



**2021
ANNUAL
REPORT**

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AFD	French Development Agency
AMFI-K	Association of Microfinance Institutions of Kenya
AMFIU	Association of Microfinance Institutions of Uganda
CEO	Chief Executive Officer
EA	East Africa
ESG	Environmental, Social and Governance
FSPs	Financial Service Providers
IA	Investment analyst
KES	Kenya Shillings
MFIs	Microfinance Institutions
POs	Producer Organizations
SACCO	Savings and Credit Cooperative Organization
SBS	Social Business Scorecard
SIDI	Solidarité Internationale pour le Développement et l'Investissement
SMEs	Small and Medium Enterprises
SOLUTI	Soluti Finance East Africa Limited
SPI4	Social Performance Indicators- 4th Version
SPM	Social Performance Management
SPTF	Social Performance Task Force
TAMFI	Tanzania Association of Microfinance Institutions
TZS	Tanzania Shillings
UGX	Uganda Shillings
UMRA	Uganda Microfinance Regulatory Authority
USD	United States Dollar

ACRONYMS

Legal status

Incorporation

SOLUTI is a limited liability company, incorporated in Uganda under the Companies Act of Uganda and domiciled in Uganda with registration Number 80010000408603. The Company is also registered in Kenya and Tanzania.

Regulation

The company is regulated by Uganda Microfinance Regulatory Authority under the Tier 4 Microfinance institutions and Money lending Act, 2016.

Principle Place of Business and Registered Office



Plot 1| Kololo Hill Drive Block A Ground Floor
P.O.BOX 6109| Kampala| Uganda
Tel +256-414-232010
email: soluticeo@solutifinance.org
website: www.solutifinance.org



Kenya Contact Office

Triple Oklaw
ACK Garden House, 5th floor
First Ngong Avenue Off Bishops Road
P.O. Box 43170-00100
Nairobi Kenya



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



Bankers

Standard Chartered Bank, Uganda

Speke Road
P O Box 544, Kampala, Uganda.

Centenary Bank

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

KCB Tanzania

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

DFCU Bank

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

KCB Uganda

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



Auditors

KPMG

Uganda office:

Certified Public Accountants
3rd Floor Rwenzori Courts, Plot 2
and 4A Nakasero Road
P O Box 3509 Kampala. Uganda

Tanzania office:

KPMG

2nd Floor, The Luminary
Plot No 574, Haile Selassie Road
Masaki
P.O BOX 1160 Dar es Salaam

Dativa & Associates

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



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

Our Profile and Ownership

Soluti Finance East Africa Limited (SOLUTI) is one of the leading wholesale lenders in East Africa, with a track record of over 27 years of providing both financial and non-financial services to partners in Uganda, Kenya and Tanzania.

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.

99.98%

SOLUTI is owned 99.98% by Solidarité Internationale pour le Développement et l'Investissement (SIDI) in France.

0.02%

Mrs Priscilla Mirembe Serukka, the Board chairperson and a renowned Development worker in Uganda own 0.02% of Soluti.

About Our Major Shareholder

SIDI is a social investor that was created in 1983 by CCFD-Terre Solidaire, the French major private donor to the communities to improve the living conditions of vulnerable and marginalized people in developing countries, through the creation and strengthening of individual and community-level income-generating activities. SIDI is a patient investor and is very committed to ensuring continuity of SOLUTI.

1983

SIDI is a social investor that was created in 1983 by CCFD-Terre Solidaire

Our Vision

A World Free from Poverty.

Our Mission

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.

Our Promise

Financing Opportunities to Transform Lives.

Our Values



Dignity

We believe in all people realizing their rights, respect and healthy self-esteem.



Solidarity

We empathically identify ourselves with the plight of marginalized and discriminated groups.



Justice

We strive for social rights of individuals and communities and access to resources and power



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 is committed to improving livelihoods of the low-income people through providing credit facilities and capacity building/Technical Assistance to Financial service providers including Microfinance institutions (MFIs), Savings and Credit Co-operative Organizations (SACCOs), as well as non-financial service providers which include Small and Medium Enterprises (in Agriculture, Housing and Social Enterprises) and Producer Organizations (POs) in the East African region.

Our Products And Services



Institutional Business Loans

These are loans extended to 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.



Institutional Development Loans

These are loans extended to partner institutions to enable them to finance and strengthen their institutional capacity to effectively and efficiently deliver the required services to the target clients. These include: purchase of assets, management information system improvements / upgrades, branch renovations, among other initiatives.



Institutional Housing Loans

These are loans extended to partners for purposes of catalyzing lending operations to house building, improvements and addition of related accessories. Housing Microfinance Loans are provided by SOLUTI to increase partners' access to affordable housing finance for their target group.



Institutional Agriculture 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: Maize, Coffee, Dairy and Rice. SOLUTI can also finance any other value chain that can clearly demonstrate significant social-economic impacts among small holder farmers.



Non-Financial 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.

Our Partner Categories

Non-Financial Service Providers (Non-FSPs):

These include Producer Organizations and Co-operatives as well as SMEs. These entities are the major drivers of job creation in East Africa with about 80% contribution to employment in East African economies. SOLUTI believes that by working with such entities there will be a great contribution towards economic development and improved livelihoods since they directly support small holder farmers and create the necessary jobs especially for the youth and women.

Financial Service Providers (FSPs):

These include 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.

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 performance management as well as Environmental management practices in the region



Co-operatives as well as SMEs are among the major drivers of job creation in East Africa with about 80% contribution to employment in East African economies.



Mrs. Priscilla M. Serukka
Board Chairperson

Message from our Board Chairperson

Seizing opportunities in a challenging environment

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

I would like to start with an expression of my sincere thanks to the entire Board of Directors for the trustful support and collaboration during the uncertain times of the year ended 2021. Further appreciation goes to Management and Staff for ensuring smooth running of the company amidst the global pandemic challenges. To our esteemed partners, thank you for your resilience and continued trust in SOLUTI brand especially during these challenging times. The company remained a going concern and this provides assurance of our effective and efficient service delivery and internal controls.

Indeed, we achieved reasonable results in 2021 and strengthened our financial stability for the future amidst all challenges. For us, 2021 was year of great learning but also demonstrated our clear objective for our existence of supporting and providing financing opportunities that transform lives irrespective of the uncertainties.

UGX **23.3** BILLION

In 2021, the company was successful in securing funding to the tune of UGX 23.3 billion (USD 6.53 million) to fund the company's planned activities.

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 turbulent times. In 2021, the company was successful in securing funding to the tune of UGX 23.3 billion (USD 6.53 million) to fund the company's planned activities. Appreciation goes to the French Development Agency (AFD), Cordaid, SIDI and DFCU Bank that enabled the company to have sufficient cash flows to support company operations.

