Welcome

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Abbreviations
AMFI-K Association of Microfinance Institutions of Kenya
AMFIU Association of Microfinance Institutions of Uganda
CEO Chief Executive Officer
Cordaid Catholic Organisation for Relief and Development Aid
KES Kenya Shillings
NGO Non-Governmental Organization
SACCO Savings and Credit Cooperative Organization
SF Stromme Foundation
SIDI Solidarité Internationale pour le Développement et l’Investissement
SMF EA Ltd Stromme Microfinance East Africa Limited
SPM Social Performance Management
SPTF Social Performance Task Force
TAMFI Tanzania Association of Microfinance Institutions
TZS Tanzania Shillings
UGX Uganda Shillings
USD United States Dollar
Summary

Company

Limited by Shares

Bankers

Standard Chartered Bank, Uganda
Spoke Road
P.O. Box 544, Kampala, Uganda, East Africa.

Centenary Bank
Plot 44-46 Kampala Road,
2 Burton Street,
Mapeera House
P.O.Box 1692, Kampala,Uganda

KCB
Oyster Bay
Hararbee Plaza
A/H Mwinyi Road/kaunda Drive,
P.O. Box 804
Dar es Salaam, Tanzania

Solicitors

Nambo & Company Advocates
Plot 26, Buganda Road
Park Royal Building
4th Floor Suite B-4
P.O. Box 907
Kampala

TRIPLEOKLAW
Advocates,
ACK Garden House, 5th Floor,
Wing C
First Ngong Avenue, off Bishops Road, P.O. Box 43170 - 00100,
Nairobi, Kenya

CIR AFRICA LEGAL
Advocates, Notaries Public,
Commissioners for Oaths and
Corporate Law Consultants
Plot No 90, Ursino Street, Regent,
Estate, PO Box 79998 Dar es Salaam, Tanzania

Authentic Attorneys
Msasani Drive
Plot No. 502, Block F,house No.
681, Mikoroshini Street
P.O. Box 7967 Dar es Salaam, Tanzania

Auditors

KPMG
Certified Public Accountants
3rd Floor Rwenzion Courts, Plot 2
and 44 Nakasero Road
P.O Box 3569 Kampala Uganda

Bawunha & Badebye
Certified Public Accountants
Plot 3992/4 Ntinda Kwatile
Nafisya Road
P.O.box 9750 Kampala Uganda

ATM Telecommunications Ltd,
Plot 44-46 Kampala Road,
Kampala, Uganda,

Email: atmtelecom@stromme.org
Website: www.stromme-mfea.com
Facebook: www.facebook.com/StrommeEA

Telephone +256 414 532842 / 4
Fax +256 414 532834
Institutional Business Loans

Our partners are supported to access funding that enables them to boost their lending operations targeting the enterprising poor people in the East African region.

Institutional Agriculture Loans

Through this product SMF EA Ltd is able to support financial and non-financial institutions in agriculture sector. These include: Microfinance institutions, Saccos, Producer groups, co-operatives, Small and Medium Enterprises (SMEs) as well as Social Enterprises.

Technical Assistance / Capacity Building Support

Capacity building support is a service/technical assistance offered to strengthen the management and staff capacity of the institutions we partner with to deliver better and professional services e.g. system and policy development, product refinement & development, partner staff training, business plan development etc.

Institutional Housing Microfinance Loans

We support our partners to access funding with specific focus on decent housing purposes. This enables partner clients to access funding for decent housing in a phased approach.

Institutional Development Loans

These loans are extended to potential and existing MF partners for purposes of procurement of vital assets which involve large outflows of financial resources without stretching the finances that would otherwise have been used to finance their loan portfolios.

Model

1. Institutional Business Loans
2. Institutional Housing Microfinance Loans
3. Institutional Agriculture Loans
4. Technical Assistance / Capacity Building Support
5. Institutional Development Loans

Products

Non-Financial Services Providers

A. Producer Organizations (POs), Cooperatives, Small and Medium Enterprises (SMEs) as well as Social Enterprises

Financial Services Providers

A. Microfinance Institutions, Savings and Credit Cooperatives (Saccos) and Microfinance deposit-taking institutions/ Microfinance Banks.

