



JUNE 2026 QUARTERLY REPORT



Agricultural Credit Facility

Table of Contents

Table of Contents	i
List of Tables	iii
Abbreviations.....	iv
1 Executive Summary.....	5
2 Government Remittances to the ACF Escrow Account.....	7
3 Performance of the Scheme during the quarter ended June 30, 2026	8
4 Performance during the financial year ended June 30, 2026, compared to the financial year ended June 30, 2025.....	10
5 ACF Cumulative Performance since inception.....	12
6 Repayments and dues from PFIs	14
7 Scheme Uptake.....	15
8 Expanding access to Agricultural Finance through Block Allocation.	23
9 Publicity of the Scheme and Stakeholder engagements	28
10 Achievements of the ACF	30
11 Major Challenges	32
12 Possible solutions.....	33
13 Conclusion	34
Appendix 1 Salient Features of the ACF Scheme.....	35

List of Figures

Figure 1: ACF Summary performance for the financial year ended June 30, 2026, in comparisons to the year ended June 2025.	11
Figure 2: Percentage utilisation of areas funded as at June 30, 2026.....	16
Figure 3: Regional uptake of ACF funds by value as at June 30, 2026	18
Figure 4: Uptake by number of beneficiaries per category.	20
Figure 5: Uptake by size of loans under ACF.	22
Figure 6: Cumulative growth of the Block Allocation under the ACF.....	24
Figure 7: Regional distribution of the number of beneficiaries under the Block Allocation vs Non-Block Allocation beneficiaries in the region.	26

List of Tables

Table 1:	Government remittances to the escrow account.	7
Table 2:	ACF Cumulative performance during the quarter ended June 30, 2026, compared to the previous quarter.	9
Table 3:	ACF performance during the year ended June 30, 2026, compared to the previous year.	11
Table 4:	Cumulative Loan Applications and Disbursements per PFIs as at June 30, 2026.	13
Table 5:	Outstanding GoU contribution with the PFIs as at June 30, 2026.....	14
Table 6:	ACF portfolio grouped by funded activities.	16
Table 7:	Regional distribution of the ACF funds as at June 30, 2026.	18
Table 8:	Cumulative – Uptake per beneficiary category as at June 30, 2026.....	20
Table 9:	Categorization of Loans by size as at June 30, 2026.....	22
Table 10:	Uptake of the ACF under the Block Allocation by beneficiary category.....	25
Table 11:	Regional distribution of beneficiaries under the Block Allocation.....	25
Table 12:	Funds utilization Purpose under the Block Allocation.	27

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
PFI	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.
UDBL	Uganda Development Bank Limited

1 Executive Summary

The Agricultural Credit Facility (ACF) continues to serve as a strategic financing instrument supporting Uganda's agricultural transformation agenda through the provision of affordable medium and long-term credit to enterprises operating across the various agricultural value chains. Anchored on the national development priorities of agricultural commercialisation, modernisation and agro-industrialisation, the facility is facilitating investment in productive agricultural activities, accelerating value addition and strengthening the sector's contribution to sustainable economic growth.

This report presents the utilisation and performance of ACF resources for the quarter ended June 30, 2026, together with the cumulative achievements of the facility since inception. It highlights key trends in sectoral allocation, enterprise financing, regional distribution, value-chain development and participation by women and youth.

During the quarter, the ACF remained focused on expanding access to finance for commercially viable agricultural enterprises engaged in primary production, agro-processing, storage, marketing, mechanisation and other value chain activities. By enabling farmers and agribusinesses to invest in productive assets, modern technologies and infrastructure for value-addition, the facility is supporting the transition from subsistence farming to market-oriented agriculture while enhancing productivity, competitiveness and profitability across agricultural enterprises.

During the quarter ended June 30, 2026, loans amounting to **UGX 118.79 billion**, with a corresponding GoU contribution of **UGX 61.71 billion**, were processed and disbursed by Bank of Uganda to PFIs as refinance. This was in respect of **2,267 eligible projects**. Cumulatively, disbursements increased from **UGX 1.40 trillion** as at March 31, 2026, to **UGX 1.52 trillion** disbursed to **15,313** beneficiaries across the country. Most of the financing was extended to working capital for grain trade and on-farm activities, utilising 41 per cent and 37 per cent respectively. Agro-processing and post-harvest handling utilised 15.54 per cent and 6.98 per cent respectively. ACF has significantly enhanced financial inclusion with Micro, Small and Medium Sized Enterprises (MSMEs) constituting over **96 per cent** of the funded projects.

The facility's blended-finance and risk-sharing framework continues to leverage Government resources to catalyse private sector lending to agriculture. This approach has improved access to affordable credit for farmers, cooperatives, processors and agribusinesses, including women- and youth-led enterprises that often face financing constraints. Consequently, the facility is promoting broader financial inclusion while strengthening the capacity of agricultural enterprises to expand production, create employment opportunities and participate more effectively in domestic and export markets.

A key focus of the facility remains the promotion of agro-industrialisation through value addition. By financing agro-processing facilities, storage infrastructure and other value-chain investments, the ACF is contributing to the transformation of agricultural commodities into higher-value products, creating market opportunities for farmers and producers, increasing diversification of exports and enhancing incomes throughout the value chain. These investments are supporting the development of competitive agro-industries that contribute to economic diversification and industrial growth.

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 483.43 billion** (62.66 per cent of the GoU contribution disbursed) repaid by the PFIs as at June 30, 2026. The recoveries are ploughed back and used for onward financing to other eligible projects. The portfolio maintains strong quality indicators, with non-performing loans at **UGX 9.95 billion**, representing a non-performing asset (NPA) ratio of 3.5 per cent of the total Government contribution disbursed as at June 30, 2026.

Commitments as at June 30, 2026, amounted to **UGX 108.28 billion**. Commitments are approvals made by BoU in respect of refinance claims but pending pre-disbursement conditions. In addition, pipeline applications that were still under review at BoU, were worth UGX 28.40 billion with a GoU Contribution of UGX 15.10 billion.

As at June 30, 2026, available funds at BoU (cash held) amounted to UGX 97.52 billion.

2 Government Remittances to the ACF Escrow Account

As at June 30, 2026, the GoU had made cumulative remittances of **UGX 391.11 billion** to the ACF escrow account held at BoU. Of this, UGX 385.56 billion had been transferred to the ACF Capital Account as capitalization to cover refinance claims from the PFIs while UGX 5.55 billion was transferred to the Operations Account to meet the publicity activities and audit fees. Given the revolving nature of the Scheme, the ACF loan reflows from PFIs are ploughed back into the Scheme to support additional eligible borrowers.

The capitalisation of **UGX 385.56 billion** together with the reflows (repayments from PFIs) of **UGX 483.43 billion** have supported cumulative lending of up to **UGX 771.47 billion** as GoU contribution. This has been matched with PFIs' contribution of **UGX 747.64 billion** to bring total lending under the ACF to **UGX 1.52 trillion** as at June 30, 2026.

As at June 30, 2026, the Scheme held a Fund balance of **UGX 97.5 billion** and additional reflows amounting to **UGX 45.79 billion** were received from the PFIs after the reporting period. This is expected to cover commitments amounting to **UGX 108.28 billion** (approved refinance claims pending fulfilment of pre-disbursement conditions by the PFIs) as well as pipeline applications still under review at BoU with GoU contribution equivalent of **UGX 15.10 billion**.

The table below shows the Government cumulative funding as at June 30, 2026.

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	42,750,297,573	50,637,936,187	0	2,043,549,607
TOTAL	391,109,437,342	383,515,300,935	5,550,586,800	2,043,549,607

Source: Bank of Uganda

3 Performance of the Scheme during the quarter ended June 30, 2026

During the quarter, **1,124 loan** applications worth **UGX 52.05 billion** with a GoU Contribution of **UGX 27.71 Billion** were received. Of these **97.6 per cent** were MSMEs (loans not exceeding UGX 300 million). Loans amounting to **UGX 102.03 billion** were processed and approved in respect of **3,265** beneficiaries during the quarter for which the GoU contribution was **UGX 54.61 billion**.

Disbursements made by BoU to PFIs amounted to **UGX 61.71 billion**, an increase of 123 per cent compared to the previous quarter. This was in respect of **2,267** beneficiaries, 97 per cent of which were micro borrowers under the Block Allocation Arrangement.

Disbursements made to micro borrowers under the Block Allocation model also increased by 73 per cent with **UGX 8.24 billion** (loans not exceeding UGX 20 million) disbursed to **1,993 beneficiaries**, a testament to the success of the model in expanding financial inclusion. This model enables PFIs to extend credit to groups of micro borrowers who are usually excluded from traditional banking due to collateral constraints. The clustering of these small holder farmers, makes it easier for PFIs to assess risk, monitor borrowers and reduce transaction costs. Although individual farmers can also benefit, the model encourages aggregation of farmers, 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 share of financing, totalling **UGX 55.19 billion** extended to 2,131 projects. On farm activities includes financing production activities such as purchase of agriculture inputs, acquisition of biological assets, farm infrastructure like dams, fencing, land clearing among others. Working capital for grain trade utilised **UGX 51.09 billion** which was used to facilitate grain traders purchase grain from farmers while agro-processing and purchase of farm machinery and equipment utilised **UGX 2.75 billion** and **UGX 4.86 billion** respectively.