With support from SIDI, the company was able to receive grant funding from the ACTES Foundation of UGX 154 million (Euros 38,079) that helped in strengthening of SOLUTI partners to deal with crises such as Covid-19 aiming at facilitating the continuity of the activities of 14 rural MFIs. This was a worthwhile support that enabled partners to remain resilient during the pandemic times and was much appreciated.

I am also very pleased to report that among the new strategic funding partners was AFD where at a ceremony held at the French Embassy on March 10, 2021, two financing agreements were executed with a total amount of 2.9 M (Approx. UGX 12.9 billion). This funding consisted of Euros 2.4 million credit line and Euros 500,000 grant. This funding was very timely and shall help to enhance the development of agricultural and rural finance in SOLUTI's areas of operation and actors in value chains that are currently underserved by the financial system.

Despite the challenging environment, we are happy to share our performance highlights and updates below;

- **We grew our Loan Portfolio and Asset base:** Amidst the disruptions and effects of COVID-19, the company registered great progress with a 10.6% growth in loan portfolio and 19% growth in total assets. The company's gross loan portfolio stood at UGX 56.17bn (USD 15.2 m) from UGX 50.86bn (USD 13.8m) in 2020 whereas Total Asset base stood at UGX 62.94bn (USD 17.1m) from UGX 52.92bn (USD 14.4m) in 2020.
- **We remained a going concern:** The COVID-19 pandemic created unprecedented uncertainty, and businesses across all our operational countries felt the related financial strains and pressures. Resultantly, the company registered negative results leading to a loss. The registered loss after tax amounted to UGX 154.3 million (USD 43,270) as compared to profit after tax of UGX 374 million (USD 104,879) as at December 2020.

- **We maintained our social focus:** SOLUTI continued to ensure that its social mission is achieved. Resultantly, the Board took a decision to have further focus on Environmental and Governance aspects and hence renaming its social performance Management committee as ESG committee.
- **We improved our skills in Board committees:** I am delighted to welcome Ms. Gabrielle Orliange and Mr. Joan Penche from SIDI co-opted members of the Board on the ESG Committee and Operations committee respectively. Individually they all bring a wealth of knowledge and experience that will add up to the existing skills on the committee.
- **We strengthened our internal controls:** The Board continued to ensure strong internal control systems and processes with some new policies including Staff safety, Anti-corruption and Whistle blowing policy having been developed and approved whereas other policy and manuals including among others; the Human Resource manual, Finance & Accounting Manual were reviewed and approved.

Whereas the company registered good progress as highlighted above we also experienced some key challenges below that continued to exist and to a great extent affected our business in different ways;

- The financial markets continued to slow down and affected the company's fundraising efforts. This greatly affected the company's planned growth and service delivery to our partners.
- Increased credit and liquidity risk because of some partners inability to meet their obligations in time.

10.6%

Amidst the disruptions and effects of COVID-19, the company registered great progress with a 10.6% growth in loan portfolio.

19%

Amidst the disruptions and effects of COVID-19, the company registered great progress with a 19% growth in total assets.

However, despite all challenges, I am happy to report that Contingent measures were put in place and hence enabling the company to end the year smoothly.

UGX 56.17 Bn

(USD 15.2m) The company's gross loan portfolio.

UGX 62.94 Bn

(USD 17.1m) The company's total asset base in 2021.

Our outlook

While there is hope that the COVID-19 pandemic has been contained globally, the East African economies continue to be traumatized by its aftereffects. As mentioned above, we are looking optimistically into the future. In the coming years ahead SOLUTI plans to;

- Develop a new strategic plan for the period 2023- 2027 taking into consideration lessons learnt from the pandemic;
- To integrate and have dedicated focus on environmental aspects in our interventions.
- Have a specific focus on capacity building of partners by setting up an internal capacity building unit.

All these developments and proposed new 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.

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, collaborations, and relationship with you. We believe 2022 will be a more fruitful year.

Yours sincerely,



Mrs. Priscilla M. Serukka
Board Chairperson.

We Seized opportunities in Fundraising



SIDI is a patient investor and is very committed to ensuring continuity of SOLUTI

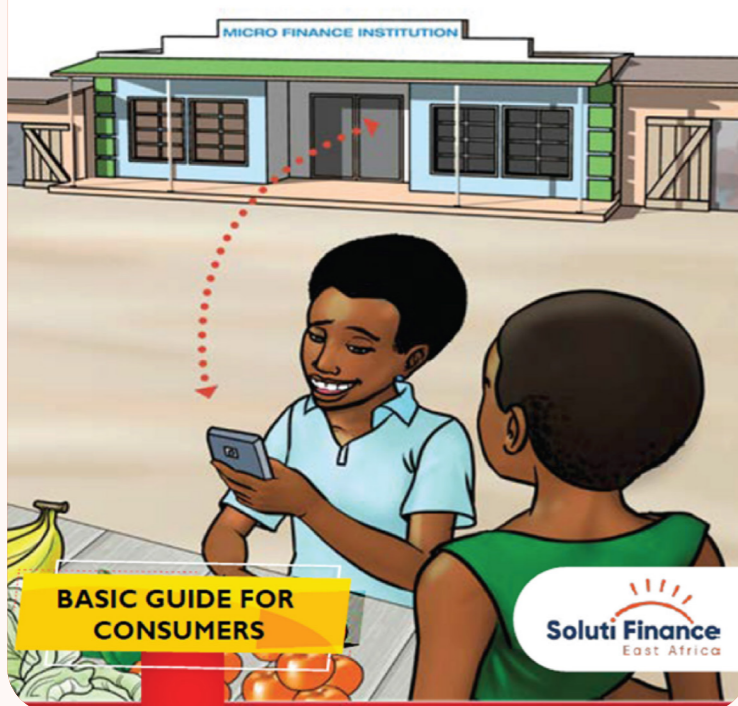
SIDI Executive Management with Soluti CEO and Board Chairperson: (Left to right: Mr. Paul Katende-SOLUTI CEO, Ms. Anne Sophie Bougouin- SIDI-Chief Finance Officer; Mr. Dominique Lesaffre- SIDI- CEO, Mrs. Priscilla M. Serukka- SOLUTI- Board Chairperson and Mr. Joan Penche- Chief Operating Officer.

ACTES Foundation supported trainings in entrepreneurship and improved farm management.

Sample of Information & Education Communication (IEC) materials developed for Partners with support of Actes Foundation

At a ceremony held at the French Embassy on Wednesday March 10, 2021: From left to Right: Mr. Hatem Chakroun, French Development Agency (AFD) country Director in Uganda, French Ambassador, H.E. Mr. Jules-Armand Aniambossou, Mrs. Priscilla M Serukka, Board Chairperson- SOLUTI and Mr. Paul Katende, CEO SOLUTI.

