

Civil Society calls for agriculture bank, increase in sector funding



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CSOs have reiterated their calls for more funding for the agricultural sector, arguing that the budget for agriculture is still insufficient.

Speaking earlier today at the National Agricultural and trade show in Jinja, Julius Mukunda, the Executive Director Civil society Budget Advocacy Group (CSBAG)

Finance Minister, Matia Kasaija speaking at the National Agricultural and Trade show in Jinja on Thursday, July 20. On the extreme left is CSBAG Executive Director, Julius Mukunda.

urged the government to increase funding to agriculture. He also called on government to address the issue of fake agricultural inputs especially seeds, which he said have flooded the market, affecting the agricultural sector.

In the current financial year - 2017/18, the agricultural sector, was allocated Sh863.04b, which according to the civil society is still inadequate.

On high interest rates, Mukunda appealed to the government to consider establishing an agricultural bank, which he said is better suited to handle credit facilities for farmers. “It is only the agricultural bank that can understand, the challenges affecting farmers, we appreciate government’s efforts on agricultural financing through the Uganda Development Bank (UDB) and agricultural credit facility, but an agricultural bank would be a good idea,” Mukunda said.

Mr Mukunda made the remarks during the agriculture financing day, which was hosted by the Uganda Agribusiness Alliance and CSBAG among other agricultural groups on the sidelines of the National Agricultural and trade show in Jinja.

Minister’s assurance

Speaking to farmers and members of the civil society at the same event, the Minister for Finance, Matia Kasaija noted that many farmers especially small holder farmers have not embraced the Agricultural Credit Facility (ACF) which was set up by the Government of Uganda (GoU) in partnership with Commercial Banks to offer credit facilities to farmers at a maximum rate of 10 percent interest, per annum.

“Commercial banks may not be the vehicle for promoting agricultural financing because their interest rates are too high. Our farmers need to embrace credit facilities,” Kasaija advised. He noted that the government has injected up to Sh120bin the credit facility which is managed together with commercial banks like Stanbic, Posta bank, and Dfcu among other financial institutions.

Agnes Kirabo, the Executive Director Food rights Alliance (FRA) a member organization of CSBAG said risks in agriculture are over stated adding that they are not natural but policy oriented. “We are supposed to deal with these risks, by policy and commitment. These issues we are talking about as risks in agriculture are put there by us, because of the disorganized model of financing,” Kirabo said.

In his key note address, re-imagining the role of government in financing agriculture, David Kalyango, the in-charge of the agricultural credit facility at Bank of Uganda noted that there is need for the government to focus on small holder farmers who are the majority agriculturalists in the country, in order to turn them into commercial farmers.

Statistics indicate that 68% of Ugandans, majority of whom are small holder farmers, are engaged in subsistence farming. “Besides financing, we need to understand that our farmers are still facing a challenge of land tenure system, this has created a lot of uncertainty among farmers who don’t own land,” Kalyango said.

Farmers react

On their part, farmers challenged government on a range of issues. “Government is the one disorganizing us, most of the seeds we get don’t germinate, we appeal to the CSOs to come to our rescue especially on services like irrigation,” Mariam Mulindwa a resident of Jinja Budondo village said.

“I want to tell government that farmers have not benefited from the agricultural funding, most of the money is spent on administration, it doesn’t directly trickle down to farmers,” said a farmer from Luwero.

The farmers also attacked government for the uncoordinated distribution of agricultural inputs such as seeds which are distributed off season. They proposed that the government reviews the operation wealth creation saying it had failed to boost farming. They also appealed to the government to ensure that UDB extends its services to different parts of the country saying it is only concentrated in Kampala.

Patricia Ojangole, the executive director UDB, said a number of interventions such as technical support are being considered to help the farmers. Just like minister Kasaija had done earlier, Ojangole advised farmers to form groups for easy accessibility to credit.