Recoveries made from the PFIs during the quarter amounted to **UGX 31.43 billion** and these are redeployed to fund other eligible borrowers. The quarter also saw an increase in non-performing loans by UGX 5.8 billion, which increased the NPA ratio from 1.6 per cent to 3.5 per cent.

Table 2: ACF Cumulative performance during the quarter ended June 30, 2026, compared to the previous quarter.

Portfolio Classification	31-Mar-26	30-Jun-26	Movement	%change
Number of loans applications received	2,842	1,124	(1,718)	-60%
Value of loan applications received	86,541,218,071	52,050,550,000	(34,490,668,071)	-40%
Number of loans disbursed	1,688	2,267	579	34%
Total value of loans disbursed	53,290,376,800	118,789,776,260	65,499,399,460	123%
GoU Contribution-Disbursements	27,617,748,400	61,708,388,130	34,090,639,730	123%
Block allocation projects financed	1,460	1,993	533	37%
Value of Block allocations disbursed	4,772,400,000	8,236,850,000	3,464,450,000	73%
Repayments	10,506,994,975	31,433,243,395	20,926,248,420	199%
Number of delinquent loans	27	29	2	7%
Value of delinquent loans	4,172,370,147	9,949,980,097	5,777,609,950	138%

Source: Bank of Uganda ACF data.

Despite a decrease in the number of applications received during the quarter, there was an increase in the number and value of disbursements made. The number of projects financed through the Block Allocation model also increased by 37 per cent. Similarly, the value of loans financed under this arrangement increased by 73 per cent. This underscores the importance of the model in enabling access to credit by the smallholder farmers and promoting financial inclusion for the underserved communities.

The quarter also saw an increase in non-performing loans by UGX 5.8 billion that is attributed to one facility. The sudden death of one borrower, in a motor accident, put constraint on the recovery of the loan. This notwithstanding, the overall recovery rate of 63 per cent, indicates that the quality of the loan portfolio remains strong and BoU continues to follow up with the respective PFIs to ensure recovery of the outstanding loans.

Three new PFIs were also onboarded during the quarter, EBO Sacco, UGAFODE and FINCA Micro Finance Ltd and this is anticipated to further scale up access to finance under the ACF because these institutions serve borrowers who are often not served by commercial banks.

4 Performance during the financial year ended June 30, 2026, compared to the financial year ended June 30, 2025.

During the financial year ended June 30, 2026, ACF recorded a marked improvement in performance across key indicators. BoU received 7,722 loan applications from PFIs, representing a 1.34% increase compared to the previous year. The value of loan applications also increased by UGX 34.56 billion (13.12 per cent), reflecting a growing demand for affordable agricultural financing under the ACF.

A total of UGX 288.3 billion, including a GoU Contribution of UGX 149.26 billion was disbursed during the Financial Year ended June 30, 2026. This represented an increase by UGX 35.18 billion equivalent to 13.9 per cent, compared to the preceding period. The financing supported 7,647 projects, resulting into a 137.2 per cent increase in the number of beneficiaries under the ACF during the year. The growth in disbursements and outreach underscores the facility's expanding role in supporting agricultural transformation and rural enterprise development.

A significant portion of the growth in number of beneficiaries was driven by the Block Allocation model, which targets micro-borrowers with limited or no collateral. Under this model, UGX 24.13 billion was disbursed to 6,817 micro-borrowers, representing a 129.4 per cent increase in loan value and a 172 per cent increase in the number of beneficiaries compared to the previous year. This reflects the model's effectiveness in promoting financial inclusion among the underserved population.

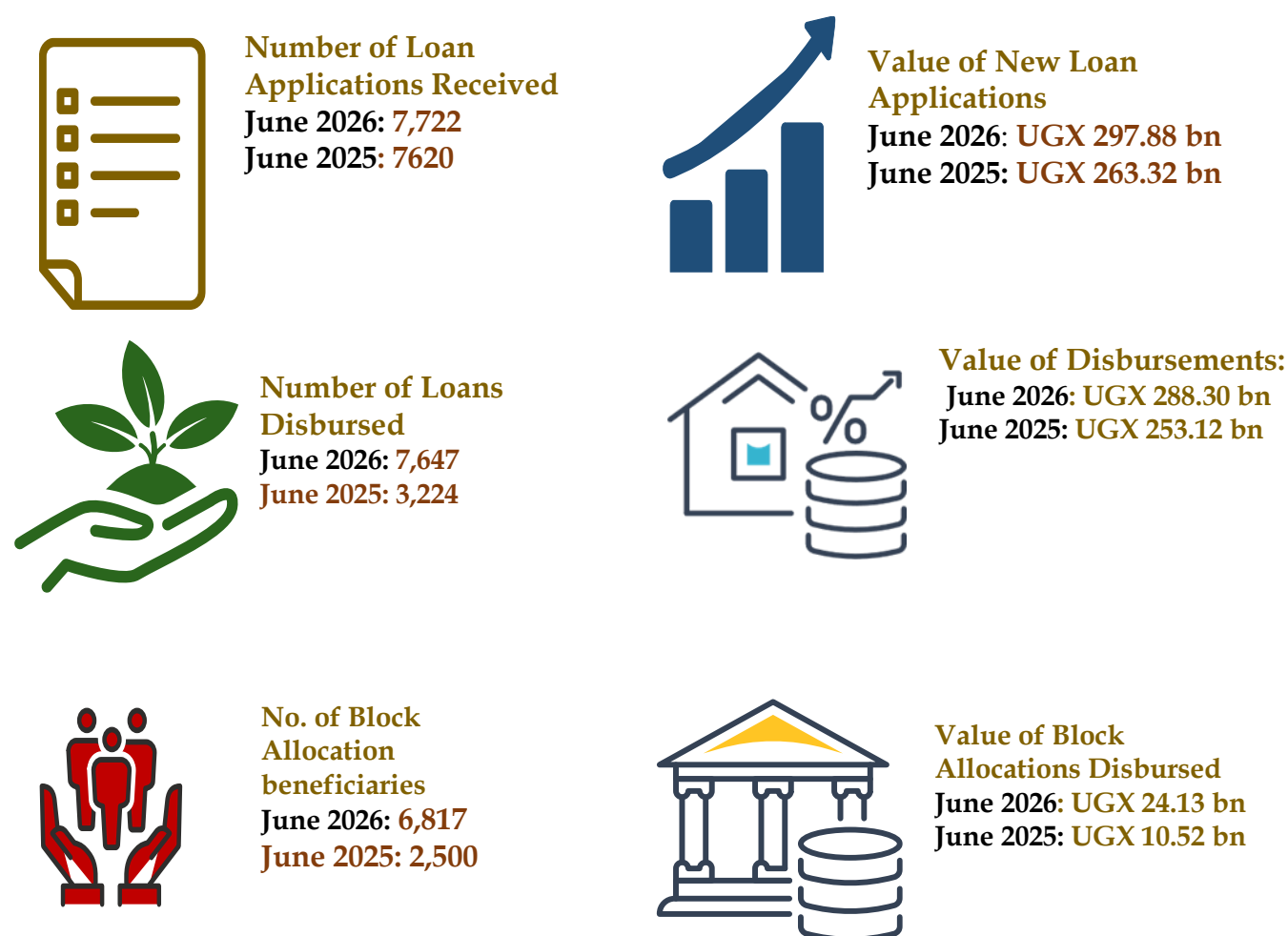
The improved performance is largely attributed to enhanced sensitization efforts by BoU and the collaboration with PFIs, which created more awareness of the Scheme. In addition, the automation of the ACF loan processing procedures has resulted in reduced turnaround time for loan approvals which in turn led to increased confidence in the facility by the PFIs. These efforts have contributed to a broader and more inclusive reach, particularly among small-holder farmers and micro-entrepreneurs.

Table 3 below highlights the ACF cumulative performance in the financial year ended June 30, 2026, in comparison to the financial year ended June 30, 2025.

Table 3: ACF performance during the year ended June 30, 2026, compared to the previous year.

