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# SUSTAINABILITY

“MY ASPIRATIONS  
HAVE CHANGED  
- MY DREAMS  
ARE DIFFERENT  
NOW THAT I’M  
A BUSINESS  
WOMAN....”

ANNE NDUNG’U, KENYA



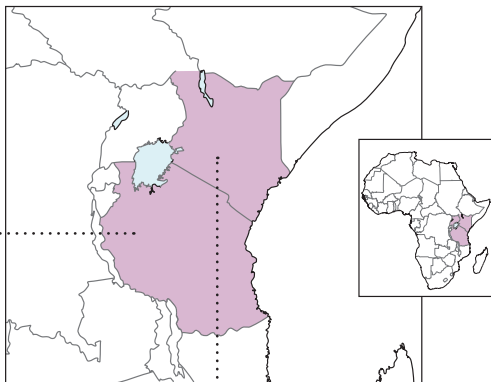




## FIVE TALENTS UK: MICROFINANCE IN RURAL EAST AFRICA

Over the past ten years, Five Talents UK has provided tens of thousands of rural East Africans with the tools they need to lift themselves and their families out of poverty.

Our goal is simple - to provide our clients with the tools they need to break the poverty cycle, forever. We aim to reach the most marginalised communities - the women and men who lack a safe place to put their hard earned savings, who lack the assets often needed to use as loan security and/or lack an understanding of how to establish and grow their own businesses.



**Tanzania:** Five Talents UK operates a credit-led microfinance programme with our local partner that now serves over 4,000 businesswomen. In 2015, not a single loan was written off.

**Kenya:** We currently work with more than 12,000 members in our savings-led and training programmes. These households can now pool their savings in a safe place, and take small business loans from their peers.

## FROM THE CHAIR

With your support we serve enterprising clients in some of the toughest, rural environments, helping them to transform their lives, their families and even whole communities. Five Talents has impacted over 80,000 enterprising households worldwide, giving them a hand-up not a hand-out. A hand-up can make a significant difference in communities that have grown used to receiving hand-outs. Imagine receiving training and the funds to run your own business; to use your talents to sustain your family. Imagine the sense of dignity and empowerment that brings. That is the difference that comes from Five Talents' engagement with its clients. Long-term sustainable impact is something we have excelled at for over a decade.

*Neil Sandy is CEO of Truestone Impact Investment Management and Chair of Five Talents UK*

## UK EXECUTIVE REPORT

This year we celebrated ten years of service with a wonderful evening at the House of Commons. We also met our income target of more than £100,000 per annum raised from faithful monthly donors. We also streamlined our systems to direct more resources to our programmes.

We face 2016 with renewed focus and vigour - as do our partners in Kenya and Tanzania where demand for our services is growing faster than we can keep pace with. As one of our Kenyan team said, 'This is a calling, not a job!'

*Sue Johns is the Five Talents Director of Operations, Rachel Lindley is the UK Programme Manager*





## THE ROAD TO SUSTAINABILITY

Like many charities, Five Talents strives for sustainability – but we've thought through what this really means and requires. We seek sustainability at an individual, household, and community level – as well as sustainability at the institutional level.

For example, we want our beneficiaries and their households to experience a sustainable impact on their income and well-being after they join our programmes. We measure this through the Progress out of Poverty Index coupled with additional indicators such as increased savings per member (a great proxy for resilience to 'shocks'), case studies (where time and again our members say 'now my children are going to school'), and some new social impact indicators being introduced in 2016.

We want our Savings Groups to be sustainable - able to manage their own affairs (saving, borrowing and democratic group processes) after being trained and supervised by our local staff. Typically our Groups are self-sustaining after 12-18 months, although it can take longer in areas of low literacy. Our Musoni System, which is discussed later in this report, will help here.

Finally, we want institutions (the local partners we fund and often help to establish) to be sustainable too. This means having good governance and leadership, as well as financial health. We have found that pushing for financial sustainability too quickly can lead to 'mission drift' and even a loss of focus on the very beneficiaries we seek to serve. Our ultimate goal is for STIRring programmes - Sustainable, Transformational, Inspirational and Replicable - where all our members are independent and flourishing economically and socially. We work with our partners to set realistic goals for sustainability in line with our social mission.

