



**YIELD  
UGANDA**  
INVESTMENT FUND



**2022**

**Annual Report**

**Yield Uganda Investment Fund**



EUROPEAN UNION



Investing in rural people



A better life



Investments

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Pearl Capital Partners

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Cover photo Pristine Foods Ltd, Sekajja Agro Farms Ltd and Clarke Farm Ltd.  
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# Introduction

## Key parameters



First launched  
**Jan 2017 €12m**



Final launch  
**June 2019 € 20.4m**



Fund life  
**10 years**



Business Development  
Facility (BDS)  
**funded by EU €3M**



Sector  
**Agriculture**



Investment size  
**€0.25-3m**



Fund Managed by  
**PCP Uganda Ltd**



Country focus  
**Uganda**

## About Yield Fund

In January 2017, the European Union (EU) established a single-country, single-sector impact Agribusiness investment fund as an anchor investor through the International Fund for Agricultural Development (IFAD), with the National Social Security Fund (NSSF) as an additional Equity Investor in the fund to achieve an initial €12 million close. Following the second close in June 2019, Soros Economic Development Fund of the Open Society Foundations (OSF) and FCA Investments Limited (FCAI) committed an additional €8 million, bringing the Yield Uganda Investment Fund total fund size to €20 million, excluding the PCP's ("the Manager") €0.4 million contributions.

## Vision

The EU established the Fund to provide much-needed patient and risk capital access to Uganda's small and medium-sized (SME) agribusiness development. The Fund invests in agriculture-related businesses across all value chains, including agricultural input supply, production, and Agro-processing across all subsectors, post-harvest storage and distribution, and peripheral activities such as communications and certification.

Yield Fund provides more than just capital; it has a separate Business Development services (BDS) facility with a € 3,000,000 grant from the EU, implemented by IFAD. The Facility offers tailored support to business portfolios for expansion, efficiency, and profitability. It also ensures that international product quality and safety standards and environmental and social governance standards are adopted and followed.

## Fund Status

Since its inception, the Fund has made significant progress, established governance and operational frameworks, and implemented the Fund in 15 Agri-SMEs across the value chain. Although The Yield Fund's investment period has ended, the manager continues to monitor portfolio company performance and support them through measures such as restructuring investments, follow-on investments, co-investments, and providing more flexibility through the BDS facility. These measures will assist investee companies in mitigating and adapting to a harsh operating environment and situations involving stressed business cash flows and team capacities.



**"The Fund targets agriculture-related businesses across all the value chains"**



**Hon. JAN SADEK**  
Ambassador of the  
European Union to Uganda

## Message by Hon. Jan Sadek Ambassador of the European Union to Uganda

### Keeping Momentum, doubling efforts

The European Union Delegation to Uganda is very proud to have initiated the Small and Medium Agribusinesses Development Fund (SMADF) in 2014, together with the International Fund for Agricultural Development (IFAD), and to have been the

anchor investor in the Yield Fund, launched in 2017. The EU involvement at the time, providing first loss protection to equity investors, was very much needed given the perceived high risk of this single country and single sector impact equity fund, meant to offer patient capital to agribusinesses in need showing good perspectives for growth.

We were delighted to see other investors and partners come onboard in this endeavour, namely the National Social Security Fund (NSFF), Finnish Church Aid Investment (FCAI) and the Soros Economic Development Fund for a second close at €20M in capital to be deployed by the Fund.

At the time, the Yield Fund was the only private equity fund registered in Uganda and its experience over the past six years has helped in spurring very important discussions on changes needed in the regulatory environment for Uganda to be able to attract more funds and investments into the country. This is exactly the type of positive spillover effects we were looking for when setting up the fund and we do hope this momentum will lead to positive changes in the legislation.

Furthermore, we are already noticing that the Yield Fund experience is crowding in much needed patient capital into the agricultural sector. Various other organisations are now exploring ways of creating similar funds.

The year 2022 marks the end of the investment period of the Yield Fund and we are very happy to note that the capital is fully committed, with investments in 15 Ugandan companies for a total of approximately €16M committed, covering different sectors and value chains (livestock, animal feed, coffee, poultry, moringa, vanilla, seeds, soya, cassava, consumer foods, dairy etc.).

It is important to note that these investments were made taking into consideration not only the growth potential of the companies and the returns that they could generate for the investors, but also the strong social impact that they could generate in terms of jobs created, value chains consolidated, small holder farmers integrated in value chains, etc.. We are happy to see that the impact of the fund is tracked also through a gender lens and a robust impact framework was put in place by the fund itself and with the help of our IFAD partners.

All investee companies could benefit and are actually still benefitting from generous business development support (BDS) services through a facility supported by the EU and implemented by IFAD to further develop their governance structures, improve efficiency and profitability. It also ensures all investee companies adopt and adhere to international product quality and safety standards, as well as environment, and social governance.

We would like to congratulate the Fund Manager, Pearl Capital Partners, and all those involved in the governance structure of the Yield Fund (Board members and Investment Committee members), our implementation partner, IFAD, as well as all the investors and support organisations that have made all the above possible under fairly difficult circumstances!

As the management of investments period commences in 2023, in a difficult global economic environment, we would like to urge all involved to keep the momentum and do everything possible for the fund to be successful so that it can further deliver on the expected impact and profitability targets, as both are important to sustain the model.



## Message by Lakshmi Moola, IFAD Country Director, Uganda (until year-end 2022)



**LAKSHMI MOOLA**  
Country Director,  
IFAD Uganda

2022 marks a very significant milestone for the Yield Fund. It is the end of the investment phase and the start of the portfolio management phase.

In 2017, six years ago, when we launched the Fund, we were leading on a pathway of the unknowns as Yield Fund was the first country-based impact investment fund bringing together private and public

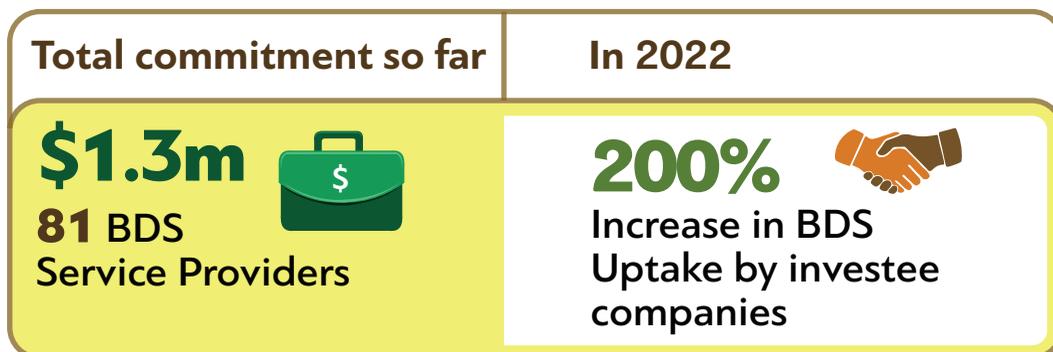
in Uganda. We were ambitious.

2022 has been, therefore, a culmination of all the work we did together over the past six years. It is also a demonstration of Yield Fund's ability to provide the appropriate financing to reach the missing middle and bring small-scale farmers into the different value chains in the country. We have much to celebrate. We also have tremendous insights and lessons that will shape the next phase.

By end of the year, Yield Fund had met its investment target of 15 small and medium enterprises (SMEs). The task of selecting these SMEs was not easy, as there are many SMEs with sturdy business models who qualify for the kind of funding we are offering. The existing financing gaps, for such SMEs, is a demonstration of the continued value that funds, like Yield Fund, bring to the impact investing space.

Environmental, Social and Governance (ESG) issues can affect a business operations, reputation, and financial position. Through the Business Development Services (BDS) support (as an auxiliary to the Yield Fund), we have been able to bring issues of ESG to the fore for most SMEs in the portfolio. Despite the disruptions by the COVID19 pandemic and Ukraine crisis, in 2022, we have seen a 200 per cent increase in BDS uptake by investee companies, allowing us commit US\$1.3 million to 81 BDS service providers, for activities such as technical expertise for the set-up and expansion of facilities, Product certifications, Environmental social impact assessments, strengthening governance structures and financial management.

As we did six years ago, in 2023 we will go into the next phase with ambition and resolve where we hope to consolidate our investments and ensure that BDS continues to play a critical role in streamlining business processes and sustainability of the agri- businesses.





**PATRICK AYOTA**  
Managing Director,  
NSSF Uganda

## Message by Patrick Ayota, Managing Director, NSSF Uganda

### Consolidating gains, shaping the future

In January 2017, the Yield Uganda Investment Fund, a partnership between the European Union (EU), the International Fund for Agricultural Development (IFAD), and the National Social Security Fund (NSSF) was launched to

provide catalytic investment solutions in the agriculture value chain.

Just over 5 years later, the Yield Fund has committed €16M and disbursed €13.7m to 15 portfolio companies, providing the much needed much-needed access to capital for Small and Medium Agri-businesses in Uganda.

This was achieved despite the challenging operating environment underpinned by the COVID-19 pandemic which had a negative effect on the Ugandan economy, and most recently the Ukraine war that has upended global and regional commerce, especially in the energy sector.

In addition, the task was no easier considering the single sector, the single country focus of the Yield Fund.

The above, combined with the balancing act to attain both commercial and social objectives only made the implementation of investments even more complicated.

Therefore, the Yield Uganda Investment Fund story can only be classified as a success, with a clear runaway ahead as it looks to the future.

It is also pleasing to note that the Yield Fund has successfully maneuvered the investment period with the unique aspect of the Business Development Support Services playing a key role in enabling the portfolio companies to attain investment readiness.

We also believe that any meaningful growth in business needs to be sustainable and it is for that reason that Environmental, Social, and Governance (ESG) concerns ought to be kept at the forefront of the Fund's efforts.

It is worth pointing out that the Yield Fund has not only maintained a key focus on securing financial returns but also ensuring that environmental, social, and governance targets are met. Where challenges have arisen, we have also seen ongoing remedial actions undertaken.

We believe meeting these objectives will in the long run bring rewards to all key stakeholders in the Fund.

The foregoing notwithstanding, the next stage of the Yield Fund is of critical importance in not only consolidating the achievements so far registered but also in laying the foundation for the future.

The professionalism, thoughtfulness, and diligence exhibited at the deployment stage will be even more critical going forward as the Fund transitions to the management phase by the end of the year.

Like all other partners, the National Social Security Fund (NSSF) is fully committed to the successful delivery of the Yield Fund objectives.



## Message from the Fund Manager, PCP



**DR. EDWARD M. ISINGOMA**  
Managing Partner - PCP

We are delighted to present our 2022 annual report. As you may recall, the European Union (EU) established this single-country, single-sector impact investment fund, The Yield Uganda Investment Fund ("Yield Fund"), in 2017 through the International Fund for Agricultural Development (IFAD) and was later joined by the National Social Security Fund (NSSF), FCA Investments Limited (FCAL), and the Soros Economic Development Fund of the Open Society Foundations (OSF) that enabled the fund to achieve a final close at € 20.4 Million in 2019.

