



Uganda: supporting micro, small and medium-sized enterprises

02/28/2022 – Date of signature of the project

BANKS AND FINANCIAL SERVICES – Sectors

UGANDA – Location

LOAN, GUARANTEE – Financing tools

26 500 000 EUROS – Amount of funding

CENTENARY BANK – Client

Proparco has allocated a credit line and two guarantees to Centenary Bank to support micro, small and medium-sized enterprises (MSMEs) in Uganda, with a focus on agriculture, microfinance and companies affected by the Covid-19 crisis.

Client presentation

Centenary Rural Development Bank was founded in 1985 by the Ugandan Catholic church with the objective of serving the rural poor and contributing to the overall economic development of the country. Following years of strong growth, it has become the second largest financial institution in the country. In spite of this success, the bank has remained focused on its initial target clients. It has defined a “Mission Critical Portfolio”, which includes microfinance, MSMEs and loans to farmers. This “Mission” portfolio accounted for 47% of its total portfolio as at end of 2021. The bank’s objective is to increase it to 54% by 2026.

Project description

To support the development of Centenary Bank’s “Mission” portfolio, Proparco has allocated a credit line and two guarantees to the bank, with the support totaling the equivalent of UGX 105bn:

- Proparco’s UGX 65bn credit line (equivalent to EUR 16.5m) is supporting the growth in Centenary Bank’s “Mission” portfolio, for microfinance, agriculture and MSMEs. This project is being implemented with the support of the French Government and European Union under the EFSD guarantee.
- A UGX 20bn guarantee (equivalent to EUR 5m) to help Centenary Bank support MSMEs badly affected by the Covid-19 crisis. This guarantee has been made possible through resources specially allocated by the French Government under the Resilience component of AFD Group’s Choose Africa initiative.
- Another EURIZ guarantee for UGX 20bn (equivalent to EUR 5m) which covers up to 70% of loans allocated to micro and small enterprises. EURIZ benefits from the support of the European Union and the African, Caribbean and Pacific Group of States (ACP Group).

Project impact

The main expected impacts of the project are as follows:

- Support for the economic development of Uganda by financing the bank's "Mission" portfolio, which is mainly composed of SMEs and microenterprises, which are historically poorly served by the country's banking sector, with also a focus on the agriculture sector;
- Support for formal employment in Uganda, with some 19,500 jobs supported;
- Through the dual approach of this project (debt and guarantee), an increase in access to financing for small businesses, in particular in a difficult post-Covid operational environment. Due to the bank's particularly strong footprint in rural areas and with low-income populations, the project will help reduce poverty by offering basic banking services to the most vulnerable people. In addition, through the use of concessional resources, Proparco is providing financing in local currency with a rate suited to the needs of the target clients, smallholders and microentrepreneurs, which are clients in particular need of support following the Covid pandemic.
- Mobilization of EUR 17.82m of private finance, i.e. a ratio of 1.78.

The project will contribute to the achievement of SDG 1 (No poverty), SDG 5 (Gender equality) and SDG 8 (Decent work and economic growth).

The E&S classification only concerns the loan, as guarantees do not benefit from an E&S classification.



La garantie EURIZ bénéficie du soutien de l'Union européenne et du Groupe des Etats d'Afrique, des Caraïbes et du Pacifique (Groupe ACP).