December 31, 2025, cumulative repayments made by PFIs amounted to **UGX 441.47 billion**, representing 64.7 percent of the total disbursed GoU contribution. The outstanding balance with the PFIs stood at **UGX 240.67 billion**. Loan recovery for the GoU contribution due to BoU from the PFIs is done bi-annually in June and December in accordance with the ACF-MoA. Recoveries are redeployed to finance new applications given that the ACF operates as a revolving scheme. The good recovery rate is attributed to BoU's oversight role, which ensures that PFIs conduct proper due diligence on funded projects to maintain compliance with the Memorandum of Agreement (MoA). The status of the GoU contribution refinanced to each PFI, repayments made to BoU, and the outstanding balances due from PFIs as at December 31, 2025, are presented in Table 4 below:

Table 4: Outstanding GoU contribution with the PFIs as at December 31, 2025.

PFI	CUMULATIVE AMOUNT DISBURSED (UGX)	CUMULATIVE REPAYMENTS (UGX)	OUSTANDING BALANCES (GoU)
Stanbic Bank	174,806,966,764	94,483,454,918	80,323,511,748
DFCU Bank	102,143,801,073	85,054,730,524	17,089,070,549
Pearl Bank Uganda Limited	96,865,303,617	56,115,387,497	40,749,916,120
Absa Bank	63,776,233,324	30,605,296,150	33,170,937,174
Centenary Bank	45,847,474,626	25,975,383,078	19,872,091,548
Equity Bank	43,982,845,050	34,225,143,739	9,727,701,311
Bank of Baroda	42,385,508,222	30,218,939,300	12,166,568,922
Uganda Development Bank	39,246,866,597	34,060,823,676	5,186,042,921
Opportunity Bank	21,514,667,700	11,395,464,037	10,119,203,663
Housing Finance	12,481,225,483	10,385,723,465	2,095,502,018
Tropical Bank	11,192,550,000	9,514,363,133	1,678,186,867
Finance Trust Bank	9,961,876,952	3,894,189,955	6,067,686,997
Bank of Africa	7,757,969,500	6,708,489,834	1,049,479,666
KCB Bank	2,746,770,000	1,569,501,429	1,177,268,571
Standard Chartered Bank	2,500,000,000	2,500,000,000	0
Diamond Trust Bank	1,650,000,000	1,650,000,000	0
Crane Bank*	1,040,000,000	1,040,000,000	0
Orient /I&M Bank	949,300,000	949,300,000	0
Pride Bank	837,450,000	784,450,000	53,000,000
Top Finance/Salaam Bank	280,000,000	280,000,000	0
YaKO Bank	161,000,000	16,800,000	144,200,000
Global Trust Bank*	15,000,000	15,000,000	0
Total	**682,142,808,908**	**441,442,440,735**	**240,670,368,075**

Source: Bank of Uganda *Defunct PFIs

6 Uptake of the scheme

6.1 Uptake by enterprises financed.

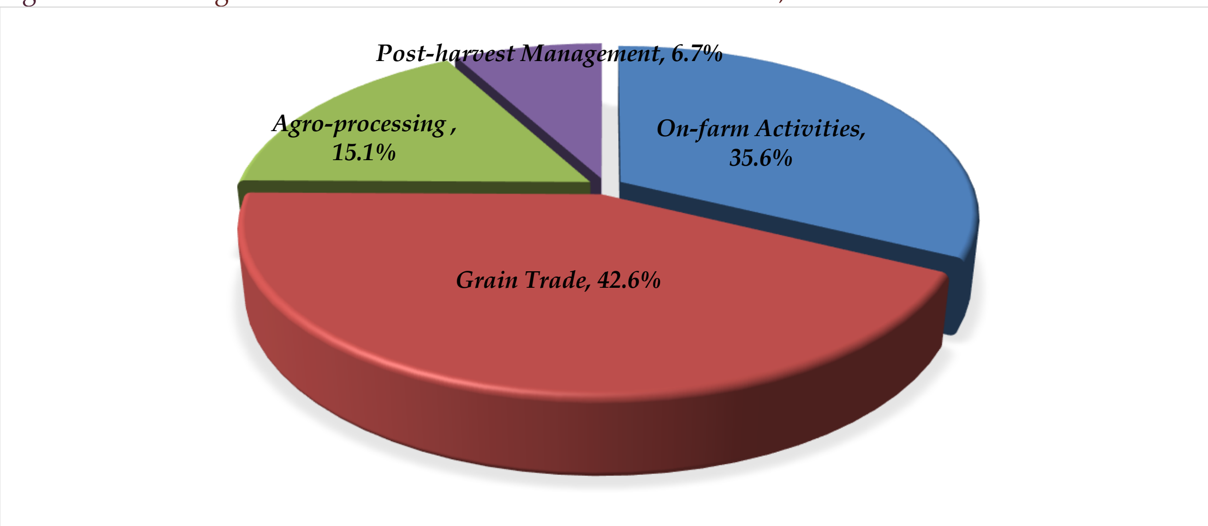
The ACF funds have been extended to four main areas namely; on-farm activities, grain trade, agro-processing and post-harvest management. Grain trade continued to receive a disproportionately high share of the loans disbursed at 43 per cent. This was followed by On-farm activities which received a cumulative share of 36 per cent of the total funds disbursed but had the highest number of beneficiaries totaling 10,421 out of the total number of funded beneficiaries under the ACF, representing **92 per cent** of the projects financed. On-farm activities involve financing primary production which includes financing agricultural machinery like tractors for land opening, agro-inputs, farm infrastructure like valley dams, and irrigation equipment as well as the acquisition of biological assets like cattle for restocking for dairy and beef production. The beneficiaries under on-farm activities largely constitute the micro borrowers under the Block Allocation who are mainly engaged in primary production, farm expansions and improvements. Agro-processing and post-harvest management received 15 per cent and 7 per cent of the funds disbursed respectively. The breakdown of the cumulative disbursements by activity financed as at December 31, 2025, is provided in Table 5 and illustrated in Figure 2 below.

