



**Størme Microfinance
East Africa Ltd.**



ANNUAL REPORT

2018

Welcome

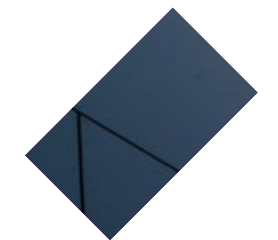


Contents

01	Profile
05	Governance
07	Message from Board Chair
12	Message from CEO
15	Performance Highlights
19	Celebrating 25 years of progress
21	Partner Testimonies

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

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P.O. Box 27200,
Kampala, Uganda

Telephone +256 414 532842 / 4
Fax +256 414 532834

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Website: www.stromme-mfea.com
Facebook: www.facebook.com/StrommeEA



Bankers

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

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

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

Solicitors

Nambogo & Company Advocates
Plot 26, Buganda Road
Park Royal Building
4th Floor Suite B-4
P.O. Box 9071
Kampala

TRIPPLEOKLAW
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
Plot No 60, Ursino Street, Regent
Estate,
PO Box 79958 Dar es Salaam,
Tanzania

Authentic Attorneys
Msasani Drive in
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 Rwenzori Courts, Plot 2
and 4A Nakasero Road
P O Box 3509 Kampala
Uganda

Bawunha & Badebye
Certified Public Accountants
Plot 3992/4 Ntinda Kiwatule
Naalya Road
P.O.Box 9752 Kampala
Uganda



OUR VISION

A WORLD FREE FROM POVERTY

Stromme Microfinance East Africa Ltd (SMF EA Ltd) is owned by Strømme Microfinance AS (SMF AS) in Norway, Strømme Foundation Regional Office in East Africa, Solidarite Internationale pour le Developpement et l'Investissement (SID) in France and Catholic Organisation for Relief and Development Aid (Cordaid) in Netherlands.

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.



Model

It's a partnership model with both financial and non-financial service providers, SMF EA Ltd enhances access to financial solutions to low income people. Our niche is in two categories:

Non-Financial Services Providers

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

Financial Services Providers

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

Products

1 / 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.

