



# Soluti finance

Sidi in East Africa

# 2022

## ANNUAL REPORT

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# Acronyms



<b>AFD</b>	French Development Agency
<b>AMFI-K</b>	Association of Microfinance Institutions of Kenya
<b>AMFIU</b>	Association of Microfinance Institutions of Uganda
<b>CEO</b>	Chief Executive Officer
<b>EA</b>	East Africa
<b>ESG</b>	Environmental, Social and Governance
<b>FSPS</b>	Financial Service Providers
<b>IA</b>	Investment analyst
<b>KES</b>	Kenya Shillings
<b>MFIS</b>	Microfinance Institutions
<b>POS</b>	Producer Organizations
<b>SACCO</b>	Savings and Credit Cooperative Organization
<b>SBS</b>	Social Business Scorecard
<b>SIDI</b>	Solidarité Internationale pour le Développement et l'Investissement
<b>SMES</b>	Small and Medium Enterprises
<b>TAMFI</b>	Tanzania Association of Microfinance Institutions
<b>TZS</b>	Tanzania Shillings
<b>UGX</b>	Uganda Shillings
<b>UMRA</b>	Uganda Microfinance Regulatory Authority
<b>USD</b>	United States Dollar



**MR. DOMINIQUE LESAFFRE**  
RETIRED SIDI CEO

*The Board, Management and Staff of Soluti Finance East Africa Ltd convey their heartfelt appreciation to Mr. Dominique Lesaffre for the invaluable long-lasting contribution to the growth of SOLUTI for over 20 years, having served as a Chief Executive Officer of SIDI*

**MS. EMILIE DEBLED**  
THE NEW SIDI CEO



*The Board, Management and Staff of Soluti Finance East Africa Ltd welcome Ms. Emilie Debled as the new Chief Executive Officer of SIDI effective September 1, 2022*



# Board visits to ASA and OUTSPAN







# About us

SOLUTI is a social impact investment company that provides sustainable, market responsive financial solutions and technical assistance to organizations in the Eastern Africa region for over 28 years. We are an affiliate of Solidarité Internationale pour le Développement et l'Investissement (SIDI) based in the East African region. We operate through a partnership model with the aim of improving livelihoods of the vulnerable populations.



# Legal Status

## A. INCORPORATION

SOLUTI is a limited liability company, incorporated in Uganda under the Companies Act of Uganda and domiciled in Uganda. The Company is also registered in Kenya and Tanzania.

## B. REGULATION

SOLUTI is licensed under the Tier 4 Microfinance Institutions and Money Lenders Act, 2016 and is thus regulated by the Uganda Microfinance Regulatory Authority (UMRA).

## C. PRINCIPLE PLACE OF BUSINESS AND REGISTERED OFFICE(S)



Plot 1 | Kololo Hill Drive Block A Ground Floor



P.O.BOX 6109 | Kampala | Uganda



Tel +256-414-232010



email: [soluticeo@solutifinance.org](mailto:soluticeo@solutifinance.org)



website: [www.solutifinance.org](http://www.solutifinance.org)



## TANZANIA CONTACT OFFICE



CRB Africa Legal  
5th Floor, Tanzanite Park,  
New Bagamoyo Road Plot No.60, Ursino  
Street, Regent Estate



P.O Box 79958  
Dar es Salaam, Tanzania

## D. BANKERS

Standard Chartered Bank, Uganda  
Speke Road  
P O Box 544, Kampala.  
Uganda.

DFCU Bank  
Plot 26, Kyadondo Road, Nakasero  
P.O. Box 70,  
Kampala, Uganda

Centenary Bank  
Plot 44-46 Kampala Road & Plot 2 Burton Street,  
Mapeera House  
P.O.Box 1892, Kampala, Uganda

KCB Uganda  
Commercial Plaza 7th Floor,  
Plot 7 Kampala Road  
P.O Box 7399  
Kampala, Uganda

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

## **E. AUDITORS**

### **Ernst & Young Certified Public Accountants**

EY House  
Plot 18 Clement Hill Road  
Shimoni Office Village  
P.O. Box 7215  
Kampala, Uganda

### **Dativa & Associates**

Plot 31 Ntinda Road  
Ntinda Complex, Block A Office F3-01

## **F. SOLICITORS**

### **Nambogo & Company Advocates**

SUITE B-12, 12th Floor  
DTB Centre  
17/19 Kampala Road  
P.O BOX 9071  
Kampala- Uganda

### **TRIPLEOKLAW**

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

### **CRB AFRICA LEGAL**

Advocates, Notaries Public, Commissioners for Oaths and Corporate  
Law Consultants  
5th Floor, Tanzanite Park  
Plot No 38| South Ursino | Victoria Area New Bagamoyo Road,  
PO Box 79958 | Dar es Salaam | Tanzania

Soluti Finance East Africa Limited (SOLUTI) is one of the leading wholesale lenders in East Africa, with a track record of over 28 years of providing both financial and non-financial services to our partners in Uganda, Kenya and Tanzania through a partnership model.

SOLUTI is owned 99.98% by Solidarité Internationale pour le Développement et l'Investissement (SIDI) in France and 0.02% by Priscilla Mirembe Serukka, the Board chairperson and a renowned Development worker in Uganda.

## About our major shareholder

As a pioneer of social impact finance in France, SIDI has been financing and supporting local economic actors for over 40 years, mainly in Africa and Latin America, with the aim of improving the living conditions of vulnerable populations.

SIDI's development project relates to economic, social and environmental dimensions. Through its financing and supporting activities, SIDI aims to reduce economic inequalities in the Global South by enabling the emergence of local economic actors and helping them become autonomous.

SIDI seeks to fight poverty through an approach centered on the most vulnerable people, particularly those living in rural areas, women and young people (who are the lifeblood of these countries and the promise of a more equitable, fairer and more united world).

SIDI is firmly committed to building a more sustainable and environmentally friendly world, capable of adapting to climate change. Through all its partnerships, SIDI aims to support the economic, ecological and social transition in the Global South.





## OUR VISION

"A World free from poverty, fair and environmentally friendly"



## OUR MISSION

"To finance and support Microfinance Institutions and the Agriculture Small and Medium Enterprises in East Africa, through innovative and sustainable partnerships, in order to improve the living conditions of vulnerable populations, particularly in rural areas"



## OUR VALUES

### **Solidarity:**

Working together for a fairer world is a prerequisite for progress for all.

### **Commitment:**

Allow time for partnerships to bear fruit.

### **Integrity:**

We are value-based.

