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PRESS RELEASE

Additional 34 billion available to support Ugandan Agribusinesses

Kampala, 27th June 2019

New financing to the tune of 34 billion Uganda shillings is made available to support agribusiness in Uganda as new funding partners; Open Society Foundations (OSF) and FCA Investments (FCAI) join the Yield Uganda Investment Fund.

The agribusiness impact fund, set up in January 2017 by the European Union (EU), through the International Fund for Agricultural Development (IFAD) and the National Social Security Fund (NSSF), with an initial €12 million investment, has now hit the €20 million (UGX 85 billion, 4250 UGX per EUR) mark in total commitments, following an €8million (4250 UGX per EUR) investment from the Open Society Foundation and FCA Investments.

The Yield Uganda Investment Fund is a partnership between public and private investors that offers innovative and tailored financial solutions, using equity, semi-equity and debt, to small and Medium-sized Enterprises (SMEs) having the potential to generate both strong financial returns and significant social impact. Deloitte Uganda and Pearl Capital Partners Uganda (PCP) established the Fund, currently managed by PCP Uganda, with the mandate to make investments in the range of €250,000 to €2 million (approx. UGX 1 billion to UGX 8.5 billion).

To date, Yield has made investments of over UGX 8 billion in SESACO limited, an agro-processing company specialising in soya products, CECOFA, a coffee processor, and Chemiphar, an analytical laboratory providing testing and inspection services to SME businesses.

“Mobilizing investments for the agro industrialization of Uganda has been the main reason for the creation of Yield Uganda Investment Fund by the EU. In 2017 NSSF joined the EU to launch the first Investment Fund and today FCA Investments and Open Society Foundation add substantial capital which will allow Ugandan agribusiness companies to access the needed long-term capital for industrialization. As outlined in the European External Investment Plan, the EU is aiming at attracting capital into Uganda to foster development in agriculture, trade and industrialization,” said **EU Ambassador to Uganda, H.E Attilio Pacifici**.





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The Fund targets agriculture-related businesses across all value chains including supply of agricultural inputs, production and agro-processing within all sub-sectors, post-harvest storage and distribution, but also peripheral activities such as transportation, communications and certification. The Fund seeks to support businesses with a clear competitive advantage and ambitious local management. The Fund targets to improve over 100,000 rural households livelihoods through improving access to; 1) markets for their produce, 2) higher quality agricultural inputs and services; creating jobs and employment opportunities, ensuring food security while generating income, foreign exchange and new export opportunities, all fundamentally contributing to Uganda's economic growth and goal to eradicate poverty.

High-quality business development support (BDS) are critically important when modernizing and expanding Yield Fund's investee companies to make them more effective, growth-oriented and profitable. An integral and complementary part of the Fund's investment process is to support the operations of its investee companies through matching grants for BDS. Typical areas of the Fund's BDS support include company governance, accounting, budgeting, auditing and tax compliance, innovation and technology transfer, marketing studies, and the adoption of international product quality and safety standards. This extra service to Yield Fund's investee companies is funded with grants from the EU managed by IFAD.

"IFAD is reassured by the confidence and delighted to welcome Soros Economic Development Fund and Finnish Church Aid Investments to the Yield Fund as part of the 2nd close investors," noted **IFAD Country Director for Uganda, Laskhmi Moola**. "Their additional financing, to Yield, and their expertise in the impact sector will add value to the existing partnerships. Together with SEDC and FCA, we will amplify the impact of the Yield Uganda Fund by continuing to improve the fiscal environment for the Uganda Agri-SMEs and improve the lives of the smallholder farmers they work with," she added.

"Agriculture plays a vital role for economic growth and sustainable development. Investment in the sector is an effective instrument to alleviate poverty and enhance food security. Evidence suggests that gross domestic product (GDP) growth originating from agriculture is twice as effective in reducing poverty as GDP growth linked to the non-agricultural sectors, yet the sector is still underfunded. The Yield Uganda Investment Fund is a great opportunity for NSSF to support the sector," said **NSSF Deputy Managing Director, Mr. Patrick Ayota**. He added that the investment is in line with NSSF's diversification strategy to increase exposure to equities to about 25% of its total portfolio from the current 18%, as well as supporting home-grown companies that have good corporate governance and are willing to provide NSSF an exit through the stock exchange.

"Our investment in Yield fund Uganda is a triple vote; in the resilience of Uganda's Agricultural sector, in the power of the private sector to deliver improved livelihoods and in the ability of pearl capital partners to direct the investment to the most deserving SMEs. FCA Investments views the development of the private sector as the most viable means to bring about economic development and prosperity in Uganda and with this investment, we hope to create thousands of jobs within the agricultural value chain and sustainably increase smallholder farmer incomes in addition to catalysing additional investment in the sector," stated **new funding partner, FCA Investments**.