WHAT YOU NEED TO KNOW ABOUT DIGITAL FINANCIAL SERVICES





Corporate Governance Report

To us, governance implies far more than compliance with relevant legislation and best-practice principles.

Corporate governance

The company is committed to promoting the highest standard of corporate governance. To us, governance implies far more than compliance with relevant legislation and best-practice principles. Rather, it involves a deep-rooted culture of accountability, transparency, respect, efficiency, ethical thought and action, and a values-driven approach to everything we do.

I am glad to report that the Board continues to fulfil the primary governing roles and responsibilities as clearly outlined in the company's Board Manual. We have embedded internal policies and processes to ensure good corporate governance and ethics including among others:

The current Board of SOLUTI consists of Seven (7) directors from different professions such as Finance & Accounting, Microfinance, Law, Education and economics.

annual assessment of the Board, Board training and development especially in emerging skills, Board succession planning, and regular review of the Board skills matrix given the rapidly changing business environment.

Stakeholder engagement remains key to the successful implementation of the company'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 collaborations.

The current Board of SOLUTI consists of Seven (7) directors from different professions such as Finance & Accounting, Microfinance, Law, Education and Economics. The directors have varied experience, skills and expertise in different fields including agriculture and investments among others. All the directors are non-executive and the majority of them are independent which brings to the board independence while executing their roles.

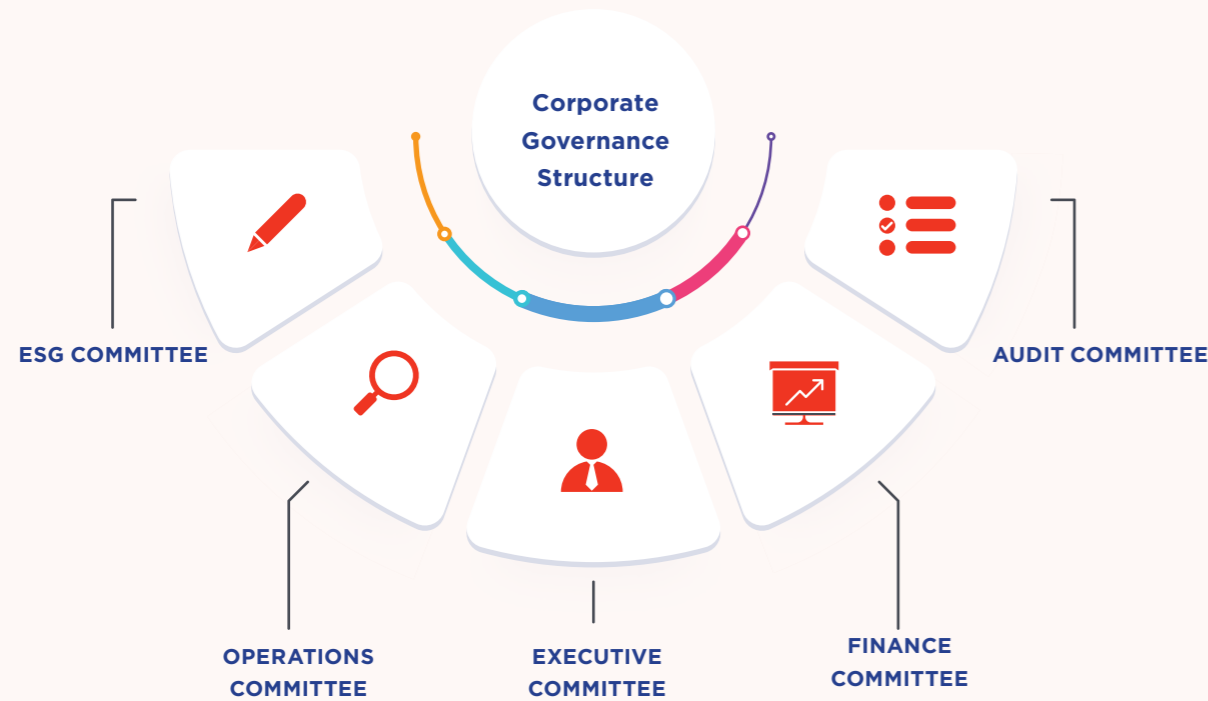
The Board of Directors is mandated to support and oversee management in efficiently discharging specific functions of the company. The members of the board are aware of their obligations in discharging their duties.

The Board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders. The board takes overall responsibility of identifying key risk areas, considering, and monitoring investment decisions, considering significant financial matters and reviewing the performance of management, business plan and budget.

The Board is committed to maintaining high standard 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 stakeholders and enhance shareholder value.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and in compliance with sound corporate governance principles. The Board delegates the day-to-day management of business to the Chief Executive Officer who is assisted by the management team.





SOLUTI has an effective and independent Board of Directors and there is clear separation of the Board’s supervisory role from management. The board functions as a full board and through various committees constituted to oversee specific operational areas. The Board has constituted 5(Five) committees comprising of non-executive directors.

a. Executive committee

This committee is responsible for strategy development, recruitments, formulating personnel policies, Board development, evaluation and appreciation.

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.

c. Audit Committee

This committee is charged with overseeing the adequacy of Soluti’s system of internal control in ensuring that the assets of the Company are safeguarded and that financial information is

accurate. The committee also deals with risk management, compliance and the effectiveness of the internal audit and external audit activities. During the year 2021, the internal audit function was outsourced to Davita and Associates Certified Public Accountants who will serve as internal auditors for the next two years.

d. Operations Committee

This committee is responsible for identifying, measuring and monitoring credit risk, business development and ensuring that related policies are in place. Its 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. The ESG Committee was previously a Social Performance Committee” but has been renamed ESG committee in 2021, following the members’ and shareholders’ increasing awareness towards environmental challenges and responsibility.

As at 31st December 2021, the board of directors consisted of 7 members as below;



Mr. Vuillod Emmanuel
SIDI- Representative



Mrs Sarah Nankya Tumwesigye
Independent Director / Audit Committee Chairperson



Mr. Jean-Marie Prevost
SIDI- Representative / Finance Committee chairperson



Mrs. Rosemary Kantai
Independent Director / Operations Committee Chairperson



Edward Kato Sekabanja
Independent Director / Executive Committee Chairperson



Mrs. Clare Wavamunno
Independent Director / ESG Committee Chairperson



Mrs Priscilla Mirembe SSerukka
Board Chairperson

Co-opted Members

Co-opted members are people who are chosen by the company to represent a specific area of interest or issues of consideration. These representatives are appointed because of their level of knowledge and experience. Co-opted members sit on the committees and not on full board.



