balim
INVESTMENTS

BALIM Annual Report 2025

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somaha foundation

iGRAVITY

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Letter from the **Board of Directors**

2025 marked BALIM's second year of financing rural SMEs across Sub-Saharan Africa. Across our markets, the operating environment grew more demanding: climate shocks disrupted seasonal cycles; commodity price compression squeezed margins, geopolitical instability unsettled trade flows, and public development finance contracted sharply. These pressures are not new. But last year, they converged.

Against this backdrop, BALIM did what it was built to do: deploy capital in places where commercial capital rarely flows, contribute to the quality of life and resilience of rural communities while enforcing financial discipline. During the year, we implemented targeted strategic adjustments to better reflect market realities, strengthen portfolio performance, improve risk management, and align our financing structures more closely with seasonal cash flows and working capital dynamics. Difficult markets clarify priorities, and ours remained unchanged: reliable support for borrowers operating where capital is scarce.

A key institutional milestone was the establishment of a dedicated Technical Assistance (TA) Facility, funded through an initial grant from SSNUP (Smallholder Safety-Net Upscaling Programme). This facility enables systematic operational, financial, and impact support to investees and their connected smallholder farmers, enhancing resilience while reducing investment risk.

We also welcomed the Liechtensteinischer Entwicklungsdienst (LED) and Peace Watch Switzerland as new partners in BALIM, reinforcing our commitment to mobilizing both philanthropic capital and foundation endowments to support sustainable growth. Our blended financing model, combining equity, debt, and grant capital, continues to be a core strength. This structure allows BALIM to remain attractive to diverse investor groups while building a resilient and sustainable capital structure.

In 2025, BALIM expanded its activities into Kenya and Tanzania, further strengthening its East African presence.

For the first time, this report includes structured beneficiary feedback collected from customers and suppliers of our portfolio companies. Their perspectives ground our impact measurement in lived experience, remind us to listen more closely, and reinforce that our work extends far beyond balance sheets.

Despite challenging operating conditions, BALIM-supported enterprises continued to create employment, strengthen agricultural value chains, and improve rural livelihoods. For 2025, we are pleased to report on our impact performance across 13 portfolio companies, supporting 1,891 jobs, reaching 14,472 smallholder farmers, enabling 12,479 income-generation opportunities, and extending clean energy access to 28,206 people. In a year defined by uncertainty, this progress matters. Capital alone does not change systems. But disciplined, impact-driven capital can enable entrepreneurs to do so.

On behalf of the Board, we thank our investors, partners, and entrepreneurs for their trust and shared conviction. Sincerely,

Bernhard Kerschbaum
Head of Global Cooperation
HEKS/EPER

Christian Jaag
Chairman
Somaha Foundation

Patrick Elmer
CEO and Founder
iGravity

Executive **Summary**

BALIM is an impact venture established in 2024 by HEKS/EPER, Somaha Foundation, and iGravity, building upon a successful pilot project launched in 2021. **BALIM aims to improve rural livelihoods by providing loans and technical assistance to African companies operating in the agriculture, water, and energy sectors.**

2025 was BALIM's second full year as an open-ended facility. The operating environment across Sub-Saharan Africa grew more challenging, with climate shocks, compressed margins, pressures, and contracting public development finance all weighing on portfolio companies. Against this backdrop, **BALIM remained focused on its core purpose: deploying disciplined, impact-driven capital to rural SMEs where commercial finance does not reach**. Building on the foundations established in 2024, the impact venture focused on expanding its investment pipeline, deepening engagement with portfolio companies, and strengthening its operational capabilities in the region. During 2025, **four investments were approved, three new investees and one repeat loan**. The portfolio remained concentrated in East and West Africa, with Uganda continuing to represent the largest share of exposure. At the same time, BALIM advanced its strategy to gradually diversify geographically, with increasing attention to opportunities in Kenya and Tanzania.

These macroeconomic pressures, combined with an unfavorable USD/CHF exchange rate, weighed on portfolio performance. In response, BALIM undertook a strategic review and adopted a **revised investment approach**: shorter tenor working capital and trade finance solutions aligned with SME operating cycles, reduced exposure to longer-term capital expenditure financing, and a sharper geographic focus on Kenya, Tanzania, and Uganda, where on-the-ground engagement can be maintained. New investees are now primarily sourced within structured agricultural value chains. Alongside these adjustments, BALIM launched a **dedicated TA Facility, funded by SSNUP**, to deepen direct engagement with investee companies beyond the financing relationship. Together, these measures aim to **strengthen portfolio quality and lay the foundation for sustainable growth**.

On the institutional side, 2025 saw meaningful progress in fundraising and partnership development. BALIM deepened relationships with private investors and charitable foundations, welcoming **Peace Watch Switzerland** and **LED** as new partners, and advanced discussions with larger capital partners that would enable the fund to scale. Looking ahead, the priority is to mobilize additional capital, expand the portfolio across priority sectors and markets, and reinforce its role as a trusted partner to African SMEs that are critical to improving rural livelihoods.

Despite these pressures, BALIM' s portfolio companies continued to deliver. In 2025, the **total number of beneficiaries reached 1,097,600**, reflecting the sustained impact of **Aptech's** access-to-water projects completed in 2024. The 2025 impact results — covering **13 portfolio companies across Uganda, Senegal, and Tanzania** — show **1,891 jobs supported, 14,472 smallholder farmers reached, 12,479 income-generation opportunities enabled**, and **clean energy access extended to 28,206 people**, more than double the prior year. **Purchases from smallholder farmers grew to USD 10.8 million, up from USD 5.6 million in 2024**, a measure of the deepening economic linkages BALIM's investees are building in the communities they serve. A significant share of the total beneficiaries **(1,040,552)** is attributable to **improved access to water**, underscoring the long-term value of these infrastructure investments.