Table 5: ACF portfolio grouped by funded activities

Funded activity	No. of projects	% of no. of loans disbursed	Total loan amount (UGX)	Gou Contribution (UGX)	% utilization
On-farm Activities	10,421	91.7%	469,548,616,782	242,547,751,792	35.6%
Grain Trade	554	4.9%	564,299,043,756	282,157,521,879	42.6%
Agro-processing	213	1.9%	195,291,910,350	98,019,355,175	15.1%
Post-harvest Management	170	1.5%	90,835,330,907	45,765,305,454	6.7%
TOTAL	11,358	100%	1,295,963,631,090	655,803,778,948	100%

Source: Bank of Uganda

Figure 2: Percentage utilisation of areas funded as at December 31, 2025



Source: Bank of Uganda

6.2 ACF uptake by region

In terms of regional uptake, the Central region continues to lead in the utilization of ACF funds accounting for **45.85 percent**. This is followed by the Eastern and Western regions at **25.87 percent** and **21.47 percent** respectively. Financing extended to these regions has primarily supported agro-processing projects involved in value addition for Sugar, poultry, coffee and grain value chains. Similarly, the Central region had the highest number of beneficiaries at 5,450 borrowers, followed by the Western region at 3,445 borrowers and Eastern region at 1,292 borrowers.

The concentration of economic activity and the high number of MSMEs, PFIs branch presence and customer deposit volumes, coupled with availability of registered land and a favourable land tenure system, leads to increase in credit demand and justifies greater lending in the Central region.

The improved performance in fund utilization by the Eastern region is due to the presence of agro-processors in sugar and grain value chains that require larger funding.

The Northern region experienced low uptake (6.7 percent) with only 1,171 beneficiaries, partly due to its communal land tenure system, which limits farmers' ability to secure land titles required by PFIs for lending. To address this challenge, the Block Allocation arrangement under the ACF has provided an alternative solution for farmers constrained by a lack of traditional collateral, enabling them to access the much-needed financing by using cashflows, chattels, credit history and group guarantees. Notably, most beneficiaries in the Northern region benefitted through the Block Allocation arrangement, with districts such as Lira, Gulu and Abim having the highest number of beneficiaries.

To close this gap, targeted interventions maybe required to address structural, financial, and institutional barriers affecting farmers in the Northern region. There is need to promote alternative collateral options such as the warehouse receipt system, use of movable assets and group guarantees among others in addition to supporting issuance of land titles to formalise ownership.

There is need to scale up the Uganda Agricultural Insurance Scheme in the Northern region to provide crop insurance at subsidised premiums for the farmers which would incentivise the PFIs to extend credit.

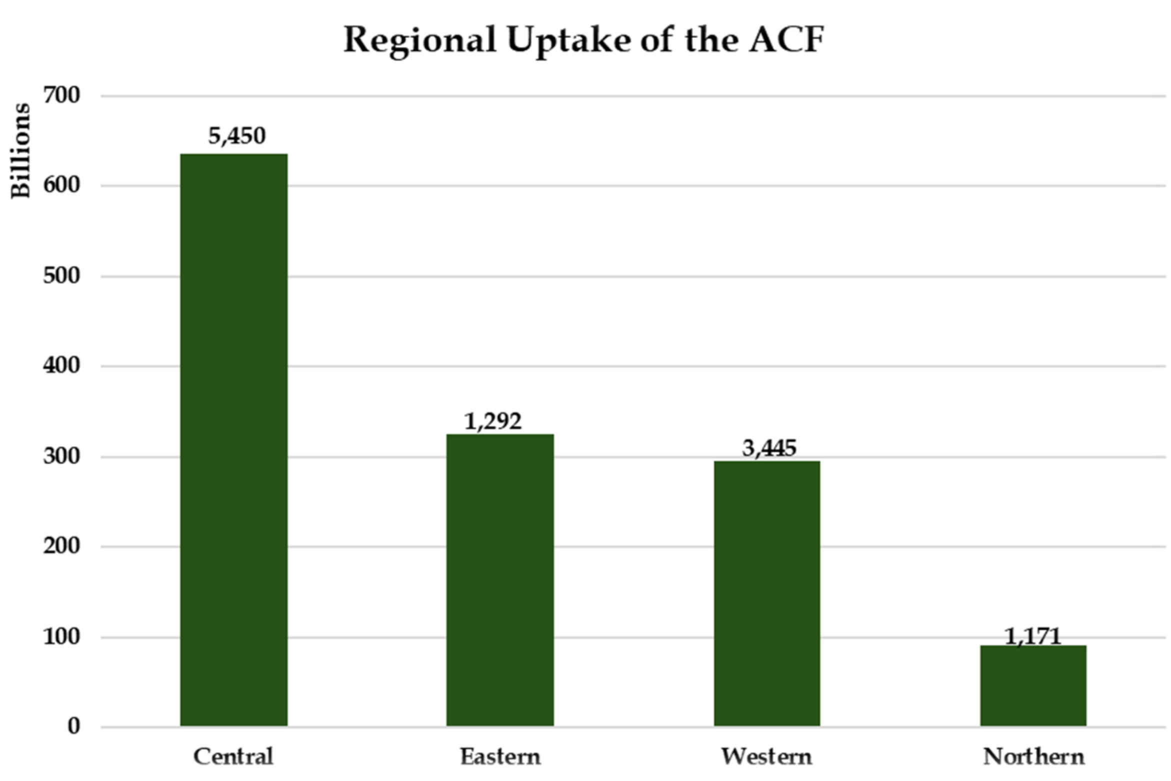
However, it should be noted that there are emerging large scale processors engaged in Seed oil and grain processing in the Northern region, who have been supported under the ACF. With continuous sensitisation supported by the above recommendations, BoU is optimistic about increase in uptake of the ACF in this region. The table below indicates regional Fund uptake.

