



FINDING XY

EVERY ENTREPRENEUR SHOULD BE SUPPORTED

WOMEN IN AGRICULTURE IMPACT INVESTMENT FACILITY

HIGH -LEVEL REPORT
JUN 2022 – SEPT 2024



Women in Agriculture Impact Investment Facility

This report highlights the achievements, challenges, and key learnings from the [Women in Agriculture Impact Investment \(WAI\) Facility](#) designed and implemented by [Finding XY](#) under USAID's Feed the Future Uganda Inclusive Agricultural Markets (FtF IAM) Activity. The initiative aimed to accelerate access to debt and equity financing for women-led agribusinesses (Agri-SMEs) by providing tailored investment readiness advisory services and leveraging a first-loss facility to offset interest charges on investment. The **report provides a high-level analysis** of the core tasks undertaken during the **pilot phase of June 2022 to September 2024**.

Key Performance Results



Investment Mobilization and Financing

- **Investment Mobilized:** A total of **USD 1.74 million** was raised by supported Agri-SMEs:
- **Debt-Focused Financing:** **72% of deals were debt**, 28% convertible notes; no equity deals closed, highlighting structural barriers in equity markets.
- **First-Loss Facility Impact:** Reduced borrowing costs, especially for smaller tickets; **\$8,000 average subsidy** (grant) per SME to offset interest charges.
- **Investor Engagement:** Reached out to 70+ financial institutions; **secured partnerships with 12 investors** including commercial banks, SACCOs, and impact funds.
- **Innovation Highlight – CYK Financial:** Launched to **serve women-owned MSMEs** with small loans (\$500–\$5,000).



Market Reach

- **Strong Demand:** **Over 200 Agri-SMEs** expressed interest; 28 were onboarded for tailored investment readiness support.
- **Diverse Value Chain Reach:** Engaged Agri-SMEs across **coffee (18%)**, cereals (15%), horticulture (14%), livestock/dairy (12%), apiculture (10%), agro-processing (10%), fish farming (8%), and agri-tech (5%).
- **Geographic Spread:** Majority of applicants came from **Western (32%)** and Northern Uganda (28%), aligning with USAID resilience zones. [1]

[1] Resilience zones were the target regions for the project: **Western Region:** Isingiro, Mbarara, Ntungamo, Kabale, Rubanda, Kisoro, Kanungu, Rukungiri, Mitooma, Sheema, Bushenyi, Buhweju, Rubirizi, Ibanda, Kamwenge, and Kasese; **Eastern Region:** Kapchorwa, Bulambuli, Sironko, Bududa, Mbale, Manafwa and Tororo; **Northern Region:** Lamwo, Amuru, Gulu, Nwoya, Omoro, Oyam, Kole, and Lira. **Karamoja Sub Region:** Kaabong, Kotido, Abim, Napak, Moroto, Nakapiripirit and Amudat

Component 1: Pipeline Building, Preliminary Assessment, and Selection

- **200+ Agri-SMEs expressed interest in the Facility.**

The high number of applicants indicates **strong demand for financial and advisory support among Agri-SMEs**. Majority (18%) of the Agri-SMEs were from the coffee value chain. Majority (32%) of the applicants were based in Western Uganda, 28% from Northern, 25% from Eastern, 5% from Karamoja region, and 10% from Central but with operations in resilience zones[1].

28 Agri-SMEs were onboarded for tailored pre and post-investment advisory. The facility's criteria assessed the SMEs business fundamentals, gender inclusion, financial readiness, leadership & team, investment fit, social/environmental impact.

Component 2: Business Development Support

The onboarded agri-SMEs received tailored advisory focused on **improving financial and operational excellence**. Core outputs included refined operational manuals (finance, human resource, procurement), Business plan, financial model, pitchdeck, and company profile. Additionally, the agri-SMEs received transaction advisory and post-investment support.



Leveraging this tailored BDS, 9 Agri-SMEs raised a total of USD 967,058

To support sustainability, we introduced a success fee model (1% of the investment value) payable by the agri-SME upon securing a second round of funding. Did it work as intended?

The **success fee model didn't gain traction** as most deals were debt-based, where collateral and business profitability ranked highly. Additionally, many investors ran their own pre-investment support programs, and free TA from NGOs. **We pivoted** to supporting these SMEs respond to partnership and funding opportunities by **offering concept note and proposal writing services**, using an upfront fee model. This approach proved successful, with strong uptake from SMEs seeking access to grants and soft funding.

Component 3: Engagement with Investors

Debt financing accounted for 72% of total investment raised, dominated due to lower complexity, while equity deals were hindered by high costs and information gap. The First-loss facility successfully reduced borrowing costs but fell short of the target due to smaller-than-expected ticket sizes.



Feedback from the investor sourcing and engagement process.

- 68% of the portfolio had weak cash flows
- debt deals necessitated relatively higher collateral requirements
- At least 30% of the SMEs lacked financial transparency.

A First-loss facility (risk capital) supported 8 female-led Agri-SMEs raising a total of **USD 773,520**. An equivalence of **USD 63,960** in risk capital was leveraged to offset interest charges on these transactions.



Deal Types

- Debt financing (72%).
- Convertible notes (28%)

Majority of the financing (40%) came from Commercial Banks, followed by Impact Investors (36%) and 24% from SACCOs. SACCOs offered the most concessional terms.

The largest single investment was USD 165,000 (convertible note) contributing 21.3% of the total raised.

The pilot phase of the WAI Facility revealed a critical gap, **only 33% of businesses supported were female-owned**, largely due to persistent financing barriers faced by women entrepreneurs. These include limited cash flow, low investment readiness, governance gaps, and high capital costs. **Most needed modest loans (under \$10,000)**, but available financial instruments were often mismatched.

In response, Finding XY developed **CYK Financial**, a fintech solution with a fully-fledged Loan Management System, designed to expand access to affordable working capital for women-owned micro and small enterprises. Offering **concessional loans ranging from USD 500 to 5,000**, CYK provides tailored products such as bridge, asset, contract, and sales financing. Eligible businesses must be 51% female-owned and operate in priority sectors like agriculture, light manufacturing, tourism, services, and the creative economy.

CYK is now seeking to raise \$3 million through a mix of debt, equity, grants, and guarantees to scale its reach to 50,000 micro and small enterprises across Uganda.

KEY LEARNINGS

- 1. Need to expand the scope of de-risking support:** Consider addressing a broader range of transaction costs that hinder businesses from accessing financing. A more versatile de-risking facility could be applied to address collateral requirements, transaction fees, or loan processing costs, offering businesses greater flexibility and improved access to capital.
- 2. Facilitating Equity Investments:** As noted in our findings, no pure equity deals were secured. This shortfall was primarily due to the information gap, and high transaction costs associated with equity deal structuring, which most portfolio companies could not afford.

PORTFOLIO COMPANIES



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