The Yield Fund has made significant progress by establishing the governance and operational frameworks and completing its investment period. The Fund has closed 15 deals and has 15 Agri-SME investees in its portfolio across various subsectors.

As an agri-impact Investment Fund manager, PCP has always believed that the private sector can be a force for good. Impact investing represents a significant opportunity to bring innovation, incentives, and resources from investor categories to meaningful developmental use while supporting social impactful sectors like Agriculture. There are considerable investment opportunities in Uganda's agriculture sector, including production, input supply, value-added processing, standards compliance, agri-exports, and post-harvest handling. Many of these opportunities require support in several ways to get to fruition and later measuring and reporting the various social returns achieved alongside the financial returns data.

The last two years' events have taught us that we can never truly prepare for any crisis. Although COVID-19's acute phase has passed, its effects still reverberate. The small and medium-sized agribusinesses face a longer-term reality that affects business operations and how these companies measure and communicate their impact. The shift in demand from services to goods and the disruption of supply chains have yet to be completely reversed. Uganda is one of many developing countries affected by the global rise in food prices, the disruption of the supply chain, and high inflation. According to the Uganda Bureau of Statistics, the prices of various essential household consumables have increased by 25-30% over the last FY 2021/22 and this coupled with increases in fuel prices has resulted in a considerable hit on the rural small holder farmers that mostly work with our investees across the country.



**WANJOHI NDAGU**  
Partner - PCP

In addition to above crisis, other aspects, such as climate variability with unpredictable weather and environmental patterns, have greatly impacted the agri-sector both here in Uganda and the region. Climate change poses severe challenges to the physical infrastructure, including roads, bridges, communication networks, and storage, on which the Ugandan agricultural sector relies heavily to support food production, distribution of goods and services, the supply chains to markets, and people's access to essential social services.

The climate issues, combined with the volatile and unpredictable Russia-Ukraine war, have resulted in unimaginable hardship for many Ugandans and also diminished global food security. All these make the work of PCP and other stakeholders in the private equity and impact investing space critical to ensuring that the agricultural sector realizes its full potential. It is a sector with numerous challenges that require urgent collective efforts from us all the stakeholders.

To accommodate the challenging operating environment and situations involving stressed business cash flows and team capacities resulting from the COVID-19 pandemic, the Fund manager will continue to support and monitor its portfolio of agri-SME businesses through various involvement mechanisms such as BDS and technical assistance.

### Looking Forward.

Pearl Capital Partners is raising a new agriculture fund, African AgriFood Development Fund (AADF), whose geographic focus will include seven countries – Kenya, Tanzania, Uganda, Rwanda, Democratic Republic of Congo, Malawi, and Zambia. The fund has a target first close of \$50M by June 2024 and a final close of \$75M by year 3. The fund will invest in high potential businesses across the agriculture value chain and places impact at its core with an opportunity to address various key issues including food security, gender equity, climate change, rural livelihoods, and access to capital.

In retrospect, we convey our thanks to the Yield Fund Board, Yield Fund Investment Committee, Co-Investors and PCP Board of Directors for all their thoughtful leadership, guidance, and commitments throughout the fund's investment period, as well as the Fund Investors, without whom none of our efforts would have yielded the impactful investments done. Lastly, we want to thank our incredible team (PCP Staff) for their perseverance and hard work throughout the investment process given the tough times!

Hope you all enjoy reading this annual report and shall look forward to sharing more updates during the forthcoming divestment phase of the fund life that is intended to end in the year 2027.



# Yield Fund Portfolio Status

Since the launch of the Yield Fund, the Fund has made 15 deals with investee companies, to a total deal value of € 16 million. Of this amount, € 13,769,410 was by the end of December 2022 disbursed to the companies. The table below provides data on the investee companies, the deal sizes and the business stage of the companies at the time of the investments.

## Number of investments per financial year from 2017/18 – 2022

2017/2018	2
2018/2019	4
2019/2020	1
2020/2021	2
2021/2022	6

## Yield Fund approved Investments as at End December 2022

 Investee Company	 Deal Size (EUR)	 Business Stage
Sesaco Ltd	359,487	Growth
Pristine Foods Ltd. (Including Follow-on)	652,759	Start-up
CECOFA Ltd.	891,032	Growth/Turnaround
Raintree Farms Ltd.	420,463	Early stage
Chemiphar (U) Ltd.	308,001	Growth
Clarke Farm Ltd. (Including Follow-on)	1,938,523	Early stage
Naseco Ltd. (Including Follow-on)	1,615,057	Growth
Pura Organic Agro Tech Ltd.	2,061,856	Growth
AMFRI Farms Ltd.	825,000	Growth
Sekajja Agro Farm Ltd. (Including Follow-on)	2,095,621	Growth
Sausage King 3000 Ltd.	422,800	Growth
Enimiro Uganda Ltd.	450,577	Growth
Kamp Feed Ltd.	1,298,942	Growth
Newman Foods Ltd.	1,887,280	Growth
Quality Milk Dairies Ltd.	761,035	Growth
<b>Total</b>	<b>15,988,433</b>	



# Impact and ESG Overview

## Our Impact

The Fund's emphasis on agribusinesses is largely due to the sector's potential for high impact through contributions to rural economic growth, job creation, and increased food security. Given the Fund's size of € 20.4 million, the intention was to provide rolling support to 10-15 SMAs over a five-year period, chosen through a rigorous nationwide identification process.

Yield Fund sought to work with entrepreneurs who are building successful companies that either:

- Create direct employment in rural areas and for women who have greater impact on the livelihood of their families.
- Access supply from smallholder farmers, resulting in higher/stable market prices through quality improvement, certification, and new variety production.
- Provide quality inputs to smallholder farmers thereby increasing yields and quality of produce.

Both IFAD and the Fund Manager created a tool to track the progress of each impact case for the investee company through the introduction of the fund wave. The Fund Wave Information Management System assesses each company's performance, profitability, export value, employee numbers, farmer numbers, income realized by farmers, and volumes supplied to the investee company.

### Consolidated cumulated impact numbers

Total Commitment	Number of farmers supplying investee companies	Number of certified product improvements implemented	Number of permanent employees in supported SMEs	Casual Labor
 <b>€16m</b>	2022- <b>6691</b> 2021- <b>4205</b>	 <b>31</b>	2022- <b>1317</b> 2021- <b>827</b>	2022- <b>3772</b> 2021- <b>2084</b>



In matched Funding unlocked:  
**UGX 16, 854, 823, 685**  
 (€ 4, 295, 177)

## Environmental & Social Governance

As environmental, social, and governance (ESG) issues become more prominent in global business, our initiatives which include conducting an ESG risk assessment for each company pre- and post-investment demonstrate our commitment to sound ESG practices. As a result, our portfolio benefits from more relevant risk mitigation strategies that drives long-term value.

Each assessed company is categorized using the ESG traffic light system below:

### ESG Traffic Light System



**Positive without conditions:** a green traffic light means that there is minor or no attention points.



**Positive with conditions:** an amber traffic light means that there are attention points, but that these can probably be resolved together with the Fund. Depending on the nature of the attention point, capacity building may or may not be advised.



**Negative:** a red traffic light means that there are attention points, which are unlikely to be resolved and that the ESG expert team would advise against investing in the potential company. Post investment, the red traffic light means underperformance.



## Portfolio Performance Summary



**24.1%**  
of GDP

Agriculture is the backbone of the Ugandan economy. The country has a distinct profile, with significant agricultural potential and a young and rapidly growing population. In the fiscal year 2021/22, it contributed approximately 24.1% of GDP and 33% of export earnings. It is the primary income source for most Ugandans and the primary route out of poverty.

The Yield Fund investors believe that investing in the sector alleviates poverty and improves food security. As a result, the Fund has made 15 investments in agricultural value chains, including coffee, poultry, Agro-processing, Organic Agriculture, and seed variety.

Throughout the year 2022, the lagging effects of the COVID-19 pandemic and the Russian invasion of Ukraine continued to impact agricultural businesses and communities. Consumer purchasing power remained constrained, resulting in lower turnover, lower SME returns and margins, currency fluctuations, and increased equipment prices. As a result, project overruns occurred within investee companies during the project implementation phases.

**33%**  
Export  
Earnings



Responding to the business and market challenges faced by our investees, we implemented the following measures: remodeling business operations, pivoting company operations, cost optimizations, conducting lean operations, and realigning factory operations to increase efficiencies.

# Coffee Sector

Uganda's most valuable crop is coffee, with most of the country's coffee exported to Europe. The country is well-known for producing two types of coffee: Arabica (grown at high altitudes) and Robusta (grown at low altitudes). To that end, Yield Fund invested in two coffee companies: CECOFA Ltd and Clarke Farm Ltd.



## About

CECOFA is a farmer association company founded in 2005. It is a primary processor of coffee that it obtains from its network of smallholder farmers through its cooperative structure. The Company provides market access for farmer members for their Fair to Average Quality (FAQ) coffee by purchasing, aggregating, and collectively finding a market through secondary processors and their affiliate international coffee traders or coffee merchants.

The impact thesis for the company is to increase the number of smallholders under the certification umbrella, namely Fairtrade and 4C certification. Farmers are reaping numerous benefits, including improved market access, higher product prices, increased yields, access to training, and better agronomic practices.

In June 2018, Yield Fund IC approved an investment in CECOFA. The investment aimed to boost efficiency and trading capacity, strengthen the association's institutional capacity, and expand the out-grower network.



## Post Investment

CECOFA obtained two certifications – Fairtrade and 4C Certification - which guarantees the Company a minimum price on Fairtrade coffee and a fixed premium price on all certified coffee over the conventional coffee price in the international market. In addition, the company purchased a weighbridge and installed a grading facility that is fully functional with a capacity of 15MT per hour. These equipment enhanced internal control, improve efficiency and increased the volume of quality coffee processed at the facility.

CECOFA also tapped into the Yield Fund BDS facility. The facility has been instrumental in obtaining additional certifications for the network farmers (1,336), recruitment, training, equipping other farmers, and supporting them with extension services.

## Impact

The Yield Fund investment has helped smallholder farmers improve their quality of life and diversify their income. CECOFA recruited and certified a total of 1,336 smallholder farmers in 2022. The Company also trained eleven Bukuya farmer groups about the Village Savings Loan Scheme (VSLA) and provided them with complete VSLA kits, including the VSLA box. Farmers were able to improve their coffee productivity thanks to the training, as they were able to obtain input loans from VSLA groups.

In addition to supporting smallholder farmers, CECOFA continues to be impactful through employment, as the company now employs 40 employees, up from 16 on June 30th, 2019. The casual laborers are trained agronomists deployed to improve smallholder farmers' agronomic practices and provide practical assistance in the form of micro-washing stations, allowing farmers to process and add value to their coffee to sell it at a higher price.

