

# UDB FACILITATES BUSINESS RESILIENCE AND RECOVERY POST COVID-19

Uganda Development Bank Limited (UDB) is the country's national Development Finance Institution (DFI) with a mandate to accelerate socio-economic development in Uganda through sustainable financial interventions. Consistent with this mandate, the Bank supports projects within the private sector that demonstrate potential to deliver high socio-economic value, in terms of job creation, improved production output, tax contribution and foreign exchange generation, among other outcomes. These projects fall within the key priority sectors of our economy, and in line with Uganda's development priorities, the Bank's financing interventions are mainly in **Primary Agriculture, Agro-processing, and Manufacturing** which account for about **80%** of its investment portfolio.

The Bank however undertakes specific interventions in other sectors including Tourism, Human Capital Development and Infrastructure including ICT.

The year 2020 was unprecedented world over with the onset of the COVID-19 pandemic, bringing unprecedent shocks to demand and supply chains thus impacting economic activity and lives of Ugandans. In response, the Government of Uganda implemented a raft of measures, including a stimulus package to be implemented by various agencies.

As part of this stimulus package, the government committed to capitalize UDB with UGX. 1Trillion; to be used to support production, processing, and manufacturing of essential items for the country to be resilient amidst the supply chain disruptions, and to become self-sufficient, thus rely less on imports especially of essential items that can be locally produced.

In mid-August 2020, UDBL received **UGX.455,180,000,000** as additional capital to support the above objective.

The Bank employed a series of measures to deploy this funding effectively and expeditiously including Nationwide publicity through targeted media interventions boosted by the issuance of public Calls for Applications.

- (1) Set-up of an online application tool to ease the process where a complete application and all documents can be submitted digitally.
- (2) Building technical and process capacity within the bank to augment the business sourcing and credit appraisal processes.
- (3) Entered a strategic partnership with Post Bank to leverage on their country-wide network thereby extending reach. Applications to UDBL can be submitted to post Bank branches for upcountry clients.

As a result of these and other interventions, the bank received positive response to the Calls for Applications and was able to commit ALL the new capital (approvals) and disburse a significant portion of the funds that were received.

**Through 2020, the bank achieved the underlisted activities:**

## (a) Approvals.

- The Bank approved credit amounting to **UGX. 444 Billion** to various projects spread throughout the country.
- **87%** of this funding will go towards supporting projects engaged in Primary Agriculture, Agro-processing, and Manufacturing.

## (b) Disbursements

- The bank disbursed **UGX. 242 Billion**
- Of this amount, UGX. 192Billion (or 79% of disbursements) is to support the three key sectors indicated above.
- UGX. 162Billion was disbursed to projects outside the Kampala metropolitan region (i.e outside Kampala, Wakiso, Mukono and their immediate environs)

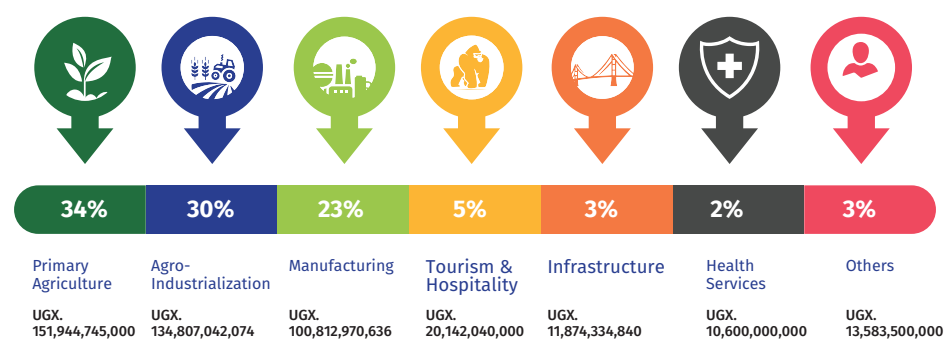
## (c) Commitments:

- **UGX. 351 Billion** being the undisbursed value of projects that have been approved but partially disbursed due to the phased disbursement and implementation scheduling or financing structure of projects.

