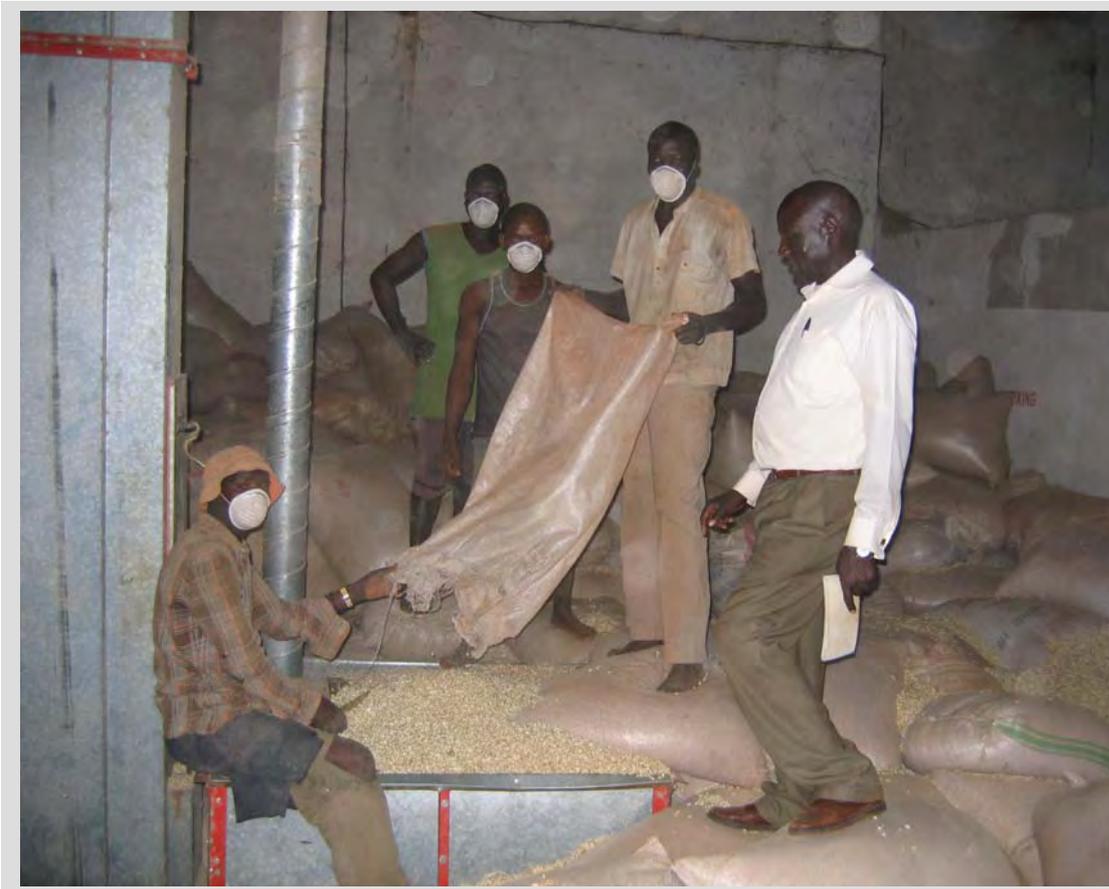




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# RURAL SPEED QUARTERLY PERFORMANCE REPORT

JANUARY 1 THROUGH MARCH 31, 2006



**April 2006**

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.



# Rural SPEED

Rural Savings Promotion & Enhancement of Enterprise Development

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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Rural SPEED  
A USAID funded project  
Contract No. PCE-I-00-99-00003-00 TO 826

This report submitted by Chemonics International Inc. / April 2006

## **Rural SPEED Project Quarterly Report January 1, 2006 – March 31, 2006**

Rural Savings Promotion & Enhancement of Enterprise Development (Rural SPEED) is a three-year USAID-financed program awarded to Chemonics International under the Rural and Agricultural Incomes with a Sustainable Environment (RAISE) Indefinite Quantity Contract (IQC), Task Order Number 826, on November 11, 2004.

The objective of Rural SPEED under this Task Order is to deepen and strengthen Uganda's financial sector in response to rural sector demand for financial services. Increased provision of financial services will leverage existing economic activity and complement other USAID's programs in rural areas. The resulting increase in economic activity is designed to help Uganda achieve the economic growth rates proposed in Uganda's Poverty Eradication Action Plan (PEAP).

