

aBi Development Ltd 2022 ANNUAL REPORT

Climate Smart Solutions for Agribusiness in Uganda

aBi



Acronyms

| | |
|------------------|--|
| aBi: | Agricultural Business Initiative |
| ADAP: | Accelerate Dairy Production and Productivity |
| AWPB: | Annual Workplan and Budget |
| Bn: | Billion |
| BP: | Business Plan |
| BTPAD: | Blessed Tree Planters and Agro-input Distributors |
| BOCU: | Bukonzo Organic Farmers' Cooperative Union |
| CSA: | Climate Smart Agribusiness |
| COVID-19: | Coronavirus Disease 2019 |
| CURAD: | The Consortium for Enhancing University Responsiveness to Agribusiness |
| DAC: | Development Assistance Committee |
| EADC: | Eastern Agricultural Development Company |
| EAGC: | East African Grain Council |
| ESG: | Environmental, Social and Good Governance |
| EU: | European Union |
| Fls: | Financial Institutions |
| FTE: | Full-Time Equivalent |
| GAPs: | Good Agricultural Practices |

| | |
|----------------|--|
| GCF: | Green Challenge Fund |
| GDP: | Gross Domestic Product |
| GG: | Green Growth |
| GGGI: | Global Green Growth Institute |
| ICO: | International Coffee Organization |
| IFU: | Investment Fund for Developing Countries |
| IP: | Implementing Partner |
| MT: | Metric Tonne |
| NUCAFE: | National Union of Coffee Agribusinesses and Farm Enterprises |
| OECD: | Organisation for Economic Co-operation and Development |
| RMRD: | Results Measurement Research and Development |
| SACCO: | Savings and Credit Cooperative Society |
| SMEs: | Small and Medium Enterprises |
| UCDA: | Uganda Coffee Development Authority |
| UGX: | Uganda Shilling (Currency) |
| UNBS: | Uganda National Bureau of Standards |
| VCD: | Value Chain Development |
| VSLAs: | Village Savings and Loan Associations |



Table of Contents

| | |
|---|-----------|
| Foreword | 4 |
| Message from the CEO | 6 |
| 1. Uganda's Economy in 2022 | 9 |
| 2. Making a Difference: Impacting Agribusinesses and Farmers | 10 |
| 3. Growing Green | 13 |
| Sustainable Agriculture Investments | 13 |
| Environmental, Social Inclusion and Governance in Action | 14 |
| 4. Strengthening Value Chains: From Farm to Market | 17 |
| Coffee | 18 |
| Cereals | 21 |
| Pulses | 22 |
| Oil Seeds | 23 |
| Horticulture | 24 |
| Dairy | 25 |
| Poultry | 27 |
| 5. Learning and Adapting | 31 |
| 6. Efficient Systems: Corporate Processes | 34 |
| Financial Performance | 34 |
| Corporate Services | 36 |
| ANNEX | 42 |

Foreword from the Board Chairperson



Felix Okoboi
Chairperson

In 2022, we experienced an exciting year as we forged ahead with a momentous strategic choice, the complete greening of all our investments. This was formed through our conviction that nature sustains economies and livelihoods; protecting and restoring it is part of addressing climate change. All this was on the back of the uncertain global and domestic macro environment.

At aBi, we are also convinced that our ability to exploit the opportunities of this green financing revolution will depend on our readiness and ability to finance it and enhance our sustainability.

Following the launch of our Green Challenge Fund in 2022, we provided the proper support structure to propel our partner agribusiness enterprises to commercial success and build the resilience of our beneficiary smallholder farmers. This and other measures position us as a thought leader to facilitate the green transition in Uganda. As an organisation, we are proud to be walking the talk, as demonstrated by introducing these green financing opportunities in Uganda.

Globally, Uganda is the 12th most vulnerable and the 49th least prepared out of 195 countries to deal with the vagaries of climate change. Production and productivity of smallholder farmers and agribusinesses continue to suffer from climate change vagaries, biodiversity loss, and an increase in pests and diseases. The list of challenges is endless. While we could dwell on these challenges, at aBi, it is more important to focus on solutions, especially dedicating investments in climate change adaptation, mitigation, and biodiversity conservation.

Our investments aim at reducing the vulnerability of agribusiness and financial sectors to climate

change impacts. In addition, equipping the market and, specifically, our partners with the information and tools necessary to drive the green transition to create new green jobs and catalyse green financing in Uganda is critical.

Our sister company aBi Finance through the Green Challenge Fund (GCF), is providing an exciting opportunity of supporting financial institutions with the much-needed liquidity, de-risking mechanisms and technical support to offer green financing to smallholder farmers and agribusinesses. The green financing accessed by the smallholder farmers and agribusinesses will, in addition to addressing climate change adaptation, mitigation and biodiversity conservation, contribute to equitable economic growth, job creation and improved incomes, ultimately enhancing aBi and supporting partner sustainability.

I thank our development partners for their commitment and investments with us, and we welcome additional investments to achieve our ambition of creating a competitive private-sector agribusiness in Uganda.

We commend the Government of Uganda and other sector regulators for the enabling and conducive environment that permits us to operate efficiently. I also sincerely thank all our implementing partners for their committed partnership. We commit to continue working with you and other like-minded institutions to achieve an environmentally sustainable and robust agribusiness sector in Uganda.

I take this opportunity to appreciate the Board, management and staff of aBi Development for showing great determination and resilience to deliver this performance.

I conclude by reiterating our commitment to our key stakeholders as the most efficient and socially responsible vehicle to deliver social investments and ensure a steady expansion of our capital base and profitability.



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Message from the Chief Executive Officer



Ibrahim Abayo
Interim CEO

I am pleased to report that 2022 was a successful year for aBi Development Ltd and our implementing partners (IPs) in a period characterised by slowed economic growth resulting from a volatile environment due to COVID-19 effects, high commodity prices and rising inflationary pressures. We achieved 94% of the fund deployment target, which is a marked performance given our shift to more green investments and the state of the global economy. .

In supporting agribusinesses in Uganda, we employ a strategy of maximising value for money through prudent and efficient deployment of grant funding and keeping operational costs lean. For the year ending 31 December 2022, aBi Development spent UGX23bn. Out of this amount, UGX16bn was associated with grant expenditures, which was UGX5bn lower than the previous year. The decline in grant performance in 2022 primarily reflected our shift to greener interventions and delays with IP contribution. Most IPs businesses felt the aftermath of the COVID-19 downturn and disruptions.

aBi Development is at the forefront of institutionalising Environmental, Social and Good Governance (ESG) principles to go green and improve sustainability. Managing climate change requires those tasked with governance of our business and institutions to appreciate the threats to every Ugandan and start to act immediately.

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Based on evidence from the past year, we remain steadfast on the path to deliver against our strategic business priorities to drive sustainable growth and play a pioneering role in the green financing transition of the sector.

Going into 2023, our strategic priorities remain focused on improving client experience, green programming, promotion and leading the transition to green financing, developing our people, building the capacity of our IPs and umbrella bodies, and ensuring a sustainable environment.

At aBi, we recognise that human resources are a critical factor for achieving our mission, and as such, strengthening our human resource management and culture transition was a key focus area in 2022. To this end, we introduced and piloted the revised performance management tools to improve fairness, objectivity, and transparency in performance management. We also focused on enhancing our staff capacity on climate change and green financing to match our business demands and priorities.

On behalf of the management and staff at aBi, we thank our development partners, the Royal Danish Embassy and the EU, for their steadfast support and generous investment to date. On the back of this support, we invite other investors and development partners to join hands towards the attainment of a competitive, profitable and sustainable agriculture and agribusiness sector in support of equitable wealth creation in Uganda.

I remain grateful to the Government of Uganda for the enabling environment it provides. I also thank the Board and my colleagues at aBi; they have worked tirelessly to deliver these results.

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Lastly and crucially, our IPs, including agribusiness enterprises, umbrella institutions, commodity platforms, and farmer groups that have worked with us to deliver these results, deserve the most credit.



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We are aBi Development

We are committed to promoting sustainable agricultural growth and improving the economic well-being of our stakeholders. To achieve this, we provide targeted support to agribusinesses, farmer organisations, and intermediaries through matching grants and business development services. We aim to enhance their planning and management capabilities, production and business infrastructure, and market linkages to increase agricultural production and value addition. By doing so, we strive to positively impact the livelihoods of smallholder farmers and agribusinesses while contributing to the overall growth of the agricultural sector.

The logo for aBi Development, featuring the letters 'aBi' in white on a dark green rectangular background with a yellow horizontal bar at the bottom.

aBi



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Danida



1

Uganda's Economy in 2022

In 2022, Uganda's total export value decreased by 5%, dropping to \$6bn. Agricultural products, specifically coffee, contributed significantly to the country's total export value, accounting for 20% of the export earnings alone, while other agricultural products contributed about 28%.

Regarding export volume, key agricultural products such as coffee, beans, simsim, rice, fruits, and vegetables declined in 2022 compared to the previous year, with rice experiencing the most significant dip. However, sorghum's export volumes increased by about 109%, from 24,964 metric tonnes (MT) in 2021 to 52,062 MT in 2022.

Further, in the past year, Inflation rates were high compared to 2021. Food crops and related items experienced a 950% increase in inflation from 2.8% in December 2021 to 29.4% in December 2022. This was

because of high commodity prices caused by poor yields registered by farmers. Climate change effects on production led to significant losses in yield and quality, affecting the farmers' capacity to increase production and productivity sustainably. This was aggravated by geo-political developments like the Russia -Ukraine war that resulted in a decline in the supply of fertilisers critical for production and productivity in the agriculture sector.

The impact of climate change on agricultural production and productivity, supply and demand trends, and the downturn in the world economy affected earnings in the global and domestic economy, impacting job creation, income, and profitability of smallholder farmers and agribusinesses. Agriculture remains key to the livelihoods of Ugandans, contributing approximately 24% of GDP and employing over 80% of the population..



Farmer prepares a trough of silage for his cattle in Kyankwanzi. Silage can be stored and used when the drought gets severe.

2 Making a Difference:

Impacting Agribusinesses and Farmers

This section highlights aBi's achievements and performance in 2022, comparing actual results to planned and budgeted targets. During the year, aBi launched the Green Challenge Fund (GCF) to support smallholder farmers and agribusinesses in addressing the impacts of climate change and environmental management in the agriculture sector. The GCF lays the ground for aBi investments in the green transformation of Uganda's agricultural sector. aBi supported 37 projects, including 12 new and eight phased-out partnerships. As a result, its initiatives reached 93,149 smallholder farmers (39% female), representing 71% of the targeted 130,462 beneficiaries. Overall reach performance in 2022 was lower than in 2021 when aBi supported 247,000 smallholder farmers. The decline was due to the halt of 14 new projects with a target of over 39,000 beneficiary farmers due to shifting investment focus on our green transition and the closure of eight other projects.

Despite this, the additional net income realised by beneficiary agribusinesses/ implementing partners stood at UGX72.5Bn, representing 268% of the 2022

annual target of UGX27.1bn, compared to UGX40.9bn in 2021. This success is mainly attributable to the supported dairy, coffee, oil seeds, and cereal value chain partners.

Regarding job creation, aBi created 8,271 new jobs at the IP level, with 4% female participation, representing 504% of the annual target of 1,642 jobs. The male-dominated dairy sector accounted for most of the employment (about 90%) in 2022, compared to 1,042 additional jobs with 30% female participation in 2021.

In response to the COVID-19 pandemic, aBi initiated three agro-inputs projects with partners, namely Achila Enterprises Ltd, Arise and Shine, and Ngetta Tropical Holdings, which reached 12,990 smallholder farmers (52% female) with aBi-supported agricultural productivity inputs or quality enhancement training. This achievement represents 93% of the targeted 14,000 smallholder farmers in 2022, generating a net additional income of UGX700m and a sales value of UGX4.6bn for Achila and Arise and Shine.



Key Highlights

VALUE OF INVESTMENT:



UGX23bn
representing 60% of
the budget of UGX38bn.

JOBS CREATED:



8,271
jobs created, surpassing the
annual target of 1,642.

target surpassed by 490%

FARMERS SALES:



UGX80bn
achieved against
targeted UGX99bn.

achieved by 81%

REACH:



93,149
thousand smallholder
farmers (39% female),
representing 71% performance
against the targeted 130,462.

PARTNER / SME SALES VALUE:



UGX258bn
realised by supported partners
exceeding the UGX99bn target.

exceeded by 261%

NET ADDITIONAL INCOME AT PARTNER LEVEL:



UGX72.5bn
realised,

which is 268% more

than the targeted UGX27.1bn.