## ESG

At the commencement of the investment In July 2018, the company was categorized as 'Green' using the traffic light system. However, CECOFA changed the traffic light to 'Amber' due to some resolvable action points raised in certification audits and health and safety concerns.

To address some of these issues, the Company made structural improvements to the Coffee premises and successfully renewed the 4C Certification with the support of the BDS facility and a grant from the United States African Development Foundation (USADF). As part of the Company's growth strategy, this will open more coffee markets and allow the Company to trade coffee more efficiently.



Increased Volume



15MT/hr  
Weigh  
Bridge



1,336  
Certified  
Outgrowers  
supplying  
coffee to  
CECOFA

42%  
are  
women



40  
Total Current  
Employees  
31%  
Women



# Clarke Farm Ltd

## About

Clarke Farm Ltd, established in 2015, is based in Katambale, Kyenjojo District Uganda. The Company's core business is the production of fine specialty Robusta coffee, a grade of defect-free coffee produced through a combination of quality planting material, good agronomic practice, and commercial wet processing. The impact framework of the Company was designed based on four major categories at the time of investment:

- Out-grower development program through training and supply of quality planting materials.
- Provision of access to a demonstration farm.
- Providing market access to the out-grower network, farmers receive a fair price for their coffee.
- Employment opportunities on the farm.

The Yield Fund approved an investment in Clarke Farm Limited in June 2019 and a follow-on investment in 2022. The Investment Fund was aligned to develop the existing Robusta coffee estate to increase and maintain yields, enhance the processing capacity and storage, achieve certification, and develop a regional out-grower network. At the same time, the follow-on investment aimed to support the procurement of coffee from smallholder farmers and the acquisition and commissioning of a grader to complete the dryline.



## Post Investment

Clarke Farm successfully installed a wet mill with a processing capacity of 6.5 MT per hour using the Yield Fund investment to enable the farm to process the increasing cherry volumes from the nucleus estate and the coffee from the out-growers.

In 2020, the company also hired a capable Farm Manager with extensive experience in coffee production and processing. The Farm Manager introduced a more structured and controlled environment, with better controls, planning, and management of personnel to enhance the farm's performance. Clarke Farm also implemented a pilot irrigation project of 45ha, which involved preparatory works such as building water tanks and constructing the water reservoir, and storage tanks, based on the recommended ESG practices.

To mitigate the adverse climatic conditions, the farm adopted a climate-innovative farming approach of a mulch application operation using maize stalks, which was done primarily on the young coffee blocks as part of the soil and water conservation practice. This new approach will boost productivity and income while improving livelihoods and ecosystems' resilience.

## Impact

Clarke Farm adopted a new purchasing model for smallholder farmers, allowing it to purchase higher volumes of high-quality coffee from smallholder farmers than in the initial Robusta coffee trials. In this coffee procurement model, the Company incorporated a few coffee village agents into managing the out-grower scheme and procuring coffee from different parts of the region. Through the assistance of the out-grower consultant supported by the BDS facility, Clarke Farm has registered approximately 1,538 farmers on their out-grower network (985 - Robusta and 553 - Arabica).

In addition to supporting smallholder farmers, Clarke Farm remained impactful through employment. The Company currently employs 51 permanent employees and 287 (41% women) casual laborers. The casual laborers support seasonal work and task-based activities such as planting coffee, coffee picking, and civil works at the wet processing facility site. The Company also procured supply from 570 famers (238 male and 332 women).

## ESG

The Company was classified as 'Amber' by the Manager at the start of the investment in 2019. This has not changed during the reporting period. The Company obtained the NEMA certificate for the farm in April 2022 and the wet mill. With support from the BDS, the Company appointed a consultant in July 2020 to support through the UTZ / Rainforest Alliance certification process. The certification audit is complete, and the company is working to address the non-conformities, and recommendations following the audit.



Wet Mill (6.5 MT /hr)



**1,538 Outgrower Farmers**  
985- Robusta,  
553- Arabica



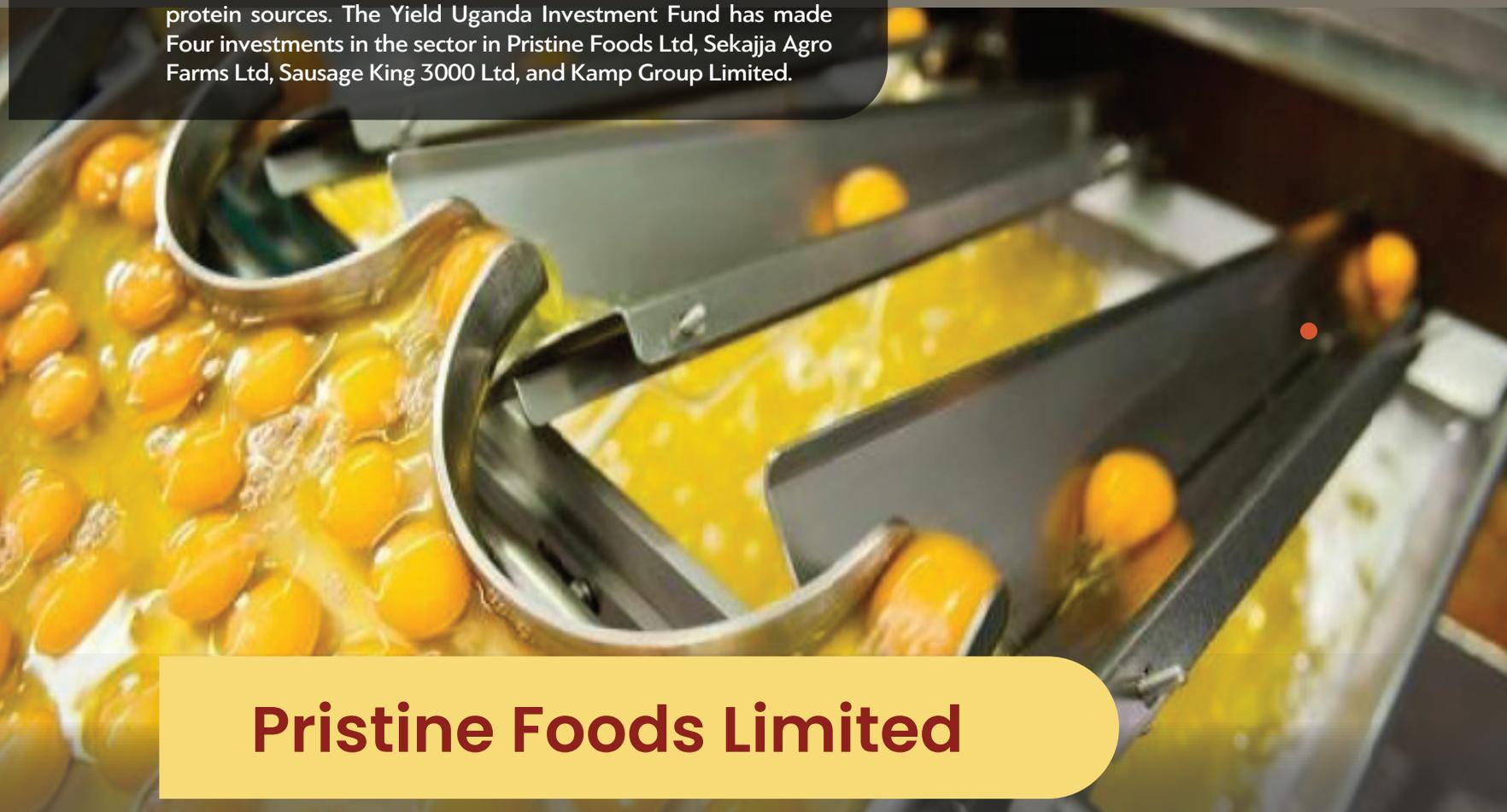
**338 Employees**  
**61% Women**



# Livestock Sector



The livestock sector is one of Uganda's fastest-growing industries. It accounts for 17% of agriculture GDP and is a source of livelihood for about 4.5 million people in the country. The sector is categorized into cattle, goats, pigs, sheep, and poultry. The growing populations, urbanization, and rising incomes contribute to increased demand for non-standard foods, with poultry products being among the least expensive and most sought-after animal protein sources. The Yield Uganda Investment Fund has made Four investments in the sector in Pristine Foods Ltd, Sekajja Agro Farms Ltd, Sausage King 3000 Ltd, and Kamp Group Limited.



## Pristine Foods Limited

### About

Pristine Foods Limited (PFL) is a pioneer liquid egg processing company producing extended shelf-life egg products, with the core line of business being the manufacturing and sale of liquid, frozen and powdered egg products. The primary revenue driver is the liquid whole egg, and the Company primarily targets the industrial market, which includes bakeries, hotels, the beauty industry, and caterers.

The impact framework for the Company is the ability to provide Market access, ancillary support for farmers, and industry advancement. The business model is forward-thinking and innovative, with significant growth potential in the region and high-value and protein-based food processing sectors.

Yield Fund invested in Pristine Foods Limited in July 2018 and provided a further follow-on investment in 2021. The Investment was positioned to establish the business processing facility, expand its farmer's out-grower scheme network, and route to market during its early stages.



Premises

## Post Investment

Pristine constructed a factory and installed the integral features (drainage & ventilation systems, electrical line, cold room, and solar system in 2018/2019). Before PFL installed the central processing line, the Company engaged a Liquid Egg Expert who reviewed and validated the factory layout in line with Good Manufacturing Practice (GMP). The GMP was essential to facilitate the Company's securing HACCP and UNBS certification post-commissioning.



Good Manufacturing Practice (GMP)

In January 2022, the Company received approval from the Ministry of Health approval to conduct a Nutrition Randomized Controlled Trial (RCT) in Karamoja District to assess the efficacy of powdered eggs in malnourished infants. Once the trials are complete, it will allow the Ministry of Health to issue critical orders through the UNICEF program. Furthermore, PFL was also vetted and is now on the list of qualified suppliers to supply liquid eggs to oil and gas industry caterers. As a result, they're looking for a supply contract to secure orders in this lucrative market.



The company is just recovering from the disruption of COVID-19. The impact of COVID-19 on PFL was particularly severe due to the company's inherent start-up risk, which existed before the pandemic. Nonetheless, the Yield Uganda Investment Fund helped through the BDS facility to support activities on the business's commercial and marketing strategy, strengthen the corporate governance structure, and obtain quality certifications, all of which were critical to allowing the unique product to enter the market.

## Impact

PFL currently employs 21 full-time employees, with women making up 59% of the workforce. Furthermore, the development of an out-grower network scheme began in November 2020, with 19 farmers supplying the company (eight male and eleven female farmers), and is still ongoing, with 700 farmers profiled in November 2022.

 **19 Outgrower Farmers**  
8 Male, 11 Female

## ESG

At the commencement of the investment in July 2018, the company was categorized by the Manager as 'Amber' using the traffic light system and has since obtained the necessary certifications resulting in the change in traffic light rating to 'Green'.