Mrs. Sarah Nassozi Kiwanuka
Audit Committee



Mrs. Jackline Mbabazi
ESG committee



Mr. Joan Penche
Operations Committee / Chief
Operating Officer- SIDI



Ms Gabrielle Orliange
ESG Committee / Head of Social and
Environmental Performance - SIDI



Mr. Paul Katende
Chief Executive Officer

Message from the Chief Executive Officer

Adapting and growing through a volatile environment

It is my pleasure on behalf of Management and staff, to share some highlights of our 2021 performance with all our stakeholders and also to provide an overview of our future journey together.

I am happy to report that amidst all challenges, the pandemic was a great opportunity for SOLUTI team to grow stronger. As clearly highlighted in the Board Chairperson's message staff remained resilient and hence enabling the company to attract new funding allowing for the growth of the company's loan portfolio and total asset base.

In addition to the elements already highlighted by the Board chairperson, I want to underline the following milestones:-

- i. We are happy to have been joined by Mr. Abel Tukamubona as an Investment Analyst. This led to growth of Soluti team to 9 staff members and hence strengthening the company's team to manage operations efficiently.
- ii. Management with support from Board continued to implement strategies as enshrined in our 5-year strategic plan for the period 2019- 2023. However, it's worth noting that the Board took a decision to develop a new strategic plan for the period 2023- 2027 taking into consideration the effects of the corona pandemic.

32

SOLUTI supported 32 partners during the year and closed with 28 partners as at December 2021.

56%

Out of the 28 partners supported, 56% were small and emerging institutions, mainly under tier 4 category group.

- iii. 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 32 Implementing partners during the year and closed with 28 partners as at December 2021. Out of the 28 partners supported, 56% were small and emerging institutions, mainly under tier 4 category group.
- iv. We continued to provide support to our partners amidst the difficult times of the year. With grant funding from ACTES Foundation, partners received the support below:-
 - » 3 (three) partner institutions including: Rushere SACCO, Bunyaruguru SACCO and Destiny Microfinance limited were supported to review and develop business plans to incorporate stress test scenarios.
 - » 14 partner institutions were supported to increase awareness and usage of digital financial services in the microfinance sector. This also included production of Information & Education Communication (IEC) materials and translation of the same in 4 local languages of preference to partners.
 - » 40 participants who are beneficiaries of our partner institutions were trained to rejuvenate, set up and manage resilient enterprises. This was done through a Farmers Business Games which are highly interactive training for smallholder farmers, emerging farmers and agricultural entrepreneurs who want to improve their skills for a successful and sustainable farm management. Participants were carefully selected to be opinion leaders who can train others in their communities.

Our Future

In line with the Company's vision and mission the company shall continue focusing on;

- 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. This will further enhance access to financial services by the low-income people in the region.
- Increase the company's fundraising drive to ensure availability of all required resources.
- Supporting partner institutions to streamline Environmental, Social and governance practices.
- Review the housing loan product and develop a housing finance strategy. This shall help Soluti to continue supporting its partners to reach out to more people to have decent housing facilities.

We appreciate the support of the Board of Directors, Shareholders, 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

14

14 partner institutions were supported to increase awareness and usage of digital financial services in the microfinance sector.

40

40 participants who are beneficiaries of our partner institutions were trained to rejuvenate, set up and manage resilient enterprises.

Management and Staff

Soluti Management and staff:

Back row- Left to right: Mr. Joseph Odeke, Ms. Anne Rose Namatovu, Mr. Paul Katende and Mr. Abel Tukamubona:

Front row: Ms. Deborah Nampewo, Mr. Ceasor Mawanda, Mr. Christopher Luyima, Mr. Cressy Musasiizi and Mr. Amos Bazageza.



Summary of key performance highlights for the year 2021

A. Key Social Highlights

Our 2021 Social performance Management (SPM) Outcomes.

Our goal is the plight of the people in the communities that our partners serve. This is at the heart of everything we do!. Since our inception, 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. Ultimately, our commitment goes beyond just financial services provision, it embodies 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 enhanced on our Social Performance Management (SPM) initiatives through which we aim to create more social value for our stakeholders, mainly partners and their clients.

To demonstrate our intent, an audit was done to assess our current SPM Practices using the SP14 based on the Universal Standards of Social Performance Management (USSPM). Each standard was scored to our performance, and the company's overall score was 87%

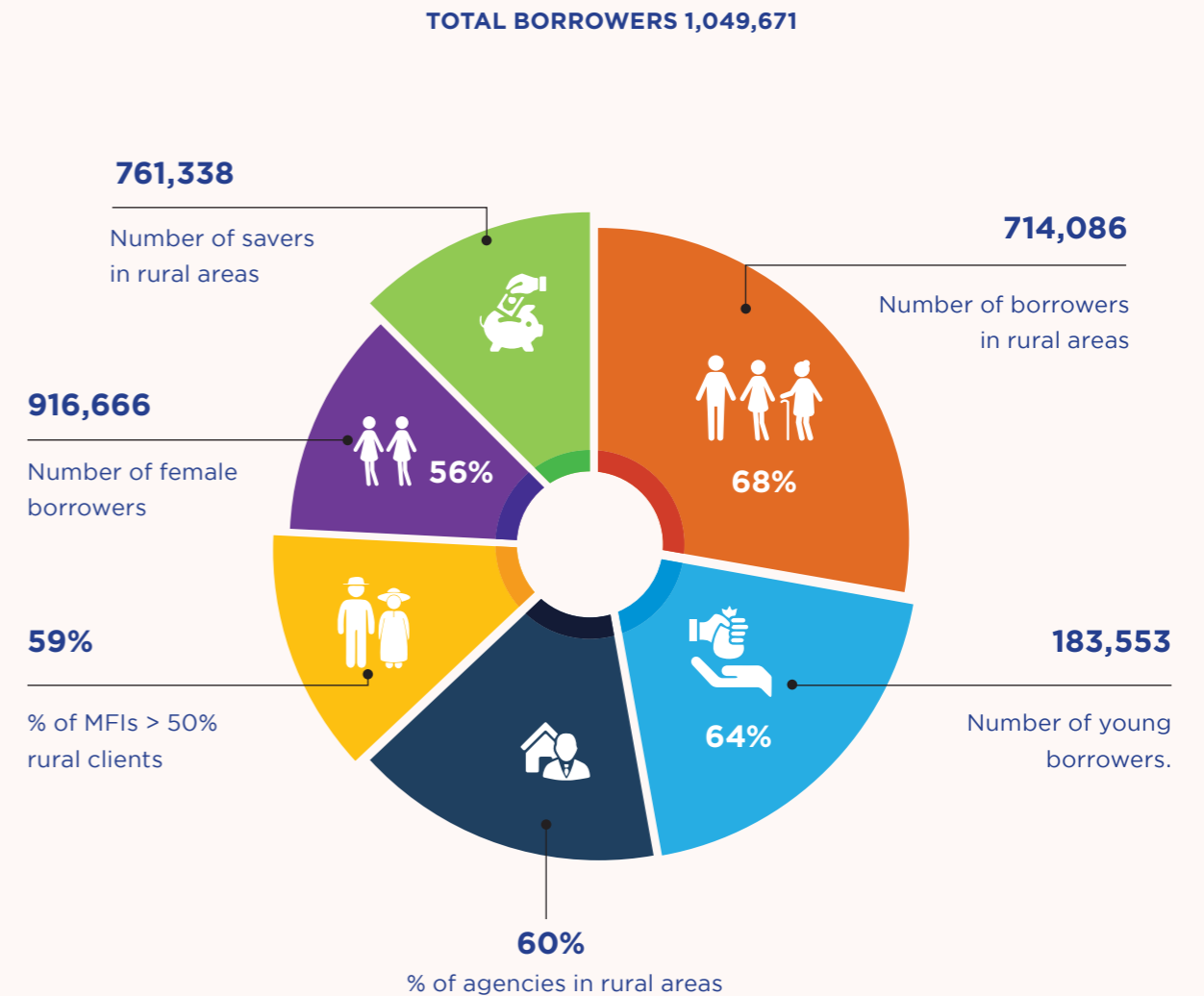
Our overall Score as per Universal Standards