Portfolio Classification	FY 24/25	FY 25/26	Movement	% change
Number of applications received	7,620	7,722	102	1.34%
Value of loan applications received	263,324,734,492	297,882,665,309	34,557,930,817	13.12%
Number of loans disbursed	3,224	7,647	4,423	137.19%
Total value of disbursements	253,117,013,121	288,296,376,005	35,179,362,884	13.90%
GoU Contribution to loan disbursements	126,998,656,531	149,262,593,403	22,263,936,872	17.53%
No of block allocation projects financed	2,500	6,817	4,317	172.68%
Value of block allocation projects financed	10,520,654,000	24,129,448,429	13,608,794,429	129.35%
Repayment of GoU Contribution	59,934,695,709	88,381,389,972	28,446,694,263	47.46%
Number of delinquent loans	23	29	6	26.09%
Value of delinquent loans	3,375,293,453	9,949,980,097	6,574,686,644	194.79%

Figure 1: ACF Summary performance for the financial year ended June 30, 2026, in comparisons to the year ended June 2025.



Source: Bank of Uganda ACF data.

5 ACF Cumulative Performance since inception.

As at June 30, 2026, BoU had received a cumulative total of **23,073 loan applications** from 26 PFIs, representing a total loan value of **UGX 2.15 trillion**. Of these, **15,313** applications with a total value of **UGX 1.52 trillion** fulfilled all the pre-disbursement conditions and were disbursed. The GoU contribution accounted for **UGX 771.47 billion**. The number and value of applications disbursed represent 66.38 percent and 70.80 per cent of total applications received respectively. The remaining **UGX 626.61 billion** in undisbursed loan applications comprise commitments awaiting additional information, pipeline applications still under review and a few ineligible applications.

Opportunity Bank Uganda Limited (OBUL) submitted the highest number of loan applications to the Bank of Uganda and recorded the largest volume of disbursements under the Scheme, largely through the Block Allocation arrangement targeting MSMEs. This performance underscores the BoU's strong commitment to promoting financial inclusion and supporting MSMEs, which play a vital role in economic growth, employment creation and enterprise development.

Beyond financing, OBUL complements credit provision with business development support through its MSME Accelerator Program and Loan Orientation Seminars, which equip agri-entrepreneurs with business management skills, market linkages and mentorship. This integrated approach has strengthened the capacity and resilience of MSMEs, enabling them to improve performance, access market opportunities and achieve sustainable growth. This is also reflected in the good loan repayment rate by the bank.

Stanbic Bank, DFCU Bank and Pearl Bank had the highest value of loans disbursed accounting for **UGX 367.83 billion**, **UGX 210.69 billion** and **UGX 216.40 billion** respectively. These banks largely lend to medium and large-scale grain traders and agro-processors whose operations are more capital-intensive than primary farming activities hence require substantial financing support for acquisition of processing machinery, setting up silos and warehouse facilities and making bulk grain purchases.

Table 4: Cumulative Loan Applications and Disbursements per PFIs as at June 30, 2026.

PFI	No. of App'ns Received	Value of Loan App'ns at BoU (UGX)	No. of Projects Disbursed	Total Disbursement (UGX)	PFI Contribution (UGX)	GoU Contribution (UGX)
Opportunity Bank	14,753	77,443,921,531	9,265	54,989,632,600	21,264,754,900	33,724,877,700
Centenary Bank	2,216	147,435,107,217	1,445	113,875,249,251	56,937,624,625	56,937,624,626
Pearl Bank	2,207	275,452,443,234	1,639	216,398,143,234	102,832,089,617	113,566,053,617
Equity Bank	1,481	174,847,970,347	1,420	106,115,990,099	53,057,995,049	53,057,995,050
DFCU Bank	1,274	271,226,684,426	867	210,686,602,146	105,343,301,073	105,343,301,073
Housing Finance	246	42,519,079,005	138	28,101,610,966	14,050,805,483	14,050,805,483
Stanbic Bank	197	534,760,300,871	154	367,833,220,661	183,916,610,329	183,916,610,332
Tropical Bank	189	43,242,100,000	101	29,138,700,000	14,569,350,000	14,569,350,000
Pride Bank	176	3,844,500,000	49	1,503,500,000	574,050,000	929,450,000
Finance Trust Bank	82	28,672,521,214	62	21,771,253,901	10,885,626,949	10,885,626,952
UDBL	66	111,857,621,177	49	83,293,733,192	41,646,866,596	41,646,866,596
Absa Bank	62	216,180,428,844	58	157,029,237,148	78,514,618,574	78,514,618,574
Bank of Baroda	38	132,323,016,446	26	94,353,451,864	47,176,725,932	47,176,725,932
Bank of Africa	24	20,970,939,000	18	15,515,939,000	7,757,969,500	7,757,969,500
EBO SACCO	17	1,610,000,000	-	-	0	-
KCB Bank	11	12,060,540,000	7	5,493,540,000	2,746,770,000	2,746,770,000
Diamond Trust	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
YAKO Bank	4	425,200,000	3	300,000,000	90,000,000	210,000,000
Global Trust **	3	175,000,000	1	30,000,000	15,000,000	15,000,000
Mercantile Bank**	3	1,170,000,000	-	-	0	0
Standard Chartered	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	1,898,600,000	949,300,000	949,300,000
Top Finance Bank	2	400,000,000	2	400,000,000	120,000,000	280,000,000
Imperial Bank**	2	5,410,000,000	-	-	0	0
UgaFode MDI	1	200,000,000	-	-	0	-
TOTAL	23,073	2,149,260,373,312	15,313	1,519,108,404,062	747,639,458,627	771,468,945,435

Source: Bank of Uganda ACF data **Defunct PFIs

6 Repayments and dues from PFIs

Loan recovery by BoU is done bi-annually in June and December in accordance with the ACF-MoA while grain repayments are made in one bullet payment at the end of the loan period. As at June 30, 2026, cumulative repayments made by PFIs to BoU amounted to **UGX 483.43 billion**, representing 63 per cent of the total disbursed GoU contribution. The outstanding balance with the PFIs stood at **UGX 288.04 billion**.

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 June 30, 2026, are presented in Table 4 below:

Table 5: Outstanding GoU contribution with the PFIs as at June 30, 2026.

PFI	Cumulative amount disbursed (UGX)	Cumulative repayments (UGX)	Outstanding balances (GoU)
Stanbic Bank	183,916,610,332	94,733,455,016	89,183,155,316
Pearl Bank	113,566,053,617	60,436,793,252	53,129,260,365
DFCU Bank	105,343,301,073	90,222,859,986	15,120,441,087
Absa	78,514,618,574	35,932,542,494	42,582,076,080
Centenary	56,937,624,626	31,972,738,556	24,964,886,070
Equity	53,057,995,050	40,423,864,618	12,634,130,432
Bank of Baroda	47,176,725,932	32,000,873,826	15,175,852,106
UDBL	41,646,866,596	35,622,806,380	6,024,060,216
Opportunity	33,724,877,700	19,668,476,311	14,056,401,389
Tropical	14,569,350,000	10,258,490,124	4,310,859,876
Housing Finance	14,050,805,483	11,270,931,543	2,779,873,940
Finance Trust	10,885,626,952	5,013,496,734	5,872,130,218
Bank of Africa	7,757,969,500	6,999,798,522	758,170,978
KCB	2,746,770,000	1,629,501,429	1,117,268,571
Standard Chartered	2,500,000,000	2,500,000,000	0
DTB	1,650,000,000	1,650,000,000	0
Crane **	1,040,000,000	1,040,000,000	0
Orient / I&M Bank	949,300,000	949,300,000	0
Pride Microfinance	929,450,000	784,450,000	145,000,000
Top Finance	280,000,000	280,000,000	0
Yako Bank	210,000,000	27,592,745	182,407,255
Global Trust **	15,000,000	15,000,000	0
Total	771,468,945,435	483,432,971,536	288,035,973,899

Source: Bank of Uganda ** Defunct PFIs

7 Scheme Uptake

7.1 Uptake by activity financed.

Funded activities are broken down into four categories, namely:

- On-farm activities
- Grain Trade
- Agro-processing/value addition
- Post-harvest management

Cumulatively, grain trade continued to account for a disproportionately large share of the loans disbursed, receiving **UGX 626.34 billion** (41.23 per cent) of the total loans disbursed under the Scheme, benefitting 586 beneficiaries engaged in grain trade. This is largely because grain traders require substantial financing to make bulk purchases but also aggregate produce from out-growers during periods of bumper harvests. In addition, they invest in post-harvest handling such as silos that are equipped with cleaning, sorting and drying equipment.

On the other hand, on farm activities received the second largest share with **UGX 547.08 billion** (34.8 per cent) of the total funds disbursed but had the highest number of beneficiaries totalling to **14,085** out of the 15,313 beneficiaries that had received funding under the ACF, representing **91.98 per cent** of the projects financed. On-farm activities involve financing primary production which includes financing agricultural machinery like tractors for land opening and expansion, crop production, livestock farming for beef and dairy production, poultry keeping, agro-inputs, farm infrastructure like valley dams and irrigation systems. These activities are undertaken by thousands of small holder farmers most of whom are supported through the Block Allocation model but most importantly, on-farm activities directly feed into the agro-processing by supplying the required raw materials.