Our mission is to be a leading, locally based wholesale finance company that provides sustainable, market responsive financial solutions and technical assistance to organizations in the Eastern Africa region. We enhance access to financial solutions to low income people to grow their businesses, create new jobs and improve their livelihoods.

A WORLD FREE FROM POVERTY

Stromme Microfinance East Africa Ltd (SMF EA Ltd) is owned by Stromme Microfinance AS (SMF AS) in Norway, Stromme Foundation Regional Office in East Africa, Solidarite Internationale pour le Developpement et Renovation (SIDR) in France and Catholic Organisation for Relief and Development Aid (CORAD) in Netherlands.
The company has established a system of best practices in corporate governance. The corporate governance framework is based on an effective independent board and the separation of the board’s supervisory role from the executive management.

The company has a skill mixed Board of Directors. The board functions as a full board and through five committees constituted to oversee specific operational areas namely:

- Executive Committee
- Finance sub Committee
- Operations Committee
- Social Performance
- Audit Committee

As at 31st December 2018, the board of directors consisted of 9 members.

Governance

Board Members 2018

A Mrs. Priscilla Senuka, Board Chairperson
B Ms. Tina Sodji – Alternate Director (SMF AS)
C Mr. Bjam Stian Helgren (SMF AS)
D Mrs. Asa Akech (SMF AS)
E Mrs. Clare Wawamani (Independent)
F Mr. Edward Sekabanja (SMF AS)
G Mr. Quentin Lecuyer (SIDI)
H Mrs. Rosemary Kantai (Independent)
I Ms. Claudia Hubert (Indepedent)
J Mrs. Sarah Nankya Tumwesigye-Independent

Management & Staff

A Mrs. Harriet Mulyarid Chief Executive Officer
B Mr. Paul Katende Operations Manager
C Mrs. Anne Rose Namatovu Finance Manager
D Mr. Andrew Sooka Investment Officer
E Ms. Cressy Muyizzle Investment Officer
F Mr. Caesar Mawanda Investment Office- Agriculture
G Mr. Christopher Lyimba Assistant Finance Manager
H Mr. Joseph Odeke Driver

Oversight

The Board continued to play their oversight role effectively and achieved 98% of the 2018 annual work plan activities. Among other board activities, during the year several policy and procedural manuals were reviewed and approved hence enhancing the company’s risk management.

In addition, the Board undertook a field visit to three partners and their clients in Arusha Tanzania. Partners visited were BRAC-Tanzania, ASA-Tanzania & ECOLOF-Tanzania. During the visit, Board members got first hand experience of the partner institutions and were able to assess the Company’s progress towards the attainment of its mission.

Co-opted Members

A Mr. Ernest Sozi Sessanga (Audit Committee)
B Mrs. Sarah Nassici Kwamukka (Audit Committee)
C Mrs. Jackline Mbabazi (SPM Committee)
Laying the foundations for future growth

Message from Board Chair

On behalf of the Board of Directors, it gives me great pleasure to present the company’s annual report for the period ended 31st December 2018. The financial year 2018 marked the end of the company’s Strategic Plan for the period 2014-2018 where remarkable progress was registered in business growth and profitability. Indeed, this was a turnaround of the 2017 position. In 2018, the company made clear progress on several strategic fronts that laid the foundation for future growth in outreach, and shareholder value.

We would like to recognise all company stakeholders including; shareholders, partners, funders, networks, regional Governments and service providers for their continued support.

Special appreciation goes to the dedicated Board of Directors for their continued oversight role of the company. The Board recognises that high standards of corporate governance are important for the effective functioning of the company. We remain committed to the improvement of our duties which is pivotal in sustenance of strong corporate governance.

In 2018, the Board was able to achieve key milestones including; reviewing the company’s mission to be able to further focus on the company’s target group, approving the new strategic plan for the period 2019 - 2023, reviewing and approving various policies and procedural manuals and implementation of risk mitigation measures. In addition, an external rating agency M-CRIL was engaged and underook financial and social rating of the company whose results revealed reasonable financial performance of the company and good social commitment.

Further appreciation goes to our funding partners including all shareholders, Centenary Bank, alli Finance Limited, Kolibri Kapital and Grameen Credit Agricole that supported the company during the period.

