UGANDA DAIRY CREDIT FACILITY ANNUAL REPORT 2024

Contract partner: PCP Uganda Limited

Project name: Uganda Dairy Credit Facility (UDCF)- Activity Ref No. 4000004914/01

Total project duration: 01st October 2022 till 30th September 2028

Annual report covering: 01st January 2024 till 31st December 2024

Date: 31st March 2025.



Biryomumisho Paul, Dairy Credit beneficiary from Mirambi village, Rwimi Parish, Rwimi town council, Bunyangabu district- Bunyangabu cereal farmers' SACCO

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1. Introduction

PCP Uganda Limited submits the annual progress report 2024, providing highlights on the second year of the Uganda Dairy Credit facility (UDCF) performance. The report is submitted to the Embassy of the Kingdom of Netherlands in (EKN) in Uganda in fulfillment of the reporting obligation as stipulated in the contribution agreement executed under activity reference number 4000004914/01.

This report contains the progress of Uganda Dairy Credit facility activities and interventions in line with the annual plan. At the beginning of the financial year under review (January to December 2024), it was projected that capital deployment and access by the smallholder dairy farmers was to double in a bid to catch up with the overall deployment targets for the fund. The target was to disburse Euros 2,650,000 (approx. Ugx. 10.335billion) to 13 SACCOs.

The key outcomes and outputs for UDCF operations in 2024 were drawn from the result frameworks as elaborated in the facility proposals with focus on the following;

Overall Goal (Outcome):	Increased access to and utilisation of credit finance available to smallholder Dairy farmers.
Outcome 1:	Increased adoption of financing models, by strengthened SACCOs, to provide inclusive and affordable credit finance to dairy farmers.
Output 1.1:	Increased capitalization of the SACCOs
Output 1.2:	Increased technical and governance capacity of the SACCOs to sustainably deliver inclusive and affordable credit to dairy farmers
Output 1.3:	Increased farmer membership of SACCOs through Farmer Groups (Producer Organisations and Farmer Associations)

2. UDCF outcomes realized, including the driving factors.

The annual UDCF outcome and output targets for the period under review were aligned with the approved project result framework. This section highlights the actual performance against the fund overall goals, outcome and outputs targets for the period.

Progress on UDCF Outcome (*Increased appropriate and affordable credit available for Dairy smallholder farmers*).

The major performance indicators guiding this outcome target includes; amount of credit finance obtained by the farmers and the number of smallholder farmers that obtain credit finance with special focus to percentage of female and youth smallholder dairy farmers accessing credit finance (20% female and 30% youth). 47% of the target for amount of credit available for SHFs has been realized, with 36% (1,125) of smallholder farmers accessing credit finance through the funded SACCOs. 20% of the total beneficiaries are female and 14% youth.

