



S P E E D

Support for Private Enterprise Expansion & Development

SPEED Quarterly Performance Monitoring Report

October 1 through December 31, 2001

Submitted by:

Chemonics International Inc.

In collaboration with:

**Crimson Capital Corporation, Inc.
J.E. Austin Associates, Inc.**

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SPEED Project Quarterly Highlights

The USAID Support for Private Enterprise Expansion and Development (SPEED) project supports economic growth in Uganda through the development and expansion of sustainable business opportunities for micro, small, and medium enterprises (MSMEs), with special emphasis on rural areas.

In its work, SPEED follows a sector focus approach, targets market-linked business opportunities, and collaborates with partner organizations to add value. The project has three main technical goals: building business capacity, expanding financial services, and improving the business environment.

During the period from October 1 through December 31, 2001, the SPEED project:

- Signed a subcontract with DFCU Leasing to support the establishment of three up-country leasing centers. The first center, in Mbarara, was opened, and by year-end, had far exceeded leasing targets for the year, having completed 18 leases worth a total value of \$1,363,792.
- Conducted detailed institutional assessments and management information system (MIS) gap analyses for each of the project's three Micro Deposit-taking Institution (MDI) candidates and six Financial Self-Sufficiency (FSS) candidates. Using this information, SPEED identified the type and magnitude of assistance needed, and, with budgets and activity plans in place, signed Memoranda of Understanding (MOUs) with the selected microfinance institutions (MFIs).
- Conducted a successful Dairy Marketing Workshop and trade show, designed to provide information to sector stakeholders and create opportunities for expanding domestic and regional markets for Ugandan dairy products. A total of 165 inquiries and 40 potential business deals came as a result of this event.
- Initiated support for a sales, marketing, and communications website development strategy for the Uganda Fish Processors and Exporters Association (UFPEA), and its member organizations, which will increase and promote new market opportunities for exporters and provide sector information to interested parties.
- Initiated business development services (BDS) support for 38 enterprises, with 6,952 employees and 33,044 outgrowers, in the agribusiness, SME finance, training, ICT, and enterprise development sectors.
- Developed and received approval for an Alternate Dispute Resolution (ADR) Pilot Project to transfer cases from the Commercial Court to the Center for Arbitration and Dispute Resolution (CADER), drafted a comprehensive business plan for CADER that was adopted by the Governing Council, and designed and delivered a state-of-the-art training program on ADR for CADER's roster of independent arbitrators and mediators.

SECTION I

Introduction

The USAID-financed Support for Private Enterprise Expansion and Development (SPEED) project is a three-year activity managed by Chemonics International Inc., in collaboration with Crimson Capital Corporation, Inc. and J. E. Austin Associates, Inc., under SEGIR Financial Services Task Order #805. SPEED's mission is to support the economic growth of Uganda, through the development and expansion of sustainable business opportunities in the MSME sectors.

Specifically, SPEED works with SMEs, MFIs, and commercial banks to strengthen their capacities so MFIs expand and move up-market while commercial banks move down to meet the financial needs of the "missing middle." The project works with BDS providers to offer quality and demand-driven services that address the business needs of microenterprises, SMEs, and agricultural enterprises. Finally, SPEED works in the policy arena to address constraints to microenterprise and SME development.

The expected results of SPEED are:

- Increased use of financial services by SMEs and agricultural enterprises;
- Accelerated commercialization of the MFI industry;
- Increased use of BDS by microenterprises and SMEs; and
- Improved policy environment for microenterprises and SMEs.

The SPEED project falls under USAID's Strategic Objective 7 (SO7), Expansion of Suitable Economic Opportunities for Rural Sector Growth. USAID's SO7 strategy places priority on assisting the Government of Uganda (GOU) reduce rural-based poverty by expanding economic opportunities. The expected outcomes of SO7 are: increased enterprise incomes for farm enterprises, community and producer organizations, MSMEs, and industry-scale export sectors; and policy and institutional capacity that improves the enabling environment and allows Ugandans to pursue sustainable economic activities.

SPEED contributes directly to the expected outcomes of SO7 through its three technical components:

- Business Capacity
- Financial Services
- Business Environment

This report details the progress and accomplishments made by SPEED in the Key Results Areas (KRAs) defined for each of its three technical components, and program management, during the reporting period of October 1 through December 31, 2001.

SPEED has restructured its quarterly report, to a format that allows the project to more clearly show progress made against targets established in the annual workplan. For each technical component, the report now lists all activities planned for the quarter, as defined in the workplan, and discusses the following:

- Accomplishments this quarter;
- Task and target adjustments for the quarter; and
- Tasks for next quarter.

SPEED believes that this change in reporting format is a positive one, which allows both the project and the reader to more easily measure results.

SECTION II

Business Capacity

The goal of SPEED's Business Capacity component is to increase the demand for BDS among MSMEs and MFIs, while increasing the flow of financial services to these same organizations. To achieve this goal, the project works to build opportunities and strengthen the organizational and institutional capacities of businesses and BDS providers. SPEED has identified the following three KRAs within this component:

- KRA 1: BDS Providers Strengthened
- KRA 2: Agribusiness Capacity Strengthened
- KRA 3: Capacity in Non-Agricultural Sectors Strengthened

Quarterly progress made in each Business Capacity KRA is discussed below.

A. KRA 1: BDS Providers Strengthened

SPEED's strategy to strengthen BDS providers is to increase the effective demand for business development consulting services by working with selected BDS providers to:

- Improve the quality and customer value of services;
- Create a range of appropriate BDS products; and
- Raise awareness among SPEED clients that BDS can effectively increase their profitability, productivity, and competitiveness in the marketplace.

This approach also benefits the sector intermediaries through which SPEED reaches targeted MSMEs.

A1. Key Activity 1: Develop and Maintain a Roster of Relevant BDS Providers

Accomplishments this quarter. During this quarter, SPEED:

- Selected 110 BDS providers from 235 applicants for inclusion on the BDS roster, and classified them by type and area of specialization.
- Identified 54 BDS providers from the roster as possible candidates for services required by SPEED.
- Signed subcontracts with six BDS providers to work with SPEED clients.
- Completed baseline data for all SPEED supported BDS providers.
- Finalized evaluation procedures for selecting BDS providers.
- Continued pre-selection of new BDS providers for inclusion in the roster, with 17 new applications received this quarter.

Task and target adjustments for the quarter. SPEED met all targets set for the quarter.

Tasks for next quarter. SPEED's BDS unit will continue to evaluate applications from firms and individual consultants who wish to be considered for inclusion on the BDS

roster. In addition, the team will continue to identify opportunities for consultants from the roster to provide services on SPEED activities. Whenever possible, SPEED will also ensure that local consultants are paired with international consultants engaged to work on project activities, to build the capacity of the local providers. Finally, SPEED will focus in the next quarter on developing its Directory of Ugandan BDS Providers.

A2. Key Activity 2: Integrate BDS Capacity Strengthening into all SPEED Activities

Accomplishments this quarter. The BDS unit supported other SPEED KRAs in identifying, conceptualizing, and developing business support activities in fisheries, packaging, and tea production. In addition, the BDS team worked to ensure the integration of BDS providers into all SPEED activities. As a result, BDS providers from the SPEED roster signed contracts to provide services in the following areas:

- Microfinance (two firms);
- Tea production (one firm);
- Business plans/financial analyses (two firms);
- Marketing and product distribution (one firm);
- Coffee (one firm); and
- Merger of UIA, UTB, and UEPB (two firms; one specializing in finance and the other in management).

Task and target adjustments for the quarter. The project met all targets set for the quarter.

Tasks for next quarter. SPEED's BDS unit will continue to work closely with KRA managers to ensure that BDS providers are integrated into all SPEED activities, and continue to have opportunities to provide services that benefit the project and its clients.

In addition, a number of services are underway which will lead to subcontracts with BDS providers during the next quarter. These include:

- Work on the fisheries sector web development strategy;
- Development of island and shore fish landing sites;
- Implementation of a quality assurance program for the fisheries sector;
- Support to associations through capacity building measures;
- Market assessment of BDS providers;
- Regional outreach for BDS providers; and
- Technical assistance to sugar outgrowers.

A3. Key Activity 3: Develop Capacity of BDS Providers to Develop and Deliver New Market-Linked BDS to the MSME Marketplace

Tasks and target adjustments for the quarter. The BDS unit planned to implement a capacity-strengthening program for selected BDS providers during this quarter, focusing on market-linked services designed specifically for MSMEs. This did not happen, however, as the larger than anticipated number of applications received for the BDS roster necessarily took priority. SPEED focused on evaluating these applications and selecting the highest quality providers for the roster, as this is the first critical step in the BDS program.

Tasks for next quarter. SPEED will implement the rescheduled capacity-strengthening program for selected BDS providers during the upcoming quarter. The project will also recruit and begin to train a regional BDS provider in Mbarara to provide services to clients of financial institutions with branches in that city and the surrounding rural area. The regional service provider will support SPEED and selected financial institutions in the design, launching, and implementation of the Grow Your Business Program in the region. Specific activities will include providing basic accounting and business management services, as well as training in business planning, marketing, and loan packaging and restructuring.

A4. Key Activity 4: Strengthen BDS Programs of Targeted Intermediaries

Accomplishments this quarter. SPEED conducted institutional capacity assessments of the Uganda Coffee Farmers Association (UCFA), Uganda Fish Processors and Exporters Association (UFPEA), and the Private Sector Foundation (PSF), to determine appropriate interventions to build capacity within these organizations. In this connection, SPEED:

- Initiated an activity to support UFPEA in the establishment of a web development strategy for the association and its member enterprises, which will promote new market opportunities for exporters and provide sector information to interested parties; and
- Identified the association strengthening needs of PSF, conducted needs assessment of five member associations, and sponsored a one-day workshop to lay the groundwork for the capacity-strengthening program for PSF and its members.

Task and target adjustments for the quarter. All targets for this quarter were met.