### **Dignity:**

Always treating each other with respect.



## OUR PROMISE

"Financing Opportunities to Transform Lives"





## OUR STRATEGIC ASPIRATIONS

Our vision, mission values and promise are aligned to ensuring that SOLUTI delivers its business with the goal of reaching out to the “low-income entrepreneurs” and “Small holder farmers”.



## OUR BUSINESS MODEL

SOLUTI operates through a partnership model with both financial and non-financial service providers. SOLUTI enhances access to financial solutions to low-income people.

SOLUTI offers a complete range of services adapted to the needs of its partners. To do this, the company has a committed & experienced team based in Kampala, able to engage and support its partners in all its countries of operation. SOLUTI is committed to causing positive change in the vulnerable populations through providing credit facilities and capacity building/Technical Assistance to Microfinance institutions, (MFIs), Savings and Credit Co-operatives (SACCOs), Small and Medium Enterprises (in Agriculture).

Overall, SOLUTI aims for a strong additionality and positive social and environmental impacts, in return for an expected level of risk and financial return in the medium to long term.



# Our Products and Services



# Financial Services



## INSTITUTIONAL AGRICULTURAL VALUE CHAIN LOANS

This product is implemented through a value chain financing approach. We focus on value chains with high levels of multiplier effects among the small holder farmers including among others: Maize, Coffee, Dairy and Rice. SOLUTI also finances other value chains that clearly demonstrate significant social-economic impacts among small holder farmers.



## INSTITUTIONAL HOUSING LOANS

These loans are extended to MFI partners for purposes of catalyzing lending operations to house building, improvements and addition of related accessories on the menu offered to their clients. Housing Microfinance Loans are provided by SOLUTI to support partners' increased access to affordable housing finance by the target group.



## INSTITUTIONAL BUSINESS LOANS

These are loans extended to MF partner institutions through direct capital injection of substantial loan amounts for working capital. These loans are aimed at enabling partner institutions to meet the funding needs of the enterprising low income people.

# Capacity Building and Technical Assistance Services

To supplement financial products, SOLUTI offers a range of innovative capacity building and technical assistance services to partner institutions as well as support to network organizations in the region to promote best industry practices.

SOLUTI with support from AFD, set up an internal capacity building unit (CBU) and hired a Capacity Building Coordinator (CBC). The unit is expected to continue providing responsive and sustainable capacity building and advisory services to current and potential partners in the financial sector, and hence, enable them to address the capacity gaps in their processes, systems, products & services and structures to facilitate improved service delivery to the low-income population.

## **The services will include;**

- Development and delivery of interventions to enable partners mitigate credit risks,
- Support to partners in product development processes and procedures,
- Strengthening the capacity of partners' Boards and management teams to undertake their oversight roles,
- Development and review of financial management functions,
- Support in developing or enhancing the organizational policies and procedures,
- Supporting partners in strategy development and monitoring and,
- Environment, Social and Governance (ESG) integration in partner institutional operations





# Our Partner Categories



## MICROFINANCE INSTITUTIONS

SOLUTI finances and supports Microfinance institutions (MFIs) and Savings and Credit Co-operative Organizations (SACCOs). These are believed to reach out to the low income and rural people that are not served by the mainstream banking institutions. Through these partners, SOLUTI enhances access to financial services to the excluded entrepreneurs and farmers.



## AGRICULTURE SMALL AND MEDIUM ENTERPRISES (AGRIC- SMEs)

SOLUTI finances and supports Agric-SMEs and these are mainly Co-operatives and companies. SOLUTI believes that by working with such entities there will be a great contribution towards economic development and improved livelihoods since such entities directly support small holder farmers and create the necessary jobs especially for the youth and women.

## OUR EXECUTION PRIORITIES ARE

- Provision of appropriate loan products and services to partner institutions
- Provision of demand driven Capacity building and technical assistance to our partner institutions.
- Foster Social and Environmental performance management practices in the region.



# Message From Our Board Chairperson

## **"An Exciting Year amidst the Challenging Environment"**

On behalf of the Board of Directors, I am pleased to share our reflections on the year's activities and exciting accomplishments of Soluti Finance East Africa Limited.

While the start of 2022 was still dominated by the lag effects of Covid-19, Russia's invasion of Ukraine fundamentally changed the view of world affairs which caused a spike in commodity and energy prices, disrupted supply chains and volatilities in financial markets. From a regional and national perspective, the prolonged drought in Kenya and the Ebola outbreak in Uganda also affected our operations. Throughout the year, inflation turned out to be higher and more persistent than the initial expectations. Resultantly, we had to cautiously manage our operations taking into consideration all market challenges hence, the company's planned loan portfolio growth and service delivery to our partners was affected.

Amidst all these challenges, we still managed to navigate the lag effects and to remain a profitable and sustainable company. We are happy to report that the year ended on a positive note, and we registered profit after tax of UGX 513.3m (USD 137,000) as at December 2022 from a loss of UGX 154.3 million (USD41,209) as of December 2021.

**Amidst all these challenges, we still managed to navigate the lag effects and to remain a profitable and sustainable company.**

*- Mrs Priscilla Mirembe Sserukka*

In a special way, I would like to appreciate the role of our major shareholder, SIDI and the Board of Directors in the success of our company amidst the challenging environment. The Company was able to mobilize additional funding from aBi Finance of UGX 10 billion (USD 2.67 million) and from SIDI Euros 900,000. This enabled the company to manage the loan demands from its partners. In addition, fundraising trips were held in the Hague, Paris, and Luxembourg to source potential funding partners.

Our focus continued to be on enabling Microfinance Institutions (MFIs), Savings and Credit Cooperatives (SACCOs) and the Agriculture Small and Medium Enterprises to access financial solutions that impact livelihoods of the low income people in the East African region. I am glad to report that the company achieved several important milestones to advance our impact, including;



### **SETTING UP THE CAPACITY BUILDING UNIT:**

With support from AFD, the company was able to set up its capacity building and advisory unit. Additionally, a Capacity Building Coordinator was recruited to coordinate the activities and interventions of the unit. The unit is expected to continue providing responsive and sustainable capacity building and advisory services to current and potential partners in the financial sector, and hence, enable them to address partner's capacity gap and in turn, be able to enhance service delivery to the low-income population.



### **WE MAINTAINED OUR SOCIAL AND ENVIRONMENTAL FOCUS:**

SOLUTI continued to ensure that it undertakes interventions related to economic, social and environmental dimensions. In 2022, the company was in the final stages of hiring a consultant to support the team to review and develop SOLUTI's Environmental, Social and Governance Policy. All this is expected to be implemented in the new strategic plan 2023-2026.



