



Standard Bank

# FINANCING OPPORTUNITIES FOR THE MILLING SECTOR

Presented to

THE GRAIN MILLERS SUMMIT

*Organized by* The Grain Council of Uganda

Presenter:

**Negombye Emmanuel**

Head AGRIBUSINESS

Stanbic Bank Uganda



# Stanbic Bank – the value chains financing approach

Our offerings to agribusiness at the different stages of the grain value chain.

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## FOCUS FOR AGRIBUSINESS FINANCING



**Input suppliers**

**Producers**

**Aggregators**

**Processors**

**Distribution**

**Consumers**

**Trade Finance (10)**



**Working Capital (03)**



**Asset Finance (03)**



**Term financing (04)**



**Forex (12)**



**Banc Assurance (06)**



**Payment and  
Collection channels  
(22)**



# Stanbic Bank and the AGRICULTURE CREDIT FACILITY

Stanbic Bank Uganda is one of the most active participating financial institutions (PFIs) in the Agriculture Credit Facility. This scheme is run in collaboration with the government through the Bank of Uganda to finance commercialization of Agriculture. It operates two schemes; the ACF Capex scheme that provides medium- and long-term financing to projects engaged in agriculture, agro processing, modernization and mechanization and the ACF Grain Trader scheme that provides working capital for clients engaged in grain trade.



**BANK OF UGANDA**

## THE ACF GRAIN TRADERS SCHEME

*The scheme provides financing for working capital for grain traders and processors*

### Who do we finance?

1. Grain traders and processors with offtake contracts or verifiable market/demand
2. Aggregators from established grain value chains like breweries and millers
3. Grain processors with proven track record and brand presence on the market

### How do I qualify?

- a) Must have a valid grain contract from a reputable offtaker
- b) Demonstrable experience of not less than 2 years in grain trade and/or processing
- c) Good credit record and performance history
- d) Meet the bank's lending criteria and requirements

### Terms and conditions

1. Loan tenure 3months to 2 years (*no grace period*)
2. Interest rate not exceeding 15% p.a. and facility fees not exceeding 0.5% p.a.
3. Maximum loan amount is UGX 10bn (Uganda Shillings Ten Billion)
4. Flexible repayments plans depending on cashflow cycle of trading business
5. Facilities above UGX 50m require financial statements

### Collateral

- a) Assignment of contract proceeds
- b) Debenture over stock
- c) Collateral Management Agreement
- d) Guarantees (personal or corporate), legal mortgage (if applicable)



## THE ACF CAPEX SCHEME

Finances commercialization of Agriculture through provision of medium and long term financing to projects engaged in agriculture, agro processing, modernization and mechanization.

### What we finance

1. Acquisition of agricultural machinery & equipment
2. Post-harvest handling equipment,
3. Storage facilities / warehousing
4. Farm Structures like paddocking, fencing, dams, irrigation
5. Agricultural inputs e.g. pesticides & fertilizers limited to 20%
6. Working capital limited to 20% of project cost
7. Biological assets e.g. suckers, cows capped at UGX 80M

### Exclusions

- Purchase of land
- Planting of trees (*due to long cash conversion cycle*)
- Refinancing of existing facilities/Loan
- Trading in agricultural commodities except for grain.

### Terms and conditions

- Pricing: Interest rate not exceeding 12% per annum and facility fees not exceeding 0.5% per annum
- Loan tenures ranging from 6 months to 8 years with option of grace period of up to three years
- Maximum loan amount UGX 5Bn (facilities above UGX 2.1bn subject to discretionary approval); no minimum but smaller borrower are encouraged to borrow in groups, SACCOs, VSLAs and Associations
- Flexible repayments plans depending on cashflow cycle of agribusiness; can be monthly, quarterly, bi annual or even annual instalments as agreed with borrower

### Qualification criteria

- a) An Agribusiness that must have been in operation for at least 2 years; with documented proof
- b) Evidence of economic activity e.g. sales records/receipts, animal movement permits etc.
- c) Proof of registration of borrowing entity e.g. National ID (if individual) or documents (if non individual)
- d) Facilities above UGX 50m require financial statements







# STANBIC BANK AFRICA CHINA BANKING TRADE offering

The Standard Bank group and its largest shareholder, the Industrial and Commercial Bank of China (ICBC) entered a strategic partnership that facilitates trade between Africa and China. As part of the Standard Bank group, Stanbic Bank Uganda continues to play an active role in supporting Ugandan agribusiness to access markets in China and seamlessly connecting Ugandan importers to Chinese suppliers and manufacturers. This 15 year partnership with the world's largest bank has enabled Stanbic Bank to build the world's leading Africa-China trade and investment platform. Some of our services in our Africa China desk include