Table 6: Regional distribution of the ACF funds as at December 31, 2025

Region	*Total Loan Amount*	*No. of beneficiaries*	*PFI Contribution*	*GOU Contribution*	*% regional uptake of loans*
Central	635,377,455,547	5,450	314,558,805,809	320,818,649,738	47.16%
Eastern	325,524,868,330	1,292	162,146,486,340	163,378,381,990	24.16%
Western	295,745,877,939	3,445	143,635,905,357	152,109,972,582	21.95%
Northern	90,632,449,195	1,171	44,796,644,597	45,835,804,598	6.73%
Total	**1,347,280,651,011**	**11,358**	**665,137,842,103**	**682,142,808,908**	**100.00%**

Source: Bank of Uganda

Figure 3: Regional uptake of ACF funds by value as at December 31, 2025



Source: Bank of Uganda-ACF data

6.3 ACF uptake by beneficiary category

While ACF does not practice targeted lending, available data shows that the Fund has enabled access to finance by some of the vulnerable groups most especially women. Although the male gender continued to dominate uptake, with 8,020 beneficiaries representing 71 percent of the total number of beneficiaries and utilising UGX 287.99 billion, 2,605 female borrowers accounting for 23 per cent have accessed UGX 40.30 billion under the ACF. The remaining 698 borrowers constituted companies, partnerships and farmer groups and although the number of beneficiaries is low at 6 percent, this category received the largest share of the funding at UGX 1.02 trillion (76 per cent) of the disbursed funds under the ACF. This is because companies, Partnerships and farmer groups are mainly engaged in large scale value addition and grain trade that require substantial loan amounts.

Although fund utilization by women remains relatively low, there has been a progressive increase in the number of women beneficiaries, particularly under the Block Allocation arrangement. This model addresses the unique needs of women farmers many of whom lack registered land titles or other marketable assets to secure loans.

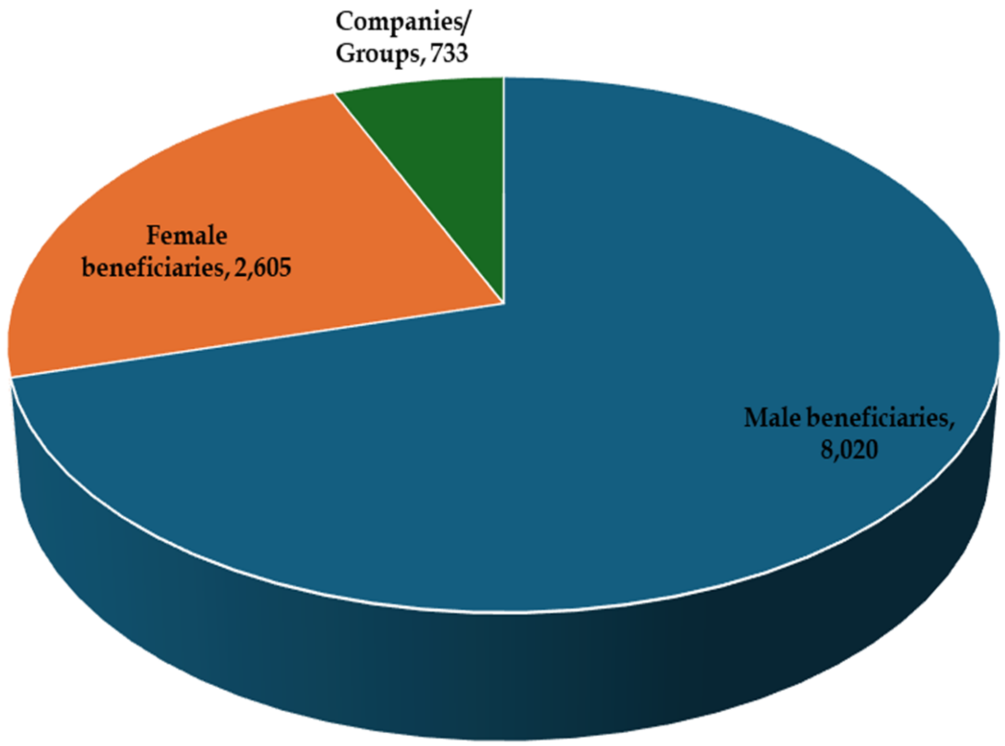
Table 7 and Figure 4 below show the utilisation of the ACF funds by category both the number of beneficiaries and the value of loans disbursed as at December 31, 2025.

