



aBi 2020 Ltd 2021 ANNUAL REPORT

Supporting
Agribusiness
Continuity &
Recovery

aBi

About aBi

aBi is a social enterprise that channels development cooperation funding to agribusinesses and agricultural service providers in Uganda with the aim of building a strong and competitive agriculture sector. It was founded by the governments of Denmark and Uganda in 2010. The aBi consists of two companies limited by guarantee, aBi Development and aBi Finance Ltd.

The focus of aBi Development is to increase agricultural production and value addition by extending matching grants and business development services (BDS) to agribusinesses, farmer organisations and intermediaries. The grants and BDS enhance planning and management, production and business infrastructure, as well as upstream and downstream market linkages of producers and agribusinesses.

On the other hand, aBi Finance expands access to business finance for agricultural producers and agribusinesses by offering to Financial Institutions (FIs) financial incentives and infrastructure that make lending to the agricultural sector more attractive and less risky. The Financial Services Development programme provides matching grants to FIs to build institutional capacity for enhancing the provision of financial services and increase outreach in rural areas

Vision

A competitive, profitable and sustainable agriculture and agribusiness sector in support of equitable wealth creation in Uganda



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Acronyms

- i) Agricultural Business Initiative (aBi)
- ii) Agricultural Guarantee (AG)**
- iii) Annual Workplan & Budget (AWPB)
- iv) Bank of Uganda (BoU)**
- v) Central Bank Rate (CBR)
- vi) Clean Technology Fund (CTF)**
- vii) Climate Smart Agribusiness (CSA)
- viii) European Union (EU)**
- ix) Financial Institution (FI)
- x) Financial Technology (FINTECH)**
- xi) Financial Technologies Service Providers Association (FITSPA)
- xii) Full-Time Employees (FTEs)**
- xiii) Green Growth (GG)
- xiv) Gross Domestic Product (GDP)**
- xv) Lord Resistance Army (LRA)
- xvi) Information Communication & Technology (ICT)**
- xvii) Insurance Training Institute (ITC)
- xviii) Investment Fund for Developing Countries (IFU)**
- xix) Line of Credit (LoC)
- xx) Private Sector Credit (PSC)**
- xxi) Results Measurement Research & Development (RMRD)
- xxii) Savings and Credit Cooperative Organisation (SACCO)**
- xxiii) Short-Term Working Capital Facility for Relief (STWC)
- xxiv) Small and medium enterprises (SMEs)**
- xxv) Social and Environmental Performance Management (SEPM)
- xxvi) Uganda Central Cooperative Financial Services (UCCFS)**
- xxvii) Uganda Microfinance Regulatory Authority
- xxviii) Uganda Shilling (UGX)**
- xxix) Village Savings and Loan Associations (VSLAs)




Chairperson's Foreword

Last year, aBi 2020 (now aBi Finance Ltd) underwent a rigorous restructuring process from Board level down to senior management. The Board and management embarked on an ambitious transformation journey aimed at improving efficiencies in operations. The institution is financially stable to continue fulfilling its mandate increasing the appetite and capacity of the financial institutions to finance agribusiness in Uganda.

In 2021 aBi Finance worked with its partners to provide of affordable and sustainable financial services that drive financial inclusion. This helps agribusinesses to actualise our shared vision of, ***a competitive, profitable and sustainable agriculture and agribusiness sector in support of equitable wealth creation in Uganda***. Our interventions expanded access to business financing for agricultural producers and agribusinesses by offering financial institutions financial and guarantee facilities, incentives and infrastructure that make lending to the agricultural sector more attractive and less risky.

All this would not be possible without the invaluable support of our key stakeholders including investors and government, our shareholders, regulator, committed clients, staff and partners. Our gratitude therefore goes to our Development Partners – DANIDA, and the European Union for the trust they have put in aBi to deliver high quality results and ensure value for money.

With the restructuring comes new investors who are bringing on board a wealth of experience and the much-needed funds. In addition, the new aBi Finance Board brings diverse expertise and insight to aBi's work. I am personally delighted to welcome such a strong group of new board members, and I look forward to serving with each of them in the coming years. I also wish to thank the former Board of aBi Finance Ltd for steering aBi to the strong and sustainable institution it is today.



The market entry of a new investor in the agribusiness sector and in particular, aBi, is a further testimony of development partners' trust and confidence in aBi's capacity to receive, manage and deliver social impact for agriculture and agribusiness development with the funds entrusted to it. We will continue to do our best to retain this confidence.

Going forward, aBi Finance's focus will remain on building a credible pipeline as a way of continuing to support lending to small holder farmers as well as, support partner FIs whose operations were disrupted by the Covid-19 related lockdown during the previous year. We shall further, support the growth of agribusinesses and improvement of the livelihood of beneficiary smallholder farmers through creation of new jobs and boosting incomes. aBi shall optimize its operations and continue to support businesses to thrive post pandemic whilst, maximizing returns to our shareholders.

Global heating poses a huge threat to all businesses and even to mankind with the support of our new investor aBi Finance is set to become a leader in green finance though focusing on sustainable and green growth investments on the path to a zero-carbon footprint

aBi Finance is well positioned for an even stronger performance in 2022. I reaffirm aBi Finance's commitment to continue making meaningful contribution, towards the development of the financial services sector in Uganda.

Felix Okoboi

Chairperson, aBi Finance Ltd Board



CEO's Foreword

The operating environment for 2021 was still unique and challenging in dealing with the effects of the COVID-19 pandemic which disrupted business. In particular the disruption of supply chains for some of our partners created demand and supply shocks. aBi 2020 Ltd (now aBi Finance Ltd) however, registered impressive performance amidst the tough times is a clear manifestation of our sustainability as an institution.

To further validate this, an independent impact assessment of aBi Finance products was undertaken and the findings showed that aBi was achieving its overall objective of increasing smallholder farmers and agribusinesses' access to serviceable financial

services. Our products and portfolio mix contribute positively to stimulating financial institutions to offer financial services to farmers and agribusinesses.

aBi Finance remains committed to the market through delivering a wide range of products and leveraging on our expertise, partnerships and unique skills to provide solutions and value for our clients and shareholders, respectively. For instance, one of our major learnings in the previous year was that digitalisation was a game changer for the market with immense potential for helping the financial market actors to bridge the gap brought about by COVID-19 disruptions. During this period, we promoted peer to peer capacity build-

over
78,582
new clients
were covered
by the agricul-
tural insurance
products



ing and invested heavily in FINTECHs to the benefit of our partner financial institutions.

A look at the 2021 performance dashboard indicates reasonably good performance. 105,230 lines of credit were disbursed marking a performance of 197 percent as partner FIs continued to disburse high volumes of micro loans with short tenures to support business recovery. Value of Investments stood at UGX180.1bn versus a target UGX275bn. The shortfall was on account of the delay of IFU/ EU investment and an agreed transfer of UGX23.5bn to aBi Development. Under Financial Services Development, new loans valued at UGX323bn were generated and new savings valued at UGX24.7bn were set aside by over 51,856 new clients while over 78,582 new clients were covered by the agricultural insurance products. We attained a yield of 12 percent per annum for the Capital Fund which was above target of 10 percent.

The future outlook is exciting for aBi Finance and our partners. With the IFU investment, aBi Finance's capital fund will amount to over UGX 255bn which will go a long in ensuring that our partner financial institutions are equipped with appropriate financing and their institutional capacity built to finance more green investments. These interventions are especially critical as Uganda, like every country in the world, is focused on building back better in the wake of the COVID-19 pandemic. We shall continue to work with our partners to reduce the carbon footprint through supporting various mitigation and adaptation measures including promotion of energy efficiency, transitioning to cleaner energy, improving waste management systems as well as inspiring sustainable use of natural resources.

In addition, with the anticipated entry of new shareholders and subsequent capital injections from the Investment Fund for Developing Countries (IFU) and European Union (EU), we project to annually finance 27,000 small holder farmers and agribusinesses, create UGX 14.5bn in additional income and create 900 additional jobs using these new funds.

The developments in the oil and gas sector provide opportunities that need to be harnessed by the financial sector and agribusiness actors. aBi is seeking a collaboration with Uganda Petroleum Authority to

assess existing agribusiness opportunities within the oil production parts of the country with the view of providing financing.

In 2021, the Board and Management worked hard to ensure safety and productivity of staff in the COVID-19 situation, building on the experiences and efforts in the previous year. We recognize the duty as an employer to ensure safety of all staff, their families and aBi stakeholders. The aBi COVID-19 task force continued to guide the institution's response to COVID-19 through a number of interventions that included; putting in place a hybrid and flexible work schedule, staff vaccination and adhering to other standing operational procedures. We look forward to resuming to work from the office at full capacity in 2022.

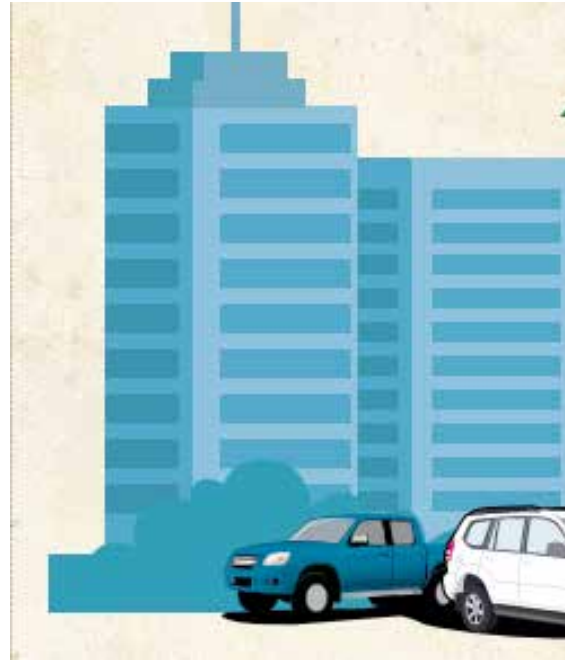
On behalf of Management and Staff I commend the board for playing its oversight role diligently. I also take this opportunity to appreciate our partner financial institutions and dedicated staff for their hard work and commitment for delivering these results during 2021.

Mona Muguma-Ssebuliba
CEO

Performance Dashboard



Interest income: aBi Finance made Interest Income of UGX21.3Bn in January- December 2021, up from UGX20.9Bn the previous financial year



Value of investments: stood at UGX180.1bn versus target UGX275Bn on account of delay of IFU/ EU investment and an agreed transfer of UGX23.5Bn to aBi Development



Profit: aBi 2020 made an after-tax profit of UGX9.2Bn for the year ended 31 December 2021, up from UGX-8.7Bn in 2020



No. of new **Lines of Credit** Loans disbursed by participating financial institutions stood at 105,230, up from 53,494 in 2020 (valued at UGX323Bn)



aBi Governance and Board Affairs

The Agricultural Business Initiative 'aBi' is made up of three entities: aBi Finance Limited, aBi Development Limited and the Agricultural Bond Company Limited with the shared vision of building a competitive, profitable and sustainable agriculture and agribusiness sector for equitable wealth creation in Uganda. Given the nature of aBi's business, with management of trusted capital and disbursement of substantial funds to implementing partners means that corporate governance arrangements and risk management procedures are critical.

aBi Finance Ltd Board

The Board of aBi Finance Ltd continues to support the delivery of aBi Finance's objectives and enables Management to operate efficiently and make effective decisions. The company has seven Directors namely: Mr. Felix Okoboi (Chair), Mr. Warwick Thomson (Vice-Chair), Ms. Sophie Nkuutu, Mr. Morten Christiansen, Ms. Charity Ekudu, Mr. Patrick Oketa and Mr. Anders Frigaard.

Restructuring of aBi Finance Ltd to a company limited by shares

In 2019/2020 the Members Committee agreed to restructure aBi Finance Ltd into a company limited by shares in order for it to receive capital injections on commercial terms to enable it expand its reach and impact in Uganda. On 30th November 2021 aBi 2020 Limited transferred its business to aBi Finance Limited through a Transfer of Business Agreement.

