



## Business Innovation for Resilient and Efficient Farming

Psalms Food Industries Limited

# Building a Ugandan food brand with Ugandan produce, that can compete with imported products

### Context

A growing market with real, local supply potential

Uganda's economy is largely agro-based, yet the local food industry struggles to produce the volume and quality of food items needed to supply the country's larger supermarkets, restaurants and fast-food outlets.

Beyond roadside stalls and local restaurants, the majority of food products are imported. This includes French fries and potato crisps sold in major food outlets, despite Uganda being prime potato-growing country, with more

than 335,000 farmers (potentially more) growing and selling potatoes.

There are currently three Ugandan brands that can produce the volume and quality of snack products needed to meet food industry demands. Psalms Food Industries Ltd is one of them, and potato crisps is a major product line.

## Psalms Food Industries Ltd

The entrepreneur behind Psalms Food Industries Ltd, Mr Dennis Ngabirano, identified an opportunity to build a Ugandan food brand using locally sourced produce in 2010. Dennis, along with his wife, Maureen, began processing and packing snack products on their front porch using their household kitchen equipment. They initially sold them in a university canteen and roadside stalls.

In those early days Dennis and Maureen produced an average of 2.5 kgs of crisps per day. Fast forward 10 years and Psalms Food Industries Ltd has a line of 12 food products, including potato crisps in five flavours. The company processes more than five metric tonnes of crisps per month and employs over 100 staff. Annual sales are projected to reach more than USD 1.6 million by the end of 2019.

Psalms Food Industries Ltd is unique in Uganda in that it actively seeks out local produce for processing. Under its branded name 'Sumz', the company produces potato, plantain and cassava chips, peanut butter, cashew nuts and pumpkin seeds, all of which are sold in supermarkets across the country. Currently, potato crisps make up 50% of all sales and represent the greatest opportunity for further company growth. Psalms Food Industries Ltd also exports to neighbouring countries and is seeking to further expand its market reach, both within Uganda and beyond.

## Challenges

### Aligning business growth with farmer practices

## Psalms Food Industries Ltd

Despite its significant growth to date, Psalms Food Industries Ltd needs to find solutions to a number of challenges in order to sustain this growth.

The factory space has been expanded and the business is progressing towards putting fully automated processing in place. Quality control processes must be strengthened to assure quality.

Improved packaging, marketing and distribution processes are also required if the 'Sumz' brand is to successfully compete against imports.

In upholding their commitment to sourcing potatoes locally, Dennis and Maureen have demonstrated they can work with local varieties. However these varieties are not well-suited to processing due to their small size, deep dents (resulting in greater losses during peeling) and seasonal fluctuations in quality. Potatoes are sometimes harvested too early and are therefore too wet for processing.

A nearly absent seed industry in the country means introducing new potato varieties that process better is difficult. The means to improve the seed quality of existing varieties are also limited.

A fractured potato supply means farmers and traders do not understand the company's requirements in terms of quality. This understanding is needed to ensure potato crops are harvested when more mature and are sorted more stringently to ensure the right size and variety are supplied.

## Farmers

With a cool climate and good rainfall, potato is the main cash crop for many farmers in the highland areas of Uganda who typically grow three local varieties - Rwangume, Kinigi and Victoria. The number of farmers growing potatoes is increasing as the domestic demand for potatoes and potato products grows.

Despite ideal potato-growing conditions, potato yields vary and quality can be poor. However, the growing demand means farmers are still able to sell potatoes locally, usually to local traders. While potatoes can be sold and farmers can reliably make an income, prices paid by local traders are low and there are no premiums offered for better quality produce.



## Farmers



Uganda's growing potato sector presents Ugandan farmers with significant commercial opportunity. Specifically, by supplying quality potatoes suitable for processing to a business such as Psalms Food Industries Ltd, farmers can connect to a growing market segment with a high demand.

There are some challenges to be overcome for this to happen.

With limited to no access to clean seed, potato crops are often recycled. This increases the risk of disease and the need for more pesticides to control this risk. Yields are affected and quality is poor, with potatoes often smaller than what businesses require for processing. With no seed industry, it is difficult for farmers to adopt new, or improve the quality of existing, varieties.

Fractured and non-specialised supply chains mean farmers and traders do not understand the demand of a business like Psalms Food Industries Ltd. Farmers have no incentive to change practices or introduce new varieties. Traders cannot communicate demand to farmers, or sort and check through produce to ensure quality meets business demands.

## Solutions

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### Business innovations that benefit industry and farmers

To continue building a Ugandan food brand using local produce that can compete with imported products, Psalms Food Industries Ltd has partnered with REACH-Uganda to improve business processes, strengthen supply and explore the introduction of new potato varieties.



Psalms Food Industries Ltd and REACH-Uganda have worked together to expand the factory space to allow for additional, higher-grade machinery to be installed. The business is moving to more automated processes and equipment such as potato slicers and circular fryers have been installed and/or ordered. Automated processing results in less manual-handling, improving the quality of crisps. A factory laboratory and staff training facility have also been established on-site.



Production flows have been reviewed to ensure quality and efficient processing and these reviews will continue to ensure the business adapts well to its new automated processes. Cold storage facilities to support continuous production are in place and, also through the partnership, warehouse shelves have been installed to improve organisation and storage. Computers and a data management system have been purchased and installed.