About
BALIM

History and Evolution of BALIM

BALIM was formally established as a legal entity in June 2024 by HEKS/EPER, Somaha Foundation, and iGravity to address a persistent gap in the financing landscape for small and medium-sized enterprises (SMEs) in sub-Saharan Africa, building upon a successful pilot project launched in 2021. BALIM provides senior debt financing, tailored technical assistance, and rigorous impact measurement to local enterprises in agriculture, water, and energy, to improve the quality of life and economic resilience of rural communities.

2021

Strategy launched

HEKS/EPER and iGravity define an initial investment strategy and Theory of Change focused on direct lending from HEKS to agricultural SMEs in sub-Saharan Africa.

2022

First loans disbursed

Initial loan portfolio built in Uganda and Senegal by HEKS/EPER

2023

Portfolio scale-up

Portfolio grows to CHF 3.8M with 7 borrowers across Uganda and Senegal. First full impact reporting cycle completed.

2024

Open-ended vehicle established

BALIM is formally established as a dedicated legal entity with HEKS/EPER, Somaha Foundation, and iGravity as founding shareholders, taking over the existing HEKS/EPER portfolio and with a dedicated investment strategy, governance, and policy framework. Facility reaches CHF 6.2M with 11 borrowers.

2025

TA Facility formalized

The TA Facility is established as a dedicated program under BALIM, separately managed by HEKS/EPER, with four strategic focus areas.

East Africa expansion

Active market development in Kenya and Tanzania, with pipeline building and the first loan disbursed in Tanzania.

New strategic partnerships

Contribution from the Liechtenstein Development Agency to finance two rural SMEs in Tanzania and further promote food security, reaching ~2,000 direct beneficiaries. Peace Watch Switzerland joins as an investor.

Geographic **Footprint**

Sub-Saharan Africa is home to some of the world’s most significant agricultural economies and some of its most persistent financing gaps. Agriculture contributes 20–30% of GDP and employs the majority of the rural workforce across East and West Africa, yet the sector receives only 2–7% of total bank lending in most of BALIM’s target markets. The structural reasons are well understood, including high transaction costs relative to ticket sizes, limited collateral, seasonal cash flows, and the absence of local investment infrastructure to support rural SMEs through the investment cycle. BALIM was built precisely for this environment. Its geographic strategy is not simply a market selection exercise; it reflects a deliberate commitment to the markets where the financing gap is most acute, where BALIM’s founding partners have established networks, and where on-the-ground presence makes responsible, impact-oriented investment possible.

BALIM’s core portfolio is anchored in **Uganda** and **Senegal**, with active market development now underway in **Kenya** and **Tanzania**. Across all four markets, the geographic focus is deliberately rural, targeting communities most underserved by formal capital markets.

Uganda

Uganda has been BALIM’s primary market since its inception and continues to account for the largest share of the portfolio’s exposure. The country’ agricultural economy, spanning coffee, beans, maize, and horticulture, provides a rich ecosystem of SMEs across the value chain, many of which serve as aggregators, processors, or input providers for tens of thousands of smallholder households. Uganda’s relative macroeconomic stability and BALIM’s established relationships and track record in the market provide a strong operational foundation for continued deployment.

Senegal

Senegal was added as BALIM’s first West African market, providing meaningful geographic diversification across a distinct set of agricultural value chains, including cereals, legumes, and baobab processing as well as solar energy and water infrastructure. Senegal’s inclusion reflects both the depth of HEKS/EPER’s longstanding country presence and the scale of the financing gap facing SMEs operating in its predominantly rural economy.

Kenya

Kenya represents one of East Africa’s most dynamic private-sector environments, with a sophisticated agricultural ecosystem and a well-developed SME finance market. Yet, persistent structural gaps persist for smaller rural enterprises operating below the threshold of commercial bank attention. One Kenya deal advanced to closing in 2025 before being discontinued due to collateral risks identified late in due diligence, an experience that sharpened BALIM’s investment process and reinforced the importance of early legal assessment in new markets.

Tanzania

Tanzania entered BALIM’s portfolio in 2025 with the closing of its first transaction, a meaningful milestone in the fund’s geographic expansion. Tanzania’s agricultural sector, which contributes roughly 25–30% of GDP and supports most of the rural population, offers a compelling investment environment for BALIM’s model: large smallholder supply chains, a growing SME ecosystem, and significant unmet demand for the working capital and trade finance BALIM provides.

Strategic **Impact Partnerships**

BALIM's investment model rests on a founding conviction: that impact and financial rigor are not in tension but mutually reinforcing, and that achieving both requires partners who bring genuinely different capabilities to the table. The partnership between HEKS/EPER, Somaha Foundation, and iGravity is not a conventional co-investment arrangement. It is a structural design choice, built on the recognition that rural SME lending in Sub-Saharan Africa demands more than capital; it demands credibility, proximity, and accountability that no single institution can provide alone.

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iGravity leads deal origination, investment management, and portfolio monitoring, drawing on its professional investment infrastructure and expanding on-the-ground presence across Sub-Saharan Africa. Its local offices provide the local sourcing capacity and borrower proximity that responsible impact lending in the region requires.

HEKS/EPER brings over six decades of experience in international development, rural livelihoods, and agricultural value chains across Africa. As a founding partner and member of BALIM's board, HEKS/EPER contributes deep credibility to rural borrowers and communities. HEKS/EPER has built relationships over decades that strengthen trust, disclosure, and repayment culture in ways a financial institution alone cannot replicate. HEKS/EPER also leads the Technical Assistance Facility, ensuring that BALIM's capital is matched with the operational and agronomic support that borrowers need to grow sustainably.

Somaha Foundation contributes expertise in economic analysis, blended finance structuring, and impact governance. Through active participation in both the Selection Committee and Investment Committee, Somaha provides an independent check on impact integrity, ensuring that every investment decision is held to the standards of rigorous development practice, and that BALIM's financial structures remain coherent with its impact objectives.