### **AIR 1. Increased Access to Rural Financial Services.**

#### **KRA 1.1: Capacity of RFEs to Provide Ag and Non-ag Financial Services Increased.**

**Strategy.** Demystify rural finance financial institutions, promote venues for increased financial service delivery and provide incentives to deepen rural financial services.

#### **Accomplishments this quarter:**

##### **Activity 1: Improve institutional skills in agricultural finance.**

- An agricultural finance specialist was recruited to review and revise Centenary bank's agricultural loan product, train their staff in agricultural lending methodologies, and sensitize the bank's senior managers and board members on agricultural lending parameters. The international consultant will execute the engagement at the beginning of the coming quarter.
- A SAF grant was approved to train Centenary's new agricultural loan officers in August and support the procurement of motorcycles and computer equipment that will result in deeper skills and broader rural outreach. In return for the program of support to Centenary Bank, an arrangement was negotiated where Centenary will mentor Rural SPEED's partner SACCOs in agricultural lending methodologies in the coming two quarters.
- Additionally, new product advances were made for agriculture specific activities. Please refer to KRA 2.2.1 page 11.

##### **Activity 2: Collaborate to develop warehouse receipt programs with World Food Program and APEP.**

- Following an intensive activity spearheaded by Rural SPEED and in collaboration with other SO7 partners, USAID/APEP and USAID/SCOPE the pilot functioning warehouse receipt system was established with the Kapchorwa Commercial Farmers Association (KACOFA). The KACOFA warehouse receipt system has increased commodity deliveries in the warehouse exceeding the initial

expectations. By close of the quarter 400 MT of clean maize had been received in the warehouse. Under a SAF grant, the cost of collateral management for the first six months is paid for acting as a catalyst for the farmers to appreciate the importance and benefits of the system and subsequently pick up the cost after the pilot period. Stanbic, on the strength of a DCA guarantee, is providing 80% of the value of the receipts as a loan to depositing farmers. The first loan was booked on May 16, 2006.

- Efforts continued to broker a leasing facility for KACOFA to acquire essential maize processing equipment through DFCU. The equipment (drier and shellers) will be availed to KACOFA in the next quarter. After successful piloting in Kapchorwa, the system will be replicated at one or two additional locations in the coming quarter (most likely in Masindi and Lira).

### **Activity 3: Establish pilot price insurance for maize.**

- A meeting was held for various interested stakeholders in price insurance for maize. The development of a price insurance product will be pursued on two fronts: self insurance backed by reinsurance and self-insurance backed by a hedging instrument on the South African Commodity Exchange (SAFEX). Studying these two options will be undertaken in the coming quarter and the studies will likely be co-financed by GTZ/FSD.

### **Activity 4: Market commodity value chain maps.**

- Stemming from the sunflower value chain map exercise and in collaboration with Mukwano Industries, a feasibility study was conducted to establish a SACCO among the Lira sunflower outgrowers organized into clusters. This SACCO will rely in the short term on using savings products to finance production inputs and on short term lending to members for harvesting their crop. This SACCO should be underway in the coming quarter.
- Preliminary discussions were held with potential partners to undertake a value chain map for cassava. Emphasis on this commodity has been stepped up as Uganda's breweries have indicated strong interest as consumers of semi processed cassava. Value chain financing relies on identifying a terminal market and cassava shows strong promise. The mapping activity for this commodity will be done in May 2006.
- A successful and well-attended warehouse receipt round table was facilitated by consultant Ken Peoples,. The round table identified key issues that are critically important for successful warehouse receipt system. As a follow up of this round table, a Scope of Work was completed for training of staff of structured finance



**Lira Sunflower growers gather to discuss the proposed Mukwano SACCO, during the feasibility study.**

departments of selected banks which are keen to promote WRS activity. The training is scheduled for the next quarter.

- In collaboration with APEP, a Scope of Work was completed the feasibility of establishing a cotton price hedging instrument. The recruitment of a suitable consultant is underway for the consultancy planned for the next quarter.