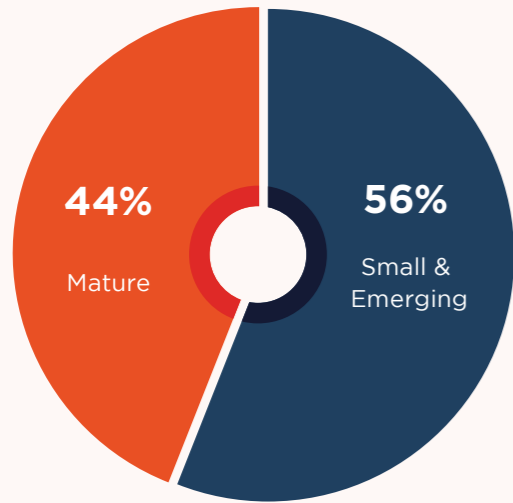
- KEY**
- 73 Define and monitor social goals
 - 98 Commitment to social goals
 - 80 Design products that meet clients' needs
 - 87 Treat clients responsibly
 - 83 Treat employees responsibly
 - 98 Balance social and financial performance

Our score shows total commitment towards balancing the company's social and financial goals. We remain committed to serving our partners responsibly and also deliver appropriate products and services. We also remain committed to ensuring our organizational sustainability while also being mindful of the environment in which we operate.

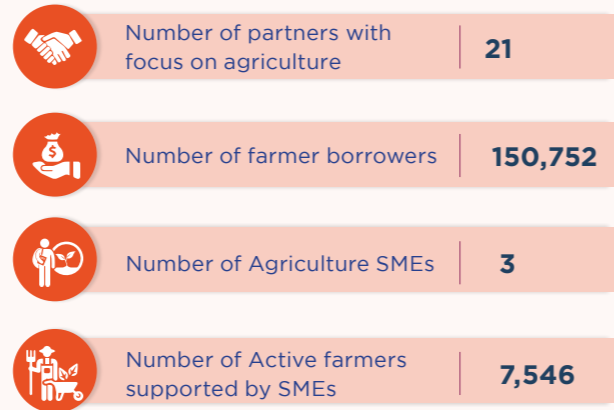
Outreach of our Partner Institutions



Our Partner categorization



Our Partner's focus on small holder farmers

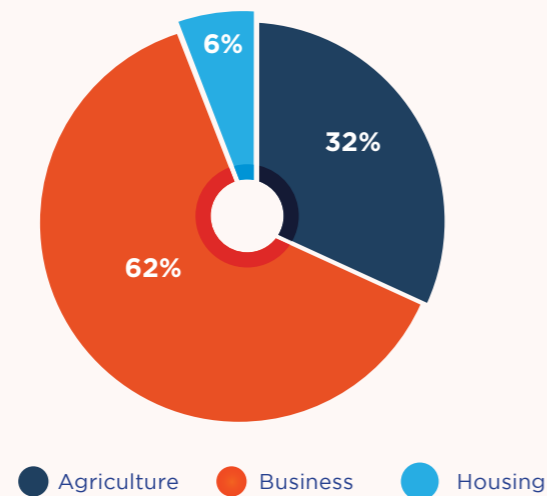


Our product wise approach

In line with Universal Standards of Social Performance Management, we have a specific focus of providing demand driven products that promote rural economies and also ensuring 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.

Portfolio by sector as at 31st Dec. 2021



B. Our new focus on ESG

The environmental dimension of SOLUTI business received a special attention in 2021 in addition to the historic awareness to the social aspects of SOLUTI business: a global ESG framework has been developed by SOLUTI Board. Following this, policy, strategy, products and services will be reviewed in 2022 to integrate all ESG dimensions in SOLUTI daily business. With a grant support received from AFD, the interventions below shall be undertaken from 2022 onwards.

- » Train 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.

150,752

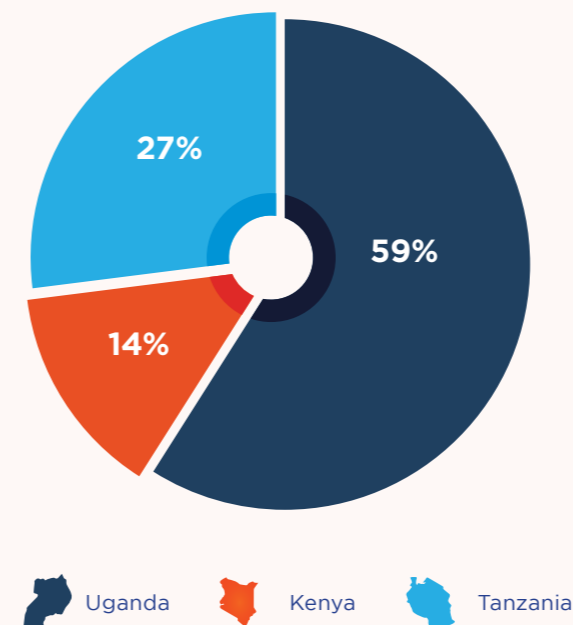
Borrowers reached out through partners were 150,752 farmers.

