Ministry of Foreign Affairs

Activity: KAM Smallholder Credit Fund-SCF (10-0001505)

Id	10-0001505
Date	04-08-2026
SAP application number	4000004914

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Key data

Activity basics

Type	Standard
Short name	KAM Smallholder Credit Fund-SCF
Contract party	PCP Uganda Limited (30088065)
ODA	Yes
Amount EUR	8200000
Start date	01-10-2022
End date	30-09-2030
Full name	Smallholder Credit Fund
Summary	The Dairy and Horticulture Credit Funds have been merged into a single Smallholder Credit Fund (SCF). The SCF aims to improve smallholder farmers' access to affordable finance to increase agricultural production, strengthen incomes, and promote sustainable farming practices. PCP will implement the SCF by providing financing to SACCOs and other credit delivery channels, such as agri-fintechs, agricultural SMEs, and cooperatives, for onward lending to smallholder farmers. PCP will work closely with technical projects, including INSPIRE and INCLUDE. These projects will lead capacity building for farmer organizations accessing SCF financing and support the co-creation of appropriate credit products. In addition, PCP will provide investment readiness and post-investment support, including business strategy, financial management, and impact monitoring, through tailored technical assistance embedded within the SCF.

Activity details

Date of receipt of proposal	01-05-2026
Proposal’s reference number	
Budget holder	Ambassade Kampala (8221KAM)
Limit access	No
Related activity	

Accounting data

SAP application number	4000004914
Main funds center	Food security delegated (1702U0101)

Policy data

Cooperation modality	Other program-based aid
Technical assistance	Less than 10 % of the activity budget
CRS code	31193 Agricultural financial services
Policy Keywords	
Refugees & host communities	No
Team Europe Initiative	No
Policy Markers	
Financial sector development	Principal
Equality between men & women	Significant
Climate change: adaptation	Significant
Food security	Principal
Explain your choices	Financial Sector Development: The Smallholder Credit Fund (SCF) provides risk capital to underserved smallholder farmers through innovative financing models. By de-risking this high-risk market segment, the SCF aims to unlock greater access to commercial finance. Equality Between Women and Men: The SCF promotes inclusive access to finance by intentionally targeting women and other underserved groups, helping address persistent inequalities in Uganda's agricultural sector. Climate Adaptation: The SCF supports the adoption of climate-smart innovations developed through complementary technical projects, strengthening farmers' resilience to climate change. Food Security: By improving access to finance, the SCF enables timely investment in quality inputs, strengthens cooperative aggregation, and improves market access. This leads to higher agricultural productivity, increased farmer incomes, and improved food security and nutrition.

Beneficiary location

Beneficiary location	Country
Country	Uganda
Location type	Other
Specific location	The SCF complements the FNS programme and will be implemented in the same regions and districts of Uganda where FNS projects are active.

Policy Appraisal

Relevant text from the previous Dairy and Horticulture bemo (in black) has been retained. A number of changes reflective of the new SCF have been included (blue and orange).

Policy Relevance

What policy objectives, as set out in the annual plan, policy notes etc., will this activity contribute to?

Access to finance and food and nutrition security (FNS) have remained central themes in Uganda's bilateral programme across two consecutive MACS periods (2023–2025 and 2026–2029). In line with the policy developed by IGG, smallholder farmers (SHF) are in the centre of these activities.

This amendment represents a major strategic shift in our financial architecture. We are moving away from managing two isolated credit facilities for dairy and horticulture. This phase merges those legacy instruments into a single, unified Smallholder Credit Fund (SCF). A necessary evolution. It directly supports result area 2.2.1 of our MACS 2026-2029 by focusing on market enhancement and broader access to finance. The original pilot proved that organized smallholders become viable commercial partners. This new structure scales that logic up. It moves our embassy portfolio from isolated, crop-specific interventions to an integrated financial system. The approach mirrors the priorities found in the Uganda National Development Plan IV (agro-industrialization and increasing household income through local value addition) and the National Financial Inclusion Strategy, NFIS II, 2023-2028 (Expanding affordable credit and modernizing financial service). Both prioritize expanding affordable credit to modernize rural economies.

The expanded scope of the fund necessitates an updated economic rationale that better reflects the broader portfolio. The original rationale was appropriately tailored to the dairy pilot, focusing on Dutch animal feed millers sourcing local raw materials. With the inclusion of high-value commodities such as coffee, cocoa, vanilla, and horticulture, the economic case has naturally evolved. While the livestock sector continues to contribute to local supply chains, the additional crop value chains create new opportunities to strengthen trade links between organized Ugandan producers and European, including Dutch, buyers seeking sustainable and traceable sources. This broadens the fund's economic relevance, shifting from a focus on a single processing niche to supporting diversified, multi-commodity trade relationships with greater potential for long-term impact and commercial engagement.

This is well understood analyses and accepted by both the Embassy and PCP.

Rationale

What issue/problem will be addressed by the activity?

The FNS portfolio in Uganda is composed of several value chains and farming systems-oriented projects. It has been observed that there is lack of access to affordable credit which constraints adoption of technologies by SHFs. To obtain improved seeds, inputs and technical innovations like water supply, screen house development or processing equipment, financial means are needed that are often not available, also not at cooperative level. It forces farmers to sell directly after harvest, when the prices are low, as money is required for school fees, etc. or acquire expensive informal loans through 'loan sharks', who charge up to 10% per month.

Commercial banks perceive SHF/MSME to be too risky and the loans too small to cover the costs. Apart from that, banks lack proper understanding of the SHF/MSME needs, lack tailor-made products and have only limited relevant networks. Therefore, this market remains largely underserved by commercial banks. SACCO's on the other hand, although better aligned with farmer's interests and networks, lack capital to lend-on to these farmers and often good governance practices, which makes them risky to invest in.

Why does the activity help to address the issue/problem? Please explain the Theory of Change

The core mechanism transitions from a crop-specific credit line to an adaptive, multi-channel revolving facility. By injecting capital into wholesale retail partners, the fund drives smallholder commercialization. It addresses the market failure where commercial banks reject agricultural risks. The expanded facility moves beyond traditional SACCOs to incorporate agri-fintech networks and market-aggregating MSMEs. This diversification broadens our geographic reach. It directly mitigates the localized default risks inherent in single-sector lending.

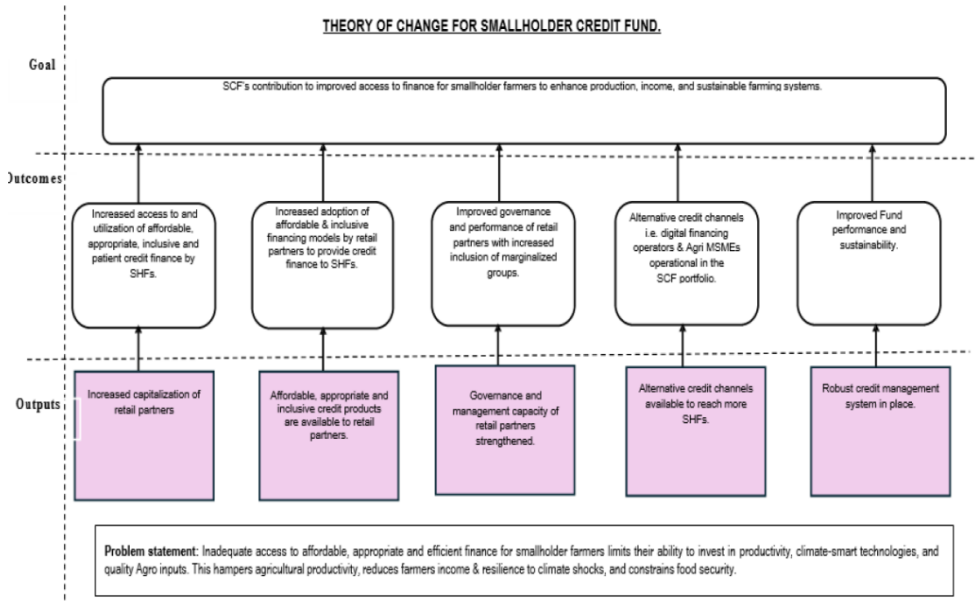
The financial logic changes to reflect the expanded multi-commodity scope. We no longer apply a uniform monthly rate across the entire portfolio. Instead, the fund introduces customized credit products that match the specific biological cash cycles of the new value chains.