1.0. Executive Summary

1.1 Introduction and summary of performance

This report details aBi Finance Limited's performance for the year 2021, highlighting the macro-economic and market environment that affected performance, especially in light of the COVID-19 pandemic on both the global and local economy. To note that as at 30th Nov 21, the aBi Finance entity ceased trading as aBi 2020 Ltd (Company Limited by Guarantee) and started operating as a company limited by shares, as part of the transition process to onboard new Shareholders and is now operating as aBi Finance Limited.

Table 1: Performance against Targets as at 31st Dec 2021

Parameter	BP Target	2020 Actual	AWPB 2021	Actual 2021	% At-tained	% Variance	Comments
Target Yield	11%	10%	10%	12%	109%	9	Attained.
Value of Investments (UGX, Bn)	196.4	195	275.8	180.1	65%	-35-	Pending IFU/EU investment.
Outstanding LoC portfolio (UGX, Bn)	133	104	160.5	122	76%	-24%	Shortfall resulting from delayed fulfilment of disbursement conditions.
% of LoC to the Fund	68%	53%	58%	68%	117%	17%	Attained
No. of new LoC Loans	41,400	77,201	53,494	105,230	197%	97%	The FIs continued to disburse high volumes of micro loans with short tenures to support business recovery, with the average loan size reducing from 3m to 1.7m.
Non-Performance Asset Ratio	<5%	2%	<5%	2%	100%	-	Attained
Outstanding ALG portfolio (UGX, Bn)	144.2	120	151	123	82	-18	Largest contributor to the scheme was on a placement freeze due to delayed refund submission. This was however resolved by close of year.
No. of new ALG loans	39,000	21,591	27,418	15,132	55	-45	As above
Claims Payout Ratio	<5%	0.6%	<5%	0.1%	100%	-	Within limit.
Leverage: Utilization / 20% of Fund	367%	310%	273%	347%	127	27	Attained
FSD Budget Utilization (UGX, Bn)	8.4	1.3%	6.99	3.89	56%	-44%	With some FIs facing liquidity challenges, focus was on business preservation as opposed to projects.

Source: aBiF

The momentum in Private Sector Credit (PSC) growth continued during the period, indicative of the effect of BOU's accommodative monetary policy and the associated lower cost of borrowing since December 2020, as well as a gradual easing of the lockdown since July 2021. The same was reflected in agricultural lending which moved slightly from 11.2 percent in December 2020 to 11.6 percent in December 2021 with volumes of 1.2Tn and 1.4Tn for the respective periods. On a monthly basis, the overall weighted average interest rate on shilling denominated loans rose gradually to 19.7 percent from 16.3 percent in previous year 2021. Interest rates rose month-on-month for all sectors, except for the manufacturing and transport & communications sectors. However, according to BoU State of the Economy Report, the outlook for credit growth is positive in the short-term based on eased liquidity conditions and gradual improvement in economic activity.

On the downside, there are risks to the short-term outlook largely from the continued uncertainty due to the lingering effects of COVID-19 on economic activity and the expiry of BOU's credit relief measures and deterioration in asset quality. Beyond the short-term outlook, credit growth is likely to improve in line with projected economic recovery as the pandemic is contained and the economy is fully reopened.

1.2 Inflation

Inflation remains modest as detailed in table below, reflecting the existence of additional capacity in the economy. It might however rise progressively in the near-term due to stronger rise in food crops, commodity & import prices and the exchange rate depreciation but expected to remain below the 5 percent target, also contingent on the evolution of the pandemic.

Table 2: Annual Inflation Developments from Dec 2020-Dec 2021

	20-Dec	21-Mar	21-Jun	21-Sep	21-Dec
Inflation Rate Headline (%)	3.7	4.1	3.9	2.2	2.9
Inflation Rate Core (%)	5.8	5.3	2.7	2.2	2.9
CBR (%)	7	7	6.5	6.5	6.5

Source: Bank of Uganda

1.3 Exchange Rate

The shilling slightly depreciated against major currencies as merchandise importers from mostly the energy and manufacturing sectors as well as the interbank players demanded hard currencies. The shilling however firm against other major currencies during the period under review. According to the state of the economy report of December 2021, the shilling is expected to depreciate further against the US dollar, partly due to a pickup in import demand as economic activity recovers and the expected correction of the overvaluation estimated at 3-5 percent.

1.4 Interest Rate Trend

The Central Bank Rate (CBR) was maintained between 7 percent (Jan -Mar 2022) and 6.5 percent during the year due to a monetary policy stance taken by BoU in a bid to further spur economic growth during an era of persistent economic and financial uncertainty. Yields on government securities across all tenures declined, mainly reflecting eased liquidity conditions partly due to BoU's accommodative monetary policy with the uncertainty around the duration of economic distress and recovery period affecting investors' decisions on holdings.

Table 3: Exchange Rate Movements (UGX/Currency Unit) Dec 2020 - Dec 2021

Currency	Dec-2020	Mar-2021	Jun-21	Sept-21	Dec-21
USD	3,698.5	3,662.9	3,549.1	3,534.1	3,539.3
GBP	4,997.2	4,978.4	4,927.8	4,784.2	4,773.1
DKK	600.3	577.8	569.5	554.8	540.1
EURO	4,465	4,252.2	4,234.7	4,125.7	4,016.9

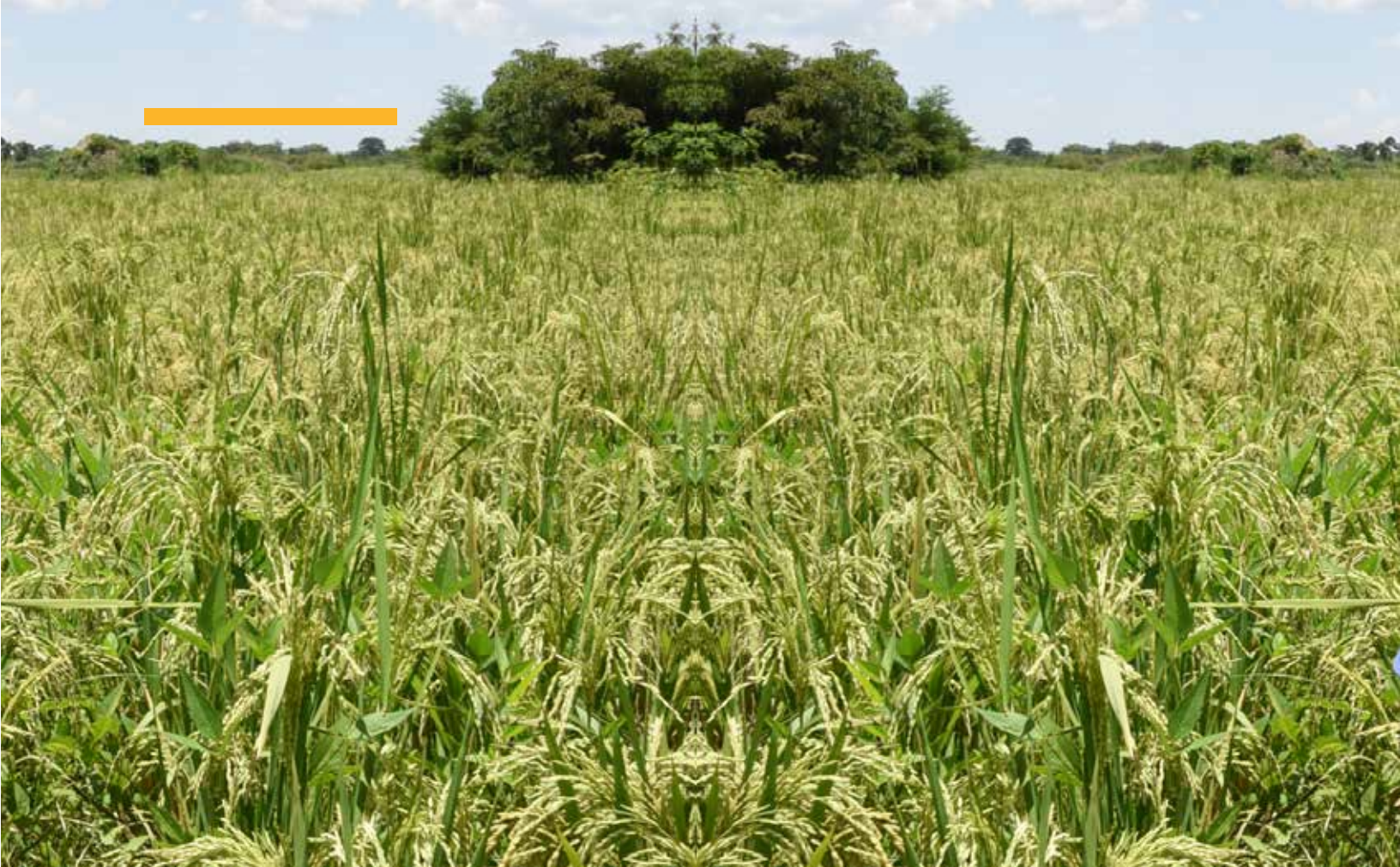
Source: Bank of Uganda

1.5 **Impact of Economic and other conditions on aBi Finance operations**

According to the financial stability report, September 2021, high frequency economic indicators suggest that the first half of 2021 showed signs of strong recovery and economic activity gradually normalizing after the second wave of the pandemic -June/July 2021. Nevertheless, the associated necessary lockdown measures had adverse implications for the banking sector performance and private sector credit growth while the resurgence of the pandemic implied that the outlook remained uncertain. The full opening of the economy is however expected to spur economic activity and enhance the performance of the banking sector.

The general stall in economic activity and investment negatively affected the uptake of FI financial products which in turn resulted in a negative effect to aBi Finance, however, most of the financial institutions remained resilient, attributable to the concessions and restructures received during the period. Furthermore, the NPLs are on a rising trajectory to 5.4 percent in September 2021 from 4.8 percent in June 2021, following the expiry of the relief measures in September 2021 and the slow pace of economic recovery. This will likely increase risk aversion among banks going forward which may result into an increase in claims against the ALG.





Fund Management

The fund size decreased during the quarter, closing at UGX 180.1bn from UGX 194.7bn in December 2020. The reduction is attributed to the UGX 23.5bn that was transferred to aBi Development Ltd as set in the business plan 2019-2023, where aBi Finance Ltd was required to make the transfer as one of the ways of offsetting the latter's funding gap during the same pe-

riod. This performance was against a target of UGX 275.8bn, which was also based on the assumption that IFU/EU investments would have been made in 2021. The investments delivered a return of 12 percent against a target of 10 percent. The table below provides a breakdown of the Capital Fund portfolio mix in the third and fourth quarters of 2021.

Table 4: Investments comparison Dec 2020 and Dec 2021

Particulars	Dec-20		Dec-21		Variance (%)
	Value	% of fund			
Treasury Bonds	18,240,089,920	9%	18,270,975,418	10%	1%
Fixed deposits	66,230,418,000	34%	36,960,984,400	21%	-14%
Lines of Credit	104,098,184,000	54%	118,373,901,857	66%	12%
Agribond	1,236,085,000	1%	1,229,688,000	1%	0%
Cash	3,552,981,414	2%	1,025,677,000	1%	-1%
Concessional Loans	-	0%	4,236,079,291	2%	2%
Total	193,357,758,334	100%	180,097,305,966	100%	0%

Source: aBiF.



1.0 Lines of Credit (LoC)

3.1 Performance against set targets for 2021

The year closed with an outstanding LoC balance UGX 122 bn up from UGX 103.6 bn in 2020, attributed to the increase in demand for micro loans brought on by the easing of the lockdown especially during the last two quarters of the year. The table below highlights the performance of the LoCs against set targets for 2021.