### **A FOCUS ON INCREASING OUR LOCAL PRESENCE:**

The company successfully undertook an assessment of the Rwanda market as part of the initial requirements for SOLUTI's expansion in the East African region. Resultantly, a legal and market review were undertaken, and a decision shall be taken in 2023.



### **WE SUCCESSFULLY HELD BOARD AND SHAREHOLDER VISITS:**

I am delighted to inform you that our shareholders visited the company in February 2022 as part of their annual monitoring and exposure to company operations. Relatedly, the Board of Directors successfully visited partner institutions including Outspan Agricultural Export Limited and ASA Microfinance Uganda Limited. Board and shareholder visits have continued to expose individual members to how things work in the field and hence provide better strategic oversight.



### **STRATEGIC PLANNING AND ALIGNMENT:**

The Chief Executive Officer and Board Chairperson were able to represent the company in a strategic review workshop that took place from 11th to 18th October in Paris. This was planned to prepare the company to align with the Shareholder's strategic direction for the new strategic plan period 2023-2026.

# Our Outlook

As mentioned above, we are looking optimistically into the future. It is worth noting that the Board has already;-

- Reviewed and approved our mission, vision and values as presented in this report.
- Reviewed and approved our brand and social platform as well as our strategic pillars to enhance service delivery in the East African region. Therefore, effective 2023, we shall ensure a balance of our financial, social and environmental goals and the four pillars below shall be core to our business operations.
  - (i) Ensuring Diversified Growth
  - (ii) Deepen non-financial Support to Partners
  - (iii) Ensure a dual quantitative and qualitative approach to our social and environmental performance
  - (iv) Mobilization of Required Resources
- Relatedly, to improve our footprint in the region we intend to start lending to partners in the Rwanda market starting the year 2024.

All these developments and enhanced approaches are geared towards ensuring that the company remains client-centric in achieving its mission. We are excited to continue our journey of successful, trustful, and sustainable collaboration with all stakeholders for the years to come.

***In a special way, I would like to appreciate the role of our major shareholder, SIDI and the Board of Directors in the success of our company amidst the challenging environment.***

*- Mrs Priscilla Mirembe Sserukka*

We shall remain focused on the company's mission and the Board is confident that SOLUTI's ownership, leadership, strategy, partners, and staff will facilitate its continued growth and development for the benefit of all its stakeholders.

On behalf of the Board of Directors, I extend my humble appreciation to all our stakeholders, especially our valued partners, our shareholders, our employees for their confidence and trust bestowed in Soluti Finance East Africa Ltd. Our continued resilience comes from your diligent support, collaboration, and relationship with you. We believe 2023 will be a more fruitful year.





## CORPORATE GOVERNANCE

I am glad to report that the Board continues to fulfill the primary governing roles and responsibilities. The Company has established a system of best practices in corporate governance. The corporate governance framework is based on an effective independent board, the separation of the board's supervisory role from the executive management and the constitution of board committees generally comprising a majority of non-executive directors and chaired by non- executive directors to oversee critical areas.

Stakeholder engagement remains key to the successful implementation of the Organization's strategy as the expectations and concerns of our stakeholders impact the organization's ability to optimize and grow its business. As a Social wholesale lender, we therefore, remain committed to strengthening the existing relationships and collaborating with a widening network of role-players through regular and meaningful engagement.

The Board is committed to maintaining high standards of corporate governance practices within the Company and devotes considerable effort to identify and formalize best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.

Yours sincerely,

**MRS. PRISCILLA M. SSERUKKA**

**BOARD CHAIRPERSON**





## **CORPORATE GOVERNANCE STRUCTURE**

### **a) Executive Committee**

The committee is responsible for recruitment, formulating personnel policies, Board development and evaluation.

### **b) Finance Committee**

This committee is responsible for proper financial management of resources, risk management especially liquidity, interest and foreign exchange risks as well as fundraising for the company. This Committee meets at least quarterly to review reports from the finance department.

### **c) Audit Committee**

This committee is charged with overseeing the adequacy of SOLUTI's system of internal control in ensuring assets of the Company are safeguarded and that financial information is accurate, risk management, compliance and the effectiveness of the internal audit and external audit activities.

Davita and Associates Certified Public Accountants served as internal auditors for the second successive year.

### **d) Operations Committee**

This committee is responsible for identifying, measuring and monitoring credit risk, business development and ensuring that related policies are in place. It's objective is to ensure that loans are properly appraised, disbursed and monitored to ensure that collections are on time.



**e) ESG Committee**

This committee is responsible for ensuring that there are systems in place for effective translation of SOLUTI's social mission into practice. The committee has the mandate to ensure that the company can realize its social goals/objectives such as serving larger numbers of poor and excluded people; improving the quality and appropriateness of financial services; creating benefits for clients which contribute to the improvement of their well-being and improving social responsibility through the provisions of its services through Partners.

**As at 31st December 2022, the board of directors consisted of 7 members as below;**



**MR. VUILLOD EMMANUEL**  
SIDI - REPRESENTATIVE



**MR. JEAN-MARIE PREVOST**  
MEMBER / FINANCE COMMITTEE  
CHAIRPERSON



**MRS. CLARE WAVAMUNNO**  
MEMBER / ESG COMMITTEE  
CHAIRPERSON



**MRS. ROSEMARY KANTAI**  
MEMBER / OPERATIONS COMMITTEE  
CHAIRPERSON



**MRS SARAH NANKYA TUMWESIGYE**  
MEMBER / AUDIT COMMITTEE  
CHAIRPERSON



**MRS PRISCILLA MIREMBE SSERUKKA**  
BOARD CHAIRPERSON



**MR. EDWARD KATO SEKABANJA**  
MEMBER / EXECUTIVE COMMITTEE  
CHAIRPERSON





**Co-opted Members**



**MRS. SARAH NASSOZI  
KIWANUKA  
MEMBER- AUDIT COMMITTEE**

**MS. JACKLINE MBABAZI  
MEMBER- ESG COMMITTEE**



**MR. JOAN PENCHE  
OPERATIONS COMMITTEE**

**MS. GABRIELLE ORLIANGE  
ESG COMMITTEE**





# Message From The Chief Executive Officer

## Navigating the Challenging Environment

It is my pleasure on behalf of Management and staff, to present Soluti Finance East Africa's 2022 performance with our stakeholders and an overview of the company's future journey together.