7,546

Farmers directly supported by our Non-MFI partners were 7,546.

Our focus on Countries

Portfolio distribution by country as at 31st Dec 2021



Our support to agriculture SMEs

SOLUTI supports OUTSPAN AGRIC EXPORTS LTD (OUTSPAN) which in turn supports Sesame farmers associations.

OUTSPAN is an agricultural export company that deals in exportation of organic sesame grown by small holder farmers organized into producer groups in the districts of Amolatar, Dokolo and Kaberamaido. OUTSPAN has a strong backward linkage with smallholder farmers as they are organized into producer groups/clusters in the Districts of Amolatar, Dokolo and Kaberamaido in Northern and Eastern Uganda and coordinated through the field office with a warehouse located in Ochero town, Kaberamaido District.

Outspan mobilizes and registers farmers and trains them in organic agricultural practices, provides quality agro-inputs especially seeds to members and thereafter works with Fair Trade and other organic certifiers to certify the farmers. It aggregates farmers' produce and secures market from the importers of sesame.

SOLUTI has been in partnership with Outspan since 2019 and SOLUTI has supported in providing working capital to support its farmers especially at harvesting and aggregation.

The partnership helped Outspan engage an additional 400 organic farmers, and we were able to pay farmers on delivery of their produce as opposed to before when we could take some time.

“Accordingly, SOLUTI has been able to understand our business cycle and refinancing is done on time and this has supported Outspan to have confidence with the farmers we work with. The loans are structured in line with our cashflows, and this has helped us to pay with ease”, Says Mr. Kayondo.

“We expect to continue with the partnership with request for additional funding at those specific times of our business need as we also plan to introduce other conventional products along with our organic products. We believe this relationship will make OUTSPAN grow and engage more farmers and associations members will grow”, Mr. Kayondo explains.

Accordingly, SOLUTI has been able to understand our business cycle and refinancing is done on time and this has supported Outspan to have confidence with the farmers we work with.

- Mr. Kayondo.



Story of Anyimulach Ochero Farmers Association

A group in partnership with OUTSPAN.

Anyimulach Ochero Farmers Association started in 2014 as Kaberamaido Farmers Association and was registered in 2018 when they joined Outspan. The association is located in Ochero Subcounty Kaberamaido District, Eastern Uganda. The association's mission is centered on improving members livelihoods through farming activities and key of the objectives include;

- To unite all sesame farmers to improve on production and quality for better prices on the local & international market.
- To uplift standards by training members in sustainable agricultural methods and other income generating projects
- To promote access to credit and savings among members
- To improve on environment by planting beneficial trees and promote proper soil management practices.
- To educate members about prioritizing their spending on social -economic development and children's education.

The association currently has 342 farmer members composed of 80% men and 20% women. In the period 2014 -2018, members were producing sesame and selling it to some local traders and NGOs.

"After becoming members, we were trained and adopted organic farming. We were taught how

to undertake agricultural farming practices that would yield high produce, protect the crop in the field, good harvesting practices, storage as well as safe transporting of sesame. We were also trained in ensuring best practices to qualify for certification as organic farmers", says Michael Elyanu- Group Chairperson.

According to group members, outspan started buying the sesame from Anyimulach Ochero

Members of the group acknowledge getting better prices for sim-sim from Outspan compared to earlier years when they were selling to some traders and NGOs.

Farmers Association in 2020. "As a result, we have been able to double our produce and sell more sesame since we are able to access to storage facilities and market with support from Outspan", says Micheal Elyanu.

Members of the group acknowledge getting better prices for sesame from Outspan compared to earlier years when they were selling to some traders and NGOs.

"This has been possible because prices are always agreed upon with farmers", says Micheal Elyanu.

Members are proud of their group because they are now assured of getting school fees for their children to have a better education. Some members have started other income generating activities like selling of goats and piggery. "Personally, I have been able to start a piggery project. Our standard of living is greatly improving with support from Outspan. We have moved from being local farmers whose produce was bought cheaply to organic producing and earning much more", says Micheal Elyanu.

Group members have a future plan of building better houses, protecting the environment by planting trees and also provide support to their local schools by providing desks. "We further plan to have an office, build a bigger storage facility and train more farmers to understand organic farming practices and encourage them to adopt this mode of farming because it the most appropriate", says Micheal Elyanu.

The group's biggest challenge comes during the buying season. When the sesame is not bought on time, farmers seek alternative markets and eventually give less produce to Outspan. Another difficulty farmers face is in accessing tarpaulin that help preserve the sesame. "We thank the management of Outspan for coming to our rescue and we request them to continue educating us about organic products", says Micheal Elyanu.



Members' representatives of Anyimulach Ochero Farmers Association

Realising one's business dream by joining ASA Kenya - A story of Monicah Njeri Nganga

From the start of this poultry business, things have worked for me and have been going on well. - **Monicah.**

Monicah is a 43-year-old female living with her family in Kerwa Village, Kikuyu town, Kiambu County. She used to own a small kiosk at her home selling vegetables to customers within the neighbourhood. In January 2019, she was approached by ASA Kenya loan officer who introduced her to the institution that empowers women in society through access to financial services. She was impressed by ASA's philosophy of empowering women with affordable financial services for improved family lives.

Impact of ASA's Services on Monicah's dream business

Monicah joined ASA on 8th January 2019 through a group called Thursday-Small Business Loan group and was able to receive the first loan of Kshs 20,000 just after two weeks. Although she was involved in vegetables selling all her business life, her aspiration and desire was poultry business, to supply eggs and chicken meat to hotels/restaurants.

"From the start of this poultry business, things have worked for me and have been going on well", Says Monicah.

Kshs 20,000

Monicah joined ASA on 8th January 2019 through a group called Thursday-Small Business Loan group and was able to receive the first loan of Kshs 20,000 just after two weeks.

Monicah followed ASA's loan terms and conditions with loan repayments being made on time and ensuring attending weekly group meetings. She has paid off loans and graduated to higher loans and is currently servicing a loan of Kshs 100,000. From the loans received Monicah narrates that she has been able to expand her business which has also led to increased demand for the products and her passion for the business grew.

The business expansion resulted into increased need for more funds to purchase poultry feeds and other inputs such as soya, maize, drugs needed for rearing my chicks etc. Since inception, her business has remained profitable. The business has afforded the family improved living standard with ease to pay school fees for the children, rent, utilities etc.

• Business plans

Monicah has an ambition of expanding her business to be able to export her products i.g. eggs and chicken meat where she envisages more profits. She hopes to buy a farming land to set up a bigger chicken rearing house for improved incomes.

