



Food and Agriculture
Organization of the
United Nations



UDB

UGANDA
DEVELOPMENT
BANK
Inspiring Development

AgrInvest

RESPONSIBLE INVESTMENT
= FOR A BETTER FUTURE



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AgrInvest

RESPONSIBLE INVESTMENT FOR A BETTER FUTURE

Public funding alone is not enough to tackle the world's most pressing sustainable development challenges – from ending poverty and hunger by 2030 to reducing inequalities and protecting the health and well-being of people and the planet. Private investments that generate social or environmental benefits alongside returns can help fill that investment gap, which in developing countries stands at around USD 2.5 trillion.

What is AgrInvest?

AgrInvest, a blended finance initiative of the Food and Agriculture Organization of the United Nations (FAO), uses public funding to attract sustainable private investments in the agrifood sector. More productive, resilient and inclusive agrifood systems will help reduce poverty, hunger and malnutrition, create decent jobs, especially for women and young people, and ensure greater environmental sustainability.

Agriculture is often deemed too risky for financing because of its dependence on weather and seasonal change. AgrInvest focuses on key value chains in a country to help de-risk lending and improve the agricultural investment environment by using the latest assessment and financial analysis tools, digital solutions and policy dialogue.

AgrInvest leverages on FAO's technical and investment expertise and existing partnerships, global networks and South-South partnerships, including with national finance institutions.



It will take a mix of public and private investment to reach the Sustainable Development Goals.



AgrInvest in Uganda

Agriculture accounts for nearly a quarter of Uganda's GDP and employs two-thirds of the country's labour force. But Uganda's agriculture sector lags behind others in attracting investment. With support from the FAO Investment Centre and the European Union Delegation in Uganda, the Uganda Development Bank (UDB) is expanding its agricultural lending portfolio to offer innovative products and services to its clients.

AgrInvest in Uganda seeks to build lasting capacities to leverage responsible investments that transform agrifood systems. And it seeks to increase investment opportunities, including for smaller family farmers – the majority of Uganda's farmers – who largely fall outside of formal agribusiness value chains.

Partnering with the Uganda Development Bank

AgrInvest's main public sector investment partner is the UDB. The Bank is financed by the Government of Uganda and other development partners. The UDB supports projects that are expected to have significant socio-economic benefits for Uganda.

The UDB seeks to become a leading business partner for agriculture and food-related businesses, helping borrowers grow their businesses and take advantage of low-cost digital technologies.

In 2019, the UDB allocated **43%** of its lending portfolio to agroprocessing and primary agriculture (UGX **152** billion or USD **41** million).

The Bank's financial products and services include:



LOW INTEREST RATE LOANS
(up to 3, 8 and 15 years)



EQUITY INVESTMENTS
(including private equity)



BUSINESS ADVISORY SERVICES



PROJECT PREPARATION OPPORTUNITIES

COVID-19 Response

The UDB has received funding – as part of the Government of Uganda's COVID-19 stimulus package – aimed at increasing production of essential goods and services for import replacement and export promotion. Large and small agricultural businesses are set to benefit.

Key elements of AgrInvest to Uganda Development Bank:



INCREASED INVESTING

The project supports the Bank to increase its investment portfolio in the food and agriculture sectors. The Bank is strengthening its capacities to assess business proposals and their risks – making sure proposals are economically viable and environmentally and socially responsible – and, in turn, to advise clients on astute financing and business growth. This serves to improve the quality of the pipeline of new proposals over the long term.



GREEN FINANCE

FAO-developed tools like the Ex-Ante Carbon Balance Tool (EX-ACT) and the Global Livestock Environmental Assessment Model interactive (Gleam-i) are being introduced to help the Bank assess the greenhouse gas emissions and carbon balance of loan applications in food and agriculture.



POLICY DIALOGUE

Policy dialogue and technical assistance will help de-risk and enhance the viability of agricultural investments. Regular dialogue supported by data analysis involving public and private actors along the value chain – from farm to fork – can pinpoint trouble areas and identify solutions.



DIGITAL SOLUTIONS

To enhance the Bank's lending, the project has teamed up with the UN Capital Development Fund (UNCDF) to increase the Bank's capacity to use digital technologies – from profiling clients and assessing risks based on geodata, to delivering loans via digital payment systems. This will allow the UDB, a branchless national development bank, to significantly increase its outreach to small-scale farmers in underserved rural areas.



IMPACT MEASUREMENT

Big data analytics can help the Bank understand how agricultural investments contribute to reducing poverty. Greater capacity to use big data analytics can significantly lower the cost of impact monitoring, and, in turn, contribute to better planning of UDB's agricultural activities.

The FAO Investment Centre, with more than 150 staff and operations in over 100 countries, will support the Bank through a combination of technical and policy expertise, knowledge sharing, innovation and capacity development. Since 1964, the Centre has assisted countries in making more and better investments in food and agriculture. To date, it has helped leverage investments valued at nearly USD 140 billion.

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