At BALIM development expertise and investment discipline are embedded in the governance. For co-investors, this structure provides confidence that impact claims are credible and independently overseen. For borrowers, it means a financing partner with the patience, knowledge, and community relationships to support them through the complexities of operating in rural African markets.

The BALIM
Impact Strategy

BALIM's impact thesis is grounded in a simple but underserved reality: across rural Sub-Saharan Africa, the enterprises most capable of improving livelihoods at scale, such as agricultural processors, input suppliers, energy distributors, water infrastructure operators, are precisely the ones that formal capital markets fail to serve. These enterprises are either too large for microfinance, too informal, or too small for local and international commercial investors, placing the SMEs in a structural financing gap that has persisted for decades. BALIM exists to close the financing gap through disciplined lending paired with targeted technical assistance that builds the resilience and governance capacity borrowers need to grow.

Impact Objectives and How They Guide Investment Decisions

Impact is embedded throughout our debt financing process, from initial screening and due diligence through to monitoring and repayment. Our financing and Technical Assistance is designed to support organisations whose activities contribute to improved quality of life and resilience of people living in rural sub-Saharan Africa.

Our Theory of Change assumes that access to appropriate and responsible debt financing enables investees to strengthen, scale, or sustain activities that generate tangible benefits for underserved rural communities. This ambition is anchored in two interconnected outcomes that define the type of meaningful change for rural communities we seek to support:

Economic Security:
Stable, growing household income and the resilience to withstand shocks.

Food Security:
Consistent access to sufficient, nutritious food.

These outcomes are enabled by three output areas, delivered by our portfolio companies:

Access to Water & Clean Energy:
Extending access to solar energy and improved water infrastructure, with a focus on productive use alongside household access.

Support for Sustainable Agriculture:
Promoting agroecological and climate-smart practices that build long-term resilience for the farming communities we serve.

Income & Employment:
Creating quality jobs and income opportunities in rural areas, including formal employment and smallholder procurement relationships.

A key feature of the updated framework is the distinction between output KPIs, which are tracked at the company level and aggregated across the portfolio, and outcome KPIs, which capture beneficiary-level changes in household income and food security, ultimately contributing to improved quality of life. Output indicators are aligned with the IRIS+ framework for international comparability. Outcome measurement is being developed in partnership with a dedicated service provider, and we have included impact insights from our first beneficiary-level study with Weaverbirds in the **Impact Evidence and Insights** section.

BALIM Theory of Change

Impact

(Contribution to) Improved quality of life and resilience of people living in rural sub-Saharan Africa (SDG 01 No Poverty)

Impact KPI

Total number of beneficiaries

Outcomes

- Economic Security
- Food security

Outcome KPIS

- Self reported change in household income
- Self reported change in quality of life
- Self reported food security
- % of people reporting eating three meals a day

Outputs

- Access to water & clean energy (SDG 06 Clean Water and Sanitation; SDG 07 Affordable and Clean Energy)
- Support for sustainable agriculture (SDG 02 Zero Hunger)
- Income & Employment (SDG 08 Decent Work and Economic Growth)

Output KPIS

Access to water & clean energy	Support for sustainable agriculture	Income & Employment
• Number of individuals with improved access to water for agriculture • Number of individuals with improved access to clean energy products and services	• Tons of agricultural products sold on local markets • Total number of smallholder farmers reached • Amount of land sustainable managed	• Payments made to smallholder farmers and staff salary • Total number of jobs sustained • Total number of jobs created • Increased value addition or number of processing units built/developed during the year

Ensuring Additionality

Beyond impact intentionality, additionality - the commitment to deploying capital where it is genuinely catalytic rather than substitutive - is a core principle guiding BALIM's investment decisions. BALIM prioritizes companies that lack adequate access to traditional capital markets, ensuring their support unlocks opportunities that would not otherwise exist. This is tracked through the proportion of portfolio companies accessing long-term finance for the first time (62% in 2025) and through BALIM's active role in helping businesses build the governance, financial discipline, and track record needed to attract future investors.

Alignment with the Sustainable Development Goals (SDGs)

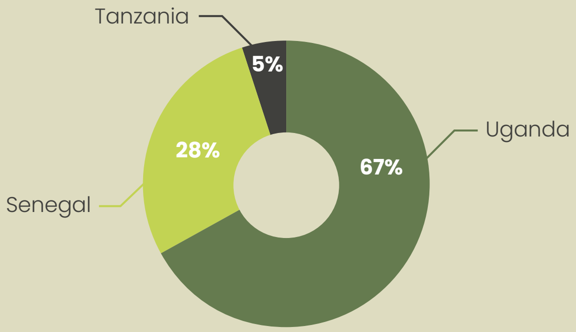
All BALIM investments contribute to SDG 1 (No Poverty), which anchors the portfolio-level impact objectives. Sector-specific investments additionally advance SDG 2 (Zero Hunger) through agricultural value chain strengthening, SDG 6 (Clean Water) through rural water infrastructure, and SDG 7 (Affordable and Clean Energy) through off-grid solar deployment. Furthermore, SDG 8 (Decent Work and Economic Growth) is of particular relevance to BALIM.

