

Stanbic vital in financing agric

By Vision Reporter

Stanbic Bank plays a key funding role in Uganda's agriculture sector. Bank of Uganda recently recognised Stanbic Bank as the best performing commercial bank in disseminating the government-funded Agricultural Credit Facility.

The scheme's operations started in October 2010, with the aim of providing medium and long-term financing to projects engaged in agriculture and agro-processing, focusing on commercialisation and value addition.

Stanbic agribusiness financing has played a key role in enhancing agriculture development in the country, through provision of working capital and term facilities. This has had a pull effect of providing off-take of primary agriculture produce from farmers and enhanced the use of local raw materials in the agro-processing industries. This has also contributed to foreign exchange earnings through facilitation and financing of export of agriculture commodities. This is in addition to creating employment along the agriculture value chain.

Stanbic Bank supports the agricultural key sector, which accounts for over 24% of the Gross Domestic Product by providing loans, credit facilities and overdrafts to farmers, agro-processors and aggregators, agriculture-related industries, co-operatives.

Advisory services

In 2018, the bank provided facilities worth sh360b to the sector, by far the largest amount a commercial bank in Uganda has offered. In addition, the bank also provides foreign currency advisory services to farmers and other agricultural stakeholders who are dependent on imported inputs.

With Stanbic Bank's wide branch network spread across the country, it is able to support the rural areas. This is particularly the case in the peak harvest periods when the bank provides the much-needed financing and lines of credit that allow large-scale

buyers to purchase produce.

Stanbic also plans to reach out to smallholder farmers by developing products more suited to their needs. To this effect, the bank recently launched an agri-financing partnership with Consortium for Enhancing University Responsiveness to Agribusiness Development Limited.

Growing with clients

Stanbic Bank continues to support the growth of businesses in agriculture. The areas where the bank is involved are tea, sugar, coffee, cocoa and grain.

In the tea sector, for example, Stanbic Bank funds both the small factories and large tea estates, through revolving credit facilities. The bank also provides financial instruments, such as Letters of Credit for importers of agricultural inputs and machinery, plus trade finance facilities.

A key client with Stanbic is Rusekere Tea Growers, a large-scale tea processor and buyer in Fort Portal. Stanbic provides about 90% of all the loans and credit needed by the company. The business relationship

between the bank and Rusekere started in 2012, when the owner scaled up his operations. He requested for \$2m to finance a new production line. This allowed the company to increase its processing capacity, which at the time was

about 1.5 million tonnes of tea leaves per year.

Today, Rusekere Growers Tea Factory exports over 3.5 million tonnes of tea and is in the process of investing in a third tea production line.

Rusekere Tea growers employs 250 workers directly and indirectly, 1,200 outgrowers and other service providers, to support an ecosystem of about 7,000 Ugandans.

Another key subsector that the bank finances is the grain. Stanbic has financed and is continuing to support the expansion of grain storage and processing facilities for key industry players. Notably is the Nile Breweries Agroways partnership and the Uganda Breweries Grainpulse partnership in which the two companies are the preferred procurement and storage of local raw materials for

production of beer.

Grain Financing is not limited to the two partnerships, but also several SME traders that procure, aggregate and trade in grain.




Stanbic has enhanced the use of local raw materials in the agro-processing industries



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Rusekere Tea Growers Estate - Fort Portal

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