Short-term trade finance supports quick-turn horticulture aggregation. Longer maturity cycles and flexible grace periods sustain farmers investing in, for example, coffee and vanilla rehabilitation. The revised model balances sustainability with affordability. It protects the capital base against defaults while driving down lending costs through digitized management information systems.

Operational risk management relies on a strict co-dependency framework.

The fund manager coordinates directly with embassy-funded technical projects. These programs handle farmer training and financial literacy. This targeted integration ensures that capital injections sync with technical capacity. It protects public funds. It ensures that credit functions as a tool for agricultural modernization rather than a driver of rural debt.

The detailed ToC (as visualised by PCP) is presented in the figure below:



Contextual analysis

Who is/are the target group(s) and why?

The primary target beneficiaries are Ugandan smallholder farmers and agri-MSMEs operating within clearly defined agricultural value chains. To reach them, the fund deploys capital through three distinct retail delivery channels: rural financial cooperatives, digital agri-fintech platforms, and market-aggregating agricultural enterprises. This multi-channel approach replaces the narrow architecture of the earlier dairy and horticulture phases. It spreads our credit exposure across different segments of the rural economy.

The expanded scope shifts the fund from a single-commodity focus to a diversified portfolio including livestock, cash crops, and staple food value chains. To manage this diversity, the fund establishes separate credit windows tailored to the specific biological and commercial cycles of each commodity. Short-term working capital facilities will service quick-turn horticulture and staple crops to fund immediate inputs and post-harvest aggregation. Structured medium-term loans with built-in grace periods will, for example, support perennial cash crops like coffee and cocoa, where smallholders require patient capital for rehabilitation and quality upgrades.

Who are the other main stakeholders?

The fund manager, PCP, makes capital available to SACCOs, SMEs, and Farmers Groups to lend directly to their members, keeping smallholder farmers as the principal beneficiaries. In this role, PCP provides direct oversight and compliance monitoring. We must be clear on the legal boundaries here. While they assist with field-level governance, their primary contractual mandate is safeguarding embassy capital through rigorous financial auditing. They cannot delegate this fiduciary duty.

The technical partners of the FNS projects work alongside the fund manager to develop credit products suitable for smallholders and MSMEs. They strengthen the everyday functioning and governance of SACCOs and other farmer organizations. This hands-on technical support and advice helps farmers use the credit effectively and manage production risks. It is a vital supportive element. However, field advice does not replace hard credit risk management. Ultimate financial liability for defaults and portfolio losses stays entirely with the fund manager.

To what extent have stakeholders been involved in formulating the proposal?

The proposal for the credit facility was designed by the fund manager, PCP, in close collaboration with the technical FNS project partners, EKN, DDE, and IGG. This joint approach ensures the fund aligns with ministerial guidelines and broader embassy programs. The delivery partners that PCP will work with are already known and identified based on operational networks from the previous dairy and horticulture phases.

While this institutional collaboration is clear, there is need to show that the consultation reached down to the retail level. It is dangerous to assume that local SACCOs will automatically accept new, multi-crop credit structures without operational friction. PCP must explicitly verify that these identified cooperative boards have been consulted on the revised interest rates and longer maturity cycles. Direct field verification prevents a mismatch between our policy goals and the actual borrowing capacity of the local retail network.

The Embassy (FNS and PSD teams) will work closely with PCP to monitor compliance by retail partners and ensure accountability for these standards.

Is the intervention aimed at a specific geographical location, and if so, why?

The intervention will be operational within the current intervention areas of our FNS projects, specifically Busoga, Lango, Kigezi, Tooro (Rwenzori), Elgon, and Buganda. The reason for targeting these specific locations is that the technical FNS projects are already active there, allowing PCP to work closely with them to safeguard our investments.

Any territorial expansion beyond these six defined zones will require a formal written amendment approved by the embassy. This restriction protects the portfolio from unchecked cost inflation. Managing credit lines across opposite corners of the country requires a heavy field presence. PCP is required to demonstrate that its fixed administrative allowance can absorb the logistical travel needed for regular, unannounced field audits in these distant regions.
The Embassy will closely monitor the fund manager's performance and promote a collaborative and adaptive approach to project management.

Added value

What is the added value of the Dutch government being involved in relation to other donors, the EU, NGOs and local authorities.
The added value of Dutch involvement comes from how we connect our existing food security grants with a targeted financial instrument. We are building directly on the networks developed over the years by partners like SNV and Agriterra. This keeps startup costs low. The intervention is economically viable from day one because we are not starting from scratch.
The second advantage relates directly to the trade interests of the Netherlands. The expanded portfolio introduces high value export lines like coffee and vanilla. These commodities align with international Dutch sourcing requirements. Organized smallholders produce the sustainable, traceable raw materials that European market buyers expect. We are using public capital to bridge local production with international commercial markets.
Are the recipients making an own contribution or co-participating in the activity, and if so, to what extent?
An own contribution by the partners, both PCP and the other FNS project partners, is limited. The costs for their activities/support have been budgeted and will be paid for by the interest coming from SHF/MSME through SACCO's and other beneficiaries. As part of the project, PCP is committed to find additional investors to enlarge and prolong the fund and expand into other value chains.
The final recipients do not receive grants. They take on commercial debt. Their primary financial contribution comes through the interest payments that fund the local administration of the credit lines. They also provide local security through physical assets, group guarantees, or co-guarantor structures required by the retail lenders.

For agri-MSMEs accessing capital for storage facilities or processing machinery, the fund manager enforces a strict co-investment rule. These businesses must provide a minimum matching contribution of twenty percent in cash or existing equity. This requirement ensures that local commercial partners share the financial risk. It prevents the embassy from fully subsidizing private capital acquisitions.

At the institutional level, the participating SACCOs contribute their own balance sheets, local staff, and physical branch networks to manage and recover the loans. The embassy funds provide the necessary liquidity to expand into riskier agricultural lines, but the local cooperatives retain the primary operational risk.

Lessons learned

What lessons learned (from previous or comparable activities, published evaluations, relevant publications) will be addressed by the activity?
The DHCL provided clear evidence that rigid credit products fail when applied broadly across the agricultural sector. We learned that applying a uniform monthly repayment schedule across different commodities creates immediate default risks. Daily or weekly dairy cash flows can service short-term interest. Perennial crops like coffee and vanilla require structured grace periods that match their highly seasonal harvest curves. This amendment fixes that past mistake. It replaces the one-size-fits-all lending model with customized loan maturities designed around the actual biological cycles of the new value chains.
Another critical lesson centers on institutional capacity at the retail level. The mid-term review showed that injecting capital into weak SACCOs without tying the money to specific management benchmarks leads directly to high non-performing loans. Local presence does not replace tight financial controls. The new phase addresses this vulnerability by linking capital disbursements to the implementation of digitized management information systems and verified governance audits. We no longer assume a rural cooperative can handle a large portfolio expansion based on geography alone. Credit lines will expand only after the retail partner proves its operational capacity.