#### **Activity 5: Promote utilization of DCA in financial institutions.**

##### **➤ 1<sup>st</sup> Multi Institutional DCA Program**

- Program usage has increased dramatically in value (if not in volume) with just over \$1.5million being placed mainly due to two large loans by Barclays bank. Allied is the only other bank with any activity.

1<sup>st</sup> Multi Institutional DCA Program Results

<b>Bank Name</b>	<b>DCA Portfolio Facility \$US</b>	<b>Number of loans</b>	<b>Value of loans \$US</b>	<b>% usage</b>	<b>% of Portfolio in Agric</b>	<b>Average size in \$US</b>
Allied Bank International	2,000,000	27	1,665,472	83%	21%	61,684
Barclays Bank Uganda	5,500,000	18	4,058,245	74%	32%	225,458
Centenary Rural Devt Bank	5,520,000	140	5,515,970	100%	33%	39,400
Citibank	500,000	1	278,552	56%	0%	278,552
Nile Bank	3,000,000	32	3,005,329	100%	8%	93,917
Stanbic Bank Uganda	6,000,000	15	5,597,261	93%	82%	373,151
Standard Chartered Bank	4,000,000	29	3,999,984	100%	27%	137,930
<b>Total</b>	<b>26,520,000</b>	<b>263</b>	<b>24,120,813</b>	<b>91%</b>	<b>39%</b>	<b>91,714</b>

##### **➤ 2<sup>nd</sup> Multi Institutional DCA Program**

- A DCA presentation was made to Stanbic's retail banking credit department. The retail banking unit is responsible for SME portfolio of the Bank. The bank has since placed a facility on the program and has several in the pipeline.
- Current usage has grown by 33 to 119 in volume and by \$625,000 to \$2.8 million in value. The average loan size continues to fall and is now \$23,000, down by \$1,000 from last quarter.
- The recommendations from the audit report have been attended to specifically:
  - Utilization targets for the participating banks have been set with the exception of Standard Chartered Bank.
  - A monitoring program that includes on site visits to both the banks and the program beneficiaries has been established and will become effective early in the next quarter

- De-obligation of the unutilized Citibank limit and its re-obligation to another institution is being handled collaboratively with the Mission.
- Discussions on how much information should be collected from the banks is still being negotiated with the auditors in order to maintain a balance between what is essential information to be collected without over burdening the participating banks

### 2<sup>nd</sup> Multi Institutional DCA Program Results

Bank Name	Portfolio Limit \$US	Number of loans	Value of loans \$US	% usage	% of Portfolio Rural	Average size in \$US
Centenary Rural Development Bank	3,000,000	68	1,461,250	49%	50%	21,489
Nile Bank	4,000,000	17	1,013,536	25%	4%	59,620
Stanbic Bank Ugnada	2,750,000	1	16,556	1%	100%	16,556
Standard Chartered Bank	4,000,000	1	49,451	1%	0%	49,451
Uganda Micro Finance Union Ltd	2,000,000	32	262,654	13%	46%	8,208
<b>Total</b>	<b>15,750,000</b>	119	2,803,447	18%	33%	23,558

#### ➤ Collateral Managed Guarantee Program

- Stanbic has placed one loan to KACOFA a maize farmers group in Kapchorwa, who had earlier been mentored by APEP.
- Barclays also has two facilities to the bigger grain traders in the pipeline; they however have not yet paid their origination fees activating the program an oversight which will be remedied in the next quarter.
- Some difficulty is being encountered in getting full commitment of participation in both the collateral management and 2<sup>nd</sup> Multi Institutional program, from Standard Chartered bank. Obligation fees have not been paid and their commitment for usage is in question. Their position on both guarantees will be confirmed in the next quarter

## Collateral Managed Guarantee Program Results

Bank Name	Portfolio Limit \$US	Number of loans	Value of loans \$US	% usage	% of Portfolio Rural	Average size in \$US
Barclays Bank Uganda	4,170,000	0	0	0%	0%	0
Stanbic Bank Uganda	3,314,000	1	193,157	6%	100%	193,157
Standard Chartered Bank	4,170,000	0	0	0%	0%	0
<b>Total</b>	<b>11,654,000</b>	<b>1</b>	<b>193,157</b>	<b>2%</b>	<b>2%</b>	<b>193,157</b>

### ➤ **DCA Training**

Five loan officers from four participating banks, (Allied, Barclays, Nile and Stanbic) attended a five day trade finance training in Pretoria, South Africa. The training was organized by the DCA office in Washington for participating banks in the Africa region and the Ugandan participants were facilitated by Rural SPEED. The officers' impression of the trip can be summarized in the words of Stephen Magimbi who was the attendee from Barclays Bank "we indeed enjoyed ourselves and are practicing the Trade Finance Knowledge acquired. The USAID –Rural Speed project, thanks for this well thought out idea and keeps the spirit up".