Tasks for next quarter. The activity to support UFPEA in the development of a web strategy will continue during the next quarter. The international consultant contracted by SPEED will monitor the progress of the local web developer, and the association will work with SPEED to finalize local content. In addition, SPEED will focus on the capacity-strengthening program for PSF, and has engaged an international consultant to lead this effort. SPEED support will include the provision of technical assistance to the association and its member organizations, in terms of training, targeted capacity-building programs, workplans, and activities. Finally, the project will continue its program to strengthen UFCA, providing technical assistance, training, and support for the development of extension services.

B. KRA 2: Agribusiness Capacity Strengthened

Agriculture is critical to the Ugandan economy, providing not only the majority of foreign exchange, but also the majority of opportunities for self-employment, employment, and small business. In alliance with the Competitive Private Enterprise and Trade Expansion (COMPETE), Investment in Developing Export Agriculture (IDEA), and other USAID-supported projects, SPEED is emphasizing expansion of the business capacity of the agricultural sector. The strategy to achieve this KRA focuses on developing and

packaging market-linked agricultural ventures that will not only have significant economic impact, but will also develop business capacity in large numbers of producers and processors as they move up the market chain.

B1. Key Activity 1: Establish Procedures for Ongoing Opportunity Identification

Accomplishments this quarter. SPEED continues to formalize the methods it uses to identify opportunities for project interventions. A major focus in this area was active participation in various sector working groups. The Dairy Marketing Working Group, which directs stakeholder activities in the sector, and within which SPEED is very active, met regularly. As a result of the groups' efforts, great interest was developed in the dairy sector in general, and in SPEED's activities specifically. This led to opportunities for SPEED to provide support designed to expand both the domestic market and export sales. SPEED also attended meetings of the Cotton Advisory Working Group (CAWG), to present and discuss project activities in the cotton sector. Participation in these meetings has resulted in cotton ginner and textile firms approaching SPEED for technical assistance.

Other opportunity identifying programs undertaken during the quarter included:

- Participation in the World Bank-directed coffee working group;
- Formation of a SPEED fish farming working group; and
- Solicitation of referrals from DFCU and other financial institutions.

Task and target adjustments for the quarter. SPEED met all targets established for the quarter.

Tasks for next quarter. In addition to maintaining its active participation in the groups already discussed, SPEED will put mechanisms in place to ensure continued opportunity identification. The project will also be instrumental in establishing a business leaders task force to address potential markets and sectors, which will include a networking mechanism through which business development activities can be facilitated.

B2. Key Activity 2: Establish and Coordinate BDWGs to Formulate Sector Business Development Plans and Identify Business Opportunities

Accomplishments this quarter. Recognizing the potential in both sectors and the need for better coordination among stakeholders, SPEED formed working groups in Dairy and Fish Farming. Through these groups, the project defined and will continue to define specific areas and enterprises for support. SPEED also continued to work closely with COMPETE, IDEA, TECHNOSERVE, Land O'Lakes, donor agencies, and the GOU to develop plans for enterprise-level interventions within key sectors.

Task and target adjustments for the quarter. SPEED met all quarterly targets and completed all tasks scheduled for this time period.

Tasks for next quarter. SPEED will continue to coordinate working group activities, and to hold meetings with stakeholders as a means for identifying potential interventions with enterprises. SPEED will spearhead the formation of additional

BDWGs in key sectors as determined necessary, and will sponsor sector roundtables, workshops, and exhibits.

B3. Key Activity 3: Develop and Implement Market-Linked Pilot Projects in Coffee, Cotton, Fisheries, and Dairy

Accomplishments this quarter. SPEED has implemented key activities in the coffee, cotton, fisheries, and dairy sectors, as well as in tea production, sugar, and meat processing that will impact on a total of 33,044 outgrowers. These activities are described below in detail.

Coffee

The Uganda Coffee Development Authority (UCDA) requested that SPEED conduct a feasibility study for the establishment of four strategically located wet mill processing centers. Through this study, five suitable coffee catchment areas were identified. Further, SPEED assisted UCDA develop a transparent competitive program for four private sector coffee mills that will be implemented in the first quarter of 2002. Additionally, the project worked with UCDA to select two coffee producing associations (one in the Arabica growing area of northwestern Uganda), which will be awarded processing plants on a non-competitive basis. For all six wet mill processing centers, SPEED will provide technical assistance on a cost-share basis to supervise site work and plant installation, train management and plant operating personnel, and establish logistics for moving processed coffee. The GOU is providing the financial support that will allow UCDA to offer coffee processing facilities to private investors on no interest, long-term repayment facilities.

Cotton

In October 2001, Nyakatonzi Growers Cooperative Union (NGCU) approached SPEED for assistance in obtaining funds to buy cotton from farmers. Although its bank provided these funds, they generally arrived late during the buying season, which made it difficult to plan the operations of the ginnery. SPEED conducted a thorough review of NGCU's performance, and based on the results, will provide technical assistance to create demonstration plots and provide extension services, and will cost share an extension services manager. Improvements resulting from these activities will increase the incomes of farmers, improve the financial performance of NCGU, and increase management's capacity to plan ginnery operations.

Additional work in the cotton sector included SPEED's support of Uganda's newest cotton ginnery, Ladoto Ginnery. The owners of Ladoto, located on the site of an old facility, requested SPEED assistance to identify the finance needed to rehabilitate the ginnery, and to revise outdated financial projections. SPEED identified a consultant to conduct a study of the project, determine the financing requirements, and revise the projections. In December 2001, as a result of SPEED's intervention, Ladoto raised US\$500,000 for working capital from Barclays Bank to operate the ginnery. Disbursements have begun, and ginning operations are planned to start in February 2002.

Fisheries

SPEED has been instrumental in forming a fisher-folk association on Llolwe Island in Lake Victoria, in anticipation of developing a model fish collection landing site in cooperation with a major private sector exporter. The resulting increase in quality fish and the significant decrease in post harvest losses will benefit more than 4,000 families on the island. SPEED staff visited the remote location, and will assist with capacity building of the fisher-folk association, and support the design and construction of the landing site, and training of management and operating personnel.

UFPEA approached SPEED to discuss various options for expanding export markets for Uganda's fish. One of the most effective means of achieving results in market development is through the use of electronic media. In recognition of this, SPEED has implemented a program to develop a web-based marketing strategy for UFPEA and its member organizations. SPEED is supporting the development of a website on a cost share basis with UFPEA, with the expertise of an international consultant and a local web developer. Work with UFPEA will focus on strengthening the association's capacity to deliver services, better manage supplies, promote exports, develop electronic promotional materials, and develop the sector information base.

Ladoto Ginnery

Uganda's newest cotton ginnery, Ladoto Ginnery Limited, is located in Pallisa District in the heart of the country's cotton growing area. The Khagram family purchased the facility, the site of an old cotton ginnery, and secured an initial loan of US\$800,000 to begin to rehabilitate buildings, buy new machinery, provide adequate water supply, and restore electricity to the property.

Devan Khagram, manager of the ginnery, plans to link the facility to his family's successful cotton trading and oil-expressing businesses throughout East Africa. Through Ladoto, he plans to produce 5,000 cotton bales for export in 2002, and projects that total sales this year will reach US\$660,000. The rehabilitation of the facility will contribute directly to the local economy, as it will provide employment for 100 men and women, and income for the more than 10,000 local farmers who will supply cotton to the ginnery.

Further, the restoration of seven kilometers of power lines will result in the provision of electricity to the surrounding rural community. In addition, when the family purchased the ginnery, they discovered that a mosque had been constructed on the site. Although the local residents had no legal right to build any structure on the land, Mr. Khagram has assured them that the mosque will remain. He has also offered to rehabilitate it once the ginnery is operational.

Mr. Khagram approached SPEED for assistance in July 2001. Having begun to rehabilitate the facility, he was having difficulty raising the financing to complete it. This was compounded by the fact that he did not have accurate figures regarding his financing needs, and that the original projections for the project, prepared in August 1999, needed to be revised.

In September 2001, SPEED engaged a consultant to identify the financing needed to complete the rehabilitation of the facility. The consultant also revised the financial projections for the first three years of operation, predicting positive cash flows from the first year and profits beginning in year two. Further SPEED assistance included advising Mr. Khagram on how to best approach the financial institutions with which he was negotiating.

Using the financial projections provided by SPEED, Mr. Khagram prepared proposals for financing and presented them to Barclays Bank. In December 2001, Barclays approved the proposals, and agreed to provide US\$500,000 to finance the operation of the ginnery. Disbursements have already started, and the Ladoto Ginnery is expected to begin operation in February 2002. As an additional positive result of SPEED's intervention, the bank has also agreed to take over the financing of all of the Khagram family's businesses in Uganda, Kenya, and Tanzania.

The launching of the site will allow UFPEA to provide up-to-date information to overseas buyers, government officials, and key decision makers, and to reach an unlimited network of potential buyers and others interested in the sector.

Dairy

In cooperation with Land O' Lakes, SPEED conducted a Dairy Marketing Workshop on October 12, 2001. More than 100 dairy producers, processors, and other stakeholders attended the successful workshop, at which SPEED presented the results of its East African dairy market survey. Major regional dairy processors, buyers, and retailers made presentations, and SPEED sponsored a trade show involving suppliers of materials as well. As a result of this event, the dairy industry in Uganda has benefited in the following ways:

- Spin Knit, a dairy-processing plant in Kenya, will establish a milk processing plant in Uganda during 2002. Initially, 50,000 liters of milk will be processed per day, and jobs will be created for 250 people. The plant will also establish ten milk collection centers, each linked with 500 farmers, and lease collection equipment to farmers.
- GBK Dairies requested SPEED's assistance to improve their management services. As a result of the planned intervention, daily production is expected to increase from 20,000 to 50,000 liters in six months. In addition, the number of outgrower farmers who work with GBK is predicted to grow from 950 to 1,500 within 12 months. Exports to Rwanda are expected to increase from 1,600 to 6,400 cartons per week, and to Kenya, from 4,600 to 9,200.
- Having purchased the former Western Highland Creameries, Alpha Dairies is expected to commence processing pasteurized milk by mid-February 2002. Alpha will work with 3,750 farmers in Mbarara, Bushenyi, and Ntungamo during the first six months of 2002, and will expand to 4,350 within 12 months, and spread to Kabale and Rukungiri. The daily processing capacity of the plant is expected to increase as well within this 12-month period, from 40,000 to 60,000 liters. Of this, 24,000 liters will be exported to regional markets.
- JESA Farm Dairy requested SPEED intervention to improve the quality control and supply systems in place at its processing plant. SPEED's and Land O' Lakes' support will result in increased production of processed milk from the current 6,000 liters per day to 15,000. In addition, the number of outgrowers with whom JESA works is expected to increase from 25 to 35 during the next 12 months.
- Dairy Corporation has begun co-packing 300,000 liters of VIVA UHT brand for Nyabinsindu dairy plant in Rwanda.