Gender

Does the proposal include a gender analysis?
The document sets clear demographic targets, specifically allocating forty percent of the credit facility to women. However, it lacks a structural gender analysis. To make this target operational, the fund must look beyond basic quotas and address the systemic barriers women face when trying to access agricultural credit. Traditional bank lending relies heavily on land titles for collateral, an asset class that smallholder women rarely own.
The revised framework fixes this gap by embedding specific credit mechanisms tailored to these realities. PCP will require its retail SACCO networks to accept non-traditional collateral, including group guarantees, chattel mortgages on movable equipment, and verified supply-chain contracts with agribusiness buyers. This shifts the risk assessment from fixed asset ownership to cash flow viability. By partnering with agri-fintech platforms that use digital transaction histories instead of land titles to score credit, the fund naturally expands access for female entrepreneurs.
Does the proposal justify the target group's gender-specific interests and needs (and why)?

The proposal sets a 40% lending target for female-led enterprises and smallholders but does not provide a data-driven justification or a clear baseline. To move beyond a paper exercise, the fund manager must establish the actual starting point across the participating SACCOs. This target must connect to the specific roles women play in the new value chains. In coffee and cocoa, women often provide the bulk of the labor for harvesting and drying. Yet men control the marketing and the cash. The justification needs to show how the fund will target financial products directly to these operational realities.
PCP will require retail partners to track gender-disaggregated portfolio data monthly. We need to see where the blockages occur. If women are rejected at higher rates due to a lack of traditional security, the fund will deploy specific de-risking mechanisms. This includes partial risk guarantees specifically for female-borrower portfolios. This grounds the 40% target in financial reality.
This has been discussed with PCP, which has confirmed its commitment to comply.

Have women and young people been included in the stakeholder analysis?

The stakeholder analysis mentions women and young people primarily as target groups rather than active project participants. This represents a gap in the institutional mapping. To ensure compliance with embassy guidelines, the stakeholder framework must be expanded to analyze these groups based on their institutional influence, financial behavior, and organizational voice within the rural financial network.
The fund manager will revise the stakeholder matrix to explicitly evaluate the power dynamics between traditional cooperative leadership and underrepresented members. This analysis will guide the governance requirements for participating SACCOs. By mapping out the specific operational barriers faced by women-led farming collectives and youth business networks, the fund can establish clear credit allocation rules. This active assessment ensures that local financial intermediaries do not simply default to servicing their traditional, male-dominated client base.
The Embassy will monitor the manager's compliance on gender issues.

Climate change

Does the proposal include an analysis of the possible effects of climate change on the activity or its results?

The proposal acknowledges the importance of climate-related risks. Given the expanded scope of the fund, it would benefit from a more localized assessment of how these risks may affect the different crop portfolios. Integrating crop- and region-specific climate considerations into the credit appraisal framework will strengthen risk management and support more informed lending decisions.
SACCOs operating in higher-risk areas should be encouraged to demonstrate that borrowers are adopting appropriate climate-resilient practices, such as shade intercropping or basic water harvesting. The fund manager could also consider introducing flexible repayment arrangements that may be activated following verified extreme weather events, further enhancing the resilience of both borrowers and the fund.
These measures have already been discussed with PCP, and their importance is well understood.

Does the proposal include any interventions to combat these effects (adaptation/mitigation)?

The proposal recognizes the importance of climate resilience but could further strengthen its approach by moving beyond technical guidance towards more explicit operational measures that protect the portfolio from climate-related shocks. Integrating climate adaptation considerations into credit conditions would ensure that environmental resilience is embedded as a core requirement for accessing capital, thereby strengthening the protection of the fund's investments while supporting borrowers and retail partners to adopt more sustainable and resilient practices.

PCP will introduce specific climate-smart lending criteria for all participating retail networks. Agri-MSMEs applying for loans to upgrade processing facilities must include water-harvesting systems or energy-efficient machinery in their business plans. For smallholders, credit lines for perennial crops like coffee and cocoa will be tied to verified adaptation practices, such as planting indigenous shade trees or using organic mulching to retain soil moisture.

The fund will also explore partnerships with local agri-fintech providers to offer index-based weather insurance. This insurance can be bundled directly into the loan packages for high-risk zones like Elgon and Busoga. If a verified drought or landslide occurs, the insurance payout covers the interest payments, preventing a sudden spike in defaults. These practical financial triggers turn climate analysis into a functioning risk-management system.
This will be further elaborated with PCP, including a request for their commitment to comply.

Cooperation, harmonisation and alignment

Does the activity involve cooperation with Dutch organisations, the EU or other donors (including delegated cooperation), local organisations or other parties?

The proposal highlights the participation of established Dutch organizations, specifically SNV and Agriterra, but treats this collaboration as an informal operational alliance.

To eliminate reporting silos and capture accurate portfolio insights, the embassy will mandate a more unified Monitoring and Evaluation (M&E) framework through a working group connecting PCP with the technical grant partners. This structure moves beyond passive discussions to establish standardized data collection protocols. When technical partners track farm-level productivity gains or cooperative governance improvements, that data must flow directly into PCP's credit risk assessment models. Conversely, PCP's data on loan repayment trends and cash flow health will be shared with the technical teams to identify

where further agronomic or management training is required.

We will establish quarterly portfolio review sessions where raw data on both structural defaults and operational breakthroughs are jointly analyzed. This systematic feedback loop ensures that failures trigger immediate adjustments in technical assistance, while successes are rapidly commercialized through the credit pipeline.
An M&E working group of Dutch funded FNS projects has been initiated by the Embassy and coordinated by SNV. PCP is a member of the M&E working group.
How does the activity contribute to harmonisation and/or multi-donor financing?
The proposal claims a contribution to harmonization by aligning internal Dutch assets, but it misses the broader requirement of external donor coordination within the Ugandan agricultural finance sector. To prevent market distortion and duplication of public capital, this facility must actively align with existing multi-donor frameworks, such as those managed by aBi Development and KfW. Operating independently risks creating conflicting interest rate benchmarks and overlapping credit lines at the SACCO level.