GROUP-BASED SAVINGS:



7,107
smallholder farmers (37% female)
enrolled in group-based savings,

231% more

than the targeted 3,065.

GREEN INVESTMENTS:

UGX7.5bn

Green Challenge Fund was launched to support
green investments in the agricultural sector.





3 Growing Green

In 2022, aBi further strengthened its commitment to advancing Environmental, Social Inclusion, and Good Governance (ESG) in Uganda's agribusiness sector, spearheading its sustainability agenda. aBi prioritises climate change, specifically emphasising adaptation, mitigation, and biodiversity conservation efforts. In terms of social inclusion, aBi concentrated on using “farming as a family business” to advocate for the inclusion of women, youth, and refugees in the workforce and to improve equity. Additionally, aBi aimed to enhance competitiveness and profitability in the sector by bolstering institutional structures and processes through its focus on good governance. This section provides an overview of the key initiatives that aBi supported during the year.

Sustainable Agriculture Investments

aBi launched the Green Challenge Fund (GCF) in July 2022 as a pivotal initiative to advance its transition to a green economy. The GCF was developed to address the increasing impacts of climate change on Uganda's agri-food system by supporting green agribusiness investments for climate change mitigation, adaptation and biodiversity conservation. The GCF is aligned with aBi's Green Growth Strategy (2020/21-2025), which aligns with Uganda's policies, plans, and strategies to address climate change effects and biodiversity loss. These include the Uganda Green Growth Development Strategy (2017/18 – 2030/31), the third National Development Plan (NDPIII) 2020/21 – 2024/25, the National Adaptation Plan for the Agricultural Sector (2018), the National Climate Change Act (2021), and the National Biodiversity Strategy and Action Plan II (2015-2025).

Additionally, aBi's green agenda is guided by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Rio markers for climate, which focuses on addressing climate change impacts and environmental stress on agribusinesses. As of December 2022, 13 IPs

were onboarded in the coffee, cereals, dairy, poultry, and horticulture value chains. Of these, 12 were part of the GCF pilot portfolio, and one project focused on fresh horticultural handling. Successful practices from these projects will be scaled up.

All the onboarded projects underwent a thorough screening process to ensure compliance with climate change adaptation, mitigation, biodiversity conservation, and social inclusion. The interventions primarily aim to enhance the resilience of farmers and agribusinesses to climate change through the implementation of “climate-smart” practices, resource efficiency, waste management, and the adoption of clean energy technologies, among other strategies. In 2022, a total of UGX7.5bn was allocated to the GCF projects. As we advance, aBi's focus will be on promoting green agribusiness investments that support climate change adaptation, low-carbon development, and biodiversity conservation, resulting in increased resilience of agribusinesses and smallholder farmers. In 2023, assessments and due diligence will continue for prospective partners to develop a robust and credible green portfolio.

¹ OECD DAC Rio Markers for Climate Handbook - https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf

Environmental, Social Inclusion and Governance in Action

aBi conducts ESG assessments for all potential partners before onboarding as part of our greening strategy. In the past year, we undertook ESG screening for 18 agribusinesses as part of the due diligence process for onboarding partners, four under the GCF. Applicants must attain a pass mark to receive a grant. While all assessments resulted in low-risk ratings (scores >75 - 100%), the screenings identified common areas for improvement among the agribusinesses. These included inadequate solid waste management practices, limited attention to health and safety measures (such as inadequate safety wear and signage), and insufficient anti-corruption measures like whistleblowing systems, hotlines, and suggestion boxes.

These findings were compiled into an action log with an implementation plan to track progress in addressing these areas of improvement.

aBi will continue to assess new partners using the ESG tool before onboarding them, and for those with identified shortfalls, joint action plans will be developed to address the gaps. Further, in our ongoing monitoring efforts, the aBi will ensure that all IPs adhere to the minimum ESG standards.

Social inclusion

aBi is committed to principles of social inclusion, providing equal opportunities for individuals from all backgrounds to achieve their full potential in life. In 2022, our efforts in this regard focused on three key areas: gender, youth, and refugees.

Gender

In 2022, aBi's interventions reached 36,094 (39%) female farmers out of the 93,149 overall reach. There was a dip in female reach of 39% in 2022 compared to 44% in 2021. The bulk of the male coverage was in the coffee and dairy value chains, which continue to be dominated by males due to the traditional land ownership system that limits female inheritance in Central and Eastern regions.

Further, job creation opportunities did not favour female participation in 2022, as 97% of jobs were generated by the male-dominated dairy value chain. Drawing from this lesson, aBi Development designed the poultry and horticulture value chains that




predominantly employ females in production and marketing. These efforts will be enhanced in 2023 by supporting more female-led agribusinesses.

Female participation in collective marketing was 6,338 women out of 18,958 farmers engaging in 2022, a decline compared to 13,739 in 2021. The coffee and dairy value chains contributed over 70% of farmers' participation in collective marketing, although the two are male-dominated. Hence, female performance in this area fell below the target, despite aBi's dedicated gender-focused programming across supported value chains. To further enhance social inclusion and gender equity, aBi will review its programming and design more targeted interventions for women, youth and refugees.

The engagement of farmers in group-based savings and lending programs registered a remarkable increase.

 **2,621** farmers actively participated in these group-based savings representing an **85% surge** compared to the previous year's involvement of 343 females.

 **Female participation accounted for 37% of the total**, indicating a positive shift towards gender inclusivity

 Similarly, male engagement experienced a substantial rise, with **4,486 men** engaging in group savings in 2022, compared to 1,007 in 2021

Several factors contributed to this encouraging trend, including joint household planning, targeted gender training sessions, and dedicated efforts towards post-COVID-19 recovery.



Youth incubatees roasting and packaging coffee at CURAD park in Gayaza.

Youth

In 2022, aBi made significant strides in promoting youth engagement in agribusiness through various initiatives, including constructing the Consortium for Enhancing University Responsiveness to Agribusiness Development Limited (CURAD) agribusiness incubation facility in Namanve Industrial Park. Key highlights of our efforts in partnership with CURAD include:

1. **Outreach to 5,604 young farmers** (58% female) with agricultural production, processing and value-addition opportunities.
2. **Technical support and job creation:** We provided technical support to 13 incubatees by monitoring and verifying partners' compliance with UNBS standards. The incubatees successfully produced various products, including processed dry fruits, juices, coffee blends, fresh vegetables, fruits, and bottled mineral water. As a result, 62 jobs were created, with 55% filled by female employees.
3. **Expansion and market sourcing:** To foster growth and diversification, farmers were mobilised and recruited supply to CURAD as new markets were established. Through these efforts, we reached 256 farmers (24% female).



Manufacturing of liquid, frozen, and powdered egg products at the aBi-supported Pristine Foods plant in Kireka, Kampala.

Refugees

Building upon our previous work with vulnerable communities in refugee settlements, aBi extended agricultural support to the Nakivale refugee settlement through the Green Challenge Fund (GCF) commissioning in the fourth quarter (Q4) of 2022. This project aims to enhance the resilience of refugees and the host community, specifically 300 horticulture farmers, to climate change impacts while contributing to food security and income generation.

The project will focus on increasing access to water for production by implementing portable solar-powered irrigation systems, harnessing renewable energy sources, and enabling farmers to grow high-value horticultural crops sustainably. The initiative will support refugees' and host communities livelihoods improvements.

4 Strengthening Value Chains: From Farm to Market

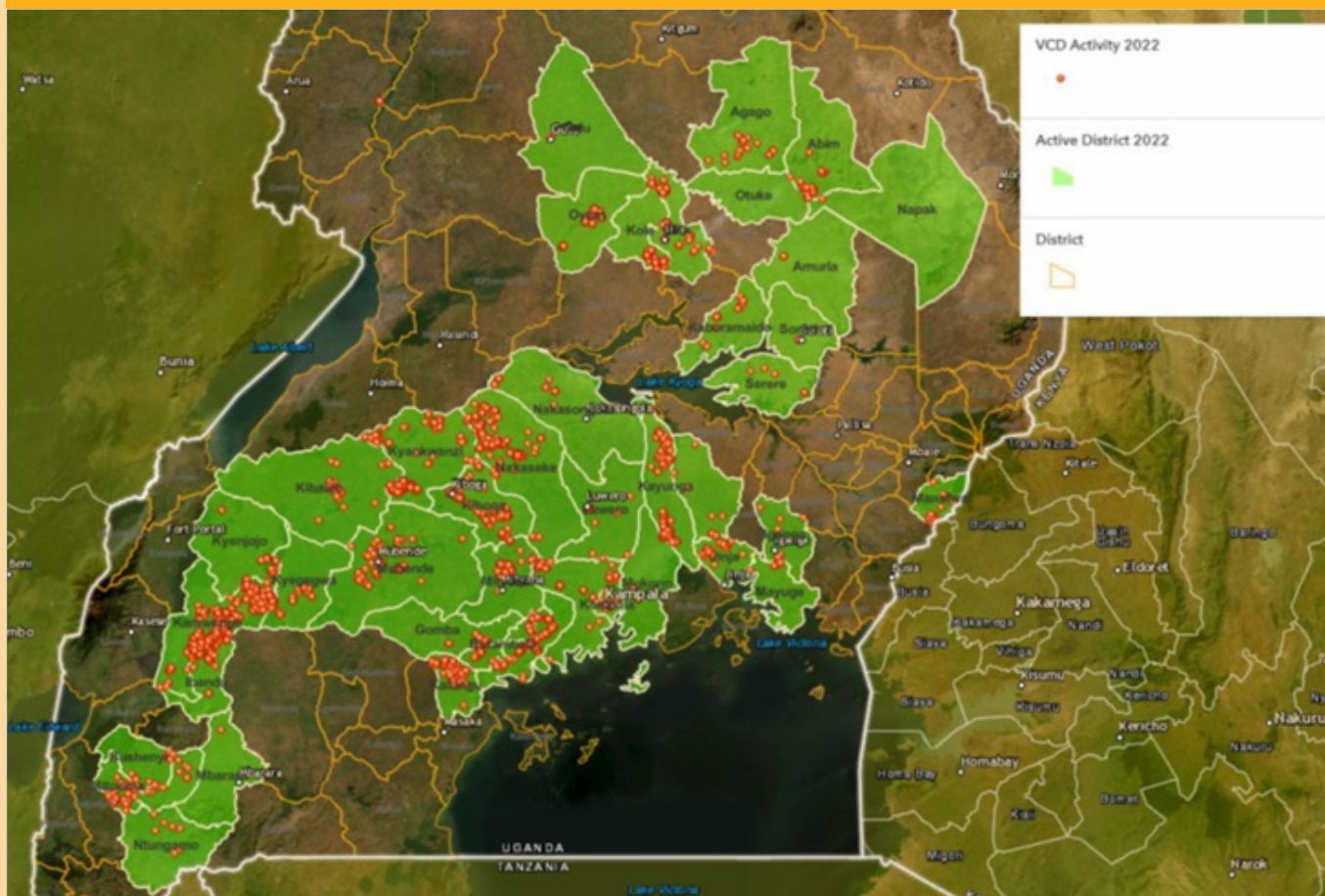
Last year, aBi Development actively supported seven value chains in Uganda, including coffee, cereals, dairy, oil seeds, pulses, poultry and horticulture. The focus of aBi's interventions in the coffee value chain was on strengthening farmer organisations, improving post-harvest handling, enhancing access to finance, and promoting gender inclusivity. These efforts yielded positive outcomes, such as increased coffee production, improved quality, and expanded market opportunities for farmers and agribusinesses.

aBi was crucial in supporting the cereals value chain through initiatives like training in good agricultural and climate-smart practices, facilitating collective marketing, and establishing demonstration

gardens. Despite challenges such as drought, aBi's interventions significantly impacted 93,149 farmers, resulting in a net additional income of UGX99.8bn realised at the farmer level and additional 22,939 (30% female) jobs were created at the smallholder farmer level.

In the pulses value chain, aBi contributed to stabilising dry bean prices through market interventions and supply management. Overall, aBi's work across these value chains actively contributed to the growth and sustainability of Uganda's agricultural sector, benefiting farmers and promoting economic development. This section will present the results obtained from our work in these value chains.

Spread of VCD activities in 2022





Coffee

World coffee production in 2022/23 is projected to rebound by about 4% from the 166.2 million bags produced in 2021/22 to 172.8 million bags. Global production of Arabica Coffee in 2022/23 rebounded by 6% from 87.4 million bags in 2021/22 to 92.7 million. Similarly, the production of Robusta coffee rebounded by 2%, up from 78.7 million bags in 2021/22 to 80.1 million bags in 2022/23.