Table 7: Cumulative – Uptake per beneficiary category as at December 31, 2025.

Category	*No. of beneficiaries*	*% uptake of number of beneficiaries*	*Total loan amount*	*GOU Contribution*	*% uptake of loan amounts*
Male beneficiaries	8,020	71%	287,986,098,940	149,395,552,869	21%
Female beneficiaries	2,605	23%	40,298,408,428	21,306,564,214	3%
Companies/ Groups	733	6%	1,018,996,143,643	511,440,691,821	76%
Total	**11,358**	100%	**1,347,280,651,011**	**682,142,808,904**	100.00%

Source: Bank of Uganda

Figure 4: Uptake by number of beneficiaries per category.



Source: Bank of Uganda

6.4 Performance by Micro, Small, Medium and Large Enterprises (MSMEs)

The ACF has played a major role in enabling access to finance by the small-holder farmers and this is evidenced by the fact that MSMEs constitute the highest number of beneficiaries under the ACF with a combined 93.9 percent of the total number of beneficiaries.

Of the 11,358 beneficiaries that have received funding under the ACF, 8,634 are micro-enterprises representing **76 percent**, 1,252 are small enterprises representing **11 percent,** 789 are medium-sized enterprises accounting for **6.95 percent.** MSMEs include the borrowers who accessed unsecured loans through the Block Allocation arrangement.

The large-scale enterprises comprised 683 projects accounting for **6 percent** of the number of projects funded. These include the agro-processors and grain traders whose capital requirements are usually large due to the costs of machinery and associated equipment. This directly underscores the main objectives of the ACF of promotion of value addition in agriculture through financing of projects involved in agro-processing and post-harvest handling.

MSMEs are mainly involved in primary production and their financing needs are usually agro-inputs, farm improvements and acquisition of farm machinery like tractors which require relatively smaller loan amounts with loans not exceeding UGX 100 million, and this explains the low uptake in terms of value of loans disbursed to MSMEs.

Conversely, the high number of micro-borrowers reflects a positive trend in financial inclusion. This increase is largely attributed to the Block Allocation arrangement, which allows borrowers to access credit with minimal or no collateral requirements. This model is particularly attractive to small holder farmers who lack traditional assets to secure credit. The Block Allocation model lowers the barriers to entry for accessing financial services and as a result, more people especially women, youth, and small-scale entrepreneurs can participate in economic activities, improve their livelihoods, and contribute to economic development.

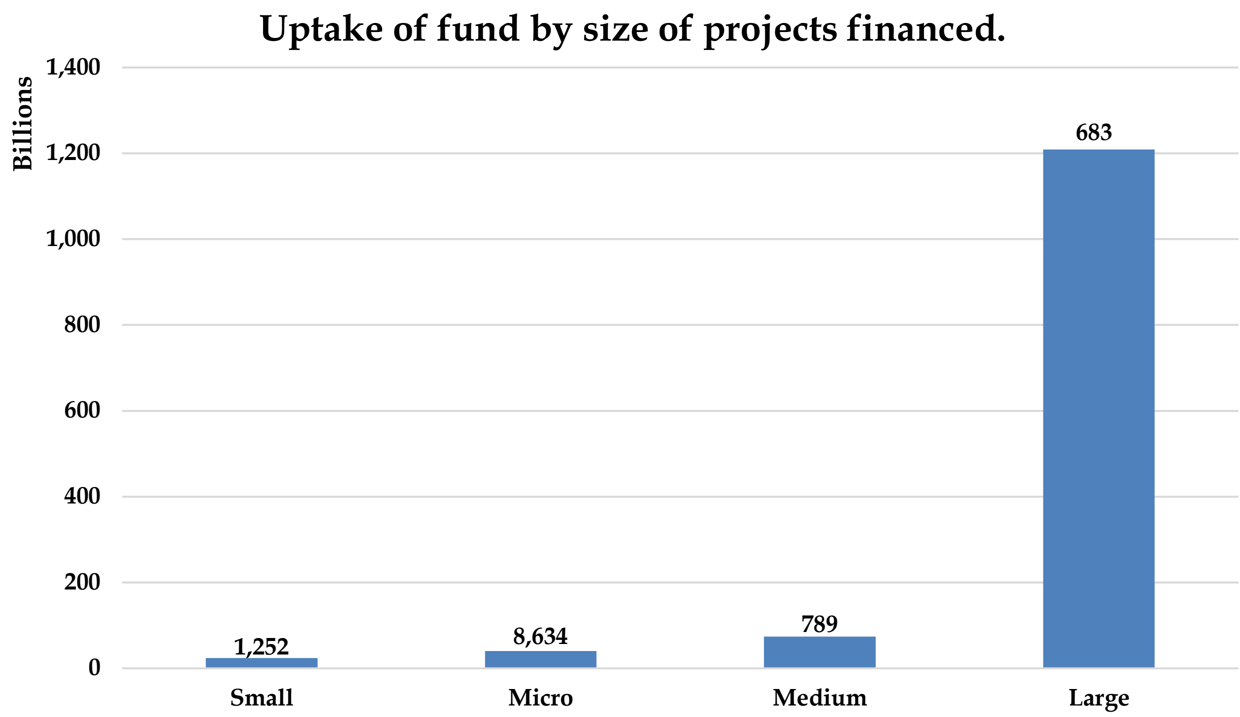
The ACF has demonstrated commendable commitment to building a balanced agri-food eco-system by prioritizing both ends of the value chain i.e. production and processing. This ensures food security, market access, higher incomes for farmers, reduction in post –harvest losses and job creation as a result of value addition to agriculture produce. Table 8 and figure 5 below show the classification of loans by size: -

