

# Pearl Dairy

Promotional photo for Pearl Dairy's strawberry and mango dairy flavors



**Pearl Dairy** is a dairy processing company in Uganda that sources from low-income smallholder farmers and distributes dairy products across seven countries in East and Central Africa.



## Alleviating malnutrition and poverty in East Africa

Smallholder farming accounts for 65% of agricultural production and over 75% of employment in East Africa. However, three out of four farmers in the region have limited access to markets and credit, creating an ongoing cycle of poverty. At the same time, the number of stunted children due to malnutrition in Africa has increased from 50 million in 2000 to 59 million in 2016.

Pearl Dairy, one of East Africa's largest and fastest growing dairy companies, provides livelihoods to thousands of smallholder farmers while supplying dairy products to underserved populations that have lacked access to safe milk. The company's focus on sourcing from and investing in Uganda's smallholder dairy farmers acts as a competitive advantage in the marketplace. Founded in 2013, Pearl Dairy sources from more than 10,000 smallholders and has the capacity to process 800,000 liters of milk daily.

By contracting directly with smallholder farmers, Pearl Dairy provides them with consistent and reliable demand for their products. Research shows this type of contract model increases farmers' household income by an average of 73%. Pearl also supports capacity building efforts to help farmers improve their productivity and educates them on cattle welfare and safer milk collection. And the positive benefits extend beyond the farmers Pearl Dairy buys from directly: neighboring farmers also experience increased agricultural productivity, along with greater access to inputs and distribution networks. Research shows these neighboring farmers enjoy an average of 23% increase in income due to spillover effects of contract farming.

**10,000**

Number of smallholder farmers Pearl Dairy sources from in Uganda

**381,000**

Liters of milk processed by Pearl Dairy per day in December 2019

## Supplying nourishing products to those who need them most

Africa is experiencing a shift from unprocessed to processed milk, which creates more accessible, safer and healthier protein for consumption. In parallel, milk consumption within these countries is growing at an estimated 6% per year, well above the global 2% per year for dairy, making for attractive market dynamics. More people drinking more milk brings societal benefits as well: Research shows that there is a 26% decreased likelihood of stunting due to the consumption of milk.

Pearl Dairy promotes more hygienic milk production techniques and creates nutritious and affordable dairy products for consumers across Africa. This includes underserved populations that previously did not have access to safe milk—meaning Pearl Dairy is helping to decrease the rate of stunting, along with mortality caused by consuming untreated milk.

## Expanding impact by strengthening infrastructure

Pearl Dairy employs over 1,200 people—45% of who are women—and is helping to improve vital dairy infrastructure throughout the region. The company's approach is not only improving smallholder income and decreasing stunting, but its state-of-the-art processing, manufacturing and distribution increases the quality of milk produced and reduces losses. According to the Food and Agriculture Organization, a quarter of all dairy products in sub-Saharan Africa go to waste. But with refrigeration during post-harvest handling, storage and distribution, this waste can be reduced nearly 75%.

The Rise Fund is excited to work with Pearl Dairy to expand its operations and strengthen its foothold as the leading dairy producer across Africa.



**26%**

Decreased likelihood of stunting due to the consumption of milk

**85%**

Of Pearl's farmers fall under the 90% income distribution in Uganda

*Note: Beginning in January 2020, Pearl Dairy faced unexpected restrictions on its ability to export product to Kenya. The Rise Fund is working hand-in-hand with management to resolve these issues; however, should the restrictions persist, it could impact the company's future demand for raw materials and therefore impact with smallholder farmers and consumers. The long-run dairy fundamentals in East Africa continue to be strong, with an ongoing shift from unprocessed to processed milk and increasing per capita consumption.*

Dairy Development Executives (DDE) with a farmer that they are closely working with. The DDEs work with farmers on a daily basis to provide support to them on various topics related to milking, storage, transportation, hygiene, among many others