Tea

Saran Agro Investment, Ltd., having invested US\$ 700,000 in the rehabilitation of a tea plantation, requested SPEED support to expand its plantation and enter into tea

processing. Currently employing 100 estate workers, the company plans to increase this number to 500 during the next three years. In addition, Saran Agro will create 80 new positions, and work with neighboring smallholder tea estates to position them as outgrowers when the factory begins operations. As a result, 500 to 600 local families will benefit directly from the rehabilitation and development of this facility. SPEED's support consists of technical assistance, on a cost share basis, for structuring proposals to obtain additional funding, sourcing new equipment and planting materials, developing outgrower services, developing a marketing strategy, and establishing a nursery for seedlings.

Sugar

SPEED is working with the Kinyara Sugarcane Growers Ltd., a commercial company owned by 650 outgrowers who supply the Kinyara sugar factory with 30% of its sugarcane requirements. The farmers sought SPEED assistance to accelerate their transformation to a more commercialized organization. SPEED has recruited a local consultant who will begin work with the outgrowers in January 2002. SPEED's intervention is aimed at enhancing yields and attaining costs efficiency in cane production, and strengthening the bond between the farmers and the factory.

Meat Processing

SPEED is assisting Uganda Meat Industries, Limited, a major meat packing plant in Kampala, develop and market processed meat products for export. This ongoing effort is expected to help position the very important Ugandan beef cattle industry more favorably in the regional and Middle Eastern markets. UMIL slaughters an average of 100 cattle on a daily basis, of which 50 are processed into value added products. SPEED's support is expected to result in an expansion in the number of farmers who supply the company with cattle, from 200 to 300 within one year.

Task and target adjustments for the quarter. SPEED received a request to carry out a technical audit of the cotton ginneries in Uganda. After discussions with COMPETE and the Cotton Development Organization, however, this was postponed indefinitely.

Tasks for next quarter. SPEED will complete the feasibility study for the UCDA's coffee development and quality improvement program. In addition, SPEED will focus on its capacity building program for UFCA, to strengthen the organization's ability to provide extension services to private sector outgrowers and coffee growing associations. SPEED's support will include technical assistance in site selection and preparation, training of personnel, development of extension services, and building of association capacity. Overall, this program is expected to significantly improve the quality, market price, and acceptability, of Ugandan coffee, and increase the incomes of more than 2,000 small coffee producers. Additionally, SPEED will finalize an agreement with NGCU for the establishment of demonstration plots, extension services program, and the cost sharing of an extension services manager. Finally, SPEED will continue to provide technical assistance to three dairy processing plants, and will work closely with Land O'Lakes on dairy sector activities.

Dairy Marketing Workshop

SPEED's Dairy Marketing Workshop, held in October 2002 in cooperation with Land O'Lakes, was the culmination of a study to assess local and export market opportunities for Ugandan dairy products. More than 100 processors, equipment suppliers, packagers, farmers, and consultants attended the event. Kenyan processors, distributors, and a packaging group made presentations on market opportunities and value-added products. A representative of the Rwandan dairy processing firm Nyabisindu discussed market demands and opportunities in Rwanda, and Ugandan dairy specialists spoke on milk quality, regulations, marketing, and the market survey findings for products in the region. In addition, SPEED hosted a trade exhibition of dairy products and equipment, with exhibitors representing packagers, processors, consulting firms, leasing companies, and suppliers of equipment and ingredients used in dairy processing. There were 165 inquiries and 40 potential business deals developed at this event. These included 50 inquiries and 16 potential deals for milk processing plants and 22 inquiries and 6 potential deals for DFCU Leasing.

B4. Key Activity 4: Replicate Successful Projects in Other Areas of the Country and/or Sectors

SPEED has adopted a replicable enterprise development approach within sectors. Dairy programs involving improved management techniques with an emphasis on quality and marketing have been introduced to several processors, and the cotton, coffee, and fisheries programs can all be replicated by private sector or producer association enterprises.

Accomplishments this quarter. There has yet to be replication of the assistance programs to specific enterprises, as these initiatives are still in the early stages. Once these activities have reached a certain level of success, they will be replicated.

Task and target adjustments for the quarter. This activity is difficult to schedule. SPEED will evaluate each project upon its completion, and duplicate those that meet the needs of the Ugandan market and can be successful across sectors.

Tasks for next quarter. SPEED and the BDWGs will hold discussions with enterprises and replicate successful projects wherever possible. Technical assistance and advice regarding sourcing funds from banks will be provided.

C. KRA 3: Capacity in Non-Agricultural Sectors Strengthened

C1. Key Activity 1: Establish procedures for ongoing opportunity identification

The vast majority of production and economic activity in Uganda takes place in the agriculture sectors. Recognizing this, SPEED combined capacity strengthening in both agricultural and non-agricultural sectors in the 2002 workplan, and beginning next quarter, will refer instead to "enterprise development." SPEED presented this idea to the Steering Committee, which reviewed its draft workplan, and the Steering Committee supported the change.

Accomplishments this quarter. SPEED continued to establish links with key sector organizations, and through these groups, identified opportunities for project interventions. Based on positive interactions within the CAWG, Southern Range Nyanza, the largest producer of cloth and largest buyer of locally ginned cotton in

Uganda, approached SPEED for technical assistance. Located in Jinja, this firm requested assistance designing and undertaking a market survey of the local and regional textile market.

Task and target adjustments for the quarter. SPEED met all targets established for the quarter.

Tasks for next quarter. SPEED will continue to work through sector groups and key organizations to identify opportunities.

C2. Key Activity 2: Establish and co-ordinate BDWGs to formulate sector business development plans and identify business opportunities

Accomplishments this quarter. SPEED continued to support COMPETE, and to coordinate with the CAWG on efforts in the cotton sector.

Task and target adjustments this quarter. As the two main textile firms in Uganda, Southern Range Nyanza and Phenix Logistics, are members of the CAWG, SPEED does not believe that it is necessary at this time to set up a BDWG specifically for the textile sector. This may change, however, and SPEED will not discount the possibility of setting up such a group in the future based on project activities.

Tasks for next quarter. SPEED will continue to coordinate activities within sectors, including working closely with COMPETE, and to hold meetings with stakeholders as a means for identifying potential interventions with enterprises. Additionally, SPEED will spearhead the formation of additional BDWGs in relevant sectors, as needed.

C3. Key Activity 3: Develop and implement market-linked pilot projects in selected sectors

Accomplishments this quarter. SPEED has agreed to support a local and regional market survey for Southern Range Nyanza, a textile firm that employs 1,300 people. While Southern Range Nyanza is interested in assessing the potential for exporting existing cloth, the main objective of the survey is to investigate the market for cloth of international export quality. SPEED anticipates that Southern Range Nyanza will use the results of this survey to prepare specifications for the equipment needed to produce export quality cloth. Should the firm begin to produce such cloth, this would facilitate the export opportunities for Uganda's garment manufacturers.

SPEED is also providing technical assistance to Bobbie's Leathers Limited, a small company that manufactures safety and security footwear and hand gloves for use in industry. Bobbie is owned and operated by Mr. Robert Ssemakula, who approached SPEED in July 2001, after reading about the project in the local media. Faced with a backlog of orders, Mr. Ssemakula hoped to purchase modern equipment that would allow the company to fill the increasing orders for its products.

SPEED engaged a local consultant through its BDS roster, which assisted Bobbie's Leathers establish company accounts and institute formal systems. In addition, SPEED cost-shared a consultancy with Mr. Ssemakula to develop a business plan for the company and develop clear cashflow projections. Based on SPEED's intervention, Stanbic Bank is now processing a working capital facility for Bobbie. This will result in

lower financing costs and increased savings, which will allow the company to invest in equipment and enhance its production capacity. Mr. Ssemakula projects a continued sales growth of 10% each year for the next three years, and SPEED will consider further assistance to ensure that Bobbie handles its growth successfully and profitability.

Task and target adjustments for the quarter. SPEED met all targets set for the quarter, and completed all planned activities.

Tasks for next quarter. The market survey for Southern Range Nyanza will be carried out during the first quarter of 2002. This will include recommendations for further project interventions with the facility. SPEED will continue its support of Bobbie's Leathers, Limited, following the firm's progress, and assisting with further activities as identified.

Bobbie Leathers Limited

Bobbie Leathers Limited (Bobbie) is a small company that manufactures safety footwear and hand gloves for use in industry. Bobbie is a typical Ugandan enterprise, owned and operated by Mr. Robert Ssemakula, with a team of eight shoe technicians (including two women) and an administrative assistant. All work is done at the owner's residence in a suburb of Kampala.

Mr. Ssemakula approached SPEED in July 2001, after reading about the project in the local media. Bobbie had surpassed total 2000 sales of 90.3 million Ugandan Shillings (approximately US\$51,600) in the first six months of 2001 alone. A backlog of orders was building, and Mr. Ssemakula hoped to purchase modern equipment that would allow the company to fill the increasing orders for its products. His bankers, Stanbic Bank, were impressed with the performance of the company, but could only lend against invoiced orders. The situation was further complicated by the fact that Bobbie did not have established accounts or systems, and that company finances were not separate from those of its owner. Bobbie had been forced to rely on moneylenders for short-term working capital financing, which proved expensive and resulted in a loss for the company despite the increasing sales.