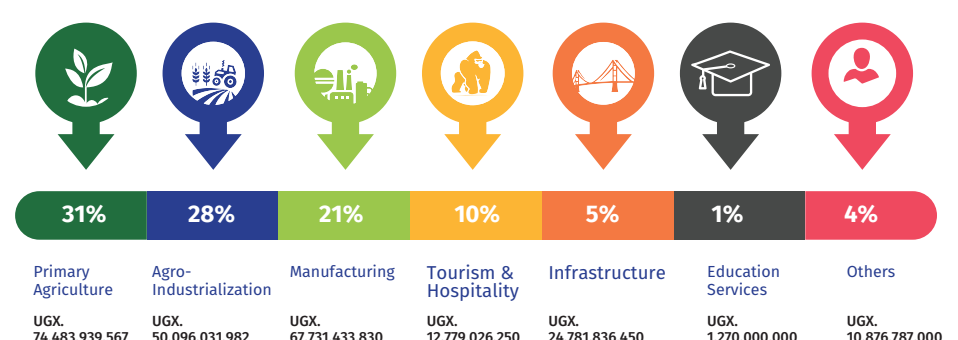
## (c) Pipeline

- **UGX. 444 Billion** being total value of loans that have screened for funding, and where the bank has either issued a term sheet or has received an application that is currently at any of various stages of the credit appraisal process.