*Grant Masom is a company director, management consultant and the Chair of Five Talents International.*



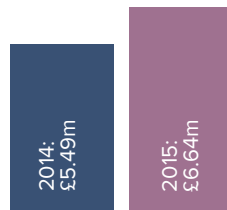


# 2015 IMPACT

In Tanzania, our partner MBF made over 3,000 loans in 2015 totalling £445,000, ranging in size from £55 to £205. It's not just the financial services which our members value either: a 40-year old widow recently said: "I return my sincere thanks to my group for the encouragement during the hard times

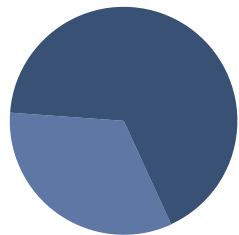
build a good house for me and my children. I am no longer dependent, I can do anything by myself." In Kenya, all three of our partner programmes continue to grow as new groups are formed and new members join, as they see how their neighbours are benefiting from existing groups. In Embu, members saved £99,000 during 2015; an average of around £2.58 per month. In Nakuru, almost 500 new members were recruited, most of them in the district of Baringo where poverty levels are high. It takes longer and costs more to work here but it is right where we should be. In Thika, our longest established partner, we now have over 8,000 members who have accumulated savings of

over £1.5m (around £196 per member). They plan to convert to a Savings and Credit Co-operative (SACCO) next year.



Savings Accumulated by our Kenyan clients

In Uganda, having supported Five Talents Uganda for more than 10 years and enabled over £3.5m of loans (with training and other social welfare benefits) helping to transform the lives of 15,000 families; we started to build up life-changing programmes in new regions of Uganda. For example, in 2015, we embarked upon a partnership with the Diocese of Mukono to the east of the capital Kampala, to support a church-led SACCO.



33.42% Men  
66.58% Women

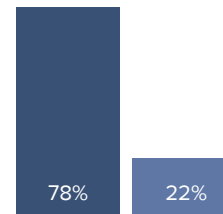
experienced sometimes, their kindness and love have been my strength all the time." Another said: "MBF officers have been giving us much training on how to manage and develop our small businesses. Through the profit earned I want to

**21.8**  
LOANS MADE EVERY DAY

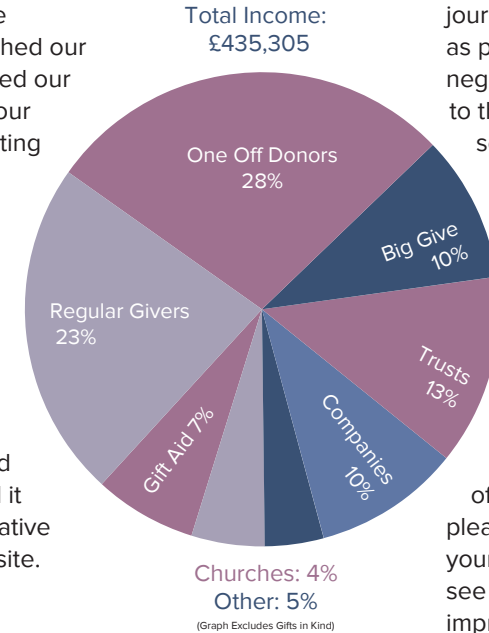
# 2015 REVIEW

During the year we successfully refreshed our website, modernised our logo, streamlined our admin and accounting processes and started 2016 by moving offices to London's Fleet Street. If you haven't checked out our new website yet please do - it's full of great stories and we think you'll find it much more informative than the previous site.

We remain fully committed to building strong relationships between supporters, ourselves, and our local partners, and held a



Charitable Activity Raising Funds



range of events attended by Japhet Makau, CEO of MBF from Tanzania and Elizabeth Mwangi, a local partner from Kenya. It is always so compelling to hear first hand the difference our supporters' generosity makes to the lives of the people we serve. We continue to develop our strategy to capture as many images and tell as many stories of our clients' personal

journeys out of poverty as possible. With so much negative attention given to the UK charitable sector in 2015, we value and enjoy strong relationships with our committed donors for which we continue to be so blessed. We seek to carefully steward our operations with the utmost of discernment but please do let us have your feedback if you ever see opportunities for improvement (or praise!) and of course we respect and protect your privacy at all times too.