I am pleased to state that amidst all the challenges as clearly highlighted in the Board Chairperson's message, staff remained resilient hence enabling the company to attract new partners, both MFIs and SMEs. Additional to highlights by the Board chairperson, the company registered other key milestones in 2022 below:-

- i) In terms of service delivery to the target group, the company continued to ensure alignment to its mission while maintaining and supporting its borrowing partners. SOLUTI supported 31 implementing partners during the year but closed with 30 partners as of December 2022. Out of these, 26 partners were Microfinance Institutions and 4 partners were Agriculture SMEs. Overall, SOLUTI continued to target and support the Small and Emerging Institutions (both MFIs and SMEs). As of December 2022, this category of partners represented 59% of SOLUTI's partners.
- ii) Amidst all challenges, the company's gross loan portfolio stood at UGX 51.103bn (USD 13.645 million) as at December 2022 from UGX 56.175bn (USD 15 million) as at December 2021. The company's total assets stood at UGX 57.8bn (USD 15.4 million) as at December 2022 from UGX 62.95 bn (USD 16.8 million) as at December 2021. It is worth noting, however, that the company's Equity position improved to UGX 25.176bn (USD 6.72 million) as at December 2022 from UGX 24.7bn (USD 6.56million) as at December 2021.
- iii) We are happy to have been joined by one new Staff Mr. Denis lutung, a Capacity Building Coordinator. As per the Board chairperson's statement, Denis shall be coordinating all the company's capacity building interventions.

**The company continued to ensure alignment to its mission while maintaining and supporting its borrowing partners.**

- Paul Katende

## OUR FUTURE

In line with the company's new strategic direction, we shall continue focusing on:

- Ensuring strong partnerships and collaborations to deliver on our mission.
- Further expanding into different partnership categories including Microfinance institutions and small and medium enterprises in agriculture. SOLUTI's niche shall remain the small and emerging partner institutions that are less attractive to many funders in the region.
- Ensure that the inhouse Capacity building unit provides tailored capacity building services to MFIs, SACCOs and SMEs to enhance institutional capacity and foster innovation.
- Enhance the company's fundraising drive to ensure availability of all required resources.
- Supporting partner institutions to streamline Environmental, Social and Governance practices.
- Finalise the housing finance strategy and continue supporting partners to reach out to more people to have decent housing facilities.

We appreciate the support of the Board of Directors, Shareholders, Staff, Partners, Networks, Funders and Service Providers who have enabled SOLUTI to continue providing financial and non-financial services to its target group. We look forward to more fruitful engagement as we move forward.

Yours Sincerely,



**PAUL KATENDE**

Chief Executive Officer

# Management and Staff



**MR. PAUL KATENDE**  
CHIEF EXECUTIVE OFFICER



**MR. CRESSY MUSASIIZI**  
OPERATION MANAGER



**MS. ANNE-ROSE NAMATOVU**  
FINANCE AND ADMINISTRATION  
MANAGER



**MR. CHRISTOPHER LUYIMA**  
FINANCE AND ADMINISTRATION  
SPECIALIST



**MR. DENIS IUTUNG**  
CAPACITY BUILDING COORDINATOR



**MR. CEASOR MAWANDA**  
INVESTMENT ANALYST



**MR. ABEL TUKAMUBONA**  
INVESTMENT ANALYST



**MS. DEBORAH NAMPEWO**  
ACCOUNTS AND ADMINISTRATION  
ASSISTANT



**MR. JOSEPH ODEKE**  
TRANSPORT ASSISTANT



**MR. AMOS BAZAGEZA**  
INVESTMENT ANALYST



# Summary of key performance highlights of the year 2022

**Soluti finance**  
Sidi in East Africa


 **\$13.7m**  
portfolio

 **30**  
Partners

 **3 Countries**  
of intervention

 **26 MFIs**

 **4 SMEs**

  
**1.229M**  
End Borrowers

# Key Social Highlights

## Our 2022 Environmental Social and Governance Outcomes

SOLUTI continued to focus on various interventions internally, among its partners and stakeholders with the aim of achieving key ESG objectives.

-  To Ensure Outreach to Underserved Populations
-  To Provide Products and Services that enable the Poor to build Resilience
-  To Encourage Responsible Lending Practices
-  To Advance Good Governance
-  To Measure SPM Results

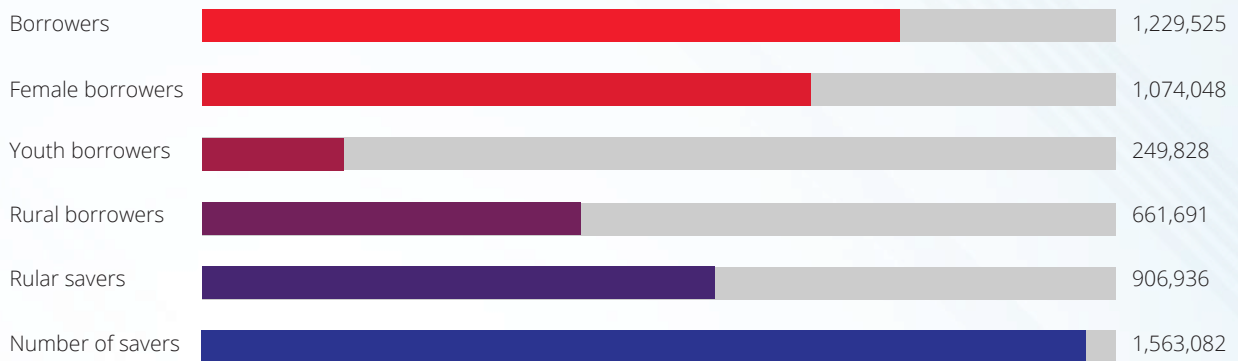
Our goal is the plight of the people in the communities that our partners serve and this remains the heart of everything we do. Our organization has consistently and deliberately dedicated priceless time and resources to partners to transform lives and improving the welfare of the communities in which they operate and our commitment goes beyond just financial services provision; we enhance such with capacity building services that are aimed at enhancing growth and sustainability for improved service provision to low income people to grow their businesses, create new jobs and improve their livelihoods. In our quest to enhance sustainability, we have continually improved our Environmental, Social and Governance initiatives through which we aim to create more social value for our stakeholders, mainly partners and their clients.





In our quest to enhance sustainability, we have continually improved our Environmental, Social and Governance initiatives through which we aim to create more social value for our stakeholders, mainly partners and their clients.