Projects engaged in agro-processing or value addition received **UGX 238.87 billion** accounting for 15.72 per cent of the total funds disbursed while projects engaged in post-harvest handling and management received **UGX 106.82 billion** accounting for 7.03 per cent of the funds disbursed.

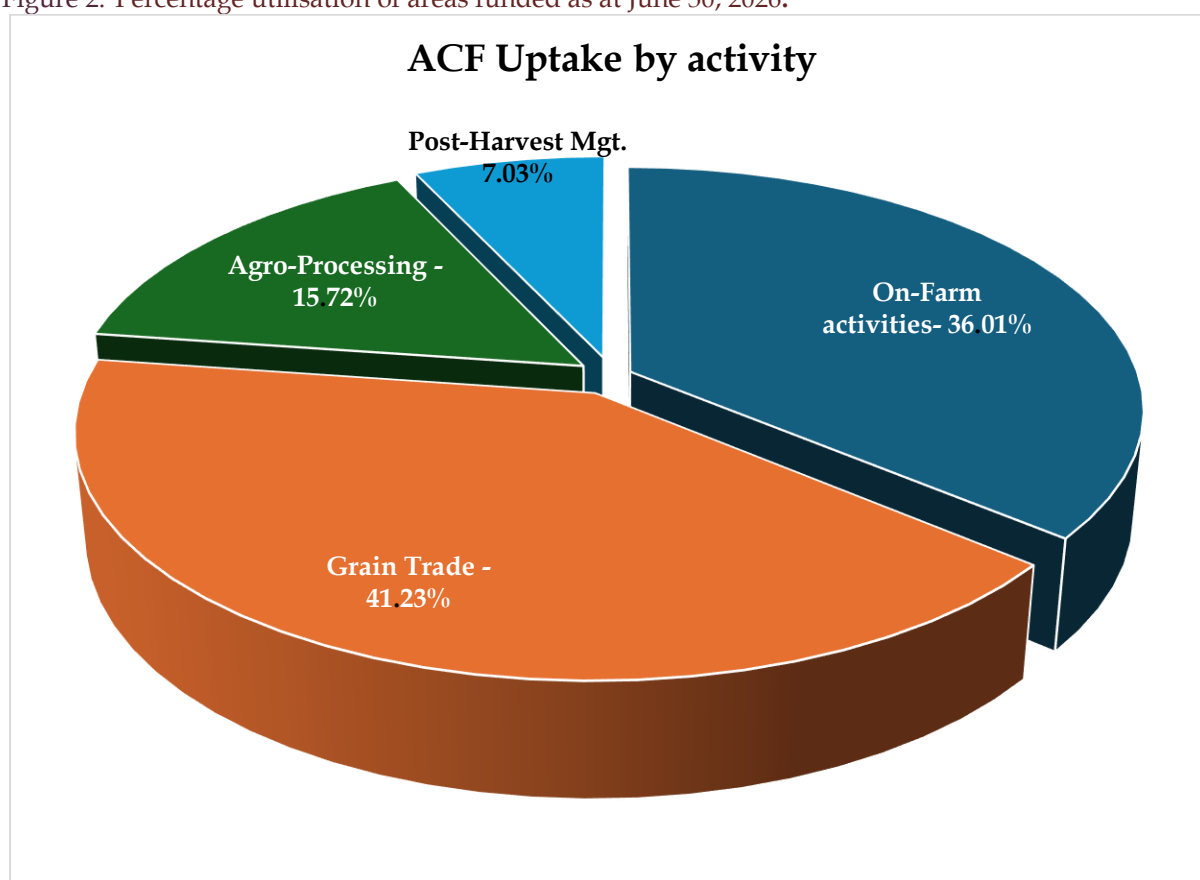
The breakdown of the cumulative disbursements by activity financed as at June 30, 2026, is provided in Table 5 and illustrated in Figure 2 below.

Table 6: ACF portfolio grouped by funded activities.

<i>Funded activity</i>	<i>No. of projects</i>	<i>% of no. of loans disbursed</i>	<i>Total loan amount (UGX)</i>	<i>Gou Contribution (UGX)</i>	<i>% utilization</i>
<i>Grain Trade</i>	653	4.26%	626,337,476,504	313,234,938,253	41.23%
<i>On-farm Activities</i>	14,085	91.98%	547,079,074,656	284,497,140,730	36.01%
<i>Agro-processing</i>	235	1.53%	238,867,388,388	119,877,094,194	15.72%
<i>Post-harvest Management</i>	340	2.22%	106,824,464,515	53,859,772,258	7.03%
TOTAL	15,313	100%	1,519,108,404,062	771,468,945,435	100%

Source: Bank of Uganda

Figure 2: Percentage utilisation of areas funded as at June 30, 2026.



Source: Bank of Uganda

7.2 ACF Uptake by Region

The Central region continues to lead in Fund uptake, accounting for **49.51 per cent**. This is followed by the Eastern and Western regions at **21.95 per cent** and **21.29 per cent** respectively. Similarly, the Central region had the highest number of beneficiaries at 7,368 borrowers, followed by the Western region at 4,688 borrowers and Eastern region at 2,007 borrowers.

The Central region continues to attract higher lending due to the concentration of economic activity and a large presence of bankable projects and MSMEs, which generate strong demand

for credit. This demand is further supported by an extensive PFI branch network in the region, higher customer deposit mobilization, ready market for the agricultural produce and the availability of registered land that can be used as collateral. In addition, a relatively favourable land tenure system enhances borrower bankability, collectively justifying the higher allocation and uptake of credit in the Central region.

The Western region recorded a lower fund uptake than the Eastern Region despite having a higher number of beneficiaries. The Eastern region boasts of several agro-processing projects engaged in Sugarcane, grain and coffee processing that require large funding.

Note however that financing such large-scale projects has a multiplier benefit, as they provide market for farmers and create jobs along the value chains.

On the other hand, the Northern region experienced low uptake at only 7.24 per cent with only 1,250 beneficiaries, partly due to its communal land tenure system, which limits farmers' ability to secure land titles required by PFIs for lending. In addition, unlike the central, Eastern and Western regions that have large processing projects, the North has limited value addition projects that would attract funding. 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.

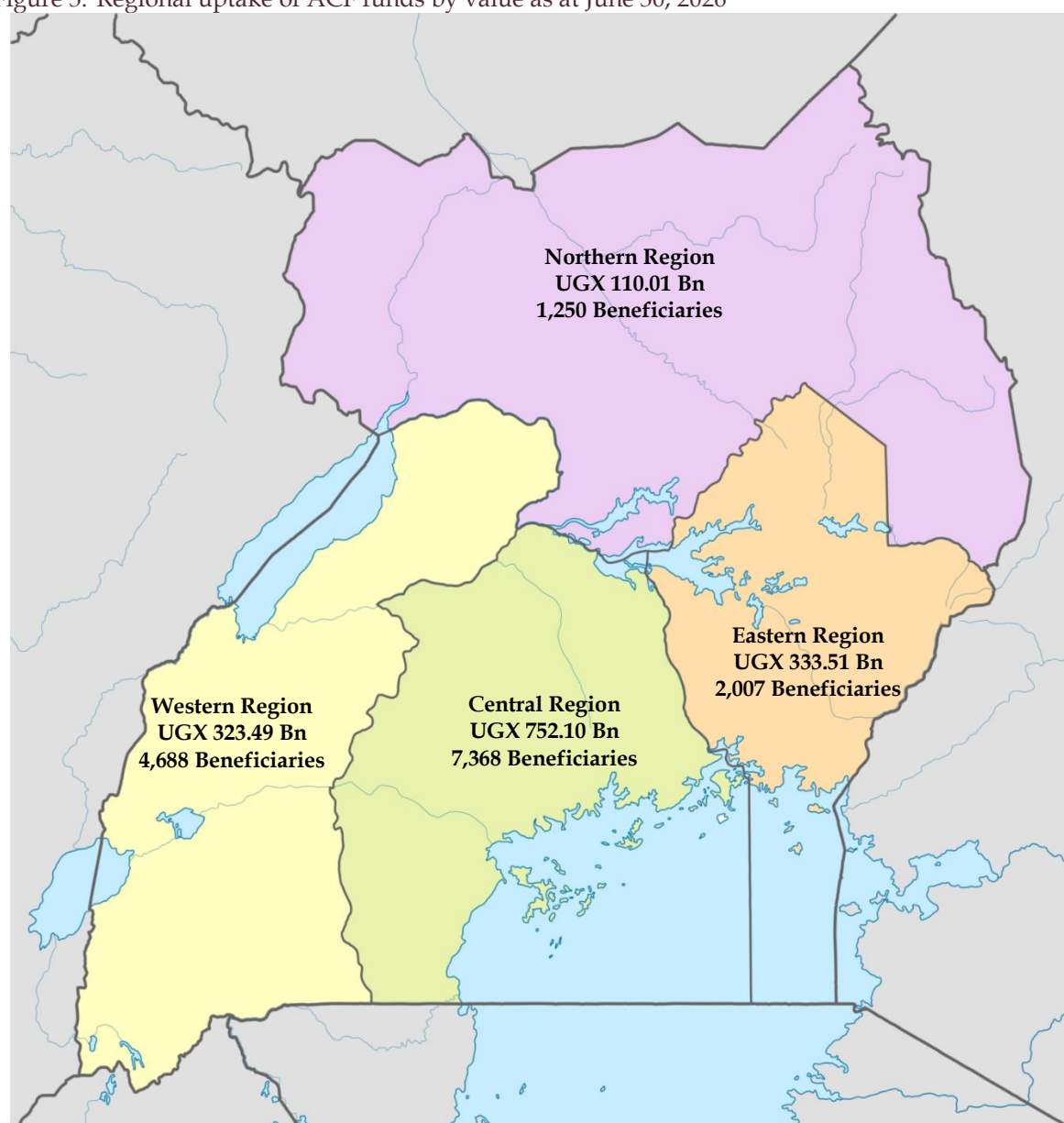
However, we have noted that there are emerging large-scale processors engaged in Seed oil and grain processing in the Northern region, who have been supported under the ACF and the Grain Facility. With continuous sensitisation, BoU is optimistic about increase in uptake of the ACF in this region. The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