I am delighted to inform you that SMF EA Ltd started operations in East Africa in 1994 under the Stromme Foundation (SF) Regional Office and the company will be celebrating 25 years of business service delivery in June 2019. I wish to express my sincere gratitude and those of my colleague Board members to the shareholders, funders, Networks and Government for their support and guidance over the period. My gratitude also goes to the management and staff who have loyally served the institution over the years. Our new Five-Year Strategy provides a sound platform and we must constantly rethink our tools, our systems, our responses in order to continue serving the low income people.

Performance Highlights

It is worth noting that the company was able to return to profitability compared to the loss registered in 2017 of UGX 106 million (USD 28,533). In 2018, the company was able to register profits before tax of UGX 1,482 billion (USD 396,399) and profits after tax of UGX 1,227 billion (USD 328,298). Special appreciation goes to alli Finance Limited for the good partnership and collaboration that enabled the company to acquire the necessary funding to grow its loan portfolio. The board was satisfied with the achievements of the ended year; 2018 and strategic planning period 2014-2018.

2019 and Beyond

In order to ensure efficiency, effectiveness and continued relevance of the company, a new strategic plan was developed and approved by the board for the period 2019-2023. The key thrust for this strategy will hinge on variety of product offerings and expanding to different partnership categories to include Small and Medium Enterprises (SMEs) in addition to the traditional MFI Partners and possible expansion to the new countries. The future of SMF EA Ltd is promising based on the outlook in the East African region and globally over the next strategic planning period. The Board is confident that SMF EA Ltd’s leadership, strategy, partners and staff will facilitate its continued growth and development for the benefit of all stakeholders.
SMF EA Ltd through a partner institution; ECLOF Tanzania is supporting enterprise rural and peri-urban individuals and companies to grow and scale up their production with the ultimate goal of lifting low income people out of poverty by enabling them have access to affordable financial services. One such entity is Grande Demam Co. Limited, an SME – located near Arusha town in Leganga, along USA River in Tanzania. The proprietors have been clients of ECLOF Tanzania since 2013. They shared their journey with members of the SMF EA Limited Board and Management who visited the company in May 2018.

The company was formed in 2013 by two brothers. During the early years, the brothers produced milk from their home and sold to Arusha town clients at the younger brother’s shop in Arusha town. They would produce 50 litres of milk each day. However, they incurred losses whenever they were not able to sell all the milk. This was especially the case during the dry season as many would opt for cold drinks as opposed to milk tea. Mr. Ismail Manang, one of the brothers shared this challenge with a friend who gave them the best advice ever. The friend challenged them to focus on value addition for their milk such that they make products that could sell in all seasons. This is when they thought of starting a yoghurt factory. They took the advice and hired an expert from Nairobi to train them in making cultured milk products. Soon, they started their own factory.

For further details please visit: SMF EA Ltd through a partner institution; ECLOF Tanzania is supporting enterprise rural and peri-urban individuals and companies to grow and scale up their production with the ultimate goal of lifting low income people out of poverty by enabling them have access to affordable financial services. SMF EA Ltd through a partner institution; ECLOF Tanzania is supporting enterprise rural and peri-urban individuals and companies to grow and scale up their production with the ultimate goal of lifting low income people out of poverty by enabling them have access to affordable financial services.

The Board of SMFEA Meeting
Kiwamu Dairy Farmers, milk suppliers of Demam during the visit.

Mr. Manang, addressing SMFEA Limited Board and Management during the visit to the dairy factory.

A factory flowing with Milk and Hope in rural Tanzania

Mr. Manang addressing SMFEA Limited Board and Management during the visit to the dairy factory.

The production manager at Grande Demam explaining the process to the SMF EA Ltd Board members.

SMF EA Ltd through a partner institution; ECLOF Tanzania is supporting enterprise rural and peri-urban individuals and companies to grow and scale up their production with the ultimate goal of lifting low income people out of poverty by enabling them have access to affordable financial services. One such entity is Grande Demam Co. Limited, an SME – located near Arusha town in Leganga, along USA River in Tanzania. The proprietors have been clients of ECLOF Tanzania since 2013. They shared their journey with members of the SMF EA Limited Board and Management who visited the company in May 2018.