2 / Institutional Housing Microfinance Loans

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

3 / Institutional Development Loans

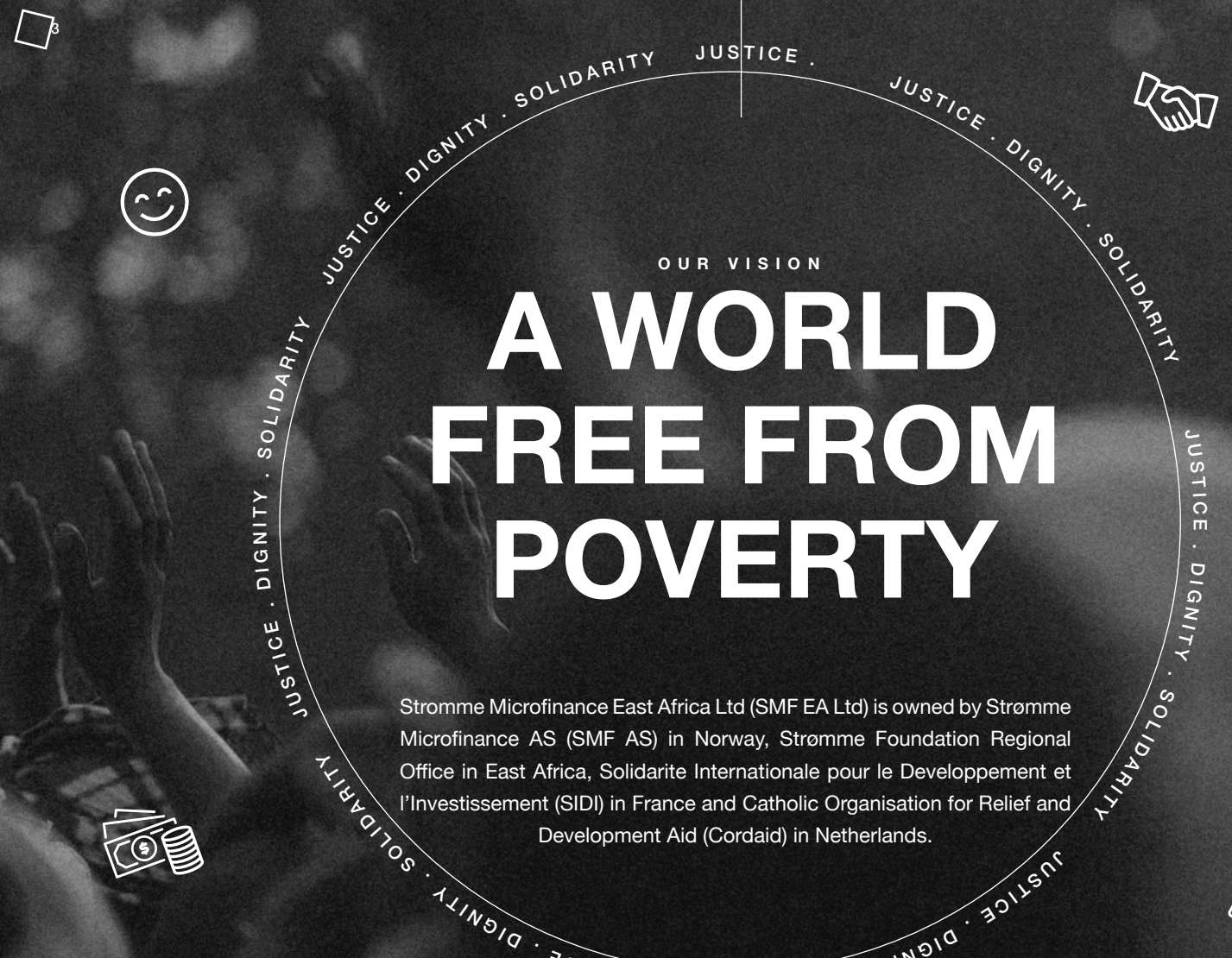
These loans are extended to potential and existing MFI partners for purposes of procurement of vital assets which involve large outflows of financial resources without stretching the finances that would otherwise have been used to finance their loan portfolios.

4 / 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 and Social Enterprises that work directly with small holder farmers.

5 / 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.



Governance

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.

Board Members 2018

- A** Mrs. Priscilla Serukka, *Board Chairperson*
- B** Ms. Tina Sodal - (*Alternate Director SMF AS*)
- C** Mr. Bjørn Stian Hellgren (*SMF AS*)
- D** Mrs. Aasa Sildnes (*SMF AS*)
- E** Mrs. Clare Wavamuno (*Independent*)
- F** Mr. Edward Sekabanja (*SMF AS*)
- G** Mr. Quentin Lecuyer (*SIDI*)
- H** Mrs. Rosemary Kantai (*Independent*)
- I** Ms. Claudia Huber (*Cordaid*)
- J** Mrs. Sarah Nankya Tumwesigye-*Independent*



Co-opted Members

- A** Mr. Ernest Sozi Sessanga (*Audit Committee*)
- B** Mrs. Sarah Nassozi Kiwanuka (*Audit Committee*)
- C** Mrs. Jackline Mbabazi (*SPM Committee*)



Management & Staff

- A** Mrs. Harriet Mulyanti Chief Executive Officer
- B** Mr. Paul Katende Operations Manager
- C** Ms. Anne Rose Namatovu Finance Manager
- D** Mr. Andrew Sooka Investment Officer
- E** Mr. Cressy Musasiizi Investment Officer
- F** Mr. Ceasor Mawanda Investment Office- Agriculture
- G** Mr. Christopher Luyima 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 & ECLOF-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.



Board, Management and staff of SMF EA Ltd visit to ASA Tanzania (Arusha Office)



Laying the foundations for future growth

Message from Board Chair



Board, Management and staff of SMF EA Ltd engage with partner clients of ASA-Tanzania

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

*Mrs. Priscilla Sserukka,
Board Chairperson*



Board, Management and staff of SMF EA Ltd engage with partner clients of Brac-Tanzania

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 undertook 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, aBi 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 aBi 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.