2025 at a Glance

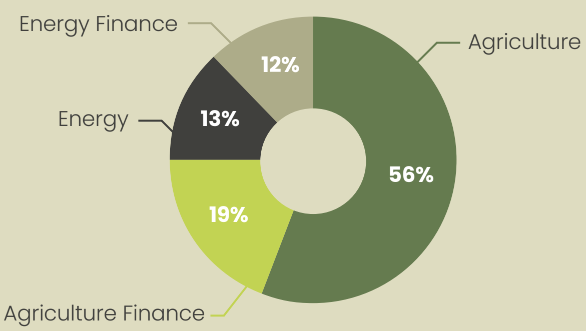
Financial Snapshot

Metric	Unit	2023	2024	2025
Facility size	CHF	3,786,285	6,233,998	5,751,255
Portfolio outstanding	CHF	2,019,352	3,164,257	3,375,963
Active borrowers	-	8	12	13
Active loans	-	7	11	14
Disbursements	CHF	2,019,352	3,597,781	870,000
Commitments	CHF	-	-	1,310,000
Companies with first-time access to long-term finance	%	75%	58%	62%
Companies founded or co-founded by locals	%	86%	91%	92%
Portfolio companies with rural HQ presence	%	57%	64%	54%

Country Split



Sector Split



Impact Snapshot

Metric	2025
Total beneficiaries reached	1,097,600
Jobs created/supported	1,891
Income generation opportunities	12,479
Smallholder farmers reached	14,472
Women-led companies in the portfolio	6
Portfolio aligned with 2X Challenge.	60%

(The "2X Criteria" is a standardized framework under the 2X Challenge used to determine whether an investment qualifies as gender-smart by meeting defined thresholds related to women's ownership, leadership, employment, or access to products and services.)

Portfolio **Update**

Macroeconomic and Investment Climate

As of 31 December 2025, BALIM's portfolio was concentrated across three markets: Uganda, Senegal, and Tanzania, each presenting a distinct operating environment.

Uganda remained BALIM's most stable market. Economic growth held at approximately 6% and inflation stayed at around 3%, contributing to a supportive environment for SME activity. Broader macroeconomic factors did not materially affect the credit quality of BALIM's Ugandan portfolio.

Senegal presented a more complex picture. A period of political uncertainty in early 2024, linked to the postponement of presidential elections, created temporary disruptions, though the situation stabilized following a peaceful transition in March 2024. Overall economic growth remained strong, supported by infrastructure investment and the anticipated start of offshore oil and gas production. Nevertheless, rural market dynamics did not align with the macroeconomic headline, and some portfolio companies faced sector-specific pressures that required close engagement.

Tanzania is BALIM's newest market, and its macroeconomic fundamentals are supportive: GDP growth of 5–6%, moderate inflation, and a government emphasis on agricultural modernization and private sector development. Access to finance remains a significant constraint for rural SMEs operating between microfinance and commercial banking thresholds, precisely the gap BALIM's model is designed to address.

Pipeline Building

In line with previous years, BALIM maintains an approximate 28:1 due diligence funnel, meaning that one loan is made for every 28 opportunities reviewed. In 2025, 84 deals were added to the pipeline database, resulting in the approval of four loans, including one renewal. While some referrals to potential investees were received from partners in Senegal, these opportunities were not pursued in the short term, as the focus remained on expanding the portfolio in East Africa, with plans to increase attention to West Africa in the next phase of portfolio growth.

One additional deal in Kenya was approved but ultimately dropped at closing due to legal risks related to the collateral. Following this case, the investment process was further refined to identify such risks earlier in the due diligence phase. The situation nevertheless highlighted the need for very thorough borrower due diligence, which can extend investment timelines and still carries a significant risk of deals falling through at different stages of the process.

For this reason, maintaining a broad pipeline and advancing a larger number of companies through the process at any given time is essential to mitigate the impact of such setbacks on capital deployment. The investment team will implement measures to support this approach. Combined with BALIM's strong market presence in Uganda and its continued expansion in Kenya and Tanzania, these efforts are expected to translate into stronger deployment in 2026 and beyond.

Asset Allocation

As of 31.12.2025, BALIM had a gross portfolio outstanding of CHF 3.38 million to 13 companies. Over 2025, it disbursed ~CHF 0.87M against total commitments of ~CHF 1.31M. Portfolio growth in 2025 was modest, but the year marked several notable milestones for BALIM. The fund completed its first loan renewal, reflecting a growing track record with repeat borrowers and the strength of its client relationships. It also made its first investment in Tanzania, marking entry into a new market. Additionally, BALIM made an energy investment in Senegal, extending its presence into West Africa and broadening its exposure across agricultural value chains.

Portfolio Quality

The portfolio required active management throughout 2025, reflecting the broader pressures facing rural SMEs across BALIM's markets. Overdue exposures arose from a mix of temporary liquidity pressures, underlying business underperformance, and, in some cases, borrower's unwillingness to meet obligations. This distinction informed a differentiated recovery approach: restructuring arrangements with distressed but cooperative borrowers and initiating formal legal proceedings where warranted.

Impact Performance

2025 was a year that tested the resilience of BALIM's portfolio and, through it, the resilience of the rural communities its investees serve. Against a backdrop of macroeconomic headwinds, portfolio stress, and strategic recalibration, our companies continued to show up: sourcing from smallholder farmers, paying wages, delivering solar systems to off-grid communities, and processing crops that would otherwise have limited market access. This is the quiet, unglamorous work of rural economic development, and it continued in 2025.

Across the portfolio, we saw encouraging progress on several dimensions while highlighting the importance of reading beyond headline numbers. Total beneficiaries reached 1,097,600 in 2025, up from 1,073,420 in 2024, reflecting the sustained reach of Aptech's infrastructure investments. Alongside this, individuals with improved access to clean energy more than doubled, rising from 11,001 in 2024 to 28,206 in 2025, as Aptech's solar pipeline accelerated across Uganda.

On employment and income, the portfolio moved in a positive direction. Jobs support grew to 1,891, up from 1,679 in 2024 and 1,035 in 2023, continuing a consistent upward trend that reflects the growing scale and stability of BALIM's investees as employers. Income generation opportunities reached 12,479 in 2025, up from 10,480 in 2024, demonstrating that BALIM's portfolio companies are not only creating formal employment but enabling broader economic participation in the communities they serve.