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The two persevered and with business discipline and hard work the company grew from processing 50 litres of milk to 100 litres and then to 120 litres. The company became popular and attracted TFDA (Tanzania Food and Drug authority) who not only certified their newly identified production house but also offered them training.

In 2014, they managed to buy a big boiler and that relieved a lot of stress off their shoulders. This increased their processing capacity to 500 litres per day. When ECLOF Tanzania – then a partner of SMFEA provided them with loan funds, they were able to expand the capacity of the cold room for the products to be preserved, and also to purchase a machine to help in the packaging of their products.

In addition, part of the loan funding from ECLOF Tanzania loan funds was used for working capital during the inception to buy milk from the small holder farmers which more than tripled the production of the factory. Currently Demam uses 2,000 litres per day to produce various dairy products. The over 2,000 smallholder farmers that supply Demam are organised in small holder groups which are used as collection and payment centres. They supply milk to Demam at Tshs 1,000 per litre. An expert from Demam tests the quality of the milk from each individual farmer before it is accepted. This is to ensure quality control. The farmers are paid at the end of the month based on how many litres each has supplied.

Apart from providing a market for the dairy farmers, Demam was certified to train farmers in their area on various aspects of dairy production. The Meru district council also comes in to help in the training. Mr. Deo Tamba, one of Demam’s proprietors is also a trained veterinary doctor and operates an Agro-Vet outlet. His expertise comes in handy to help farmers fight the prevalent livestock diseases. Demam also supplies nutritional supplements to the farmers at a subsidized cost which is offset from their milk sales.
On behalf of Management and staff, I am delighted to present the SMF EA Ltd Annual report for 2018. We are excited that 2018 was a unique year as the company marked the end of its 5-year strategic plan 2014-2018.

We appreciate the support of various shareholders, Board of directors, Partners, networks and service providers who have enabled SMF EA Ltd to continue providing financial and non-financial services to its target group. We look forward to more fruitful engagements as we implement the new strategic plan for the period 2019 – 2023.

During the year, we reviewed our positioning in the market place and continued focusing on growth through different partner categories and ensuring a product wise growth. In the year under review, we are pleased with the company’s performance which aligns well with our vision and mission. December 2018 marked the end of our strategic planning period 2014-2018

I would like to share with you some of our key performance highlights for the ended strategic plan 2014-2018...

The Grande Demam currently employs 18 people including drivers, training team, marketing and sales, operations and production personnel. Their main product is cultured milk/yoghurt and cheese which they produce in flavours of vanilla and strawberry and supply to different outlets in Arusha.

One of the main challenges faced by the company is the lack of cooler tanks in the villages where the milk is collected before it is transported to the company. This was stressed by the farmers themselves during the visits by the SMF EA Ltd board visit to Kiwuvi Livestock Farmers Group. They also shared that transportation is difficult sometimes especially during the rainy seasons. When the Demam vehicle gets a break down and delays to pick the milk, farmer incur losses due to deterioration of the milk quality. The group is currently saving towards acquiring a truck of their own.

Overall, the farmers group appreciated Demam for providing market for their milk which in the past was just poured especially in seasons with high production. Because of this regular market the group members are assured of guaranteed income, the farmers can take care of their household needs and pay school fees for their children. The regular income has also made it easy for them to budget and plan for their lives. Most of them have bought more cattle to increase their production and invested in other income generating activities.

By end of 2019, Mr. Mutang projects that Demam will require 50,000 litres for increased production due to the increase in demand for the cultured milk products. He noted that this will have a multiplier effect because as the company grows, so will the milk suppliers; the farmers and other actors in the same dairy value chain.

This story illustrates how one small link (like Grande Demam) when appropriately supported with funding can contribute to the development of a local economy and address poverty in a sustainable way.

“… We have competitive advantage considering that we are a home grown company, right here in Arusha region. Before all our milk products came from Iringa region but now we provide our products to the people of Arusha without having to travel long distances,” Mr. Manang
2014 - 2018 Performance review

In addition to the profitability that was registered as per the Board chairman’s message, the company also registered key milestones below in 2018.

The company continued working through various partnerships for business growth and over the business plan period, these extended to agriculture partnerships and collaborations. These included Kilimo Trust and Technoserve and hence enabling the company to diversify its partnership to a new category group.