The fund manager can anchor this intervention within the Agricultural Finance Working Group and relevant national donor coordination platforms. PCP can establish formal information-sharing protocols with other major development finance initiatives to map out active liquidity lines across rural financial institutions. This mapping could ensure our credit allocations complement, rather than duplicate, existing tier-four regulatory capacity-building programs.
This will be further elaborated with PCP, including a request for their commitment to comply.
What is the degree of (policy and financial) alignment?
The degree of alignment is partial.
We maintain low financial alignment, bypassing public treasury and national budget channels to avoid fiduciary risk. The capital flows directly from the embassy to the private fund manager and retail intermediaries.
Conversely, we maintain high regulatory alignment. We use Uganda's statutory benchmarks as our mandatory credit covenants. Disbursement is tied to the prudential standards of the Uganda Microfinance Regulatory Authority and the export frameworks of the Uganda Coffee Development Authority.
Digitalization
Have proposed digital technologies been developed or chosen in collaboration with end-users?
The proposal relies on off-the-shelf, proven digital tools rather than untested, bespoke software solutions. This is the only acceptable approach. The digital infrastructure selected for the PCP credit facility—specifically for credit scoring and loan monitoring—must meet three strict operational criteria:
1. Given the intermittent power and data connectivity in rural areas like Elgon and Busoga, all mobile interfaces used by SACCO officers must function in offline mode. Data synchronization must occur automatically once a connection is re-established. We cannot tolerate systems that stall or lose data due to local infrastructure gaps.
2. The software must run on standard, low-cost handsets that are already in use by field staff. Requiring specialized, proprietary hardware introduces unnecessary procurement risks and creates a dependency that we cannot sustain or repair.
3. The digital traceability systems for coffee and vanilla export compliance must be optimized for low-bandwidth environments. Complex cloud-based visualization tools are useless if they cannot load on a basic 3G signal.
By rejecting experimental tech in favor of proven, low-infrastructure solutions, we minimize operational downtime and reduce the technical support burden on the fund manager. We are not paying for a digital transformation project. We are paying for a reliable credit delivery system. We need to check this in more detail
Does the proposal include an analysis of the local digital ecosystem?
Yes, however, the analysis could be further strengthened by incorporating an assessment of the local digital ecosystem to provide a more complete understanding of the operating environment and enhance risk management. A review of the following critical dimensions would help ensure the facility is well positioned for effective implementation on the ground:

1. The proposal recognizes the importance of Uganda's digital financial landscape and the role of the two primary MNOs in enabling financial transactions. Given the facility's reliance on digital channels, the analysis could be further strengthened by providing greater detail on the costs, stability, and interoperability of these providers. Ensuring that the system does not depend on a single MNO will help mitigate operational risks and support continuity of loan disbursements and repayments in the event of network disruptions or changes in service conditions.
2. While the Bank of Uganda has a consumer protection policy, the regulatory framework for digital agricultural finance is still evolving. The analysis must identify the current compliance requirements for digital lending, including data protection laws and the licensing status of any third-party fintech partners we intend to use. We cannot expose embassy funds to platforms that are not fully licensed or that operate in a regulatory grey area.

This is an area the Embassy will discuss further with PCP during implementation to ensure it is appropriately addressed and refined as needed.

Is data security guaranteed?

Data security is not a default setting; it is a critical cost item and a compliance requirement. The proposal is not explicit about how it fulfills the obligations of the Uganda Data Protection and Privacy Act (2019) and mitigates the liability of the embassy. We will not accept a generic assurance of security.

The following safeguards are mandatory:

1. Before the first digital credit is disbursed, the fund manager (PCP) must conduct and submit a DPIA. This assessment must identify potential vulnerabilities in data collection, storage, and sharing between SNV, Agriterra, and the retail SACCOs. We need to know who has access to which data point and why.
2. We require formal, legally binding contracts with every third-party technology vendor. These agreements must stipulate that the data controller retains ownership and responsibility for the data, and that processors are liable for any breach or unauthorized sharing. If a fintech partner cannot sign an indemnity clause for data handling, we do not partner with them.
3. Given the sensitivity of farm-level geolocation data required for EUDR compliance, all digital tools must incorporate informed consent modules. Farmers must opt-in to the collection of their GPS coordinates and farm production data. This is not just a moral requirement; it is a legal one.
4. We require confirmation that data is stored in compliance with the Personal Data Protection Office (PDPO) standards under NITA-U. We must avoid "shadow" cloud storage where farmer data is hosted offshore without clear legal recourse.

We have to treat data as a high-value, high-risk asset.

Is duplication avoided?

We are not here to fund proprietary software development if existing platforms already cover the market. Before approving any digital build, the fund manager must verify that our tools do not overlap with existing donor-funded or commercial apps in the Elgon, Busoga or other regions of operation. A market scan is needed of active digital agricultural platforms. If a compatible, scalable solution exists, it needs to be integrated.

Are digital solutions locally sustainable/relevant?

Sustainability hinges on economics, not technology. We require these tools to pay for themselves by reducing the administrative cost per loan. Subscription fees must at a certain time be integrated into the SACCOs' operating margins before our support ends. We will not maintain indefinite subsidies.

Vendor lock-in is a critical risk. We mandate open-standard software and full data ownership for all partners. If a provider fails or increases prices, the SACCOs must be able to export their data and switch systems.

Issues on data will be further elaborated with PCP, including a request for their commitment to comply.

Results

Food and Nutrition Security

2. Improving the performance, sustainability and resilience of smallholder farming systems

Our 2030 target is to double productivity and income of 8 million small scale food producers and to convert 8 million hectares of farmland to sustainable land use.

Indicators

Description how the activity contributes to the result area Improving the performance, sustainability and resilience of smallholder farming systems

Measurements: The Dairy and Horticulture Credit Facility improves the acces to finance for SHF which contributes to their sustainability. The DHCF also looks at new financial products related to climate matters, to improve the resilience of SHF.

- Individual result: PCP contributes to improving income by providing loans to SACCOs whom then at a lower interest rate can lend out to smallholder farmers. This will increase their income and with our technical partners they will increase their productivity.
  Comment:
- Individual result: PCP gives out loans to SACCOs whom then gives out loans at an affordable interest rate to smallholder farmers. They also look into developing new financial products (e.g. related to specific climate risks).
  Comment:
- Individual result: The Dairy and Horticulture Credit Facility improves the access to finance for SHF which contributes to their sustainability. The DHCF also looks at new financial products related to climate matters, to improve the resilience of SHF.
  Comment:
- Individual result: The Dairy and Horticulture Credit Facility improves the access to finance for SHF which contributes to their sustainability. The DHCF also looks at new financial products related to climate matters, to improve the resilience of SHF.
  Comment:

B.0. Improvements towards desired changes, transitions or transformations in the agricultural sector

Measurements: Desired change is that access to finance for SHF will be improved and there are several new credit products on the market adatpted to the SHF.

- Individual result: Transition to work on more demand driven (by SHF) products and climate related financial products. This is still in process.
  Comment:
- Individual result: PCP is working on affordable loans to smallholder farmers and increasing access to finance and their income. They also work on new financial products.
  Comment:
- Individual result: Desired change is that access to finance for SHF will be improved and there are several new credit products on the market adapted to the SHF.
  Comment:
- Individual result: Desired change is that access to finance for SHF will be improved and there are several new credit products on the market adapted to the SHF.
  Comment:

B. Productivity and Income

Indicators

Outcome B.1.3. Number of female SSFPs who progressively became more empowered

Measurements: Baseline: 0 Target: 9740

- Individual result: 226
  Comment:

- Individual result: 74
  Comment:
- Individual result: 266
  Comment:
- Individual result: 2078
  Comment:
- Individual result: 1104
  Comment:
- Individual result: 5087
  Comment:

Reach B.2.1. Number of SSFPs directly reached with activities aimed at structural/systemic improvement of their agricultural performance
Measurements: Baseline: 5200 Target: 24350

- Individual result: 518
  Comment:
- Individual result: 282
  Comment:
- Individual result: 1125
  Comment:
- Individual result: 4759
  Comment:
- Individual result: 3487
  Comment:
- Individual result: 10982
  Comment:

Private Sector Development

3. Strengthening the financial sector

SDG target(s): 8a, 8.1, 8.3, 8.4, 8.5, 8.8, 8.10, 10.2, 17.11. Short description: The result area 'strengthening the financial sector' strives for a financial sector that offers a larger range and volume of inclusive financial MSME products in an increasingly diverse and conducive financial ecosystem ("financial inclusion"). MSMEs utilise these inclusive financial products to grow and provide jobs and provide opportunities to underserved groups.