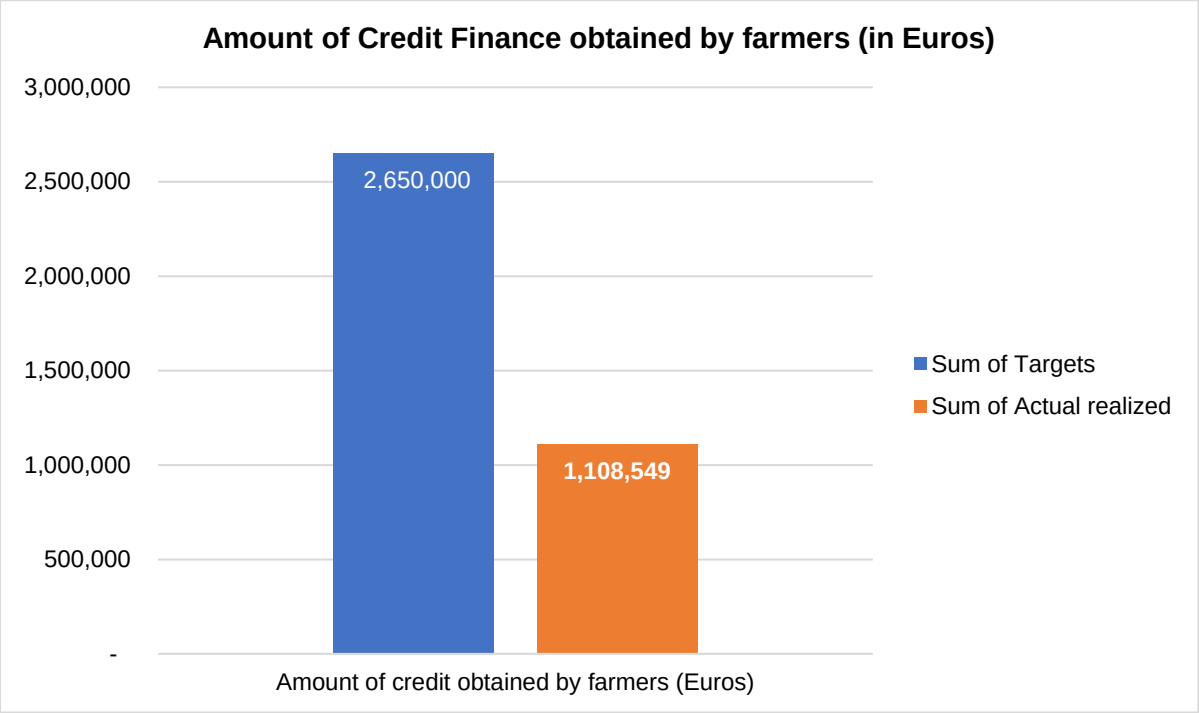


Figure 1: Amount of credit finance obtained by farmers

85% of the disbursement target had been approved and committed by December 2024 (Euros 2,252,618 had been approved against the target of Euros 2,650,000). The uptake of credit finance by farmers is still low with only 47% of the target realized, despite the 85% of the target having been approved and committed to the SACCOs. Disbursement to SACCOs is tranched as control and monitoring strategy.

This performance is attributed to the low level of dairy development within the biggest part of the facility intervention area with higher dominance of crop activities, this has affected demand for credit. Secondly, outbreak of foot and mouth disease in some parts of Rwenzori, affected farmer who wanted to investment in better breeds from other districts because of the animal quarantine. Thirdly, the slow rate of addressing governance and management gaps have also affected dibursement rate to SACCOs, approved funds are disbursed in tranches a monitoring and control measure to ensure SACCOs address internal capaity gaps noted during appraisal. However, this is improved as the year was coming to an end, we anticipate an improvement in uptake of the credit finance by the end of Q1 2025.

Regardring number of smallholder farmers accessing credit finance, the performance below average with only 36% the target being realized. The number of women participating of access to finance under the dairy value chain stood at 36% and 17% for the youth. The underpormance is also attributed to the low level of dairy development in the intervention areas and the participation of smallholder farmers. Secondly, the social dynamics have also contributed to lower number of female and youth participating under the value, these mainly dominated by men. Refinining the product at SACCOs level to consider activities that have a high participation along the chain is being undertaken. Additionally, thenew livestock project implemented by SNV/INCLUDE with an expanded scope will increase the numbers.

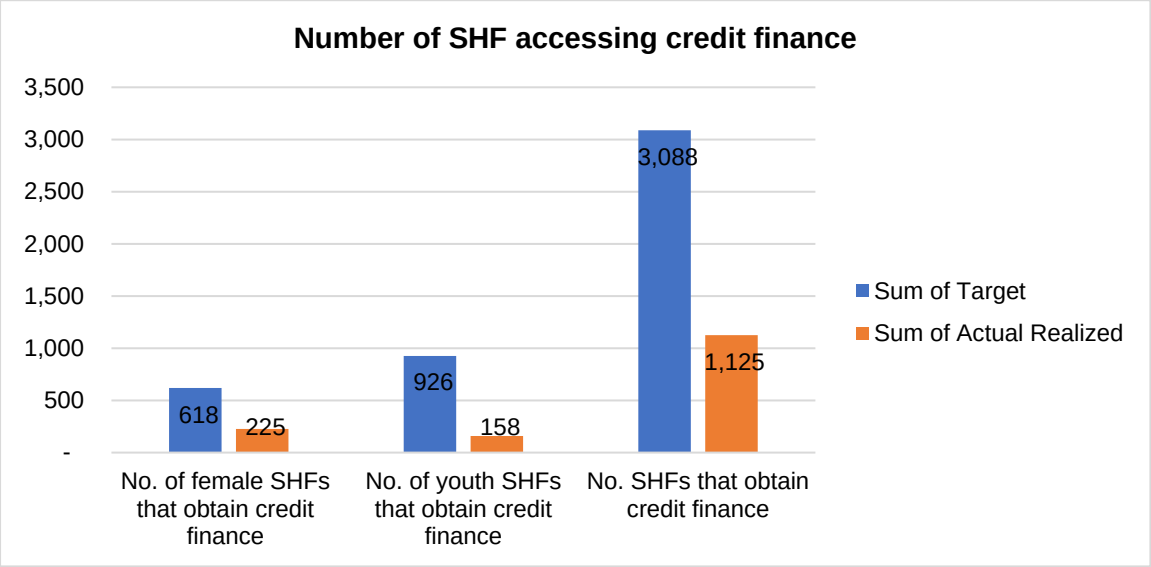


Figure 2: Number of Smallholder dairy farmers accessing credit finance.

Beneficiary story

Bernard Tumusiime, a 49-year-old dairy farmer from Kibunda cell, Nyakaina parish in Buyanja sub-county, Rukungiri district is one of the farmers that benefited from the dairy credit facility through Buyanja SACCO.In September 2023, Tumusiime accessed a loan of Ugx. 2,000,000 (Ugandan Shillings Two million) to an improved Friesian cow for Zero grazing. He had a cow that was giving him 6 litres of a milk per day (4 Ltrs in the moring and 2 Ltrs in the evening) with challenges of pasture, he sold off the cow and used the proceeds to top with the loan from the SACCO to get a better milking cow at Ugx. 4,000,000. With support from SNV through Buyanja SACCO, he was trained in dairy farming and also supported with seedling to plant better pasture. He is now getting more milk with an average of 20 litres per day (14 Ltrs morining and 6 Ltrs in evening), using it for both commercial and home consumption. He sells 18 litres at Ugx. 1,000 each. In addition to milk, he uses the manure for food crop production (banana plantation) and selling some to supplement his dairy income.