Although this is a very small enterprise, SPEED was intrigued by the business acumen of its owner, as well as the high growth potential of the company, value added processing potential involving local raw materials, and high profile of Bobbie's customers. SPEED engaged a local consultant through its Business Development Services roster, SKM & Co., which assisted Bobbie establish company accounts and institute formal systems. In addition, SPEED cost-shared a consultancy with Mr. Ssemakula to develop a business plan for the company and develop clear cashflow projections.

Based on SPEED's intervention, Stanbic Bank is now processing a working capital facility for Bobbie. This will result in lower financing costs and increased savings, which will allow the company to invest in equipment and enhance its production capacity. Mr. Ssemakula projects a continued sales growth of 10% each year for the next three years, and SPEED will consider further assistance to ensure that Bobbie handles its growth successfully and profitability.

SECTION III

Financial Services

The objective of the Financial Services Component is to increase access to financial services by MSMEs. Targeted within this component are commercial banks, MFIs planning to transform to MDIs, MFIs seeking to reach FSS, SMEs, and financial sector associations.

The two KRAs within this component are:

- KRA 1: MSME Financing Increased
- KRA 2: MFIs Commercialized

Quarterly progress made in each KRA is discussed below.

A. KRA 1: MSME Financing Increased

A1. Key Activity 1: Assess and maintain dialogue with the financial services sector

Accomplishments this quarter. SPEED continued to build its relationships with Uganda's commercial banks, promoting and explaining the various elements of the project's financial strategy. Through these contacts, SPEED has created a credible and professional image of its services, and has received numerous referrals of bank clients for technical assistance. SPEED's contact with the banks has also provided insight into the ways in which each bank views lending transactions. Sensitivity to the individual banks facilitates SPEED's efforts to increase MSME financing.

Since August 2001, SPEED and USAID have collaborated closely on the upcoming DCA program, working to establish contracting arrangements with the seven participating commercial banks. Activities have included regular meetings with the banks to explain both the program and SPEED's supporting role in promoting and monitoring the loan guarantee. In December 2001, SPEED delivered the final contracts to the banks. These will be signed once USAID funding arrangements have been approved and are in place.

Task and target adjustments for the quarter. All targets were met for the quarter, and all planned activities completed.

Tasks for next quarter. SPEED will continue to focus on its relationships with the commercial banks. Project staff will continue to meet regularly with the banks, providing updates on the DCA program and other activities.

A2. Key Activity 2: Set up and operate an MSME Financing Working Group

Accomplishments this quarter. SPEED took the initial steps in forming its Financial Sector Working Group (FSWG). Comprised of senior managers from key banks, the FSWG will serve as the primary financial advisor to SPEED. The group will review SPEED's draft financial sector strategy on the loan guarantee fund, leasing activities,

SME Lending Training, and introduction of innovative banks products/services that provide financing to MSMEs and result in commercial opportunities for participating banks. SPEED's draft strategy will also contain plans for addressing policy, legal, and operational constraints that impact the financial sector's ability to provide MSME financing.

Task and target adjustments for the quarter. SPEED recognized that, in order to create an active and involved working group, the project first needed to establish a credible image of its service and develop good relationships with the banks. Focusing on this activity, SPEED adjusted the timing of the actual formation of the group to take place once these positive relationships had been established once the DCA is in place. In December 2001, SPEED issued invitations to the banks to nominate senior managers to participate in the FSWG, and the banks have responded very positively.

Tasks for next quarter. SPEED's FSWG will hold its first meeting in January 2002.

A3. Key Activity 3: Enhance quality and scope of bank training activities

Accomplishments this quarter. SPEED hosted a follow-up meeting after the delivery of its first SME Lending Training Program, to evaluate the course and discuss upcoming trainings. Representatives of the banks and the Uganda Institute of Bankers (UIB) attended the meeting, and were very positive about the program. Additional topics of discussion included ways to support the trained loan officers to ensure the maximum impact of their training on SME lending, and the 2002 schedule of training courses. Based on the overwhelmingly positive response, SPEED anticipates further success with its SME Lending Training Program during 2002.

Task and target adjustments this quarter. SPEED met all targets for the quarter.

Tasks for next quarter. SPEED, through Shorebank Advisory Services, will deliver the second and third SME Lending Training Programs in January and May 2002, respectively. As with the first program, each session will also include a training of trainers course, to ensure that UIB has the capacity to deliver the SME Lending Training Program on its own by September 2002.

A4. Key Activity 4: Assist banks develop and deliver innovative service packages for SMEs

Accomplishments this quarter. SPEED assisted Centenary Rural Development Bank in the initial design of pilot workshops for small and medium clients. The workshops for small clients will focus on training bank clients in how to manage bank relationships. For medium clients, the sessions will focus on training in the key aspects of managing a business.

Task and target adjustments for the quarter. Considerable progress was made during the quarter in determining the concept and initial design with Centenary Bank for a pilot program to be delivered in Mbarara, through a SPEED-supported regional BDS provider, in the first quarter of 2002.

Tasks for next quarter. DFCU Leasing and Centenary have indicated that they will refer clients to the SPEED-identified provider in Mbarara. This program will be a focus of project activities during the coming quarter.

A5. Key Activity 5: Develop sector opportunities for financial innovations

Accomplishments this quarter. SPEED is working with DFCU leasing, which approached the project for assistance in opening up-country leasing centers in Mbarara, Mbale, and a third location as yet to be determined. During the quarter, SPEED signed an agreement with DFCU to support the establishment of the centers, and to provide further support with payments linked to achievements of certain benchmarks such as leasing targets.

On November 29, 2001, DFCU Leasing informed SPEED that the Mbarara office had been opened and that the first business target of US\$250,000 in new leases had been achieved. SPEED visited the DFCU Leasing office in Mbarara on December 3, 2001 to verify the opening of the office and to visit a sample of leasing clients to confirm the issuing of the new leases and the reaching of the first business target. DFCU achieved its leasing targets ahead of schedule, which is clear evidence of the high demand for leasing finance in the rural areas.

DFCU Leasing

SPEED believes increasing the availability of lease finance will substantially increase the financing available to SMEs. For leases, real estate is not required as collateral because the equipment itself serves as collateral. Furthermore, during the lease term the equipment remains in the name of the leasing company so that if a lessee defaults on his/her agreement, recovery of an asset is relatively quick and easy. Finally, leasing is one of the only sources of medium term financing available in Uganda.

DFCU Leasing has approximately 85% of the Uganda leasing market. DFCU's market niche is SPEED's target market, the SME sector. DFCU has developed innovative ways of reducing the risk of, and profitably leasing to, SME clients. For example, DFCU has an excellent client monitoring system whereby staff make frequent visits to clients to ensure that equipment is being properly maintained and business is growing as projected.

DFCU Leasing opened its first up-country leasing center in Lira in May 2001. The results, 11 leases totaling US\$341 million (US\$196,000) as of December 2001, surpassed expectations.

Soon after opening the Lira office, DFCU Leasing realized that new up-country leasing centers could further expand its leasing business, particularly in the SME sector, however, the high costs of setting up and operating these centers before reaching a break-even level of business made DFCU Leasing reluctant to open further centers in the short-term.

Given the potential for leasing in Uganda as well as DFCU's market position, experience working with SME clients and interest in expanding their presence up-country, SPEED signed an agreement with DFCU Leasing Limited to support the establishment of three upcountry leasing centers - in Mbarara, Mbale and another location to be determined (other than Entebbe, Jinja and Kampala).

The opening of the Mbarara center included a morning seminar, attended by more than 100 business people and associations to promote the concept of leasing. By year-end, the center had achieved 18 leases, worth \$US 1,363,792. Importantly, 16 of the 18 lease transactions are in SPEED's targeted "missing middle," between US\$3 million and US\$425 million.

Task and target adjustments for the quarter. SPEED met all targets and completed all activities scheduled for the quarter. In fact, the project's support of DFCU exceeded all expectations, with DFCU reaching its first business target within one month of operation.

Tasks for next quarter. SPEED will provide support to DFCU Leasing to open the remaining two up-country centers before the end of 2002, and to reach business targets and benchmarks at all three facilities.

B. KRA2: MFIs Commercialized

The overall strategy to achieve this KRA is to assist high-potential MFIs to increase outreach and self-sufficiency and possibly to transform to MDI status through targeted technical assistance and training. This is a critical activity, as less than a dozen MFIs worldwide have successfully transformed from NGOs to formal financial institutions.

SPEED works with two groups of MFIs, selected from the top 12 MFIs in Uganda. The first group is made up of those who are ready and capable of transforming into MDIs once the MDI bill is passed by parliament. The second group consists of those MFIs who are close to achieving self-sufficiency and plan to eventually transform, but need assistance to reach full FSS before transforming.

B1. Key Activity 1: Establish and Operate Transformation Program for MFIs Planning to Become MDIs

Accomplishments this quarter: SPEED finalized activity plans, budgets and timelines for the transformation of the three MDI candidates: Uganda Women's Finance Trust (UWFT), FINCA Uganda, and Uganda Microfinance Union (UMU). Memoranda of Understanding (MOU) were signed with UWFT and FINCA Uganda. The MOU for UMU was postponed pending the completion of a short-term consultancy to develop a transformation plan and budget.

SPEED assisted UWFT complete a transformation plan and investor prospectus, and engaged a consultant to undertake an internal control review. It is important to note that the MOU signed between SPEED and UWFT includes two phases of funding, the second phase contingent upon the successful completion of the first. This slight change from original plans resulted from discussions between the two organizations following SPEED's detailed institutional assessment of UWFT.

SPEED worked closely with FINCA Uganda and FINCA International to develop a subcontract to cover the activities the project will finance through FINCA International. It is anticipated that this subcontract and the funding arrangement for FINCA Uganda will be finalized during the next quarter.