The company’s equity grew by 27.7% from UGX 18.072bn (USD 4.835 million) as at December 2014 to UGX 23.086bn (USD 6.176 million).

Looking ahead

As highlighted by the Board chairperson, 2019-2023 is another period for growth and performance. In line with the Company’s vision, mission and strategic, the company shall focus on the key goals below in order to ensure its growth:

1. Further expanding into different partnership categories including Microfinance institutions, Small and Medium enterprises in agriculture, social enterprises cooperatives and producer organisations.
2. Continue identifying appropriate funders and strategic partnerships
3. Ensure Offering of appropriate loan products and services to its partners
4. Expansion of the company’s operations to another country.

We intend to further strengthen the company’s systems and structures in order to ensure that the planned growth is achieved in a sustainable way.

On behalf of Management, I wish to take this opportunity to express my sincere appreciation to Management and staff of the company for their dedication and sacrifice that enabled delivery of this good social and financial performance. Team, we could not have done it without you! Thank you for continuing to live our core values. We count on all of you to implement our strategic plan starting 2019-2023.

13% 14% 15% 16% 17% 18% 19% 20% 21% 22% 23% 24% 25% 26% 27% 28% 29% 30% 31% 32% 33% 34% 35% 36% 37% 38% 39% 40% 41% 42% 43% 44% 45% 46% 47% 48% 49% 50% 51% 52% 53% 54% 55% 56% 57% 58% 59% 60% 61% 62% 63% 64% 65% 66% 67% 68% 69% 70% 71% 72% 73% 74% 75% 76% 77% 78% 79% 80% 81% 82% 83% 84% 85% 86% 87% 88% 89% 90% 91% 92% 93% 94% 95% 96% 97% 98% 99% 100%
Statement of comprehensive income for the year ended 31.12.2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ushs'000</td>
<td>Ushs'000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>8,308,755</td>
<td>8,116,280</td>
</tr>
<tr>
<td>Interest expense and fees</td>
<td>(3,565,115)</td>
<td>(3,187,807)</td>
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<tr>
<td>Net Interest Income</td>
<td>4,743,640</td>
<td>492,473</td>
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<tr>
<td>Other operating income</td>
<td>66,990</td>
<td>85,463</td>
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<tr>
<td>Grants for non-financial activities</td>
<td>-</td>
<td>42,446</td>
</tr>
<tr>
<td>Operating Income</td>
<td>4,812,540</td>
<td>5,056,382</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(867,960)</td>
<td>(856,168)</td>
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<tr>
<td>Other expenses</td>
<td>(44,715)</td>
<td>(196,273)</td>
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<tr>
<td>Staff costs</td>
<td>(1,067,609)</td>
<td>(971,884)</td>
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<tr>
<td>Loan loss provision expense</td>
<td>(943,665)</td>
<td>(2,325,652)</td>
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<tr>
<td>Net foreign exchange loss</td>
<td>(406,944)</td>
<td>(1,191,039)</td>
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<tr>
<td>Operating expenses</td>
<td>(3,330,893)</td>
<td>(5,541,016)</td>
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<tr>
<td>Profit/(Loss)/ before taxation</td>
<td>1,481,647</td>
<td>(484,634)</td>
</tr>
<tr>
<td>Taxation (charge)/credit</td>
<td>(254,544)</td>
<td>377,665</td>
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<tr>
<td>Profit/(Loss)/ for the year</td>
<td>1,227,101</td>
<td>(106,649)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>1,227,101</td>
<td>(106,649)</td>
</tr>
</tbody>
</table>

The financial statements set out on pages were approved by the Board of Directors on 7th March 2019 and signed on its behalf by

Statement of financial position as at 31.12.2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Ushs'000</td>
<td>Ushs'000</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash balances</td>
<td>1,951,248</td>
<td>2,385,449</td>
</tr>
<tr>
<td>Deposits with other financial institutions</td>
<td>701,440</td>
<td>1,031,457</td>
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<tr>
<td>Loans and advances to customers</td>
<td>49,054,785</td>
<td>46,894,541</td>
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<tr>
<td>Other receivables</td>
<td>(45,401)</td>
<td>99,824</td>
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<tr>
<td>Corporation tax receivable</td>
<td>74,125</td>
<td>217,843</td>
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<tr>
<td>Due from related parties</td>
<td>215,275</td>
<td>352,215</td>
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<tr>
<td>Property and equipment</td>
<td>70,070</td>
<td>87,152</td>
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<tr>
<td>Intangible assets</td>
<td>3,929</td>
<td>5,613</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>1,956,673</td>
<td>1,171,274</td>
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<tr>
<td>TOTAL ASSETS</td>
<td>54,023,849</td>
<td>54,972,144</td>
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</table>

LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>30,289,012</td>
<td>32,791,769</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>648,342</td>
<td>588,287</td>
</tr>
<tr>
<td>Deferred grants</td>
<td>(30,000)</td>
<td>60,000</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>30,937,854</td>
<td>33,473,656</td>
</tr>
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EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>5,307,270</td>
<td>5,307,270</td>
</tr>
<tr>
<td>Share premium</td>
<td>9,494,644</td>
<td>9,494,644</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>6,204,081</td>
<td>6,615,574</td>
</tr>
<tr>
<td>TOTAL SHAREHOLDERS FUNDS</td>
<td>25,005,000</td>
<td>21,496,488</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>54,023,849</td>
<td>54,972,144</td>
</tr>
</tbody>
</table>
Stromme Microfinance East Africa Ltd (SMF EA Ltd) started operations in East Africa in 1994 under the Stromme Foundation (SF) Regional Office. Stromme Foundation is a Norwegian-based international development organization that has, since 1976, worked to help people in Asia, South America, West and Eastern Africa get out of poverty.

8th April 1994: SF registers as an NGO in Uganda; First regional Director - Grantham Fernando. Mrs Margaret Musoke joins as Office Manager.

Offers savings and credit facilities to development partners mainly those affiliated to churches like Diocese of Kigezi; also funding health care programs.

1994

Grantham replaced with Mr. Nsom from Tanzania; Mrs Judith Aguga hired as a Microfinance Credit Officer.

Concessional loans - Stromme Foundation used to lend loans to NGOs at concessionary interest rates of 5% p.a and to MFIs at interest rates between 10% p.a and 14% p.a between 1998 to 2003;

Grants - SF used to provide grant funding to smaller and traditional NGOs who had started savings and credit projects to serve the poor and who were in a transitional stage of development into professional MFIs.

Concessions limited by guarantee (microfinance key products and services included):

- Concessionary loans - Stromme Foundation used to lend loans to NGOs at concessionary interest rates of 5% and to MFIs at interest rates between 10% and 14% in a period between 1998 to 2003;
- Grants - SF used to provide grant funding to smaller and traditional NGOs who had started savings and credit projects to serve the poor and who were in a transitional stage of development into professional MFIs.

25 years of Stromme Microfinance East Africa

In a bid to specialise and professionalise microfinance operations, a company limited by shares was later incorporated in 2004. Because of company’s mission, social investors including SIDI and Cordaid were attracted into shareholding. These have supported the institution over the years. A broadly meeting Board was set in place in June 2004

Company Limited by guarantee,Microfinance key products and services included:

- Concessional loans - Stromme Foundation used to lend loans to NGOs at concessionary interest rates of 5% p.a and to MFIs at interest rates between 10% p.a and 14% p.a between 1998 to 2003;
- Grants - SF used to provide grant funding to smaller and traditional NGOs who had started savings and credit projects to serve the poor and who were in a transitional stage of development into professional MFIs.

The company has been innovative in its capacity building interventions (off site and onsite technical assistance) and hence being able to grow and strengthen the small and emerging category group.

The company has, since a local lender has supported several mature institutions. SMF EA Ltd has been in partnership with institution like Pride Microfinance, USAID, Finance Trust Bank, FAO (now Opportunity Bank), BRAC Uganda through field and capacity building interventions. They are now deposit taking and regulated by the Central Bank.

The company works with Small and emerging partner institutions that are less considered for funding by other investors. This niche constituted 72% of the partners as at 31st March 2019.