Figure 3: Bernard Tumusime a dairy credit beneficiary

Outputs indicators.

Capitalization of SACCOs and the number of SACCOs funded are the result indicators being tracked by the fund manager, this is addition to increased technical and governance capacity of the SACCOs, increased farmer membership of SACCOs that are spearheaded by the technical partner (SNV).

During the period under review, the fund manager has registered growth in the number of SACCOs capitalized to 20 SACCOs more than the target of 13, additionally the approved investments for SACCOs was also achieved by 85% (Euros 2,252,618 approved against the target of Euros 2,650,000). Fig. 4. below provides a summary with the value of committed investment against the target.

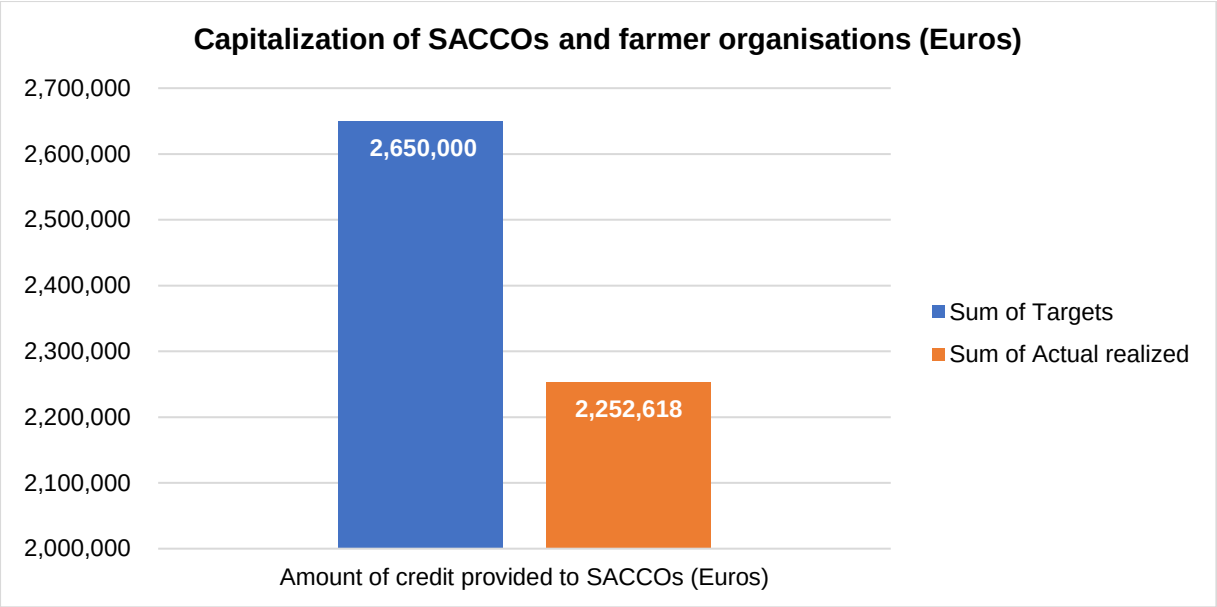


Figure 4: Committed investment to SACCOs against the target

The technical partner SNV under ISDAP/ INCLUDE project continued to support fund performance through provision of technical assistance to both smallholder farmers and SACCOs, the partner trained partner trained 46 SACCOs and 112 SACCO managers in the areas of risk management and resource mobilisation, agri-finance and credit management. The facility has contributed to growth in SACCO membership with a total of 2,138 (586 female and 379 youth) new members joining.

