The free-market arg

UDB gets Shs169b for enterprise financing

FINANCING

NELSON NATURINDA

Uganda Development Bank (UDB) has secured a €40 million (approximately Shs169 billion) credit line from the French Development Agency (AFD), a move expected to strengthen the bank's capacity to finance enterprises and accelerate Uganda's socio-economic transformation.

The facility, complemented by €800,000 (about Shs3.38 billion) in technical assistance, positions UDB to scale up its mandate of providing long-term, patient capital to priority sectors of the economy.

The agreement was signed in Kampala by AFD country director Marc Trouyet and UDB managing director Dr Patricia Ojangole, in the presence of Virginie Leroy, Ambassador of France to Uganda.

As Uganda's national development finance institution, UDB plays a role in financing enterprises that traditional commercial banks often consider too risky or long-term. Its focus on agriculture, agro-industrialisation, manufacturing, infrastructure and services aligns with Uganda's broader industrialization and job creation agenda.

Dr Ojangole said the new funding will allow the bank to deepen its support to businesses that generate high socio-economic value, particularly small and medium enterprises (SMEs), youth and women-led ventures, and enterprises operating in underserved regions.

"Access to concessional and strategic funding is not merely about liquidity. It is about leveraging the funds mobilised into measurable economic impact," she said.

The additional capital is expected to expand UDB's ability to structure transformative projects, crowd in private investment, and finance enterprises that contribute to job creation, increased production output, export growth and tax revenues.

Analysts say expanded development financing could have multiplier effects across the economy. With agriculture, agro-industry and manufacturing already accounting for about 75 percent of UDB's portfolio, additional resources are likely to strengthen value addition, boost rural incomes and reduce reliance on raw commodity exports.

By extending longer repayment periods and offering more flexible financing structures, the funding enables enterprises to invest in machinery, technology and climate-resilient infrastructure, investments that often require time to generate returns but are critical for sustained growth.

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