Networking with institutions like Social performance Task Force (SPTF), Association of Microfinance Institutions of Uganda (AMFI-U), Association of Microfinance Institutions of Kenya (AMFI-K), Tanzania Microfinance Association (TAMFI), European Microfinance network, African Microfinance network, CERISE and the wholesale lenders network. These networks have been beneficial to the company in terms of fundraising, building capacity of partners, getting subsidized rates for workshops/trainings, marketing of company products and services as well as lobbying and advocacy.

The company has supported partners to introduce new products on their menu through its capacity building interventions.

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Networking with institutions like Social performance Task Force (SPTF), Association of Microfinance Institutions of Uganda (AMFI-U), Association of Microfinance Institutions of Kenya (AMFI-K), Tanzania Microfinance Association (TAMFI), European Microfinance network, African Microfinance network, CERISE and the wholesale lenders network. These networks have been beneficial to the company in terms of fundraising, building capacity of partners, getting subsidized rates for workshops/trainings, marketing of company products and services as well as lobbying and advocacy.

The company has been innovative in its capacity building interventions (off site and onsite technical assistance) and hence being able to grow and strengthen the small and emerging category group.

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A decade of vibrant and empowered Ugandan Households

HOFOKAM Limited is among one of key partners that have been in partnership with SMF EA Ltd for over 10 years. The institution has benefited from SMF EA Ltd’s products and services as narrated by the Managing Director and Partner clients.

According to the Managing Director, Mr. Charles Isingoma, HOFOKAM LIMITED has been engaged in a long-term partnership with SMF EA Ltd since 2008 and is grateful for the support in the pursuit to achieve its vision of becoming the champions of vibrant and economically empowered households in Uganda.

HOFOKAM Limited’s agricultural Loan Product

Ms. Kemigisa Harriet is a very hardworking married lady, a mother of four children, a resident of Fort Portal, Uganda. She is one of the beneficiaries of HOFOKAM’s agricultural value chain loan funding received from SMF EA Ltd. The loan facility enabled her to start a fresh foods business and in addition to the credit facility, her capacity was also enhanced through business skills and financial literacy trainings. “Thanks to HOFOKAM, I am now able to meet the necessities and contribute to our household income,” says, Mrs Kemigisha Harriet.

HOFOKAM Limited’s Housing Microfinance

HOFOKAM Limited has been able to scale up the home loan product from UGX 190,346,157(USD 50,925) (100 active housing borrowers) as at 31st December 2014 to UGX 5,154,652,418 (USD 1.379m) (1,326 active housing borrowers) as at 31st December 2018.

The home loan product has had a better loan portfolio quality (as measured by the portfolio at risk 30 days) compared to the other products which is attributed to the flexible financing and the capacity building support that was provided by SMF EA Ltd. Product reviews and refinements were conducted where the product attributes were tailored to the needs of the clients. This enabled the targeted households to realize their dreams of having decent shelter by undertaking incremental housing activities”, Says Mr. Charles Isingoma.

The Institutional Development Loan from SMF EA Ltd.

“Before we accessed the institutional development loan, we were experiencing challenges in monitoring the field operations (credit supervision) and the implementation of our risk management and internal control functions – spread across Mid-Western Uganda. The existing fleet had been acquired about 10 year prior to 2016 and at the time had aged and this resulted into increased vehicle maintenance costs.

Acquisition of two brand new Toyota Hilux Double Cabin Vehicles resulted into reduced motor vehicle maintenance costs from UGX 152M (2016) to UGX 105M (2017) and UGX 93M (2018) leading to significant improvement in operating performance and profitability. There has also been effective supervision and monitoring; mitigating of operational risks and enforcing compliance because the credit supervisory, Internal Audit, Risk and Compliance staff are able to access areas of operation with tough terrain”, Says, Mr. Isingoma Charles.

“Through this partnership we have been able to provide quality financial services, information and business training to the economically active poor to enable them realize their full potential. In addition, HOFOKAM limited has accessed credit facilities that has enabled its clients to access home improvement loans, working capital loans and Agriculture loans and hence enabling them to improve their livelihoods”, Says Mr. Charles Isingoma.
Destiny Microfinance Limited (DMF) is a small and growing microfinance institution that started as a community-based savings organization (a “cash round”) in May 2010, with a long-term vision of reaching the economically active population of Uganda. In August 2010, it transformed into an NGO which was registered in the names of “Destiny is Wealth Association”. Later, in addition to other services, “Destiny is Wealth Association” started offering loans to members. In August 2011, it converted into a Company limited by shares, and thus the birth of the current Destiny Microfinance Limited (DMF). Right now, DMF operates in two areas, Bulaga where the Head Office is located in central Uganda and Ibanda, western Uganda.

