



# CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



## Official makes call for review of **agriculture financing framework**

“According to analysts, the small holder farmer is not benefitting from the Agricultural Credit Facility (ACF)...”



Shadow minister of Agriculture and member of the Agriculture committee of Parliament, Hon. Francis Gonahasa speaks at a past event. He has asked for a review of the country's agriculture financing framework. | @CSBAG2019

Shadow minister for Agriculture, Hon. Francis Gonahasa has said the fundamentals of agriculture financing in Uganda are wrong and need to be reviewed if the country is to enjoy the benefits that come with a thriving agriculture sector. “We need to benchmark and appreciate that the issue of substantive and sustainable financing has been resolved in all the countries that are reaping the full benefits of their agriculture sectors,” Hon. Gonahasa said. In an interview with CSBAG about the effectiveness of government's agriculture financing efforts last week, Hon. Gonahasa said, currently, the only way to effectively support Ugandan farmers is through cooperatives. “We need to organize our farmers and support them by establishing strong and effective cooperatives,” he said.

### Access challenges

While delivering his testimony during the presentation of the CSO agriculture sector position paper recently, Mr. Gonzaki Mugoya, a farmer and Secretary General of the Uganda Farmers' Federation said access to finance is still a challenge to farmers; especially small holder farmers and women. “The small holder farmer is not benefitting from the Agricultural Credit Facility (ACF),” he said. Mr Mugoya asked policy makers to develop and streamline models that will ensure access to credit for small holder farmers. In reference to government's agriculture mechanization plans, Mr Mugoya was keen on establishing which farmers were going to get the tractors that government is planning to offer. “Let government ensure that these tractors are given to organized farmer groups,” he advised. Last week, Bank of Uganda deployed a team at an

expo at Mandela National Stadium in Namboole to share information about the Agricultural Credit Facility. According to media reports, farmers were meant to get information on how to access affordable finance under the ACF, at low interest rates for projects in agriculture and agro-processing.

### Provide updates

However, while delivering the CSO agriculture sector position paper in Kampala late last month, Hellen Kasujja of the Community Integrated Development Initiatives also said ACF requirements are inaccessible to the bulk of those participating in the agriculture sector; especially women. “We recommend that Parliament tasks the Ministry of Agriculture and Bank of Uganda to give an update of how far the adjustments of the ACF guidelines have moved towards simplifying access to small holder farmers and women,” she said. “We have never allocated 10% of the budget to agriculture ever since Uganda signed the Maputo Declaration on Agriculture and Food Security,” she said. “This sector has a lot

of potential to contribute towards employment and economic growth. If this trend of funding continues, we could run into food security issues besides losing out on opportunities for robust economic growth,” she added. The FY2019/20 will mark a decade of the Agricultural Credit Facility operations having been established in FY2009/10.

### Explain roles

According to the annual budget performance report FY2017/18), as of 30<sup>th</sup> June 260.8bn had been disbursed to 430 projects and 134.794bn (95.11%) of the GoU contributions was fully disbursed to the participating commercial banks under the ACF. Civil Society Organisations have previously challenged Parliament to task the ministry of agriculture to explain their role in the development of the Agricultural Financing Policy and when they hope to conclude it. Agriculture finance represents 7% of commercial bank loans in Uganda, yet it is the mainstay of the economy.

## OUR WORK IN PICTURES



CSBAG Budget Policy specialist, Siragi Magara giving opening remarks at the Kansanga Water Sanitation and Hygiene community dialogue in Kampala last week. | CSBAG2019



Water Sanitation and Hygiene community field visit by the CSBAG and WaterAid team in Kamwokya last week. Participatory Budget Committee members also shared their advocacy experiences. | CSBAG2019



Former Makindye East MP, Hon. Simbwa delivering the closing remarks following the WASH dialogue in Kampala last week. He appreciated CSBAG for advancing the voice of the voiceless.