In 2022/23, global production data ranked Uganda as the sixth largest producer of coffee, with an increment in total production of about 6.7 million bags of coffee relative to 6.3 million bags produced in 2020/21. Specifically, Uganda is the 14th leading producer of Arabica coffee, with a decline of about 5% from 0.95 million bags produced in 2021/22 to 0.9 million bags in 2022/23. On the other hand, Uganda's production of Robusta coffee increased by 9% from 5.3 million bags in 2021/22 to about 5.8 million bags in 2022/23, making Uganda the 4th largest producer of Robusta coffee in the world. Global consumption continues to increase, with 167.9 million bags consumed in 2022/23 compared to 167.2 million in 2020/21. Similarly, Uganda's exports of coffee increased from 6.1 million bags in 2021/22 to 6.5 million bags in 2022/23.

In 2022, aBi supported three IPs operating in the coffee value chain: The Edge Trading Company, KAWACOM, and UGACOF. According to the Uganda Coffee Development Authority (UCDA) December 2022 Report, UGACOF (U) Ltd had the highest national market share by tonnage at 18%, Kawacom (U) Ltd at 8%, and Kyagalanyi Coffee Ltd at 6%. However, in 2022, the Uganda Coffee Development Authority (UCDA) exited the international coffee agreement citing various reasons, including unfair tariffs, restrictions on exporting processed coffee and an "unjust and outdated" coffee classification system. This decision raised market uncertainties among coffee farmers, and to ease market uncertainties, the Uganda government resorted to using the Certificate of Origin and the COMESA Certificate of Origin to trade with non-ICO members.



Bags of coffee for export at Kawacom in Namanve.

Towards the end of the year, aBi onboarded Celebrate Hope Ministries under the Green Challenge Fund initiative. The interventions supported by aBi in the coffee value chain included training smallholder farmers in good agricultural practices (GAPs), such as using improved planting materials, farmer certification, integrated soil fertility management, and post-harvest handling technologies. Furthermore, aBi focused on enhancing value addition, building institutional capacity, disseminating technology through demonstration gardens, and easing market access for coffee farmers. These interventions aimed to improve the productivity, sustainability, and profitability of coffee farming in Uganda.

During the year, the coffee value chain partners reached 37,205 beneficiaries (24% female). This reach created up to 623 new full-time equivalent jobs, with 17% filled by women. This is a significant increase compared to the 94 jobs created in 2021, reflecting an 85% growth in job opportunities. Additionally, a total of 8,678 metric tons of coffee were purchased by UGACOF and KAWACOM from smallholder farmers, contributing to a coffee export value of UGX28Bn. The supported partners also exported 6,065 MT of coffee, generating an additional net income of UGX0.55bn. These achievements highlight the positive impact of the supported interventions on employment, coffee production, and income generation within the coffee value chain.

EVALUATION:

An endline assessment was conducted on six coffee projects, namely Bukonzo Organic Farmers' Cooperative Union (BOCU), NUCAFE, UCFA, UGACOF, ACPCU, and Kyagalanyi, resulting in increased incomes and profitability at farmer and agribusiness level among supported projects. In the case of BOCU, a partner specialised organic coffee trade realised increased net income with significant growth from UGX7.2m at baseline to UGX120m and UGX180m in the second and third years of implementation, respectively. Similarly, NUCAFE witnessed a nearly doubled net annual income, starting from UGX5.2bn at the beginning of the project to UGX10.9bn in the first year, followed by UGX8.3bn in the second year. After that, however, there was a drop to UGX5.7bn in the third year and UGX5.4bn in the final year (year 4), with a further decrease of UGX5bn, falling below the pre-project performance. This decline is attributed to NUCAFE's failure to sustain farmer support.

Overall, the adoption of GAPs resulted in increased coffee acreage and production at the smallholder farmer level of BOCU-supported farmers. For instance, coffee acreage expanded from 3,340 acres in the first year to 4,390 acres in the second year and then to 4,444 acres in both the third and fourth years of project implementation.



Bags of coffee ready for export at the ACPCU facility in Bushenyi.

The overall increase in net income across the coffee projects demonstrates the positive impact of the initiatives on farmer livelihoods and the coffee value chain.

Impact: From struggling volumes to exporting success: How aBi Development supported Edge Trading to improve its coffee production



Trenching as good agricultural practice to enhance coffee production in the greater Masaka region.

In 2019, aBi Development partnered with Edge Trading, a local coffee production company, to train its network of farmers and improve their productivity. Back then, the farmers were only able to yield about half a kilogram of coffee per tree. Recognising the need for improvement, aBi Development implemented a comprehensive training program encompassing various techniques and practices. The partnership between aBi Development and Edge Trading has yielded impressive results. By 2022, Edge Trading's sales value had soared to UGX36.2bn, a substantial 22% increase from UGX27.9bn in 2019, and exports rose by 30%. This phenomenal growth is a testament to the value of aBi Development support.

Through the training provided by aBi Development, the farmers were equipped with the knowledge and skills to enhance their coffee production. Today, they are harvesting an average of two and a half kilograms per tree, a significant improvement from before. This increase in productivity can be attributed to the adoption of resilient coffee varieties that are resistant to diseases and droughts, which has minimised the need for chemical usage and created a safer environment.

Furthermore, the training program introduced sustainable practices such as using organic compost manures like cow dung and cultivating shade trees like banana plants. These practices have not only contributed to higher productivity but have also promoted soil conservation and environmental protection.

Stephen Raymond Waiswa, the Business Development Manager at Edge Trading, emphasises the significance of supporting farmers and fostering a sustainable value chain. He states, "For us to be sustainable as a value chain, we need to support the farmers, we need to develop our farmers, we need to see that the whole value chain understands that for us to be sustainable, the farmer is key."


The partnership between aBi Development and Edge Trading has not only resulted in improved production and increased income for the farmers but has also fostered a resilient and sustainable value chain. By prioritising soil conservation and environmental protection, the partnership has helped the farmers adapt to climate change and mitigate its challenges effectively.

aBi Development and Edge Trading remain committed to empowering the farmers and advancing the coffee industry in Uganda towards a brighter and more sustainable future for coffee production in the region.

In Numbers – Edge Partnership Performance

 **6,133**
farmers reached

 **23**
farmer yield -
2.5kg per tree.

 **23**
direct jobs created and at least
100 jobs at the cooperative level.



IITA staff conducting aflatoxin tests. Aflasafe is an effective natural product for minimizing aflatoxin contamination in cereals.

Cereals

In Uganda, cereals production was estimated to have decreased by 2% from 3.6 million tonnes to approximately 3.5 million tonnes in 2022. About 79% of the cereals in Uganda are used for food consumption, while 19% are allocated for non-food purposes such as seed, feed, and industrial use (FAO, 2022).

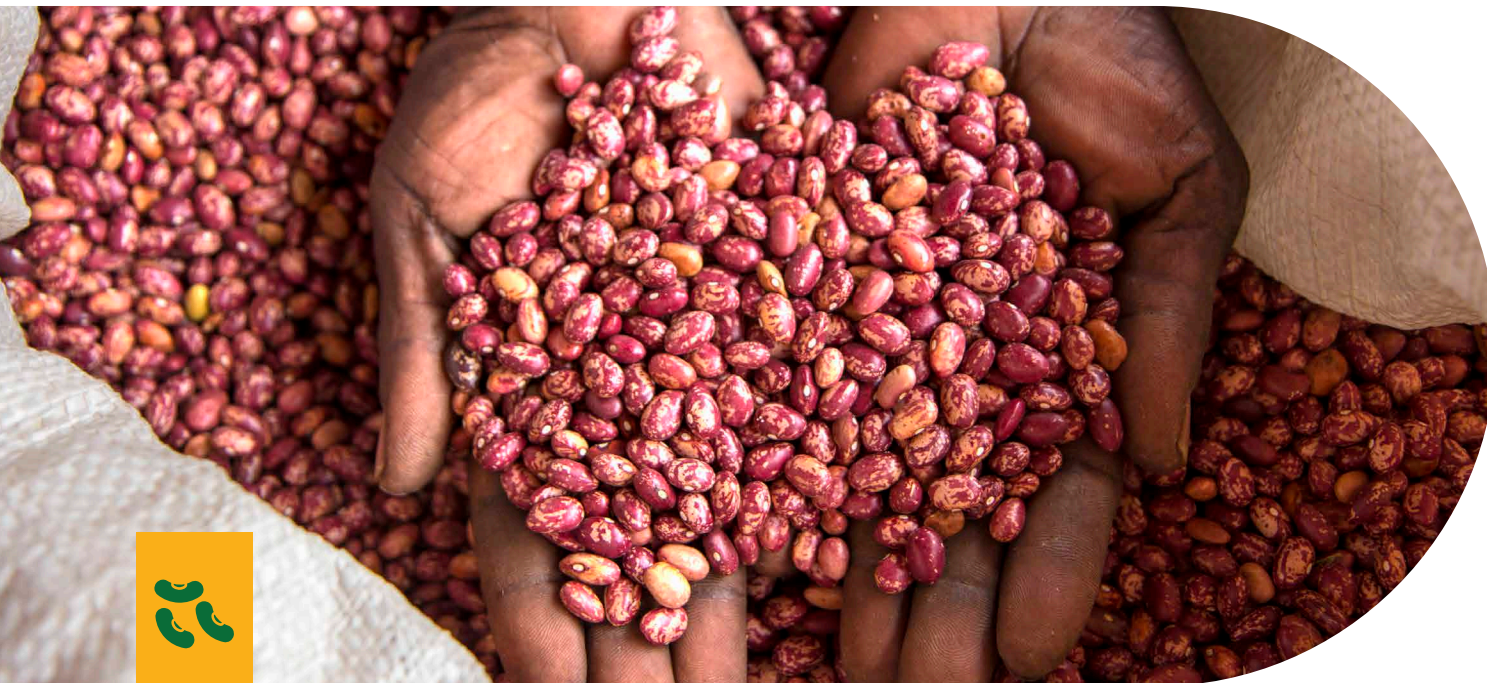
During the year, aBi supported seven IPs in the cereals value chain, including Blessed Tree Planters and Agro input Distributors (BTPAD), Ziobwe Agaliawamu Agribusiness Training Association (ZAABTA), Pearl Seeds Limited, Solidaridad, The International Institute of Tropical Agriculture (IITA), Amagara commodities, and New Kakinga Millers Enterprises Limited. The supported interventions focused on farmer training in good agricultural practices, such as soil fertility improvement, soil and water conservation, post-harvest handling and quality assurance, collective marketing, village savings and loan associations, gender mainstreaming, and establishment of demonstration gardens.

aBi Development's interventions in the cereals value chain targeted maize, rice, sorghum, and barley enterprises. These interventions reached



24,258
smallholder farmers (49% female) during the year.

The supported IPs generated an additional net income of UGX1.5Bn in 2022 and created 68 jobs at the IP level, with 35% female jobs. However, the net income of the supported IPs declined from UGX26.8bn in 2021, primarily due to low yields from prolonged drought conditions. The newly onboarded GCF projects, Amagara commodities (soybean component) and BTPAD (maize grain promotion), aim to reach 1,820 farmers with interventions to enhance productivity in 2023.



Pulses

In the first quarter of 2022, the prices of dry beans in Uganda decreased due to sustained market supply from previous season stocks and trickling stocks from the December-January harvest. The approximate price range for Uganda beans in 2022 was between US\$0.48 and US\$0.36 per kilogram or between US\$0.22 and US\$0.16 per pound (lb), with an average price of UGX1,732 per kilogram and US\$485 per tonne in Jinja and Kampala.

Regionally, approximately 83,800 MT of dry beans were traded in the East African region during the first half of 2022. Ugandan exports accounted for 94% of the total regional exports, while South Sudan and Kenya represented 77% and 19% of the total imports from Uganda, respectively. The decline in regional trade was mainly due to below-average harvests from poor rainfall in South Sudan, Kenya, Rwanda, and Ethiopia. In addition, conflicts in major producing regions such as Amhara, Ukraine, and Russia also contributed to reduced trade and increased commodity prices (EAGC Grain Watch, Oct-Dec 2021 Report).



An EADC beneficiary displays packs of pre-cooked beans in Soroti.

Beans are a primary protein source in the region, particularly in Kenya, Uganda, Tanzania, northern Sudan, Rwanda, and Burundi. Uganda is a net exporter of beans in the sub-region, along with Rwanda (UNDP, 2018). The Ministry of Agriculture, Animal Industry, and Fisheries has prioritised beans as one of the 12 strategic commodities in Uganda's Vision 2040 plan for transforming the country into a modern and prosperous nation within 30 years. As a result, aBi Development Ltd continues to provide funding to support the beans value chain.