 **21 Total current employees**  
59% are women

The expansion of the company's out-grower network began in November 2020 and is progressing slowly with the help of the BDS facility. PFL also received the Q-mark for its Liquid Egg White and Liquid Egg Yolk products, completed the comprehensive risk assessment, and updated the high-risk procedures in the Safety, Health, Environment, and Quality (SHEQ) manual. The company also secured the ISO 22000 certification in December 2021.



Photo Credits  
at IFAD

## Sekajja Agro Farms Ltd.

### About

Sekajja Agro Farms Limited (“SAF” or “the Company”) is a Kampala-based company whose primary business is the rearing of day-old-chicks (DOC) until maturity and the distribution of the mature birds either as live birds or as dressed chickens. SAF operates an integrated model that includes a feed mill, abattoir, and cold chain distribution network to support its business model.

The impact framework of the company principally centers around increasing the number of purchases of inputs for the feed mill, out-growers and birds reared on out-grower farms, provision of feed, and market access for the out-grower farmers.

Yield Fund approved an investment in SAF in July 2021, with a follow-up investment in June 2022. The investment was aligned to provide both working capital and capital expenditure.



Photo Credits at IFAD

## Post Investment

The company is currently in the implementation stage. With the Yield Fund Investment, SAF has built four new automated chicken sheds at the Nama-Mukono site. Each shed can accommodate 20,000 birds per cycle. Furthermore, the fund is funding civil works (land clearing, grading, water, and electricity installation), trucks (delivery and refer), shop expansion and renovations, and the purchase of poultry equipment, abattoir equipment, feed mill, generators, and a weighbridge.

SAF also established a breeder farm to alleviate the current shortage of day-old chicks. To accomplish this, the company imported and placed 11,300 broiler breeders (10,000 females and 1,300 males). These are expected to produce up to 25,000-day-old chicks per week, out of the current monthly requirement of 80,000 per cycle.

In addition to the Yield Fund investment, SAF attracted support from the BDS facility. This has been influential in ensuring the Installation of the ERP system, pursuing systems and product certifications, developing the operations manual for the new site, onboarding a commercial consultant, improving the company's governance structure, capacity development, and ensuring compliance with ESG objectives of the Fund.

## Impact

SAF contracted six smallholder farmers to supply mature birds in 2022. With the completion of the new site, the number of out-growers and placement volumes are expected to increase to maximize the utilization of the installed equipment.

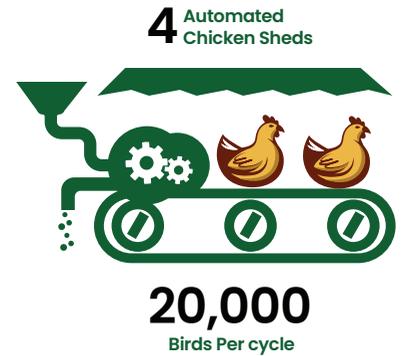
The Company's impact case is further strengthened by the employment opportunities created. The company currently employs 150 permanent and casual laborers, out of whom 44 are females and 106 males. The casual labour retention has improved substantially, from a turnover rate of more than 50% before the investment to an average of 10% cumulatively since the investment's inception.

Yield Fund investment unlocked grant financing from PSFU/MasterCard Young Africa Works and ABi Development delete to support the ongoing expansion of a sustainable outgrower model.

## ESG

In July 2021, when SAF gained Investment Committee (IC) approval for investment by Yield Fund, the Manager categorized the company as 'Amber' on the ESG traffic light scale. There has not been a change in the traffic light rating.

SAF hired a Quality Assurance supervisor with the help of the BDS facility to monitor compliance with Quality and Food Safety requirements. Furthermore, the company conducted an Environmental & Social Impact Assessment (ESIA) at the new Nama site to ensure that all environmental and social concerns associated with the project are integrated into all development activities.





## SAUSAGE KING 3000 Ltd.

### About

Sausage King, a pioneering meat processing company 30 kilometers outside of Kampala, was established in February 2019 and specialized in value addition and processing beef, poultry, and pork into convenient premium meat products. Sausage rolls, cold cuts, and specialty cuts are among the products produced by the company.

The impact thesis focuses on establishing a long-term marketing route at the Base of pyramid (BOP) through collaboration with Musana carts and informal income generating.

The Yield Fund IC approved an investment in Sausage King Limited in September 2021. The investment was positioned to support the expansion of the factory and increase capacity by acquiring and installing of modern equipment. The BDS facility will also support the company build a sustainable route to market, expand into other markets beyond Kampala, and penetrate the export market.

## Post Investment

Considering the company's capacity expansion, business growth, and opportunity costs, the investors offered all their shares to the other shareholders for a 9% premium over the acquisition price. In addition, a structured deferred payment plan for nine months, equal monthly instalments expiring on December 31, 2022, was agreed upon as part of the acquisition consideration.

The company has performed well during its existence, and with the relaxation of COVID restrictions in August 2021.





# KAMP GROUP LTD.

## About

Kamp Group Ltd is an animal feed processing and marketing business operating a 1.5 Metric Tonne (MT) per hour feed mill in northern Uganda at Anaka Town Council, Nwoya district, and a distribution center in central Uganda at Kisaasi, Kyanja – Kampala district. The Yield Fund IC approved an investment in Kamp in June 2022.

The investment was positioned to provide Kamp Feed with long-term capital to execute the Company's comprehensive and integrated growth and expansion strategy. The proposed approach addresses raw material sourcing challenges, soybean, and maize grain storage challenges by acquiring steel silos, a new factory line and warehouse, and acquisition of larger capacity milling equipment.



## Post Investment

With the support of the Yield Fund's investment, the Company has effectively addressed its raw material storage limitations by constructing a 1,200 MT warehouse and acquiring two additional 1,300 MT steel grain silos. The combination of these facilities, along with the existing 500 MT warehouse, provides a total storage capacity of 4,300 MT. This increased holding capacity allows the company to efficiently manage the uptake of maize and soybean products from farmers during harvest, without the limitations of previous storage constraints.

## Impact

The Company, Kamp Group, sources an average of 56% of its key inputs, soybean and maize, from smallholder farmers in Northern Uganda, one of the poorest regions in the country. By actively purchasing their crops, Kamp Group is already making a positive impact in the area through the current 1,000 MT per year of soybean and maize grain purchases, as well as providing local employment at the factory.

This impact is set to expand as the number of smallholder farmers supplying the Company is expected to increase from the current 500 to 3,900 by 2027, thus significantly widening the reach of the Company's positive impact in the region.

## ESG

At the start of the investment in 2021, the Manager evaluated Kamp Group as "Amber" using the traffic light system, and this categorization has remained unchanged. Kamp Group is making a concerted effort to improve its Environmental, Social, and Governance (ESG) performance, starting with the development of feed safety guidelines for the handling and storage of raw materials and finished products. To this end, the company has engaged a consultant, funded by the BDS, to lead the certification process with the Uganda National Bureau of Standards (UNBS) and establish these crucial policies.

With BDS support, Kamp Group will also retain the services of an Out-Grower Manager, who will coordinate the company's out-grower model and provide technical support as a trainer of trainers. This investment will help Kamp Group enhance its ESG performance, ultimately contributing to sustainable development in the Northern Uganda region.



Warehouse interior



1,200MT Warehouse



**500**  
Smallholder  
Farmers  
supplying  
Kamp Feed

# Organic Agriculture



Uganda is one of Africa's leading producers and exporters of organic products to the EU, US, Japan, and other markets. Even though the sector is currently export-driven, branded organic products are gradually making their way onto the shelves of local supermarket chains and restaurants, owing to the country's growing health consciousness and wellness trends. The Yield Uganda Investment Fund invested in three organic agribusiness companies: Raintree Farms Ltd, which specializes in value-added growing and processing of Moringa Oleifera ("moringa"), Amfri Farms, and Enimiro Uganda, with Vanilla as their anchor product.



## Raintree Farms Ltd

### About

Raintree Farms Ltd (RTF) is an Agri-ceutical company specializing in value-added growing and processing of Moringa Oleifera ("moringa"). As the only organic certified moringa grower and commercial farmer in Uganda, RTF has supplied the local and export markets with high-quality moringa seed oil and leaf powder. RTF sources leave for powder production from Secured Income Program (SIP) and non-SIP farmers in the surrounding area (20-mile radius). The program is designed to stabilize incomes and reward smallholders for their commitment in growing moringa. In addition, the company sources seed for oil production from Northern Ugandan as seed harvested from its farm and SIP farmers is used to onboard new farmers.

The impact thesis of the company caters around the following:

- Securing income program for out-growers. The Yield Fund provided the necessary working capital for SIP the farmer payments and continued recruitment of SIP Farmers.
- Market access, farmer's certification, financial inclusion, and alternative solutions for malnutrition and HIV patients.

Yield Fund approved an investment in Raintree in September 2018. The Investment aligned to increase organic powder and oil processing capacity, promote technology in operations, certification and out-growers network development, management, and increase farmers' outreach. This puts Raintree in a position to rely on the growing demand for organic superfoods globally as it streamlines its commercial strategy and engagements.



## Post Investment

The Company made structural improvements at the processing facility by customizing a container to serve as a secondary drying facility hence, increasing processing capacity. Raintree also purchased more dehumidifiers, a processing shelter, IT grades, and a truck and installed a solar facility to support green/lean operations at the factory..

Raintree Farms also developed an innovative Secure Income Program (SIP) for new-to-market moringa smallholders using working capital from Yield Fund. The system enables the Company to pay farmers monthly rather than waiting for harvest, thereby addressing the issue of liquidity with farmers who lack the financial resources to commercialize their farms. Although the SIP program was suspended in June 2020 due to the COVID-19 crisis and financial constraints, the promoter is actively seeking grant funding from various development partners to revive a modified SIP program.

## Impact

Despite the suspension of the SIP program due to the COVID-19 crisis and the temporary suspension of factory operations, Raintree obtained moringa leaves from approximately 30 farmers between January and March 2022 to ensure the fulfillment of bulk orders and adequate supply for the domestic market.

The Yield Fund investment also unlocked grant financing from USAID / KICODA with the aim of reviving the modified SIP program with 250 farmers. Upon commencement of the project, the farmers are expected to be trained, certified and onboarded by the end of June 2023.

## ESG

At the commencement of the investment in November 2018, Raintree Farms was categorized as 'Green' by the Manager using the traffic light system given the company was considered to have minor ESG risks. There has since been a change to 'Red' traffic light due to the non-operational nature of the business in Masindi and the Company's working capital constraints. As a result, most ESG considerations remain temporarily suspended but with a plan to restart.

Following a revision of the Raintree Farms BDS plan to assist with the business turnaround, the budget allocation for this ESG intervention increased to cover consultancy costs and NEMA charges. Furthermore, the company completed the CERES Organic certification audit, which is critical in the local and international penetration of the organic moringa market.