A factory flowing with Milk and Hope in rural Tanzania

Board Visit to Tanzania

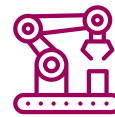
SMF EA Ltd through a partner institution; ECLOF Tanzania is supporting enterprising rural and peri-urban individuals and companies to grow and scale up their production with the ultimate goal of lifting low income people out of poverty by enabling them have access to affordable financial services.

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 advise 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.

Partner	ECLOF Tanzania
Partner Since	2016
Country	Tanzania
Region	Arusha Town

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



“It was difficult at first. All we had were rudimentary methods of production. We had no machines. We just used a charcoal boiler in a small kitchen.”

- Mr. Manang

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.

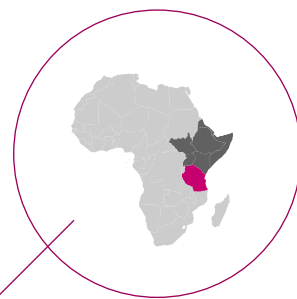
When ECLOF Tanzania – then a partner of SMFEA provided them with loan funds, they were able to expand the capacity of the cold room for the products to be preserved, and also to purchase a machine to help in the packaging of their products.

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 Temba, 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.



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



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

Packaged Yoghurt is then taken to the cold room awaiting distribution.



“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

Staff and Board members taste Yoghurt at Grande Demam premises



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 Kiwamu 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.

A new chapter in sustainability

Message from CEO

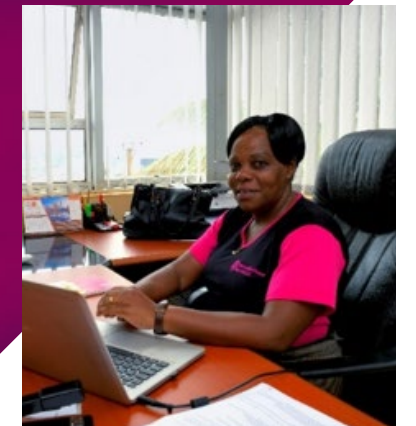
*Harriet Mulyanti,
Chief Executive Officer*

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 ...



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.

64%



The company achieved 64% growth in gross loan portfolio from UGX 32.113 bn (USD 8.591 million) as at 31st December 2014 to UGX 52.68bn (USD 14.095 million) as at 31st December 2018.

54.5%



Total assets grew by 54.5% from UGX 34.978 bn (USD 9.357 million) as at 31st December 2014 to UGX 54.024bn (USD 14.453 million) as at 31st December 2018.

27.7%



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

42



As per the company's strategic direction, the company was able to engage serve 42 partner institutions over the period 2014-2018, of which 27 partner institutions were active by the end of 2018. One key achievement was the engagement of a new partner category (Producer Cooperative, i.e. Rugendabara Producer Cooperative), the first non-microfinance partner.

9%



With Agriculture funding received from aBi Finance limited, the company was able to grow its agriculture loan portfolio. Agriculture partners increased to 10 compared to 1 in 2017 and the proportion of the company's agriculture loan portfolio increased from 2% in 2017 to 9% in 2018. This growth was attained as a result of collaboration and partnerships with likeminded stakeholders.

3.79%



While all other products showed growth during the business plan period, the company registered substantial growth in the Institutional development loans. The product constituted 3.79% of the company's loan portfolio as at December, 2018. This product focuses on development of the Partner institutions in acquiring vital assets to facilitate their operations.

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.

Finally, with the good partnerships and collaborations with funders, over the strategic planning period 2014-2018, the company mobilised 82% of the projected funding equivalent to UGX 33.46 billion (USD 8.953 million) in debt and UGX 1.205 billion (USD 323,721) in grants. Although forex risk had been a challenge for part of the period, the company was able to successfully conclude the conversion of all forex denominated funding and hence managing all forex risk related challenges during the year 2018.