In 2022, aBi supported two IPs in the pulses value chain: Eastern Agricultural Development Company (EADC) Limited and Green Firm Africa Limited. Through these interventions, 2,643 smallholder farmers were reached, with 60% female. The pulses

IPs achieved a sales value of UGX26m, and the sales value at the beneficiary farmer level amounted to UGX60.9m. Additional net income at IP level UGX 48m, the supported IPs created 64 jobs, 34% filled by female workers.

Oilseed

Global oilseed production gradually increased by 5% from 611 million tonnes in 2021/22 to 644 million tonnes in 2022/23 (USDA, 2023). Soybean accounted for approximately 60% of the oilseed production in 2021/22, followed by Rapeseed at 12%. Brazil emerged as the largest producer of oil crops (24%), followed by the USA (20%) and China (10%). Uganda produced about 284,510 tonnes of oil crops in 2021 and is projected to reach 256,670 metric tons by 2026, growing at an average 0.1% year-on-year rate².

In the oilseed value chain, aBi supported four IPs in 2022: Gulu Agricultural Development Company, Soybean Africa Ltd, Ngetta Tropical Holdings, and MMP Agro Industries. These interventions included training farmers in good agricultural practices (GAPs), farming as a business, soil fertility improvement, post-harvest handling, village savings and loan associations, and marketing. As a result, 14,439 farmers were reached, with 45% female. The supported IPs contributed to a sales volume of 1.3 million MT, resulting in a net export value of UGX80.4Bn. The supported IPs created 18 jobs, 67% filled by female workers.



² Uganda Oilseeds Industry Outlook 2022 - 2026 (reportlinker.com)

Horticulture



Globally, various countries produced and exported substantial quantities of tropical fruits in 2021. Pineapples accounted for total production and export

of 3.2 million tonnes, while avocados reached 2.5 million. Additionally, mangoes, mangosteens, and guava amounted to 2.3 million tonnes, and papaya contributed 0.4 million to the global market. Central America and the Caribbean were the primary regions responsible for most fruit production and export, closely followed by Asia and South America.

In late 2022, aBi Development onboarded two horticulture IPs to enhance the value chain. These include the Fresh Handling Limited to strengthen cold chain management and efficiently handle fresh produce export at Entebbe International Airport. The project aims to improve exported fresh exports' quality and shelf life. Additionally, TechnoServe is implementing the Northern Uganda Horticulture Market Acceleration Program, which seeks to accelerate market access and growth for horticultural products in northern Uganda. These initiatives will contribute to developing and expanding the horticulture value chain.

EVALUATION:

The endline evaluation of the Farm Africa/NECPA partnership for chilli production and export promotion has been concluded, revealing significant findings. Throughout the project, a cumulative total of 3,196 acres of chilli were cultivated, resulting in a harvest of 127.82 MT (569% increase) compared to the baseline harvest of 19 MT. However, it is essential to note that at the project's endline, the yields had decreased by 32.5 MT. This decline was primarily attributed to changes in weather patterns (40%) and incidents of pests and diseases (63%).

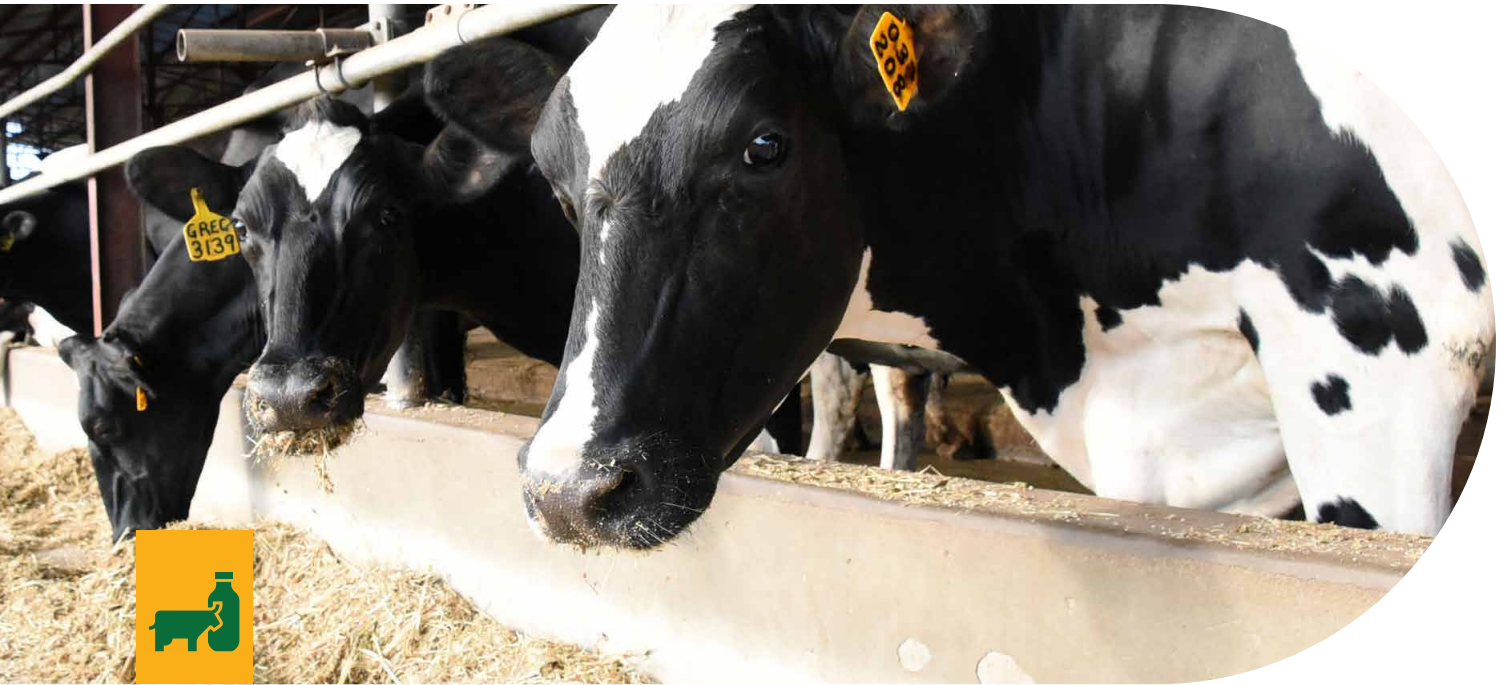
The evaluation revealed that 98.9% of the surveyed farmers implemented at least one of the recommended good agricultural practices. 57.4% of the reported farming techniques.

The average annual income per farmer increased significantly. Farmers experienced a 208% rise in annual revenue, with an average income of UGX800,000 compared to the baseline values.

These findings highlight the positive impact of the Farm Africa/NECPA partnership in promoting chilli production and export. Despite the challenges posed by weather and pests, farmers have adopted beneficial agricultural practices and witnessed substantial improvements in their annual income as farmers were offered UGX14,294 per Kg above the market price and earned an additional income of UGX397m. These outcomes demonstrate the effectiveness of the project's interventions and contribute to the overall development and growth of the chilli sector.

The most practised methods were organic soil nutrient management practices, such as adding compost manure to the soil, mulching, and crop rotation, which accounted for

57.4% of the reported farming techniques.



Dairy

In 2022, aBi invested in two partnerships: Pearl Dairy Farms Ltd and Heifer Project International. The support to farmers included training, extension services, establishment of technology demonstration sites, disease control, marketing, and farmer mobilisation.

Dairy partners supported by aBi achieved remarkable results, reaching 3,770 farmers (15% female).

Additionally, they created

7,503 jobs at the IP level,
with Heifer alone contributing 7,397 jobs.
This represents a significant improvement
compared to the 191 jobs created in 2021.

The dairy value chain performance was exceptional in 2022, driven by the lifting of the Kenyan restrictions on Ugandan dairy products and an increase in milk export prices from UGX1,200 to UGX 2,000 per litre.

The supported IPs reported a sales value of UGX148.2Bn and an additional net income of UGX25.7Bn in 2022. The participating farmers generated a sales value of UGX63.2Bn in 2022. These figures demonstrate the strong market performance and financial gains achieved within the dairy sector.

Towards the end of 2022, a new GCF project was introduced in western Uganda. Rwenjeru United Traders will spearhead the initiative to enhance water supply and promote access to sustainable climate change adaptation interventions for at least 100 dairy farms. This addition to the dairy portfolio signifies our commitment to improve water resources and climate resilience within the dairy value chain.

Overall, the accomplishments of the aBi-supported dairy partners in 2022 highlight the positive impact of their interventions. The increase in job creation, sales value, net income, and market opportunities highlights the growing strength and potential of the dairy sector. Through continued efforts and strategic partnerships, the aim is to sustain this progress and further enhance the sector's resilience and prosperity.



Spotlight: Heifer International, aBi Development and Jesa Farm Dairy partner to accelerate dairy production

In 2022, Heifer International, aBi Development, and Jesa Farm Dairy partnered to accelerate dairy production. This collaboration under the, Accelerate Dairy Production and Productivity (ADAP) project, emerged as a remarkable success story in the dairy value chain. In 2022, the project contributed to enhanced productivity and efficiency in the dairy value chain, benefiting farmers and their communities.

With a budget of UGX3.6bn, aBi Development contributed UGX2.45bn, while Heifer International provided the remaining funds. This significant investment positively impacted beneficiary farmers, leading to improved livelihoods and transformative changes within their communities.

One of the project's key outcomes was the distribution of dairy equipment worth over UGX285m to 25 cooperatives operating in the value chain. The equipment, ranged from fodder processing machines to yoghurt processing equipment, deep freezers, milk

cans, sealers, packaging materials, flavours, and AI kits, empowered farmers to process their milk more efficiently and access new product markets. The upgraded equipment enabled farmers to produce high-quality milk and dairy products, consequently increasing the overall value of milk production.

During the handover ceremony, Hon. Bright Rwamirama, the state minister for Animal Industry praised the initiative and urged farmers to fully utilise the equipment to stimulate economic growth and alleviate poverty within their communities.

The success of the ADAP project serves as a testament to the effectiveness of public-private partnerships in driving sustainable development within the dairy value chain. This project showcases the power of collaboration, innovation, and targeted interventions in empowering farmers and transforming communities.



The State Minister for Animal Industry, Lt. Col. Bright Rwamirama (centre), handing over an assortment of milk processing equipment to beneficiary dairy cooperatives at the Heifer Uganda office in Kampala.



Poultry

The poultry value chain in Uganda presents a promising opportunity for inclusive growth. With a limited land requirement, poultry rearing has more women participation opportunities, relatively low capital investment and offers a broad consumer base, among other advantages. Furthermore, the growth of the poultry sector provides an opportunity to add value to the crops used in poultry feeds. Recognising this potential, aBi conducted a feasibility study in 2020, including the poultry value chain as one of its priority value chains. As a result, in 2021, aBi launched the first poultry funding window worth UGX10bn.

However, the volatile East African market poses challenges and opportunities for the poultry value chain. The Kenyan ban on Uganda poultry products initially created obstacles, but with the subsequent market opening, there is now enormous growth potential. Taking advantage of this opportunity, aBi onboarded three projects in the poultry value chain in 2022. These projects include Biyinzika Enterprises Limited, Pristine Foods Limited, and Ssekajja Agro Farms Limited. The interventions implemented by these projects aim to improve poultry nutrition, productivity, marketing, and extension services, contributing to the overall job creation and increase in incomes at the farmer and agribusiness levels.

The supported IPs made significant strides in the poultry value chain during the reporting period.

They reached 1,025 farmers, with 62% of them being female, making remarkable progress in promoting gender inclusion. Additionally, these IPs created 33 jobs (27% for women), contributing to job creation and economic empowerment.

The IPs' efforts translated into an impressive

UGX6.1bn in registered sales. This achievement led to an additional net income of UGX1.4bn, highlighting the economic benefits generated within the poultry value chain.

In 2021, a feasibility study was conducted to gather valuable insights and inform the implementation of the poultry value chain. This study played a crucial role in guiding strategic decisions and ensuring the effectiveness and success of the poultry value chain. In addition, under the GCF program, Hatches Limited is spearheading a new project focused on reducing the carbon footprint in Uganda. This initiative aims to implement efficient farm waste management interventions in Central and Eastern Uganda. Hatches Limited contributes to environmental preservation and promoting sustainable poultry production by prioritising sustainable practices, such as proper waste management.