**a) Outreach by our supported MFIs**



SIDI-SOLUTI visit to Butuuro Sacco

## WANJIRU ROOTS OUT POVERTY THROUGH YEHU'S LOAN AND TECHNICAL ASSISTANCE



*Wanjiru in her garden of maize and tomatoes*

Eunice Wanjiru is a mother of four children and she has been able to take all her children to school. One already at the University, one in secondary school and the two are still in primary school. Wanjiru who is a resident of Ngoi Village in Mpeketoni Location, Lamu West sub-County in Lamu County, Kenya has been a farmer for the last 19 years. For the last nine years, the horticulture farmer has dedicated her time and effort to tomatoes, spinach, kale, chillies, and green pepper cultivation based on traditional farming methods.

Unfortunately, Wanjiru has registered enough disappointments with traditional methods of horticulture cultivation. She always had poor harvests due to constant diseases and low productivity which resulted always into losses in her farming venture. In addition to poor yields, she also faced market challenges. “The tomatoes market is very unstable and with constant price changes, which are controlled by middlemen. The competition is high since most people have ventured into tomatoes farming.” She narrated.

In 2019, Ms. Wanjiru was advised by a fellow farmer to join Yehu Microfinance so that she could benefit from their capacity building support. Wanjiru took her first loan of Ksh25,000 (USD 244). On 4th February 2019, she got an opportunity to participate in an Agribusiness and Financial literacy training organised by Yehu and conducted by Bayer bi-technology and Syngenta Agronomists. Wanjiru was advised on good farming practices like crop rotation and farm record keeping.

In her second loan, she was co-guaranteed by her group members and acquired a loan of Ksh50,000 (USD 488) that she utilized on her half acre farm to plant irrigated tomatoes, capsicum, red pepper chilies and kales. She was able to harvest over 2 tonnes of capsicum, 15 sacks of Sukuma wiki and 45 kgs of red pepper. Being a dry season, she made sales of over Ksh350,000 (USD 3,415). She was able to pay back her loan within 4 months of the 12 months repayment period. Out of the farm income, she purchased 3 cows each worth Ksh15,000 (USD 146) and 3 goats each worth Ksh3,000 (USD 29). She paid school fees for her 2 children one in university and the other one in secondary school.

Wanjiru’s main challenge remains high costs of operation arising from increased cost of fuel for irrigation. However, she intends to install a solar system on her farm to power solar pumps instead of petrol pumps which at the moment are costly and not sustainable. She also plans to expand her farm and start greenhouse farming soon where she will be able to commercialize her farming by practicing contract farming with relevant institutions. In her plans, she also wants to diversify her farming by venturing into poultry and livestock farming. She learnt the importance of budgeting and risk management.

***In 2019, Ms. Wanjiru was advised by a fellow farmer to join Yehu Microfinance so that she could benefit from their capacity building support.***

## b) Outreach by supported Agricultural SMEs- Our focus on farmers

### Small holder farmers supported by SOLUTI Partners



### NUMA CREATES MARKET FOR MILLET FARMERS IN WESTERN UGANDAN WITH LOANS FROM SOLUTI.



NUMA main factory in Kabwohe, Sheema district

Small and Medium Enterprises (SMEs) play a vital role in the development of the Ugandan economy. SMEs collectively constitute about 90% of private sector production and employ over 2.5 million people in Uganda. NUMA is one of the many SMEs in Uganda involved in the processing of grains and providing nutritious food within Uganda and beyond.

NUMA is a rural based SME specializing in value addition of grains with 25 years' experience working with farmers in western Uganda. The company employs 135 staff (both permanent and casual). NUMA produces a range of products which are certified by the Uganda National Bureau of Standards (UNBS), all with a brand name "NUMA".



A single bin sifter for millet procured using Soluti's loan by NUMA

According to NUMA's Director, one of the major challenges the company has to struggle with every day is working capital to keep the daily activities of the company running sustainably. This is in addition to the fact that the company has to expand and keep all its employees motivated. In 2022, Soluti Finance East Africa extended a total of UGX600,000,000 (USD 160,214) social loan to NUMA Feeds Limited. The loan was utilised as working capital for buying of millet grains and some part as asset capital purchase of machinery (single bin sifter for millet milling)

According to the Director, the loan facility from SOLUTI has enhanced the activities of the company with immense changes at the factory. "With this loan from SOLUTI, we are now able to pay all our farmers on time, able to deliver all our products to the clients up country on time, we have improved the quality of millet as we are able to filter what exactly we want, the quantity being processed has also increased as we are able to buy more from the farmers", he narrated.



*Some Executive Members of Kitaga Mixed Farmers' Cooperative in front of their office*

Due to the increased market for millet caused by increase in demand from NUMA, the dormant farmers have been re-activated. Resultantly, the number of farmers registered with NUMA has increased as well as farmer cooperative groups.