Table 8: Categorization of Loans by size as at December 31,2025

Grouping	Loan size	Amount (UGX)	% share of loan amount disbursed	Number of projects	% share of number of beneficiaries
Micro	*0-20,000,000**	40,444,945,578	3%	8,634	76.02%
Small	*20,000,001-50,000,000*	24,019,924,059	2%	1,252	11.02%
Medium	*50,000,001-100,000,000*	73,791,236,399	5%	789	6.95%
Large	*100,000,001-above*	1,209,024,544,975	90%	683	6.01%
Total		**1,347,280,651,011**	**100.00%**	**11,358**	**100.00%**

Source: Bank of Uganda* Includes borrowers under the Block Allocation

Figure 5: Uptake by size of loans under ACF



Source: Bank of Uganda

7 ACF's contribution to promoting Uganda's key agricultural exports

Agriculture contributes significantly to Uganda's export basket, with agricultural exports accounting for 36% of export earnings as of FY2024/25. Many of the country's traditional and emerging cash crops such as coffee, tea and sugar remain high value export commodities. These crops are important because they act as raw materials required for agro-industries engaged in value addition, hence strengthening Uganda's manufacturing sector, supporting import substitution and diversification of exports as well as creating jobs along the value chains.

Coffee is Uganda's leading cash crop and top foreign exchange earner. As the highest export earner, coffee export revenue doubled from US $1.14 billion in 2023/2024 to US $2.22 billion in 2024/2025 with Uganda becoming Africa's top coffee exporter. Tea, a long-standing export crop for Uganda, has maintained a stable demand and there is growing value addition in this value chain. Tea accounted for US$3.26 million in export earnings in 2024/2025.
On the other hand, Sugar exports have surged due to increasing regional demand especially in East African market.

In support of the above, ACF has financed the above three value chains by financing primary production, processing and commercialization. A total of **UGX 140.86 billion** with a GoU contribution equivalent of UGX 70.76 billion was disbursed to support Sugarcane, Coffee and Tea value chains under the ACF. A total of UGX 75.40 billion was disbursed to 132 projects engaged in the sugarcane value chain to provide inputs and infrastructure for value addition. This was followed by Coffee utilising UGX 46.99 billion but had the highest number of beneficiaries at 479. The Tea subsector utilised UGX 18.47 billion extended to 35 beneficiaries. The low uptake for the Tea subsector is largely attributed to challenges within the sector such as the low farm gate prices for the green leaf.

The table below shows the distribution of funding under ACF to the above three value chains

Table 9: ACF utilization for Coffee, Tea and Sugarcane

Category	Number of beneficiaries	Total Loan Amount	GoU Contribution	% utilization
Coffee	479	46,992,942,017	23,641,991,009	33.4%
Sugarcane	132	75,396,016,446	37,841,708,223	53.5%
Tea	35	18,472,238,158	9,279,119,079	13.1%
Total	**646**	**140,861,196,621**	**70,762,818,311**	**100.00%**

Source: Bank of Uganda ACF Data

Borrowers who accessed funding for the above value chains have been categorised under large, medium, small and micro borrowers based on loan size.

Table 10: Funds utilization by enterprise size.

Loan sizes	Number of beneficiaries	Approved Loan Amount	GoU Contribution	%age utilization	%age beneficiaries
Large	136	131,694,074,621	66,026,437,311	93.5%	21.1%
Medium	45	3,557,500,000	1,822,750,000	2.5%	7.0%
Micro	413	3,735,122,000	1,962,381,000	2.7%	63.9%
Small	52	1,874,500,000	951,250,000	1.3%	8.0%
Total	**646**	**140,861,196,621**	**70,762,818,311**	**100%**	**100%**

Source: Bank of Uganda ACF Data

A total of **UGX 131.69 billion** was disbursed to the 136 large scale farmers representing **93.5 per cent** of the total amount disbursed. These borrowers typically operate large farms, industries and factories but also off-take from the small-holder farmers (usually out-growers).