Support to smallholder farmers recovered in 2025, reaching 14,472, reversing the dip seen in 2024, as the investee scaled back operations. However, the figure that most clearly captures the depth of BALIM's market-linkage impact is the growth in purchases from smallholder farmers: from USD 1.6 million in 2023 to USD 5.6 million in 2024, and to USD 10.8 million in 2025. This near-sevenfold increase in two years is a direct measure of how BALIM's investees are becoming meaningful buyers for smallholder households, providing income predictability and market access that extends far beyond the loan itself.

Impact KPIs

Borrowers	2023 →	2024 →	2025
SDG 1: Food & Economic Security			
Total number of beneficiaries	2,338,563	1,073,420	**1,097,600**
SDG 2: Sustainable Agriculture			
Number of smallholder farmers supported	18,805	13,264	**14,472**
Female	***11,283***	***4,376***	***4,387***
Male	***7,522***	***8,888***	***10,085***
Estimated hectares of land under sustainable management	7,284 Ha	4,982 Ha	5,977 Ha
SDG 6: Access to Water			
Individuals with improved access to water	2,317,813	1,036,735	1,040,552
SDG 7: Access to Clean Energy			
Individuals with improved access to clean energy products and services	910	11,001	28,206
SDG 8: Income & Employment			
Total number of jobs supported	1,035	1,679	1,891
Female	***340***	***556***	***471***
Male	***695***	***1,123***	***1,420***
Total number of income generation opportunities supported	-	10,480	12,479
Female	***-***	***5,481***	***6,761***
Male	***-***	***4,999***	***5,718***
Total portfolio value of credit deployed to SMEs, cooperatives, MSMEs, and individuals	$1,035,900	$3,980,653	$5,967,234
Agriculture	***$314,543***	***$966,792***	***$688,516***
Energy/water	***-***	***$626,279***	***$995,430***
Economic development/income generation	***-***	***$2,387,582***	***$4,283,288***
Total number of loans made to SMEs, cooperatives, MSMEs, and individuals	-	10,741	12,486
Agriculture	***9***	***94***	***0***
Energy/water	***715***	***141***	***7***
Economic development/income generation	***–***	***10,506***	***12,479***
Estimated total purchases from smallholder farmers	$1,635,738	$5,583,083	$10,832,380

Borrower Profile

Free Work Services (Kumba) | **Senegal** Keur Ndiaye Lo

A company specializing in the processing of cereals, legumes, fruits, and vegetables, with a wide range of products locally produced and marketed under the "Kumba" brand.

MECZOP | **Senegal** Louga

A company that finances solar and water pumps for individual farmers, farmer groups, and rural communities. It offers solar kits for individuals, groups, and villages, supporting both access to drinking water and productive use.

VisionPlus | **Senegal** Tambacounda

A food processing and farming company specializing in dry fruit processing (notably baobab, hibiscus, shea, mangoes, and dates), creating powder, oil, and other by-products with raw material sourced directly from farmer groups.

Landmark Millers | **Uganda** Soroti

A company that focuses on developing robust value chains for maize, sorghum, and cassava. It improves market access for farmers, enhances post-harvest handling, and refines service delivery.

Borrower Profile

Aptech Africa | **Uganda** Kampala

A leading engineering, procurement, and construction (EPC) company specializing in solar energy and water pumping across Africa. It offers assessment, design, supply, installation, and support for off-grid energy, storage, irrigation, water pumping, and power distribution.

Patasente | **Uganda** Kampala

A business-to-business (B2B) e-commerce platform that offers factoring services for small and medium-sized enterprises, including those in agricultural value chains. It helps address challenges such as limited access to finance and inefficient payment systems.

Venture South | **Uganda** Kampala

A boutique financial services company offering warehouse and solar receivables products to farming communities and rural cooperatives in Uganda.

Flow | **Uganda** Kampala

A financial technology (FinTech) company providing working capital loans to mobile money agents across Uganda, many of whom are young people in rural areas, to facilitate mobile money transactions.

Borrower Profile

Quality Milk | **Uganda** Masindi

A milk processor of fresh pasteurized milk mainly sourced from smallholder dairy farmers in Masindi in Western Uganda.

EZRA BR | **Uganda** Bundibugyo

A small organic cocoa trader sourcing 90% of its cocoa from five farmer cooperatives in Western Uganda that use sustainable agricultural practices.

Mt Elgon Agroforestry Communities Cooperative Enterprise | **Uganda** Mt Elgon

A secondary cooperative that aggregates, processes, and exports fair trade & organic certified coffee from farmers from 13 primary cooperatives in Eastern Uganda.

Golden Pot | **Tanzania** Dar es Salaam

An agro-processing company focused on the production and distribution of fortified maize- based foods. It sources the maize for production from a network of over 1,500 farmers.

Impact Evidence **and Insights**

BALIM's Theory of Change rests on the conviction that financing companies aligned with its mission generate real improvements in the lives of the rural communities they serve. In 2025, for the first time, we set out to test this directly by commissioning Weaverbirds to survey end customers across five BALIM portfolio companies in Uganda and Senegal.

About the results

This section presents early findings from 123 completed responses in Uganda, across three BALIM portfolio companies: Mt. Elgon, Flow, and Aptech. Respondents were randomly selected from each company's customer base, suppliers, and farmers, and data were collected via one-on-one phone interviews conducted between April and June 2026 by enumerators contracted by Weaverbirds. This survey sample forms part of the population BALIM tracks under its Impact-level KPI: total number of beneficiaries reached across the portfolio. At the core of this study, we sought to understand the impact BALIM's capital is having by asking the people who engage with the portfolio companies as employees, suppliers, or customers whether their lives and livelihoods have changed as a result, and if so, how, as guided by our Theory of Change.

Key questions included

Economic Security

Has household income changed? Do respondents feel more secure about their livelihoods? Are they better able to meet essential needs and build financial resilience?

Food Security

Has the household's food situation improved? Are respondents eating more regularly and with greater variety?