Indicators

3.Q. Number of MSMEs that obtain financial services. (IATI code XXX0017)
Measurements:

- Individual result: 518
  Comment:
- Individual result: 282
  Comment:
- Individual result: 30
  Comment:
- Individual result: 33
  Comment:
- Individual result: 41
  Comment:
- Individual result: 44
  Comment:

Monitoring and evaluation

Monitoring

- *Specify what reporting information is required for this activity, based on the activity analysis decision tree (see Help). Include the following elements:*
- *Planning versus realisation: tracking progress against predetermined objectives as laid out in the project proposal.*
- *Performance and quality: checking relevance and appropiateness of the implementing organisation's performance based on key assumptions in the proposal and the outcomes of the risk analysis.*

Pay attention to the method and frequency of monitoring and describe the roles and repsonsibilities. For further information, see Help.

The Embassy will monitor PCP's management of the fund, including the absorption and revolving use of capital by participating SACCOs and other beneficiaries. This will be assessed through regular reporting, review meetings, and field visits to participating SACCOs, farmers, and other beneficiaries.

PCP will monitor SACCOs and other beneficiaries to ensure that the target groups are reached, with at least 80% of financing benefiting smallholder farmers and MSMEs, while also tracking outreach to women and youth. In addition, PCP will monitor progress in governance, product development, financial management, capital integrity, outreach, development impact, and tiered cooperative outreach against agreed performance targets.

Evaluation

Describe whether a final evaluation and/or a mid-term review has been planned. If yes, state:

- *who will commission the final evaluation and/or mid-term review (for options, see Help):*
- *whether the procedure and practical arrangements have been agreed on with the implementing organisation (for details, see Help):*

A final evaluation will be organized (and paid for) by the Minister.

Finance

parts of it has been copied from the original bemo in blue Adjustment in Orange

Budget breakdown

- Include an overview of the activity budget, including overhead costs.

  The overall budget of this activity is divided as follows:
  PCP/Dairy sector EUR 3,000,000
  PCP/Horti sector EUR 3,000,000
  Evaluations EUR 200,000
  Separate contracts will be signed with PCP.
  The embassy will be responsible for the hiring of consultants to execute external evaluations for both components.

  Revised

Category	2022/23	2024	2025	2026	2027	2028	2029	2030
1. INFLOW (EUR)								
Donor Tranches (of the €8M)	2.958.740	2.428.431	398.964	2.110.181	-	-	-	-
Interest received from Bank Account	-	-	-	27.700	42.521	49.413	57.426	160.272
Interest received from SACCO	24.305	141.206	300.864	919.336	1.143.361	1.287.095	1.450.424	1.579.820
Commitment fees	10.912	22.184	19.015	53.920	45.378	51.531	59.931	12.761
SACCO Repayments (Principal)	6.086	373.138	979.122	2.099.632	3.490.970	4.098.351	4.808.315	10.881.050
Total Inflow (A)	**3.000.043**	**2.964.959**	**1.697.965**	**5.210.769**	**4.722.231**	**5.486.391**	**6.376.095**	**12.633.903**
2. OUTFLOW - COSTS (EUR)								
Sub Total - Management Fees (4%)	255.505	255.140	143.939	215.679	274.082	291.223	311.334	230.265
Sub Total - Fund Operations	69.270	43.190	75.786	101.891	54.028	88.199	57.318	59.038
Sub Total - Technical Assistance	-	-	-	106.250	87.415	71.271	-	-
Sub Total - Loan Write-offs (3% Risk)	-	-	-	75.474	115.858	134.636	156.468	311.522
Total Outflow Costs (B)	**324.775**	**298.330**	**219.725**	**499.294**	**531.384**	**585.330**	**525.121**	**600.824**
3. REVOLVING PORTFOLIO (EUR)								
New Loans Disbursed to SACCOs	998.053	1.554.589	2.883.143	5.156.754	4.339.882	4.928.308	5.731.642	1.220.454
Total Disbursed (C)	**998.053**	**1.554.589**	**2.883.143**	**5.156.754**	**4.339.882**	**4.928.308**	**5.731.642**	**1.220.454**
4. FUND MONITORING BALANCE (EUR)								
Opening Cash Balance	-	1.677.215	2.789.255	1.384.352	939.072	790.037	762.789	882.122
Net Cash Flow of the Year (A - B - C)	1.677.215	1.112.040	-1.404.903	-445.280	-149.036	-27.247	119.333	10.812.625
Closing Cash Balance	**1.677.215**	**2.789.255**	**1.384.352**	**939.072**	**790.037**	**762.789**	**882.122**	**11.694.747**

  At the request of the Implementing Partner, the HCL and UDCF accounts have been consolidated into a single SCF fund. The Embassy management of revolving funds is restricted, we however obtained specific approval from IGG and DDE to top up the existing balance with EUR 2M. This capital injection bridges the gap. It ensures project continuity until the central (revolving) fund management under DDE becomes operational.
  The accompanying budget overview reflects this merger. The revised format simplifies progress monitoring. It provides a transparent view of the various inflows and outflows. The new overview gives These updates ensure the financial administration remains clear and accurate during this transition period

- Is the budget arithmetically correct

  Yes. The calculation is documented in Sophia: MINBUZA-2026.247847. This file is considered the definitive baseline for our assessment.

- Are the amounts/rates in the budget acceptable?

  Although the funding will be in EUR, the actual loans given out will be in UGX.

  Note: option to have the agreement in UGX was verified with FEZ, which in turn advised it is not the norm that transactions via the local account are made for such high amounts i.e. high balance kept in local bank account.
  PCP charges 4% of the fund size for fund manager base fees and 1% of the fund size as administration charge per annum for the first two years of operation. Thereafter the staff related costs will be catered for by deployment and loan collection fees.

  The costs PCP charges for managing the fund seems, taking into account the limited size of the fund, in line with common practice in Uganda. However, after two years there will be a midterm review in which the costs PCP estimated will be assessed as well.

  These administrative costs will be covered from the capital pool for the first two years of operation and subsequently from the revolving operations. It is anticipated that the deployment and loan collection fees will cover staff-related expenses once the fund manager's base fee lapses in the second year. The deployment and collection fees will further cover other training and field expenses incurred while managing the counterparties.

  The management/administration fees in UGX are divided as follows per annum per contract:

Fund management fees (Base fee portion) break down	Amount Shs '000'
Staff costs	350,400
Staff training costs	21,900
Travel expenditure (incl perdiem costs, accomodation etc)	47,280
Others (including internet, airtime, etc)	12,000
Rent of the two regional offices	21,900
	453,480

Fund operational expenditure break down	Amount Shs '000'
Credit Committee fees	43,800
Legal and professional fees	32,340
Audit fees	10,950
Tax Advisory fees	3,650
Insurance - Professional indemnity	18,250
Others (bank charges	4,380
	113,370

To determine the best interest rate PCP makes use of the fund economic model, where they have deduced the interest rates that the Fund needs to charge to SACCOs / Coops so as to achieve financial sustainability over a ten-year fund life under the assumptions of no recapitalisation by new investors and loan default rates of 5% p.a. (default rate on loans by SACCOs / Coops) – all while being competitive in the market to ensure uptake of the loan products.
Fund sustainability denotes that the Fund can self-finance itself, with positive cash flows, and without external financing.

below table shows that the Fund would need to charge SACCOs / Coops an interest rate of 8%p.a. on the UGX in order to remain financially sustainable.