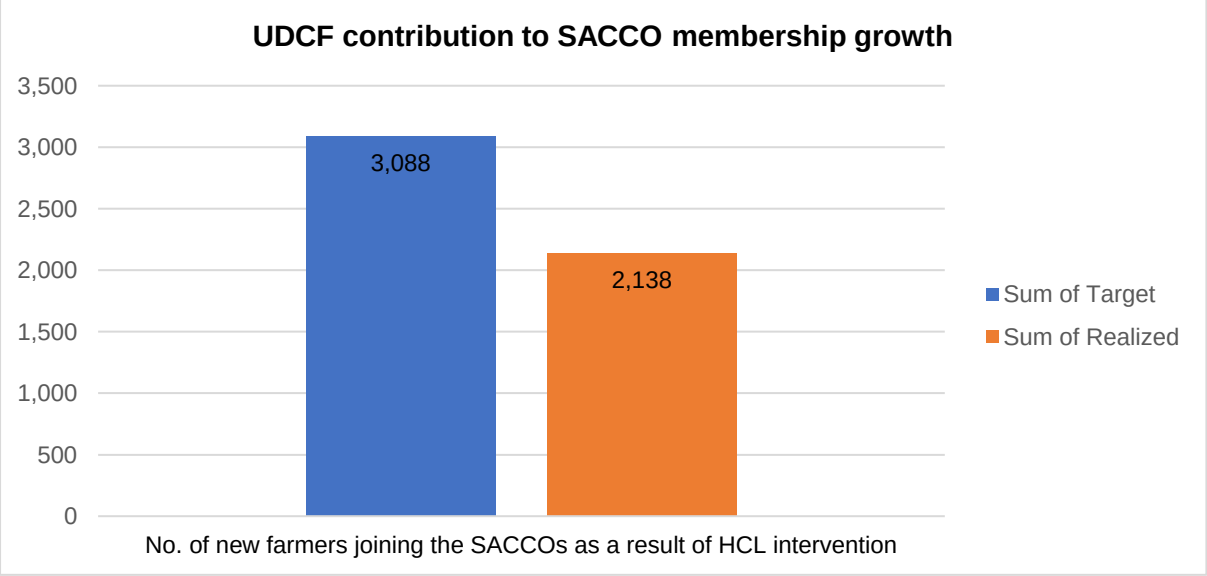


Figure 5: Number of new memberss joining SACCOs as a result of UDCF

3. Indicators, achieved results

This section presents key highlights on the performance on the realized output /outcome results for the period under review (31st December 2024).

Table 1: Highlights on the fund contribution to the overall goal

NL Result Framework	Result area	Result indicator	Target Value	Realized
Food Nutrition Security	2. Improving the performance, sustainability and resilience of smallholder farming systems	B.0. Improvements towards desired changes, transitions or transformations in the agricultural sector	The activity's overall goal is to enhance Production, productivity and boosting incomes of dairy smallholder farmers through Customized credit product that enables farmers to invest in the critical dairy value chain activities.	UDCF has enabled farmer invest in the dairy agribusiness sector, this has contributed to improvement in farmers' productivity within the sector, growth in the farmer incomes and livelihood. Quantitative results to be presented in the mid-term review
	B. Productivity and Income	Outcome B.1.3. Number of female SSFPs who progressively became more empowered	618	266
		Reach B.2.1. Number of SSFPs directly reached with activities aimed at structural/systemic improvement of their agricultural performance	3,088	1,125

Table 2: Details on the performance against outcome and output results- Additional Indicators

Result	**Result indicators**	**Target Value**	**Target for 2024**	**Realized**
Outcome 1: Increased appropriate and affordable credit available for Dairy smallholder farmers	Number of farmers that obtain credit finance	12,350 loans to smallholder farmers by June 2032 (30% youth and 40% females)	3,088 SHFs (at least 20% to women and 30% to youth)	1,125 (14% youth and 20% female)
	Amount of credit finance obtained by the farmers in UGX	UGX 31.63 billion total amount of loans provided to SHFs by June 2032	Ugx. 10.335 billion (EUR 2,650,000)	Ugx. 4.234 billion (EUR 1,108,549
	Number of SACCOs providing refined and inclusive agri-businesses loan products	10	13	20
	Average turn-around time in days	14 days	14 days	5 days
	Average Annual Interest rate provided to farmers by the SACCOs.	20%	24%	22%
Output 1.1:	Amount of funds provided to SACCOs	UGX 31.63 b total amount of loans	UGX.10.335 billion worth	Ugx. 8.605[1] billion (EUR

[1] Total committed investment is Ugx.9.275 billion (EUR 2,428,010), only 56% of the committed investment approximately Ugx. 5.160 billion (EUR 1,350,785) has been disbursed to SACCOs, tranche disbursement was adopted as a monitoring and control mechanism.

Increased capitalization of SACCOs with credit finance available for farmers		provided to SHFs by June 2032	of loans provided to SHFs by December 2024	2,252,618) committed to 30 SACCOs
	Number of SACCOs obtaining funds from the project	10	10	30
Output 1.2: SACCOs technical and governance capacity improved to deliver inclusive and affordable credit to farmers	Number of SACCOs trained in financial management and governance	30 150 Staff trained	30 150 Staff trained	46 SACCOs[2] 112 SACCO managers
Output 1.3: Increased farmer membership of SACCOs through farmer groups	Total number of new farmers joining the SACCOs as a result of the project (UDCF) by 2032.	12,350	3,088	2,138 (youth 379 and female 586)

4. Analysis of the activity's progress

Overall assessment of UDCF activity performance considering all the outcome and output targets, the progress in performance is currently standing at an average of 71% (focusing on the number of SHF accessing credit-36%, amount of credit obtained by SHFs-49%, SACCO capitalization-85% and farmer membership growth at 69% among other parameters). Only 47% of the committed financing has been accessed by farmers (Euros 1,108,549 accessed by SHFs compared to Euros 2,252,618 committed to SACCOs).