Table 7: Regional distribution of the ACF funds as at June 30, 2026.

Region	Total Loan Amount	No. of beneficiaries	PFI Contribution	GOU Contribution	% regional uptake of loans
Central	752,100,624,721	7,368	371,058,206,959	381,042,417,763	49.51%
Eastern	333,512,153,371	2,007	165,572,236,685	167,939,916,685	21.95%
Western	323,488,638,366	4,688	156,524,261,182	166,964,377,184	21.29%
Northern	110,006,987,605	1,250	54,484,753,802	55,522,233,803	7.24%
Total	1,519,108,404,062	15,313	747,639,458,628	771,468,945,435	100.00%

Source: Bank of Uganda

Figure 3: Regional uptake of ACF funds by value as at June 30, 2026



Source: Bank of Uganda-ACF data

7.3 ACF Uptake by beneficiary category

The ACF continues to support broad-based access to agricultural finance across different categories of borrowers. While the Facility is not designed for targeted lending to any groups in the agricultural sector, participation by traditionally underserved groups, particularly women, has steadily improved over time.

Cumulative performance data shows that the male borrowers remain the largest beneficiaries under the facility, with 10,466 beneficiaries (68 percent of total beneficiaries) and thereby accessing UGX 355.87 billion. A total of 3,903 female borrowers representing 23.7 percent of all beneficiaries accessed the fund with cumulative financing amounting to UGX 45.71 billion.

A further 944 beneficiaries were registered as companies, partnerships and organized farmer groups. Although this category represented the least share (6 per cent) of all beneficiaries, it received UGX 1.04 trillion, accounting for 74 per cent of total financing approved under the Facility.

The significant share of funding availed to these institutional borrowers reflects the capital-intensive nature of their investments. Unlike individual borrowers, many of these enterprises operate at scale, undertaking activities such as agro-processing, storage, value addition, mechanization services and commodity aggregation. Their financing requirements are therefore substantially higher, often involving investments in processing plants, warehouses, transport systems and other productive infrastructure.

Beyond their direct operations, these enterprises play an important role in strengthening agricultural value chains by creating market linkages for large numbers of farmers. Through procurement arrangements (ware-house receipting), out-grower schemes and contract farming models, they provide markets and income opportunities to numerous small-holder producers, amplifying the developmental impact of the Facility beyond the immediate recipients of credit.

Efforts to improve financial inclusion within the agricultural sector have continued to yield positive results. Particularly, the Block Allocation arrangement remains an important channel for expanding access to financing among women farmers. By adopting lending approaches that are less dependent on traditional collateral requirements, the arrangement has helped address longstanding barriers faced by many women and youth, contributing to a sustained increase in their participation under the Facility.

The continued growth in the number of female beneficiaries underscores the importance of innovative financing mechanisms in closing access gaps and promoting more inclusive participation in agricultural investment and commercialization.

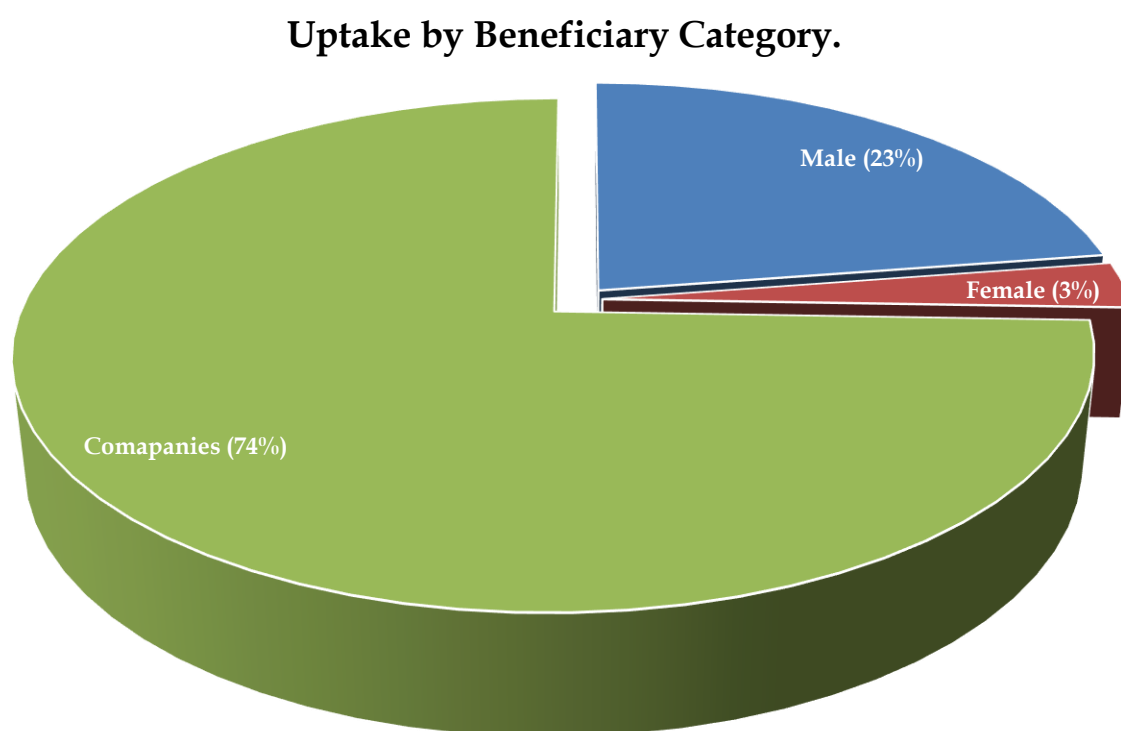
Table 7 and Figure 4 below show the utilisation of the ACF funds by category, number of beneficiaries and value of loans disbursed as at June 30, 2026.

Table 8: Cumulative – Uptake per beneficiary category as at June 30, 2026.

<i>Category</i>	<i>No. of beneficiaries</i>	<i>% uptake of number of beneficiaries</i>	<i>Total loan amount</i>	<i>GOU Contribution</i>	<i>% uptake of loan amounts</i>
<i>Male beneficiaries</i>	10,466	68%	355,868,638,935	185,985,682,869	23%
<i>Female beneficiaries</i>	3,903	25%	45,714,108,427	24,645,954,214	3%
<i>Companies/ Groups</i>	944	6%	1,117,525,656,701	560,837,308,351	74%
Total	15,313	100%	1,519,108,404,062	771,468,945,435	100.00%

Source: Bank of Uganda

Figure 4: Uptake by number of beneficiaries per category.



Source: Bank of Uganda

7.4 Performance by Micro, Small, Medium and Large Enterprises

The effectiveness of the ACF in expanding financial access to smallholder farmers is evident in the beneficiary profile, where MSMEs make up 95.98 per cent of the total beneficiaries, highlighting the facility's strong reach among smaller-scale enterprises.

The **micro** category recorded the highest number of beneficiaries at **12,676**, accounting for approximately **82.78 per cent** of all beneficiaries. However, this group received only **UGX 82.46 billion**, representing **5.43 per cent** of the total amount disbursed. This demonstrates that the facility has been successful in reaching a broad base of small-holder borrowers, albeit with relatively modest loan sizes. This category of beneficiaries requires small loans mainly for agro-inputs and it is constituted by the Block Allocation beneficiaries.

Similarly, **small enterprises** accounted for **1,085 beneficiaries (7.09%)** and received **UGX 88.40 billion (5.82%)**, while **medium enterprises** accounted for **937 beneficiaries (6.12%)** and received **UGX 173.30 billion (11.41%)** of the total financing.