In terms of regional uptake, the Central and Eastern regions received the highest funding for these value chains, accounting for UGX 69.73 billion (50.5%) and UGX 40.63 billion (28.8%). They were followed by the Western region at UGX 29.66 billion (21.1%) while the Northern region received UGX 841.20 million (0.6%). The Central and Eastern regions are the hearts of coffee and sugarcane production but also have a high concentration of processing plants. Most of the Tea production and processing is concentrated in the Western part of the country. The low mechanization and value addition coupled with unfavourable landscape contributed to low uptake in the Northern region.

The above summary is highlighted in the table below:

Table 11: Regional distribution of the funds utilized under Plantation farming.

Region	Projects financed	%age number of projects	Approved Loan Amount	GoU Contribution	%age utilization
Western	265	41.0%	29,661,716,158	14,922,158,079	21.1%
Central	212	32.8%	69,727,206,217	34,925,343,109	49.5%
Eastern	141	21.8%	40,631,074,246	20,490,477,123	28.8%
Northern	28	4.4%	841,200,000	424,840,000	0.6%
Total	**646**	**100%**	**140,861,196,621**	**70,762,818,311**	**100%**

Source: Bank of Uganda ACF Data

8 Publicity of the Scheme and Stakeholder engagements

To enhance public awareness of the Agricultural Credit Facility (ACF), the Bank of Uganda (BoU) has implemented a robust marketing strategy aimed at increasing visibility of the Scheme across the country. Recognizing that effective information dissemination requires collaboration, BoU has partnered with various stakeholders including Government Ministries, Departments and Agencies, Participating Financial Institutions (PFIs), and media houses such as Vision Group and Nation Media Group to amplify outreach efforts.

During the quarter, BoU conducted a number of publicity engagements targeting farmers and agribusinesses. These activities included workshops, agricultural exhibitions, stakeholder forums, town hall meetings, and media campaigns, all aimed to educate and inform audiences about the ACF. These engagements are highlighted below: -

1. Collaborative workshops with MoFPED and Local Government in Jinja and Mukono.
2. BoU-ACF PFI Workshops and Community Engagements in Kampala with UGAFODE and FINCA.
3. BoU-ACF engagement with the public organised by Kamwenge Initiative for Development Organisation.
4. BoU- Financial Literacy Trainings held in Arua, Masaka and Lira.
5. BoU-ACF engagement with the business community organised in conjunction with Mbarara City Traders Association held in Mbarara City.

BoU team meeting with FINCA Uganda in one of the PFI workshops held.

Alongside the above workshops, BoU also undertook radio, TV and print media campaigns as outlined below: -

1. Voice of Kamwenge in Kamwenge District.
2. Biiso FM in Buliisa District.
3. TV West in Mbarara City.
4. NTV in Kampala.
5. Special Coffee Supplement in New Vision and Bukedde
6. Q &A on ACF and SBRF in the Tarehe Sita Magazine
7. ACF & SBRF pull out in the Observer News Paper and
8. A feature by National Planning Authority of some of the success stories from selected beneficiaries.

Conducting a farmer engagement in Kamwenge.

8.1 Achievements of the ACF

The ACF has recorded several major accomplishments since its establishment in 2009. These achievements demonstrate its role in strengthening agricultural finance, boosting productivity, supporting agro-industrilisation and contributing to socio-economic transformation in Uganda Below are the highlights of these achievements:

1) Increased access to low-cost financing. The concessionary interest rates under ACF have made financing more accessible to farmers and agro processors. Through the risk sharing model, GoU has been able to leverage on private sector credit to extend financing of up to **UGX 1.35 trillion** to **11,358** beneficiaries across the country.
2) Increased access to finance for MSMEs. As at December 31, 2025, MSMEs represented 94 percent of the total beneficiaries under the ACF, underscoring the scheme's success in extending financial inclusion to the underserved small holder farmers who dominate the agricultural sector.
3) Empowered small-holder farmers through Block Allocation. The innovative Block Allocation model has enabled small-holder farmers to access financing without traditional collateral. Beneficiaries under the model constitute 76 per cent of the total beneficiaries under the ACF.
4) Supported agricultural commercialisation.

   Affordable financing has empowered farmers to acquire agricultural machinery and equipment, farm inputs and expand their farms. Over 10,000 farmers have benefitted from loans totalling **UGX 469.55 billion** that has facilitated the installation of farm infrastructure, purchase of tractors, irrigation equipment, and other tools, resulting in improved productivity and increased yields.
5) Supported reduction in post-harvest losses.

   The ACF has disbursed **UGX 90.84 billion** to 170 aggregators, off-takers and some small holder farmers for post-harvest handling infrastructure, including silos and warehouses, minimizing losses and extending the shelf life of agricultural produce.
6) Contributed to promotion of exports and value addition.

   The ACF has provided **UGX 195.29 billion** to 213 agro processors across various value chains, supporting the production of value-added products. This has contributed to increased Uganda's export revenue, enhanced competitiveness, and widened product offerings for both local and international markets.