Table 5: LoC Performance against Targets as at 31st December 2021

BP Key Performance Indicators	BP Target 2021	AWPB Target 2021	Actual 2021	% Attained	Var %	Comment
Capital Fund (UGX Bn)	196	276	180.1	64	-36	Pending IFU injection.
LoC (UGX Bn)	133	161	121*	75	-25	Shortfall resulting from delayed fulfilment of disbursement conditions.
Agribusiness (UGX Bn)	123.2	154	114	74	-26	As Above
Clean Technology (UGX Bn)	9.8	7.0	7.9	113	13	Attained.
LoC (% of fund)	68%	58%	68%	117	17	Attained.
• Agribusiness	63%	56%	64%	166	66	Attained.
• Clean Technology	5%	3%	4%	233	133	Attained.
LoC (No. of Loans)	41,400	53,494	105,230	197	97	The FIs continued to disburse high volumes of micro loans with short tenures to support business recovery, with the average loan size reducing from 3m to 1.7m.
• Agribusiness Beneficiaries	38,100	51,161	99,690	195	95	As above.
• Clean Technology	3,300	2,333	5,540	237	137	As above.

Source: aBiF Records

*Note: The UGX 121bn - LoC includes UGX 2.6bn which is a concessional facility from aBiD.

There was a notable increase in short-term microfinance lending by FIs to agribusinesses, especially in the fourth quarter of the year, mainly attributed to some FI business models that primarily focus on the bottom of the pyramid. Disbursement to female owned agribusi-

nesses closed at 79 percent, against a set target of 40 percent, also largely contributed by two FIs' that provide women centric products. The table below details the LoC disbursements during the year by tier, gender and geographical region.

Table 6: Summary of LoC Agribusiness Performance by Tier, Gender and Geographical Region as at 31st December 2021

New Loans		Tier 1	Tier 2	Tier 3	Tier 4	Total	
Volume and Value	No. of New Loans	16,097	47,895	6,300	29,398	99,690	
	Volume	16%	48%	7%	29%	100%	
	Value (UGX, Bn)	82.1	62.1	46.8	56.1	247.1	
	Value	33%	25%	19%	23%	100%	
Gender	Male	9,072	1,310	4,711	10,353	25,446	
	Male % to Total New Loans	9	1	5	10	25	
	Female	7,025	46,585	1,589	19,045	74,244	
	Female % to Total New Loans	7	47	2	19	75	
Regions	Central	3,790	14,787	2,172	15,541	36,290	36%
	Eastern	6,304	6,503	495	468	13,770	14%
	Northern	2,513	12,919	712	0	16,144	16%
	Western	3,490	13,686	2,921	13,389	33,486	34%

Source: aBiF Records

The Northern and Eastern regions have the highest financial exclusion levels largely attributed to the 20-year Lord Resistance Army (LRA) conflict coupled with an unfavorable land tenure system that has majority of land being community owned, making access to collateral a major challenge. For women, this is further aggravated by cultural issues that favor women less. The region also has large population of refugees from South Sudan and Democratic Republic of Congo, who do not have the requirements to access finance through formal channels. aBi is intentional about bridging the financing gap to the regions through the strengthening of FIs, especially Tier IVs in the regions, and will strengthening Village Savings and Loan Associations (VSLAs) in 2022 to improve the inclusion of women and refugees.

3.2 Portfolio Quality

Portfolio quality remained stable and the volume of non-performing loans stood at two percent during the year. This was against a target of < five percent. Only two partners were in default.

3.3 COVID Concessions as at 31st December 2021

In 2020, COVID-19 concessions were offered to FIs that spilled over to 2021 as indicated below:

- i. **Loan rescheduling / moratorium for 12 months** - As at December 2021;
 - a) 21 of the 28 LoC partners (19 FIs & two SMEs) received concessions from aBi 2020 Ltd
 - b) Loan moratoria for 18 out of the 21 FIs (86 percent) expired and the LoCs reverted to their original terms, with all paying in a timely manner.
 - c) A detailed institutional assessment of two financial institutions was undertaken during the year resulting into a decline of their moratoria extension requests.
- ii. **Short-Term Working Capital Facility for Relief (STWC)** – facility aimed at cushioning existing aBi Finance clients against cash flow shocks to manage liquidity risks brought on by the pandemic. By the end of the year 2021, 12 FIs had accessed the facility with an overall value of UGX 6.6bn disbursed.

- a) nine FIs fully repaid their facilities
- b) two FIs are to complete their payments in Q2 2022

UGX123bn against a target of UGX151bn having attained 81 percent of the target. The table below summarizes the performance against the targets as at 31 December 2021.

2.0 Agribusiness Guarantee Scheme (AG)

4.1 Performance against set targets for 2021

The AG closed with an outstanding balance of

Table 7: Performance of the AGs targets as at 31st December 2021

Parameter	AWPB Target 2021	Actual 2021	% Attained	Variance	Comments
Global Limit (UGX Bn)	219	224	102	2	Attained.
Outstanding Guarantee Portfolio (UGX Bn)	151	123	81	-19	Largest contributor to the scheme was on a placement freeze due to delayed refund submission. This was however resolved by close of year.
¹ Leverage: Utilization/20% of Fund	273%	347%	127	27	Attained
No. of new ALG beneficiaries	27,418	15,132	55	-45	Largest contributor on lending freeze.
Average loan size (UGX m)	5.5	8.1	147	47	Within limit
Claims Payout Ratio	<5%	0.14%	100		Attained.

Source: aBiF records

Table 8: Outstanding Utilization of the AG Scheme by Financial Institutions by Tier as at 31st December 2021

Financial Institution		Number of Loans		Value of Loans		
Tier	No. of FIs	Total Number of Loans	Percentage of Total Number	Amount Outstanding (UGX)	Percentage of Total Value	
Tier 1	7	13,100	86.7	105,025,657,095	85.4	
Tier 3	3	1,840	12.2	17,042,127,148	13.9	
Tier 4	3	173	1.1	639,604,388	0.5	
Dev Bank	1	1	0.0	254,461,639	0.2	
Total	14	15,114	100%	122,961,850,270	100%	

Source: aBiF Records

Table below highlights the volume and value of new loans disbursed under the guarantee during the year 2021.

Table 9: Volume and Value of New Loans Disbursed under the AG between January - December 2021

Financial Institution	No. of loans by Gender		No. of new loans	Value (UGX)	Central	Eastern	Northern	Western
	Male	Female						
FI 1	1,796	306	2,102	47,555,891,744	554	425	267	856
FI 2	137	26	163	3,245,446,830	30	40	35	58
FI 3	11	13	24	3,201,000,000	9	2	1	12
FI 4	2,473	885	3,358	32,601,027,478	534	2,381	24	419
FI 5	421	78	499	9,404,176,589	134	41	45	279
FI 6	4	2	6	1,291,142,407	3	2	1	0
FI 7	137	59	196	403,908,257	196	0	0	0
FI 8	3,474	2,256	5,730	13,822,511,010	1,445	968	2,147	1,170
FI 9	1,243	210	1,453	6,109,271,243	85	479	310	579
FI 10	170	47	217	8,143,924,596	112	47	37	21
FI 11	52	24	76	289,802,509	0	0	0	76
FI 12	1	3	4	48,995,581	4	0	0	0
FI 13	963	341	1,304	6,720,360,395	351	39	67	847
TOTAL	10,882	4,250	15,132	132,837,458,639	3,457	4,424	2,934	4,317

Source: aBiF Records

4.2 Claims Settlement and Refunds

Performance resulted into an annual payout ratio of 0.14% against a target of <5%.

4.3 Causes of default

The major cause of loan default for agribusiness loans and claims submitted to aBi Finance in 2021 was funds diversion to non-agricultural businesses mainly due to the disruptions caused by COVID-19, delay in planting, limited movements which affected transactions, theft and sickness. The trend of funds diversion and other causes however reduced from UGX520.9m and UGX464m to UGX417m and UGX403m respectively by December 2021 due to the mitigants put in place by various FIs such as;

- i. optimizing the option of partial/phased disbursements in case all the money is not need-

- ii. making direct payment to the suppliers in case the client is purchasing equipment or and inputs
- iii. making tripartite agreements with clearly spelt out terms
- iv. monthly monitoring of disbursed loans continuous skilling (training) of officers in loan appraisal aspects especially in accurate data collection and validation to minimize on potential diversions by clients to unfunded and or un- desired purposes

Table 10: Causes of Default for Claims Settled from 2019 to 2021

Causes of default	2019	2020	2021	Total	
	Amount in UGXm	Amount in UGXm	Amount in UGXm	Amount in UGXm	% weight
Funds diversion	195.2	219	2.5	417	30.6
Other causes	91	234.6	77.7	403	29.7
Low prices for produce	71.1	73.9	29.5	175	12.8
Weather vagaries	52.3	113	8.9	174	12.8
Livestock quarantine	47.5	55.2	4.9	108	7.9
Poor crop yield	31.6	40.1	12.1	84	6.2
TOTAL	488.7	735.8	135.6	1,360	100.0



**SENT
MONEY
TO MY
SACCO
ACCOUNT**

**WITHDRAWN
MONEY
FROM MY
SACCO
ACCOUNT**

**CHECKED
BALANCE
ON MY
SACCO
ACCOUNT**

3.0. Financial Services Development (FSD)

2.1 Performance against set targets for 2021

In response to the impairment brought on by the COVID-19 pandemic, associated restrictions and a challenging business environment, FIs prioritized having an equilibrium of liquidity and cashflow positions and deprioritized continued funding of running project activities, which resulted in the deferment of disbursements worth UGX 1.2bn. In spite of the above and the resultant effect on the FSD budget absorption

rate, the FSD still managed to record a performance of 56 percent (UGX3.9bn) utilization of the annual budget (UGX 6.9bn). Disbursements worth UGX 1bn (Stanbic EERF); UGX 1.3bn (UCCFS) covered digitization of SACCOs, a key intervention in ensuring the pliability of Tier IVs to the impact of COVID-19 and UGX 1.6bn funded activities of on-going projects. Details of this performance is highlighted in the table below.

Table 11: Progress on Key FSD Results Indicators for Q4 2021

Indicator	BP 2019-2023 Targets	AWPB-21 Target	Actuals	% attained	Var %	Comments
New savings accounts opened	824,000	100,000	51,856	51.9	-48.1	Slow business growth experienced as the economy recovers.
New Savings Volume (UGX, Bn)	176	30	24.7	82.3	-17.6	Slow business growth experienced as the economy recovers.
New Loan clients	895,538	120,000	95,817	79	-21	Slow business growth experienced as the economy recovers affected demand and uptake of credit.
New Loans Volume (UGX, Bn)	437.52	120	323	269	169	Due to Increased average loan size mainly contributed by two MFIs.
New branch delivery mechanisms (brick and mortar)	10	2	2	100	0	A SACCO in the North opened in Q1-2021 and another SACCO in the East opened in Q2-2021.
New branchless delivery mechanisms (digital/ electronic channels)	35,800	6900	10,210	148	48	Annual target was surpassed due to additional enrolment of a tier 1 FI and increase largely contributed by another Tier 1 FI.
Number of new financial products developed	7	1	11	1,100	1,000	Deferred from 2020 due to the pandemic.
Number of clients accessing agriculture insurance product.	150,000	28,000	78,582	280.7	180.7	Intensified awareness and multi-lingual sensitization campaigns about the insurance product.
Number of new Funding Window Proposals	N/A	1	1	100	0	Attained through a stakeholder engagement with Fintechs, from which a pipeline of 4 projects was drawn.

Source: GMS system, 2021 AWPB & Other IP Reports

2.2 Branch and Branchless Delivery Mechanisms

10,210 agents were established through the agent-banking project with Uganda Bankers Association (UBA) which is supported by abi Finance. 22 banks are fully integrated on the Shared Agent Banking System (SABS) out

of which 20 are active in the market following Bank of Baroda's activation. To further fast track onboarding of new banks and increase the utilization of the SABP, UBA is facilitating agent banking service live transaction testing in the market and is also continuing engagement with eight other FIs. As a follow on of this project, UBA is planning to roll out the SABP to select Tier IV FIs in 2022. UBA continues to conduct capacity-building sessions to facilitate regular information sharing between banks and agents, disseminate key agent banking information and to ensure enhanced visibility and trust of the agent banking product through enforcing standard branding initiatives.