Spotlight: Scaling Black Soldier Fly Farming as an Alternative Poultry Feed in Uganda



The Black Soldier Fly (BSF) larvae have become an alternative source of protein in poultry feed, replacing silverfish, which can contain harmful toxins. The BSF larvae have a high economic return, with a kilogramme selling for an average of UGX1,500 and dried flies for UGX3,500. Fiston Fikiri Chirimwami, the Business Development Manager at Hatches Foods Limited, explains the profitability of larvae farming, “BSF larvae have good money, and you can do it for almost free because you can do it on a small space feeding them on organic waste, from that you can produce larvae for which you will sell a kg for UGX1,500 - 2000, the price even goes higher if you dry it. You can feed BSF to pigs, fish or poultry, and the market is there.”

Hatches Foods Limited, a poultry farm in Mbalala, Mukono district, has been in the poultry value chain for 20 years and has recently joined BSF larvae farming. With the support of aBi Development, Hatches can now offer a complete solution to farmers, from day-old chicks to feeds, eggs, poultry products, and BSF larvae. Hatches Foods is also addressing the knowledge gap among farmers by providing free training and extension workers to attend to their needs. Chirimwami stresses the importance of connecting farmers to off-takers, “We have had a challenge of the market, in this we link the farmers to our off-takers


who on average consume about 1,500 birds per day, so the issue of the market isn't a worry if we all work together.”


Incorporating sustainability measures, Hatches Limited has built environmentally friendly buildings and relies on solar and biogas energy sources. They also produce high-quality manure using grain processing, hatchery, and farm waste. Chirimwami emphasises the importance of the BSF larvae in the decomposition process, “Cow dung takes a year to decompose and be used, but with BSF larvae, this can be achieved within 14 days.” Hatches Limited has also incorporated greening aspects into their training manuals, encouraging farmers to recycle waste to produce manure and protein for growing BSF larvae.

Chirimwami acknowledges the support of aBi in Hatches greening efforts, “All these things have been possible with the support of aBi support with a focus on biofertiliser production from poultry, which reduces Greenhouse gas emissions.” BSF larvae farming provides an alternative protein source for poultry feed and offers farmers economic benefits and sustainability measures.

In Numbers – Hatches Partnership Performance

 **350**
farmers trained
in poultry
and BSF. Two
model farms
established.

 **5,200**
total yield of
parent stock
procured for
layers; now
laying eggs.

 **UGX315m**
additional sales
value of grain
achieved through
grain purchases.

 **9**
full-time staff
employed
including
three women.

Cross-Cutting Interventions

In 2022, aBi extended support to three projects targeting smallholder farmers and addressing various cross-cutting areas. These projects included Jabba Engineering Limited (JEL), The CURAD, and Chemiphar. The interventions offered by these projects encompassed a wide range of services, such as chemical and microbiological testing, seed and food testing (including aflatoxins), and soil testing. Additionally, they provided training in GAPs, mentorship, coaching, and more.

The impact of these projects was substantial, with an outreach of 9,809 farmers (60% female). They generated 62 additional jobs (58% female) at the project levels. Furthermore, the interventions implemented by these projects resulted in a sales value of UGX27.8Bn and an additional net income of UGX33Bn. By addressing critical areas and empowering smallholder farmers, these projects contributed to the overall growth and development of the agricultural sector. They played a vital role in enhancing productivity, promoting sustainable practices, and improving the economic well-being of individuals and communities involved in agriculture.

Spotlight: From Soil Testing to Climate Smart Agriculture: Revolutionising Farming Practices in Northern Uganda



Jabba Engineering Company staff conducting soil tests in Kampala.

Soil testing is an essential practice for farmers, regardless of the size of their land. Thelma Ruth Alonyo, a soil scientist at Jabba Soil Testing, emphasises that applying fertilisers without understanding their purpose is unhelpful. "Soil is a dynamic entity that undergoes constant changes, necessitating regular testing to comprehend its composition and facilitate better soil management."

To promote good agronomic practices and climate-smart agriculture, Jabba Soil Testing joined forces with aBi Development and established demonstration plots in the Amuru district. These plots serve multiple

purposes, including peer reviews, soil testing, and record-keeping. The farmers benefiting from these demonstration farms have undergone training in implementing effective agronomic practices and climate-smart agriculture techniques, leading to bountiful harvests of crops such as maize, soybeans, and beans.

Jabba Soil Testing conducts frequent field visits to the demonstration gardens to ensure compliance with good agronomic practices. The primary goal of soil testing is twofold: diagnostics and predictability. By identifying potential nutrient deficiencies, farmers gain insights into the required supplements. Additionally, analysing soil quality aids in predicting crop yields.

The promotion of soil testing has not been without its challenges for Jabba Soil Testing. However, with the support of aBi Development, they have established demonstration plots where soil testing is provided free of charge, accompanied by training on effective agronomic practices. Expanding their scope beyond soil testing, Jabba has ventured into climate-smart agriculture, encompassing the entire value chain. Alonyo aptly notes, "Misapplication will adversely affect the delicate balance." Soil testing

serves as a crucial step in ensuring that farmers apply fertilisers correctly and sustainably, leading to optimal yields.

Also, Jabba Soil Testing has faced challenges in popularizing soil testing. However, with support from aBi Development, they have established demonstration plots where soil testing is done for free, and farmers are taught good agronomic practices. Besides soil testing, Jabba has diversified into climate-smart agriculture, an entire value chain. Alonyo advises farmers to use prescribed agricultural practices, test their soil, apply the requisite fertilizers, and do simple irrigation to achieve high yields.

As Alonyo puts it, "Misapplication will adversely affect the delicate balance." Soil testing is a critical step in ensuring farmers apply fertilizers correctly and sustainably to achieve high yields.

In Numbers – Jabba Partnership Performance



5,317 farmers trained/
applying GAPs and integrated
soil fertility management.



105 total yield/production
maize and beans demo gardens
set up. 580 acres tested for farmers.



11%
increase in sales volumes
and profitability.



3 new laboratories established,
each with two new staff, with a
total of six employees.

*A supported
farmer dries beans
on the rack.*



5 Learning and Adapting

The following section provides valuable insights and lessons learned, highlighting key observations and experiences that have shaped aBi's operations and strategies in the agricultural sector. These lessons serve as crucial building blocks for future planning and decision-making, emphasising the significance of various factors such as effective monitoring, climate-smart practices, inclusive investments, and addressing market uncertainties. By understanding and incorporating these lessons, aBi aims to enhance its impact and contribute to the sustainable development of Uganda's agribusiness industry.

- **It is essential to design interventions that address gender disparities and promote female participation in the agricultural sector.** In 2022, female farmers faced limited job opportunities and lower reach, particularly in male-dominated value chains like coffee and dairy. One significant factor contributing to this disparity is the traditional land ownership system that restricts female inheritance, predominantly in Central and Eastern regions. Consequently, male farmers dominate these value chains, leading to an imbalance. To tackle this issue, aBi Development has taken proactive steps by designing projects in poultry and horticulture value chains that predominantly employ women, thereby creating more job opportunities for them in production and marketing. Efforts to support female-led agribusiness initiatives that foster a more equitable and socially responsible agricultural sector will also be intensified.
- **Constant assessment of market dynamics, export market diversification, and appropriate risk management measures are required to navigate market uncertainties effectively.** Uganda's withdrawal from the International Coffee Organisation (ICO) created market uncertainties for exporters operating under the ICO arrangement. aBi-supported exporters faced potential challenges and risks in their coffee trade due to the changing market dynamics, which required them to adapt to new market conditions, explore alternative markets, and implement strategies to mitigate risks. aBi will collaborate with key sector players such as UCDA in undertaking market analysis and risk management to ensure the resilience and success of Uganda's coffee export industry.
- **To mitigate the impacts of supply chain disruptions, additional private capital must be mobilised by agribusiness SMEs.** Last year, global disruptions in logistics and supply of agricultural inputs, particularly fertilisers, led to increased costs and equipment expenses. Trade disruptions from international conflicts such as the Ukraine war posed a significant challenge for aBi-supported agribusinesses, hampered their ability to access necessary inputs and affected their profitability. To mitigate the impacts of supply chain disruptions, additional private capital must be mobilised by agribusiness SMEs. This means securing other financial resources can help ensure a stable and reliable supply of inputs for agricultural activities. Therefore, aBi continues implementing the matching grant approach to leverage private sector participation in agricultural production and productivity.
- **An effective monitoring strategy, such as Performance Based Contracting (PBC), provides excellent opportunities for achieving desired results efficiently.** In 2022, aBi further deployed the PBC to incentivise performance and attainment of intended outcomes. The monitoring strategy improved performance and accountability by guiding results measurement against key performance indicators. Moving forward, in 2023, aBi will work to ensure a harmonised understanding of performance targets among partners from the start of the project. This can be achieved by enhancing partner understanding of KPIs and critical project assumptions, leading to better performance and successful project outcomes.



Project evaluations

Agro-inputs projects evaluation

As part of the comprehensive evaluation process, twelve project evaluations were conducted, including the Agro-inputs project, to assess their performance and impact. The findings of the Agro-inputs project evaluation were widely disseminated, reaching various stakeholders such as the board and USAID. A policy brief highlighting the project's success was also developed and shared.

The evaluation revealed significant achievements within the Agro-inputs project. Of the targeted reach of 37,217 farmers, 23,326 (63%) directly benefited from the project. Specifically, 62% of farmers received maize seed and fertiliser, while 38% received bean seed and fertiliser.

The project's impact on crop yields was impressive. Maize yield increased from an average of 500kg/acre to 1,500kg/acre, while bean yield rose from 500kg to 759kg/acre. A comparison between beneficiaries and the control group showed that maize output

Quality assurance tests being done on a Macademia seedling before supply to farmers at Celebrate Hope in Kyotera.

increased by 13.6% and bean yield increased by 32.8%. These improvements can be attributed to the use of fertiliser and the adoption of good agronomic practices.

The project also had a positive effect on farmers' incomes. Beneficiaries experienced a 73.6% increase in average annual income from the supported crops, rising from UGX1.1m to UGX1.9m. Similarly, the maize control group saw a 58.6% increase, reaching UGX1.4m. On the other hand, the beneficiaries' average annual income for beans increased by 26.4%, from UGX700,000 to UGX800,000. Overall, maize production was found to be more profitable compared to beans.



UGACOF staff explain the advantages of intercropping in a coffee plantation to a delegation from Denmark and aBi.

Baseline Studies

Thirteen new projects underwent baseline studies, covering various sectors such as cereals, coffee, pulses, poultry, oilseed, and soil testing. The baseline reports revealed variations between the initial figures provided by the project implementers and the actual baseline data collected through surveys.

These baseline reports serve as a valuable resource for guiding project targets and strategies during the inception review, which takes place within six months of project implementation.

The baseline studies also identified some challenges faced by projects. For example, the baselines for UGACOF and Kawacom revealed an inadequate understanding of performance-based contracting indicators and results measurement within a PBC arrangement.

Additionally, in the fourth quarter of 2022, aBi Development collected data for baseline studies of SOLIDARIDAD and Pearl seeds projects. The baseline reports from these studies will be presented in the first quarter of 2023.

Special Studies/Research Studies:

In 2022, aBi Development conducted and disseminated two research studies to management, namely:

The Agribusiness Data and Information Landscape (ADIL) in Uganda.

Agribusiness Stakeholder Analysis and Mapping (ASAM).

2023 Pipeline

- i) Green Portfolio Development:** Focus on Green investments for sustainable and Inclusive agricultural development.
- ii) Partnerships:** aBi will provide catalytic grants for implementation in the seven value chains (coffee, cereals, pulses, oilseed, horticulture, dairy and poultry).
- iii) Build Performance-Based Contract Management (PBC) Capacity:** Entrench a common understanding of PBC in aBi stakeholders.
- iv) Promote Digital Technologies for Impact Programming:** aBi will promote the use of digital technologies to respond to climate change through enhanced information access.
- v) Strategic Communication:** aBi will further strengthen its learning and knowledge sharing to effectively communicate its impact in appropriate platforms.

Budget

In 2023, aBi Development will invest UGX34.9bn in direct program implementation in the seven priority value chains. All the interventions in the priority value chains will include cross-cutting elements of green growth, gender, youth, and refugee focus.

6 Efficient Systems: Corporate Processes

Financial Performance

In its support of agribusiness in Uganda, aBi Development employs a strategy of maximising value for money through the prudent deployment of grant funding matched with operational cost management strategies.

For the year ended 31 December 2022, aBi Development spent UGX23bn compared to UGX28bn in 2021 due to a reduction in expenses. Out of this amount, UGX16bn was associated with grant expenditures, which was UGX5bn lower than the 2021

figure of UGX21bn. The decline in grant performance in 2022 was attributed to delays in IPs making their agreed contributions because of a slowdown in their business.