9 Amendments to further improve the Fund's uptake

A review of the operations of the Scheme was undertaken and following a stakeholder consultative engagement, recommendations were made to address some of the challenges that affected uptake and to improve access to financing under the Scheme. The following amendments have therefore been made:

1) Allowed the PFIs to make provisions of up to 50 per cent (their contribution) since the Government of Uganda contribution is subject to the Public Finance Management Act.

2) Provided for value chain financing by allowing financing for working capital for agricultural produce used as raw materials for agro-processors as well as trading in agricultural commodities.

3) Increased the maximum limit under biological assets from UGX 80 million to UGX 250 million.

4) Allow grain stock financed under the Grain facility to act as primary collateral, provided it is managed by a reputable collateral manager. This is to increase flexibility on collateral requirements by providing alternative collateral options.

5) Allow for the loan period for the GoU contribution refinanced by BoU to the PFIs to commence on the date of disbursement by BoU to the PFI. This was done to recognize the timing difference for when the PFIs claim for the GoU contribution given that they disburse 100% of the loan to the borrowers first before they make a claim from BoU.

6) Increased the maximum loan amount for non-grain projects from UGX 2.1 billion to UGX 5 billion while working capital for Grain and related Capital Expenditure remained at UGX 10 billion. However, these caps can be lifted on a case-by-case basis depending on the projects' economic impact on job creation, tax revenue, foreign exchange earnings etc. In addition, borrowers can also acquire top-up loans while still servicing existing loans. The amendment was to increase working capital requirements for farmers, agro-processors and grain traders, who meet the capacity to service the loans.

7) Inclusion of BoU-licensed tier 4 institutions under the PFIs. This is expected to enhance financial inclusion by enabling the small-holder farmers who operate under these SACCOS to access affordable financing under the Scheme.

10 Major Challenges

While the ACF has achieved significant success in enabling access to finance through its risk sharing arrangement with the PFIs, the Scheme has experienced other challenges that affect its uptake and performance and these are structural challenges highlighted below:

1. High perceived risk for Agriculture lending. PFIs consider agriculture a high-risk sector because of the inherent risks associated with the sector such as weather shocks, pests, market volatility, and price fluctuations. This discourages some PFIs from aggressively lending under the ACF.

2. PFIs' Internal Lending Policies. Some PFIs maintain conservative lending policies that limit agricultural lending despite the risk-sharing arrangement under the ACF.

3. Limited financial literacy and record-keeping. Many small-holder farmers face challenges with financial literacy and maintaining accurate records. This not only limits their ability to access finance but also complicates the appraisal process for PFIs.

4. Insufficient collateral for lending. Most farmers especially smallholder farmers lack adequate collateral, such as registered land titles or high-value assets, which PFIs require to extend credit under the ACF.

5. Regional and gender disparities. Farmers especially from Northern and Eastern Uganda, face more barriers to accessing ACF loans because of the land tenure system that constrains access to land titles. Special interest groups such as women and the youth do not own land titles required by the financial institutions.

11 Possible solutions

The following are the recommendations for consideration to address the above challenges:

i. Strengthen the complementarity of the Uganda Agriculture Insurance Scheme (UAIS) and the ACF to ensure that farmers whose risks have been cushioned under the UAIS, are able to access affordable credit under the ACF.
ii. Strengthen Government risk-sharing arrangement under the ACF to reduce banks' exposure by considering increasing the Government risk cover from 50 per cent to 70 per cent in addition to fast tracking the write off procedure for the GoU contribution. This will give PFIs confidence that losses will not heavily affect their capital.
iii. PFIs should be encouraged to revise their internal credit policies to better accommodate agricultural lending.
iv. Enhance capacity building and skilling for PFIs in lending to agri-business enterprises focusing on value chain risk analysis, appraisal of agricultural loans, and loan management.
v. Reduce Collateral burden through flexible collateral options by allowing alternative collateral such as digital warehouse receipts, group guarantees, movable collateral such as livestock, farm produce among others. The Block Allocation model under ACF is addressing this, however the loan amount accessible to a borrower is capped at only UGX 20 million, which is too low.
vi. Given that at least 80% of Ugandan farmers lack bankable collateral, movable collateral registry is critical in filling this gap. Registration fees and compliance requirements can discourage small-holders. Streamlining the procedure and reducing the cost and burden of registration for farmers is critical. With reduced collateral rigidity, banks can lend more easily and at lower risk.
vii. Scale up financial literacy to stress the importance of keeping financial records and having active bank accounts.
viii. Promote inclusion in regional and gender sensitive targets by streamlining the land registration process and encouraging PFIs to accept Certificate of Customary Ownership as valid collateral. Introduce incentives (e.g rewards) for PFIs that promote gender and regional inclusion in their credit portfolio.

12 Conclusion

The ACF remains a key driver of transformation in the agricultural sector. Its success is largely attributed to critical government intervention and private-sector funding, supported by BoU oversight. This partnership has created a cost-efficient public-private model that facilitates much-needed medium-to-long-term financing for the agricultural sector. The scheme reflects a strong commitment, with PFIs contributing **UGX 636.88 billion**, while the Government has disbursed **UGX 655.80 billion**, resulting in total loans amounting to UGX **1.34 trillion** as at December 31, 2025. In addition, the ACF boasts of a remarkable repayment rate, with a non-performing loan ratio of only **0.57 percent**, compared to **3.7 percent** in commercial banks, positioning it as the leading risk-sharing facility for transforming Uganda's agricultural sector.