2.3 Digitization of lower Tier FIs through Apex Bodies

The scaleup project with Uganda Central Cooperative Financial Services (UCCFS)- "Digital Financing through Co-operatives (DIFICO II)" was done during the year. The project's purpose is to consolidate the results of DIFICO I project with the aim of improving uptake of financial products and services developed in the last three years, digitizing 100 more SACCOs, to improve their operational efficiency, resilience and ease of access to financial services for their members through digital channels, also to facilitate recovery from the effects of the COVID-19 pandemic. FSD will continue with the digitization strategy implemented through VSLA digitization in 2022.

2.4 Agricultural Insurance as a Risk Mitigation Mechanism

A digital insurance platform was launched during the year with the Insurance Training Institute (ITC) under a project whose objective is to increase penetration of agricultural insurance in rural Uganda. Thirty ITC and SACCO staff were trained in effectively using the digital platform to facilitate the sale of micro insurance products. Planned activities for next year include signing a tripartite agreement among the ITC, the Insurers and the SACCOs to clearly spell out the roles and re-

sponsibilities of the key players before the actual sale of products begins and sensitization of SACCO clients on how to access insurance products through the system.

2.5 Economic Enterprise Relief Fund (EERF)

Implementation of this partnership between aBi and Stanbic Bank commenced in June 2021 and the results for the three products are hereunder and further summarized in the table below.

- i. **UGX 20bn Line of Credit:** the first tranche of UGX10bn was disbursed during the year. A total of 18 SACCOs received loans worth UGX 2.1bn for on-lending to agribusinesses, which was deployed to 139 agribusinesses. The low uptake at SACCO level was mainly due to administrative challenges given the fund's interest rate cap of 15 percent as compared to the SACCOs' other products with higher rates. 101 loans worth UGX 1.6bn were also deployed to an ineligible category of beneficiaries namely cooperative societies for capex as opposed to on-lending. With these teething challenges, a review of the fund was on-going by year end in a bid to course correct.
- ii. **UGX 20bn AG Limit-** As at year end, 24 SACCOs with loans worth UGX 2.3bn had been booked on the scheme. The EERF makes timely payment of its guarantee fees and by 31st December 2021, it had paid UGX53m.
- iii. **UGX 2Bn grant** contract between aBi and Stanbic Bank in regards to the EERF to digitize SACCOs was executed and three MIS providers awarded contracts. A total of 31 SACCOs constituting 19 from Western Uganda, one from Northern Uganda, six from greater Kampala (Luweero, Kawempe, Kiboga) and five from Eastern Uganda have been selected, out of which eight SACCOs had already signed tripartite agreements to commence with digitization phase one planned for Q1-2022.

Summary of product utilization under the EERF

a) **Table 12: Beneficiaries LOC as at 31st December 2021**

No SACCO	Disbursements		Gender		Location			
	Loans	Value Disbursed (UGX)	Male	Female	C	E	N	W
SACCOs	22	4,157,768,000	N/A	N/A				
Farmers / Agribusinesses	240	4,157,768,000	148	92	155	2	2	81

Plans are underway to popularise the fund in Northern and Eastern Uganda, through stakeholder engagements

in 2022 to drive uptake.

b) Table 13: Status for Agricultural Guarantee and FSD as at 31st December 2021

Product	Limit (UGX, Bn)	Amount De-ployed (UGX, Bn)	No. of SACCOs	C	E	N	W	Average Facility Size (UGX, M)	Max. Target Loan Size (UGX, M)
AG	20	2.3	24	9	3	1	11	96	300
FSD	2	0	0	0	0	0	0		

;To ensure smooth implementation of the project, bi-weekly meetings were conducted to fully support the bank in running the project at the onset.



Hon. Joyce Ssebugwawo, the state minister for ICT at the launch of FITSPA study titled State of Uganda's Fintech Industry



*BDS on business resilience and recovery from COVID-19 by agribusinesses on NTV
Business X-Ray Programme*

6.0. Business Development Services (BDS)

Business Development Services (BDS)

aBi offers technical assistance to improve sustainability of partner institutions by ensuring that they are well governed, are socially and environmentally responsible. The BDS offered is aimed at enabling IPs to improve the quality viability of business ideas, develop and utilize business plans, differentiate their products, identify and participate in competitive markets, establish and strengthen linkages with business partners, and improve access to capital.

6.1 Performance against Set Targets for 2021

Table 14: BDS performance against set targets for 2021

RESULT	INDICATOR	Annual Target 2021	Actual 2021	% Attained	Var	Comment
1 BDS curriculum and tools developed	BDS curriculum and tools developed	1	1	100	0%	Attained
20 IPs BDS needs assessed	Number of IPs assessed	20	24	120	20%	Attained
10 IPs offered BDS support	Number of IPs offered BDS support	10	24	240	140%	Attained
50 IPs staff and partners trained	Number of IPs staff and partners trained	50	72	144	44%	Attained
aBi and 10 IPs supported to mainstream SPM, ESG, GG and SRI principles in their operations	Number of IPs / clients supported	10	24	240	140%	Attained

6.2 Operationalizing Social and Environmental Performance Management (SEPM) in aBi Finance and Partner FIs

aBi Finance subscribes to SEPM, an approach that puts clients at the centre of all strategic and operational decisions in financial institutions to deliver social impact for agriculture and agribusiness. During the year, a total of 12 FIs¹ were trained in the application and use of the SEPM ALINUS² Toolkit especially, to self-assess and monitor their progress on implementing SEPM practices in their institutions. Following the training, aBi Finance is assisting the FIs to implement the resultant action plans. The second cohort of 15 beneficiary FIs will start in 2022.

6.3 Risk Management Capacity Building

12 Tier IV FIs were supported to put in place enterprise-wide risk management frameworks that are aligned to the ISO 31000:2018 standard. Risk management manuals will also be developed for the 12 FIs in 2022.

6.4 Peer-To-Peer Capacity Building

Four SACCOs were linked with better performing FIs to learn and improve on governance, financial management, credit management and fundraising.

¹ Kashongi SACCO, Tujijenge SACCO, Nyaravur SACCO, Mount Otce Metu SACCO, Muhame Financial Services SACCO, East African Premier Investments, Rwanyamahembe SACCO, Mushanga SACCO, Rubare Urban Savings and Credit Association (Rusca), Share an Opportunity (SAO) Ziobwe SACCO and Uganda Central Co-operative Financial Services (UCCFS).

² ALINUS stands for "ALigning INvestors due-diligence and reporting with the Universal Standards".

The Uganda Carbon Bureau Ltd
Certifies that
aBi Development & Finance (U) Ltd
is carbon neutral for the period 1st January to 31st December
2021.
Achieved by the purchase of **176 tonnes** of Plan Vivo carbon
offset credits from the 'Trees for Global Benefits' project in
western Uganda managed by **ECOTRUST**.

**UGANDA
CARBON
BUREAU**

*Emissions reductions-
sustainable development*



7.0. Sustainability Initiatives

Sustainability is central to aBi's interventions within the financial services and agribusiness sectors. The three sustainability aspects (also often referred to as the triple bottom line) that all interventions must address are; People (equitable participation or inclusivity of all the sector actors), Planet (protection of the ecosystem / environment where agribusiness is done) and Profit (ensuring that all investments make business sense).

2021 was a year of heightened efforts for increasing sustainable access to and uptake of appropriate financial services for investment in green and climate smart agribusiness (CSA) in line with the aBi GG Strategy. The major sustainability initiatives undertaken were; GG capacity building for aBi Finance and FIs staff, adoption of SEPM ALINUS tool in due diligence and annual reporting, continued deployment of the clean technology fund to boost liquidity of FIs for green and climate smart investments and COVID-19 relief interventions to improve resilience and recovery of FIs and agribusinesses. Details of these initiatives are provided below.

7.1 aBi Finance and FIs staff capacity building on green growth

Six webinars and workshops covering aBi staff and board members were conducted for to build their capacity on mainstreaming GG practices and SEPM in aBi Finance and its products. The webinars and workshops were also organized for 24 FIs and were attended by over 70 of their staff, management and board members. They enabled sharing of information on issues such as; Concepts and linkages between common green growth terminologies (included but were not limited to; ESG, GG, Climate and Environmentally Smart Agribusiness (CEA)), Impact, ethical and climate finance among others. The other information shared included current greening interventions and tools, challenges of and strategies for optimizing GG internalization at aBi and partner FIs.

7.2 Adoption of SEPM ALINUS Tool in Due Diligence and Annual Reporting

The SEPM ALINUS tool was adopted to operationalize Social and Environmental Performance Management

(SEPM) in aBi Finance and its partner FIs. ALINUS tool has seven modules with underlying indicators used by investors and financial service providers to conduct due diligence and report on socially and environmentally inclusive finance. The modules are; one- Social Strategy, two – Committed Leadership, three – Client-Centered Products and Services, four– Client Protection, five – Responsible Human Resource Development, six – Responsible Growth & Returns and seven – Green Index. Through 2021, 12 FIs worth UGX 74.8 bn approved LoCs were assessed using the SEPM ALINUS tool.

Under AG, seven FIs with consolidated global limit worth UGX 47 bn were assessed using the same tool. 12 FIs from the LoC, AG and FSD portfolios who did not have prior knowledge or training were selected and trained on self-assessment as well as reporting on SEPM. With effect from 2022, those trained as

well those already using the tool will be required to report on SEPM annually. For each of the 12 FIs who received SEPM capacity building in 2021, action plans were developed and will be offered follow-on BDS to improving on SEPM aspects in areas where each had low scores as highlighted above.

7.3 Clean Technology Fund (CTF)

In a bid to continuously increase access to finance for green agribusiness investments, by SMEs and small-holder farmers in Uganda, aBi Finance has been offering dedicated financing to this cause through the Clean Technology Fund (CTF). The CTF closed the year with an outstanding balance of UGX 7.9Bn above the annual target of UGX 7bn. 5,540 new loans worth UGX 18.2bn were disbursed to activities such as organic manure, water harvesting, biogas systems, solar powered irrigation systems and certification of farmers in organic farming activities. The table below highlights the CTF performance by volume, value, gender and geographical location as at 31st December 2021.

Table 15: CTF Performance by Volume, Value, Gender and Region as at 31st December 2021.

Institution	Number Disbursed		Gender		Location			
	Current		Male	Female	C	E	N	W
	Volume	Value (UGX)						
FI 1	760	1,739,390,000	491	269	-	-	-	760
FI 2	3,806	15,673,600,000	2,810	996	711	46	114	2,935
FI 3	71	457,263,200	57	14	-	-	-	71
SME 1	902	334,195,600	552	350	-	-	902	-
SME 2	1	547,500	1	0	1	0	0	-
Q4 Results	5,540	18,204,996,300	3,911	1,629	712	46	1,016	3,766
Percentage			71%	29%	13%	1%	18%	68%

Source: aBiF 2021 Records

7.4 COVID-19 Business Relief Interventions

To improve resilience and recovery of FIs and agribusinesses during the 2021 Covid19 business disruptions, aBi Finance designed and deployed a responsive relief package of blended financing instruments. The package was composed of concessional lines of credit, grants and BDS. aBi Finance reduced interest rates up to 8.2 percent, offered repayment moratorium of both principle and interest and offered short-term working capital worth UGX 6.6bn accessed by 12 among other financially distressed FIs supported. To reduce credit risk, aBi Finance increased its risk share from 50 percent to 70 percent and waived all fees for agribusiness guarantees. Under FSD, 16 FIs were offered no

cost extensions and some had activities rescheduled to keep their projects going. Risk Management BDS was offered to 12 Tier IV FIs to enable them build back stronger and better from the effects of the pandemic.