We wish to say a public thank you to Stuart Palmer who left Five Talents UK late last year and we wish him well. We are also seeking someone to join our trustee team who can bring additional fundraising expertise. please contact us at [info@fivetalents.org.uk](mailto:info@fivetalents.org.uk) for more details.





## MOVING KENYA & TANZANIA TOWARDS A SUSTAINABLE FUTURE



Japhet Makau: “We currently have over 2,500 women on our waiting list. We are proud to be so popular – it shows we are doing a good job and meeting a real need. But we can’t rest until we have met more of this demand, to empower women trying to bring up their children and grandchildren with nowhere to save or borrow, and no business training or support.

Our loan portfolio is strong so in 2015 we began borrowing commercially to meet the demand for loans – but, of course, the interest rate we have to pay to the bank eats into our own sustainability.”



Peterson Karanja: “Microfinance is one of the most sustainable development interventions there is – and I can say this because I have worked in development for 20 years! Members of our programmes quickly learn how to stand on their own feet, and the impacts they get are sustainable and replicable, which is what cheers me on. But I am grappling with how to make our programmes more sustainable too. The extra training and oversight we give our Trust Groups makes our model more expensive (and more empowering).

In Thika, we shall be setting up a SACCO and in Embu we are exploring a revolving loan fund. Introducing the Musoni system for our clients will help make us more efficient too. We’re looking forward to 2016.”

*Peterson Karanja is the Programme Leader of Thika CDT, Kenya. Japhet Makau is the CEO, MBF, Tanzania.*







## ANTONY MUIRI: A KENYAN WELDER ON THE WAY UP

When you sit with Antony in his workshop, the conversation often turns to education. Despite - or perhaps because - his father's financial difficulties forced him out of school at the age of thirteen, Antony (pictured left) places a serious value on education. Whether it's the practical welding training he undertook several years ago, the business training he now receives via his local Trust Group, or the schooling of his three children, it's clear that Antony sees education as closely linked to personal and financial fulfilment.

After he had left school, Antony worked a number of short-term jobs to raise the fees to pay for a short course in the basics of welding and metal work. This training turned out to be an invaluable investment. In the area of Kiambu County where Antony grew up, new buildings were springing up every day, and his welding business quickly found its first customers. For two years Antony spent most of his days shaping metal into doors, gates, and window frames in an open field. Despite the demand for his expertise, limited resources meant that Antony struggled to get his business to gain momentum. By this time, Antony had a wife and three children. Providing his children with a quality education was a priority,

but because Antony's wife Lucy was unable to find work most months, his single income stream was entirely used up with three sets of school fees and household necessities.

*'Before joining the Group, I was really struggling. I wanted my business to grow, but I could not access capital or save any funds as my family's needs would always take all my income. Mine was the only source of income as my wife stayed at home. My finances were still low as the business was in the early stages and I did not have a big client list.'*

In 2012, Antony was invited by a long-term customer and friend to become the 64th member of his local Five Talents Trust Group. For the first six months, Antony would regularly deposit small amounts that ranged from Ksh 300 to Ksh 2,000 (£2 - £13). During this time, Antony's Group received financial literacy training and began to learn the basics of good business. After six months of demonstrating his commitment to the Group and the business training, Antony's peers chose to offer him a loan of £130 from their pooled savings.





*‘When I applied for my first loan I realised that the Group would work for me and that it was the financial partner that I really needed in order to access loans and pursue my goals... My first loan was worth Ksh 20,000 and I used it as capital to scale up my business. I was able to buy more materials and tools so that customers would find me with the stocks they needed. Successfully finishing my first loan repayment made me feel good although making repayments is demanding and never easy. You really have to be disciplined and focus so that the income is spent wisely to repay the loans and meet the important expenses.’*

During the months it took to repay the first two loans (the second of which was for about £409), Antony continued to benefit from Five Talents business skills and financial literacy training. Over time, the fruits of his work ethic were beginning to pay off. The combination of his growing capital and sharp business sense led him to rent a large workshop on a busy street. With the remaining balance of the second loan, Antony was able to help his wife Lucy (pictured right), start a small grocery business. When members of the UK team visited Antony’s Trust Group

in November 2015, Antony was servicing his 3rd loan.