## Moringa Products



## Smallholder Farmers



## 30 Outgrower Farmers

Supplied Raintree  
(January to March 2022)



Uganda Vanilla  
exports Value 2021  
**USD 24.16M**

Export Volume  
in 2021  
**226.99K  
Metric tons.**

## AMFRI Farms Ltd.

### About

AMFRI Farms Limited (AMFRI) (trading as African Organic) is a pioneering organic farming, processing, and exporting company working closely with diverse communities all over Uganda in training and producing Certified Organic fruits and vegetables processed for the export market. The company exports its products mainly to the EU, USA, and Middle East.

The impact thesis of the Company is the ability to:

- Provide Smallholder farmer access to niche organic markets. This niche market has been growing globally and especially in developed markets with a premium price offering.
- Good agricultural practices training and certification for smallholder farmers. Farmers are encouraged to organically grow food crops (annual and perennial drought resistant crops) alongside cash crops. They are also encouraged to intercrop. Compost-making enables them to access soil nutrients for sustainable production.
- Employment creation for permanent and casual workers. The number of permanent employees increased by 29 (15%) to 219 during FY 2022 from the 190 reported in 2021.

The Yield Fund IC approved a co-investment with FCAI in July 2021. The Fund aligned the investment to provide the company's working capital and Capex needs. i.e., Increase crop production capacity, upgrade their production line with more energy efficient machinery, expand processing capacity, and maintain certification along the entire business value chain.



5MT 22Hr Batch Dryer

## Post Investment

AMFRI Farms acquired and commissioned a 5MT per 22-hour batch dryer from South Africa using the proceeds from Yield Fund's investments. The new dryer is more energy efficient, semi-automated with an improved throughput capacity. This investment is to increase its dried fruit volumes. Previously, the company processed dried fruit using a drying facility with a capacity of only 600kg of fresh weight capacity per batch, which translated to extremely low volumes of dried fruits processed and sold.

In addition to the Yield Fund Investment, the IC approved the revised BDS budget and implementation plan in April 2022. The BDS facility supports financial management strengthening, Internal Audit, corporate governance, farmer's recruitment, training, product certification, and marketing.



## Impact

By the end of 2021, AMFRI Farms had already impacted the lives of 559 farmers and continued to make a difference in 2022 by successfully recruiting an additional 2,037 farmers through the support of the Yield Fund BDS (129 farmers recruited) and the PSFU-Mastercard Foundation funding (1,908 farmers recruited). These efforts have significantly improved household food and nutrition security in the region, as farmers receive premium prices for their crops, and are paid on a farm-gate basis, reducing transport costs, and freeing up resources for their basic needs.

AMFRI Farms is committed to promoting sustainable agriculture and has made it a priority to provide farmers with training and support in integrated agronomic practices, such as erosion control, composting, mulching, intercropping, and crop rotation, as well as environmentally friendly techniques for natural resource and waste management. This not only benefits the farmers and the environment, but also supports the organic farming drive, which is becoming increasingly important for the health and well-being of communities and the planet.



The company's positive impact extends to employment opportunities, with a focus on empowering women and youth. As of June 2022, AMFRI Farms employed 219 people, including 131 men and 88 women, with 91 male and 58 female employees being youth. The company values its employees and provides comprehensive medical coverage for all permanent staff, further demonstrating its commitment to creating a positive impact in the community.

## ESG

At the commencement of the investment in May 2021, the company was categorized by the Manager as 'Green' using the traffic light system and there has since not been a change in the traffic light category.

The company completed audits for the Organic and extended the validity of the Organic certification by another three years. It also implements the Fair for Life manual as a requirement by the certifying body through which it monitors employee safety, hygiene, and compliance with global health and safety standards. In addition, the company has a good waste disposal protocol where biodegradable wastes are regularly returned to Kyampisi farm for compost making while the municipal council collects the non-biodegradable wastes.

**219**  
Total current employees

**40%**  
are women



## About

Enimiro is a Jinja-based Agri SME company first incorporated in 2019 and has since achieved rapid traction in the vanilla marketplace. The company runs a vertical supply chain management business connecting smallholder farmers to the international buying community for three organic products: vanilla, arabica coffee, and dried pineapple, with vanilla as the anchor product.

The company's impact thesis focuses on smallholder farmers' development, engagement, and growth. The business uses latest product traceability systems in ensuring constant support to its wide outgrowers network.

The Yield Fund IC approved an investment in Enimiro Products Uganda in March 2022. The investment aligned to provide funding for capital expenditure, i.e., a well-equipped vanilla processing dryline with a modern laboratory that will enhance capacity and improve product quality, expanding smallholder farmers and outgrowers scheme, and expanding the storage infrastructure.



## Post Investment

Enimiro has successfully transitioned from the project implementation phase, having commissioned its processing facility, completed the construction of a modern office block that is now in use by the company. Thanks to the Yield Fund's investments, the company was able to acquire a modern vanilla curing line, an energy-efficient vanilla line, and expand its storage infrastructure.

These investments have allowed the company to significantly increase its capacity, as demonstrated by the purchase of 115 MT of green beans vanilla during the most recent harvest season (December 2022/January 2023), which was more than double the volume purchased in the previous season. The company has also onboarded a finance manager and identified a potential candidate for the General Manager/COO position, further positioning itself for success in the future.

## Impact

Enimiro is dedicated to driving sustainable farming in the region and supporting smallholder farmers. The company's investments in modern farming infrastructure, including a modern vanilla curing line, an energy-efficient vanilla line, and the expansion of storage infrastructure, have allowed for an increase in capacity, enabling the purchase of 115 MT of green beans vanilla during the harvest season of December 2022/January 2023, which is more than double the volume purchased in the previous season.

Not only does Enimiro provide smallholder farmers with a reliable market for their crops, but the company also invests in their success through training and development opportunities. By improving the agronomic practices of its 3,381 farmer suppliers, Enimiro is driving increased yields and supporting sustainable farming in the region. This focus on smallholder farmers and sustainable agriculture is at the core of Enimiro's mission and drives the company's impact in the region.

## ESG

At commencement of the investment, the Fund Manager categorized the company as 'Amber' on the ESG traffic light scale. There has not been a change in the traffic light rating.

The company appointed in-house lead extension workers to train farmers on best agronomic practices and training for the organic farmers is a continuous process and is currently ongoing to ensure that farmers are fully apprised of the certification standards. In addition, a Health and Safety Manual is currently being drafted and implemented in the new processing facility commissioned in September 2022.

# Seeds Sector

Uganda has favorable seed production conditions, with two main cropping seasons. The diverse agroecological zones, a cropping system, and arable land support the production of a variety of food crops and forages (covering agriculture, horticulture, floriculture, and forestry). Naseco Seeds Limited is a significant player in the country.



## Naseco Seeds Ltd

### About

NASECO Seeds Limited is a Ugandan seed company that has grown steadily in Uganda for over 20 years. It has established strong foundations built on two key strengths: high-quality proprietary seed products underpinned by an established production base and a growing marketing and sales network. As a result, the Company has demonstrated sustainable growth in complex and non-traditional seed markets.

The Company's impact framework focuses on the provision of agricultural solutions to small-holder farmers to enable them to improve their household incomes and improve their prospects significantly.

The Yield Fund IC approved an investment in Naseco Seeds Ltd in February 2020, and a follow-on investment in April 2022. The investment was motivated by a combination of factors including: - the pivotal role that the seed sector plays in human and livestock food systems, which has a knock-on effect on the impact thesis, the Promoter's track record in execution, the business's financial track record, and the untapped market opportunity in the Ugandan seed sector.



## Post Investment

The Yield Fund investment in Naseco has enabled the company to make crucial upgrades to its production facility, including the procurement of two mobile tractors, logistics equipment, a sprayer, a seed planter, tillage equipment, and a PIVOT irrigation system. These investments have helped Naseco make the shift to sustainable farming and climate-smart agriculture, allowing the company to irrigate during dry seasons and enhance its water retention capabilities.

Additionally, Naseco's improved production facility, along with its investment in a strip-till six-row system, has led to improved efficiency, capacity, and quality of its seeds. This, in turn, has increased the uptake of foundation seeds from smallholder farmers and the intake of dressed seeds by the farming community, contributing to the overall growth and development of the agricultural sector. The company's use of the Yield Fund BDS facility has also allowed for the onboarding of a full-time human resource officer, appointment of a company secretary, engagement of a financial advisor and tax consultant, and migration to EFRIS, further solidifying Naseco's commitment to sustainable and efficient farming practices.

## Impact

Naseco has strengthened its extension staff working with the current 842 (47% women) seed-producing outgrowers, who cover around 70% of the produced improved seeds, the rest coming from the nucleus farm. The process to intensify the utilization of the outgrower network is ongoing, with particular attention to productivity on outgrower production. The number of farmers who supplied seeds during the season in 2022 increased from the previous year. The increase was due to improved training of smallholder farmers by Product Placement Officers (PPOs), the provision of fertilizers, and crop protection for an entire season with interest-free credit to boost yields and household income.

In addition to supporting smallholder farmers, the Company also achieved impact through employment. The permanent employees are currently at 51 with male to female ratio being 73% to 27% respectively, while the number of casual laborers stands at 946 (60% women).

## ESG

The Manager categorized the company as 'Amber' on the ESG traffic light scale. There has since been a change to 'Green' following active implementation of ESG corrective actions at the company.

NASECO is eager to engage an Environmental and Social Consultant to review the Company's operations and assess their environmental impact with the help of the BDS facility. As a result, the Company significantly improved existing sanitary facilities in terms of hygiene and sanitation during the reporting period and continues to recycle maize cobs as an alternative heat source in driers and organic fertilizer production.



**842**  
Outgrowers  
supplying certified  
seeds to NASECO  
**47%**  
are women

**51**  
Total current  
employees  
**27%**  
are women

**946** Total casual  
resident laborers  
**60%** are women

# Agroprocessing Sector



Most Ugandan farmers are smallholders. Therefore, connecting smallholders to commercial opportunities in agro processing can increase farmers' income through increased input use and thus improved yield and the potential increase in cultivated area. Yield Fund invested in three agro-processing businesses: Sesaco Limited, Pura Organic Agro Tech Ltd, and Newman Foods Limited.



## SESACO Ltd.

### About

Sesaco Limited is an agro-processing company whose principal activity is the processing and manufacturing of soy-based products and foodstuffs. The business is currently located at Kyengera trading centre, six kilometers from Kampala city center, a prime location providing accessibility to suppliers and markets.

The company's impact framework is built around three major pillars.

- **Smallholder farmers:** Providing market access to farmers' groups and empowering them through training and extension services to ensure better farming practices, crop quality, and thus increased profit margins.
- **Address Food insecurity and malnutrition:** Soybean-based protein foods are a perfect example of a food-based strategy to relieve hunger and malnutrition and to provide dietary diversification in low-income communities
- **Employment generation:** a cumulative total of 2,478 smallholder farmers were contracted to produce soya beans for Sesaco in 2022, this is an uplift from the 1,884 farmers in 2021.

