THE GOVERNMENT PROMISED THE FUNDING, SAYING THE FACTORY WOULD EMPLOY 3,500 WORKERS DIRECTLY

Atiak Sugar Factory stalls over sh47b loan

By Henry Sekanjako

The operations of the Atiak Sugar Factory in northern Uganda hang in the balance after the Government's failure to avail a $12.5m (about sh47.4b) loan it committed for its completion.

Over 300 aggrieved farmers from northern Uganda petitioned the Speaker of Parliament, Rebecca Kadaga, over what they called Government's intention to delay completion.

MP Anthony Akol (Kilak North) who represented the farmers from Amuru, Gulu, Adjumani and Lamwo districts last week, said by failing to provide the funds, the Government had not honoured its part of the bargain.

The factory, under the management of Horyal Investment Holding Company Limited, owned by businesswoman Amina Hersi Moghe, completed the development phase of the project, including commencement of construction and installation of equipment and machinery.

However, work stalled after the promoters ran out of money.

The company was burdened with a sh90.1b debt with the defunct Crane Bank, which has since been taken over by dfcu Bank.

To bail out the company, the Government committed to give the factory the loan which would be accessed from a local bank under the Agriculture Credit Facility (ACF).

The decision was premised upon many factors, including the nature of location and potential of the investment and the need to minimise further debt, given the level of indebtedness of the company.

Members of Atiak sugarcane outgrowers and Gem Pacilo co-operative societies in Parliament last week. Photo by Miriam Namutebi

The Government also okayed the funding of the project, saying it would employ at least 3,500 workers directly and 15,000 indirectly on the outgrower farms of whom over 4,700 members are women and youth.

The Government also acquired shares of up to 10.1% in the sugar company at $5,251,291 (about sh20b), which were approved as a supplementary budget by Parliament early this month.

However, according to Moghe, despite acquiring shares in the factory, the Government has up to now failed to meet its commitment.

Limited funds

Last year, in a May 26 letter to finance minister Matia Kasaija, the governor of Bank of Uganda, Emmanuel Mutebile, indicated that the maximum permissible amount under the ACF to the factory was sh2.1b and sh5b on a case by case basis.

Mutebile asked the minister to use his discretion to increase the limit under the ACF in order to accommodate the factory's requirements.

"We note that the sugar factory is of significant economic importance, given that it will benefit many outgrowers, in addition to fostering the much needed development in northern Uganda," Mutebile said.

However, Mohamud Ahmed, the director of Horyal Investment, told journalists that in their interaction with the minister, he had indicated that there was no money to effect the acquisition of the loan from ACF.

"We believe the money is there, but there is too much intrigue. It is the technocrats trying to fail this project. The sugar cane is now 10 months and its maturity is 18 months. So, if we do not receive the money this month to start factory operations, the sugarcane will now be useless and I cannot buy it because it will no longer be viable to crush for sugar production," Mohamud said.

Parliament Speaker Rebecca Kadaga said she would engage both the governor and the minister over delayed completion.

"I will consult with the finance minister and the governor over the matter," Kadaga said.

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