Looking ahead

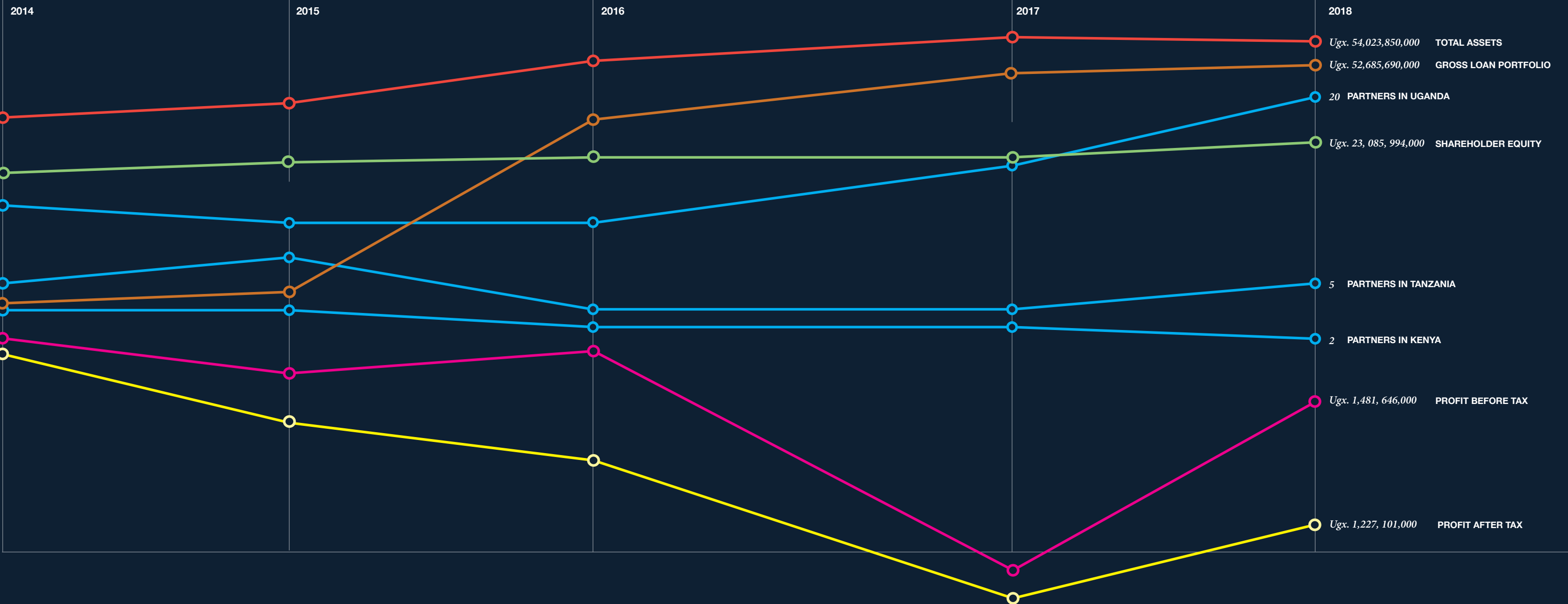
As highlighted by the Board chairperson, 2019-2023 is another period for growth and performance. In line with the Company's vision, mission and strategic the company shall focus on the key goals below in order to ensure its growth;

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.