When combined, MSMEs received **UGX 344.16 billion**, representing **23 per cent** of the total financing, but accounted for **14,698 beneficiaries**, equivalent to **96 per cent** of all beneficiaries under the facility. This highlights the ACF's significant contribution to expanding access to finance among small to medium sized enterprises and small-holder farmers.

The large-scale enterprises comprised 615 projects accounting for **4.02 per cent** of the number of projects funded. These include agro-processors and grain traders, whose operations typically require substantial capital outlays due to the high costs associated with acquiring processing machinery, specialized equipment, storage facilities and related infrastructure. The scale and complexity of these investments necessitate larger loan facilities compared to the requirements for MSMEs who 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 300 million and this explains the low uptake in terms of value of loans disbursed to MSMEs.

This financing pattern directly reinforces the core objectives of the ACF, particularly its mandate to promote value addition in agriculture. By supporting projects involved in agro-processing and post-harvest handling, the ACF contributes to improving product quality, reducing post-harvest losses, enhancing market access and increasing the overall competitiveness of agricultural value chains. In doing so, the Facility not only strengthens downstream agricultural activities but also creates stronger linkages with primary producers, thereby delivering broader economic and developmental benefits.

Conversely, the high number of micro-borrowers reflects a positive trend in financial inclusion largely due to the Block Allocation arrangement. This model is particularly attractive to small-holder farmers who lack traditional assets to secure credit. The Block Allocation model lowers the entry barriers 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.

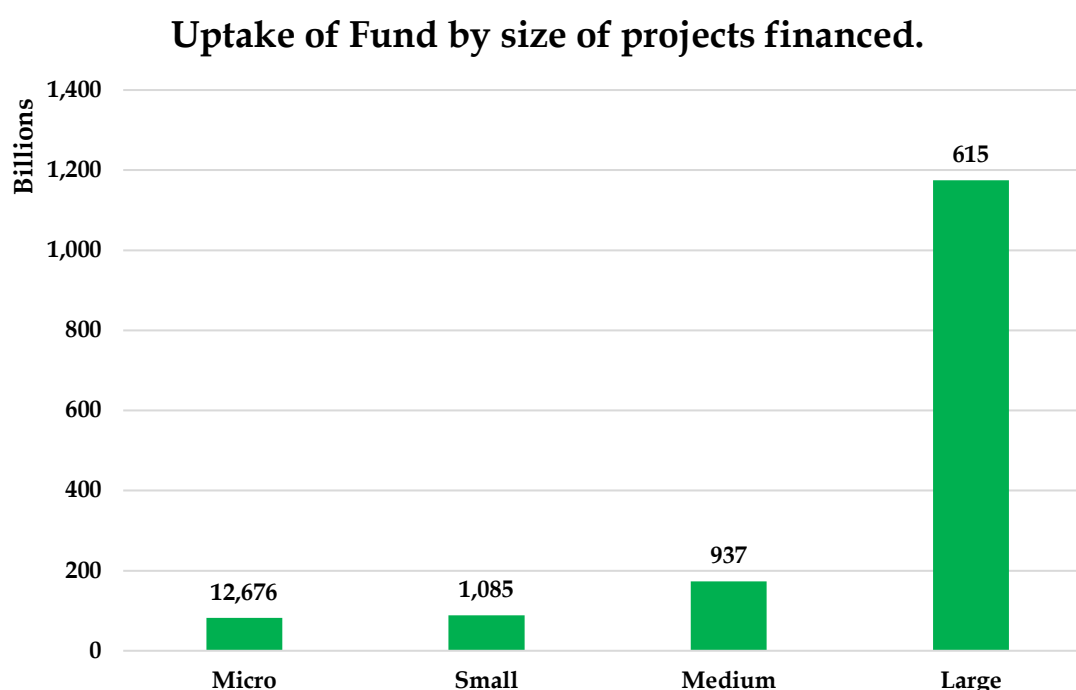
The ACF therefore demonstrates a commitment to building a balanced agri-food ecosystem by prioritizing both ends of the value chain i.e. production and processing. This ensures food security, market access, higher incomes for farmers, reduction in post -harvest losses and job creation because of value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

Table 9: Categorization of Loans by size as at June 30, 2026.

Grouping	Loan size	Amount (UGX)	% share of loan amount disbursed	Number of projects	% share of number of beneficiaries
Micro	0-50,000,000*	82,460,069,634	5.43%	12,676	82.78%
Small	50,000,001-100,000,000	88,396,086,397	5.82%	1,085	7.09%
Medium	100,000,001-300,000,000	173,304,082,006	11.41%	937	6.12%
Large	300,000,001-above	1,174,948,166,026	77.34%	615	4.02%
Total		1,519,108,404,062	100.00%	15,313	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

8 Expanding access to Agricultural Finance through Block Allocation.

Access to affordable finance remains one of the most significant constraints facing agricultural producers, particularly micro and small-scale enterprises. Traditionally, many farmers and agribusiness operators have struggled to access formal credit due to limited collateral, weak financial records and the high transaction costs associated with small-value lending. As a result, many viable enterprises have been unable to access the financing needed to expand production, adopt improved technologies and participate more effectively in agricultural value chains.

To address this financing gap, the Block Allocation model was introduced under the ACF specifically designed to enhance access to credit for borrowers seeking relatively smaller loan amounts. Under this arrangement, borrowers requiring financing not exceeding UGX 20 million are not subjected to the traditional collateral requirements that have historically limited financial access among small-scale farmers and agribusiness operators. Instead, lending institutions rely on alternative forms of security and credit risk assessment, including chattel mortgages, cash flow assessments, enterprise performance, group guarantees and the borrower's credit history.

a) Growth of Block Allocation over the years.

Since its introduction, the Block Allocation model has emerged as an important mechanism for extending affordable credit to small-holder farmers. Its steady expansion reflects both the growing demand for accessible agricultural financing and the increasing confidence of the PFIs in using alternative credit and risk assessment mechanisms.

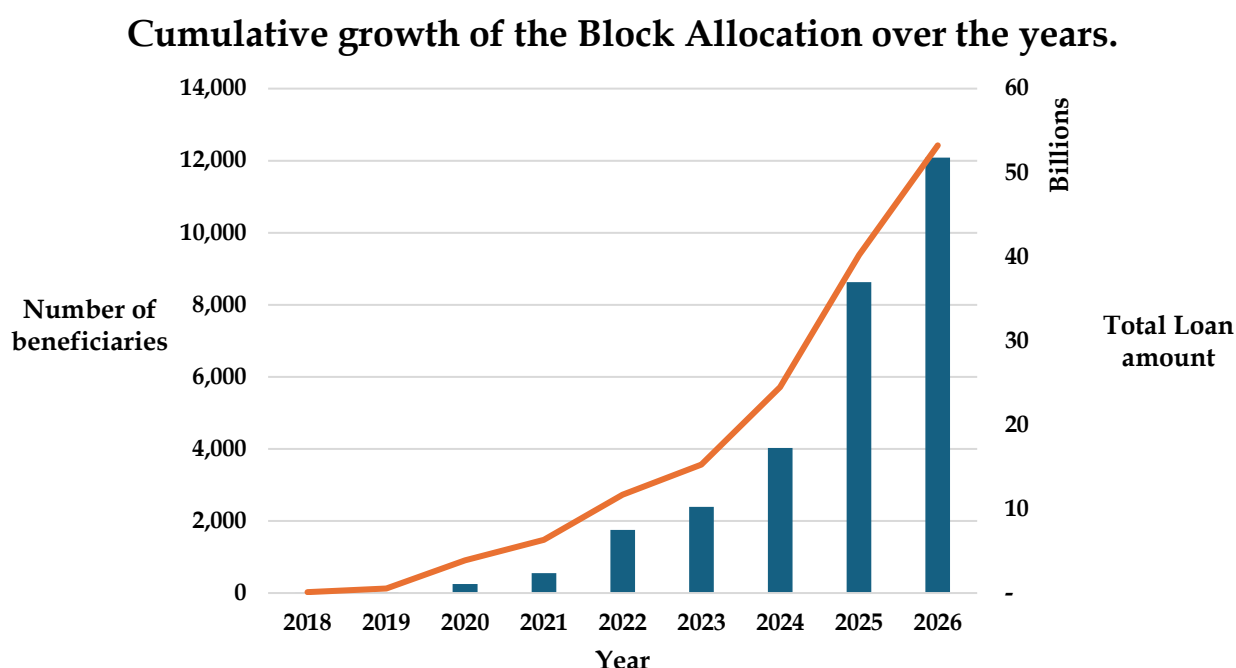
The model has enabled the PFIs to reach a broader segment of agricultural borrowers who would otherwise be excluded from formal financing. In addition to improving access to finance, the facility has contributed to the gradual formalization of agricultural enterprises, enhanced enterprise sustainability and strengthened participation in agricultural value chains. Consequently, the number of beneficiaries supported through this model has grown to **over 12,000** since its introduction in 2018, representing approximately **78.9 percent** of all beneficiaries under the ACF. Collectively, these beneficiaries have accessed **UGX 53.25 billion** in financing.