Interest rate to Saccos in UGX		Saccos lending margin to SHF		Interest rate to SHF in UGX	
per annum	monthly	per annum	monthly	per annum	monthly
6%	0.5%	12%	1%	18%	1.5%
8%	0.7%	12%	1%	20%	1.7%
12%	1.0%	12%	1%	24%	2.0%
15%	1.3%	12%	1%	27%	2.3%
18%	1.5%	12%	1%	30%	2.5%
21%	1.8%	12%	1%	33%	2.8%
24%	2.0%	12%	1%	36%	3.0%
27%	2.3%	12%	1%	39%	3.3%
30%	2.5%	12%	1%	42%	3.5%

The new budget reflects a hard-won consensus achieved after several intense negotiation sessions regarding the management fee. We ultimately settled at 4% despite significant pressure for higher figures (without percentages).
The most significant achievement lies in the adjustment of the retainer structure. PCP initially proposed a retainer equal to 20% of the entire fund volume. We rejected that model. We successfully negotiated that requirement down to 20% of the **actual profit** generated by the fund. This structure serves our interests by aligning the manager's compensation directly with project performance. It protects the core capital from being depleted by fixed overheads. We have arrived at a sustainable financial agreement that balances operational needs with fiscal discipline.

- Briefly explain the structure of the budget.

The overall budget of EUR 6 mln will be spread over 2 contracts. Per contract, NL will only provide capital to PCP that will be fully used to provide loans besides the management fees and staff related costs. Per EUR 3 mln per contract, EUR 2,65 will go towards loans. See tables below on the Dairy and Horticulture sectors respectively.

EKN DIARY PROPOSED CAPITAL DRAWDOWN AND EXPENSES
SCHEDULE FOR THE FIRST TWO FINANCIAL YEARS (2022/23, 2023/24. 2024/25)

Financial Years (30th June)	2022/23	2023/24	2023/24	2024/25
Proposed budget for 6 months	6 months (Jan - Jun)	6 months (July - Dec)	6 months (Jan - Jun)	6 months (July - Dec)
Expected payment month (in advance)	Jan-23	Jul-23	Jan-24	Jul-24
	EUR	EUR	EUR	EUR
Details				
Loans	520,000	810,000	675,000	645,000
Management Fees (Base Fee)	67,500	67,500	67,500	67,500
Fund admin fee (Incl ic fees, audit, tax, legal	15,000	11,000	19,000	15,000
Baseline survey costs	20,000	-	-	-
	622,500	**888,500**	**761,500**	**727,500**

EKN HORTICULTURE PROPOSED CAPITAL DRAWDOWN AND EXPENSES SCHEDULE FOR THE FIRST TWO FINANCIAL YEARS (2022/23, 2023/24 2024/25)

Financial Years (30th June)	2022/23	2023/24	2023/24	2024/25
Proposed budget for 6 months	6 months (Jan - Jun)	6 months (Jul - Dec)	6 months (Jan - Jun)	6 months (Jul - Dec)
Expected payment month (in advance)	Jan-23	Jul-23	Jan-24	Jul-24
	EUR	EUR	EUR	EUR
Details				
Loans	550,000	800,000	780,000	550,000
Management Fees (Base Fee)	60,000	60,000	60,000	60,000
Fund admin fee (Incl ic fees, audit, tax, lega	15,000	11,000	19,000	15,000
Baseline survey costs	20,000	-	-	-
	645,000	**871,000**	**859,000**	**625,000**

The new structure follows a standard cash flow accounting model designed for a revolving fund. It tracks capital from receipt to deployment and eventual reconciliation.
Section 1 identifies all liquidity sources. This captures donor tranches alongside internal revenue generated from bank interest and loan repayments. It provides a clear picture of total funds available.
Section 2 tracks operational expenditures. It separates management fees and technical assistance costs from the contingency fund for loan write-offs. This allows for clear monitoring of burn rates.
Section 3 focuses on the core lending activity. It isolates the capital disbursed to SACCOs to track the volume of the revolving portfolio.
Section 4 acts as the reconciliation point. By comparing the opening balance against the net cash flow of the year, it calculates the closing position. This confirms the financial health and liquidity status of the fund at year-end.

- **Revolvement of funds:**

Of the total contribution of 3 mln EUR (+- equivalent of UGX 11,7 billion) per contract, the Fund would disburse UGX 10,6 billion towards loans by Dec 2024. Thereafter, the Fund would operate as a revolving fund, deploying repayments received in the next year.

Sustainability of the fund is envisaged as:
- the fund charges an interest rate that achieves the desired impact of the fund i.e., 8% p.a. on the UGX to SACCOs / Coops
- which translates to small holder dairy farmers accessing credit from SACCOs / Coops at an annual maximum interest rate of 20% p.a. which is competitive in the market
- the embassy remains open to considering recapitalizing the Fund; and/or
- the embassy remains open to leveraging their anchor investment by allowing new third-party Donors into the fund.
PCP commits to best efforts to attract new Donors and / or Investors into the fund to lengthen its sustainability and developmental impact.

Phases:
The project will be implemented in three phases which will entail the Fund formation, Fund Investment and Fund recapitalization.

Implementation phase will start in October 2022 and the fund recapitalization to start at latest in December 2025.

The first phase (fund formation) will run from October-December 2022. Following the completion of the Fund formation/ setup activities, PCP will move to the investment phase which is envisaged to begin in the last week of January 2023. Within three years of the start of this fund, PCP plans to recapitalise the fund so as to enlarge it beyond the proposed original UGX 11.7 billion capitalisation. This recapitalisation will be by either on-boarding a new investor or attracting co-investment capital along the value chain.

Linking outputs to budget:

The budget will be put in the PCP-run fund and will be used to capitalize SACCO's who on their turn will provide small loans to SHFs and MSME's, contributing to the outputs identified above.

In this case the budget can be suitable as a management tool, where the budget can be linked to the following outputs
- Amount of capital provided to SACCO's by the FM
- Times the capital has been reinvested in SACCO's
- Number of SACCO's that has been capitalized by the FM
- Number of loans to SHF and MSME, especially women and youth
- Improved corporate governance of Sacco's
- Improved literacy of SHF and MSME

- Women in credit board of SACCO's
- Women and youth have access to credit
- Times the available capital has been lend out to create impact

- Are overheads proportional to outputs? What is included? What is recharged?
  The overhead scales directly with output. At 4%, it sits on the higher side. We debated this at great length before granting approval, keeping in mind that development cooperation funds require a different financial approach than a standard revolving fund. To offset this, we fought hard on the performance fee. We successfully reduced it and tied it strictly to concrete results. Initially PCP asked to have the performance fee on the total funds, now the performance is on the profit of the fund. And no performance = no payout.
- Is implementation conditional on the budget being amended in an inception phase? (Specify the requirements that the budget must satisfy and the date by which the budget must be amended)
  No inception phase is foreseen with this amendment