The Yield Fund IC approved an investment in Sesaco in December 2017. The investment was aligned to provide funding for working capital (including revolving), re-financing poorly structured debt and bolt on capital expenditure. Yield Fund strategically positioned the investment to support Sesaco in actualizing its market growth potential, having built a recognizable health food brand through product innovation over the years.




## Post Investment

The Company continues to train out-growers. Despite the logistical challenges presented, the Company developed a model in which it purchases and distributes soybean seeds to farmer groups for the upcoming seasons. Farmers can expect guaranteed market access, price stability, and the ability to increase yields through agronomic training and extension services provided through ongoing engagement with farmer groups.

Sesaco also received funding from the BDS Facility. The revised BDS budget recommended by the Investment committee is to increase the Environmental impact assessment budget and enhance the fundamental ESG principals.



## Impact

Through Yield Fund's investment and BDS support, SESACO was able to contract a cumulative total of 2,478 smallholder farmers to produce soybean during the reporting period, an increase from the 1,884 farmers contracted by December 2021. This growth was made possible by the "unlocking" of grant financing from SNV Uganda, which was used to support smallholder farmers and facilitate the purchase of raw materials.

While the number of contracted farmers has increased, the actual number of farmers supplying SESACO during the full year period ending June 2022 was 171 (84 male and 87 female), compared to 56 farmers (34 male and 22 female) in a similar period in 2021. This difference can be attributed to a variety of factors, including the need to develop the competence of newly recruited farmers, who were brought on during the off-season, as well as the challenges associated with scaling up smallholder farmer programs.

In addition to supporting smallholder farmers, SESACO is also making a positive impact through employment. The company currently employs 16 permanent employees, including ten males and six females, and 24 casual laborers. The employment opportunities created by SESACO are helping to improve the livelihoods of individuals in the community and contribute to sustainable development in the region.



## ESG

At the commencement of the investment in January 2018, the company was categorized as 'Amber' by the Manager using the traffic light system as it was established that there were some minor ESG risks which should be addressed. There has since been a downgrade to the 'Red' traffic light due to key pending ESG interventions. The Company was able to certify (Uganda National Bureau of Standards – UNBS Q Mark) and commercialize the following products - Soya cup, Soy millet, Soy maize, and cookies (traded as Daddies and Mummies).

Sesaco also completed phases one and two of the factory overhaul, warehouse refurbishment, and extractor fan installation with the help of the BDS facility. In addition, the company hired a consultant to help the Quality Manager create the quality manual.

Yield Uganda Investment Fund  
Annual Report 2022



**171**  
Outgrowers supplying  
grain to SESACO

**51%**  
are women



# Pura Agro Tech Ltd

## About

Pura Organic Agro Tech Ltd is an agro-processing company. The company was incorporated in 2011 and subsequently acquired a 485-ha agricultural land at Namaasa-Nabiswera, Nakasongola District, on a 99-year leasehold. At the time of investment, PURA was considered a highly changing business model company with early-stage risk exposure coupled with the need to establish a sustainable supply chain.

The impact framework of the Company comprises of:

- Access markets for smallholder farmers.
- Provision of equality planting materials for the smallholder farmers (disease resistance and drought tolerant).
- Industry/sub-sector development

The Yield Fund IC approved an investment in Pura in July 2021. The investment aimed to commercialize the highly subsistent cassava subsector and capitalize on its products' unexploited vast market in the East Africa region and beyond. The crop can grow in dryland areas, and the approach to extend it for industrial use in Uganda and developing it as a smallholder crop is the first of a kind in Uganda.



## Post Investment

In July 2021, Pura made a major investment aimed at improving its processing capabilities and enhancing its supply chain. The investment was directed towards the construction of a processing facility, staff quarters, and office space. Furthermore, the company acquired and installed equipment for the production of Tapioca Starch and Sago.

The construction phase was completed in June 2022 and the facility was commissioned and began operation. Pura has already made its first sales, including sending samples of Tapioca Starch to potential customers in Uganda. Tapioca starch is the anchor product for the company while sago is an export product targeting key customers in India.

With support from the BDS facility, Pura was able to bring on board an out-grower consultant to establish its Fresh Cassava Roots (FCR) supply chain. As the first commercial entity to commercialize large-scale Cassava production in Uganda, Pura is leading the way in the country's agricultural sector and paving the way for future success. The sale of Tapioca Starch, which is meant to replace imported Corn Starch from Egypt, India, and Brazil, will provide a significant boost to the economy while sago will generate foreign currency for the economy. The shift towards local production is expected to have a positive impact on the country, reducing the dependency on imported goods and promoting economic growth.

## Impact

The business's success is in its ability to procure large quantities of quality FCR promptly and efficiently. Smallholder farmers play an essential role in safeguarding against a seasonal variation that affects farm supply. As a result, the company set out to establish an out-grower network and is currently developing its out-grower scheme targeted to have an estimated 720 farmers for first season. So far, approximately 1,000 farmers have been identified.

In addition to supporting smallholder farmers, the company also achieved impact through employment. Pura currently employs 144 permanent and casual employees.

## ESG

At the commencement of the investment in July 2021, the company was categorized by the Manager as 'Amber' using the traffic light system and there has since not been a change in the traffic light category.

The company has an internal control system manual for the safe management and protection and employees in place. Additionally, a Health and Safety manual was drafted and is currently under review, with the final manual expected to be finished and implemented in 2023.

For waste disposal and management, PURA has partially constructed its biodigester for biogas and digestate and plans are in place to optimize its usage. In addition to the Yield Fund grievance policy, PURA is currently developing a grievance and complaints policy to serve as another avenue for addressing grievances at the workplace.



Equipment



Chilli Farm



Cassava Plantation



**1,000**  
Farmers Identified



**145**  
Total current employees  
**10%**  
are women



## Newman Foods Ltd

### About

Newman Foods Ltd (NFL) is a Kampala-based agro-processing company whose primary business is producing and marketing branded consumer foods. The products are sold in local and regional markets through retail stores, and fresh fruits and vegetables (FFV) exported to the European market.

The Company impact thesis is categorized as follows: Smallholder engagements and support through the provision of:

- Complete extension services
- Seed varieties (potatoes)
- Increased market accessibility
- Development of a robust and sustainable out-grower model
- Employment benefits for both the permanent and casual laborers.

The Yield Fund IC approved an investment in Newman Foods Limited in 2022. The Fund aligned the investment to support the NFL scaling up the consumer foods segment, which had a clear scaling opportunity, high margins, and income generation.



Equipment Purchased

## Post Investment

Newman Foods Ltd is undergoing a transformative change, as it moves from its implementation phase to a fully operational and competitive business. The Yield Fund investment has played a crucial role in this transformation, providing the necessary capital to construct a larger, production facility and acquire modern, energy-efficient production equipment. This investment has enabled Newman Foods Ltd to upgrade its existing production line, ensuring that the Company can produce high-quality products that meet international standards.

The Company's focus on rebranding its product line is a testament to its commitment to delivering value to its customers. By investing in its brand, Newman Foods Ltd is positioning itself as a leader in its market, attracting new customers and retaining existing ones.

Moreover, the Yield Fund BDS facility has played a critical role in supporting the Company's growth strategy. By bridging existing gaps in the management team, Newman Foods Ltd has been able to execute its growth plan with confidence, ensuring that it will continue to be a key player in the food industry for years to come.

This capital expansion will not only lead to increased production capacity, but also result in a higher demand for raw materials from smallholder farmers. This presents a unique opportunity for smallholder farmers to partner with Newman Foods Ltd and benefit from its growth. The Company is committed to working with smallholder farmers to ensure their success and contribute to the development of sustainable agriculture in the region.



## Impact

NFL is currently working with agronomists and an experienced consultant that provides training and extension services to farmers for guidance on effective integrated pest control mechanisms to ensure that the production and product quality requirements are met. The company also provides credit advances to farmers with whom it has established long-term partnerships to support the procurement of seed potatoes and other farm supplies. The company is working with 1000 smallholder farmers in the central districts of Uganda. The number is envisaged to grow to over 3000 over the life of the investment.

Newman Foods employs 48 full-time staff and 100 casual laborers in the processing facilities. However, the number of casual laborers is dynamic to support the fulfillment of bulk orders on tight timelines during the peak production period. With the proposed expansion of the processing unit and the out-grower network, the company expects to create an additional 23 full-time positions, field agronomists inclusive, and 200 more casual laborers by 2027.



**148**  
Total current employees  
**67%**  
Casual Laborers

## ESG

At commencement of the investment, the Fund Manager categorized Newman as 'Amber' on the ESG traffic light scale.

The Company has a Quality Assurance/Quality Control department that validates and checks all products before dispatch and has documentation on food safety processes. With the Yield Fund investment, NFL has increased the testing samples of the finished product batch to ensure compliance with the required quality specifications.

# Dairy Sector

Dairy production is one of Uganda's fastest-growing industries. It is one of 12 agricultural commodities identified by the line Ministry of Agriculture as having the potential to significantly contribute to increasing rural incomes, improving livelihoods, and food and nutrition security. The sector is dominated by small-scale farmers living in impoverished rural areas, and it is estimated that only 20% of the country's milk output is processed. To provide strategic support for the sector and help to improve milk quality, the Yield Fund made its most recent investment in Quality Dairies Milk Limited.



## Quality Milk Dairies Ltd (QMDL)

### About

Quality Milk Dairies Limited, (“QMDL” or the “company”) is a vertically integrated milk production, aggregation, processing, and distribution company, run and managed principally as a family business. In November 2019, it commissioned a milk processing factory in Nalukolongo Industrial Area, Kampala, as an entrance point into the higher value-added milk products market, thus addressing the need for vertical business integration.

The Yield Fund IC approved approved an investment in the company in October 2022, structured as a mezzanine facility with the option to convert to ordinary equity if an equity event occurs. This investment was approved as part of a co-investment strategy with the Global Social Impact Fund.



### Post Investment

QMDL is in the implementation Stage.

# Service Providers

Analytical laboratories exist to provide leading services that classify, identify, analyze, and measure samples quickly and correctly. Whether the models are preliminary chemical formulations or finalized pharmaceuticals, the ability to assess materials sensitively using sophisticated instruments and equipment is critical. As a result, analytical testing aids biotech, food, environmental, and pharmaceutical companies that sell consumer goods in terms of safety and quality control. To this end, Yield Fund invested in Chemiphar Uganda Limited, an accredited analytical laboratory.



## CHEMIPHAR (U) Ltd.

### About

Chemiphar is an independent, privately owned, and internationally accredited analytical laboratory and inspection body. Chemiphar's core business is to provide testing, support, inspection, and verification services to the food and beverage, environmental, pharmaceutical, water, agricultural, and consumer products industries. The analytical methods validate the safety, identity, purity, composition, authenticity, and origin of products and biological substances.