Performance Trends



2014

2015

2016

2017

2018

Ugx. 54,023,850,000 TOTAL ASSETS

Ugx. 52,685,690,000 GROSS LOAN PORTFOLIO

20 PARTNERS IN UGANDA

Ugx. 23,085,994,000 SHAREHOLDER EQUITY

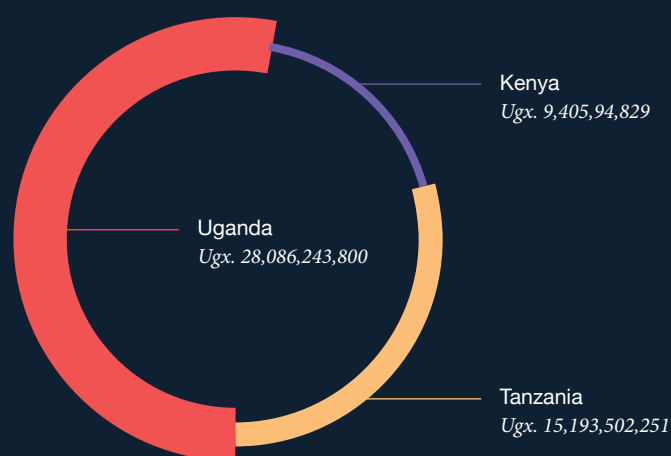
5 PARTNERS IN TANZANIA

2 PARTNERS IN KENYA

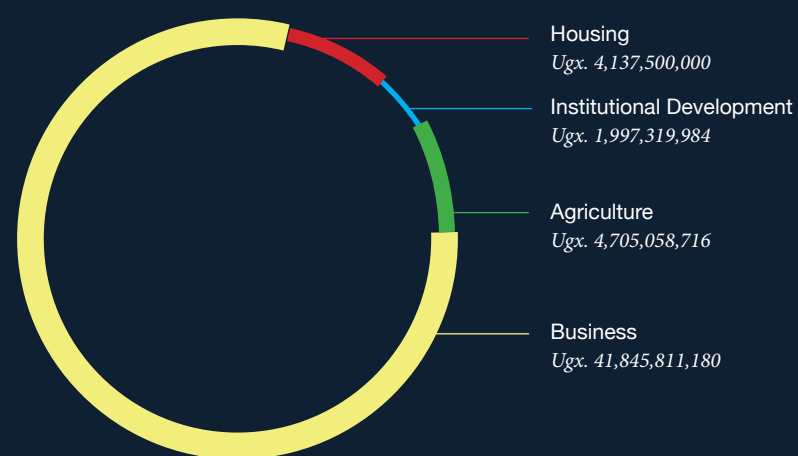
Ugx. 1,481,646,000 PROFIT BEFORE TAX

Ugx. 1,227,101,000 PROFIT AFTER TAX

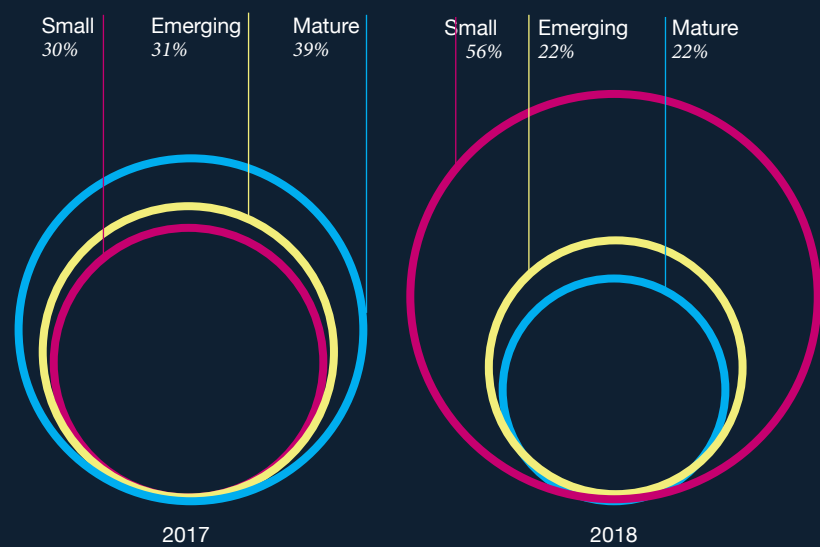
Portfolio Distribution by Country



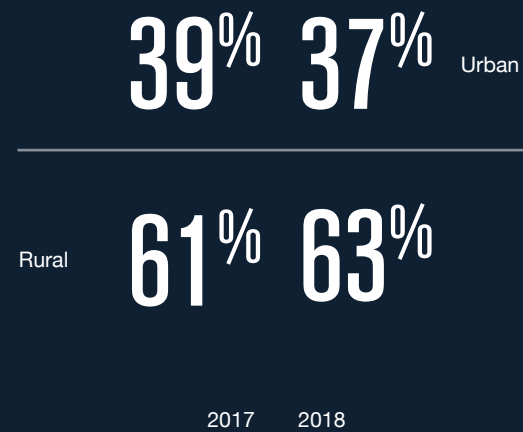
Portfolio Distribution by Product



Partner Categorization by Asset size



Partner Branches in Rural/Urban Areas



Statement of comprehensive income for the year ended 31.12.2018

	2018	2017
	Ushs' 000	Ushs' 000
Interest Income	8,308,755	8,116,280
Interest expense and fees	(3,565,115)	(3,187,807)
Net Interest Income	474,3640	492,8473
Other operating income	68,900	85,463
Grants for non-financial activities	-	42,446
Operating Income	4,812,540	5,056,382
Administrative expenses	(867,960)	(856,168)
Other expenses	(44,715)	(196,273)
Staff costs	(1,067,609)	(971,884)
Loan loss provision expense	(943,665)	(2,325,652)
Net foreign exchange loss	(406,944)	(1,191,039)
Operating expenses	(3,330,893)	(5,541,016)
Profit/(Loss)/ before taxation	1,481,647	(484,634)
Taxation (charge)/credit	(254,546)	377,985
Profit/(Loss)/ for the year	1,227,101	(106,649)
Other comprehensive income	-	-
Total comprehensive income	1,227,101	(106,649)

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


Director


Director

Statement of financial position as at 31.12.2018

	2018	2017
	Ushs '000	Ushs '000
ASSETS		
Cash and cash balances	1,951,248	2,385,449
Deposits with other financial institutions	701,440	1,931,467
Loans and advances to customers	49,004,785	48,649,541
Other receivables	45,401	99,824
Corporation tax receivable	74,125	317,643
Due from related parties	215,275	330,215
Property and equipment	70,973	81,118
Intangible assets	3,929	5,613
Deferred tax asset	1,956,673	1,171,274
TOTAL ASSETS	54,023,849	54,972,144
LIABILITIES		
Borrowings	30,289,012	32,791,769
Trade and other payables	648,842	588,887
Deferred grants	-	93,000
TOTAL LIABILITIES	30,937,854	33,473,656
EQUITY		
Share capital	5,387,270	5,387,270