The fund manager has considered a number of interventions to improve uptake and utilization of the approved credit finance by farmers, key among the intervention is working with the technical partners to intensify farmer extension support to improve demand for the funding. The manager is also in the process of refining the credit products to accommodate the expanded value scope of livestock, strengthening market linkages with value chain actors to stimulate credit demand at farmer level. This will be addition to the ongoing technical assistance programs for strengthening farmer organization to uptake and efficiently manage credit finance.

5. Risk Management

Table 3: Risk matrix

Risk	Potential impact on outputs of the activity	Risk assessment (Low/Medium/High)	Mitigation strategy/measures	Residual Risk
Foreign exchange risk	Medium, depreciation of the Ugx against the EUR will result to less funds available for loans	Low	Proposal is in UGX, and commitments in EUR. By December 2024, 85% of the capital had been drawn down. Manager at the point of receipt converts all the drawn capital into UGX which is the operating currency of the fund, thereby reducing the risk of foreign exchange movements.	Low

[2] Technical assistance provided by SNV (ISDAP/INCLUDE project)

Dependence on SNV for Technical Assistance provision.	Medium, PCP is depending on SNV/ISDAP for technical assistance	Low. NL Contracted SNV separately to manage the technical assistance.	An MOU was signed between SNV/ISDAP and PCP. This was fully executed and ISDAP project closed. However, SNV is now implementing a new project (INCLUDE), the MOU will be reviewed for PCP to continue to collaborating with the new SNV project. Collaboration with other EKN funded project to sustain technical assistance intervention for the new investees has been considered. Additionally, the SNV TA beneficiary investee SACCOs are expected to become the repositories of knowledge beyond ISDAP.	Low.
Natural disasters like epidemics and drought caused by destruction of biodiversity	Potential of reducing farmer output, which could reduce farmer income and make it difficult for them to access credit or, in the worst-case scenario, make it impossible for the farmers who do have credit to repay their debts or access credit.	Medium	Educate farmers on the necessity of obtaining animal insurance to mitigate the risks associated with natural calamities. To boost emergency response to catastrophes and increase disease prevention. The fund manager to consider restructuring the credit facilities of the impacted SACCOs to provide credit relief and SACCOs transferring the same to the affected SHFs.	Low
Poor attitude to improved dairy farming practices caused by limited knowledge, low service delivery	Lower adoption of dairy farming and decreased productivity of dairy operations result in a lower percentage of farmers using the dairy credit facility. This will then have a ripple effect on the uptake of loans from the SACCOs by non-dairy farmers hence limiting the DHCL impact	Medium	Developing high farming standards and increase demonstrations for proof. Utilize the SNV technical expertise to educate smallholder dairy farmers the best methods for increasing production, which will incentivize the farmers. An expanded livestock project (INCLUDE) has been introduced to increase SHF participation beyond only dairy. More sensitization of farmers on the developed dairy/livestock products at the SACCOs. Increased awareness in addition to the TA support is expected	Medium

			to increase access to credit by farmers.	
Market risk due to price fluctuation arising from over production after the intervention	Smallholder famers may fail to have adequate cashflows to repay the SACCO loan.	Medium	Small holder farmers have been supported by SNV to form farmer groups for collective marketing and to easily link them to the market. Leveraging on the TA support from Agriterra to enhance the management capacity of farmer groups into stronger cooperatives.	Low
Collateral Risk on women and youth	Women and young people who lack access to land or other tangible assets due to cultural or social constraints are asked to provide collateral by some SACCOs which could impede them from accessing credit.	Medium	Group lending methodology has been advocated, as well as encouraging SACCOs to consider alternative borrowing securitization. Encouraging the creation of a revenue security programme. Whereby the purchasing firms (farmer cooperatives or milk processors) enter a formal agreement with the SACCOs and the farmers to channel payments through affiliated SACCOs. This approach guarantees that borrowing smallholder farmers repay their loans on schedule hence diluting the need to provide physical collateral.	Medium
Single sector focus	Being a highly specific credit facility focused on the dairy sector, the financing risks related to diversification are especially high. In the event of a complete non-performance across the dairy sector, loan quality and ability for farmers to repay will be compromised	Medium	The deployment of capital is across a very wide geography limiting concentration to a specific area. The fund has been expanded to finance livestock activities aligned with the new SNV INCLUDE project. The geographical scope has also been expanded.	Medium
Systems	Systems in the SACCO not being well structured to effectively address risks as part of the normal business operations will adversely affect the ability to extend credit to the	Medium	Ensure that there are robust systems within the operating infrastructure to extend credit but also monitor and evaluate performance of these credit facilities	Medium.

	eligible clients and also manage the performance of credit lines		BDS support with focus on agriculture credit management is being undertaken.	

6. Monitoring & Evaluation.

During the year ending December 2024, the fund manager together with investor representative, fund board and technical partner (SNV), undertook a joint monitoring activities to both investee SACCOs and beneficiary smallholder farmers in Western and South-Western region. The following monitoring activities were undertaken together with representative from the Embassy;



Figure 6:Field monitoring to Bunyaruguru Development SACCO in Rubirizi by EKN representative, DHCL board, PCP and SNV officials.