The cumulative growth of the Block Allocation portfolio underscores the importance of tailored financial products in addressing the unique financing needs of small-scale

agricultural enterprises. With increased awareness of this model, more farmers and agribusiness operators have gained access to capital for production, acquisition of inputs, post-harvest handling, value addition through sorting, grading, cleaning, drying, storage, aggregation, packaging and other activities that enhance the value and marketability of agricultural products.

The figure below illustrates the growth of this model.

Figure 6: Cumulative growth of the Block Allocation under the ACF.



Source: Bank of Uganda ACF Data.

b) Financial Inclusion.

The cumulative growth of Block Allocation financing is also indicative of its role in promoting inclusive agricultural development. The model has facilitated greater participation by women, who frequently face constraints in asset ownership despite their significant involvement in agriculture.

By reducing entry barriers to formal credit, the facility has enabled women to invest in productive enterprises, expand operations and improve income-generating opportunities. As a result, 92 per cent (3,593 out of 3,903) of the female beneficiaries under the ACF accessed financing through the Block Allocation model, highlighting its potential for enhancing women's financial inclusion.

The number of beneficiary small scale companies is lower primarily because they attract higher financing requirements and their loan ticket size requirement is typically above UGX 20 million. The table below shows the different categories of beneficiaries under the block allocation model.

Table 10: Uptake of the ACF under the Block Allocation by beneficiary category.

<i>Category</i>	<i>Total Uptake under Block Allocation</i>	<i>Number of beneficiaries under Block Allocation</i>	<i>Total ACF Beneficiaries</i>	<i>% of total ACF beneficiaries</i>
<i>Males</i>	41,680,599,429	8,414	10,466	80.39%
<i>Females</i>	10,524,096,587	3,593	3,903	92.06%
<i>Organized Groups</i>	1,045,400,000	77	944	8.16%
<i>Total</i>	53,250,096,016	12,084	15,313	78.91%

Source: Bank of Uganda ACF Data

Furthermore, the increasing utilization of Block Allocation financing reflects broader progress towards financial inclusion within the underserved communities. These regions were typically characterized by lower levels of financial sector penetration, limited collateral ownership and lower participation in the ACF. The simplified financing requirements under Block Allocation have since enabled a larger number of farmers and agribusiness operators in these areas to access affordable credit and participate in commercially oriented agricultural activities which directly underscores the objectives of the ACF.

The lending data indicates that uptake of financing through the Block Allocation model was high across all regions, accounting for about 79.8 per cent of the total ACF beneficiaries as at June 30, 2026. Utilization exceeded 80 per cent in the Eastern, Northern and Central regions, with the Eastern region recording the highest uptake rate at 84.4 per cent.

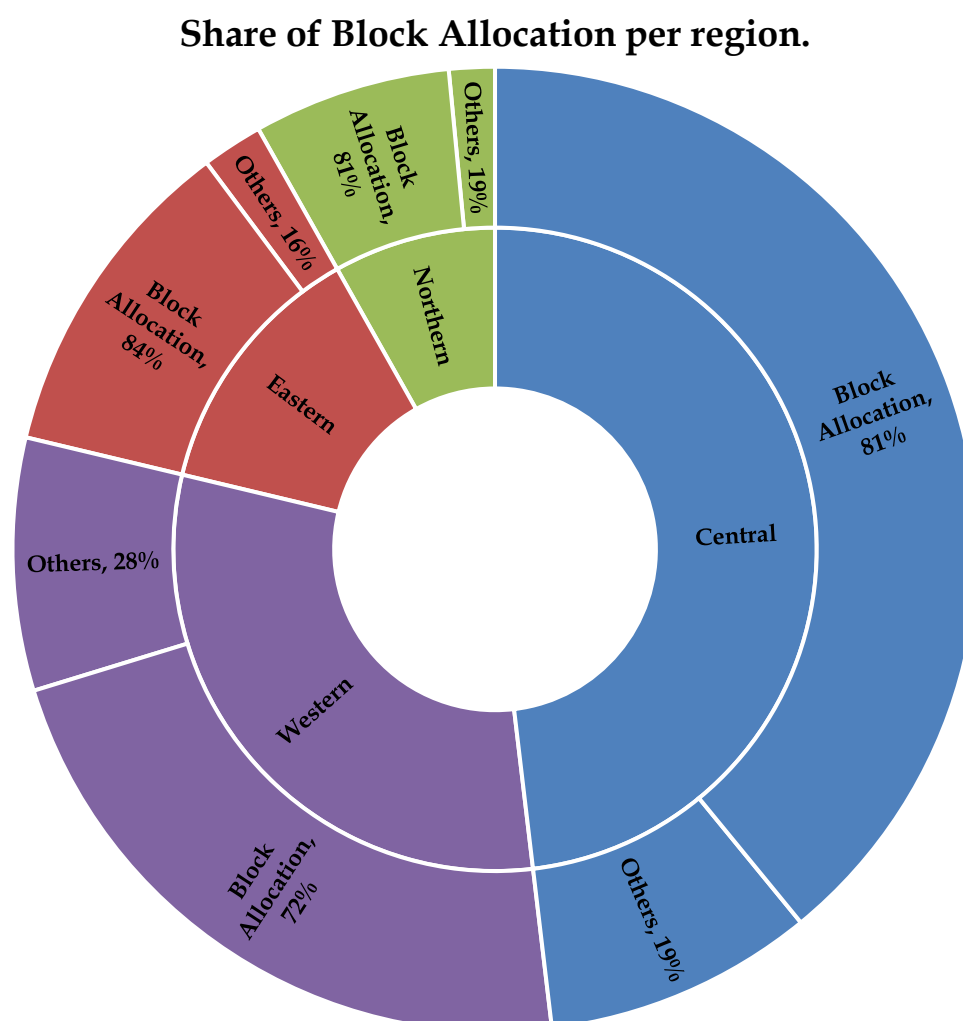
The strong uptake across regions demonstrates the effectiveness of the Block Allocation model in expanding access to agricultural finance, particularly in areas where beneficiaries face challenges in meeting conventional lending requirements. The table and figure below show the distribution of beneficiaries by region.

Table 11: Regional distribution of beneficiaries under the Block Allocation.

<i>Loan sizes</i>	<i>Number of beneficiaries under Block Allocation</i>	<i>Total ACF Beneficiaries</i>	<i>Loan amount under Block Allocation</i>	<i>%age utilization</i>
Central	5,983	7,368	20,419,422,587	81.2%
Western	3,392	4,688	25,498,450,000	72.4%
Eastern	1,694	2,007	5,302,211,429	84.4%
Northern	1,015	1,250	2,030,012,000	81.2%
Total	12,084	15,313	53,250,096,016	78.9%

Source: Bank of Uganda ACF Data

Figure 7: Regional distribution of the number of beneficiaries under the Block Allocation vs Non-Block Allocation beneficiaries in the region.



Source: Bank of Uganda ACF Data

Others means projects whose financing needs are more than UGX 20 million.

c) Block Allocation as a catalyst for Primary Agricultural Production

Block Allocation has become an important catalyst for primary agricultural production by enabling micro farmers to access credit without the traditional collateral requirements that have often limited borrowing.

As at June 30, 2026, **11,703 micro enterprises** engaged in on-farm activities including production, acquisition of biological assets, farm expansion and farm improvement had accessed funding under this model. This represented **96.85 percent** of all beneficiaries and accounted for **UGX 50.45 billion**, or **94.74 percent** of total financing provided under Block Allocation. The distribution of beneficiaries and activity uptake under Block Allocation is indicated in the table below: -

Table 12: Funds utilization Purpose under the Block Allocation.

Funded Activity	Number of beneficiaries	% of no. of beneficiaries	Total loan amount (UGX)	Gou Contribution (UGX)	%age utilization
On-farm Activities	11,703	96.85%	50,450,196,016	29,536,777,694	94.74%
Grain Trade	132	1.09%	2,189,300,000	1,102,650,000	4.11%
Post-harvest Mgt	249	2.06%	610,600,000	420,840,000	1.15%
Total	12,084	100.00%	53,250,096,016	31,060,267,694	100.00%

Source: Bank of Uganda ACF Data

Beyond supporting agricultural production, the model serves as an important entry point into formal finance for micro and small enterprises. Through sustained access to affordable credit, beneficiaries can gradually build credit history, strengthen their financial profiles and improve their eligibility for larger financing facilities. This progression creates a pathway through which small-scale enterprises can transition into medium-sized commercial operations, in line with the broader objectives of the ACF.

