

Background

The Agricultural Credit Facility (ACF) was set up by the Government of Uganda (GoU) in partnership with Commercial Banks, Uganda Development Bank Ltd (UDBL), Micro Deposit Taking Institutions (MDIs) and Credit Institutions all referred to as Participating Financial Institutions (PFIs) to facilitate the provision of medium and long term loans to projects engaged in agriculture and agro-processing on more favorable terms than are usually available from the PFIs. Loans under the ACF are disbursed to farmers and agro-processors through the PFIs. The scheme is administered by the Bank of Uganda (BoU). It operates on a refinance basis in that the PFIs disburse the whole loan amount to the sub-borrower and applies to BoU for the 50 percent GoU contribution. The Scheme became operational in the year 2009.

Objectives of the ACF

The main objective of the ACF is to promote commercialization of Agriculture through provision of medium and long term financing to projects engaged in Agriculture, Agro processing, modernization and mechanization.

Eligibility for refinance under the Scheme

Private sector businesses or individuals operating in Uganda and engaged in agriculture and agro-processing of raw materials and intermediate products originating from crop and livestock production, fish farming, poultry farming/ breeding, bee-keeping, etc are eligible for financing.

Eligible Purposes

The acquisition of agriculture 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 will be considered provided this component does not exceed 20% of the total project cost for each eligible borrower. This 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 80 million.

The Scheme shall not be used for financing working capital for purchase of land, forestry, refinancing existing loan facilities and trading in agricultural commodities with the exception of grain.

Terms and Conditions of Sub Loans

Sub-loan amounts are determined on the basis of assessment and appraisal of project costs and genuine credit needs in accordance with the lending policy of the respective PFI and are designated in Uganda shillings. The loans under the ACF are disbursed under the following terms:

Loan amount

The maximum loan amount to a single borrower is up to UGX 2.1billion. However, this amount can be increased up to UGX 5billion on a case by case basis

(for eligible projects that add significant value to the Agricultural sector and the economy as a whole).

Loan Term:

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

Grace Period:

The Grace Period is up to a maximum of 3 years.

Interest Rate:

The interest rate to the final borrower is up to a maximum of 12% per annum and this is fixed throughout the loan period.

Facility fees:

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

Financing the Grain Trade

The scheme shall also provide financing for Working capital and infrastructure for projects engaged in grain trading. The terms will be as follows:

The maximum financeable amount to a single borrower and related parties is UGX 10 billion.

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

The applicable interest rate for loans advanced to finance 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.

Where to apply

Potential borrowers should apply through the Participating Financial Institution of their choice.

These are:

- 1 ABC CAPITAL BANK
- 2 BARCLAYS BANK
- 3 BANK OF AFRICA
- 4 BANK OF BARODA
- 5 CAIRO BANK
- 6 CENTENARY BANK
- 7 CITI BANK
- 8 COMMERCIAL BANK OF AFRICA (U) LTD
- 9 DIAMOND TRUST BANK
- 10 DFCU BANK
- 11 EFC UGANDA LTD
- 12 ECO BANK
- 13 EQUITY
- 14 FINA BANK
- 15 FINANCE TRUST BANK (U) LTD
- 16 FINCA
- 17 GUARANTY TRUST BANK (U) LTD
- 18 HOUSING FINANCE BANK
- 19 KENYA COMMERCIAL BANK
- 20 MERCANTILE BANK
- 21 NC BANK UGANDA (U) LTD
- 22 OPPORTUNITY BANK (U) LTD
- 23 ORIENT BANK
- 24 POST BANK
- 25 PRIDE MICROFINANCE
- 26 STANBIC BANK
- 27 STANDARD CHARTERED BANK
- 28 TOP FINANCE BANK (U) LTD
- 29 TROPICAL BANK
- 30 UDBL
- 31 UGAFODE
- 32 UNITED BANK FOR AFRICA
- 33 UGANDA FINANCE TRUST



BANK OF UGANDA



AGRICULTURAL CREDIT FACILITY (ACF)

For additional information please contact:

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BANK OF UGANDA



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