Quality of Life

Beyond income and food, how has overall well-being changed? What does progress look and feel like for the households BALIM's investees serve?

Who we spoke with

45% Mt. Elgon

Smallholder coffee farmers supplying to Mt. Elgon via 13 primary cooperatives in Eastern Uganda.

43% Flow

Mobile money agents across Uganda who have received working capital loans from Flow to grow their businesses.

12% Aptech

Customers who have received solar energy and water pumping installations from Aptech for agricultural or household use.

Key findings

The beneficiary-level impact study shows that BALIM's portfolio companies are generating measurable change at the household level across its two outcome areas, economic security and food security, ultimately contributing to improved quality of life and resilience, the overarching impact BALIM's Theory of Change is designed to achieve.

OUTCOME

Economic security

Most respondents report income gains that improve their ability to cover essential needs and reduce financial stress, with steadier cash flow moving households from hardship to stability.

OUTCOME

Food security

Improved food security reflects both rising, steadier incomes and direct agricultural support such as training that lifts yield and diversifies diets, with most respondents reporting more frequent meals and greater dietary variety. However, a sizeable proportion already had an adequate baseline.

IMPACT

Quality of Life

Respondents describe progress in concrete terms, such as how household stability and essential needs have improved.

Findings

I. Economic Security

77% of respondents report that household income improved (77%), with nearly a third reporting income as very much increased

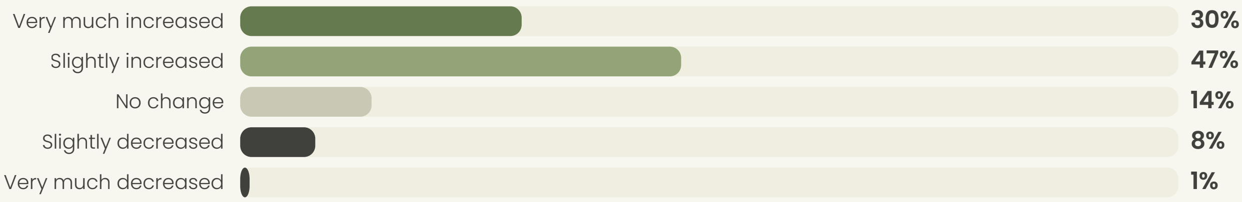


Figure 1. Has your household income changed as a result of using this company's product, service, or training? Uganda, (n=122)

When asked to describe how their household incomes have changed as a result of interacting with the BALIM portfolio company, respondents reported:

Increased or steadier income
34% of improvers, 26% of all
"My income has increased, which means I am able to take care of myself, pay my bills, and grow my business."
- FLOW CUSTOMER

Business growth or reinvestment
31% of improvers, 24% of all
"When I started using Flow, my limit was UGX500,000, but currently my limit is UGX1,500,000. My business has really grown."
- FLOW CUSTOMER

Ability to cover essential needs, bills, or school fees
15% of improvers, 11% of all
"They have affected my cash flow. they made it big enough to pay my basic needs and improved my lifestyle."
- MT. ELGON FARMER

Access to capital enabling business start/growth
11% of improvers, 8% of all
"Before Flow, I did not have the initial capital to start my business, and Flow gave me just that."
- FLOW CUSTOMER

II. Food Security

80% of respondents report an improved household food situation, and two-thirds eat at least three meals on most days

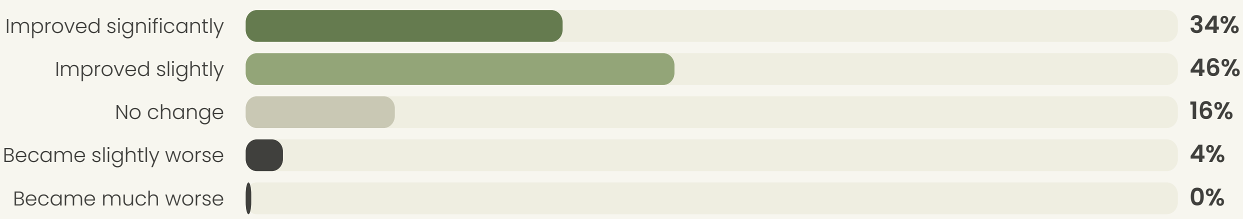


Figure 2: Since you started using this company's product or service, has your household's food situation changed? Uganda, (n=120)

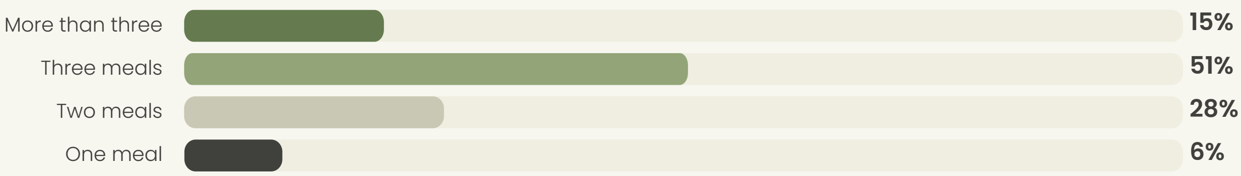


Figure 3: Thinking about the past seven days, how many meals did you eat on most days? Uganda, (n=120)

When asked to describe how the food situation in their household has changed as a result of interacting with the BALIM Portfolio Companies, respondents reported:

More frequent meals
21% of improvers, 17% of all
"We used to have one meal a day, but I can now afford three meals a day."
- FLOW CUSTOMER

Greater dietary variety or quality
15% of improvers, 12% of all
"We've been changing our meals; almost every day we have a different meal."
- MT. ELGON FARMER

Prioritizing children's/family nutrition from income
9% of improvers, 8% of all
"Before we use our money to do something else, we first have to make sure our family is well fed."
- MT. ELGON FARMER

III. Quality of Life

82% of respondents report an improved overall quality of life, with gains skewing more toward "significant" than income gains alone