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“We invested in the Yield Fund because we want to direct capital to local agribusinesses and entrepreneurs that are interested in sharing benefits with smallholder farmers, rather than exploiting them. We were also attracted by the fact that the fund is based in Kampala, giving it the ability to work closely with the businesses it invests in as they strengthen and expand. We believe this team is the right one to tackle the certain challenges that the sector presents. We hope that this initiative can provide a new model for successful investment in smallholder farmers that others will follow across the continent. And we are thrilled to provide our support.” Added **Jocelyn Songco, Principal- Soros Economic Development Fund, Open Society Foundations.**

“Some of the foundations and key principles from which Yield Fund Uganda was first established in early 2017 have been built around the unique conducive agri-business environment that we find here in Uganda; an environment which is not only rich in potential but which also gives us the opportunity to bring about real change and impact upon the lives of smallholder farmers and rural communities that remain the majority agri-partners in various ways now and over the coming years. This Ugandan domiciled Yield Fund is uniquely positioned to drive forward that change, by making strategic, effective and efficient on the ground investments. We are committed to bringing flexible and innovative financing solutions to the agri-business SME community, enabling several partner’s prosperity for the future. By utilizing our impact Investing experiences and principles, we believe that we will also create the core foundations from which the SME agri-business sector and smallholder farmer communities can develop and grow together,” said **Dr. Edward Isingoma, Managing Partner, Pearl Capital Partners (PCP)**

The **Ministry of Finance, Planning and Economic Development** further applauded the Fund saying, “Uganda is pleased to have the Yield Uganda Fund which is dedicated to Uganda to provide capital through debt and equity to agriculture-related businesses across all value chains including, supply of agricultural inputs, production and agro-processing, post-harvest storage and distribution. Yield Uganda Fund’s plan of providing first loss protection to equity investors will address the challenges of low and limited access to capital and the perceived high risk involved in agriculture business. Therefore, an investment fund of this nature will go a long way to uplift the agricultural sector and most especially when the country is focusing on commercial agriculture, industrialization and value addition.”



About Yield Uganda Investment Fund Partners



EUROPEAN UNION

The European Union is a unique economic and political union between 28 European countries that together cover much of the European continent. What began as a purely economic union has evolved into an organization spanning policy areas, from climate, environment and health to external relations and security, justice and migration.

eeas.europa.eu/delegations/uganda_en



Investing in rural people

The International Fund for Agricultural Development (IFAD) invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided about US\$18 billion in grants and low-interest loans to projects that have reached some 462 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.

www.ifad.org



The National Social Security Fund (NSSF) is National Saving Scheme mandated by Government through the National Social Security Fund Act, Cap 222 (Laws of Uganda) to provide social security services to employees in Uganda. NSSF is a provident fund (pays out contributions in lump sum). It covers all employees in the private sector including Non-Governmental Organizations that are not covered by the Government’s pension scheme.

www.nssfug.org



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OPEN SOCIETY FOUNDATIONS

The Open Society Foundations, founded by George Soros, are the world's largest private funder of independent groups working for justice, democratic governance, and human rights. George Soros opened his first international foundation in Hungary in 1984. Today, the Open Society Foundations support a vast array of projects in more than 120 countries, providing hundreds of grants every year through a network of national and regional foundations and offices.

www.opensocietyfoundations.org



Finn Church Aid (FCA) is the largest Finnish NGO in international aid. We operate in 14 countries, where the needs are most dire. We work with the poorest people, regardless of their religious beliefs, ethnic background or political convictions.

Our work is based on rights, which means that our operations are guided by equality, non-discrimination and responsibility.

www.kirkonulkomaanapu.fi/en



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PCP Uganda is a wholly-owned subsidiary of Pearl Capital Partners (PCP), an independent and specialist African agricultural investment fund manager resident in Mauritius and licenced by the Financial Services Authority of Mauritius. PCP Uganda is regulated and licenced by the Capital Markets Authority of Uganda and has been operating in the country since 2005. Its team has unparalleled experience of investing in Ugandan agribusinesses, by providing patient capital while building value-adding partnerships. The wealth of experience and lessons learnt over the past decade is unmatched in the agricultural SME sector in East Africa. PCP, with its previous and ongoing three impact Agri-Funds and over US\$40 million under management, has developed in-depth knowledge of tailoring investment structures to the needs of the individual investee, including both equity and medium to long term debt.

www.pearlcapital.net





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Deloitte.

Deloitte is one of the largest private professional services organizations globally. Deloitte has been in Uganda since the early 1960s. Our commitment to offering the very best in audit and assurance, accounting, and consulting and taxation services is reflected in the staff we employ. We have over 120 professional staff resident in Uganda and the team is growing every year to match the evolving needs of the economy.

www.deloitte.com

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