Figure 7:Ninsiima Prudence of Kanyambiriri village, Kashenyi parish, Rutoto sub-county, Rubirizi- Dairy farmer from Bunyaruguru SACCO, one of the beneficiary visited by the board and technical partner.

Field monitoring with officials from the Embassy (11th September 2024)

Together with officials from the Embassy's food security department, beneficiary SACCOs and farmers in Kabale were monitored. The team visited Hakashenyi SACCO that had accessed Ugx. 175 million (EUR 45,812) from PCP, team also visited dairy smallholder farmers that benefited from UDCF funding through Hakashenyi SACCO with the objective of evaluating the uptake and utilization of the credit financing. Key finding from this visit was the need to improve the criteria for defining smallholder farmers to guide the identification and assessment by the SACCOs. The team also appreciated the contribution of group lending approach in increasing number of smallholder farmers reached for the special categories of women and youth. It was also noted that the SACCO had improved in its performance as result of the technical assistance support from the technical partner (SNV).

Peer monitoring in Kigezi (25th to 29th November 2024).

Between 25th to 29th November, 2024, representatives of EKN food security department, project managers and key staff from PCP, INCLUDE, HortiMAP, Common Ground, BRIGHT, A-GRIP, INSPIRE and FORT convened in Kabale for a peer monitoring exercise, the team visited project locations in the Kigezi region and discussed a number topics relevant to the different projects. Agri-finance and Agro-insurance, strengthening farmer organization (SACCOs and cooperatives) were some of topics discussed in addition to learning from the different projects and sharing experiences.

Among the PCP access to finance farmer organizations visited included;

- Buyanja SACCO (had accessed funding worth EUR 26,178), supported together with SNV
- Rukiga SACCO (accessed funded of EUR 157,068) for onward lending to dairy smallholder farmers, supported together with SNV and TechnoServe
- Nyabyumba farmers Savings and credit cooperatives (accessed funding worth EUR 78,534), being supported under BRIGHT Project.

7. Possible changes in approach

The last two years of UDCF implementation have provided key learnings, these lessons will be the basis for review and making changes in the implementation approach. With approval from the fund board and the investor, fund manager intends to undertake some changes aimed at improving the overall performance of the credit facility;

I. Expansion of the scope, the embassy has already approved expansion of the Uganda Dairy Credit Facility (UDCF) to accommodate all livestock related value chain activities and also align with the focus of other food security projects. The fund technical partner (SNV) is now implementing a new project of INCLUDE after successfully closing the ISDAP project that was the foundation for establishing this fund. With this expansion there will a change in the value chain and regional. The contribution agreement for this activity is likely to change, though this is still under discussion.

II. Credit delivery channels: At the inception of the fund implementation, SACCOs had been identified as the main credit channels for reaching the smallholder farmers. Alternative channels are to piloted to reach more farmers. Digital solution to reach farmer groups and other cooperatives are some of the alternatives to be considered.

III. Expansion of the consortium, after closure of ISDAP project, SNV is now implementing a new project, in addition, there are other technical partners like BRIGHT, INSPIRE, COMMON GROUND and FORT to be onboarded in an effort to continue with technical assistance. This will also be in line with the expanded scope for the credit facility.

8. Lessons Learned

During the period under review and the previous of implementing the fund, the manager has observed lessons that have highlighted valuable insights relevant in informing future actions for better impact results. Below are some of the learnings noted;

I. Customizing technical assistance support for category B, C SACCOs. The weaker SACCOs are more responsive in implementing TA advisory and have been instrumental in driving uptake and

utilization of the credit funds by most of the small-scale farmers. However, the rate at which they have many capacity gaps, to effectively realize change it requires relatively higher investment in terms of time and financial resources.

II. The role played by stronger market systems in driving uptake and utilization of credit finance. Linkage with quality agro-vet suppliers, and off takers/processors remains critical in improving uptake and utilization of the credit.

III. Alternative credit channels beyond SACCOs, performance of SACCOs isn't at the same level across regions, areas with weaker performing SACCOs especially in Rwenzori region need to be considered for alternative channels of financing farmers. Therefore, in addition to the SACCOs, appropriate products and delivery channels should be considered to improve access to finance across regions.

IV. Collaboration and Synergy and among projects is key in driving the sustainable impact of fund, projects are intervening with different solutions for smallholder farmers, yet every farmer needs financing in addition to technical assistance, the fund manager has had to work closely with other projects like BRIGHT on the component of access to finance and technical assistance. This collaboration is contributing to increased realization of results through their complimentary contribution to the strengthening of the different farmer organization.

9. Integrity

During the period under review and the previous years, the manager has not witnessed any breach of the code of conduct / SEAH policy. Compliance to the established polices will continue to be observed by the team.

10. Annual Financial Report

UDCF Financial Performance highlights.