In 2015, DMF became a member of the Association of Microfinance Institutions of Uganda (AMFiu), the national apex body of Microfinance Institutions (MFIs) of at little. DMF is regulated by Uganda Microfinance Regulatory Authority (UMRA), under the Tier 4 Microfinance Institutions and Money Lenders Act, 2016.

By December 2018, DMF had an outstanding net portfolio of UGX529.6 million (USD 141,787), paid up share capital of UGX 210.7 million (USD 56,447), with total equity of UGX 253.9 million (USD 67,951). M. The number of clients reached was 987 of whom 913 were women, with 12 members of staff. Destiny has achieved this milestone, in partnership with different funders. Amongst the many funders is SMF EA Ltd that came on board in October 2018. Before the partnership, DMF portfolio stood at UGX 413 million (USD 110,487) and with the loan facility of UGX200 million (USD 53,504). It anticipates achieving a loan portfolio of UGX 552 million (USD 147,673) by 31st January 2019.

DMF highly values this partnership with SMF EA Ltd and expects to get more additional funding to support its intended business growth.
ASA Uganda Ltd has been in partnership with SMF EA Ltd since 2016.

“We are proud that SMF EA Ltd was our first local financing partner and we expect to engage in this partnership for the future and it is a partner where you don’t experience delays in receipt of funds; their turn around time is quick, we really appreciate” - Mr. Nurul Islam Chowdhury, Managing Director ASA-Uganda.

Mr. Nurul Islam Chowdhury is proud of this partnership that has enabled them to achieve business growth i.e. increase the size of the loan book, the geographical outreach (number of branches) and number of active borrowers.

ASA-Uganda looks forward to continued support and enhance the capacity of their staff through capacity building and technical assistance trainings provided by SMF EA Ltd.

Rugendabara Cooperative Farming Society Limited (RCFS) is a farmer owned organization in Kasese district that was formed as a co-operative society under the Ministry of Agriculture, animal industry and fisheries in the year 1962.

RCFS was registered under the provisions of section 7 of the cooperative societies act of 1963 on the 27th of January 1967 registration number 2273. The cooperative closed operations during the war period in 1980s and resumed operations in 2004 and it has since then registered growth in both operations and membership base. It operates in Kistwamba sub-county, Rugendabara parish in Kasese District.

Through SMF EA Ltd’s agricultural strategy to target Producer organisations, Cooperatives and Small and medium enterprises, RCFS was engaged as a first producer organisation. It has a deep outreach to over 535 Smallholder farmers through its five rural producer organizations.

RCFS has strong business partners like United States African development foundation (USADF), Uganda cooperative alliance (UCA), World food program (WFP), PRICON/Techno Serve and Kilimo Trust that continue supporting it in its Journey of growth.
"We have been hiring trucks to transport maize from collection centres at the block stores. This has been very expensive because during the harvesting season trucks are very expensive because of the high demand. Farmers also lack transport to bring their produce to block stores and so, some end up selling to middlemen who can buy direct from their homes. In addition, lack of a truck has made it hard for RCFS to market its maize flour. We are grateful to SMF EA Ltd that has supported us to acquire a truck to solve the cooperative’s transport relates challenges," Says Mr. Losio Chaplin, Cooperative Chairperson.

The cooperative is in the prime maize production area with good fertile volcanic soils (slopes of mountain Rwenzori) hence, maize availability is guaranteed, and it directly works and supports small holder farmers, who are SMF EA Ltd’s target beneficiaries.

An agriculture loan facility of Uga 250,000,000 (USD 66,881) was disbursed to RCFS in December 2018 that enabled it to boost its working capital and also acquire a truck for its transport related activities.

"The additional working capital has enabled us to make at least 50% advance payments to our members and hence competing favourable with the middlemen. We shall now be able to bulk our produce and meet the supply contract of World Food Program. Thanks to SMF EA Ltd for the support" Says, Ms. Ninsiima’ Prima, Secretary Manager.