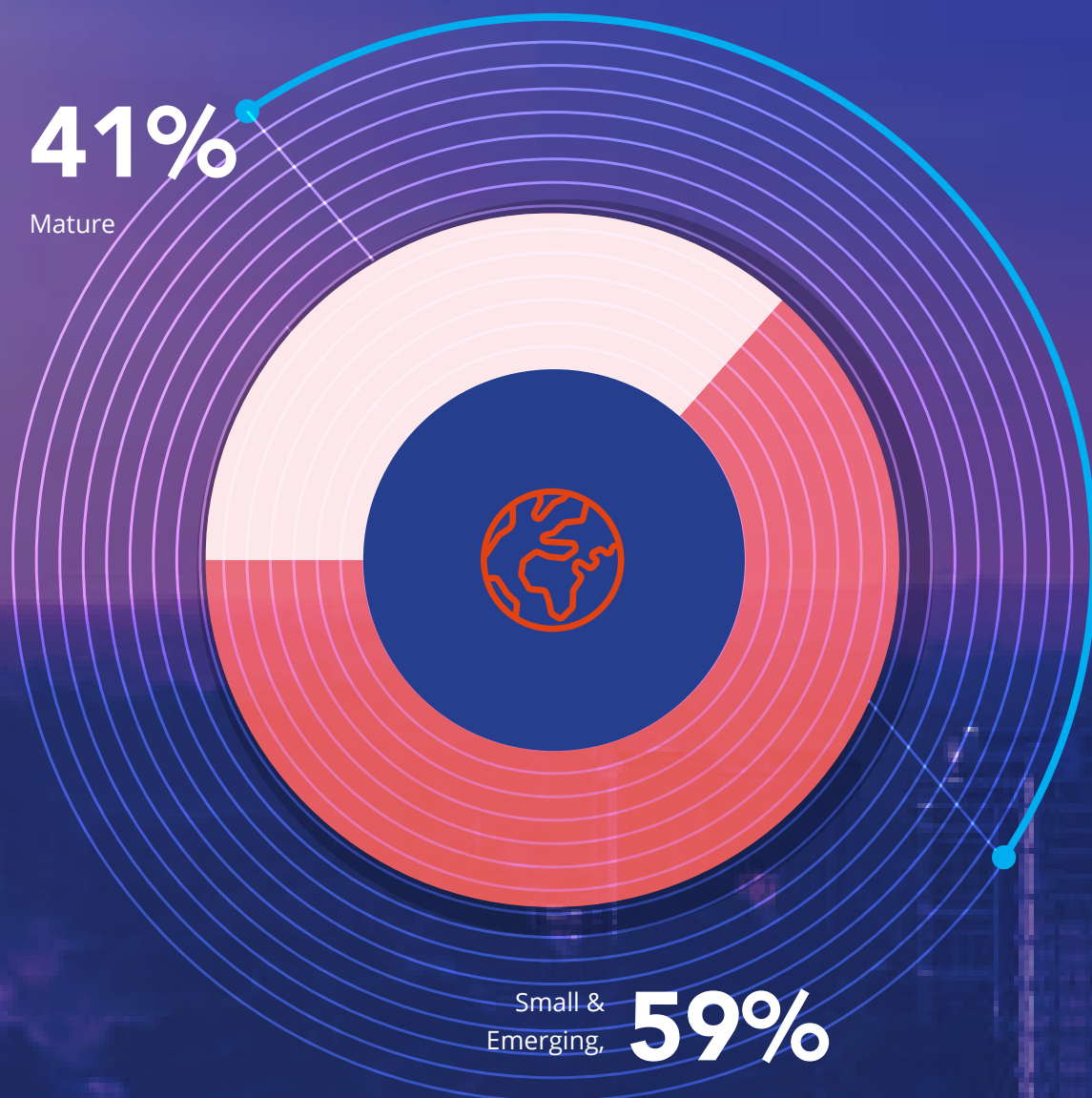
Kitaga Mixed Farmers' Cooperative Society is one of the 800 farmers groups supplying NUMA with raw materials, mainly millet and cassava. Established by NUMA in 2014, the group has grown membership from 450 in 2021 to 600 members in 2022. This was majorly attributed to the increase in number of farmers growing millet due to increased demand from NUMA as result of SOLUTI social loan. The farmer group intends to construct a standard store and acquire a vehicle so that they can improve on their storage and deliver raw materials to NUMA on time in the future. The chairperson of the cooperative is very pleased with their relationship with NUMA as he confirmed that NUMA pays them on time and supports them with trainings to produce quality millet.

The loan facility to NUMA was meant to create market for millet farmers in Western Uganda as NUMA rides on the opportunity for affordable and available raw materials. The target was to buy at least 245,202kgs of millet from farmers, and as of December 2022 NUMA had created market for over 250,300kgs of millet from over 150 farmers in western Uganda. This has created income for the rural small holder farmers and hence improved the standard of living as a result of reduced poverty in the targeted households. Jobs were also created for over 40 non-permanent staff who are employed in millet sorting at the factory as a result of the loan facility.

# Our Partner Categorisation

41%

Mature



Small &  
Emerging

59%

## BRAMU EARNS DIGNITY FROM BANANA FARMING WITH SHUUKU SACCO'S AGRICULTURAL LOAN



*Mr. Bramu, supervising some of his workers at the banana plantation.*

Bramu Christopher 65 years old, has been a primary school classroom teacher for over 30 years. Retired 5 years ago, he is now a pensioner and a model farmer in Buziima cell, Kyempitsi East Ward, Shuuku Town Council. He has 6 children with 2 girls and 4 boys and takes care of his mother-in-law as additional dependent.

"Being a classroom teacher was a full-time job much as the salary was quite meagre to support my family. I majorly depended on rains for food, so that I could save every shilling to ensure that I managed basic scholastic materials and fees." Mr Christopher narrated.





Section of the expanded banana plantation with loan from Shuuku

He pointed out that Primary teachers are someone of the least paid public servants, “I had a difficult life myself as well asnd my family. I had only a two–roomed house with no kitchen, I could not afford any animal but kept some few local chicken which were basically for home consumption.” He added.

In 1997, a group of people at Shuuku Trading Centre started to mobile people to start a SACCOacco. My fellow teacher encouraged me to register with the SACCOSacco. I decided to register to join the SACCOSacco because I wanted a loan but at lower interest rate. I could not get a loan from Stanbic Bank because of the high interest rate they were charging. The SACCOSacco was then registered in 1998 and Mr. Christopher was among the first members of Shuuku SACCOSacco. He got his first loan in was in 1999 for paying school fees of his first born who was joining secondary school. He stated that the rest of his other 5 children were able to finish university from the loans he got from Shuuku SACCOSacco.

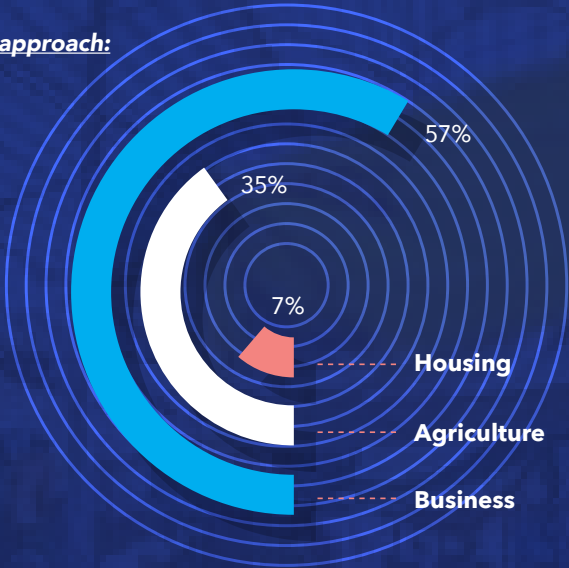
After his retirement, he was able to get another loan of 15 million to expand his banana plantation from 2 acres to 10.5 acres and raised a foundation for his retirement home. When he got his first pension, he was able to finish his retirement home and bought himself a car. He also bought 2 dairy cows and is keeping some goats, which he said were bought with loans from Shuuku. He is very glad that he has been identified as a model farmer in the village and that government is going to support him with an irrigation system for the over 10 acres banana plantation.