Our partnership with Zhejiang international trading supply chain co., ltd (**Guomao**) that provides Ugandan exporters with;

- Access to warehousing, insurance and shipping logistics
- Access to over 10,000 prequalified suppliers
- Due diligence and company search on suppliers/manufacturers
- Pre-inspection services of factories and/or products
- Product sourcing and price negotiation based on quality standards
- Support services for foreign travelers e.g. hotel reservations, airport links, local travel logistics and a professional interpreter.
- Provide guarantees that the quality of goods from the supplier meet your requirements. Any failures are rectified on your behalf by our partner.



Access to **Trade Club**; a digital platform that connects traders globally; a network of 20,500 clients from 40 countries represented by 15 international banks including Standard bank. Members are matched with buyers backed by their banks



We arrange for some of our clients to participate in **expos** like the China Africa Economic and Trade Expo (CAETE) and the China International Import Expo (CIIE). Helpful for clients seeking to export or import products from China. Some grain processors in Uganda have imported equipment under this.

## African Importers (You the customer)

You as the customer, through Standard Bank deal with the vetted and trusted Import Partner to source the product (s) you would like to import

Standard Bank connects with our Import Agent, and also assists you with your financing needs and logistics, through our **Trade Suite** offering



## Chinese Import Partners (Import Partner)

The Import agent sources suppliers the customer, and supplies the customer with quotes from the different suppliers.

The agent assists with arranging travel logistics, validating the quality of the goods and handling shipping logistics



Our strategic partnership with ICBC and presence in over 20 African countries gives us experience in regulations and strong partnerships with many governments. This allows us to facilitate, advise and finance trade between Africa and China with skill to assist our clients navigate complex financial and regulatory cross border environments.



# Our offering to SACCOs, Cooperatives and Producer Organizations.....1

Achieve your goals together with a **SACCO Account**

Benefits:

- ✓ Tiered interest paid on credit balances above 10M
- ✓ Free cash and cheque deposits
- ✓ Free cash withdrawals
- ✓ No monthly management fees

Contact Enterprise direct on +256 312 226 600 or email us: [enterprisedirectug@stanbic.com](mailto:enterprisedirectug@stanbic.com)

With us you're **one step closer**

Stanbic Bank **IT CAN BE.**

Stanbic Bank Uganda Limited. A Financial Institution regulated by the Bank of Uganda and Customer Deposits are protected by the Deposit Protection Fund of Uganda up to UGX 30 million. Terms & Conditions Apply. License Number A1.030

Our SACCO (Savings and Credit Cooperative Societies) customers value proposition seeks to enable financial inclusion for SACCO members, many of whom are farmers. It allows members that are organised in farmer groups, SACCOs or VSLAs to access a range of financial solutions to improve agricultural production and productivity or embark on value- addition which translates into higher rural incomes. The offering supports SACCOs and VSLAs with accessible and affordable financing so they could lend to their members at a low interest rate but also build their digital capacity to serve their members better.

The four main pillars of this offering to SACCOs include;



## The SACCO Account

- A product designed specifically to meet the unique needs for farmer groups, VSLAs and SACCOs
- The account offers free deposits, withdraws, online banking, monthly fees and inward remittances
- Interest is paid on balances above UGX 10m to encourage members to save
- **Simplified Requirements:**
  - ✓ Bye-laws / Constitution
  - ✓ Letter of recommendation from DCO / CDO for VSLAs
  - ✓ Resolution to open account.
  - ✓ Positive identification of signatories.
  - ✓ Opening deposit/ Minimum balance of UGX 100,000=

## Digitization

- This solution is executed in collaboration with partners like aBi Finance that provide grants
- SACCOs are supported to digitize their operations through provision of core banking platform.
- A partner Fintech will train and handhold SACCO until they are comfortable with the system
- The solution provides computer hardware and sometimes supporting infrastructure like solar panels to deliver power for rural SACCOs located in areas with unstable power
- SACCO enrolled onto Flexipay (our digital transaction platform) with the SACCO as Flexipay Merchant and Members as Wallet holders; this allows free transfers into and out of member accounts



Benefits that go with the loans include financial management training, initiation to digitization and generous transactions terms for account holders. It also comes with insurance offers for SACCOs ranging from agriculture insurance to credit and funeral insurance covers for members.