General and operational expenditure closed at UGX9bn (UGX12bn less the recharge cost to aBi Finance Limited and NURI of UGX2.8bn) compared to UGX7bn in 2021. Operating costs in 2022 comprised staff-related costs of UGX6.4bn, consultancy costs of UGX2bn, board oversight costs of UGX0.89bn, and depreciation of UGX0.62bn.

aBi Development Statement of Comprehensive Income for the year ended 31 December 2022. (Rate 1DKK =UGX531.74)

| | Actual Dec-21 UGX'000 | Actual Dec-22 UGX'000 | Budget Dec-22 UGX'000 | Variance Percentage % | Actual Dec-22 DKK'000 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Grant income | 28,218,118 | 23,439,557 | 38,225,387 | -39% | 44,081 |
| Other income | 73,848 | 8,547 | - | 100% | 16 |
| Total income | 28,291,966 | 23,448,104 | 38,225,387 | -39% | 44,097 |
| IP Expenses | (21,091,558) | (16,285,841) | (25,189,637) | 35% | (30,627) |
| Operational expenses | (6,565,709) | (9,262,292) | (13,035,751) | 29% | (17,419) |
| Net impairment of financial assets | (57,685) | (679,101) | - | - | (1,277) |
| Finance income | (404,519) | 3,172,913 | - | - | 5,967 |
| Total expenses | (28,119,471) | (23,054,321) | (38,225,387) | 40% | (43,356) |
| Surplus for the year before tax | 172,495 | 393,783 | - | 100% | 741 |
| Income tax expense | (172,495) | (393,783) | - | -100% | (741) |
| Net surplus for the year | (0) | 0 | - | - | 0 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | (0) | 0 | - | 0 | 0 |

Trade and other receivables mainly comprise the IP receivables, which increased to UGX19.29bn compared to UGX18.17bn in 2021 compared to UGX8.9bn in 2021. The increase in the receivables is primarily due to smaller amounts of IP accountabilities compared to 2021.

aBi Development Statement of Financial Position as of 31 December 2022

| | Actual Dec-21 UGX'000 | Actual Dec-22 UGX'000 | Budget Dec-22 UGX'000 | Variance % | Actual Dec-22 DKK'000 |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|-----------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property & equipment | 310,930 | 303,896 | 2,206,094 | | 572 |
| Right of use assets | 1,487,519 | 1,107,727 | - | - | 2,083 |
| Intangible assets | 250,145 | 210,483 | - | - | 396 |
| | 2,048,594 | 1,622,106 | 2,206,094 | -26% | 3,051 |
| Current assets | | | | | |
| Trade and other receivables | 18,167,123 | 19,291,220 | 15,066,259 | 28% | 36,279 |
| Income tax recoverable | 99,136 | 218,897 | - | - | 412 |
| Cash and cash equivalents | 64,767,823 | 33,398,271 | 29,836,197 | 12% | 62,809 |
| | 83,034,082 | 52,908,388 | 44,902,456 | 18% | 99,500 |
| TOTAL ASSETS | 85,082,676 | 54,530,494 | 47,108,550 | 16% | 102,551 |
| LIABILITIES AND EQUITY | | | | | |
| Capital and fund balance | | | | | |
| Fund Balance | - | - | 0 | | - |
| Non - current liabilities | | | | | |
| Lease liabilities | 1,056,181 | 687,680 | 0 | - | 1,293 |
| Current liabilities | | | | | |
| Deferred grants | 82,377,332 | 52,009,778 | 44,345,521 | -17% | 97,811 |
| Lease liabilities | 372,135 | 418,960 | 0 | - | 788 |
| Trade and other payables | 1,277,028 | 1,414,076 | 2,763,029 | 49% | 2,659 |
| | 84,026,495 | 53,842,814 | 47,108,550 | -14% | 101,258 |
| TOTAL LIABILITIES AND EQUITY | 85,082,676 | 54,530,494 | 47,108,550 | -16% | 102,551 |

Funding Status aBi Development

As of 31 December 2022, aBi Development Limited has a commitment with its IPs of UGX51bn in terms of undisbursed grant funding for contracts signed compared to UGX31.5bn in 2021, and the net increase was due to new grants commitments and disbursements in 2022. aBi Development Limited ended 2022 with significant cash balances of UGX33.4bn compared to UGX64.8bn in 2021.

During the year aBi Development refunded UGX 6.9bn to the Royal Danish Embassy (RDE). The low burn rate occasioned a refund to RDE under the U-growth. Therefore, aBi Development has devised strategies to enhance the burn rate through pipeline development.

A revised Addendum was signed on 17 June 2022, stating that RDE will contribute a maximum of UGX35.879bn (DKK 67,475,000) to conclude all engagements for the business plan 2019-2023.

Table showing the total cash disbursements under the value chains amounts budgeted from January to December 2022

| Value Chain | 2022 Cash disbursements (UGX '000) | 2022 Budget Jan to Dec (UGX '000) | 2022 Variance (UGX '000) | % Variance (UGX '000) |
|---------------------------|---------------------------------------|--------------------------------------|-----------------------------|--------------------------|
| Coffee | 2,309,981 | 1,917,358 | 392,624 | 20% |
| Cereal | 4,070,436 | 5,311,918 | (1,241,482) | -23% |
| Pulses | 1,328,146 | 1,367,341 | (39,195) | -3% |
| Oilseeds | 478,303 | 1,144,830 | (666,527) | -58% |
| Horticulture | 1,702,556 | 651,708 | 1,050,848 | 161% |
| Dairy | 1,060,368 | 1,179,136 | (118,768) | -10% |
| Cross Cutting Issues | 3,532,661 | 3,696,413 | (163,753) | -4% |
| Agro Inputs Support - aBi | 1,575,193 | 2,020,696 | (445,503) | -22% |
| STTA | 184,330 | 873,371 | (689,041) | -79% |
| Other Value Chains | 3,738,033 | 3,176,938 | 561,095 | 18% |
| Total VCD | 19,980,007 | 21,339,709 | (1,359,702) | -6% |

Direct program costs for the period amounted to UGX19.98bn, which is 94% of the planned spend of UGX 21.3bn. The underspend of UGX 1.36bn relates to program activities that were not implemented.

Corporate Services

Human Resources and Shared Services

In 2022, our staff count decreased by 4.1% compared to the end of 2021, leaving us with 47 employees. Of our staff, 38% were female, and 62% were male. During the year, we had eight departures and seven arrivals, resulting in an attrition rate of 17%, higher than the 12.5% attrition rate in 2021.

One of the most significant arrivals was the Chief Executive Officer of aBi Development, who joined us in September 2022. As leadership is critical to successfully delivering our business strategy, we now operate with a fully-fledged executive management team that provides strategic leadership.

At aBi, we recognise that human resources are critical to achieving our mission. Therefore, in 2022, we focused on strengthening our human resource management. To this end, we introduced and piloted a new and improved performance management tool to improve fairness, objectivity, and transparency in performance management. Additionally, we embarked on a three-year culture transition process to drive a high-performance culture. This process will continue through 2023 and 2024.

We have embraced innovative modern methods of work, harnessing technology to build systems and working models that support the continuity of business operations in an ever-changing and dynamic environment. Our experience has informed a transition toward digitalising our people processes to increase efficiency, improve service delivery, and ensure that our processes are fit for future purposes. In 2022, we were proud to note that our business operations were not disrupted during the Ebola outbreak. As a result, our staff could continue with implementation, with staff safety a top priority.

As part of our learning and skills enhancement agenda, we focused on enhancing our staff's capacity in climate change and green financing to match our business demands and priorities. Further, 15 (38%) staff undertook at least one self-paced green growth capacity building/training course. We will enhance efforts towards staff understanding green growth and avail group training opportunities.

Information and Communication Technologies

We undertook a significant installation and implementation of the transition to Microsoft Office 365. This involved migrating all emails and document management to the cloud using Microsoft services. Moving to the cloud remains a crucial objective for aBi, with a plan to become entirely cloud-based.

Maintaining best practices for our sector, the aBi's ICT spending rate remained at 4% of the total program spend. In line with our business performance mapping process, we were able to automate the procurement and contract management process flows, VCD project management process, and data recovery processes. The procurement and contract management automation was completed in 2022, and the rollout is set for Q1 of 2023.

Grants Management

The aBi Development grants management control function supported the programs team and IPs in

pipeline development, reviewing IP accountability and monitoring under the mixed team approach aBi facilitated due diligence on 15 projects under pipeline development, with ten approved for contracting. Further, monitoring visits and capacity building of 35 active projects using the grants management system, project accounting and financial management were conducted through physical and online sessions. As part of the external audit exercise, 22 IPs were audited, and the results are summarised in the table below.

Results of the external audit from 2018 – 2022

| Year | No. Audited IPs | IPs with unqualified audit opinions | Percentage |
|------|-----------------|-------------------------------------|------------|
| 2018 | 40 | 31 | 78 |
| 2019 | 44 | 35 | 80 |
| 2020 | 24 | 20 | 83 |
| 2021 | 28 | 28 | 100 |
| 2022 | 22 | 22 | 100 |

As observed from the above table, there has been consistent improvement in the percentage of IPs having clean audit reports.

In 2022, UGX14bn was accounted for, out of which the questioned project expenditure was UGX39bn. The disbursements for the period were UGX 18.6bn. Over the years, there has been a remarkable reduction in questioned expenditure as a percentage of disbursed and accounted-for project amounts, as summarised in the table below. This is attributed to continuous improvement in our monitoring and control environment.

Project costs as a percentage of disbursements and accountability 2020 to 2022

| Description | Amount (UGX) 2020 | % | Amount (UGX) 2021 | % | Amount (UGX) 2022 | % |
|----------------------|-------------------|----|-------------------|----|-------------------|----|
| Amount disbursed | 22.37bn | 1% | 19bn | 1% | 18.66bn | 1% |
| Amount accounted for | 15.64bn | 2% | 17.63bn | 1% | 14bn | 1% |
| Questioned cost | 267.9M | | 177.2M | | 153.4M | |

Legal and Compliance

aBi Development compliance assessment found it 100% compliant. The evaluation was performed on regulatory and internal policies such as the Development Engagement Document, Funding Manual, Human Resources and Shared Services Manual, and all other obligations in the laws and internal policies and procedures.

Following aBi Development registration with the Financial Intelligence Authority as an accountable person in 2020, the aBi Development Anti Money Laundering policy was developed, and 13 staff were trained.

Procurement and Disposal of assets

After the cyber-attack on our business ICT platform and subsequent loss of backed-up data, we retrieved most procurement data, including all procurement hard copy documents, which remained accessible and ensured business continuity.









The pre-qualification of project suppliers was completed, and we adopted the updated database from 2022 to 2025. This updated database allows for additions and blocklisting dependent on supplier performance.

Sustainability and Green Finance in procurement continue to be an area of interest for aBi Development. We are targeting green financing and will pursue initiatives to create more sustainable and strategic partnerships through procurement.

Risk Management

In the period, a deep risk dive was undertaken by Management and the Board at the end of Q2, for which the general outlook indicated a medium risk rating for the organisation. At the end of 2022, the different risk categories were rated as in the table below:

Risk Profile for aBi Development FY2022

| Risk Category | Rating | Trend | Keynote |
|-------------------|--------|---|--|
| Strategic Risk | High |  | Impacted by reduced funding and challenges in the attribution of results to interventions. |
| Financial Risk | Medium |  | Maintained to cater for increasing operational costs vis-à-vis decreasing funding |
| Legal Risk | Medium |  | Increasing number of problematic cases and increasing litigations |
| Compliance Risk | Low |  | No compliance exceptions highlighted in the period |
| Operational Risk | Medium |  | Cyber-attack incidents, Staffing gaps for key positions, and a high staff turnover |
| Programmatic Risk | Medium |  | Volatile business environment and climate that negatively affects agribusiness performance and sustainability |
| Reputational Risk | Medium |  | General political stability |
| Political Risk | Medium |  | Delays/failure to repay extended lines of credit by FIs and SMEs, Failure to refund aBi Finance's portion of earlier settled but later recovered loans |

aBi Development's risk profile averagely closed at a medium rating for 2022.

Results Measurement Research and Development (RMRD)

Under the aBi Development RMRD function, various activities were undertaken.

Data Quality Assessment

As part of aBi's data management protocol, we conducted a series of systems improvement processes to assess the effectiveness of our current data quality systems in providing accurate, reliable, and valid data for decision-making at both program and management levels. We conducted three assessments to achieve this: an IP monitoring and evaluation

systems assessment and internal and external data quality assessments.