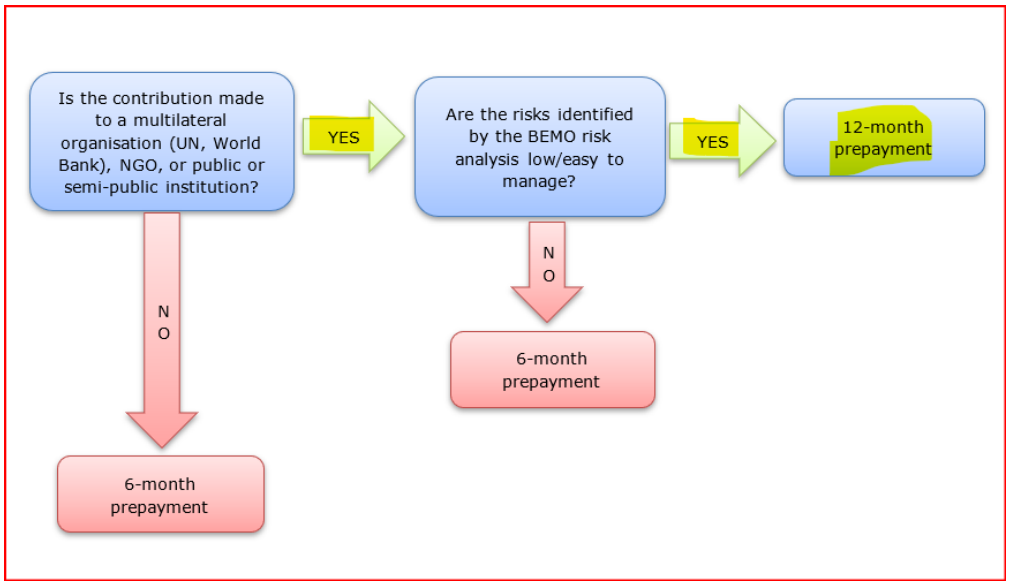
Earmarking

- Is the Dutch contribution to the programme earmarked (i.e. reserved for a specific purpose)? If so, specify the reasons why.
  NL is the only donor and will fund the full proposal of 2 x EUR 3,000,000.-. NL contribution will be fully put into loans for dairy farmers (except for management fees and operational costs).
  Note: the BEMO is for EUR 6,200,000.- as 2 agreements will be signed with PCP (Dairy and Horticulture components).
  For the evaluations of the two funds, 200,000 is reserved. These evaluations will be commissioned and financed directly by the embassy.
  The earmarking remains consistent with the initial programme design (non-earmarked). We have removed the €200,000 allocation previously set aside for evaluation. This shift does not imply a reduction in scrutiny. It reflects a change in methodology. The evaluation activities will be moving forward in new (a) IMPACT(s)

Prepayments

- Based on the prepayment decision tree (see Help), do the payments need to be entered as prepayments and why? In the case of a lump sum, assess this against the applicable criteria and give the reasons for your choice.
  Not revised, but to make the assessment complete

Management capacity	***Risks at activity level***	***Value***	***Information required***
Adequate	*High/moderate*	*> €5,000,000*	*- Audit opinion* *- Report of findings* *- Additional measures to assess deliverables*
		> €500,000	*- Additional measures to assess deliverables*
		< €500,000	*- Financial report* *- Narrative report*
	Low	*> €5,000,000*	*- Audit opinion* *- Report of findings*
		< €5,000,000	*- Financial report* *- Narrative report*



- What is the maximum percentage that can be paid as prepayment, and why?

  In total pre-payment will be made up to 95% of the total contribution. Pre-payments will be for a maximum period of 6 months with the exception of the first payment. This will be for 9 months, as it enables PCP to start fund formation followed by fund investment.

  The first installments of EUR 622,500.- and EUR 645,000.- for the Dairy and Horticulture components respectively, will be implemented by PCP to startup phase I, followed by the issuing of loans in the period of January-June 2023.

  Follow-up payment(s) will be based on the liquidity needs not exceeding a period of 6 months. PCP as the fund manager will call for funds based on a disbursement schedule which is shared every quarter/half year based on estimates of deployed funds and fund costs over a two-to-three-year period.

  The release to the final payment (up to a maximum of 5% of the total contribution) will be determined on the outcome of the midterm review, which is planned after 2 years of implementation.

  The fund must revolve at the highest possible velocity to be effective. The objective is straightforward : maximize credit for the smallholder farmers, as they are the true beneficiaries. We have revised the contribution agreement to reflect this priority. The five percent withholding now applies **solely to the technical assistance budget line**.
  This change keeps our primary capital intact for lending operations. It ensures we keep the money where it creates actual value.

- Which are the reporting obligations on the basis of which prepayments can be closed?

  PCP will submit project specific annual narrative and financial reports as well as annual audit reports. The prepayments related to management/administrative costs will be settled based on a combination of financial and audit reports. The accountability (settlement) of prepayments related to loans will be based on the outcome of the midterm review, which will be held after 2 years of implementation. The midterm review will give insight how many times the initial fund for loans can be revolved in what timeframe.
  Prepayments will be closed only upon the submission and full assessment of all reports (including all audit reports) and the receipt of all required programmatic reports.
  The Horti-commitment will be closed after the SCF (UDCF) can be closed. The open pre-payments of the Horti commitment can only be close after determination of the total contribution of the activity

Available resources

Initially

Available resources

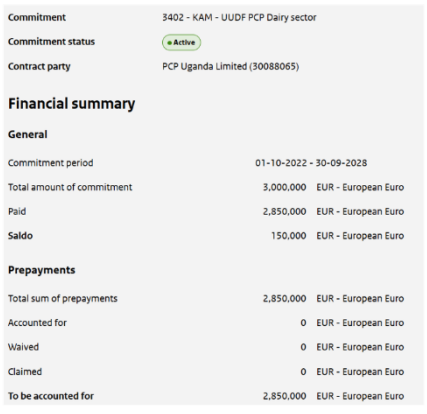
	Foreign currency	EUR
Implementing organisation's own contribution		
Firm commitments by other donors (for each donor)		
Dutch contribution		*6,000,000*
Evaluations of the two funds		***200,000***
Total available resources		***6,200,000***
Budget needed		***6,200,000***
Still to be financed		***0***
Soft commitments by other donors (for each donor)		*0*
Uncovered balance		***0***

Revised

	Foreign currency	EUR
Implementing organisation's own contribution		0
Firm commitments by other donors (for each donor)		0
Dutch contribution		8,200,000
Total available resources		8,200,000
Budget needed	Programme PCP Evaluation	8,000,000 200,00
Still to be financed		0
Soft commitments by other donors (for each donor)		0
Uncovered balance		0

The program operates through two specific financial commitments in IMPACT.
We have the HCL and the UDCF. Combined, these held a total volume of EUR 6,000,000.
While activity under the HCL will diminish, we must maintain strict oversight of its ledger. Every euro transferred to the HCL requires full reconciliation before the program concludes.
The new funding to expand the reach of our work of EUR 2,000,000 is added to the UDCF commitment. Aside from this increase, any unspent funds currently sitting in the HCL budget will move to the UDCF. This action ensures we keep the full EUR 8,000,000 active for our operations. It keeps our financial reporting clean and positions us well for the upcoming audit.