An additional focus of project activities was in the area of management information systems (MIS). SPEED continued to assist the MDI candidates improve their MIS, to meet the compliance requirements for the Bank of Uganda, and to better manage their businesses. In particular, SPEED was instrumental in assisting UMU select a state-of-the-art banking software package that will be implemented during 2002.

To provide its MDI candidates with as much exposure as possible to the issues that face them with transformation, SPEED organized a study tour to K-REP Bank in Nairobi for UMU and FINCA staff. K-REP is the only MFI in East Africa to have successfully transformed to a commercial institution, and bank managers were able to provide UMU and FINCA with invaluable insight into the process and the challenges they will face on their way to transforming.

Finally, SPEED negotiated with PRIDE Uganda, currently an FSS candidate, to become a possible fourth MDI candidate. Under the two-phase MOU SPEED signed with PRIDE, SPEED will assist with phase two (transformation) provided that PRIDE reaches a number of specific targets during phase one, and achieves FSS by June 2002.

Task and target adjustments for the quarter: SPEED had planned to assist the MDI candidates review their loan and savings products and conduct market research into potential product refinements. While SPEED did review the loan and savings products of all MDI candidates, the project did not engage a consultant to conduct market research. This was due to the fact that none of the MDI candidates identified market research as a priority activity. While SPEED may support market research and product development in the future, it will be in response to individual requests from the MFIs.

In addition, SPEED postponed the delivery of one seminar for bankers to expose them to the area of microfinance. Although the project did design the seminar, with the input of sector stakeholders, delivery was postponed pending creating of SPEED's FSWG. During the first meeting of the FSWG in January, SPEED staff will brief the group on the seminar, now planned for February.

Tasks for next quarter: SPEED will focus on completing the tasks agreed to in the MOUs with the MDI candidates, which include implementing new MIS, technical assistance, the purchase of commodities, and training. SPEED will also deliver its first informational seminar on microfinance specifically designed for the banking community. Scheduled for February, the seminar will include the participation of AFRICAP, the SUFFICE Program, DFCU Bank, UWFT, GTZ, and the Bank of Uganda. Topics to be discussed include international trends in accessing commercial capital, commercial lending criteria and MFIs, expectations of MFIs regarding potential investors, and the investment provisions and requirements of Uganda's new MDI legislation. In addition, AFRICAP will make a presentation on the various ways and means to link Ugandan MFIs to sources of capital.

B2. Key Activity 2: Establish and Operate an FSS Program for Top Tier 4 MFIs

Accomplishments this quarter: As the first step in developing Strategic Development Programs for the six FSS candidates, SPEED conducted detailed needs assessments and MIS gap analyses to determine the assistance most needed to help the MFIs achieve financial sustainability. These needs assessments resulted in prioritized lists of activities and commodities, and corresponding budgets, which formed the basis for the MOUs with the FSS candidates. All six MOUs were signed this quarter.

A significant part of SPEED's work with the MDI and FSS candidates is capacity building. As often as possible, SPEED develops and delivers workshops relevant to all nine MFIs. Each time a workshop is offered, SPEED engages an international specialist

to lead the training, and a local consultant to assist and learn from the specialist. In this way, the local consultant will obtain the necessary knowledge and skills to be able to offer the workshop again to other MFIs. This contributes to local capacity building in the industry, and ensures that SPEED has a wider outreach than the nine selected MFIs.

Last quarter, SPEED issued RFPs to both international and local consulting firms to develop and deliver workshops on product-costing and liquidity management. SPEED delivered the product-costing workshop to six MFIs, in conjunction with MicroSave Africa. In addition to the workshop, SPEED and MicroSave/AFCAP provided up to five days of on-site technical assistance to each MFI to set up the product costing process. Feedback has been overwhelmingly positive, and four of the six MFIs have now completed the exercise and are implementing cost-saving measures.

SPEED also hosted a Liquidity Management workshop, with international consultant Joachim Bald from Bankakademie, and local consultant Robert Katantu. This three-day workshop was attended by participants from all nine MFIs, as well as representatives of the Bank of Uganda's supervision department. Workshop evaluations were excellent, and SPEED will engage the same consultants for a follow-on workshop next quarter.

Tasks and target adjustments for the quarter: All tasks were completed as planned this quarter.

Tasks for next quarter: During the first quarter of 2001, SPEED will complete the tasks agreed to in the MOUs signed with the FSS candidates, which include implementing of new MIS, technical assistance, the purchase of commodities, and training. In addition, SPEED will host the asset liability management workshop.

B3. Key Activity 3: Identify and Implement Rural Outreach and Financial Growth Opportunities

Tasks and target adjustments for the quarter: The only task scheduled under this activity, to conduct sub-sector analyses to identify opportunities for MFIs, did not take place. This was due to the lack of demand from the MFIs. SPEED does not anticipate conducting such analyses in the future.

Tasks for next quarter: This activity has been replaced with "Develop linkages with financial institutions" beginning in the first quarter of 2002. The key task scheduled within this new activity will be the design of a seminar to expose bankers to microfinance, as discussed previously.

B4. Key Activity 4: Carry out Appropriate Networking and Coordination Activities

Accomplishments this quarter: In addition to working with the nine top MFIs, SPEED also supports the efforts of the Association of Microfinance Institutions of Uganda (AMFIU). This quarter SPEED agreed to provide AMFIU with office space in the UIB building where the project's microfinance component is located. SPEED also agreed to support a position within AMFIU to coordinate and maintain a database on the demand and supply of capacity-building efforts for microfinance in Uganda.

As an active player in the microfinance industry in Uganda, SPEED participates in various industry-wide organizations and discussions, the most relevant of which is the

Uganda Capacity Building (UCAP) framework. SPEED continued its efforts to position itself with regard to UCAP and influence the structure and components of the overall framework. Further project support of industry-wide activities included participation in the Apex Subcommittee and the Lobby Subcommittee of the Micro Finance Forum (MFF), the Outreach Subcommittee, and the Plan for Modernization of Agriculture committee. During this quarter, SPEED also worked with GTZ to support a significant information exchange on the MDI legislation, spearheaded by AMFIU.

SPEED Support of MDI Legislation

Between October 11 and 19, SPEED and GTZ co-financed a number of information exchange events on the Micro-Deposit taking legislation. The bill was developed by the Bank of Uganda to enable MFIs to become licensed and thus regulated to take deposits from the public. This will result in a substantial increase in the outreach of MFIs and the provision of savings services to many of the rural poor.

The bill was presented to and passed by the Cabinet in September 2001. It is soon to be presented to Parliament for passage and will then be enacted as law. The Micro Finance Forum (MFF) of Uganda determined that it was necessary to brief the new parliament members on the bill, particularly as it will have a positive impact on many of their constituents. The MFF appointed the Association of Micro Finance Institutions in Uganda (AMFIU) to spearhead the efforts. As part of SPEED's continuing support to various industry initiatives and, particularly to support of the passing of the MDI law, SPEED provided both financial and technical assistance to AMFIU to put together the information exchange.

The objectives of the information exchange event were to:

- Ensure that MPs are well informed about the MDI bill and its context, as well as other important issues in the microfinance industry (interest rates, outreach, etc.)
- Contribute to the understanding of the MFIs on the implications of the bill to their operations
- Provide a forum for information exchange between the MPs and microfinance practitioners
- Contribute to a smooth and speedy passing of the bill by parliament

The activities included: a dinner held with influential MPs, which 17 MPs attended; a half-day workshop for MFIs to ensure they understood the MDI bill and that, as Tier 4 institutions, they would not be adversely affected (over 80 MFI representatives attended); and a half-day workshop for MPs to inform and share information on the bill, interest rates, outreach, best practices and savings mobilization. In addition, 500 copies of fliers addressing each of the five topics above were distributed to all MPs and all invited participants and MFIs a week in advance. These fliers were also displayed in the New Vision and the Monitor, and the events were covered on radio and television.

Overall, the information exchange events were highly successful. Candid and serious discussions were held on the bill with participation by a wide spectrum of stakeholders including MFIs, government, banks, regulators, donors and members of the private sector. During the three events, no major issues were raised with regard to the MDI bill. Operational issues such as interest rates, savings, role of government in delivery of microfinance and outreach were of more concern to the MPs than the bill. SPEED will continue to support AMFIU in its efforts to inform the public about the positive contributions microfinance makes in Uganda.

Tasks and target adjustments for the quarter: All tasks were completed as planned this quarter.

Tasks for next quarter: During the next quarter, SPEED will continue its active role in various industry fora and will complete the agreement with AMFIU to support capacity-building efforts. SPEED will also support the Microfinance Competency Centre in the development of a course on agricultural lending.

SECTION IV

Business Environment

The overall objective of the Business Environment component is to create a more business friendly commercial environment that enhances the ability of MSMEs to obtain financing and become engines of growth in Uganda. The goals and deliverables related to activities in the commercial registries and with CADER were determined by the GOU and set forth in the Strategic Objective Implementation Letter agreement between the GOU and the United States. SPEED has identified one KRA in this area.

KRA 1: Public and Private Sector Capacity Enhanced

Within this KRA, SPEED seeks to improve the efficiency and operations of CADER, the Land Registry, the Company's Registry, and the Ministry of Finance, Planning, and Economic Development (MOFPED).

As discussed in the previous quarterly report, the business environment workplan created by SPEED in May 2001 was substantially revised as a result of intensive consultations with the GOU and other stakeholders. With respect to the land registry, the GOU decided to decentralize titling and registration functions to the district level, while engaging in general land reform at the same time. This decision required a change in SPEED's workplan, which was based on the continuation of a central Ugandan land registry, as set forth in the Terms of Reference drafted by the GOU.

After consultation with senior staff members of the Ministry of Water, Lands and Environment, the Ministry requested that SPEED assist with the creation of the Kampala District Land Office¹ (KDLO). Project activities with respect to creation of the KDLO include the following:

- Design of the physical layout of the office;
- Rehousing, refiling, indexing and sorting of all documents related to land registration currently residing in the land registry²;
- Provision of consumables and commodities, including appropriate shelving and file covers; and
- Development of new policies and procedures with respect to title registration and document handling.