• Business setbacks

Monicah's challenge in her business is scarcity of materials needed to prepare chicken feeds. She gets most of the supplies from Uganda like maize. However, the government recently imposed total

lockdown of the country to address the covid-19 situation hindered timely deliveries. This situation led the transporters to charge more fees resulting into increased prices of the poultry products hence reducing sales. She hopes that the covid-19 situation will be managed well by the government to allow smooth flow of business.

• Benefits to the family

Monicah is grateful to be a client of ASA Kenya for now more than 3 years. Her husband is also happy about the services since he has witnessed how easy and fast it is to access funding from ASA Kenya and repaying the loan is less stressful. Her business allows to earn enough income for paying children's school fees, saving money for family emergencies and business expansion.





Story of Bangyibasa farmers' association

A group in partnership with Diners Group Ltd

Bangyibasa farmers' association was started in 2003 by Mr Rashid Ntowe and 7 of his friends and relatives. The association is located in Nansana, Idudi, Iganga District Eastern Uganda. The association's mission aims at improving members livelihoods through farming activities and they have 2 key objectives;

- a. To unite farmers to improve on production and quality for better prices on the local & national market.
- b. To uplift members standards by training in sustainable agricultural methods and other income generating projects

The association members are involved in growing rice, maize, ground nuts and soya beans both for home consumption and business. Since 2003 the association has grown, and the membership now stands at 30 include 10 females and 20 males. We were supported by International Fertilizer Development Centre (IFDC) in 2014 through training us in better farming methods and practices like how to plan plant rice in line and

saving money for commercial gains. A year later, IFDC introduced our association to Diners Group Ltd a rice buying and processing company that has a factory in Mbale town.

Diners and IFDC worked hand in hand to support us in our agricultural farming with Diners providing post harvesting services like rice shelling and milling.

The Chairperson, Rashid narrates that with the above interventions they were able to double rice production from 15 bags to 30 bags per acre.

"Our livelihoods have greatly improved from increased harvests and profits. We are very happy because we can provide for our families' needs. Personally, I have built a residential house and bought more farm land", says Rashid.

Rashid further indicates that their future need is the purchase of machinery like tractor for ploughing, to substitute the hand hoe practice now for greater yield and harvest. The group faces challenges related to water sources for irrigation and most times are spent in digging irrigation channels because the land is flat.

"I would like to encourage my fellow farmers to emulate our association and invite Diners to train their members. Just like we benefitted, they will also benefit", Rashid says.

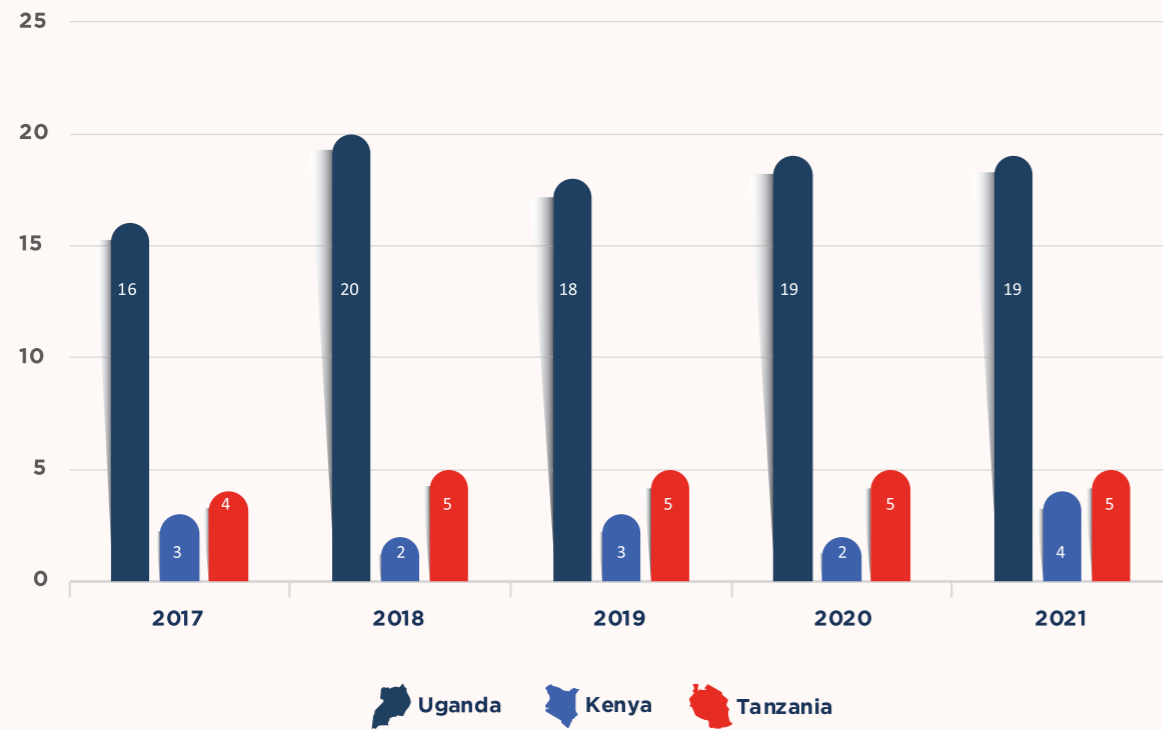
I would like to encourage my fellow farmers to emulate our association and invite Diners to train their members.

- RASHID

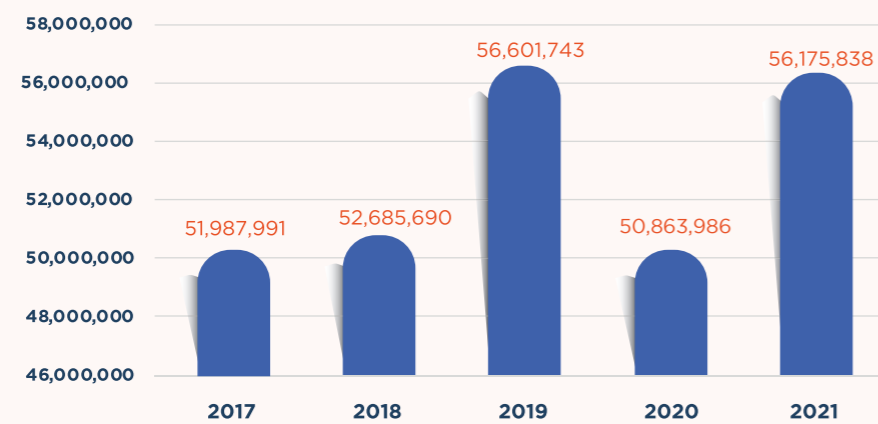
C. SOLUTI Business Performance Highlights