These assessments involved reviewing data quality mechanisms and their effectiveness at aBi and IP levels, evaluating the quality of routine data recorded and reported, and assessing data management processes.

Overall, the findings showed an under-reporting variation of 6% for the added net income realized by beneficiary IPs attributable to aBi support, which falls within an acceptable range. Further, for additional jobs, including full-time equivalent created at IP and service delivery level in the year and cumulative, IP over-reported by 4%. Below is a summary analysis table:

Table 4: Data validity sampled projects

| # | Indicator | IP Category | Validated value | Reported value | Variation | rating |
|----|--|-------------|-----------------|----------------|-----------|------------|
| | Additional net income realised by the beneficiary IPs (agribusinesses/SMEs) attributable to aBi support in the year and cumulative | VCD | 1,208,580,538 | 1,141,804,920 | -6% | Acceptable |
| 2. | Additional Jobs, including Full-Time Equivalent created at IP, beneficiary, and service delivery level in the year and cumulative | VCD | 96 | 100 | 4.1% | Accurate |
| 3. | Total additional Sales value realised by the IP in the year and cumulative | VCD | 44,837,900,187 | 44,203,548,676 | -1.4% | accurate |

Donor Committee for Enterprise Development (DCED) self-assessment

In preparation for the 2023 external DCED Audit, we conducted a DCED self-assessment exercise to identify existing gaps and action improvements before the external audit. Findings indicate a conservative score of 71% and 77% against the "MUST" and "RECOMMENDED" DCED control points, respectively.

This gives a below-the-pass mark (85%) rating for the "MUST" control points by 14 percentage points. From the assessment, the key strength was articulating results chains for all IPs. In contrast, significant weaknesses included limited data use and untimely review of results chains by aBi and IPs. The aBi RMRD function is resolving all identified weaknesses in preparation for the 2023 external DCED audit.



Other core routine tasks undertaken include monitoring, documentation and data validation resulting in the following results:

- RMRD accomplished a data validation exercise to facilitate the disbursement of UGX456M as part of performance-based contracting.
- RMRD conducted onsite monitoring visits to 100% (22) projects, surpassing the 2021 achievement of 68%. However, the visits revealed that 50% of the IPs visited struggled to meet the targets, mainly because of slow adoption of GAPs, prolonged drought, failure to meet their contribution, and delays in the aBi procurement process.
- RMRD supported RDE in compiling the EU report as part of accountability and compliance with EU reporting requirements.

Internal Audit

During the year 2022, we audited internal controls surrounding project appraisals, disbursement of funds, project implementation, accountability of funds, results management, solicitation of documents, evaluation of procurements, award of contracts, contract management, management of receipt of goods and services, monitoring of risks, management of emerging issues, reporting of risks, monitoring of interventions, reporting of project results and management of identified issues. The areas in question were assessed under ten projects managed by nine IPs, procurement of goods and services, results measurement research and development and risk management at aBi.

Audit results indicate that 53% of audit engagements were rated three, meaning they required minor improvement, and 47% were rated two representing the areas that needed significant improvements. Nevertheless, the tests indicate that the controls required to produce the desired results are available and adequate but must be adhered to fully.

Stakeholder engagement

Various initiatives were designed, commissioned, and implemented in response to the paradigm shift towards “greening” in all aBi investments and interventions. This involved internally developing new green products and guidelines and promoting this new strategic direction among the aBi Board, management, and staff. Externally, efforts focused on raising awareness among stakeholders about the new “greening” agenda to prepare our partners and facilitate the uptake of these green interventions and products.

During the period under review, a significant undertaking was the launch of the Green Challenge Fund (GCF) in August 2022, which officially communicated aBi’s new “greening” agenda and introduced the product to the market. Various communications activities were undertaken to promote the current green financing opportunities under the GCF, including print and electronic media advertising, digital marketing, development of documentaries and animations, formulation of the Call for Application and guidelines, media engagements, and various stakeholder consultations with aBi IPs, the private agribusiness sector, media, and academia. The response rate for the GCF Call for Application of 871 concept notes and 374 proposals met our expectations in terms of both the number and quality of the proposals and contributed to our green interventions pipeline.

To advance our thought leadership agenda, we undertook various advocacy initiatives with key stakeholders, including sector regulators, government ministries, departments and agencies, apex bodies, the private sector, and the media. In addition, we established strategic advocacy partnerships with key agribusiness actors, including the Ministry of Water & Environment and Global Green Growth

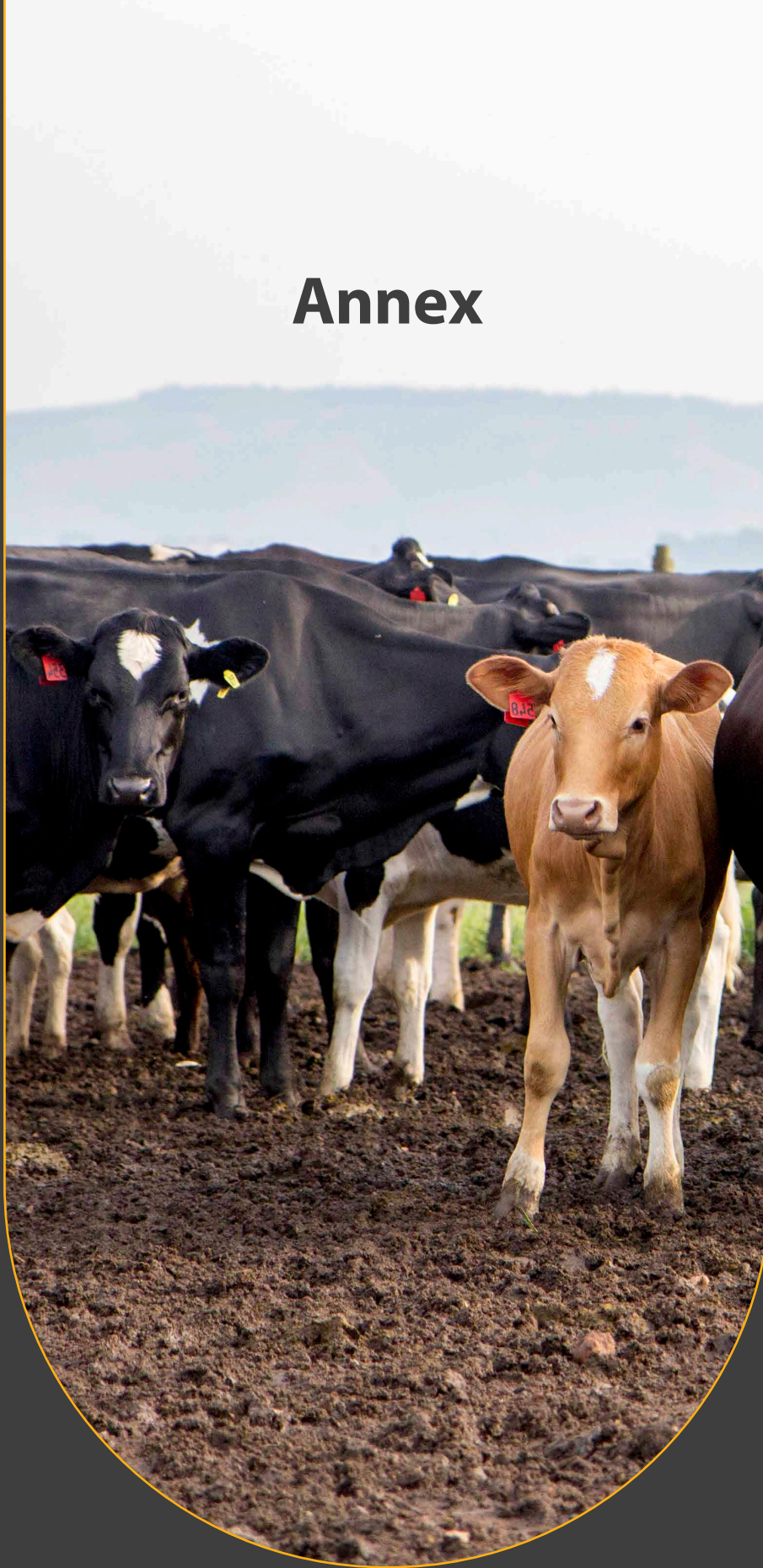
Institute (GGGI) on the National Climate Change Symposium, the Ministry of Finance, Planning and Economic Development (MoFPED) on the National Competitiveness Forum, and the National Agricultural Research Organisation (NARO) and the Economic Policy Research Centre (EPRC), to name a few. Some of the outcomes from these initiatives included the prioritisation of commercial agriculture in the 2022-23 National Budget due to our engagement with MoFPED.

To further streamline our learning and knowledge management (LKM) function, we developed a strategy to enhance knowledge sharing and exchange between aBi and other agribusiness actors. Various LKM products were developed and disseminated, including three policy briefs, four technical briefs, and two situational reports (including one on agro-inputs). Other LKM products, including change stories, impact studies, blogs, and articles, were published on the website. We also enhanced our social media presence and ensured our online community was a vibrant but safe space for sharing knowledge and learning.

During the reporting period, we consolidated the gains from the past ten years of our existence and made a deliberate effort to meet the expectations of our key stakeholders. For example, the results from the client satisfaction survey of our Development Partners recorded a satisfaction rating of 86.7% across all service experience parameters and propositions. To further consolidate these gains, we developed a new stakeholder management strategy that details how aBi approaches its stakeholders to get the most value out of the relationships, which will be implemented starting in 2023.

To further enhance our sustainability, we will make additional efforts to mobilize resources and attract new funders by effectively communicating our results and demonstrating our capacities and uniqueness.

Annex



Annex 1: VCD Outputs and Results (January - December 2022)

| KPI Name | Annual Target 2022 | Q1 At-tained | Q2 At-tained | Q3 At-tained | Q4 At-tained | Year Total/ 2022 | Actual V Plan % | Actual 2021 | Variance explained |
|--|--------------------|--------------|--------------|--------------|--------------|------------------|-----------------|-------------|--|
| Additional Jobs, including Full-Time Equivalent (Male) created at IP (Agribusiness/SMEs) level as a result of an aBi-Supported intervention in the year and cumulative | 1,117 | 35 | 57 | 42 | 7835 | 7969 | 713% | 733 | More men are involved than women, especially in dairy VC accounts for 97% of jobs. |
| Additional Jobs, including Full-Time Equivalent (Female) created at IP (Agribusiness/SMEs) level as a result of an aBi-Supported intervention in the year and cumulative | 525 | 25 | 44 | 20 | 213 | 302 | 58% | 309 | |
| Sales value (in UGX, bn) for the targeted enterprise by the IP in the reporting period | 99 | 34.25 | 69.04 | 74.41 | 80 | 258 | 261% | 197% | Sales have been boosted by the Dairy VC contributing 60% to this value. |
| Number of new demonstration Plots established | 740 | 125 | 1098 | 1,336 | 1,045 | 3,604 | 487% | 2512 | |
| Number of new female smallholder farmers who have received aBi-supported agricultural productivity or quality enhancement training during the reporting period | 65,231 | 2,883 | 3,025 | 8,460 | 21,726 | 36,094 | 55% | 108,916 | This is attributed to the halt of 14 funding windows and the late start of the GCF. |
| Number of new male smallholder farmers who have received aBi -supported agricultural productivity or quality enhancement training during the reporting period | 65,231 | 3,364 | 4,499 | 9,717 | 39,475 | 57,055 | 87% | 137,926 | |
| Additional net income (UGX, bn) realised by the beneficiary IPs (agribusinesses/SMEs) attributable to aBi support in the year and cumulative | 27.1 | 1.9 | 29 | 26.6 | 15 | 72.5 | 268% | 40.9 | The dairy, VC contributed 96% to this achievement |
| Number of new/additional (Female) smallholder farmers that engaged in collective marketing during the reporting period | 13,297 | 1,128 | 1,556 | 2,269 | 1,385 | 6,338 | 48% | 7,874 | Overall performance is below target. However, deliberate gender-sensitive programming influenced female involvement. |
| Number of new/additional (Male) smallholder farmers that engaged in collective marketing during the reporting period | 13,297 | 2,485 | 3,480 | 4,916 | 1,739 | 12,620 | 95% | 13,739 | |

| KPI Name | Annual Target 2022 | Q1 At-tained | Q2 At-tained | Q3 At-tained | Q4 At-tained | Year Total/ 2022 | Actual V Plan % | Actual 2021 | Variance explained |
|--|--------------------|--------------|--------------|--------------|--------------|------------------|-----------------|-------------|--|
| Number of new farmer groups or farmers with which the IP or Agribusiness has a reliable business agreement as a result of the intervention in the reporting period | 886 | 108 | 448 | 448 | 501 | 1,545 | 174% | 52,919 | |
| Number of new smallholder farmers participating in group-based savings, micro-finance, or lending programs as a result of the intervention (Male) | 750 | 1,007 | 620 | 1,373 | 1,486 | 4,486 | 598% | 8,298 | Joint household planning sessions resulted in increased involvement of males, a notably new trend. |
| Number of new smallholder farmers participating in group-based savings, micro-finance, or lending programs as a result of the intervention. (Female) | 2,315 | 343 | 348 | 583 | 1,347 | 2,621 | 113% | 5,509 | |
| Sales value (in UGX, bn) for the targeted enterprise by the participating farmers in the reporting period. | 99 | 14.4 | 20.3 | 23.23 | 22 | 80 | 81% | 158.9 | |
| Number of new markets for the targeted enterprise established by the IP during the reporting period | 15 | 7 | 1 | 11 | 10 | 29 | 193% | 10 | Cereals contributed 87% (136% in Q4 by Solidaridad) |
| Export Value (in UGX, bn) for the targeted enterprise during the reporting period | 230.4 | 34.5 | 13.883 | 66.41 | 28 | 143 | 62% | 68.3 | The coffee value chain contributed UGX38bn and Oil seeds (UGX62bn) of export Value. |
| Export volumes (In MT) for the targeted enterprise during the reporting period | 48,786 | 547 | 2688 | 2,350 | 3,421 | 9006 | 18% | 5,379 | |

Source: Grants Management System (GMS)

The projects, KAWACOM, UGACOF, and Ngetta Tropical Holdings reported outside the GMS against the following indicators: export value, export volume, sales value, additional jobs, and outreach.