Dissemination of information on business resilience and recovery from COVID-19 by agribusinesses was also undertaken through the Business X-Ray NTV live talk show produced in partnership with Enterprise Uganda and Charlestone Media. Eight episodes were aired between November 2020 and April 2022. In addition to the live television viewing, by April 2021 content from the 8 episodes was viewed by over 20,000 people on the social media platforms.

7.5 **Way Forward**

Given the traction and urgency for increasing sustainable access to and uptake of appropriate financial services for investment in green and climate smart agribusiness (CSA), the above-mentioned sustainability initiatives will continue through the remaining business plan years. More initiatives planned for 2022 include; development of a green finance taxonomy, launch of the Green Challenge Fund, conducting a rapid assessment of aBi GG interventions measured against the OECD Rio Markers for climate, and alignment of SEPM alinus tools and Rio Marker green indicators with aBi Finance's traditional due diligence and reporting tools. aBi Finance will pursue more strategic and operational partnerships to optimize scale and impact especially in green financing, social inclusion and digitization.

8.0. Lessons Learnt and Impact Evaluations

8.1 aBi Finance 2018-2020 Evaluation

aBi Finance commissioned an independent evaluation³ covering the period 2018 – 2020 to assess the performance and appropriateness of aBi Finance products in the light of the overall objective of increasing smallholder farmers and agribusiness' access to serviceable financial services. Below is a summary of the major findings and recommendations;

Findings

- i) aBi Finance products and service mix contribute positively to stimulating financial institutions capacity to offer financial services (mainly in the form of short-term loans) to farmers and agribusinesses. Partner financial institutions are satisfied with the products and services offered by aBi Finance
- ii) aBi Finance has a strong development objective that gives it a unique position in the market. The product mix including grants under Financial Service Development are instrumental to stimulate FIs ability to engage and expand agricultural financing. Focus on less served regions contributes to aBi Finance's developmental image. Collaboration with Tier III and Tier IV partner financial institutions (primarily SACCOs) is leading to better financial inclusion for less privileged end-clients
- iii) Agriculture Guarantees are gradually used more by financial institutions to expand their portfolio to accommodate end-clients that experience collateral constraints. Grant funding has been used to bring about institutional and organizational changes in financial institutions especially through capacity building
- iv) aBi Finance is respected as a reliable development financing institution that is attractive in the market with many financial institutions expressing interest to continue working with aBi Finance and/ or receiving aBi Finance support

Recommendations

Overall, aBi Finance is a unique, well-run, and well-governed financing organization with solid support. It has a clear development impact objective, which is also recognized in the market. Recommendations included, the need to;

3 <https://www.abi.co.ug/reporting-resources-abi-finance/publications-abi-finance/abi-finance-research-impact-studies/>

- i) attract new shareholders and investors in aBi Finance - aBi Finance has since attracted one shareholder (IFU) with the transaction expected to be concluded in 2022.
- ii) enhance focus on product development and continuous stimulation of new technology/ Fin-Tech-based solutions. During the year, set-up of a new sub-unit focusing on non-bank FIs (Fintechs) and products (equity financing, subordinated debt financing, mezzanine financing) was approved. Feasibility studies and product development will be done in 2022.
- iii) develop strategic alliances with other strategic actors to access knowledge on small & medium enterprises financing, value chain financing, Fintech and/ or green technology- Intervention through third parties / financial services apexes continued during the year, with a new alliance created with the Financial Technology Services Service Providers' Association (FITSPA) to promote intervention through Fintechs.

8.2 Lines of Credit

- i) COVID -19 restrictions and subsequent lockdowns affected business operations of most of our partner financial institutions which resulted in poor portfolio quality and increase in non-performing loans closing at 5.3 percent, 8.6 percent and 10.1 percent for Tier I, II and III respectively⁴, against a best practice of 5 percent.
- ii) Manual work processes especially, for the concessional facilities extended to our partners resulted into a lot of time allocated to reconciliations hence reporting delays. The ongoing process engineering will reduce process flows and result into automation for a better turn-around-time.
- iii) Conflicting regulations for SACCO operations from Bank of Uganda⁵, Uganda Microfinance Regulatory Authority and Commissioner of Corporate exposed us to a risk of working with SACCOs without valid licenses.
- iv) Reduction in value the of debentures resulted

4 *BoU Financial Stability Report 2021*

5 <https://www.kaa.co.ug/reviewing-the-conflicting-legal-and-institutional-framework-for-saccos-in-uganda/>

from partner financial institutions' portfolio quality deterioration. We shall strongly consider other forms of collateral for the lines of credit, to include other fixed assets to buffer the debentures

8.3 Agribusiness Guarantees

- i) Turnover of AG contact staff within the partner financial institutions hampers business continuity and reporting. aBi shall train two or more staff within the partner financial institutions to address this challenge of turn over
- ii) FIs have not been prompt in making claims refunds once recoveries have been made from the settled claims. Going forward, processing and payment of claims will only come after un-refunded claims recoveries being made to aBi Finance
- iii) Utilization of the agribusiness guarantees by FIs is still low (below 65 percent). aBi Finance will continue to drive utilization through enhancing the capacity of FIs and offering pricing incentives.

8.4 Financial Services Development

- i) Failure of partner financial institutions to raise their matching grant contributions affected project implementation as some FIs concentrated on their liquidity/ working capital requirements as opposed to projects due to the liquidity squeeze position caused by the slow-down in business due to COVID-19.

8.5 Business Development Services

- i) Peer to peer learning is more effective than instructor led trainings in skills development.
- ii) To maximize implementation of BDS recommendations, FIs need actions plans to guide follow-on activities
- iii) To increase uptake of BDS, the providers must highlight both the immediate and long-term benefits to the FIs triple bottom line, that is, Profits (how it will boost profits of the company), People (how each company stakeholder benefits) and Planet (how the business ecosystem / environment benefits)

8.6 Systemic Change Study

This study purposed to assess the impact that aBi interventions had had in the wider market system both in agriculture value chains and in the financial markets. Specifically, the study investigated the early signs

of system wide impact that the results measurement (RM) system had identified.

aBi's interventions in FSD showed significant increases in the number of products and number of clients working in agriculture. The partners also showed initiative in adapting their business models to seize emerging business opportunities. This has hugely informed aBi in the design and implementation of FSD portfolio. aBi's investments in de-risking agriculture is a big step towards improving the resilience of both the agriculture and finance sectors. These have in turn generated interest and investment from private sector players crowding in as well as from GoU and development partners in building on ideas pioneered by aBi.

8.7 Evaluation of ended projects

Results Measurement and Research and Development function commissioned and completed evaluation of 5 FSD projects. Evaluation findings indicated an improvement in the digital banking with over 300 mobile money agents trained coupled with 16 MFIs and 14 SACCOS through the AMFIU project. Early indications of systemic change were identified in the Rukiga SACCO as other 12 SACCOS copied and integrated the MIS in their operations. Some of the findings included;

Altukot SACCO: project demonstrated a very high level of effectiveness scoring an average of 94 percent. Various positive impacts attributable to the project were also registered including increases in employment, wages as well as sales, across both agriculture and nonagricultural enterprises.

However, the new branch failed to meet its clients' high appetite for loans due to limited loanable funds, thereby failing to take advantage of the booming entrepreneurial spirit in Bala and surrounding areas. 58 percent of the beneficiaries agreed that the project had contributed to addressing underlying causes of low access to financial services by value chain actors.

Koboko SACCO: a significant increase of 1.1 percent in full time employment from 9 employees at baseline to 19 permanent employees (11 men, 4 women and 4 youths) was registered and this was due to an increase in portfolio, specifically the loan portfolio. The SACCO was able to increase its savings portfolio by UGX 199m (12.1 percent) and loan portfolio by UGX524m (36.2 percent) above the project target. Post project implementation period analysis (2020 data) showed progressive increase in loan portfolio of UGX1.2bn (83.3%) a pointer to change attributable to aBi interventions.

9.0. Financial performance for aBi 2020 Limited (now aBi Finance)

aBi 2020 made a profit after tax of UGX 9.2bn for the year ended 31 December 2021, compared to UGX 8.7bn in 2020. Total interest income increased marginally to UGX 21.3bn in 2021 from UGX 20.9bn in 2020 with most of it being earned on LOC and from fixed deposits. Agricultural Guarantee fees increased by 12 percent to UGX 0.79bn from UGX 0.7bn following onboarding of new clients like Stanbic EERFP, Mamidecot Sacco and Rwamanyahembe Sacco. FSD grant income and expenditure slightly increased to UGX 1.97bn from to UGX 1.91bn in 2020, although this has a neutral effect on the net profit after tax.

Operating income was below budget by 27 percent due to the late arrival of the EU/IFC Funds as the budget forecast was to receive Eur 10m in Quarter1 and Eur 8.3m in Q3.

Operating and administrative expenses increased to UGX 8.5bn from UGX 7.6bn in 2020 due to an increase in Employee expenses, Legal and Board expenses. However, this was offset by a decrease in aBi Development expenses recharge costs since aBi 2020 is now meeting most of its expenses directly.

Impairment charge increased by UGX 0.2bn due to a change in the model, the model was updated to use the effective interest rate of each loan rather than using the Capital Asset pricing model for the entire loan book and to also use the outstanding balance of each loan at the time of the assessment.

Lastly, a fair value gain, amounting to UGX 1.14bn was earned due to a revaluation of all government securities (treasury bonds) held by the company as of the end of the year.

Table 16: aBi 2020 Ltd Statement of Comprehensive Income for period 1 January-31 December 2021

	Actual	Actual	Budget	Variance	Actual
	Dec-20	Dec-21	Dec-21	Percentage	Dec-21
	UGX'000s	UGX'000s	UGX'000s	%	DKK'000s
INCOME					
Interest income	20,879,693	21,314,196	29,588,497	-28%	39,398
Guarantee fees	700,049	791,368	550,750	44%	1,463
Total operating income	21,579,742	22,105,564	30,139,247	-27%	40,861
Other income	96,458	285,335	405,000	-30%	527
Grant Income	1,910,102	1,968,880	6,996,104	-72%	3,639
Operating Expenditure -aBi 2020 (Direct Costs)	(7,591,020)	(8,484,180)	(8,709,039)	-3%	(15,682)
Financial Services Development	(1,910,102)	(1,968,880)	(6,996,104)	-72%	(3,639)
Guarantee claims	(634,807)	(12,542)	(2,878,063)	-100%	(23)
Impairment charge for credit losses	(1,088,328)	(1,302,368)	(6,179,770)	-79%	(2,407)
Profit before tax	12,362,045	12,591,809	12,777,375	-1%	23,275
Income tax expense	(3,623,981)	(3,400,127)	(3,833,212)	-11%	(6,285)
Profit for the year	8,738,064	9,191,682	8,944,162	3%	16,990
Other comprehensive income:					
Fair value (loss)/ gain on financial assets at fair value	198,529	1,140,226	-		2,108
Deferred income tax thereon	(59,559)	(342,068)	-		- 632
Total other comprehensive income	8,877,034	9,989,841	8,944,162	12%	18,466

*1DKK = 541 UGX

The table below presents the Statement of Financial Position of aBi 2020 as of 31 December 2021. Total assets amounted to UGX 188bn, versus UGX 200bn in 2020, whilst total equity decreased to UGX 170bn compared to UGX 183bn in 2020 owing to the transfer of UGX 23.5bn to aBi Development offset by the profit of UGX 9.9bn generated in the year.

Other stand out features included the decrease in fixed deposits with commercial banks of UGX 38bn from UGX 67bn in 2020. LOC (net of impairments) increased to UGX 116bn from UGX 98bn in 2020.

The delay in receiving the funding from IFU and EU and the transfer of the UGX 23.5bn to aBi Development was the major reason for the large variances in loans and fixed deposits compared to the budget.