In October 2018, Yield Fund approved an investment in Chemiphar. The investment was intended to acquire appropriate equipment, meet the growing local demand for quality and efficient laboratory testing services, and meet specific requirements of local and foreign markets, particularly as Uganda's exports and standards rise.

A clear distinction between Chemiphar and similar entities in Uganda is this is an independent, private, and internationally accredited and certified laboratory. This is important to ensure that client interests are met with the strictest standards required for their own internal processes and potential end users of their products.



Laboratory Equipment



Laboratory Equipment



## Post Investment

With the Yield Fund Investment, the Company completed the laboratory's acquisition, installations, and commissioning in 2022. Chemiphar also purchased new equipment with which it could add 28 parameters to its testing portfolio.

## Impact

Chemiphar's impact case differs from that found in other investee companies. The Company ensures that the client's products and services are safe and its business model aligns with the government's approach to agricultural industrialization.

The Company's managers undertook a training course in human resources and strategic management conducted by Success Africa. The training results will improve management's performance and help set clear objectives for both the Company and staff and staff motivation.

In addition, Chemiphar also achieved impact through employment. The Company currently employs 24 permanent staff (10 Males and 14 Female).

## ESG

When Chemiphar received IC approval for investment by Yield Fund in December 2018, the company was classified as 'Amber' under the traffic light system. However, the traffic light rating now is 'Green' owing to the progress made in carrying out the Environmental Impact Assessment (EIA) and there being minor ESG attention points.

The company has maintained all necessary accreditations, annually audited, including BELAC (ISO 17025 and 17020) and ISTA certification. In addition, Chemiphar continues to cautiously dispose off biohazardous waste from the Microbiology and Chemistry laboratories through Bio-Waste while Bin-It manages the non-hazardous waste.



**24**  
Current  
Employees  
**58%**  
are women

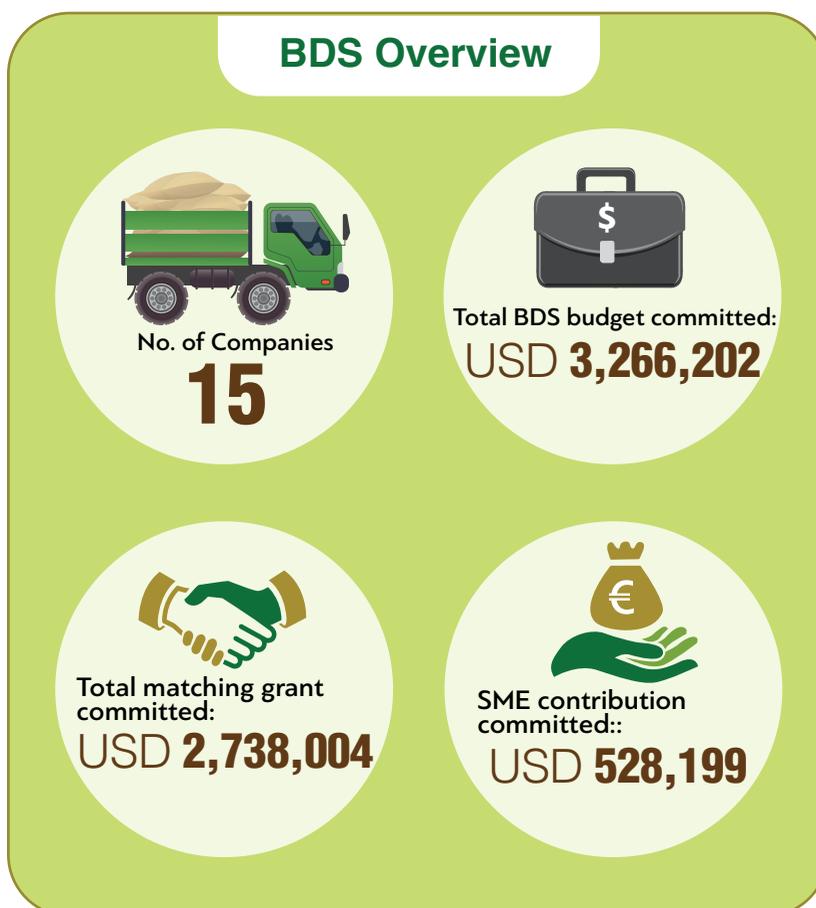


# Yield Fund Business Development Services

Not only are Small and Medium Enterprises (SMEs) considered the engine of growth and development in Uganda, but are also viewed as key drivers of innovation, job and wealth creation. SMEs employ more than 2.5 million people and account for 90 per cent of private sector production in the country. Despite the important role they play, SMEs face many challenges hindering them from reaching their full potential.

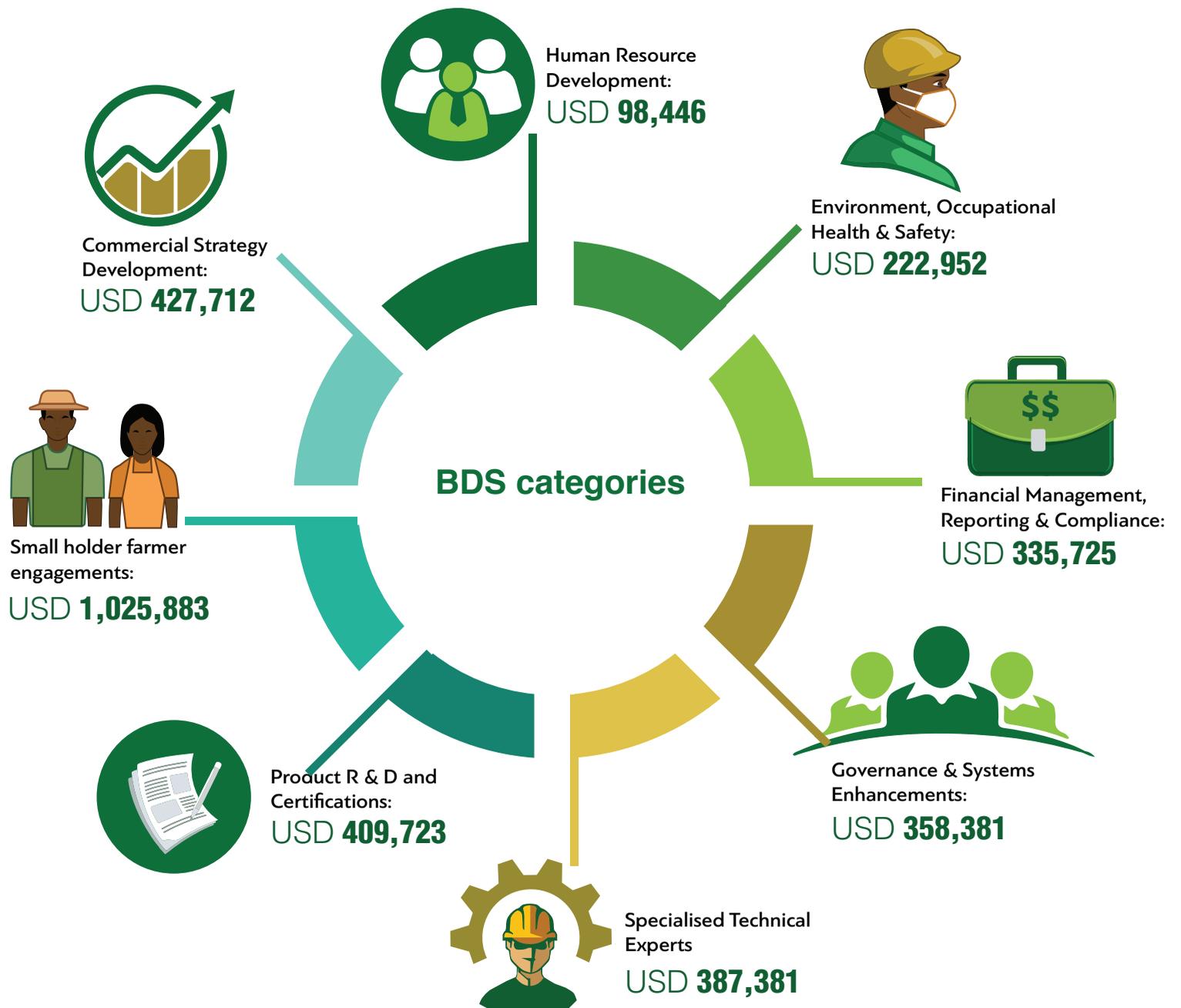
To unlock their potential, SMEs need to access Business Development Services (BDS) that seeks to nurture and improve business productivity, business competitiveness, creates employment opportunities, alleviates poverty and enhances social mobility. SMEs alone are not the solution to the development challenges, the key lies in their ability to grow, scale up, and to transcend their immediate environment.

The Yield Fund provides business development services support to investee companies on a matching grant basis. The BDS facility offers tailor made support to business portfolios for expansion, efficiency, and profitability, in addition to ensuring they adopt and adhere to international product quality and safety standards, environment and social governance. The BDS component is a US\$2.7 million grant financed by the European Union and implemented by the International the Fund for Agricultural Development (IFAD). Below is an overview of the BDS portfolio under the fund.



The BDS to the Yield Fund investee companies has been categorised into eight main business support service lines (critical interventions) based on the needs assessed: 1) Human Resource Development; 2) Environment, Occupational Health & Safety Aspects; 3) Financial Management, Reporting & Compliance; 4) Governance & Systems Enhancements; 5) Specialised Technical Experts; 6) Product Research & Development and Certifications; 7) Commercial Strategy Development; and 8) Small holder Farmer Engagements. Due to their critical nature to the investment, the fund allocates budget with an 85% matching grant contribution towards the related costs of these services.

Of the US\$3.1 million total BDS budget, about US\$1.3 million has been committed towards on-going contracts with service providers. Below is a snapshot of the BDS interventions and budget allocations.



In 2022, we saw a 200% increase in BDS uptake by the investee companies. This is attributed to the reforms made to the BDS requirements for businesses to unlock funding at a time when businesses were still being impacted by the COVID19 pandemic and the Ukraine crisis. **The most significant change was the matching grant that was moved from 50: 50 to 85:15.** This shift enabled investee companies like Sekajja Agro Farms Limited, Pristine Foods Limited, SESACO, AMFRI Farms to access the BDS at a critical time of their business cycles. As a result of continuous shocks to businesses the implementation of BDS activities has been extended for another two-years into the management phase of the fund which ends in 2024. This will give the investee companies time to fully absorb BDS support.

SMEs are more often non-compliant with global Environmental, Social and Governance (ESG) standards, despite the fact that they can affect their operations, reputation and financial positions. Through the BDS component, the fund has been able to de-risk these businesses by bringing issues of ESG to the business operations and supporting them develop ESG action plans. In 2022, we saw the investee companies prioritise their ESG action plans and we look forward to the journey ahead.