Annex 2: Board & Governance operations

aBi GOVERNANCE

The Agricultural Business Initiative' aBi' is composed of three related but autonomous legal entities, namely: aBi Development Limited, which is a company limited by guarantee, while aBi Finance Limited and the Agricultural Bond Company Limited are companies limited by shares.

The aBi Development Members Committee

The aBi Development Members' Committee comprises a Representative of the Kingdom of Denmark and a Representative of aBi Finance Ltd. The Chair of the Members Committee is Dr Ole Dahl Rasmussen, Royal Danish Embassy. The Members Committee held four scheduled meetings, two ad hoc meetings and the Annual General Meeting in 2022.

The aBi Development Ltd Board

The Board of aBi Development Ltd continued to support the delivery of aBi objectives and enabled the aBi Boards and Management to operate efficiently and make effective decisions.

To ensure sufficient coordination between aBi Development Ltd and aBi Finance Ltd and further enhancement of the existing synergies, the Board Chair, Vice Chair and Company Secretary have remained the same for both entities.

Corporate Services continued to be managed by a Chief Operating Officer under aBi Development Ltd. They provided services to aBi Finance Ltd and the Agricultural Bond Company Ltd under the Corporate Services Agreement.

The Board recruited a new Chief Executive Officer to lead aBi Development on 1 September 2022. Four scheduled meetings and three ad hoc Board meetings were held in 2022.

aBi Development Board



Felix Okoboi
Chair



Warwick Thomson
Vice-chair



Grace Jethro Kavuma
Director



Michael Kairumba
Director



Alice Ruhweza
Director



Morten Christiansen
Director



Kim Kamarebe
Director



Joan Abila
Company Secretary

aBi Development Management



Ibrahim Abayo
Interim CEO/COO



Richard Mwesigwa
Sustainability Specialist



Paul Ssenyonjo
Chief Internal Auditor



Emmanuel Ikara
Head of Results Measurement
Research and Development



Richard Ssendawula
Head of Finance



**Rhoda Nanyonga
Muganzi**
Legal and Compliance
Manager



Jihan Ochen
Procurement Manager



George Mutagubya
Manager Communications
& Advocacy



Nathaniel Williams
Technical Manager



Donna Alum
Ag. Head of Human Resources

Board Committees

The Board has three committees:

- The Procurement and Investment Committee (PIC) is mandated to provide direction and oversight to management. In 2022 the PIC held eight scheduled meetings, including one joint strategy meeting with the aBi Finance PIC.
- The Audit, Risk and Compliance Committee (ARCC) held four scheduled meetings and one ad hoc meeting.
- The Human Resource Committee (HRC) held four scheduled and four ad hoc meetings.
- Ad Hoc Committees
The meetings of these Committees take place as and when necessary: One Ad hoc Annual Work Plan and Budget Committee was held in 2022.

Annual Board Evaluation

An independent Board Evaluation took place in December 2022. Key findings will inform future Board operations.

Board Succession

aBi maintains a comprehensive Board succession programme, and the session planning process is

overseen by the Company Secretary, who reports explicitly to the Members Committee and the Board. The Board Slate is annually updated with potential Board members.

In 2022, RDE was represented on the Board by Mr Ole Dahl Rasmussen as an observer, while Mr Charles Owuor represented RDE as an observer on the PIC to represent the interests of RDE.

Strategy and Sustainability Sessions

The Board held a Strategy and Sustainability session in June 2022 and a joint Board meeting (Boards of aBi Development and aBi Finance) in November 2022.

Board Training and Information Sessions

In March 2022, the Board was trained in Risk Management. Three information sessions were organised on the following topics:

- What climate-smart agriculture would mean for smallholder farmers, process mapping
- Insight into Gender Concepts and Projects' Gender Mainstreaming and Social Inclusion; Board's oversight role
- Process mapping and its impact on organisations.

Board Field Visits

The joint Boards of aBi Finance Ltd and aBi Development Ltd visited IPs in Southwestern and six IPs during a tour of aBi activities in Eastern and Northern Uganda in April and November 2022, respectively.

Investor Council

The aBi Investor Council comprises representatives of the Royal Danish Embassy, the Government of Uganda, and the European Union (EU). The Investor Council held two scheduled meetings in 2022.

Annex 3: Other Actors in the Agriculture and Agribusiness sectors:

Several organisations in Uganda, in addition to aBi, play a vital role in agricultural transformation. Their significant contributions, particularly in supporting agribusiness development and related endeavours, are acknowledged and highly valued by aBi.

Agricultural Credit Facility (ACF). The Bank of Uganda (BoU) Agricultural Credit Facility (ACF) had registered significant performance over the last eleven years, with a portfolio standing at UGX669.9bn extended to 2,063 eligible projects across the country up from UGX21bn in 2010 when the scheme was operationalised. The ACF's performance demonstrates resilience despite the COVID-19 pandemic's ravaging effects on the country's economy. By March 31, 2022, UGX201.4bn had been received from GoU for lending to viable projects, and this was used to finance 2,063 eligible projects with the Government contribution accounting for UGX339.9bn, while the Participating Financial Institutions (PFIs) contributed UGX329.9bn to the total loan portfolio of UGX669.9bn. The ACF is a revolving credit scheme, and a cumulative total of UGX194bn has since been repaid to BoU.

The European Union has supported the Ugandan coffee and cocoa value chains through two significant projects implemented by UCDA over the past five years. The EU-EAC Market Access Programme (MARKUP) worth Euro3m and the Coffee and Cocoa Value Chain Development (CoCoDev) Project in Uganda worth Euro8m (UGX32.8bn) have supported the value chain development from smallholder farmers to certification, among other areas.

The AgrInvest initiative of the Food and Agriculture Organization of the United Nations (FAO) and the European Union uses public funding to attract sustainable private investments and support

improvements in key agrifood sectors such as dairy. AgrInvest Project in Uganda supports existing policy dialogue platforms, or at least platforms in the making, in partnership with key stakeholders, and these platforms enable public and private dairy value chain stakeholders to strengthen their voice, articulate their investment needs and take advantage of economies of scale by working together.

The Royal Netherlands Embassy in Kampala- (HortiMAP 2020-2023- Euro 10m), the United States Department for International Development (USAID) and the Danish International Development Agency (DANIDA) have been vital in providing support to the horticulture sub-sector in Uganda. Other development partners include the **Swedish International Development Agency (SIDA), the European Union (EU); Korea International Cooperation (KOICA)-UGX44bn (US\$ 12.6m); Japan International Cooperation Agency (JICA); Global Alliance for Trade Facilitation through SwissContact (2021-2022)-US\$ 1.0m.**

The government of Uganda has made a combined investment in the horticulture sub-sector of US\$8.5m in the Bushenyi banana factory (US\$6.0m) and Yumbe fruit processing (US\$2.5m), KOICA and GoU together invested US\$ 7.8m in Teso fruit juice processing (TEJU) in Soroti. GoU's future investment targets the Nwoya fruit processing factory at UGX19bn (Euro4.65m), the Kayunga pineapple factory at 12 MT capacity at UGX780m (US\$220,000), the Busoga fruit processing facility at UGX43.5bn (US\$12.5m), Masaka fruit processing facility at UGX40.7bn (US\$11.6m) and Luwero fruit factory.

Annex 4: aBi Development data KPI - Impact data - 2019 to 2022

| No | Indicator | BP Targets | 2019/2020 Value & Narrative | Value and Narrative 2021 | Value and Narrative 2022 |
|---|--|------------|--|---|--|
| | Farmers reached with supported interventions | 888,470 | -2019 outreach was 153,345 (46F) -2020 outreach was 200,435 (43% F) | 246,842 (44% F) | 78,497 (43% female) |
| Comments: the steady reach coverage until 2021 is mainly attributable to the Agro- inputs projects. However, the slump in 2022 primarily resulted from the halt of 14 new projects and the closure of eight projects. As a result, overall female outreach was 44% in 2022. | | | | | |
| 1 | Additional net income (in UGX, bn) realised by each beneficiary farmer attributable to aBi support in the year. | 250 | UGX145.5bn | UGX92.8bn | UGX 62.6bn |
| Comment: On average, farmers supported through the intervention across all sectors earned an additional income of UGX700,000 per year per beneficiary farmer. In 2022, farmers in the dairy sub-sector recorded the highest additional net income at UGX1.8m per year, followed by coffee farmers at Ugx 1,018,000. | | | | | |
| 2 | % of beneficiary IPs whose income improved by at least 30% | 80% | 50% | 53.3% | 50% |
| Comment: Almost all IPs in seven value chains improved their income beyond 30% except for the pulses sub-sector, mainly due to climate change shocks. The IP in the dairy sub-sector still performed better, followed by coffee. | | | | | |
| 3 | Number of beneficiary farmers who realised additional net income as a result of aBi supported intervention in the year and cumulative | 449,956 | 96,482 (54.2%) (39% female, 61% male) | 81,900 [78% of farmers supported] | 71,432 [91% of all farmers supported] |
| Comment: Of the 71,432 farmers who obtained additional income, 24% (17,144) moved up at least one income level [1]. Dairy and coffee recorded the highest number of beneficiaries moving up at least one income level. | | | | | |
| 5 | Number of IPs operating profitably as a result of aBi support | | 78% | 100% | 92% |
| Comment: Despite the drop in incomes due to the outbreak of COVID-19, a total of 92 % of IPs reported operating profitably | | | | | |
| 8 | Additional Jobs, including full-time equivalent, created at beneficiary level in the year and cumulative | 48,368 | 1800 (37% F) | 18,756 (33% F) | 22,939 (31% F) |
| Comment: At the sector level, most jobs were created by the coffee, cereals and oilseed sector. Further, 37% of jobs were created for women, compared to 62.7% for men. | | | | | |
| 11 | New farmers who have joined the business as a result of copying beneficiary farmers | 227,488 | -117,299 ¹ 45.2 % reported at least one farmer who copied | 119,600 (48.3% beneficiaries reported at least one farmer who had copied from them. | 36,737 (46.8% of beneficiaries reported that at least one farmer had copied from them. |
| 12 | Number of additional beneficiary farmers that adopt and apply at least 3 CSA and environmental practices as a result of aBi intervention | 172,850 | 79,899 ² 59%- of the total number of farmers reached by the sampled IPs) | 78,052 3 CSA practices were among 63.4%. | 55,732 3 CSA practices were among the 71%. |
| Comment: 59% of farmers reported additional farmers adopting CSA and environmental practices. The distribution by gender shows more males (65%) adopting CSA than females (35%). The adopted CSA practices included tree planting, the use of energy-saving technologies, water and soil conservation and GAPs | | | | | |

¹ The copy ratio at beneficiary level was 1:0.9 (this was only computed for VCD farmers (i.e., based on 78,497 VCD farmers reached)

² Smallholder Farmer Level Performance: The Annual Impact Assessment Report 2021/2022.



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