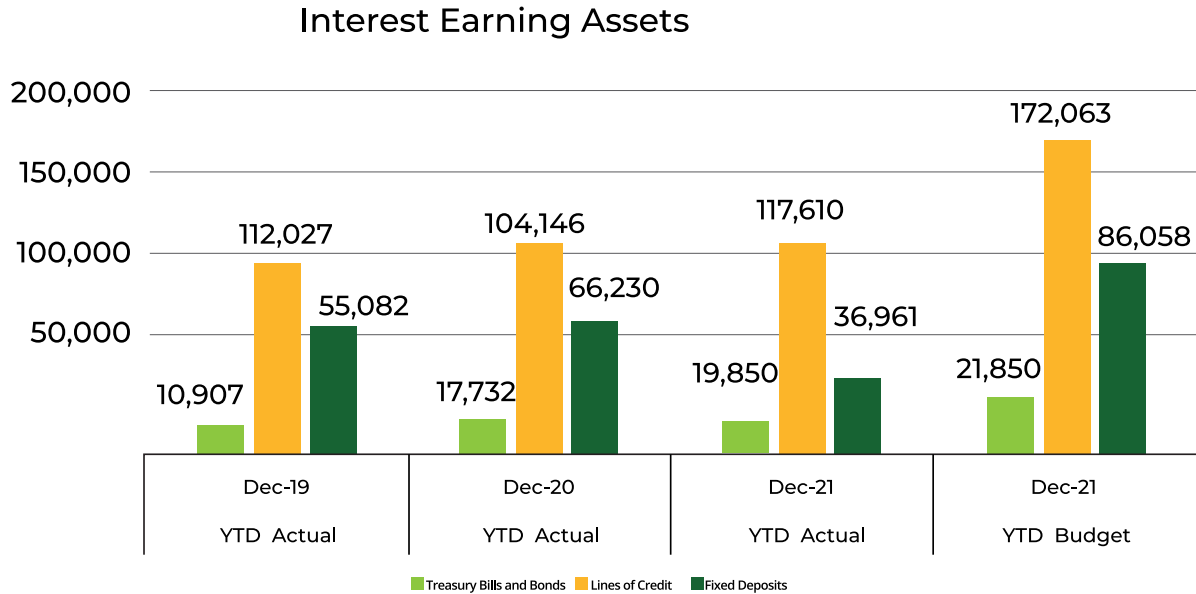
Table 17: Statement of Financial Position as at 31st December 2021

	Actual	Actual	Budget	Variance	Actual
	Dec-20	Dec-21	Dec-21	Percentage	Dec-21
	UGX'000s	UGX'000s	UGX'000s	%	DKK'000s
Assets					
Cash at bank and in hand	9,776,716	4,340,082	2,639,440	64	8,022
Fixed deposits with commercial banks	67,203,383	38,084,501	86,058,331	-56	70,396
Government securities	18,111,925	19,282,984	23,226,565	-17	35,643
Other receivables	237,848	645,950	(191,175)	-438	1,194
Implementing partners receivable	3,100,533	3,657,142	973,815	276	6,760
Guarantee fees receivable	15,439	21,770	-		40
Loans to borrowers	97,884,873	116,456,061	173,287,943	-33	215,261
Income tax recoverable	747,289	2,498,721	-	0	4,619
Deferred income tax asset	2,250,910	1,888,253	648,506	191	3,490
Property and equipment	23,330	324,907	412,625	-21	601
Right of use assets	1,072,196	854,122	-		1,579
Total Assets	200,424,442	188,054,493	287,056,049	-34	347,605
Equity and Liabilities					
Equity					
Capital grants	108,540,058	108,540,058	170,729,493	-36	200,629
Fair value reserve	(67,754)	730,405	-		1,350
Retained earnings	74,640,066	60,331,748	88,597,104	-32	111,519
Total Equity	183,112,370	169,602,211	259,326,597	-35	313,498
Liabilities					
Provision for unpaid loan guarantees	857,248	778,499	1,568,000	-50	1,439
Other payables	5,944,556	9,337,725	15,888,170	-41	17,260
Lease Liability	944,113	738,783	-		1,366
Deferred grant - FSD Project	9,566,155	7,597,276	10,273,283	-26	14,043
Total liabilities	17,312,072	18,452,283	27,729,453	-33	34,108
Total Equity and Liabilities	200,424,443	188,054,494	287,056,050	-34	347,605

⁸1DKK = 541 UGX

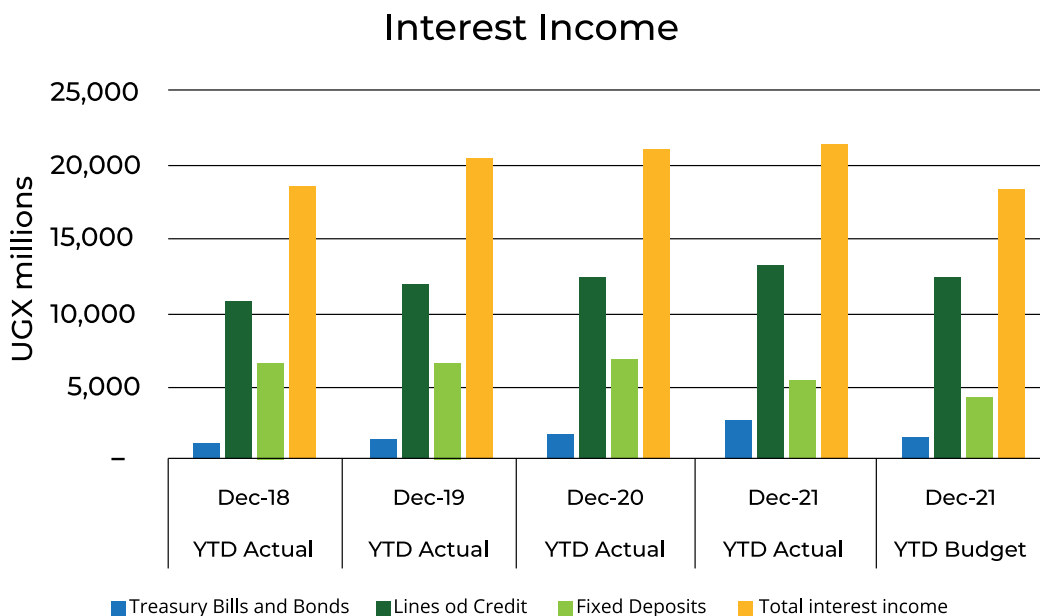
The graphs below show the mix of invested funds and the interest income earned over the last 3 years.

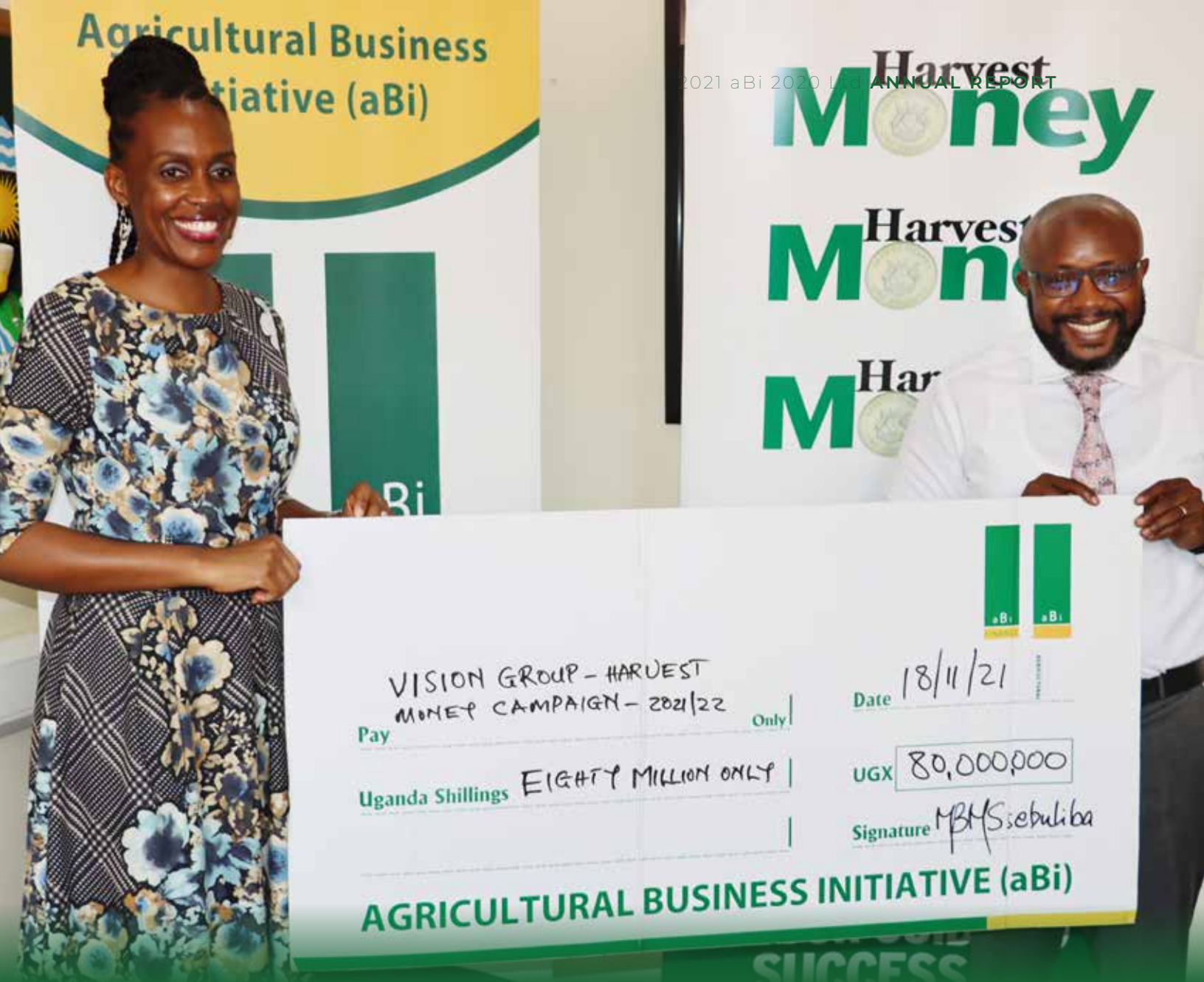
Figure 2: Interest-earning assets, 31 December 2019-31 December 2021



There has been an increase in lines of credit due to the disbursement to one Tier 1 partner FI of UGX 25bn and a decrease in fixed deposits due to the transfer of UGX 23.5bn to aBi Development. Interest income has followed an upward trend from 2019 to 2021 increasing from UGX 20.3 bn in 2019 to UGX 20.9 bn in 2020 and then to UGX 21.2 bn in 2021, as shown in the graph below.

Figure 3: Interest income, 31 December 2019- 31 December 2021





Pay VISION GROUP - HARVEST MONEY CAMPAIGN - 2021/22 Only |

Uganda Shillings EIGHTY MILLION ONLY |

Date 18/11/21

UGX 80,000,000

Signature MBMSsebuliba

AGRICULTURAL BUSINESS INITIATIVE (aBi)

Ms. Mona Muguma-Ssebuliba CEO aBi Finance handing over a dummy cheque to Mr. Don Wanyama CEO Vision Group for the 2021 Harvest Money campaign to support the Expo and sharing of knowledge

Corporate Services

2.6 Human Resources and Shared Services

During the year 2021, the Board and Management put in place initiatives to ensure safety and productivity of staff in the Covid-19 situation, building on the experiences and efforts in the previous year. We recognize our duties as an employer to ensure safety of all staff, their families, and aBi stakeholders. The aBi Covid-19 task force continued to guide the institution's response to the pandemic through a number of interventions that included; putting in place a hybrid and flexible work schedule, utilization of staff vaccinations during less busy periods, and adhering to other standing operational procedures.

aBi Finance started the year with 12 Full-Time Employees (FTEs) against an approved structure of 12 and within the year, the one staff that voluntarily exited was replaced and we closed with a staff headcount of 12 FTEs implying operation at full staff capacity. Three members of management progressed to Executive Leadership roles within the organization. The former Chief Operating Officer for aBi Finance was elevated to Chief Executive Officer. The Chief Internal Auditor was also elevated to Chief Operating Officer, Corporate Services to oversee human resources, ICT, finance, procurement, legal and risk compliance functions whereas the Chief Internal Auditor position was filled by the Senior Internal Auditor. This demonstrates aBi's commitment to talent development and enhancement of internal leadership capabilities.