For the year ended December 31, 2024, the facility demonstrated significant improvement in its financial performance, marked by a strong growth in income and a reduction in the overall deficit. This sets a strong foundation for future growth and sustainable financial performance.

Grant Thornton CPA was appointed to audit the books of UDCF for the year which ended 31st December 2024. Below is an extract from the audited financial report:

Uganda Dairy Credit Facility - UDCF
Special purpose financial statements for the year ended December 31, 2024

Statement of comprehensive income

	Notes	Year ended December 31, 2024		Fourteen months ended December 31, 2023 Restated*	
		UShs '000	Euro	UShs '000	Euro
Income					
Interest income	3	303,521	74,482	69,419	17,217
Commitment fees	4	37,800	9,276	26,100	6,473
Grant income	4	170,625	41,870	170,625	42,318
Total income		**511,946**	**125,628**	**266,144**	**66,008**
Foreign exchange loss	5	1,091	268	1,367	339
Net surplus after exchange loss		**510,855**	**125,360**	**264,777**	**65,669**

Administration expenses					
Fund management fees	6	550,125	134,998	545,398	135,267
Other administration expenses	6	88,56	21,734	140,786	34,917
Total expenses		**638,691**	**156,732**	**686,184**	**170,184**
Deficit for the year		**(127,836)**	**(31,372)**	**(421,407)**	**(104,515)**
Exchange difference on translating from local currency		**-**	2,093	**-**	(1,933)
Deficit for the year		**(127,836)**	**(33,465)**	**(421,407)**	**(102,582)**

Uganda Dairy Credit Facility - UDCF
Special purpose financial statements for the year ended December 31, 2024

Statement of financial position

	Notes	As at December 31, 2024 UShs '000	As at December 31, 2024 Euro	As at December 31, 2023 Restated* UShs '000	As at December 31, 2023 Restated* Euro
Assets					
Non-current assets					
Loans and advances	7	4,282,488	1,121,070	2,730,419	664,659
Other receivables	8	2,360	618	6,500	1,583
Cash and cash equivalents	9	5,315,925	1,391,603	2,402,860	584,922
Total assets		**9,600,773**	**2,513,291**	**5,139,779**	**1,251,164**
Equity and liabilities					
Share capital		500	122	500	122
Currency translation		-	(7,885)	-	1,933
Accumulated deficit		(549,243)	(135,887)	(421,407)	(104,515)
		(548,743)	**(143,650)**	**(420,907)**	**(102,460)**
Liabilities					
Long term contribution	10	9,068,056	2,373,837	4,349,618	1,058,816
Deferred grant income	11	1,023,750	267,997	1,194,375	290,744
Trade and other payables	12	57,710	15,107	16,693	4,064
		10,149,516	**2,656,941**	**5,560,686**	**1,353,624**
Total equity and liabilities		**9,600,773**	**2,513,291**	**5,139,779**	**1,251,164**

11. Capital call summary as of 31st December 2024

As at the reporting date, the embassy had made four disbursements into the UDCF facility as detailed below:

Details	Amount Eur	Rate	Amount in Ugx
Total Committed Amount	3,000,000	3,900	11,700,000,000
1st EKN draw down	622,370	3,692	2,297,788,194
2nd EKN draw down	845,750	4,040	3,416,830,000
3rd EKN draw down	520,720	4,220	2,197,436,290

4th EKN draw down	638,228	3,950	2,521,001,588
Total Draw Down Amount	2,627,067		10,433,056,072
Outstanding Undrawn Amount	**372,933**		**1,266,943,929**

UDCF Budget performance analysis

The analysis below compares HCL's performance against the approved budget plan for the same year. Significant deviations (larger then - 10% and larger than+10%) are explained in the notes below.

UDCF Budget Analysis UGX	**YEAR 2 - 2024**				
Years Ending 31st December 2024	**Proposed Budget**	**Audited Accounts**	**Budget variance**	**Variance %**	***Explanatory Note ref #***
Inflows- Estimated incomes	**UDCL**	**UDCL**	**UDCL**	**UDCL**	
Contributions from EKN - Fund expenses	675,831,000	686,820,000	(10,989,000)	-2%	
Contributions from EKN - Investments	5,279,757,600	4,031,617,878	1,248,139,723	24%	*Note 1*
Sub Total	**5,955,588,600**	**4,718,437,878**	**1,237,150,723**		
Interest Income	545,728,560	303,520,575	242,207,985	44%	*Note 2*
Commitment fees	51,613,107	37,800,000	13,813,107	27%	*Note 3*
Sub Total	**597,341,667**	**341,320,575**	**256,021,092**		
Other revenues (incl Other party's own contribution)	-	-	-	0%	
Total Incomes	**6,552,930,267**	**5,059,758,453**	**1,493,171,814**		
Outflow - Fund operating expenses					
Management fees	531,109,000	550,125,000	(19,016,000)	-4%	
Baseline Survey costs	-	-	-		
Credit Committee/ Board fees	18,500,000	19,852,000	(1,352,000)	-7%	
Legal and Professional fees	45,000,000	43,302,000	1,698,000	4%	
Audit fees	10,950,000	13,325,000	(2,375,000)	-22%	*Note 4*
Tax fees	3,650,000	4,458,020	(808,020)	-22%	*Note 5*
Insurance - Professional indemnity	18,250,000	2,604,000	15,646,000	86%	*Note 6*
Others (Bank charges)	1,524,844	688,000	836,844		
Impairment expense	-	4,337,000	(4,337,000)		*Note 7*
Sub Total	**628,983,844**	**638,691,020**	**(5,370,176)**		
Outflow - Investment					
Investment into SACCOs	6,244,780,000	2,585,000,000	3,659,780,000	59%	*Note 8*
Total Outflow	**6,873,763,844**	**3,223,691,020**	**3,654,409,824**		
Net effect	**(320,833,577)**	**1,836,067,433**	**(2,161,238,010)**		
NOTES.					
Note: Variances more than 10% are considered significant as per the signed contribution agreement hence explanations required.					