Global Outreach

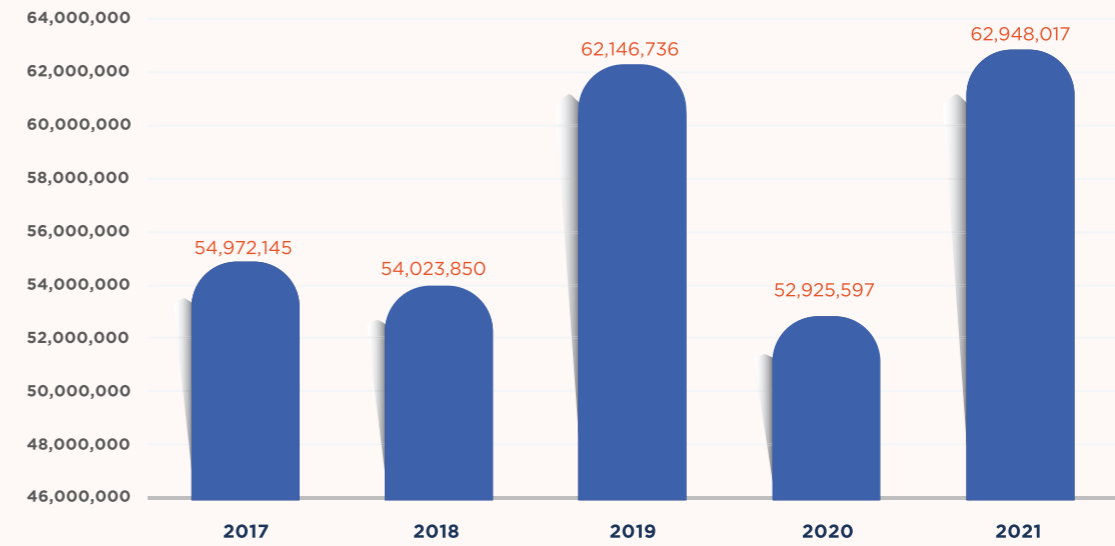
Partner Trends by Country



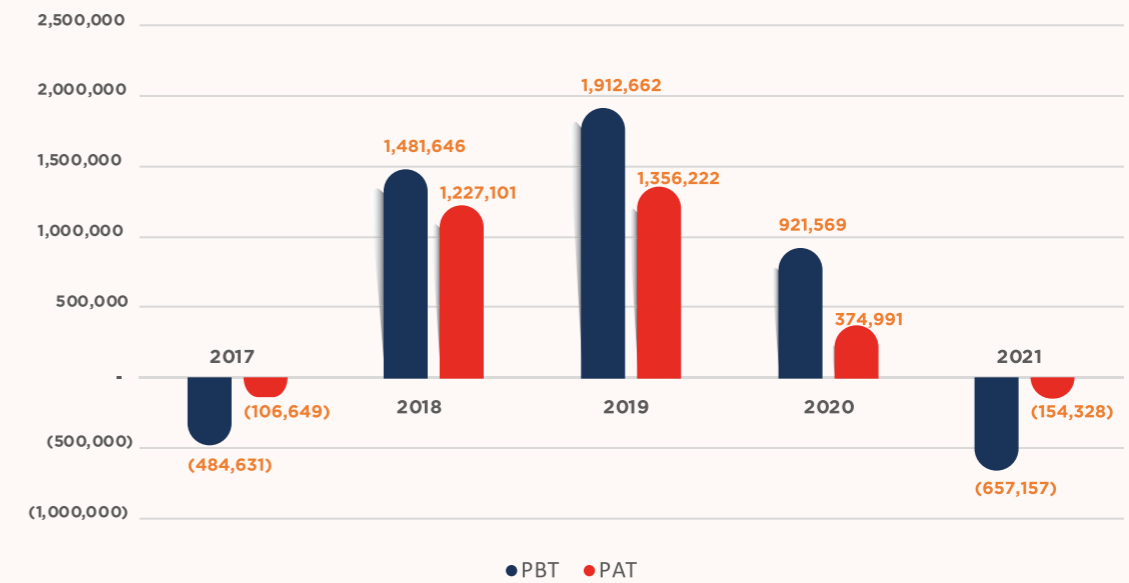
Gross Loan Portfolio (UGX -000's) Trends



Total Assets (UGX - 000's) Trends



Profitability Trends-UGX -000's



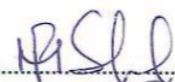
Statement of Comprehensive Income for the year ended 31 December

	2021	2020
	Ushs'000	Ushs'000
Interest income	8,078,818	8,758,504
Interest expense and fees	(3,973,079)	(4,113,647)
Net interest income	4,105,739	4,644,857
Other operating income	397,192	38,512
Grant for non-financial activities	182,991	72,638
Operating Income	4,685,922	4,756,007
Administrative expenses	(1,436,143)	(1,346,504)
Other expenses	(178,264)	-
Staff costs	(1,200,767)	(1,136,618)
Loan loss provision	(1,555,961)	(747,774)
Net foreign exchange loss	(971,944)	(603,542)
Operating expenses	(5,343,079)	(3,834,438)
(Loss)/profit before taxation	(657,157)	921,569
Tax (credit)/charge	502,829	(546,578)
(Loss)/profit of the year	(154,328)	374,991
Other comprehensive income	-	-
Total comprehensive loss/income	(154,328)	374,991

Statement of Financial Position as at 31 December

	2021	2020
	Ushs'000	Ushs'000
ASSETS		
Cash and cash balances	3,045,318	501,708
Deposits with other financial institutions	1,360,341	431,711
Loans and advances to customers	51,704,884	47,872,769
Other receivables	1,009,799	439,104
Corporation tax receivable	1,141,147	-
Property and equipment	227,037	120,617
Intangible assets	1,347	1,925
Right of use assets	280,239	360,092
Deferred tax asset	4,177,905	3,197,671
TOTAL ASSETS	62,948,017	52,925,597
LIABILITIES AND EQUITY		
LIABILITIES		
Borrowings	35,794,818	26,292,845
Corporation tax payable	-	270,268
Lease liability	335,866	411,878
Trade and other payables	1,849,876	1,117,643
Deferred grants	304,577	15,755
TOTAL LIABILITIES	38,285,137	28,108,389
Share capital	5,387,270	5,387,270
Share premium	9,494,644	9,494,644
Retained earnings	9,780,966	9,935,294
TOTAL SHAREHOLDERS' FUNDS	24,662,880	24,817,208
TOTAL LIABILITIES AND EQUITY	62,948,017	52,925,597

The financial statements were approved by the Board of Directors on 07, April 2022 and signed on its behalf by: -


Director


Director

a) Our Partners

UGANDA



b) Our Funders



Networks and Collaborations



TANZANIA



KENYA





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