As part of implementation of the human resources (HR) strategy to build staff capacity for leadership, a leadership development programme for junior and middle managers was undertaken in partnership with the Strathmore School of Business. The objective is to build capacity of this category of staff to better manage their personal growth within their work context and to grow leadership and managerial potential within the organization. Our focus going forward is to also enhance staff knowledge, awareness, and competence in green programming.

The cultural audit conducted in 2021 contextualized aBi's current culture as being highly result and performance-oriented, also revealing a need for the organization to enhance reward and recognition of staff for good performance. In this regard, two major policies (Reward and Recognition and Performance Incentives

Application) were developed and are being implemented, with the expectation that they will provide a framework within which staff are rewarded and recognized for good performance.

aBi won the 2021 Prudential HR Best Practices "*Diversity and inclusion*" award beating off strong competition from the other nominees under this category (MTN & UBL). The survey attracted participation from 534 organization from various sectors. It aimed at identifying organizations that implement good people policies, systems, and processes that create and sustain productivity along with industrial peace and harmony. This survey provided an opportunity to benchmark good HR practices in the industry to enrich our HR strategy, policies and practices.

2.7 Finance & Accounts

aBi Finance and Accounting team comprises of three professional accountants charged with a responsibility of ensuring prudent and transparent financial management, accountability, and accurate financial reporting. Finance function also supports management decision making in areas of strategic planning, budget performance monitoring and decision making by providing timely and accurate financial information.

The 2021 financial statements presented in this report were audited by Ernst and Young that issued an unmodified opinion. As part of the requirement to periodically rotate auditors, Ernst and Young took over from Price Water Coopers as aBi external auditors starting with the 2021 audit.

2.8 Procurement and Disposal of assets

aBi Procurement and Disposal Unit has a team of two procurement specialist charged with the responsibility of ensuring value for money procurements. The PDU in coordination with ICT continued with progress to digitize the procure to pay (P2P) process. The development of the contract management tool for efficient management of contracts in DOC IT was completed in 2021.

COVID-19 affected procurement operations necessitating contract extensions for several assignments. We are working with the users and ICT to further automate our processes to enhance our efficiency and harmonise with the operating environment.

In 2021 there was a slow down in the execution of the procurement plan from Q1 to Q2 due to delays in initiation of procurements during the COVID-19 lock downs. However, in Q3 to Q4, several procurements were concluded leading to a 91 percent achievement of the procurement plan by end of the year. Procurement performance in 2021 is summarized in the table below.

Table 18: Summary of procurement performance in 2021

Procurement Dashboard	Unit	
IP induction meetings	No.	5
IP Procurement review	No.	28
Procurement Plan progress Q3 target 75%	%	64%
Procurement Plan progress Q4 target 90%	%	91%

2.9 Results Measurement Research and Development (RMRD)

The RMRD function continued to support and provide technical assistance (TA) to the Programme teams and shared functions through the mixed team arrangement during. The TA included; funding window development, work planning, monitoring and data verification, pre-project assessments/due diligence exercises, reviews and development of project results frameworks, induction of new partners and conducting inception meetings. RMRD also provided technical oversight for FSD Evaluations, Systemic Change study, annual impact study and pre-project assessments/due diligence for new FSD project proposals (*refer to Chapter 8: Lessons Learnt & Impact Evaluations*)

2.10 Risk, Legal and Compliance

aBi Development Ltd put in place an integral risk management framework to identify, evaluate, manage and monitor risks that affect achievement of aBi objectives. aBi's risk management framework is based ISO 31000 Risk Management Standard. The ultimate responsibility for risk management rests with the Board. However, the Board delegated the responsibility of day-to-day management of risks to management. On a quarterly basis, management reports to the Board through Audit, Risk and Compliance Committee the status of initiatives taken to manage key risks.

In the years 2021, aBi undertook targeted risk management measures that improved operational risks while keeping strategic, programmatic, and compliance risks moderately stable despite the volatile economic

and business environment in 2021 The risk management initiatives undertaken by management in project management resulted into improved accountability among implementing partners as highlighted under the Grants Management Control section on this report.

Compliance reviews carried out during 2021 informed aBi's Anti Money Laundering policies. This followed the registration with the Uganda Financial Intelligence Authority, as an accountable person in 2020.

2.11 Internal Audit Performance

aBi's Internal Audit is an independent, objective assurance, and consulting function designed to add value and improve aBi's operations. It supports aBi in achieving its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes in accordance with the International Standards for the Professional Practice of Internal Audit.

During the year, a risk-based audit approach and combined assurance model was used to coordinate aBi assurance efforts. 19 (76%) planned audit areas were completed as highlighted in the table below. In addition to the assurance engagements accomplished in 2021, Internal Audit also provided other advisory and consulting engagements in the areas of risk management and the management of problematic partnerships.

aBi Board and management generally put in place internal control systems which reasonably enables the institution to generate required information, safeguard assets and achieve intended results.

Nevertheless, there is still room for improvement and these areas that require control enhancement were observed, communicated to management and action is being taken. In a few instances, non-compliance with available controls was observed at both aBi and FI level and this which will be monitored going forward as it affects efficiency.

Table 19: Performance of Internal Audit against target (planned audits) for 2021

Auditable area	Execution level	Comment
Audit of 10 FSD projects	10 projects were audited	10 reports issued
Audit of 7 FIs with ALG scheme	5 out of 7 were audited	The performance shortfall is explained by the transfer of the Chief Internal Auditor to Corporate Services department and the resignation of one Internal Auditor who were later replaced in the year.
1 RMRD audit	Not done	
1 ICT audit	Not done	
1 Investment audit	Not done	
Finance and tax audit for aBi Finance	Not done	
1 Risk Management audit	1 done	1 report issued
1 Governance audit	1 done	1 report issued
1 Human Resources audit	1 done	1 report issued
1 Procurement audit	1 done	1 report issued

2.12 Advocacy and Communications Initiatives

As part of our thought leadership agenda, we entered into partnerships with various strategic stakeholders including; government ministries and departments as well as media and other key agribusiness actors on a number of initiatives aimed at raising the profile of the sector. aBi partnered with the Ministry of Finance, Planning & Economic Development to organize the 12th National Competitiveness Forum that informed the formulation of 2022/23 National Budget. Other initiatives included the EPRC launch of the 2021 Agricultural Finance Yearbook.

Communicating the transition of aBi into two autonomous entities to both internal and external stakeholders was undertaken as part of change management. It effectively served the purpose of ensuring business continuity and increased uptake of aBi Finance products as a result of enhanced market confidence and strong aBi brand equity.

Profiling of achievements and impact of aBi interventions was undertaken in partnerships with the media and through other creative platforms. The objective of this knowledge sharing aimed at creating awareness and influencing policy. It also enhanced our visibility of aBi and that of our partners. Going forward more focus will be put into establishing and sustaining strategic engagements and collaborations.

To further consolidate the learning and knowledge management (LKM) function, various initiatives were implemented. aBi through a partnership with USAID, Mediae and Vision Group implemented the 2nd phase of Mpeke Town Farming Drama series, an edutainment

undertaking targeting the urban youth and women, to inspire them to join agribusiness through increasing their access to farming knowledge, changing attitudes and adoption of good agronomic practices. The television and radio drama episodes were broadcasted on Bukedde FM, Bukedde TV and Urban TV. The initiative has caused traction for more edutainment projects in Uganda with the launch of new similar products. From results of the sampled respondents the 2nd phase of this edutainment project positively impacted farmers in the following aspects; increasing productivity and production through practicing GAP, increase in sales, financial literacy, digitalisation of financial services, nutrition and food security, access to affordable financing especially for youth and women.

Results of a customer satisfaction survey covering 2021 reflected a high level of customer service satisfaction of over 80 percent across the seven different categories of respondents. Over 85 percent of all respondents believe that aBi's interventions are socially responsible, 100 percent of government respondents strongly agreed that aBi is relevant in the agricultural sector, 77.8 percent of the respondents from the private sector agreed that aBi's services and products are impactful and accessible to smallholder farmers and agribusinesses. 85.4 percent of the FIs were satisfied with aBi's turnaround time and 92.7 percent agreed that aBi stimulates them to initiate and expand financing of agricultural businesses and producers. However, a few areas were not rated favourably, requiring improvement. For example, 33.4 percent of respondents were not satisfied with the justifications given for the rejection of their grant applications, 57.8 percent of internal clients (staff) said there was need for improvement in management of employee performance in terms of recognition and motivation.



Group photo of aBi Shareholder, Board and Management, ACPCU and pupils of Nyakasambya Primary School in Sheema District built by ACPCU as part of its corporate social responsibility and promotion of coffee growing

11.0. Stories of Change

Nile Microfinance Limited

Nile Microfinance Limited was established in 2007, with the objective of helping small and medium enterprises (SMEs) in West Nile that find it difficult to access services from the conventional financial institutions (Tiers 1-3).

In partnership with aBi Finance Limited, Nile Microfinance Limited has leveraged support towards developing online banking platforms, farm input loans as well as agribusiness loans; and advanced efforts towards the acquisition of a new banking hall under the condominium arrangement. Their efforts have been a blessing to the less privileged in the community. To date total membership is 1380 members with total loan balance of UGX1.9bn of which UGX80m (4 percent) are agriculture loans and one percent (UGX28m) clean energy. Its vision of improving the quality of life of an average person through the sustainable provision of microcredit is being steadily actualized as it targets to reach out to over 10,000 of the unbanked small micro-enterprises and agribusinesses in West Nile.

Vincent Amasiku, 23

The resident of Onduparaka, Ayivu Division, Arua City got into business early in life. By the time he was

20, Amasiku owned a grinding mill that earned him UGX15,000 daily. The young, vibrant and enterprising Amasiku, however, felt that he could operate at a higher level despite not having gone far with formal education.

His rise to financial independence started in April 2021 when he was introduced to Nile Microfinance Ltd agriculture value chain loans at a monthly interest rate of 2.5 percent with a three months grace period - which is much easily accessed with less collateral requirements compared to commercial banks. Amasiku also benefited from the financial literacy that was offered courtesy of aBi's support especially, bookkeeping and running business professionally.

By the time Amasiku borrowed UGX1.5m to scale up his value addition enterprise, he had been equipped to succeed. He expanded his business from a single mill earning him UGX15000 daily to five. Since October 2021, he earns UGX90,000 from the mills daily. He has also mastered the art of the grinding mill and now provides repair services of mills for additional income. From the proceeds of the grinding mills, Amasiku now owns a salon that adds about UGX60,000 daily

to his income from which he saves UGX350,000 every month. He also acquired a 50ftx100ft plot of land.