He plans to set up the irrigation system by July with the support from the government, get a stable market with fairly good price and start banana value additions like making banana wines, cakes and chips. His major challenge still remains banana wilt which he says he is managing by removing the affected suckers.

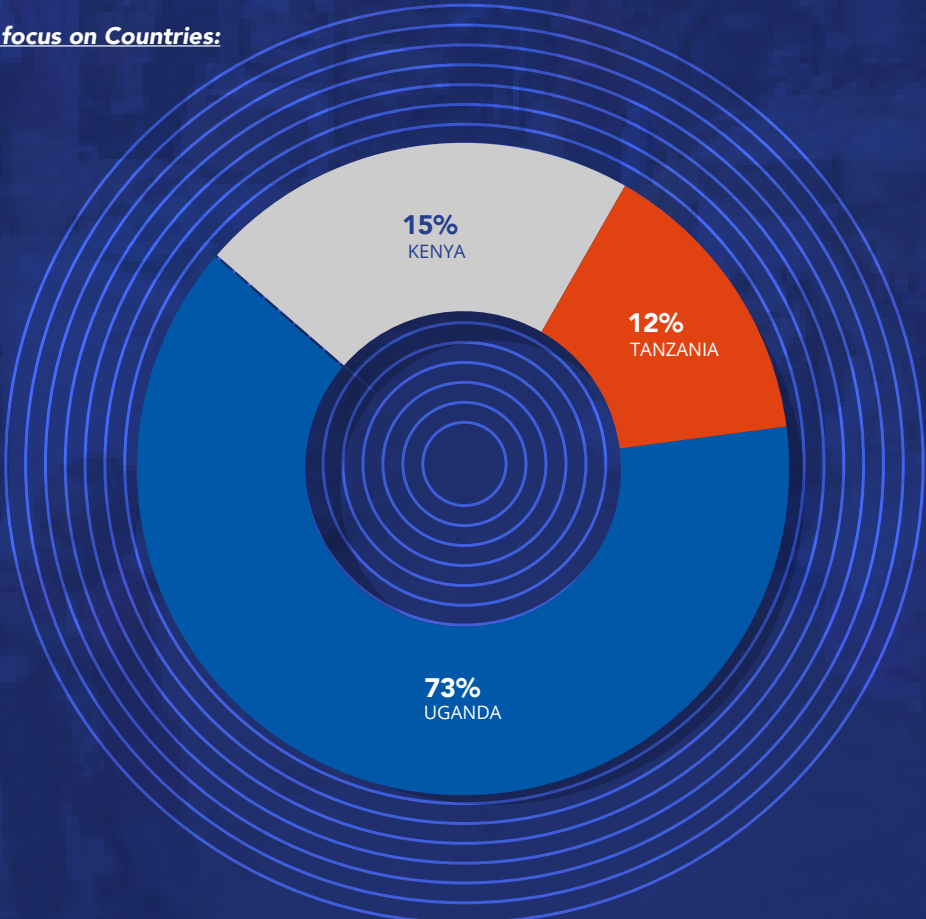
## OUR PRODUCT WISE APPROACH

SOLUTI has a specific focus of providing demand driven products that promote rural economies and also ensure that they are centred at people’s well being. SOLUTI ensures that it provides appropriate loan products that meet partners needs and their ultimate beneficiaries- rural economically active entrepreneurs and farmers.

### Our productwise approach:



### Our focus on Countries:



# Our Continued Focus on ESG

SOLUTI's focus on environmental and social aspects will incorporate our product and service delivery. The specific interventions for the year 2023 and onwards will include;



Train partners and create awareness in ESG, including support to undertake ESG assessments, policy and strategy formulation.



Support our agriculture partners and their clients to implement good agronomic practices, agroecology and organic farming.



Support our partners to review their products to ensure client centricity.



Support our partners with MIS upgrades to enhance on their operational efficiency as well as reporting.



Support our partners to enhance on governance and Human resource management.

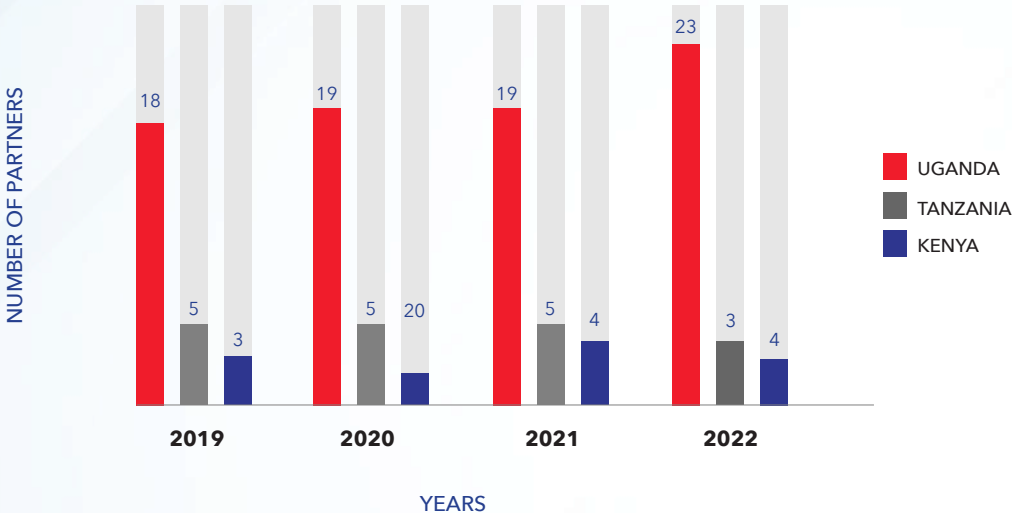


Undertake capacity building of partners clients through financial literacy trainings and awareness.