Accordingly, the GOU and SPEED agreed to suspend the following activities from the original workplan:

- B.3. Key Activity 3: Improve Capabilities of Department of Mapping and Surveying to Approve Surveys and Produce Registration Index Maps More Efficiently; and

¹ The KDLO will be the largest of the district land offices, as a substantial percentage of documented land in Uganda is located either in Kampala district or its surrounding sub-divisions. Accordingly, a substantial percentage of land records in the land registry relate to this property.

² Land documents related to Kampala District will be transferred to the KDLO. Documents related to other district land offices will be processed, indexed, sorted and prepared for transfer to the appropriate office.

- B.5. Key Activity 5: Support the GOU's Proposed Pilot Effort to Demarcate and Map Customary Land Holdings.

To further respond to the changing needs of the GOU, the workplan for project activities at the Registration Services Bureau (RSB) was also significantly revised. As an example, activities with respect to the Patent and Trademark registry were more appropriately assigned by the GOU to the Uganda Law Reform Commission, which is drafting a new law on intellectual property. Therefore, SPEED agreed with the RSB that it would suspend the following activity:

- C.9. Key Activity 9: Rationalize Trademarks and Patent Registration Process and Management Process, and Reorganize Staff and Work Space.

Additionally, SPEED was requested to analyze the appropriateness of Executive Agency status for the RSB. Unfortunately, however, the Uganda Revenue Authority (URA) has not yet determined whether it will allow the RSB to control the funds it collects on behalf of the GOU. Further, the URA has not yet agreed to provide either the RSB or SPEED with the requested data related to the amount of funds the RSB contributes to the Ugandan treasury. Accordingly, the following activities have been postponed until the necessary information can be obtained:

- C.3. Key Activity 4: Establish Activity Based Cost Model for Services Performed;
C.4. Key Activity 4: Obtain Rights to Collect Fees for Services Rendered by the Registry; and
C.5. Key Activity 5: Adjust Service Fees to Operational Self-Sustainable Levels.

In addition, the Acting Registrar General agreed with the project's recommendation that the Vital Statistics registry be moved to another GOU entity, possibly the Uganda Bureau of Statistics. Therefore the RSB agreed there was no need to engage in the following:

- C.10 Key Activity 10: Rationalize Vital Statistics Documents Registration and Management Process, and Reorganize Staff and Work Space.

All other activities scheduled for SPEED's Business Environment Component continued as anticipated, and progress is discussed below in detail.

- A.1. Activity 1: Strengthen the Institutional Capacity of CADER

Accomplishments this quarter. On December 12, 2001, CADER's Governing Council adopted the business plan and corporate charter drafted in partnership by SPEED and CADER. The business plan reflects SPEED's provision of financial and technical assistance, and provides for CADER's financial self-sufficiency within 24 months of the date of implementation. CADER's new corporate charter includes state-of-the-art corporate governance provisions, such as telephonic attendance, abstain voting, and limitations on "attendance fees." SPEED has been informed that this is the first instance that a Ugandan statutorily created entity has adopted such a charter, which is an importance advance in corporate governance.

In association with the International Law Institute-Uganda (ILI-Uganda), SPEED successfully completed the first in a series of three training classes for CADER's roster of independent arbitrators and mediators. Rick Weiler, a respected international expert in ADR, and Dr. Samson Sempasa, Executive Director of CADER, led the training. For six days in October, 20 individuals from banking, insurance, government, and the judiciary participated in this intense ADR training. The session received outstanding evaluations from participants and observers, and was covered extensively by the local press.

In November 2001, SPEED sponsored a training of trainers program for selected CADER members. Five of CADER's senior arbitrators and mediators attended the six-day session, which was also led by ILI-Uganda. The objective of the program was to provide CADER's members with the skills necessary to train others and thereby ensure the sustainability of the activity.

Task and target adjustments for the quarter. All targets for the quarter were met.

Tasks for next quarter. CADER and SPEED will focus on implementing the newly adopted business plan. SPEED will also continue its training program for CADER's roster, with the second session planned for the week of January 28, 2002. The program was designed to ensure that the third and all future trainings will be conducted entirely by CADER personnel.

A.2 Key Activity 2: Facilitate Institutional Linkages Between CADER and Key Partners

Accomplishments this quarter. SPEED continued to make progress with regard to the transfer of cases from the Commercial Court Division of the High Court (Commercial Court) to CADER. SPEED is a member of the Uganda Bench Bar Committee on Court Reform, which has enthusiastically embraced SPEED's ADR Pilot Project for the acceleration of the transfer of cases. The Bar Bench Committee gave SPEED the "green light" to implement this program in December, and it is expected to be in place by April 2002.

Due to SPEED's efforts, judges from the Commercial Court are now sensitized to the importance of ADR and actively support its use in their courtrooms. In a recent matter, the Deputy Head of the Commercial Court refused to hear a matter scheduled on his case docket until the respective parties considered ADR. The Ugandan Bar has also increased support for ADR, as a result of SPEED's successful roundtable sessions in September 2001. Working to increase support of ADR among the public, CADER and SPEED have agreed to develop a nation-wide radio and print media awareness and marketing program, which will begin in February 2002.

Task and target adjustments for the quarter. This activity was not originally programmed for this quarter. SPEED recognized an opportunity, and began work on the ADR Pilot Project ahead of schedule.

Tasks for next quarter. SPEED has scheduled a two-day training on the ADR Pilot Project for judges and senior chief magistrates on February 4 and 5, 2002. The project will also continue to work in partnership with the Bench Bar Committee, CADER, the judiciary, the Ugandan Bar, and the private sector to increase the use of ADR and to

implement the ADR Pilot Project quickly and effectively. An additional key activity for next quarter is the development of the public awareness/marketing campaign.

Land Registry

B.1. Key Activity 1: Improve Efficiency and Operations of Kampala District Land Office

Accomplishments this quarter. Within this activity, SPEED focused on finalizing its workplan for the creation of the KDLO, revising the list of commodities and consumables needed, and revamping the roles, responsibilities, and assignments.

Task and target adjustments for the quarter. The procurement of commodities and consumables for the office was delayed because the Ministry of Water, Land, and Environment requested additional work relating to the Mailo Land Registry that required the procurement of materials outside SPEED's mandate and budget. SPEED agreed to do the work, on the condition that the GOU meet the costs of the added materials. After numerous consultations with stakeholders representing the public sector, SPEED believes that it has located GOU resources to cover the expenses associated with the additional work. The timing and availability of these funds, however, must be confirmed.

SPEED initiated the procurement process for the consumables needed for both the Land and Company's Registries by issuing a request for proposal to potential providers. A supplier will be chosen shortly, and procurement should begin in February 2002.

Tasks for next quarter. During the first quarter of 2002, SPEED will:

- Finalize procurement details and ordering of materials.
- Finalize the rehabilitation procedures methodology and production of materials for use by contract workers who will perform the reindexing and refiling activities.
- Complete the "disaster plan" for the KDLO.
- Assist the Ministry prepare new registration regulations.
- Initiate training of contract staff in refiling, rehousing, and reindexing activities.
- Finalize procurement of file indexing software.

B.2. Key Activity 2: Preserve and Rehabilitate Land Records Remaining at the Ministry of Water, Lands, and Environment

Accomplishments this quarter. The rehabilitation, refiling, and reindexing of all documents in the Land Registry are taking place simultaneously. Documents relating to Kampala will be shipped to the KDLO, and files that pertain to other areas will be stored and prepared for transfer to the appropriate local land office.

Task and target adjustments for the quarter. As discussed previously, the procurement of commodities required to complete this task has been delayed.

Tasks for next quarter. The procurement process has begun, and will be finalized during the first quarter of 2002. At that point, SPEED will then focus on the rehabilitation, refiling, and reindexing of documents at the Ministry.

- B.4. Key Activity 4: Assist in Preparing Interim Amendments to Registration of Titles Act and Survey Act to Eliminate Legal Obstacles to Other Work Plan Activities.

Accomplishments this quarter. The ten-year Land Sector Strategic Plan (LSSP) is designed to implement land reform in Uganda. During this quarter, SPEED attended meetings of stakeholders, and provided comments on the LSSP with regard to the appropriateness and timing of activities. SPEED also met with the LSSP Implementation Committee and the State Minister of Lands to discuss the scheduling of the associated legal and regulatory work, and programmed the resulting agreed-upon activities into the project's 2002 workplan.

Task and target adjustments for the quarter. As the GOU delayed activities related to the LSSP, SPEED as well necessarily delayed its work on this task. Following discussions with the GOU, and the establishment of new tasks and timeframes, SPEED anticipates meeting all targets as scheduled in the 2002 workplan.

Tasks for next quarter. SPEED will deploy an international consultant who will begin work on this activity by March of 2002. This consultant will identify and prioritize the required amendments to the Land Act and to the rules and regulations administered by the Land Registry. In addition, the consultant will initiate work on a new procedures manual for the district land offices created under the LSSP.

Company's Registry

- C.1. Key Activity: Establish Sponsorship and Project Commitment from GOU and Registry Staff

Accomplishments this quarter. SPEED continued to strengthen its positive relationships with the RSB, Ministry of Public Service, and Ministry of Justice. The Ministry of Public Service agreed to assist the RSB and the Ministry of Water, Lands, and Environment develop records management procedures that conform to recent legislation administered by the Ministry. In addition, SPEED continued to build on its strong relationship with the Acting Registrar General and the project supervisor in the RSB.

Task and target adjustments for the quarter. All tasks and targets for the quarter were met.

Tasks for next quarter. SPEED will continue to maintain and strengthen its strong relationships with its GOU counterparts.

- C.6. Key Activity 6: Assist in the Development of Institutional Structure for the RSB

Accomplishments this quarter. SPEED proposed changes in the RSB's organizational chart that would decrease the number of legal and professional staff and increase the number of records management staff. The Acting Registrar General, although supportive of the proposed changes with respect to records management, does not support reductions in her professional legal staff. SPEED continued to work with the Ministry of Public Service to train current staff responsible for records management and filing of RSB documents, to ensure that they are prepared to operate

and maintain the proposed computerized file indexing system contemplated for the RSB.