Depending on the rate of work, Antony’s company Rafiki Metal Works now turns an average profit of Ksh 1,000 (£7) per day. His growing customer base has meant that Antony has hired two of his neighbours to keep up. And that’s not all! Lucy’s grocery business has also flourished. Hearing Antony speak about his plans left us with little doubt as to his future successes:

*‘I would like to expand my business by having another branch in a different location where I could reach more clients. The welding business has a ready market in developing areas like Murera Sisal and it is a potential place to work from. I also would like to increase my sources of income. I would like to build some rental houses that would give me a monthly income.’*

For the moment, Antony is focused on paying his children’s school fees but having seen the combined benefits of the welding course and the business training provided by the Trust Group, Antony says that when he feels his business and family are financially secure, he will pursue a more advanced business management course.







## MUSONI SYSTEMS: THE FUTURE OF MICROFINANCE IN THE CLOUD

Like many microfinance organisations, MBF, the Five Talents partner in Tanzania, had challenges making, tracking and processing the repayments of thousands of tiny loans. A large amount of time went on manual processes and group meetings were spent processing transactions rather than on business training, whilst Loan Officers faced long hours travelling to and from the field carrying cash and paper records.

Since switching to a cloud-based system called Musoni, MBF has seen a significant reduction in cash handling alongside the introduction of more efficient processes. The programme as a whole has benefitted from better Loan Officer performance in managing the loan portfolio as Musoni generates easy-to-understand reports of all clients' performance enabling staff to identify problems more quickly. The Musoni System has freed up two staff members to concentrate on recruiting and helping clients rather than on administrative tasks. As the Musoni software is cloud based, Five Talents UK will soon be able to easily view key reports, improving transparency and reducing the reporting burden on local partners. MBF has also started taking advantage of Musoni's integration with mobile money transfer services to enable clients to send and receive payments over their phones. As a result of this innovative use of technology, in February 2015 our partner MBF received the Financial World Innovation Award in London.

Following the success in Tanzania, Musoni will go live across the Five Talents Kenya programmes in early 2016. For more information about Musoni, please visit [www.fivetalents.org.uk/musoni](http://www.fivetalents.org.uk/musoni).

*Cameron Goldie-Smith is the CEO of Musoni & Trevor Smith is the former CIO Goldman Sachs EMEA and a Trustee of Five Talents UK.*





## THE IMPACTS OF BUSINESSES ON WOMEN & THEIR FAMILIES

Thirteen years ago, as I was studying for an MBA in entrepreneurship, I was struck by the number of people who had started businesses to meet pressing, often basic, needs. At that time this was a great comfort to me. I was a single mother who had just been made redundant, and so I thought, I too should give business a go!

Fast forward a couple of years, and my business was doing well enough to support me, my family, and about 20 employees. And that's when I came across Five Talents. I first went to Tanzania, and then to Kenya. Whilst there I met women like Anne (pictured opposite). Some people might look at this photo of Anne, and think that she and I have little in common; the truth is we have a lot. We are driven by the same purpose: to provide the very best we can for our children and families. We are separated by country of birth and opportunity, but we are sisters through a passionate desire to achieve success in our business.

For the first year of business, I found myself facing tough times, but was determined to overcome them through hard work and endeavour. I launched DMS Media in late 2002 and within a few years my efforts had paid off and I was able to provide a secure future for my family. Anne did exactly the same, only her business was rearing chickens. All our children were fed, clothed and educated as a result.

My most recent trip with Five Talents was in July last year when I was able to see for myself the advances that have been made and the challenges that remain to be conquered. Each time I was overwhelmed by the real difference this work makes to the lives of whole communities. If you haven't seen it for yourself and have the chance to – do it! What you encounter will change your life too!