Before shifting to the new amendment



Commitment	3402 - KAM - UUDF PCP Dairy sector
Commitment status	Active
Contract party	PCP Uganda Limited (30088065)

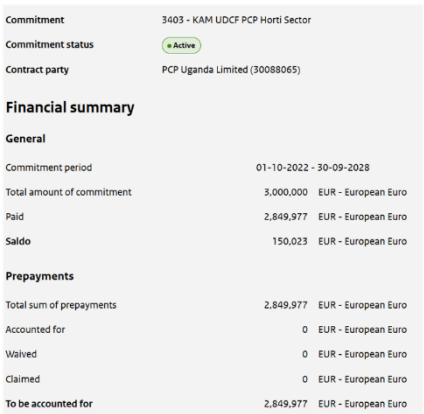
Financial summary

General

Commitment period	01-10-2022 - 30-09-2028	
Total amount of commitment	3,000,000	EUR - European Euro
Paid	2,850,000	EUR - European Euro
Saldo	150,000	EUR - European Euro

Prepayments

Total sum of prepayments	2,850,000	EUR - European Euro
Accounted for	0	EUR - European Euro
Waived	0	EUR - European Euro
Claimed	0	EUR - European Euro
To be accounted for	2,850,000	EUR - European Euro



Commitment	3403 - KAM UDCF PCP Horti Sector
Commitment status	Active
Contract party	PCP Uganda Limited (30088065)

Financial summary

General

Commitment period	01-10-2022 - 30-09-2028	
Total amount of commitment	3,000,000	EUR - European Euro
Paid	2,849,977	EUR - European Euro
Saldo	150,023	EUR - European Euro

Prepayments

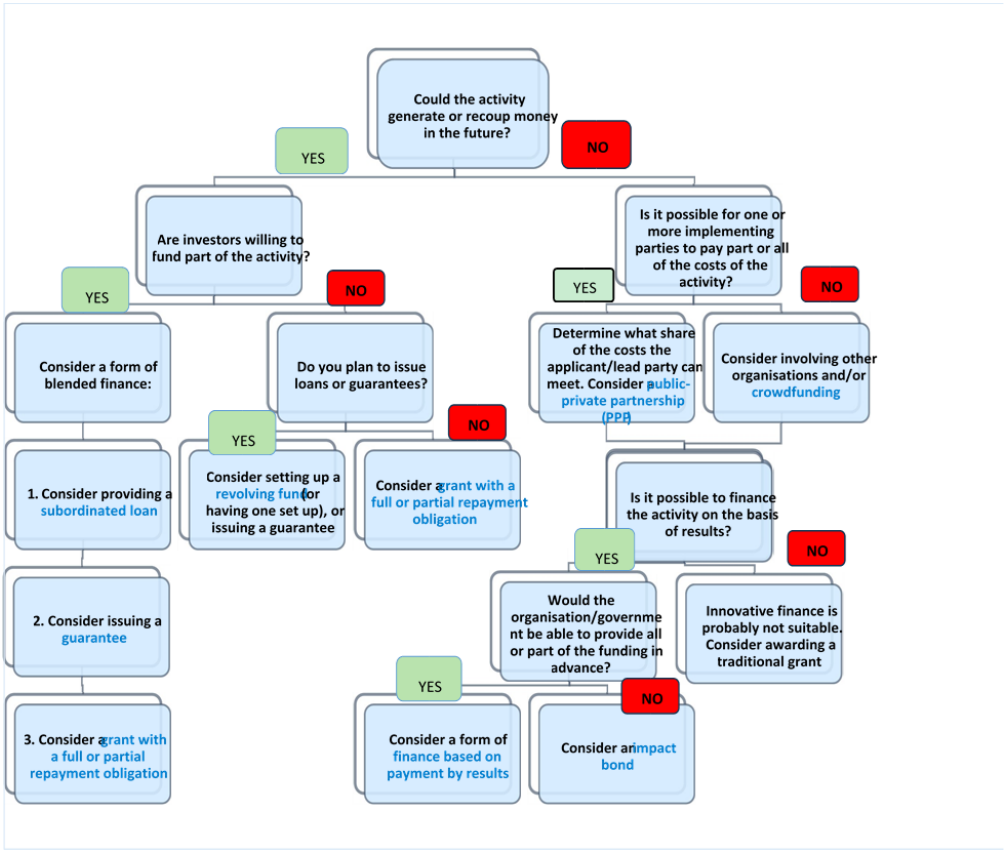
Total sum of prepayments	2,849,977	EUR - European Euro
Accounted for	0	EUR - European Euro
Waived	0	EUR - European Euro
Claimed	0	EUR - European Euro
To be accounted for	2,849,977	EUR - European Euro

- Are there any non-financial contributions relevant to implementation of the activity, such as deployment of volunteers, availability of buildings, materials, etc.?
  n/a
  unchanged
- If there is an uncovered balance, how will this affect implementation of the activity (e.g. proportional reduction in outputs, omission of regions) and how will this affect the decision whether to fund this activity?
  n/a
  unchanged

Grant with a repayment obligation, loans, equity investment or guarantee

- Does the Dutch contribution take the form of a grant with a repayment obligation, a loan, an equity investment or a guarantee (either in whole or in part)? If yes, briefly set out the consequences for accounting and how correct processing in the financial records will be ensured.
  n/a
- Are there revolving funds? If yes, please explain what will happen to any residual funds, how closure will take place and which agreements should be made.
  Possibly. Reference is made to paragraph Prepayments. Besides the number of revolving the fund, the review will also determine what will happen with any residual funds and how closure will take place

  With reference to the guide of Innovative Finance for Development, this activity qualifies as a revolving fund. See table below



In this case funding is 'recycled' by means of a revolving fund. Loans will be issued that eventually need to be repaid to the fund manager. Once the loans have been paid back into the fund, the money can again be used to finance new activities.
After two years, during the midterm evaluation, a decision will be made on the future of the fund after the 9 years the fund is supposed to be running (see 'Evaluation').

Audit opinions

- Is an audit opinion required for the activity (see Help)? Briefly explain.
  Besides the PCP annual audited statements, PCP will issue separate audited financial reports, annual reports and project progress reports with the incorporation of the separate entity to host the dairy and horticulture credit funds
- Should the audit opinion be accompanied by an additional auditor's report (for example, on the risks set out above, or on monitoring that the organisation carries out on its prepayments to other organisations)?
  We have no requested in the past additional report, we have decided to keep this unchanges.
  At the end of the programme the performace of the fund will be measure by an independent auditor, that will measure the performance of the indicators as explained below

Category	Weight	Indicator	Target for 100% score
A. Capital Integrity	5%	Capital Preservation Ratio	>= 0.95 (Net EUR value vs. Initial Principal)
	20%	Cumulative Disbursement to SHF	>=EUR 48,000,000 (Total loans issued) • Level 1 >90% achievement = 20% • Level 2: >=85% achievement = 15% • Level 3: 60% to <85% achievement = 10% • Drop-off: <60 achievement = 0
	10%	Portfolio Quality (PAR30)	<= 12.0% of the active portfolio
	10%	Operational Sustainability	>= 100% Self-Sufficiency from Year 6
B. Outreach	15%	Smallholder Focus	>= 85% of the active loan portfolio
	10%	Gender Inclusion	>= 30% unique female borrowers
C. Development Impact	10%	Income Improvement *(The burden of proof for "Income Improvement" lies with the Other Party. If the Independent Verifier deems the baseline or progress data insufficient or unverifiable, the score for this category will be set to 0%)*	>=75% of borrowers report >= 20% increase in Net Farm Income • Level 1 >90% achievement = 10% • Level 2: >=85% achievement = 7% • Level 3: 60% to <85% achievement = 3% • Drop-off: <60 achievement = 0
D. Tiered Cooperative Outreach	10%	PCP Capital Transfer to Tier C and lower Sacco's	>40% of total capital disbursement should flow through Category C and lower SACCO's
E. Governance	10%	Audit Integrity	100% "Unqualified Opinion" for **all** years of the term