### **Activity 6: Adapt and disseminate the Performance Monitoring Tool (PMT).**

- Continuing work with GTZ/FSD and AMFIU; the technical working group has finished its design of the revised PMT. It is currently being programmed and the alpha version should be completed in April.

### **KRA 1.2: Strategic Partnerships between Financial Institutions Strengthened.**

**Strategy.** Promote and support formalization of the linkage banking between regulated and non-regulated financial institutions based on comparative advantage of the partnership arrangement, through reduced transaction costs for larger institutions and increased access to products and services by microfinance institutions.

### **Accomplishments this quarter:**

#### **Activity 1: Support SACCOs to become viable regulated financial institution partners.**

- In March, 18 SACCOs were trained and individually mentored in delinquency management, risk management and internal controls building on the Financial Management training during the last quarter. Three officials from each SACCO (Chairperson Loans Committee, Loans Officer and the Manager) were trained in the causes and effects of delinquency and, more importantly, in methods of reducing delinquency. Each participating SACCO made a practical delinquency

management plan for use in their institutions that will further serve as a framework for USAID/Rural SPEED to monitor our partners' progress going forward.

- A needs assessment was made for SACCO MIS to enable their improved performance, outreach and increase suitability for linkages. Given the reality of the current Uganda-wide energy crisis, focus was shifted this quarter from simply procuring MIS hardware and software toward providing solutions that would both consume the lowest amount of power and use low cost alternative power sources. A study was launched at the end of March to assess the best MIS solutions for SACCOs, from a constrained power supply perspective, and procurement will take place in the coming quarter.
- As part of routine support, field level mentoring for the partner SACCOs has been an on-going activity throughout the quarter. Project staff have also attended partner annual general meetings and kept weekly contact with SACCO boards and management.
- As a way of building strong institutional networks and harmonization of activities, Rural SPEED technical team held two meetings with the Commissioner of Cooperative Development concerning effective regulation of SACCOs. He has requested cooperation in issues of operation and governance of SACCOs.

### **Activity 2: Promote regulated financial institutions' understanding of SACCOs through Due Diligence Tool.**

- The Due Diligence Tool was formulated to be adapted as a common sound-practice-based tool for screening SACCOs by interested stakeholders for various reasons. So far, it has been applied in all the partner SACCOs for screening purposes. At the request of partner commercial banks and MDIs a SOW was written to provide for Training on the tool which will take place in the next quarter.

### **Activity 3: Stimulate demand for linkages and facilitate linkage relationships.**

- MDI/SACCO and Bank/SACCO linkages were pursued through meetings with senior managers of all concerned institutions. Currently, five SACCOs have been identified for MDI-SACCO relationships for mobilization and management of savings.
- During February, Rural SPEED hosted a meeting of donors, commercial banks, MDIs and other stakeholders on linkage banking relationships. A number of issues on strengthening linkage banking relationships were discussed and will be followed up in the next meeting due in the next quarter.

#### **To Apex or not to Apex; that is the question...**

- Given market demand for improved support to SACCOs through a union organization in the Ankole Region, USAID/Rural SPEED commissioned a high quality feasibility study.
- The study concluded that formation of a SACCO Union is not feasible at this time because most SACCOs are generally still weak and lack the capacity to financially support such a Union despite the high demand Unions services.
- The largest impediment cited was subsidized donor funding which eroded the potential members' willingness to pay for Union services.
- The study had two additional useful impacts:
  - Politicians pushing this untimely idea became better informed and endorsed the study and;
  - The qualified need for better paid auditing services was identified as a high SACCO priority which USAID/Rural SPEED will help them realize.