*Amy Le Coz is the Executive Director of DMS Media and a long-term supporter of Five Talents UK.*





## THE FIVE TALENTS UK TEAM

The UK team is responsible for raising funds to support the mission, vision and growth plans of our local partners in East Africa. We don't tell our partners what to do; we believe development must be locally led and we seek to support our partners as they manage their own institutions. Our role is to offer technical assistance; monitoring and evaluation to ensure our donors' funds are being well used in the field; and to share learning across all our programmes. As the current programmes move towards sustainability, the team will also be focusing on expanding further into increasingly marginalised rural areas.

Within the UK, another key element of our role is to keep in touch with our supporters, sharing news and extending our thanks. We love hearing from our supporters so please feel free to contact us - or call in to see us if you are in London.



**Sue Johns, Director of Operations:** Following a varied career in the Civil Service, Sue now heads up Five Talents' Operations. Sue has oversight for governance, fundraising events and expanding the growing network of Advocates. As a lifelong Anglican, Sue also focuses on building our relationships with Churches in the UK.



**Rachel Lindley, Programme Manager:** Having been splitting her time between Five Talents & Plan UK's Banking on Change programme, Rachel is now back at Five Talents full time. Rachel works with Five Talents' partners in East Africa to develop impactful and sustainable programmes.



**Hannah Wichmann, Programmes & Funding:** Following her graduation with an International Development BA a year ago, Hannah works with Rachel in supporting our Programme partners, whilst also maintaining relationships with institutions and grant making bodies.



**Benedict Shegog, Communications & Operations:** Having graduated from Trinity College Dublin with a BA in English, Benedict joined the team in the summer. He has since led the recent redevelopment of the website and is responsible for all print & digital communications. He also manages the charity's day-to-day operations.







## 2016 PLANS

In Kenya and Tanzania, we have exciting plans for growth. We're blessed with dedicated local staff teams who combine experience with expertise; all we need is the funding to make expansion happen. In 2016, we aim to begin a new programme in Morogoro (Tanzania), building on our past work but with an even stronger savings element.

In Kenya, we shall be launching Five Talents Kenya, going live with the Musoni System, and beginning work in at least one new Diocese in 2016. We also expect to see a new SACCO (Savings and Credit Co-operative) and a revolving fund introduced, and we'll be evaluating a pilot SACCO in Uganda. Finally, we'll be expanding our social impact measurement, reviewing our business skills training curricula and continuing to tackle the challenges of succession and sustainability planning. We look forward to keeping you updated!

In the UK, we plan on holding events across the country to really connect with supporters in different regions. We will take our Kenyan partner Peterson to the north of England and the Midlands, as well as London, when he visits in July. Later we plan to take a photographic exhibition to the south-west and east, after a London launch.

*"I continue to be impressed by the amazing results achieved by Five Talents. Truly inspiring and a cause well worth supporting!"*

*- MARK OUBERG, BNP PARIBAS*

In addition, we plan to build a network of Advocates who will cover the whole of the UK. We already have a small number who go to churches, schools, and groups sharing news of our work; the return is tangible. If you are interested let us know.

## HOW YOU CAN HAVE AN IMPACT: HELP US SPREAD THE MESSAGE

Are you part of a community, be it a business, church, school, or club?

We're looking for organisations, big or small, with which to develop long-term relationships.

As a small charity, we strive to build bridges between British and East African communities. We often hold UK events with engaging speakers, regularly take small groups of people to visit our programmes, and have a particularly energetic network of advocates who spend time speaking on our behalf about the work we do across the country. And we're searching for a wider audience!

When our supporters introduce us to new groups of people, you allow us to share the impact of our work with those we wouldn't otherwise be able to reach.

If you have a community you think would be interested, please email [engage@fivetalents.org.uk](mailto:engage@fivetalents.org.uk) or call us on 0203 8247095.





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**Telephone:** 0203 8247095  
**Email:** [info@fivetalents.org.uk](mailto:info@fivetalents.org.uk)  
**Website:** [www.fivetalents.org.uk](http://www.fivetalents.org.uk)  
**Facebook:** Five Talents UK  
**Twitter:** @five\_talents

**Postal Address:** Kemp House,  
152 City Rd, London, EC1V 2NX