Task and target adjustments for the quarter. All targets for the quarter were met.

Tasks for next quarter. The project will continue to work with the Registrar General, Ministry of Justice, and Constitutional Affairs to implement the proposed changes in the organizational chart. SPEED will also begin implementation of the records management training for RSB staff.

C.7. Key Activity 7: Rationalize Companies Registration, Documents Registration and Management Processes, and Reorganize Staff and Work Space

Accomplishments this quarter. With little prior notice, the RSB was scheduled to move its offices by December 1, 2001. This move was rescheduled for December 27, 2001, based on the advice of both SPEED and the Acting Registrar General. SPEED used the additional time to engage a records manager/archivist, on an emergency basis, to assist the RSB plan and implement the move, and identify the commodities and consumables necessary to ensure a successful relocation³.

SPEED facilitated the move by procuring more than 700 document boxes and 40 rolls of packing tape so that the numerous documents to be relocated were moved safely and securely. SPEED's records management expert worked with the Acting Registrar General and her staff to design the proposed workspace in the new premises and the position of shelving. In addition, the records manager finalized the list of commodities and consumables needed to rehouse, rehabilitate, and index the numerous files and documents in the RSB. Accordingly, SPEED is undergoing a procurement process, and will purchase the necessary items as soon as it has been completed.

Further, SPEED and the Law Reform Commission have formed a working partnership with respect to drafting of a new Company Law. SPEED has attended several key workshops with respect to this activity and was instrumental in the preparation of a draft law. SPEED has also agreed to support the Commission by engaging an international company registration expert, to finalize the draft law. SPEED and the Commission have developed a Scope of Work for this consultancy.

Task and target adjustments for the quarter. As a result of the move, activities related to reform of the business registration process were delayed. SPEED anticipates that all targets for the first quarter of 2002 will be met.

Tasks for next quarter. The project will assist the RSB improve its registration and management processes, through the provision of technical assistance. SPEED will engage a registries expert, to lead this effort, who will begin in mid February 2002.

³ It should be noted that the RSB has now moved its offices twice in 24 months. The first move was poorly planned and executed, resulting in total disarray and a decrease in the already low level of service.

C.8. Key Activity 8: Rationalize Business Name Registration and Management Process, and Reorganize Staff and Work Space

Accomplishments this quarter. SPEED's records manager worked with the Acting Registrar General to design the workspace at the new offices. Substantive work on this activity was scheduled for mid-2002.

Task and target adjustments for the quarter. All targets were met this quarter.

Tasks for next quarter. SPEED's short-term registries consultant will lead the effort on this activity, which will be a focus during the first quarter of 2002.

Private Sector Development Support

D.1. Key Activity 1: Support MOFPED Private Sector Development Unit to Improve Analysis for Economic Policy Evaluation.

Accomplishments this quarter. SPEED determined to reschedule activities with MOFPED's Private Sector Development Unit to 2002 to allow completion of a needs analysis of the Unit. This analysis was conducted, and intensive discussions were held between MOFPED and SPEED to determine the most appropriate project support.

As a result of these discussions, the Private Sector Development Unit agreed to provide required periodic data on the MSME sector suitable for policy-making and evaluation purposes. SPEED agreed to engage an experienced economist to assist the Unit identify the data needed, determine its sources and availability, develop linkages with the GOU and private sector institutions gathering such data, and analyze and evaluate the data. SPEED drafted a Scope of Work for an international economist with expertise in government economic statistics, and will pair this consultant with a local economist in order to maximize results.

In addition, SPEED facilitated positive working meetings between members of the Unit and other GOU institutions, including the Uganda Bureau of Statistics. As a result, the Bureau of Statistics agreed to gather data on MSMEs. The determination of the exact data that will be collected will be made when the consultant begins work.

Task and target adjustment for the quarter. Tasks and targets for this quarter were rescheduled until early 2002.

Tasks for next quarter. SPEED will identify and engage an economist based on the detailed Scope of Work for this activity. In addition, the project will identify and engage a local economist to collaborate on this effort.

D.2. Key Activity 2: Provide Other Policy Support to Other Public Sector Institutions as Needed.

Accomplishments this quarter. SPEED continued to provide support to the Justice Law and Order Sector (JLOS) Reform Program. This included close consultation with the GOU Commercial Justice Advisor, the JLOS Donor Group, the GOU Deregulation Project and other GOU counterparts working in the JLOS program. In November 2001, the donor community conducted a semi-annual assessment of program progress.

Activities and successes were prominently described in the assessment report, and SPEED received favorable comment from both the donors and GOU counterparts.

SPEED worked closely with the Uganda Law Reform Commission to draft proposed legislation related to overall project activities. This includes the following draft laws: Secured Lending Law, Companies Law, Lease Law, and the Intellectual Property Law. In addition, SPEED has worked with the Uganda Deregulation Project to draft certain provisions of the Financial Institution Statute (FIS), to ensure that the expansion of leasing institutions and the generation of competition between leasing companies not be restricted. SPEED is also recommending the preparation of specific legislation related to leasing, as no such legislation exists at present. With the support of other donors, SPEED has made submissions supporting these views to the relevant GOU authorities.

SPEED continues to build positive relationships within the donor community. The project is in close consultation with GTZ regarding to the creation of a national debt market for Uganda, and GTZ has agreed to support SPEED in this effort. Other stakeholders in this activity include SIDA, the US Treasury, Uganda Capital Markets Authority, Bank of Uganda, and the Uganda Stock Exchange.

Task and target adjustments for the quarter. There were no adjustments, as these activities are not specifically programmed in advance.

Tasks for next quarter. SPEED will continue to work on the JLOS program, and to maintain close ties to the Uganda Law Reform Commission and the donor community. Activities supporting the creation of national debt market have been identified as priorities because of their connection to project objectives.

D.3. Key Activity 3: Assist the Private Sector Develop Policy Analysis and Advocacy Capability.

Task and target adjustments for the quarter. SPEED rescheduled this activity for the first quarter of 2002.

Tasks for next quarter. SPEED will identify key policy and regulatory issues relevant to continued expansion of the private sector in general, and the MSME sector specifically. Further, the Business Environment component will assist private sector institutions and stakeholders develop policy platforms and agendas.

SECTION V

Program Management

Program Management is integral to every SPEED component and activity. To achieve project goals, well-defined policies and procedures, transparent information-sharing mechanisms, and effective monitoring and reporting systems are necessary. The KRAs established for the Program Management area are:

- KRA 1: Coordination Mechanisms Established
- KRA 2: Efficient Administrative Support Provided
- KRA 3: Information Transparency Achieved
- KRA 4: Program Monitoring and Reporting Needs Met

Quarterly progress made in each KRA is discussed below.

A. KRA 1: Coordination Mechanisms Established

There are a wide variety of technical program activities under SPEED, and three components that must work both separately and together to complete them. As a result, efficient coordination mechanisms must be established from the outset of the project. To ensure that SPEED functions in a streamlined manner, and to establish these mechanisms, the project will put two strategies into place. These are to define roles and responsibilities and inter-relationships among components, and to establish and maintain clear program management procedures.

A1. Key Activity 1: Workplanning

Accomplishments this quarter. SPEED held its second workplanning seminar, to design activities for the year 2002, and make adjustments and revisions in tasks, targets, and activities. All staff participated in the two-day workplanning retreat, which was held off-site to allow for total concentration on the activities at hand. Upon completion of the workplan, SPEED presented it to the Steering Committee for review and discussion. The committee reviewed the document, and approved it, and the 2002 annual workplan was submitted to USAID.

Task and target adjustments for the quarter. The project met all targets for the quarter.

Tasks for next quarter. SPEED staff will continue to implement activities, and work to achieve the targets and benchmarks described in the workplan during the coming quarter.

A2. Key Activity 2: Maintain Regular Communications Internally and With Other Projects to Disseminate SPEED Information

Accomplishments this quarter. SPEED continued to participate in meetings with the COMPETE, IDEA, and Trade Capacity projects, and with partner organizations, clients, and counterparts. All staff involved in these meetings updated the entire SPEED team on developments during regular staff meetings.

Task and target adjustments for the quarter. The project communications strategy, originally scheduled for implementation in mid-September, was delayed because the consultant was unable due to travel complications throughout the world at that time. As a result, SPEED began work on the strategy during this quarter. SPEED produced a brochure that gives a project overview and describes project activities, and has that brochure readily available for clients and partners. As the brochure contains timely information, it will be updated regularly

Tasks for next quarter. Further work on the communications strategy will be a priority for the first quarter of 2002. In addition, SPEED will continue to communicate regularly both internally and with other projects, to share information.

B. KRA 2: Efficient Administrative Support Provided

To enable SPEED to provide quality and timely service to both external and internal clients, efficient administrative support is a critical focus of the project. It is crucial to establish and maintain streamlined accounting, financial, and administrative procedures. The strategy that will lead the component to achieving this KRA is to create an efficient service-oriented environment in which SPEED operates.

B1. Key Activity 1: Revise SPEED Policies and Procedures Manual

Accomplishments this quarter. SPEED program management staff continued to revise and update the Policies and Procedures Manual, taking into consideration project needs and goals, and made changes and amendments to certain policies.

Task and target adjustments for the quarter. All targets were met for the quarter.

Tasks for next quarter. SPEED will continue to revise and update its internal policies, and will update its Policies and Procedures Manual as necessary throughout the lifetime of the project.

B2. Key Activity 2: Develop SPEED Personnel Management System

Accomplishments this quarter. SPEED's program management team continued to develop the project's personnel management system, and worked with KRA leaders to review staffing and determine any additional needs.

Task and target adjustments this quarter. SPEED met its targets for the quarter.

Tasks for next quarter. SPEED will continue to monitor staffing needs, and hire additional staff as necessary.