Share premium	9,494,644	9,494,644
Retained earnings	8,204,081	6,616,574
TOTAL SHAREHOLDERS' FUNDS	23,085,995	21,498,488
TOTAL LIABILITIES AND EQUITY	54,023,849	54,972,144

25 years of Stromme Microfinance East Africa

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

1995

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



Microfinance planned to be operated as commercially oriented and not as a charitable microlending

Though Its microfinance interventions, SF in East Africa was earlier engaged in providing financial services to both NGO's and Microfinance institutions. When donor principles changed upon which SF had subscribed, some SF Operations had to change:

1996/1997



1998

Company limited by guarantee incorporated. Key products and services included;

Concessionary 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(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 transitional stage of development into professional MFIs.



2004

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 locally meeting Board was set in place in June 2004



The company has since hired and retained a professional team of management and staff.

The company as a local funder has supported several mature institutions. SMF EA Ltd has been in partnership with Institution like Pride Microfinance, UGAFODE, Finance Trust Bank, Faulu (now Opportunity Bank), BRAC Uganda through debt and capacity building interventions. They are now deposit taking and regulated by the Central Bank.

SMF EA Ltd has been able to group its partners under three categories; i.e. Small, Emerging and Mature. Some existing mature institutions have been with SMF EA Ltd for over 8 years.



2019



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.

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 supported partners to introduce new products on their menu through its capacity building interventions

Networking with institutions like Social performance Task Force (SPTF), Association of Microfinance institutions of Uganda (AMFIU), Association of Microfinance Institutions of Kenya (AMFI-K), Tanzania Association of Microfinance Institutions(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.