BoU through consultations with key stakeholders, PFIs and MoFPED have made amendments to the ACF-MoA to address some of the implementation challenges, and we are optimistic that once they are implemented, will significantly improve access and performance of the Scheme. BoU will also continue to strengthen financial literacy and support inclusion by scaling up the Block Allocation arrangement under the ACF, especially to the underserved regions.

Appendix 1 Salient Features of the ACF Scheme

12.1 The Role of BOU

The key role of BOU under the ACF is that of the scheme administrator.

The responsibilities include:

i. Review of the loan applications against the terms and conditions of the scheme in accordance with the MoA.

ii. Disburse funds (refinance) to the PFIs in respect of the eligible projects.

iii. Ensure timely collection of repayments from PFIs and maintain a sound database on the lending activities.

iv. Provide reports to stakeholders on the performance of the Scheme.

v. Undertake marketing of the Scheme to create awareness on the eligibility criteria and how the funds can be accessed.

12.2 Role of the PFIs

The PFIs are charged with:

i. Sensitising the clients on the scheme since they are the first point of contact.

ii. Appraising/analysing the projects to ascertain eligibility, viability, feasibility.

iii. Managing collateral requirements.

iv. Ensuring the recovery of the loans. The MoA governing the administration of the scheme places full responsibility of loan recovery on the PFIs.

v. PFIs submit reports (on the performance of the projects) to BOU on quarterly basis.

12.3 Procedure of Accessing the Fund

All ACF loan applications are channelled through the PFIs. The PFIs analyse the loan requests as per their credit policy to ensure that only eligible projects are financed. The PFIs disburse their own funds to eligible projects and subsequently request for re-imbursement of the GoU contribution from BOU.

12.4 Terms and Conditions of Sub-Loans

The terms and conditions of the scheme are stated in the Memorandum of Agreement (2018). Loan amounts are determined based on assessment and appraisal of project viability and genuine credit needs of the clients in accordance with the lending policy of the respective PFIs. The loans under the ACF are denominated in Uganda shillings.

12.5 Loan Amount

The maximum loan amount to a single borrower is UGX 5 billion. However, this amount can be varied on a case-by-case basis for eligible projects that add significant value to the agricultural sector and the whole economy, as may be determined by the BOU upon justification by the PFI.

12.6 Loan Term

The maximum loan period should not exceed eight (8) years, and the minimum should be six (6) months.

12.7 Grace Period

The grace period is up to a maximum of three (3) years.

12.8 Interest Rate

The interest rate charged by the PFI to the final borrower is capped at **12 percent** per annum. The PFIs are not required to pay interest to BoU on the GoU contribution reimbursed to them.

12.9 Facility Fees

Facility fees charged by PFIs to eligible borrowers should not exceed **0.5 percent** of the total loan amount. Legal documentation and registration costs are borne by the borrower.

12.10 Eligibility for Refinance/Sub Loans

12.10.1 Eligible Purposes

Eligible purposes include activities such as commercialisation, modernisation, mechanisation and value addition in the agricultural sector at any stage of the agricultural value chain.

12.10.2 Eligible Projects

Eligible projects include the acquisition of agricultural machinery and post-harvest handling equipment, storage facilities, agricultural inputs that include pesticides and fertilizers, land opening, paddocking, biological assets that include banana suckers, fruit seedlings, chicks, piglets, cows and goats for restocking the farm, agro processing facilities, and any other agricultural and agro-processing related activities.

Working capital required for operating expenses is considered, provided this component does not exceed 20% of the total project cost for each eligible borrower. These will include among others; wages for hired farm labour, overhead costs like utilities and installation costs, and hiring of specialized machinery for farming activities. The maximum loan amount to an eligible borrower for biological assets shall not exceed **UGX 250 million.**

The scheme does not finance working capital for purchase of land, forestry, refinancing existing loan facilities and trading in agricultural commodities except for Grain Trade.

12.11 Financing Grain trade

The scheme provides financing for working capital and infrastructure for projects engaged in grain trading. The terms are as follows:

The maximum financeable amount to a single borrower is **UGX 10 billion** and the GoU contribution is 50 percent of the eligible amount for commercial banks, MDIs, CIs and UDBL. However, this amount can be varied on a case-by-case basis for eligible projects that add significant value to the agricultural sector and the entire economy as may be determined by the BOU upon justification by the PFI.

The maximum tenure of a loan for working capital for an eligible project under the grain facility is twenty-four (24) months from the date of disbursement to the borrower.

The maximum tenure of a loan for capital expenditure for an eligible project under the grain facility shall be eight (8) years from the date of disbursement to the borrower with a maximum grace period of three (3) years.

The applicable interest rate for loans advanced to finance working capital for grain trading under the scheme shall be a maximum of **15% per annum**.

The applicable interest rate for loans advanced to finance capital expenditure under the scheme shall be a maximum of **12% per annum**.