# Our offering to SACCOs, Cooperatives and Producer Organizations.....2

## GROW FASTER TOGETHER AS A SACCO

Gain access to diversified opportunities.



### Benefits Include:

- Attractive Interest Rates at **12.5% & 10%** for Agriculture based SACCOs
- Connection to markets
- Digitizing of your financial records and processes
- Unsecured loan amounts of **UGX 200M** for first-time borrowers and **UGX 400M** for repeat borrowers
- No monthly fees or transaction charges
- Attractive short and long-term investment solutions
- Affordable insurance packages

For more information, contact Enterprise direct on +256 321 226 600 or email us on [enterprisedirectug@stanbic.com](mailto:enterprisedirectug@stanbic.com)

Terms & Conditions Apply

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**one  
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### Lending

- The bank has collaborated with partners like ABI Finance, IFAD and Opportunity International to assist SACCOs, VSLAs and micro enterprise owners to access affordable financing
- The Stanbic Economic Enterprise Restart Fund enables the bank to lend to farmer groups, SACCOs and VSLAs at concessionary rates of 10% p.a for agriculture and 12.5% for onward lending. The offering supports SACCOs and VSLAs with accessible and affordable financing for onward lending to their members at a low interest rate
- Benefits that go with the loans include financial management training, initiation to digitization and generous transactions terms for account holders. It also comes with insurance offers for SACCOs ranging from agriculture insurance against natural hazards, insurance on money disbursed to members, and funeral insurance covers for members.
- SACCOs can access unsecured loans up to UGX 200m/12 months. Digitized repeat borrowers with excellent account turnover and repayment record up to UGX 400m while secured loans can go up to UGX 1.5bn/ 36 months depending on SACCO portfolio/size.



### Capacity Building

- Stanbic Bank collaborates with Stanbic Incubator Limited with support from the GIZ, USAID and ABI Trust to train SACCOS, Farmers Groups and Women owned SMEs
- The bank, through its Enterprise Development Program collaborates with other partners like Outbox, Impact Week, USADF, Palladium Group and the Hi-Innovator program to provide these programs.
- Trainees are supported to develop products and business models that generate income and trained in skills like Compliance, Leadership and Self Management, Governance, Quality Management, Financial literacy, Strategy and Business Planning, Financial Management, Marketing and Customer Management and Portfolio Management

**IT CAN BE.**

# OneFarm

The Stanbic Bank Uganda One Farm platform is a partner led channel that provides data driven digital solutions and provides business linkages using two major services; the One Farm **Outgrower** module and the One Farm **Agrodealer** module. The platform will help to formalise the sector and facilitate financial inclusion by providing farmers with a digital identity, giving them access to finance, insurance, agronomy and market linkages while giving them a credit and financial history



Supply **certainty** (the right quality and quantity at the right time).

The bank uses digital products and solutions through the One Farm **Outgrower** Module to address the challenges faced by smallholder farmers.

This module focuses on digitizing commercial outgrower programs to improve visibility throughout the supply chain, ensure procurement channel efficiency for the entire agricultural value chain from production to value addition and distribution

The small-scale farmers are also able to benefit from both financial and non financial (training and capacity building) support through initiatives like the SACCO and Business Incubation

## OUTGROWER MODULE

Through aggregation of information and orders from input agrodealers already profiled on the platform, the farmers are able to access quality inputs in a timely manner to ensure timely planting while the agrodealer is able to optimise their logistics and distribution to ensure cost effective fulfilment of orders.

Through the lend capability and offerings the bank provides financing to farmers to ensure the receive the right quantity and quality of inputs, the input suppliers and other service providers can project and plan for demand from the farmers at counterparty risk is managed.

## AGRODEALER MODULE



Supply **Optimization** (empowering smallholder).



### Access to funding

Unlock financing for users based on data pools generated from utilization and the linkages within the players on the platform



### Access to storage

Enables small scale farmers to access of critical services in value chains like storage and processing



### Access to Knowledge

Our clients can access market, financial and technical (agronomic) knowledge and information



### Access to Inputs

Smallholder farmers able to access quality and affordable inputs in real time.



### Access to Markets

Business linkages among players within the different value chains on the platform

**IT CAN BE..**



# THANK YOU



Whether your business needs  
to buy property, finance equipment  
or fund operating expenses, we offer  
a number of financial solutions.