Olivia Tabi, 36

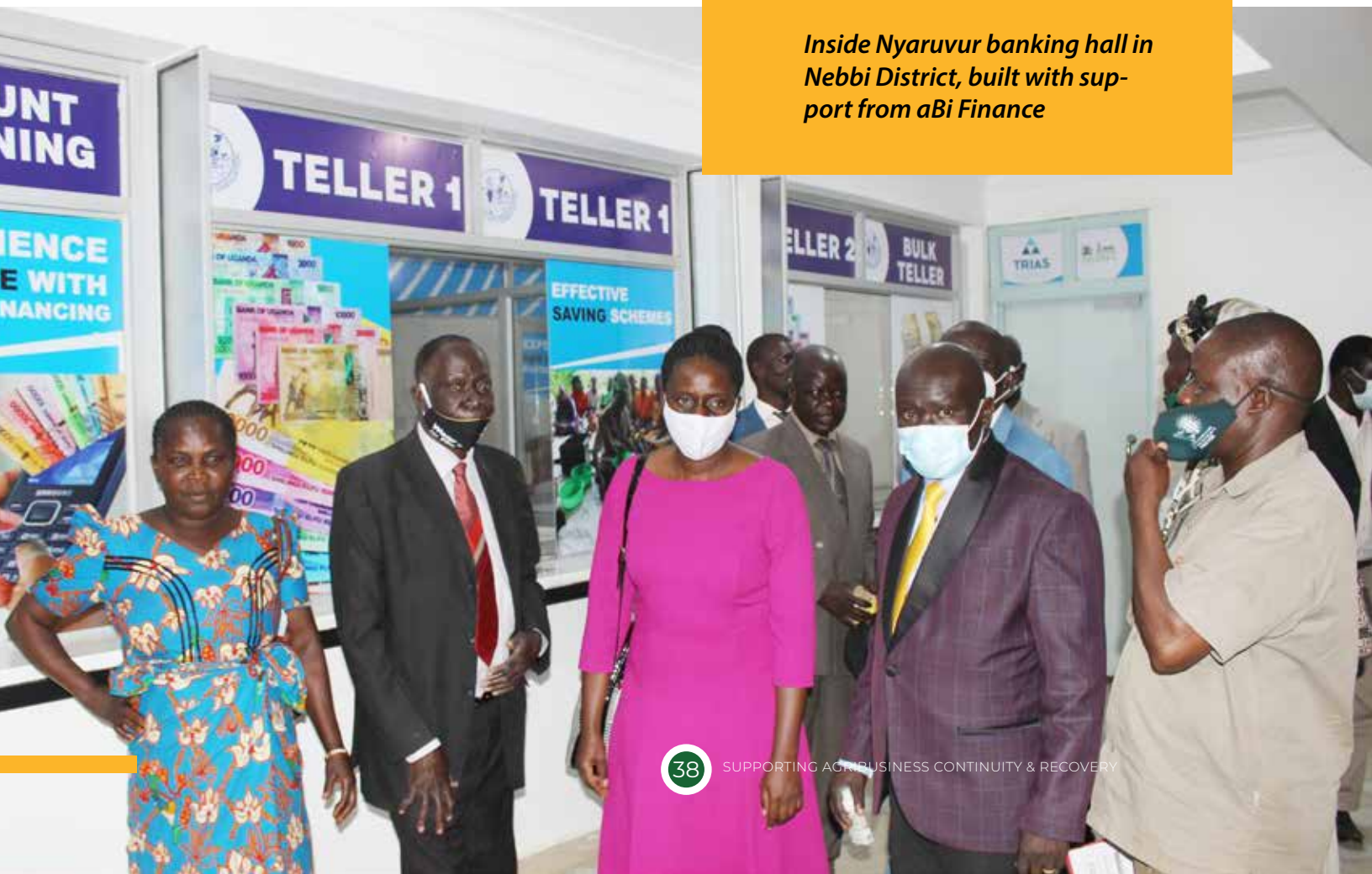
Olivia Tabi, a 36-year-old mother of three children and married runs a poultry farm.

Little by little, the project prospered until a point where the couple felt it was time to rise to another level for which they needed a credit facility. In March 2021, Olivia accessed a loan of UGX2m from Nile Micro Finance which also offered her training in basic financial and business management. She has expanded the poultry from a largely domestic to commercial production with house capacity sufficient for 1,000 birds and a solar lighting system installed.

Today Olivia supplements her income from the sale of broilers every six weeks. With the stock of 100 local birds, in December 2021 each bird was sold at UGX17,000 providing a total earning of UGX1.7m and net profit of UGX900,000. With the expansion of the poultry unit, Olivia has increased her poultry stock from 100 to 500 birds.



Inside Nyaruvur banking hall in Nebbi District, built with support from aBi Finance



Nyaravur Farmers SACCO



Members of Nyaravur SACCO attending their AGM

Nyaravur Farmers SACCO was formed by members of Nyaravur and they have maintained the ownership and control of the SACCO since; but with emphasis on strong, ethical, and efficient governance structures since its registration in October 1991. In 2019, the SACCO received an infrastructure matching grant from aBi Finance towards the construction of a banking hall and the development of online banking software estimated at UGX369.4Million. The SACCO has a total membership of 13,000 individuals in groups, a total saving of UGX601m, share capital of UGX 203m and total loan portfolio of UGX 1.1Bn as at October 2021.

Nyaruvur SACCO through the support of aBi has greatly enhanced rural women's access to financial services through the group lending approach in Pakwach, Nebbi and Zombo districts.

In its path towards a sustainable and socially responsible rural-based microfinance institution, Nyaravur SACCO is collaborating with several development partners such as, aBi Finance, the West Nile Private Sector Promotion Center, and Uganda Cooperative Savings and Credit Society, Association of Microfinance Institutions in Uganda (AMFIU), TIAS East Africa, Zombo District Farmers Association and Agriterria Uganda.

Agremach Ojeybo:

A-30-member-strong Women's Group, started in 2007, in Warr Sub-County, Zombo District. It is one of several groups whose members have been able to access affordable agriculture financing towards scale-up of foundation seed production of beans and Irish potato seeds, they would otherwise not have accessed credit as individuals due to the lack of collateral.

"Our group partnered with aBi-ZADI to promote foundation seed quality, however we needed credit to increase foundation seed production and open more land," says Ms. Odubi Anna Owrotto, the chairperson of Agremach. Hence in 2018, the group borrowed UGX5m from Nyaravur Farmers SACCO to support group and individual members' seed production at an interest rate of 3 percent per month. This was costly to members as the interest was transferred to individual borrowers. Thankfully, in 2019, with the advent of aBi Finance support to Nyaravur Farmers SACCO, the agricultural loan interest rate dropped to 2% per month with a grace period of three months making the loans more affordable to farmers. In 2021, the group accessed an additional UGX9m for onward lending to members for more seed purchases and land opening for beans and irish potato seed. Through district-level linkages, Zombo District Local Government procured bean seeds worth UGX 14m from the group.

Loro-Oyam SACCO



Gabriel Ducu, 34

Gabriel Ducu, a father of three lives just a few kilome-

tres from Loro-Oyam Trading Centre in Oyam District.

With support from aBi, Loro-Oyam SACCO has mobilized the community through financial literacy and extending credit for agribusiness. With this knowledge, Ducu begun his savings journey from the proceeds of the harvest in 2015, this ranged from UGX100,000-UGX200,000 after every three months.

Progressively, using part of his savings with the SACCO, Ducu accessed a loan of UGX2.5m and planted 4.5 acres of pineapples in 2019. In 2020 amid the COVID-19 pandemic, his sales of the pineapples yielded UGX7m.

Since Ducu embraced savings and farming as a business, his disposable income increased just as his ability to provide for his family and amass property. He has built a two-bed-roomed house for his family and bought a motorcycle. "That loan facility from Loro-Oyam SACCO, coupled with my savings have greatly boosted my capital for expansion of agricultural activities" Says Ducu

Zainah Namuganza, 29,



A single mother of one, in Inomo, Oyam District, lived in a small single room that doubled as a home at night and beauty salon during the day. When the business day stretched a bit into the night, it meant that home and business were competing for space.

"I started with UGX100,000 in 2015," she says. "I bought one chair, a mirror and eight packs of braids; and set up

a saloon in the room I was living in."



As a beneficiary of low interest credit (2.5% per month) and financial literacy from Loro-Oyam SACCO she has grown her savings from as low as UGX20,000 a week to UGX1m.



New aBi Boards and Management hosted at the Danish Ambassador's residence to mark the restructuring of aBi Finance and onboarding of Investment Fund for Developing Countries (IFU) and European Union (EU)

Annex:

aBi Board Information

Following the restructuring of both aBi Finance and aBi Development;

- Two entities resolved to operate separate board and committee meetings effective December 2021
- To ensure sufficient coordination between the two entities and further enhancement of the existing synergies, the Chair, Vice Chair and Company Secretary remained the same for both entities.
- Corporate Services function continued to be managed by a Chief Operating Officer under aBi Development Ltd. It continued to provide services to aBi Finance under the Corporate Service Agreement.
- The position of Group Chief Executive Officer was removed in September 2021 and the Chief Executive Officer position was created for aBi Finance Ltd. On 16th September 2021, Mrs Mona Muguma-Ssebuliba was appointed Chief Executive Officer for aBi Finance Ltd.

Board Succession

aBi has a comprehensive Board succession programme which is overseen by the Nominations and Governance Committee. It also identifies potential Board members.

- In October 2021, Ms. Sarah Walusimbi stepped down from the Board as Board Chair and was succeeded by Mr. Felix Okoboi
- In January 2021, Mr. Morten Christiansen joined the Board as the 7th Board Member
- In October 2021, Mr. Patrick Oketa joined the Board when Mr. Felix Okoboi became Chair
- In December 2021, Mr. David Kabateraine and Mr. Michael Kairumba stepped down from the Board and they were succeeded by Ms. Charity Ekudu and Mr. Anders Frigaard
- In August 2021, Mr. Ole Dahl Rasmussen replaced Mr. Ulrik Jorgensen on the aBi Finance Board as an observer to represent the interests of RDE – currently one of the sources of capital for aBi Finance Ltd.

Four scheduled joint meetings, one separate sched-

uled meeting, four *ad hoc* meetings, and one Annual General Meeting were held by aBi Finance Ltd in 2021.

The aBi Finance Members Committee

Currently, the members are; the Kingdom of Denmark and Mr. Warwick Thomson, representing the Royal Danish Embassy and Investment Fund for Developing Countries (IFU). The Committee held three scheduled joint meetings, one separate meeting and four *ad hoc* meetings in 2021.

Investor Council

In 2021, it was comprised of representatives of the Royal Danish Embassy, the Government of Uganda, the European Union (EU) and IFU. It held two scheduled meetings in 2021.

Other aBi Finance Committees

aBi Finance Ltd had three regular committees comprised of members nominated from the Board:

- a) **Procurement and Investment Committee** (PIC) mandated to sit every last Monday of the month. Ten scheduled joint meetings, one separate scheduled meeting, one joint strategy and one *ad hoc* meeting were held in 2021.
- b) **Audit, Risk and Compliance Committee** (ARCC) held three scheduled joint meetings, two *ad hoc* meetings and one separate scheduled meeting
- c) **Human Resource Committee** (HRC) held three scheduled meetings, three *ad hoc* meetings and one separate scheduled meeting.
- d) **Ad Hoc Committees** - meetings of these Committees take place as and when necessary
 - **Ad hoc Nomination Committee** - Two meetings were held
 - **Ad hoc Annual Work plan and Budget Committee** – one meeting was held

Annual Board Evaluation

The independent annual Board evaluations did not take place in 2021 due to the governance restructuring and with the separation of the Boards, new members were recruited. The evaluation will be carried out at the end of 2022.

Strategy and Sustainability Sessions

The Boards of aBi Finance and aBi Development held

two joint strategy sessions in Q1 2022, one joint PIC strategy session and one joint Sustainability Session. The aBi Finance Board held one separate strategy session at the end of 2021.

Board Training and Information Sessions

The aBi Finance Ltd participated in four joint information sessions in 2021.

- March 2021: Board's sensitization on Green Growth
- April 2021: Board and Management sensitization on cultural audit
- June 2021: Certified ESG training for the Boards and Senior Management
- November 2021: Technical induction of the new Board

Board Field Visits: Board visited one Implementing Partner – CURAD in Kampala.

(Footnotes)

- 1 The guarantee is indemnified by 20 percent of the capital fund

aBi
**GREEN
GROWTH
STRATEGY**

2020/21-2025



**Fostering Sustainable and Equitable Growth of
Uganda's Agriculture and Agribusiness sector.**





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