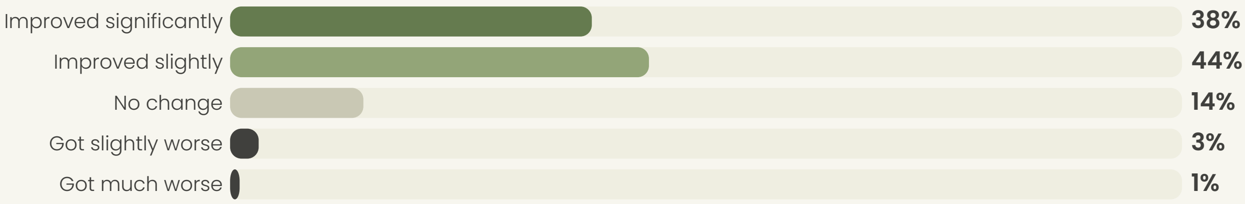


Figure 4: Has your overall quality of life changed because of this company's product or service? Uganda, (n=121)

Top themes for 82% of respondents who report an improved quality of life

General life improvement or stability
14% of improvers, 12% of all
"Before I started using Flow, I had completely nothing. Flow completely changed my life."
- FLOW CUSTOMER

Family well-being and children's education
7% of improvers, 6% of all
"They help my kids to go to school; I leave that money to pay the school fees."
- MT. ELGON FARMER

Community cohesion and mutual support
5% of improvers, 4% of all
"We have found ways to deal with our problems, and now we deal with our problems as a community."
- MT. ELGON FARMER

Prioritizing children's/family nutrition from income
9% of improvers, 8% of all
"Before we use our money to do something else, we first have to make sure our family is well fed."
- MT. ELGON FARMER

Respondent Voices

"Since I am able to get money from Flow to top up my capital, I can earn more commission, which helps me buy food for the household. By getting more commission, I am able to buy more foodstuffs for the home and improve my own well-being, which is good. That is how Flow has affected my household."

(A RESPONDENT ON CHANGE IN FOOD SITUATION)

"The way our lives have changed is mainly by having a place where we take our coffee consistently. What used to happen is that individuals would come and buy our coffee on their own and take it to town to sell, but individuals don't care about the neighborhood's benefits, so all the profit would go to them rather than to the farmer. That's what Mt. Elgon has done better. to share with the farmer to benefit their life."

(A RESPONDENT ON CHANGE IN HOUSEHOLD INCOME AND QUALITY OF LIFE)

Technical Assistance

BALIM invests in companies operating in some of the most challenging markets on the continent, characterized by low levels of formalization, limited financial infrastructure, and scarce access to business support. Many have the potential to generate real, lasting impact for the rural communities they serve, but lack the operational systems, technical knowledge, or governance structures to fully realize that potential. Financing alone is not sufficient to bridge that gap.

ssnup
Smallholder SustaiNability Upscaling Programme

The BALIM TA Facility ensures that capital is matched with practical support, helping companies grow sustainably, strengthen their impact, and reduce investment risk over time. While separately managed, it is inextricably linked to BALIM's investment activity. The Facility was established with initial grant funding from SSNUP (Smallholder Safety-Net Upscaling Programme), a partnership that continues to anchor its operations and that has enabled BALIM to deepen direct engagement with investee companies and their connected smallholder farmer networks beyond the financing relationship. The Facility draws on the combined expertise of the founding partners: HEKS/EPER's deep knowledge in inclusive economy, land governance, and agroecology; iGravity's experience in financial operations and investment management; and Somaha Foundation's economic development expertise. It is managed by a small, two-person part-time secretariat responsible for identifying and scoping technical assistance needs, as well as procuring and overseeing external service providers that deliver the required support.

Technical assistance is structured around four core areas: (i) Organisational management systems – strengthening financial management, governance, risk management, and digitalisation; (ii) Market access and business development – improving product development, certifications, and market linkages; (iii) ESG, human rights, and inclusion – strengthening environmental, social, and governance practices, promoting human rights due diligence, deepening smallholder and community inclusion, and advancing gender equality strategies within portfolio companies; and (iv) Beneficiary capacity building – enhancing financial literacy, digital learning, agroecological practices, and climate adaptation to improve productivity, resilience, and livelihoods.

Support is provided across three stages of the investment lifecycle: pre-investment TA helps potential borrowers overcome financial or operational bottlenecks ahead of an investment decision; post-investment TA strengthens technical capacity and reporting systems during implementation; and ongoing impact tracking ensures that KPIs are embedded in company operations and that lessons are shared systematically across the portfolio.

Case Study: Kumba (Free Work Services, Senegal)

Company profile

Kumba is a Senegal-based food-processing company specializing in cereals, legumes, fruits, and vegetables, marketed under the "Kumba" brand. In 2024–25, BALIM supported Kumba through an SSNUP-funded TA project targeting farmer training, cooperative development, market linkage, and internal capacity building.

Headquarters
Senegal

Sector
Agriculture

What was achieved

Results were mixed but meaningful. On farmer training, 279 lead farmers participated in structured sessions, each tasked with cascading knowledge to at least five group members, reaching a potential 1,395 farmers in total. Full adoption across the network is still being assessed. On market linkage, the results were more substantial: approximately 4,140 producers were organized into four new cooperatives, with 1,000 delivering produce directly to Kumba in 2025, a genuine reduction in reliance on intermediary traders. Internally, Kumba's financial management improved materially, with stronger expense tracking, clearer reporting, and better alignment with BALIM's monitoring requirements.

What proved harder

Timelines ran significantly longer than planned, driven primarily by agricultural seasonality and high informality at both company and farmer levels. Side-selling remained a persistent challenge: smallholder farmers in Senegal are reluctant to commit to delivery contracts before knowing market prices and harvest outcomes, and contract enforcement is difficult in practice. Building durable procurement relationships in this context requires patience and sustained presence, not just a single project cycle.

