



**HEKS
EPER**
Bread for all.

Rural Livelihoods Investment Facility

Investing in African SMEs for thriving rural communities

**Annual Impact Report
2022**

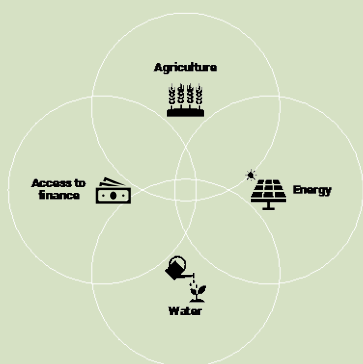


I – Facility Overview

About the RLIF

Launched in 2021 as a collaboration between HEKS / EPER and iGravity, the RLIF is an **impact investment vehicle** which provides **debt financing to SMEs** mainly within the **sustainable agriculture** value chain, with supportive investments in the related sectors of **water, energy** and **access to finance** for productive use, with the mission to improve income, food security and resilience of rural communities in sub-Saharan Africa.

Investment Themes



SDG Targets



Country Focus



Facility Characteristics

Name: Rural Livelihoods Investment Facility (RLIF)

Country Focus: Uganda, Senegal

Target borrowers: Mature but less formal companies

Target end-beneficiaries: Rural communities in sub-Saharan Africa

Instruments: Long-term loans for CAPEX (3-5 years) & cycling working capital facilities (6-18 months)

Ticket size: Starting at USD 500K, up to USD 1M)

Loan tenor: 3 to 5 years

Technical assistance: Reducing environmental impact & business advisory

Target sectors: Agriculture, energy, water, finance

Target Sectors



Agriculture: Companies in agricultural processing, including those focused on locally consumed foods in both formal and informal value chains and those traditionally managed by women



Energy: Companies which provide productive use assets (i.e. irrigation), solar mini-grid, as well as PAYG and other household level infrastructure focused opportunities



Water: Companies that provide irrigation equipment (including the solar panels that power water pumps) or access to clean water



Finance: Fintech or traditional financial institutions focused on enabling impact in the three other investment themes (i.e. agriculture, energy, water)

II - Portfolio Analysis

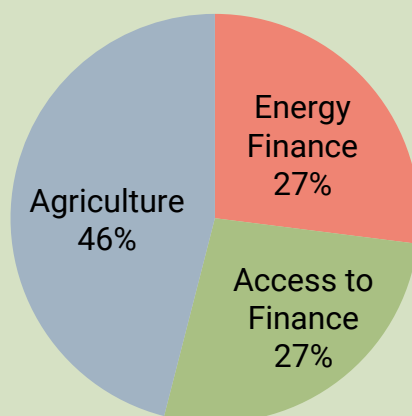
1. Financial Performance

In 2022, the RLIF closed 7 loans, having disbursed USD 1.3M in the year, with an additional USD 301K remaining to be disbursed in additional tranches to current portfolio companies. The RLIF has also made additional commitments of USD 760K to 2 companies for disbursement in Q1 2023, bringing total portfolio commitments to USD 2.4M. The ticket sizes of the loans ranged from USD 165K to USD 400K with an average ticket size of USD 245K. The portfolio is split into three sectors: agricultural, renewable energy, and access to finance.

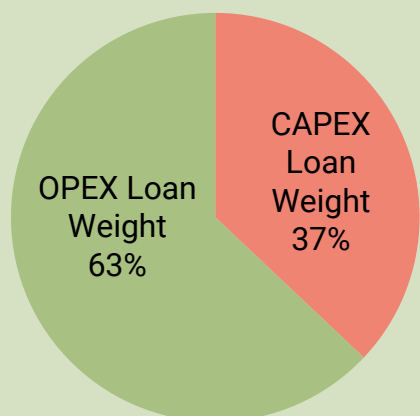
2022 key financial figures

- USD 2.4M** Portfolio committed
- USD 1.3M** Portfolio outstanding
- 9** SDGs targeted
- 6** Loans executed
- 5** Borrowers
- 3** Sectors
- 3** Currencies
- 2** Countries

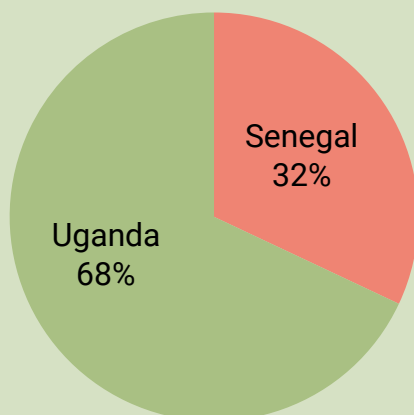
Sectors Financed



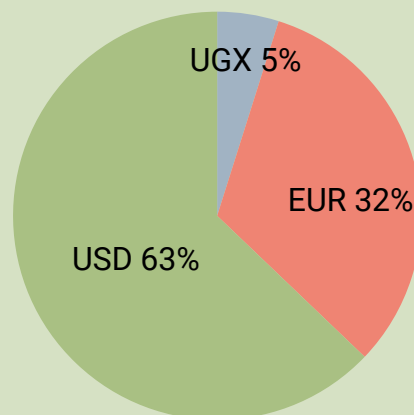
Loan Type



Country Exposure



Currency Exposure



2. Impact Performance

Impact screening and measurement process

The RLIF uses a multi-step impact screening and measurement process:

- 1) **Initial impact screening** based on minimal criteria for consideration, taking into consideration intentionality, contribution, measurability, and impact
- 2) **Detailed impact screening** that assesses the company's impact across multiple dimensions (depth, breadth, growth, etc.), themes (carbon mitigation, gender, etc.), ESG considerations (with additional environmental screenings for certain companies), and establishes an impact baseline
- 3) **Overall assessment** of the company's impact footprint, Theory of Change, and performance, as well as the additionality from the loan from the RLIF and any potential risks or externalities
- 4) **Finalization of impact reporting framework**, which is based on a set of indicators, which are aligned to GIIN's IRIS standards whenever possible

2022 key impact figures

Portfolio KPIs

- 100%** Of companies in least developed countries
- 85%** Of companies founded by local African entrepreneurs
- 30%** Of companies co-founded by women
- 70** Impact performance KPIs tracked

Impact Achieved

- 58,930** Low income beneficiaries reached
- 12,600** Agricultural beneficiaries reached
- 45,528** Water access beneficiaries reached
- 176** Energy beneficiaries reached
- 560** Access to finance beneficiaries reached
- 66** Number of employees at portfolio companies

III – Portfolio Companies

Company Profile: Venture South

- **Country:** Uganda
- **Sector:** Access to finance
- **Business Model:** Venture South is a financing company operating in Kenya and Uganda with two main products of solar receivables financing and warehouse receipts financing.
- **Investment Rationale:** The loan from HEKS helps the company to grow its loan portfolio and extend financing to smaller companies in the renewable energy and agricultural value chains, ultimately reaching underserved customers, especially in rural areas.

Company Profile: Landmark Millers

- **Country:** Uganda
- **Sector:** Agriculture
- **Business Model:** Landmark Millers engages in the supply and processing of organic maize, sorghum, and cassava and green gram. The company has a processing plant in Eastern Uganda and sources its produce by dealing directly with 10,000 farmers in 10 districts across the Eastern and Northern regions in Uganda.
- **Investment Rationale:** The loan from HEKS allowed the company to purchase machinery that will increase its processing capacity and quality of its products so that it can attract more clients, allowing the company to purchase from more smallholder farmers, positively improving rural incomes.

Photo: Landmark Millers farmer group



Company Profile: Patasente

- **Country:** Uganda
- **Sector:** Access to finance
- **Business Model:** Patasente seeks to bridge the “missing middle” financing gap by reducing the cost of capital and smoothing SME financing needs by providing reverse factoring services (providing improved payment terms to suppliers for approved invoices on behalf of the supplier’s customer).
- **Investment Rationale:** The loan from HEKS helps the company expand its loan book and thereby its impact, especially in regards to providing supply chain financing in agricultural value chains that extend to rural areas.

Photo: MECZOP solar panels which have replaced a diesel water pump



Company Profile: MECZOP

- **Country:** Senegal
- **Sector:** Energy
- **Business Model:** MECZOP (Mutuelle d’Epargne et de Crédit de la Zone de Potou) is a rural MFI founded in 1999. It provides agricultural finance products to individual farmers, farmer groups and communities. The company historically provided financing mainly for agricultural activities, but has been shifting a large portion of its portfolio over the last 3-4 years into financing solar water pumps.
- **Investment Rationale:** The loan from HEKS allowed the company to expand its solar lending portfolio, increasing access to irrigation and clean drinking water for farmers and villages in rural areas.



Photo: Kumba's production facility

Company Profile: Kumba

- **Country:** Senegal
- **Sector:** Agriculture
- **Business Model:** Free Work Services (Kumba) is a food processing and commercialization company based in Dakar, Senegal. The company specializes in grain processing (notably Arraw, Thiacyr, Sankhal, couscous and other products produced and consumed locally) using semi-industrial techniques and machinery.
- **Investment Rationale:** The loan from HEKS will allow the company to increase production via the purchase of new machinery, as well as allow it to trade directly with farmers (as opposed to through intermediaries). This direct trade is key to ensure market access for these farmers groups, thus contributing to their economic development.

Get in touch!



iGravity is a Swiss advisory firm specialized in impact investment and innovative finance solutions committed to accelerating the transition to a sustainable and equitable world.

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HEKS/EPER is a Swiss foundation with over 60 years of experience in development cooperation and humanitarian aid. HEKS/EPER is active in over 30 countries to combat poverty and injustice.

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