Crisps packaging has been revamped to increase shelf-life. Marketing strategies to improve sales have been developed and a professional sales team recruited. New distribution vans will support timely supply to retail outlets.



Building on the commitment of owners, Dennis and Maureen, to source local produce, REACH-Uganda is supporting Psalms Food Industries Ltd to strengthen and personalise the supply chain. Psalms Food Industries Ltd will buy directly from farmer groups and coordinate through the lead farmers who will effectively act as field agents of the business. While potatoes will still be sourced via traders, this is expected to reduce over time as relationships with farmer groups are formed.



Psalms Food Industries Ltd is also exploring options for introducing potato varieties not currently available in Uganda that are better suited to mechanical processing and frying. The availability of such varieties will improve the quality of the crisps, reduce wastage and potentially increase yields and the sale price.



# Results

## Achieved and expected



Program investment

**REACH-Uganda**  
**USD 137,476**



Private investment to be leveraged

**Psalm Food Industries Ltd**  
**USD 371,036**

USD 375,071 leveraged as of 2019



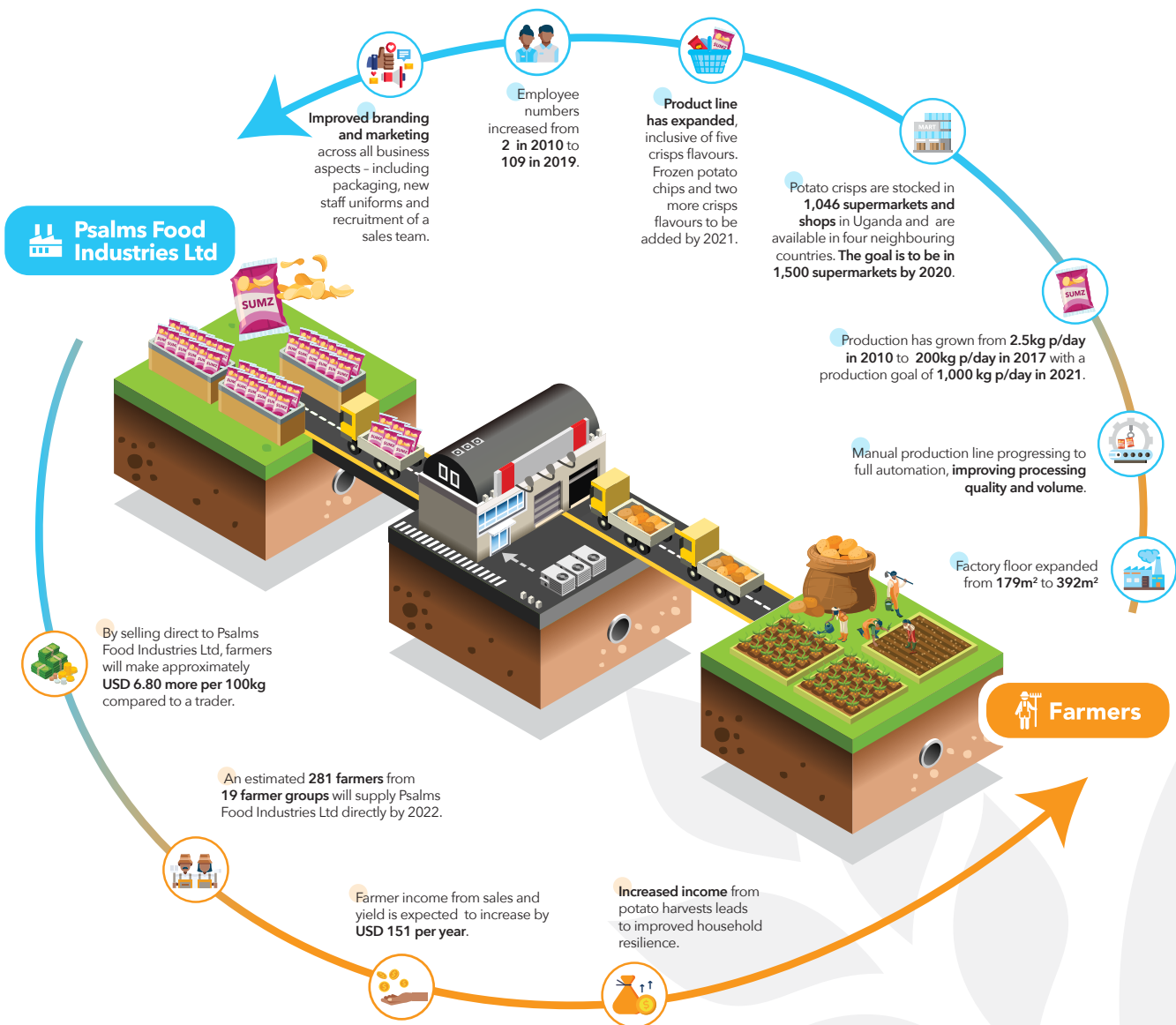
Value of increased sales

**USD 1,110,702**  
by 2020



Total additional income for farmers

**USD 77,292**  
by 2022



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