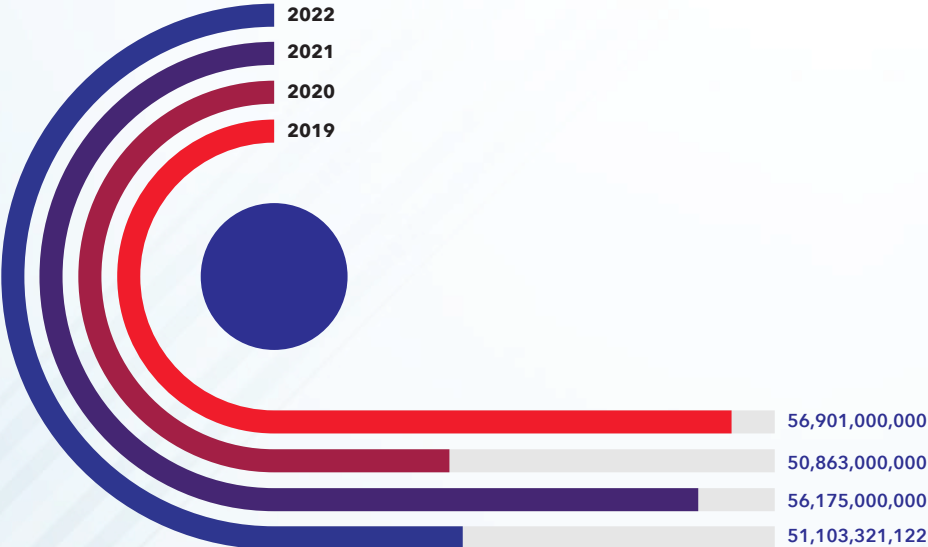
# Business Performance Highlights

**Global Outreach:**

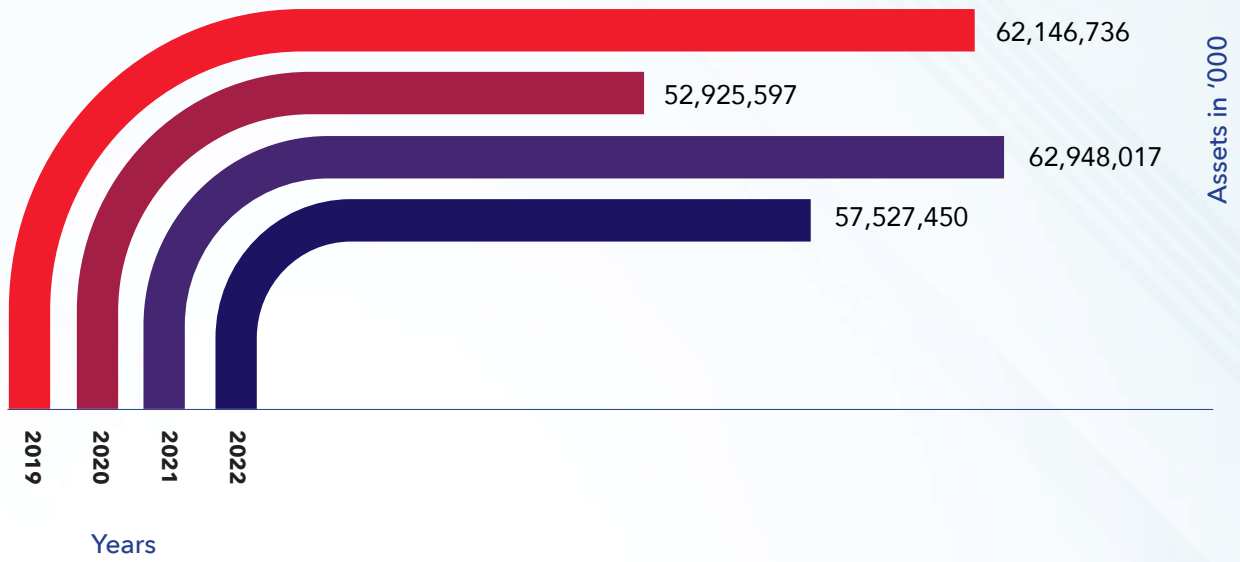
*Partner Trends*



*Trends in Gross loan Portfolio*



### Asset Trends



### Profitability Trends



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER		
	2022	2021
	Ushs'000	Ushs'000
Interest and similar income	8,205,443	8,078,818
Interest and similar expense	(4,050,544)	(3,973,079)
<b>Net interest income</b>	<b>4,154,899</b>	<b>4,105,739</b>
Other income	107,753	397,192
Grant income	153,831	182,991
<b>Operating income</b>	<b>4,416,483</b>	<b>4,685,922</b>
Administrative expenses	(1,441,016)	(1,436,143)
Other expenses	(150,540)	(178,264)
Staff costs	(1,312,168)	(1,200,767)
Increase in expected credit losses	(1,296,164)	(1,555,961)
Net foreign exchange gain / (loss)	151,692	(971,944)
<b>Operating expenses</b>	<b>(4,048,196)</b>	<b>(5,343,079)</b>
<b>Profit / (loss) before tax</b>	<b>368,287</b>	<b>(657,157)</b>
Income tax credit	145,079	502,829
<b>Profit / (loss) for the year</b>	<b>513,366</b>	<b>(154,328)</b>
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year, net of tax</b>	<b>513,366</b>	<b>(154,328)</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2022	2021
<b>ASSETS</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Cash and cash balances	1,542,195	3,045,318
Deposits with financial institutions	500,321	1,360,341
Loans and advances to customers	47,932,005	51,704,884
Other receivables	810,891	1,009,799
Income tax recoverable	1,861,807	1,141,147
Property and equipment	193,913	227,037
Intangible assets	20,710	1,347
Right-of-use asset	317,685	280,239
Deferred tax asset	4,600,073	4,177,905
<b>TOTAL ASSETS</b>	<b>57,779,600</b>	<b>62,948,017</b>

## LIABILITIES AND EQUITY

### LIABILITIES

Trade and other payables	1,820,029	1,849,876
Lease liability	356,951	335,866
Borrowings	30,280,907	35,794,818
Deferred grants	145,467	304,577
<b>TOTAL LIABILITIES</b>	<b>32,603,354</b>	<b>38,285,137</b>

### EQUITY

Share capital	5,387,270	5,387,270
Share premium	9,494,644	9,494,644
Retained earnings	10,294,332	9,780,966
<b>TOTAL EQUITY</b>	<b>25,176,246</b>	<b>24,662,880</b>

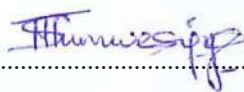
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>57,779,600</b>	<b>62,948,017</b>
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The financial statements were approved by the Board of Directors on 23 March 2023 and signed on its behalf by:



.....  
Director

23 March 2023



.....  
Director

# Our Partners



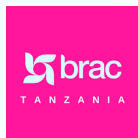


## A) IMPLEMENTING PARTNERS

### KENYA



### TANZANIA



### UGANDA



**B) FUNDING PARTNERS**



**C) NETWORKING PARTNERS**







ANNUAL  
REPORT  
**2022**

[www.solutifinance.org](http://www.solutifinance.org)