Lessons for the TA Facility

Three lessons shaped BALIM's approach to future TA engagements: agricultural seasonality must structure project timelines from the outset rather than be treated as a disruption to manage around; project design should realistically account for informality at both the company and farmer levels; and market linkage gains require ongoing follow-up to be sustained. Cooperative formation alone does not guarantee durable procurement relationships.

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Challenges and **Lessons Learned**

Portfolio Quality

The most significant challenge of 2025 was portfolio quality. A portion of the portfolio experienced stress, reflecting a mix of temporary liquidity pressures, underlying business underperformance, and, in some cases, borrower non-cooperation, a pattern consistent with the broader macroeconomic headwinds facing rural SMEs across BALIM's markets. BALIM adopted a differentiated recovery approach: restructuring arrangements for cooperative borrowers under genuine distress and initiating formal proceedings where warranted. Provisioning was set at a conservative level relative to gross outstanding, reflecting prudent risk management and a realistic assessment of recovery prospects.

Senegal: Sector Pressures and Cross-Border Complexity

While Senegal's overall economy grew strongly in 2025, rural market dynamics did not mirror that growth. Sector-specific pressures in agricultural value chains, combined with cross-border payment delays stemming from banking and regulatory processes, affected business performance and delayed debt servicing for some portfolio companies. Active engagement and close monitoring were required throughout the year. BALIM's Senegal operations were supported by a local consultancy firm providing on-the-ground capacity while the team worked to establish a dedicated West Africa-based resource.

Kenya: Lessons from a Deal That Did Not Close

One Kenya transaction was approved but discontinued at closing due to legal risks associated with the collateral. While disappointing, the experience yielded an important process improvement: BALIM refined its investment process to move legal and collateral due diligence earlier in the origination cycle, reducing the risk of late-stage deal failure in markets where enforcement frameworks differ significantly from those in BALIM's established geographies.

East Africa Market Development

Expanding into new markets takes longer than expanding within established ones. In East Africa, the primary challenges included extended origination timelines driven by investee capacity gaps, many of which required pre-investment TA to build the financial and governance systems needed to support a lending relationship. Currency sensitivity in the agricultural segment, workout complexity across different legal jurisdictions, and material regulatory differences between Kenya, Uganda, and Tanzania all added to operational demands. Tanzania highlighted that geographic proximity does not translate into procedural similarity; systems and transaction processes require market-specific adaptation.

Impact Data

Impact data coverage remains uneven across the portfolio, with some companies not reporting or providing incomplete data. This limits the quality and completeness of portfolio-level aggregation. BALIM is addressing this through the TA Facility by embedding KPI tracking more systematically into company operations, with improved data coverage as a clear priority for 2026.

Key Lessons

• *Short-tenor, cash flow-aligned lending reduces credit risk at the current portfolio stage.* Limiting exposure to longer-term capital expenditure financing until repayment track records are established improves portfolio resilience and better matches BALIM's instruments to the operating cycles of rural SMEs.

• *Early legal and collateral due diligence is non-negotiable in new markets.* Collateral enforcement frameworks and legal processes vary significantly across jurisdictions. The Kenya experience confirmed that these assessments must be completed early in the diligence process, not at the point of closing.

• *TA project design must be built around agricultural realities.* Effective technical assistance in rural African markets requires extended implementation windows, realistic assumptions about informality, and sustained follow-up. A single project cycle is rarely sufficient to embed durable change at either the company or farmer level.

Looking Ahead:
Strategic Goals for 2026 and Beyond

2025 was a year that tested BALIM's model and sharpened its priorities. In response to these challenges, BALIM implemented several key changes: shorter tenors, a tighter geographic focus, a graduation-based lending approach, and deeper TA engagement. These were not simply reactive measures, but rather a reflection of a clearer understanding of what responsible, durable impact lending in rural Sub-Saharan Africa requires. BALIM enters 2026 with a more disciplined investment process, stronger on-the-ground presence, and a portfolio positioned for improved quality and deployment.

Portfolio and Deployment

In 2026 and beyond, deployment will be anchored by the graduation lending model, which requires borrowers to first demonstrate repayment performance through initial working capital cycles before becoming eligible for larger facilities. This approach emphasizes laying the groundwork for a robust portfolio of repeat borrowers. Meanwhile, pipeline development remains active across Kenya, Uganda, and Tanzania, with strengthened collateral frameworks and earlier legal due diligence now integrated into the origination process; a direct outcome of lessons learned in 2025.

Technical Assistance

The SSNUP/ADA partnership will continue, with a stronger emphasis on outcome-linked interventions to support portfolio companies in climate resilience, sustainable agricultural practices, and value chain strengthening. The Kumba case study demonstrated both what TA can achieve and what it requires: time, sustained presence, and realistic assumptions about the pace of change in informal rural markets. These lessons will shape how future TA engagements are designed and sequenced.

Capital Mobilization

BALIM is pursuing approximately USD 20 million in new financing over the next two years — combining equity, grants, subordinated debt, and senior debt — to reach a total portfolio size of USD 25 million. At that scale, the impact venture moves closer to operational sustainability, with per-loan costs declining and the blended return profile becoming increasingly attractive to a broader range of investors. BALIM is engaging with concessional and catalytic investors who can leverage their capital to crowd in private financing, as well as impact-oriented institutional investors seeking competitive returns alongside measurable development outcomes. The case for BALIM is not that rural SME lending in Sub-Saharan Africa is easy; it is not, and 2025 made that clear. The case is that the model must work when properly structured, and that each year of operation builds a track record, relationships, and institutional credibility that make the next year stronger. Capital alone does not change rural economies. But disciplined, patient, impact-driven capital, deployed through partnerships that combine investment expertise with development depth, can enable the entrepreneurs who do.

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