

PRESS RELEASE

New 46 billion Agro Equity Impact Fund for Uganda launched

Kampala, 24th January 2017

The European Union (EU), the International Fund for Agricultural Development (IFAD) and the National Social Security Fund (NSSF) are working together to catalyse investment in the agriculture value chain with the launch today of the Yield Uganda Investment Fund. An initial €12 million (Ush 46 billion) has been made available to provide much needed access to capital for small and medium agri-businesses in Uganda.

This new impact Fund, being arranged by Deloitte Uganda and Pearl Capital Partners Uganda (PCP), is expected to attract additional €13m (Ush 49.8 billion) by the end of 2017 to reach €25 million (Ush 95.8 billion) in total commitments. Yield is a partnership between public and private investors that will offer innovative and tailored financial solutions, using equity, semi-equity and debt, to about 20 Small and Medium-sized Enterprises (SMEs) having the potential to generate both strong financial returns and significant social impact.

The Fund will be managed by PCP Uganda who will make investments in the range of €250,000 to €2 million (Ush 958.3 million to Ush 7.7 billion).

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 will benefit the economy by improving an estimated 100,000 rural household livelihoods, improve access to markets for an estimated 26,000 farmers, 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.

“The launch today marks an important milestone. In creating this investment Fund, the EU has listened and is responding to the needs of Ugandan agribusiness. This is a first of its kind to be funded by the EU where we are blending private equity and grants and we are proud that Uganda is a beneficiary. Yield Uganda Investment Fund is the result of continued efforts and commitment from the European Union to support the agribusiness sector by lowering the cost and risk of investments. This Fund will offer presently lacking long-term capital to entrepreneurs in the agricultural sector and contribute to the modernization and expansion of agribusinesses companies while providing quality financial returns for investors,” said **EU Ambassador to Uganda, H.E Kristian Schmidt**.

High-quality business development support (BDS) will be critically important when modernizing and expanding Yield Uganda's investee companies to make them more effective, growth-oriented and profitable. An integral and complementary part of the Fund's investment process will be to support the operations of its investee companies through matching grants for BDS. Typical areas of the Fund's BDS support will 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 Uganda's investee companies will be funded with grants from the EU managed by IFAD.

"Engaging with the private sector in agribusiness development is a key priority for IFAD. Leveraging traditional modes of financing with innovative tools such as the Yield Fund is needed to fast track development, foster the transformation of the rural economy and ultimately achieve the Sustainable Development Goals by 2030," said **Alessandro Marini, IFAD Country Director for Uganda**. "IFAD is delighted to be part of this initiative which combines a solid social impact proposition with attractive financial returns to create a win-win situation for Small and Medium-sized Enterprises and smallholder farmers in Uganda. The expertise of Deloitte and Pearl Capital Partners who have already been part of similar undertakings will be key to the success of the Fund," he added.

The Fund's investment strategy is to maximize the long-term profitability of its investee companies, while observing internationally-recognized social, environmental and governance standards.

"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 Managing Director, Mr. Richard Byarugaba**. 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 16%, as well as supporting home-grown companies that have good corporate governance and are willing to provide NSSF an exit.

Yield Uganda Fund's second closing is expected at the end 2017, gathering further like-minded private investors. Deloitte Uganda together with PCP Uganda will continue the fundraising process to achieve the target Fund size of €25 million (Ush 95.8 billion).

"Deloitte Uganda is happy to be involved in making an impact that matters through provision of much needed financing for SME businesses especially in the agriculture space," said **Mr. Norbert Kagoro, a Partner at Deloitte Uganda**. "The team has worked very hard to bring this Fund to this stage and we shall continue to support the Yield Fund through the operation phase", he added.

PCP Uganda's Managing Partner, Mr Edward Isingoma said: "The Yield Uganda Fund is a unique testament of the relevance of agriculture to Uganda. This Fund fully aligns previously dispersed interests to one goal, providing access to flexible financing for agriculture. As a Uganda focused Fund, it is a first, and will aim to achieve developmental impact alongside financial returns while transforming livelihoods in many different forms in the country."

“Successful implementation of this intervention will provide us with the desired lessons upon which future Government support to SME’s involved in Agribusiness development will be anchored on. I therefore urge all stakeholders, (The EU, IFAD, the Ministry of Finance Planning and Economic Development, Deloitte and Pearl Capital Partners) to work hard and ensure that the intervention is successful.” said **Hon. Matia Kasija, Minister of Finance Planning and Economic Development.**

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.

https://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.

<https://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.

<https://www.nssfug.org>



Pearl Capital Partners

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

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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