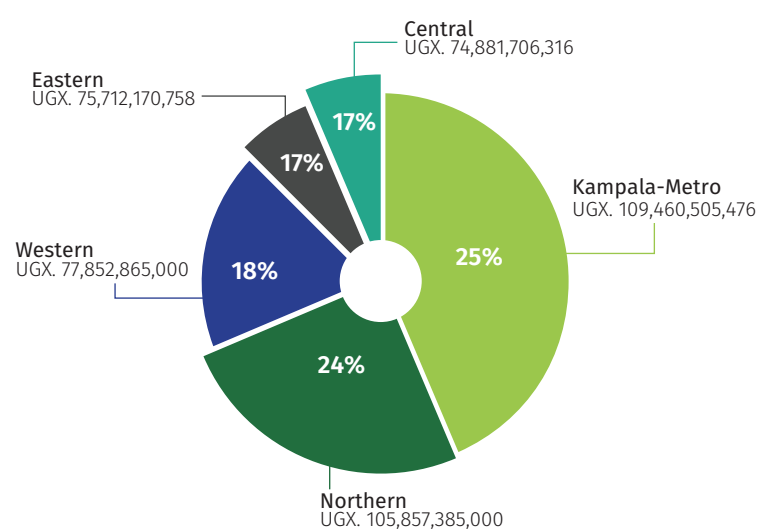
## Approval by Sector



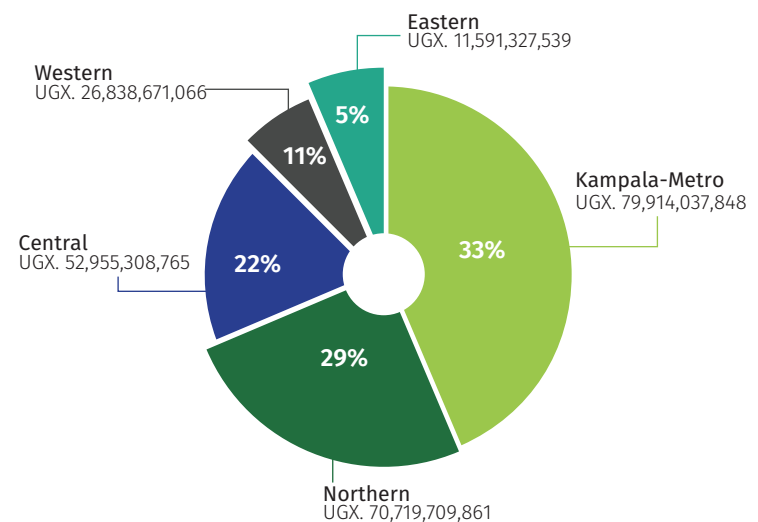
## Disbursement by Sector



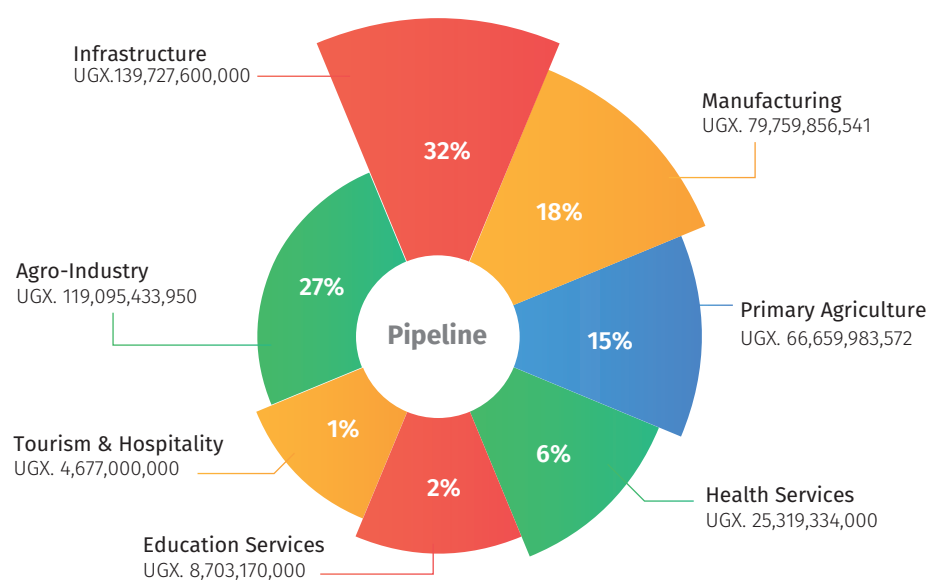
## Approval by Region



## Disbursement by Region



## Pipeline



## Socio-Economic Impact

The projects the Bank has approved will generate significant socio-economic impact over the project-lives as projected below:

	Total
Jobs	98,667
Output value (UGX. Bn)	8,019
Tax (UGX. Bn)	619
Forex (UGX. Bn)	1,925

## Support to the recovery of the Tourism Sector

Tourism has been the major sources of foreign exchange earnings for the country and has been greatly impacted by COVID-19. Uganda is projected to lose would-be earnings amounting to about USD 5Billion over the next five years due to the of the pandemic, mainly on the back of reduced foreign visitor traffic.

In a move to save as well as revive the sector, UDB has partnered with the European Union (EU) to provide a blend of finance that incorporates affordable credit (from the bank) accompanied by an EU-funded grant; the facility is to help the businesses in the sector meet operating expenses with the view to assure business continuity and reduce possible job losses. Under this program, the EU has allocated a grant amounting to Euro 6Million (about UGX. 27Bn) while UDB will provide soft loan facilities up to UGX. 40 Billion.

UDB remains committed to achieving our purpose which is **“To Improve the Quality of Life of Ugandans”** through providing innovative financing to the key growth sectors of the economy.

### Key:

Approval	Where the bank has received an application, undertaken a full appraisal, and determined that the project is fit to receive funding from UDB
Disbursement	Where the bank, following full appraisal and approval, releases funds towards the approved project for implementation of the agreed loan purpose
Term sheet	A document with indicative terms issued to a prospective borrower; the same is issued following a preliminary appraisal on a credit application, pending completion of detailed appraisal and/or submission of complete documentation.
Pipeline	The pool of applications under preliminary review for possible financing by the Bank

## General lending terms

- Term loans up to a period of 15 years
- Up to three (3) years grace period
- Interest rate shall not exceed 12 % for borrowing in Uganda shillings.

## Application procedure

- The Application form can be accessed, completed, and submitted either online at [www.udbl.co.ug](http://www.udbl.co.ug) or hard copies submitted at UDBL Head Office at Rwenzori Towers, or to Post Bank Branch nearest to you.
- Applications should be submitted together with all the required documents to support the evaluation process.
- Applicants may be requested to submit additional information during the appraisal phase. If information is not provided by the applicant within the agreed time, the application may be suspended.
- The evaluation process of an application can be delayed if additional documentation required is not provided in good time.
- The application will be assessed after which it will be submitted to the relevant management and board committees for a final decision.
- After assessment of the application, the applicant will be informed of one of the following outcomes:
  - i. Application approved.
  - ii. Application referred for further development in collaboration with the applicant.
  - iii. Application declined.
- Approval, decline, or referral is entirely at the discretion of UDBL.

For more information, please visit the Bank's website on [www.udbl.co.ug](http://www.udbl.co.ug) or email [clientrelations@udbl.co.ug](mailto:clientrelations@udbl.co.ug) or call 0414355509.



**Uganda Development Bank Ltd** is a Development Finance Institution (DFI) focused on Accelerating socio-economic development through sustainable financial interventions in line with the country's development priorities. We provide innovative financial solutions with emphasis on value chain development in the Primary Agriculture, Agro-industrialization, Manufacturing, Infrastructure, Tourism & Hospitality, Human Capital Development.

For more information, please contact **0414-355509** or email address; [info@udbl.co.ug](mailto:info@udbl.co.ug)



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