B3. Key Activity 3: Conduct Appropriate Training Sessions for Administrative Staff

Accomplishments this quarter. SPEED's program management staff conducted trainings for individuals and small groups in the various administrative management tools that are used in day-to-day project operations, including travel advance and expense report forms. All forms used by the project comply with USAID and Chemonics regulations, and must be filled out correctly.

Task and target adjustments for the quarter. All targets for the quarter were met.

Tasks for next quarter. SPEED will continue to identify training needs of staff, and conduct trainings on an as needed basis.

C. KRA 3: Information Transparency Achieved

In order for the SPEED project to be implemented in a manner that is beneficial to all partners, collaboration and information sharing mechanisms must be maintained. The strategy that will lead to achievement of this KRA is to establish and maintain an information sharing culture.

C1. Key Activity 1: Create and Maintain a SPEED Intranet Site

Accomplishments this quarter. The project intranet site is ready to operate. SPEED is now focusing on improving the connection to ensure a properly functioning Virtual Private Network (VPN).

Task and task adjustments for the quarter. SPEED focused this quarter on establishing a real-time connection between the main project office and the microfinance unit, which is located in the Uganda Institute of Bankers building. SPEED's IT Specialist conducted extensive research, and, with the assistance of a regional consulting firm, established a link between the two offices using a VPN over the internet. As a result, communication and information sharing between the two offices have been enhanced greatly.

Tasks for next quarter. SPEED will establish the final version of the intranet site during the upcoming quarter.

C2. Key Activity 2: Maintain Contact with Home Office Project Management Unit

Accomplishments this quarter. The SPEED program management staff sent one project related email to, and received one from the Chemonics Home Office every day. Through this email, the Home Office and Field Office were able to share information, provide updates, and ask and answer questions relating to both technical and administrative matters. Regular teleconferences were also scheduled and held between the two offices.

Task and target adjustments for the quarter. SPEED met all targets in this area.

Tasks for next quarter. SPEED will continue to send daily project emails, and to maintain a regular teleconference schedule with the Chemonics Home Office.

D. KRA 4: Program Monitoring and Reporting Needs Met

The goal for this KRA is to implement a Monitoring and Evaluation (M&E) system to track SPEED planned activities, delivery of expected outputs, and quantitative impacts. The data to be put into the M&E system will be obtained from three sources: data collected from the SPEED administrative and operation records; data collected from SPEED partners; and data collected from external surveys. The M&E system will be

used as a management tool for systematically reviewing project progress, troubleshooting problems and issues during project implementation. It will employ a combination of database, project management, spreadsheet, word processor, and accounting packages. Training will be provided to project staff and partners to operate the system. The M&E system will be the basis for semi-annual reports to USAID. The strategy for this KRA is to put an effective monitoring and reporting system in place.

D1. Key Activity 2: Operationalize Monitoring and Reporting System

Accomplishments this quarter. During this quarter, SPEED finalized the design of data collection forms/formats for collecting baseline data from the SPEED-supported MSMEs, MFIs, banks, and BDS. In addition, operationalization of the monitoring and reporting system commenced. This included:

- M&E data collection;
- M&E data coordinated and entered into the M&E system;
- Interim results reports generated for internal review;
- M&E data consolidated and summarized for annual report;
- Staff input for the annual M&E report coordinated;
- Inclusion of administrative M&E data input to the annual M&E report coordinated; and
- Draft annual report produced and internal review coordinated.

In addition, SPEED designed and implemented a computerized Deal Tracker system, and trained staff in its use. The system, which is now operational, is used to track the following information relating to SPEED clients:

- General client information
- Baseline data
- Periodic operational data
- Client/transaction documents
- Planned activities/deliverables and timelines
- Upcoming costs for planned activities/deliverables
- Approved activities/deliverables and timelines
- Transaction values
- Business Development Services Provided
- Client Success stories

Task and target adjustments for the quarter. All tasks were completed for the quarter.

Tasks for next quarter. SPEED will continue to review and improve the M&E system, data collection forms/formats, database spreadsheets, and Deal Tracker system during the next quarter. Staff training on the M&E system and on the Deal Tracker system will be ongoing, and the project will continue with its monitoring and reporting activities.

SECTION VI

Fixed Price Contracts

To achieve the desired results during this reporting period, Chemonics' SPEED project conducted the following activities under fixed price contract mechanisms:

DFCU Leasing

SPEED signed a subcontract with DFCU Leasing to support the establishment of three upcountry leasing centers. This subcontract provides for the sharing of establishment and operating costs of leasing centers in Mbarara, Mbale, and a third location to be determined during the course of the activity. The three centers will result in more effective appraisal of potential lessees, more cost-effective monitoring of existing clients, increased access to banking systems and an improved culture of savings among the rural population, improved incomes, and increased opportunities for employment.

Aclaim Africa, Ltd.

Working with Microsave, SPEED organized a three-day workshop on product costing for two of its MDI candidates. SPEED subcontracted Aclaim Africa, Ltd. (Aclaim) to assist the consultant, Lorna Grace, revise the course material and deliver the workshop. Aclaim also provided technical assistance to individual MFIs. During this assignment, Ms. Grace and Microsave mentored the Aclaim consultant so that he now possesses the skills and knowledge to provide training and technical assistance on product costing.

Kisaka & Company

Under the anticipated microfinance legislation, MFIs will have the opportunity to convert to MDIs, and be licensed to take and on-lend savings. In order to qualify and operate as MDIs, MFIs will need to establish fully operational treasury management functions within their institutions. To assist its MDI candidates in this area, SPEED subcontracted Kisaka & Company to design and deliver a three-day workshop on developing a treasury function within the proposed MDI structure. The subcontractor conducted the training in conjunction with Joachim Bald of Bankakademie.

C. K. Kutty

The Uganda Coffee Development Authority (UCDA) requested SPEED assistance with a feasibility study for a private sector wet mill processing facilities development program. SPEED subcontracted Mr. C. K. Kutty to carry out an in-depth analysis of the proposed program to determine costs, timing, cash flow projections, numbers and location of potential outgrowers, working capital requirements, capital expenditures, and site locations. He also conducted a review of Uganda's current and potential positions in the world coffee market, to guide in project development.

Rhohn Development Services, Ltd.

Saad Farms, Ltd. is a private limited liability company that is interested in establishing commercial farming of maize, beans, groundnuts, soybeans, sunflower, coffee, and tea. Saad Farms, Ltd. is in the process of sourcing financing from the Islamic Development Bank (IDB) for start-up funds, and requested SPEED assistance with a feasibility study. SPEED subcontracted Rhohn Development Services, Ltd. to conduct a detailed feasibility study for the project, to be submitted to the IDB for funding consideration.

SKM & Company

Bobbie Leathers, Ltd. produces and markets industrial safety products. In order to focus its operations and package an application for bank financing, Bobbie Leathers, Ltd. requested SPEED assistance with its business plan. SPEED subcontracted SKM & Company to refine Bobbie Leathers, Ltd.'s business plan and generate detailed financial projections. The business plan will guide implementation of the company's new strategic direction and serve as a reference point for potential SPEED activities.

Uganda Meat Industries, Ltd.

Uganda Meat Industries, Ltd. (UMIL) is a private enterprise engaged in meat processing and distribution. SPEED subcontracted UMIL to implement a new product development and marketing drive aimed at increasing sales in the local and export markets, establishing new distribution channels, providing employment, and introducing a variety of value added meat products into the market. Through this intervention, UMIL is expected to double its processing and distribution capacities over the next two years.

Business Synergies, Ltd.

The GOU requested SPEED to facilitate the merger of the Uganda Investment Authority (UIA), Uganda Export Promotion Board (UEPB), and Uganda Tourist Board (UTB). Business Synergies, Ltd. was subcontracted to fill the financial specialist position on a team of consultants charged with implementing the merger. Business Synergies will analyze the agencies' financial statements, assess their financial, accounting, and budget information and systems, and develop recommendation for management, financial, accounting, and budget systems.

Mr. David K. W. Ssonko

Mr. David K. W. Ssonko was subcontracted to fill the human resources management specialist position on a team of consultants charged with implementing the merger of UIA, UEPB, and UTB. Mr. Ssonko will analyze human resources issues including the agencies' staffing and personnel matters, assess existing organizational structures and linkages with other institutions, recommend an appropriate institutional structure for the new organization, and develop detailed recommendations regarding staffing.

Azon (Uganda) Ltd.

Saran Agro Investment Ltd. requested SPEED assistance to rehabilitate a tea plantation, and support its entrance into tea processing. SPEED subcontracted Azon (Uganda) Ltd. to prepare a feasibility study for rehabilitation and expansion of the tea

estate and establishment of a new tea factory. This program is expected to generate jobs for 400 new estate workers, and create 40 new positions in the factory, and 40 more in management, technical services, administration, and security. As a result, 600 local families will benefit directly from this activity. The company also intends to work with 25 smallholder farms that provide employment for hundreds of individuals in the area.

Bankakademie

To address a specific need identified by the MFIs with which it works, SPEED engaged Bankakademie to conduct a workshop on Liquidity Management for its three MDI and six FSS candidates. Officials from the Bank of Uganda also attended the event, which was led by international consultant Joachim Bald, in collaboration with local consultant Robert Katantu. The workshop was highly successful, and SPEED will likely engage the same consultants for a second session during the next quarter.

The Missenden Group

SPEED engaged The Missenden Group, professional archivists and records managers, to undertake activities at the RSB and Land Registry. Tasks conducted by the two international consultants, Kimberly Barata and Piers Cain, included developing a floor plan for new office space, determining a method for transferring files and then refiling, rehousing, and indexing files in both the RSB and Land Registry, and developing a program for recruiting and training staff who will be responsible for the files. The consultants also finalized procurement plans, and worked with the GOU on procurement issues and the physical preparation of the new KDLO.

SECTION VII

Financial Update

The following table presents an update on expenditures on the SPEED project through December 31, 2001.

Task Order	Authorized Expenditure	Actual Expenditure to December 31, 2001	Balance	Estimated Completion Date	Actual Completion Date
805	\$17,490,212	\$5,581,674.54	\$11,908,537.46	December 31, 2003	N/A