**Activity 4: Provide centralized service centers for SACCOs to facilitate inter-SACCO lending.**

- During February, an international four member team conducted a feasibility study for establishing a Union of SACCOs for Ankole region (see box right).
- The study recommended that Rural SPEED continue to strengthen SACCOs through capacity building mainly in the areas of training and audit services.

**KRA 1.3: Savings Mobilization Increased.**

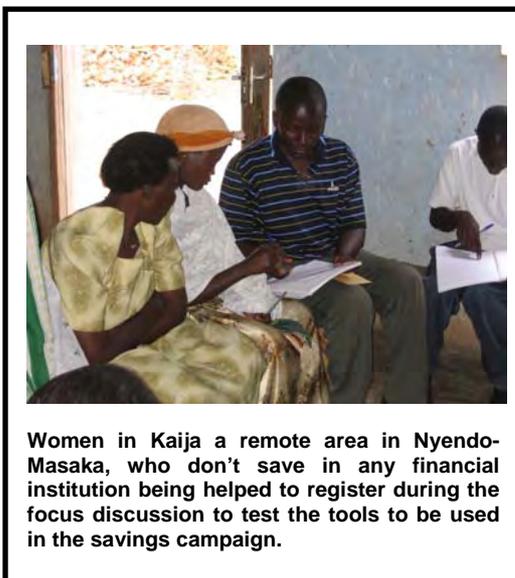
**Strategy.** Building on the saving needs-assessment; evaluate and enhance saving product supply and operations through workshops, information exchange meetings, and practical research.

**Accomplishments this quarter:**

**Activity 1: Establish and maintain collaboration with partners.**

- Relationships have been maintained with partners. Meetings were held with MicroSave staff to strengthen the working relationship and regular updates of programs have been going on. Specifically, collaboration with MicroSave for a planning training with the four MDIs will be realized in the coming quarter.
- The relationship to CGAP continues to be strengthened and Rural SPEED's Technical Team has been deeply engaged in the final editing of CGAP's savings sector study to be released in the coming quarter.

**Activity 2: Implement savings public information campaigns.**



- Under a competitive RFP Lowe SCANAD was selected to manage the broad based savings mobilization campaign. Messaging tools including posters, logos, taglines, colors, radio skits, radio adverts and "piggy bank" were tested in East, Central and Western Uganda.
- The communications strategy was used to identify tools to use for target audience and to adhere to the USAID branding guidelines. The campaign is an opportunity to promote and encourage savings in the rural areas of Uganda and also saving in an authorized financial institution

**Activity 3: Build institutional capacity of FINCA Uganda to develop improved savings services.**

- FINCA is considering embarking upon Linkage Banking activities and a SAF request in in the pipeline to that effect. This activity is targeted to recruit at least 5 SACCOs

- FINCA responded to the savings mobilization RFP and a grant was approved to facilitate their savings mobilization campaign. Planning for this activity has commenced and roll out will take place in the coming quarter.

**Activity 4: Assist development and piloting of savings services for UML.**

- A SAF approval was granted for UML to fund savings mobilization activities. Based on a study from MicroSave and based on Rural SPEED’s saving study of last year, UML’s proposal addressed the UML–SAVE strategy campaign for savings mobilization. This strategy covers training staff in customer care, recruiting of 10 marketing executives and re-branding of 10 UML rural branches to improve on corporate image.

**Activity 5: Facilitate development of savings services for U-Trust.**

- A SAF approval was granted to U-Trust who responded to an RFP on savings mobilization. The grant is to fund the pilot testing and rolling out of two savings products. The new products are Fixed Deposit and Easy Access Accounts. The implementation plan for activating these products and their promotion is still under review and should be under way

**Other Savings Activities:**

- Ikongo SACCO began a Savings Mobilization Campaign funded by a SAF grant. It is anticipated that other partner SACCOs will follow suit with this mission critical activity.
- U-Trust, FINCA, PRIDE and UML participated in a one day Treasury Management refresher workshop. Following the workshop, all but PRIDE opted to participate in a mentoring program. Joakim Bald from Bank Academy specifically addressed the treasury function within each MDI as growing the liability side of the balance sheet is new and uncharted territory. Regular and continuous follow up will be made with each MDI on their Treasury Management strategy for the balance of the project.