Overall, the sustained growth in financing through the Block Allocation model highlights its critical role in promoting agricultural commercialization, enterprise growth, job creation and inclusive economic development. By expanding access to affordable credit for underserved farmers and agribusinesses that would otherwise face difficulties meeting conventional lending requirements, the model contributes to addressing persistent financing gaps within the agricultural sector. Consequently, this intervention has helped to broaden access to finance while enhancing participation in agricultural value chains by the small holder farmers.

9 Publicity of the Scheme and Stakeholder engagements

As part of efforts to broaden the reach of the Agricultural Credit Facility (ACF), the Bank of Uganda (BoU) continued to undertake awareness and outreach initiatives aimed at promoting the Scheme among potential beneficiaries across the country. These efforts were supported through strategic partnerships with Government Ministries, Departments and Agencies, Participating Financial Institutions (PFIs) and leading media organizations, including Vision Group and Nation Media Group, to facilitate wider dissemination of information about the Facility.

In the course of the financial year, public awareness and stakeholder engagements were conducted in several districts (Arua, Bugiri, Bundibugyo, Buyende, Kampala, Kamuli, Lira, Luwero, Masindi, Masaka, Mayuge, Mbarara, Ntoroko, Soroti and Wakiso) while extending media reach nationwide through UBC, NTV and TV West.

During the quarter, several public awareness activities and stakeholder engagements were conducted targeting farmers, agribusiness operators and other participants along the agricultural value chain. The activities provided platforms for sharing information on the objectives, eligibility requirements and opportunities available under the ACF. Key initiatives undertaken during the period included agricultural exhibitions, stakeholder dialogues, field outreach engagements, community meetings and media-based awareness campaigns. The highlights of these engagements are presented below:

- a) PFI workshop on the amendments made to the ACF and SBF MoAs at Hotel Africana, Kampala.
- b) Bank of Uganda Town Hall Meeting in Masindi District.
- c) Source of the Nile- National Agricultural Show in Jinja City.
- d) Workshop with the Uganda Small Scale Industries Association in Busia
- e) PFI workshops in Busia and Arua Districts.
- f) Local Government Workshop in conjunction with the Buliisa District Local Government.
- g) Public Finance Management Conference in Entebbe, Wakiso District.
- h) Private Sector Post- Budget dialogue workshops in Lira, Mbale, Mbarara and Hoima Districts.
- i) Participated in the 2nd Crop life Symposium in Kampala.
- j) The National Aquaculture Festival in Kampala.
- k) Seeds of Gold farm Clinic at NARO-Ngetta in Lira District.

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

- a) Televised shows on Rest TV.
- b) Harvest Money Expo and Pakasa Forum TV Show on Bukedde TV
- c) Televised Live Launch on the Launch of National Media Group- Seeds of Gold Farm Clinic.
- d) Radio talk shows on Jogoo FM, Spark FM, KFM and Unity FM.

BoU staff being hosted on a radio talk show and meeting Local leaders in Busia district.



10 Achievements of the ACF

Since its inception in 2009, the ACF has recorded several achievements in promoting agricultural transformation.

Through its interventions, the Facility has facilitated investments that have enhanced production, promoted value addition, accelerated agro-industrial development and generated wider economic benefits. Key milestones achieved are highlighted below: -

a) Broadening access to affordable financing.

One of the key achievements of the ACF has been its success in improving access to low-cost credit for agricultural producers and agro-industrial enterprises. Through the Facility's risk-sharing framework, government support has attracted substantial private sector lending, enabling the disbursement of over UGX 1.52 trillion to 15,313 beneficiaries and facilitating investments in agricultural production, value addition and commercialization.

b) Enhancing Financial Inclusion for MSMEs.

The ACF has made significant progress in extending formal agricultural finance to MSMEs, which constitute the backbone of Uganda's agricultural sector. As at June 30, 2026, MSMEs accounted for 95.98 percent of all beneficiaries under the Facility, reflecting its effectiveness in reaching traditionally underserved farmers and agribusinesses. This broad outreach has enabled more smallholder farmers to access affordable financing, invest in productive activities and participate more actively in agricultural commercialization and value chain development. By reducing entry barriers to formal credit through the Block Allocation model, the facility has enabled women to access affordable financing and invest in productive and income-generating agricultural enterprises.

c) Supported commercial primary production.

Affordable financing has empowered farmers to make strategic investments in agricultural machinery and equipment, farm inputs and expansion of their farms. Over 14,000 farmers have benefitted from loans totalling **UGX 547.08 billion** that have facilitated the installation of farm infrastructure, purchase of tractors and other farm machinery, irrigation equipment and other tools, resulting in improved productivity and increased yields.

d) Supported reduction in post-harvest losses.

The Scheme has played a significant role in providing working capital for grain traders and reducing post-harvest losses. The Facility has disbursed **UGX 626.34 billion** to **653** aggregators, off-takers and small-holder farmers involved in grain trade. In addition, **UGX 106.82 billion** was disbursed to 340 beneficiaries for post-harvest handling infrastructure including silos and warehouses, coolers, packaging, sorting and drying equipment. These investments have helped minimize losses arising from poor storage, pests and spoilage while extending the shelf life and marketability of agricultural products. As a result, farmers and traders are able to preserve produce quality, access better markets and earn higher incomes.

e) Contributed to promotion of exports and value addition.

The ACF has provided **UGX 238.87 billion** to 235 agro-processors across various value chains, supporting the production of value-added products. This has contributed to improving product quality and competitiveness, widening the product range for both local and international markets. By investing in value addition for dairy, coffee, Tea, sugarcane, grain, oil seed products, poultry and beef products, ACF contributes to attracting higher prices for these products in international markets which potentially increasing export revenues.

11 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:

- a) High perceived risk for agriculture lending. PFIs still 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.
- b) PFIs' internal lending policies. Some PFIs maintain conservative lending policies that limit agricultural lending despite the risk-sharing arrangement under the ACF.
- c) Limited financial literacy and record-keeping. Many small-holder farmers still face challenges with financial literacy and maintaining accurate financial records. This not only limits their ability to access finance but also complicates the appraisal process for PFIs.
- d) Insufficient collateral to enable 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.
- e) Regional and gender disparities. Farmers especially from Northern 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.

12 Possible solutions

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

- a) PFIs should be encouraged to revise their internal credit policies to better accommodate agricultural lending.
- b) 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.
- c) Reduce Collateral burden through flexible collateral options by allowing alternative collateral such as digital warehouse receipts, insurance, 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 still low.
- d) Given that at least 80% of Ugandan farmers do not have bankable collateral, movable collateral registry is critical in filling this gap and yet high registration fees and compliance requirements can discourage small-holders. Streamlining the procedures and reducing the registration costs for farmers is critical.
- e) Scale up financial literacy to emphasise the importance of keeping financial records and having active bank accounts.
- f) Promote inclusion in regional and gender sensitive areas 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.

13 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 747.64 billion**, while the Government has disbursed **UGX 771.47 billion**, resulting in total loans amounting to **UGX 1.52 trillion** as at June 30, 2026. In addition, the ACF boasts of a remarkable repayment rate, with a non-performing loan ratio of **3.5 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. Key among the amendments include allowing for working capital for agro-processors and restricting provisioning for PFIs to only 50 per cent (or 70 per cent for non-commercial bank PFIs) and not 100 per cent as has been the case. BoU is optimistic that once implemented, the amendments 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

1.1 The Role of BOU

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

The responsibilities include:

- a) Review the loan applications from the PFIs against the terms and conditions of the scheme in accordance with the MoA.
- b) Disburse funds (refinance) to the PFIs in respect of the eligible projects.
- c) Ensure timely collection of repayments from PFIs and maintain a sound database on the lending activities.
- d) Provide reports to stakeholders on the performance of the Scheme.
- e) Undertake marketing of the Scheme to create awareness on the eligibility criteria and how the funds can be accessed.

1.2 Role of the PFIs

The PFIs are charged with:

- a) Receiving loan applications from eligible borrowers.
- b) Appraising/analysing the projects to ascertain eligibility, viability, feasibility.
- c) Managing collateral requirements.
- d) Ensuring the recovery of the loans from the borrowers. The MoA governing the administration of the scheme places full responsibility of loan recovery on the PFIs.
- e) PFIs submit reports (on the performance of the projects) to BOU on quarterly basis.

1.3 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 reimbursement of the GoU contribution from BOU.

1.4 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.

1.5 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.

1.6 Loan Term

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

1.7 Grace Period

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

1.8 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.

1.9 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.

1.10 Eligibility for Refinance/Sub Loans

1.10.1 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.

1.10.2 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 is capped at **UGX 250 million**.

The scheme does not finance purchase of land, forestry and refinancing existing loan facilities.

1.11 Financing Grain trade

The maximum financeable amount to a single borrower is **UGX 10 billion** and the GoU contribution is 50 per cent 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 PFI.

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**.