A decade of vibrant and empowered Ugandan Households

HOFOKAM Testimony

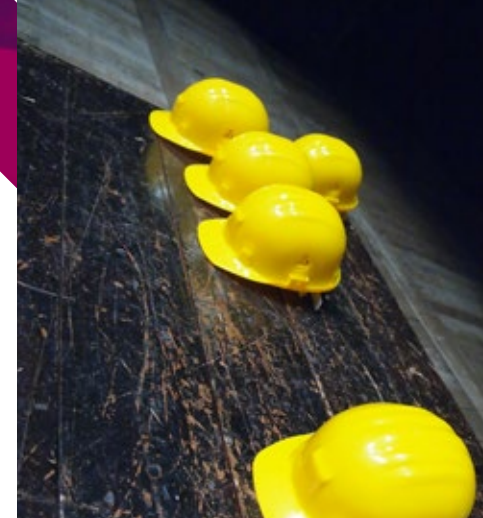
Partner	HOFOKAM
Partner Since	2008
Country	Uganda
Region	Hoima, Fort portal and Kasese

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 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.

"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.

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





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 all tiers. 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.

Destined for UGX 552 million loan portfolio

Destiny Microfinance Testimony



Hope for every income earner in Tanzania

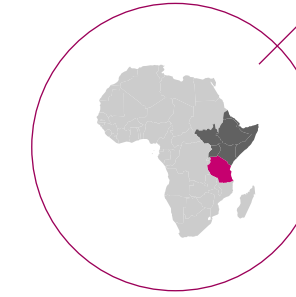
ASA Tanzania Testimony



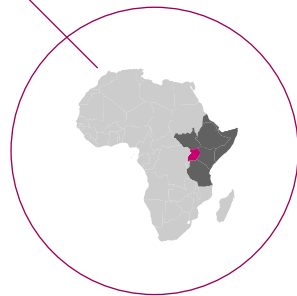
“Stromme Microfinance East Africa Ltd is one among ASA Tanzania’s partners. It is still a new partnership but has started with a firm foundation as far finances are concerned” - Muhammad Shah Newaj, Chief Executive Officer, ASA Microfinance -Tanzania Ltd.

According Mr. Muhammad Shah Newaj, SMF EA Ltd has enabled ASA Tanzania Limited to stretch beyond where the institution previously served because it is now able to reach out to all levels of low-income earners, majority of whom being women.

“Partnership with SMF EA Ltd has further strengthened and enabled ASA Tanzania position itself in the market which has resulted into improved revenue base and customer satisfaction testimonies. Thanks to the realistic covenants and flexible terms of accessing credit lines. We are looking forward to a stronger and mutual business relationship with SMF EA Ltd as we continue delivering affordable financial services to low income people”.



Partner	ASA
Partner Since	2018
Country	Tanzania
Region	All



Accelerating business growth in loan operations

ASA Uganda Testimony

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.

Partner	ASA Uganda
Partner Since	2017
Country	Uganda
Region	Central



Kasese’s Cooperative supplying the world

SMF EA partnership with a first Producer cooperative in Kasese



Mr. Losio Chaplin, the Board Chairperson of RCFS inspecting purchased stock of Maize

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.

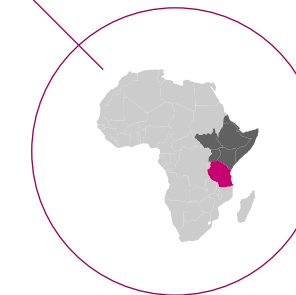
RCFS was registered under the provisions of section 7 of the cooperative societies act of 1963 on the 27th of January 1967 registration number 2273.

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.

Partner	Rugendabara
Partner Since	2018
Country	Uganda
Region	Western



“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.



Staff of RCFS posing besides a newly acquired truck.

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 Ugx 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

SHAREHOLDERS



IMPLEMENTING PARTNERS



NETWORKS AND FUNDERS