**Some of the participants from FINCA, UML, U-Trust and Pride take a group photo after the Treasury Management Training prepared by USAID/Rural SPEED in March 2006.**

**AIR 2. Increased Innovation to Products and Services Delivery Mechanisms.**

**KRA 2.1: Service Delivery Mechanisms Expanded.**

**Strategy.** Collaborate with KRA 1 staff to gauge institutional requirements while simultaneously investigating feasibility of new delivery mechanism; pursue those delivery mechanisms with potential for sustainable deployment with partner institutions.

## **Accomplishments this quarter:**

### **Activity 1: Develop funds transfer system for rural area using SIMBA retail outlets as access points.**

- SIMBA's funds transfer system has been defined in terms of three distinct activities, each with its own scope of work:
  - Process modeling
  - Design & analysis
  - Development, testing and deployment.
- An RFP for phase 1: Process Modeling led to the selection of local business consulting firm Enlaiten to perform the work (to be completed by mid April).
- Local firms Mountbatten and True African have been identified as suitable suppliers for phases 2 and 3 respectively and will begin work immediately upon the successful completed of the preceding phase.

### **Activity 2: Establish a rural dairy sector financial services access points with UML and Land O'Lakes.**

- Rural SPEED support is contingent upon BOU approval for extension of these proposed access points. BOU has in principle raised no objection for the development however a formal letter to this effect is required and expected to be received early next quarter.

### **Activity 3: Develop sub-branch/mobile banking capabilities for FINCA.**

- As stated in the previous quarters report, FINCA has decided not to pursue this option any further.

### **Activity 4: Develop a strategy for increasing financial services access points using a Point of Sale Strategy with Commercial Microfinance.**

- Under a SAF request, CMF has proposed to pilot test an alternative outreach expansion strategy. The first phase involves the use of point of sale (POS) technology to establish a POS cluster around the Mbale branch. The POS cluster is expected to provide services to their clients in eight areas, surrounding and in proximity to the new branch.
- Based on the success of the pilot, phase two would involve the roll out of this strategy to other parts of the country.
- Approval for this initiative is contingent upon approval from the Bank of Uganda. CMF has already begun discussions with BOU and is optimistic that approval will be obtained early in the next quarter.

## **Other Services Delivery Mechanism Activities:**

### **Telephone Banking**

- In the quest for appropriate technology for delivery of financial services into the rural areas, a SOW for a feasibility study on mobile telephone banking access was drafted and consultants identified to prepare a credible estimate on the rural

market segment size (number of customers, transaction sizes and volumes) and the cost to service those clients via mobile telephone access technology.. The idea is to create awareness around the potential impact of a mobile telephone banking delivery channel on the rural population. The study will take place during May 2006 with final report and presentation to be delivered in early June, 2006.

### **PRIME application**

- Two applications were prepared and unfortunately denied funding under EGAT PRIME fund:
  - Funding to support an RFP to banks rolling out mobile telephone banking access services for the benefit of rural clients (as an intended follow-up to our study of this innovation).
  - Funding to support an RFP to financial institutions wanting to deploy point of sale (POS) technology for the benefit of the rural population.

### **KRA 2.2: New Products Development.**

**Strategy.** Identify new rural product and service opportunities within partner institutions; confirm delivery cost reductions and sustainability through piloting activities; roll-out those products and services with confirmed sustainability potential.

#### **Accomplishments this quarter:**

#### **Activity 1: Develop capacity of rural financial service providers to offer agricultural loan products.**

- Under a SAF grant Muhame SACCO conducted a survey and developed a short-term agricultural loan product for matooke bicycle traders. The 1 - 5 days premier loan product termed Rapid Sales (“Tunda Jubba”), the first of its kind in Uganda, is expected to be launched early next quarter. This is a very promising product that is low risk and highly liquid which should in the short term interest 1,000 new borrowers The loan product is replicable to both agricultural and non-agricultural commodities which have rapid turnover rates
- Kyamuhunga SACCO, under an approved SAF grant, is researching two new loan products for rice and vegetable production and marketing. These products will be piloted in the coming quarter.