Note 1: Contributions from EKN - Investments	Delays in deployment of funds to SACCOs in year 1 contributed to a reduction in capital called in year 2 as the fund manager needed to catch up on the deployment of previously called capital from the year ending 31st December 2023.
Note 2: Interest Income	Disbursements to SACCOs were tranched significantly affecting the total amounts disbursed and hence earning less interest during the year.
Note 3: Commitment fees	Less deployments to SACCO's due to their slow absorption.
Note 4: Audit fees	Unanticipated increase in audit fee related charges
Note 5: Tax fees	Unanticipated change in tax fees
Note 6: Insurance - Professional indemnity	The quote fees were less than budgeted and also the cover commenced mid year.
Note 7: Impairment expense	This was not budgeted for, however this was done for compliance with IFRS 9 impairment in anticipation of loss on investments in SACCOs
Note 8: Investment into SACCOs	Deployment target was not achieved due to the slow absorption at SACCO levels associated with their technical capacity. The budget for the commitment amounts was 99% achieved during the year.

12.11.0. Annex. List of SACCOs funded under the project.

SN	SACCO Details	Region	District	SACCO Category	Committed Investment (Euros)	Funds disbursed (Euros)
1	Hakashenyi SACCO	South-western	Kabale	Category B	45,812	45,812
2	Lyamujungu SACCO	South-western	Kabale	Category A	104,712	62,827
3	Chahi Dukore SACCO	South-western	Kisoro	Category B	26,178	13,089
4	Nyakyera SACCO	South-western	Ntungamo	Category B	52,356	52,356
5	Rukiga SACCO	South-western	Rukiga	Category A	104,712	52,356
6	Buyanja SACCO	South-western	Rukungiri	Category A	26,178	26,178
7	Kijura SACCO	Rwenzori	Kabarole	Category B	104,712	104,712
8	Muhame	Western	Sheema	Category A	52,356	52,356
9	Butuuro SACCO	Western	Bushenyi	Category A	130,890	130,890
10	EBO SACCO	Western	Mbarara	Category A	261,780	261,780
11	Busaiga	Rwenzori	Kabarole	Category B	78,534	78,534
12	Bunyangabu	Rwenzori	Bunyangabu	Category C	26,178	13,089
13	Bunyaruguru Dev'pt SACCO	Western	Rubirizi	Category B	130,890	65,445
14	Mubuga SACCO	South-western	Kisoro	Category B	78,534	31,414
15	Patasente	Central	Kampala	Agri-SME	130,890	91,623
16	Mubuga Amajambere Iwacu	South-western	Kisoro	Category C	15,707	7,853
17	Kitojo Care SACCO	Rwenzori	Kabarole	Category C	65,445	26,178
18	Mitooma People's SACCO	Western	Mitooma	Category A	130,890	52,356
19	Kigarama People's SACCO	Western	Sheema	Category A	130,890	52,356
20	Shuuku SACCO	Western	Sheema	Category A	130,890	52,356
21	Kyabukuju T. SACCO	South-western	Ntungamo	Category A	78,534	39,267
22	Rugyeyo SACCO	South-western	Kanungu	Category C	26,178	13,089
23	Kamwezi SACCO	South-western	Rukiga	Category C	10,471	6,545
24	Rukoni Sub-County	South-western	Ntungamo	Category C	26,178	-
25	Buhunga SACCO	South-western	Rukungiri	Category C	47,120	15,707
26	Hofokam	Rwenzori	Kabarole		130,890	-
27	Buhoma Community SACCO	South Western	Kanungu	Category C	13,089	6,545
28	Nyabyumba farmers SACCO	South Western	Kabale	Category C	26,178	-
29	Iryaruvumba SACCO	South Western	Kisoro	Category C	26,178	10,471
30	Kityerera Integrated SACCO	Busoga	Kamuli	Category C	23,560	7,853
31	Nakanyonyi Good Shepherd	Busoga	Jinja	Category C	15,707	7,853
	TOTAL				**2,252,618**	**1,380,890**