## Investee Companies feedback on BDS

“BDS through Yield Fund and IFAD has been and remains critical to the growth of our business. Pristine has benefited in a number key areas which include, but are not limited to; installation of egg processing equipment and initial training of operators, market development support, governance improvement, ISO 22000 food safety certification, financial management which includes access to top level consultants/appropriate accounting software/training and farmers network development support. BDS also supports us with product development and research to develop recipes for high quality mayonnaise and egg powders. Without this support, the business wouldn't be where it is today, especially with the backdrop of Covid19 pandemic lockdown and the general slump in demand throughout the economy”.

**Joel Guma Managing Director, Pristine Foods Limited**

“Often times in a business, we have to prioritize company activities depending on the cash flows which often times leads to delays of implementation of certain activities by us not considering them priority and believing they can always wait. With the BDS support, we have managed to fast track implementation and adaptation of these activities thus enhancing our entity.”

**Lilian Anguparu, AMFRI Farms Limited**

“I would say that the BDS facility has tremendously helped Chemiphar at getting at another level of professionalism. It has contributed to the development of a strong governance and to the improvement of the company's organisation, it has given opportunity to managers and staff to build capacity and it has strengthened the roles of the various departments. Chemiphar is immensely grateful for having had the chance to be selected as a beneficiary of the BDS facility.”

**Annick Uytterhaegen, Chief Executive Officer, Chemiphar (U) Ltd**

“BDS facility supports SAF to streamline its key functions to efficiently utilize the investment Fund for expansion and growth. Through the BDS facility, SAF was supported to contract professional services for the set-up of the modern abattoir, cold chain system and feed mill; Financial management services; contracting of an ERP service provider; and board readiness training (induction) improving corporate governance”.

**Florence Birabwa, Human Resource and Administration Manager, Sekajja Agro Farms Limited (SAF)**

“Clarke Farm Limited is a business in the early stages of development. The BDS initiative has made it possible for us to structure our governance, pursue statutory business requirements like the environmental impact assessment and also set up an out grower scheme and pursue Rainforest Alliance certification. Taking on these particular aspects as a business on our own would have been an expensive venture however with the support from the BDS fund we were able to subsidize our costs under the 15/85 split between the investee and IFAD. We appreciate IFAD for supporting us in these particular aspects because the activities they helped fund are positively impacting the community and Clarke Farm for years to come.”

**Patricia Namatovu, Business Manager, Clarke Farm**

# Yield Fund Baseline & Impact Assessment

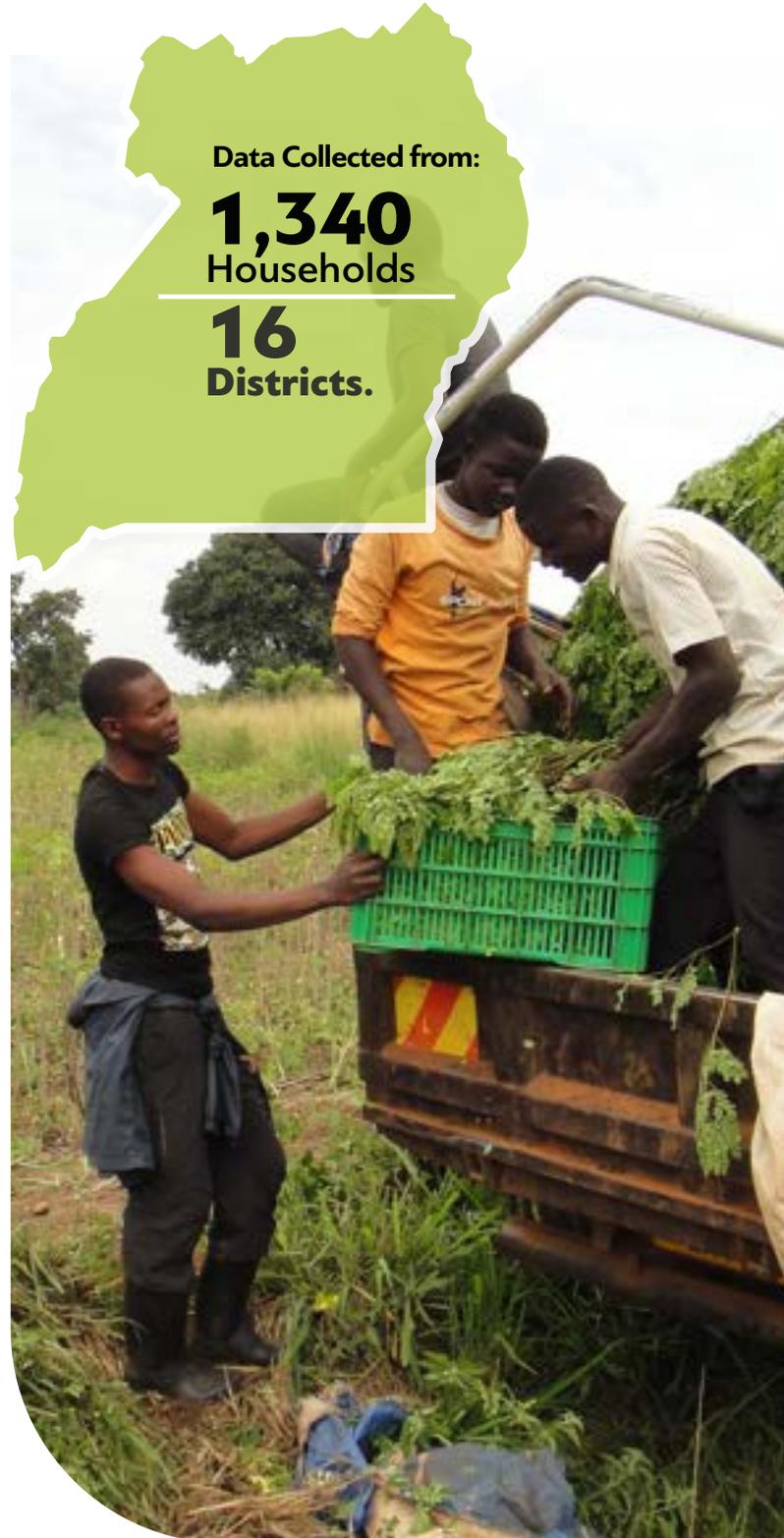
The year 2022 also marked the completion of data collection for the impact assessment (IA) baseline study for the three investee companies/agribusinesses, namely Pristine, AMFRI and Pura. In order to generate knowledge and lessons, IFAD has planned to conduct an ex-ante IA to measure the impact of the Yield Uganda Investment Fund on the small-scale producers supplying the agribusinesses financed by the fund. These small-scale producers benefit from extension services and market access, which are expected to generate socio-economic improvements for their households.

An ex-ante IA entails collecting data before small-scale producers join the investee company supply system (baseline round) and after five years of intervention (endline round for a sample of approximately 3,000 households per round (divided between treated and control groups) for five selected SMEs. Data collection includes a quantitative and qualitative survey, which for these three remaining SMEs was conducted between September and November 2022.

For the quantitative survey, a total of 1,340 households, divided between treated and control groups, were interviewed across 16 districts of Uganda. Treated and control areas were identified using statistical matching techniques, based on observable characteristics such as the socio-economic environment and weather conditions. The quantitative survey covered a range of topics, including household demographic characteristics, agricultural production and income-generating activities, food consumption, housing quality and asset ownership, extension services, participation in group associations and shock exposure.

The qualitative survey was conducted using Focus Group Discussion (FGD) and Key Informant Interviews (KII) to supplement quantitative data. Three FGDs and seven KIIs were conducted for each SME. The FGDs were organized at the parish level with a group of 6-10 participants. Two FGDs were organized in the SME intervention districts and one FGD in a district identified as control. The KIIs involved SMA staff at management and farm extension level, as well as PCP the Fund Manager.

The baseline studies will describe several characteristics of these small-scale producers and their households. The most important indicators are: household income and asset ownership; **agricultural production and productivity**; the share of products sold to the market; ability to cope with climatic and non-climatic shocks; food and nutrition security levels; and **women's control and decision making power over household resources**. After five years, the same type of data will be collected for the same households. At this stage, it would be possible to measure the impact that taking part in the supply system has had on the above-mentioned indicators.



Data Collected from:

**1,340**  
Households

**16**  
Districts.

<sup>1</sup> A baseline study has been already produced for Sesaco (<https://www.ifad.org/en/web/knowledge/publication/asset/41904944>) and CECOFA (<https://www.ifad.org/en/web/knowledge/publication/asset/41905006>).

# Yield Fund Finance and Annual Audit

The Fund auditor, BDO East Africa, who were appointed on 31st July 2018 are still eligible and expressed their willingness to continue in office for the fiscal year 2022/23.

**Table Extracts of the statement of profit or loss and other comprehensive income.**

	2022 (EUR)	2021 (EUR)
<b>Income</b>		
Interest income	858,810	556,339
Other income	785,214	34,132
Fair value gains on investment at fair value through profit and loss	13,093	8,729
Decrease/(increase) in impairment provision for expected credit losses on loans and advances	(874,622)	48,122
<b>Total income</b>	<b>782,495</b>	<b>647,322</b>
<b>Expenses</b>	<b>(696,903)</b>	<b>(803,382)</b>
<b>Total comprehensive loss for the period</b>	<b>85,592</b>	<b>(156,060)</b>

**Table Extracts of statement of financial position.**

	2022 (EUR)	2021 (EUR)
<b>Assets</b>		
Cash and cash equivalents	923,703	1,213,204
Other receivables and prepayments	1,549,997	2,231,719
Loans and advances	7,795,205	4,096,512
Investment at fair value through profit or loss	2,538,824	197,216
<b>Total Assets</b>	<b>12,807,729</b>	<b>7,738,651</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Ordinary and Share capital	5	5
Accumulated losses	(2,650,244)	(2,735,836)
Redeemable preference share capital	15,433,118	10,456,656
<b>Total Equity</b>	<b>12,782,879</b>	<b>7,720,825</b>
<b>Current liabilities</b>		
Other payables	24,850	17,826
<b>Total liabilities</b>	<b>24,850</b>	<b>17,826</b>
<b>Total Equity and liabilities</b>	<b>12,807,729</b>	<b>7,738,651</b>



## Governance

### Yield Fund Board Members and Observers, during the financial year **2021/22**



**Simon Rutega**  
Chairman and  
Non-Executive Director



**Abubaker Lewano**  
SEDF Representative- Observer



**Gerald Paul Kasaato**  
NSSF Representative- Director



**Jukka-Pekka Kärkkäinen**  
FCAI Representative- Observer



**Lakshmi Moola**  
IFAD Representative- Director

### Yield Fund Investment Committee Members

The principal role of the Investment Committee (IC) is to review, analyze, and if appropriate, approve investment propositions put forward by PCP Uganda (Fund Manager).



**Felix Okoboi**  
Chairman (Independent member)



**Edward Isingoma**  
Fund Manager Representative



**Patricia Onyango**  
Independent member



**Jorma Ruotsi**  
Investors IC Permanent Observer





Pearl Capital Partners

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