#### **Activity 2: Assist U-Trust to implement innovative low cost housing loan program.**

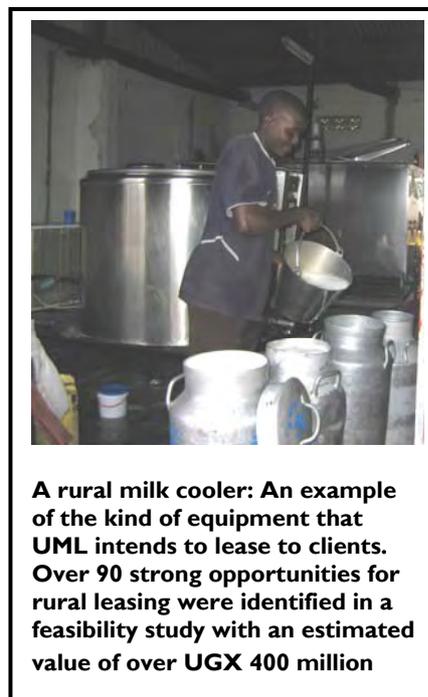
- As part of the SAF support to U-Trust Rural SPEED contracted an international housing finance expert, Helen Dunlap, to review the innovative low cost housing loan program
- Preliminary findings established that there were problems with the product design. There hadn't been a single house constructed up to the time of the review. Conceptually, U-Trust had developed a product for the provision of low cost housing and entered into an agreement with a contractor to construct the houses. U-Trust's management has shown considerable enthusiasm for the product and is

in our estimation genuinely interested in finding a way to assist their clients with improving their living conditions.

- Based on the final reports recommendations and U-Trust management decisions, during the next quarter, Rural SPEED will closely work with U-Trust to redesign and re-pilot an appropriate housing loan product for low income communities.
- A housing workshop on the theme “Housing Finance: A Vehicle for Economic Development” was presented by Helen Dunlap to explain how Ugandan Financial Institutions can benefit from successful experiences in other emerging economies. It was attended by representatives from financial institutions and development partners and resulted in an article mentioning Rural SPEED/USAID in the local news papers.

### **Activity 3: Build capacity of rural financial service providers to provide micro leasing products.**

- Under a SAF request and in collaboration with DANIDA’s Agricultural Business Development Component of the Agricultural Sector Program Support, Rural SPEED agreed to provide technical assistance for the design of a micro-leasing product for Uganda Microfinance Limited.
- A feasibility study proved that there was indeed a large market for micro-leasing products and design for the pilot, launch and roll-out of a micro-lease product took place.
- Based on the consultant’s recommendations and the leasing manager’s experience, UML is undergoing internal reorganization in order to ensure the commencement of the pilot within the first two months of the next quarter.



### **Activity 4: Develop partnership between insurance provider and rural financial institution.**

- During detailed product development discussions with Microcare Health, Uganda Microfinance Limited and Business Part/USAID it became apparent that the originally envisioned savings product with complementary health insurance would potentially result in risk pooling that would cause larger than expected claims for health insurance benefits. The issue was determined to be the root cause of this risk pooling was UML’s insistence that the product be offered as an individual savings product to new clients, whereas Microcare Health had envisioned a group based saving product, where the group mechanism would work to prevent risk pooling of sick clients.
- Rural SPEED is in ongoing discussions with its three MOU partners on how to redesign the product (still with a view towards encouraging new savings clients) in a way that is acceptable by both insurer and financial institution.

### **AIR 3. Program Management and Monitoring and Evaluation.**

#### **KRA 3.1: Efficient Program Administration.**

**Strategy.** Closely follow well-established Chemonics policies and procedures for managing USAID projects; promote Special Activities Fund for highest program enhancement.

#### **Accomplishments this quarter:**

##### **Activity 1: Effective personnel management.**

- Annual performance reviews were completed

##### **Activity 2: Provide effective contract administration.**

- Contract continues to be managed as agreed.
- As it was identified that the 2006 obligation of funds is not as projected, Rural SPEED submitted a proposal to reduce it near term expenditures. Discussion with USAID were undertaken where

##### **Activity 3: Develop and maintain smooth operational procedures.**

- During the quarter, a general staff meeting was held to re-orient staff with specific areas in Rural SPEED policies and procedures manual, salient issues raised by staff where addressed for smooth operational procedures.

##### **Activity 4: Efficient financial management of project.**

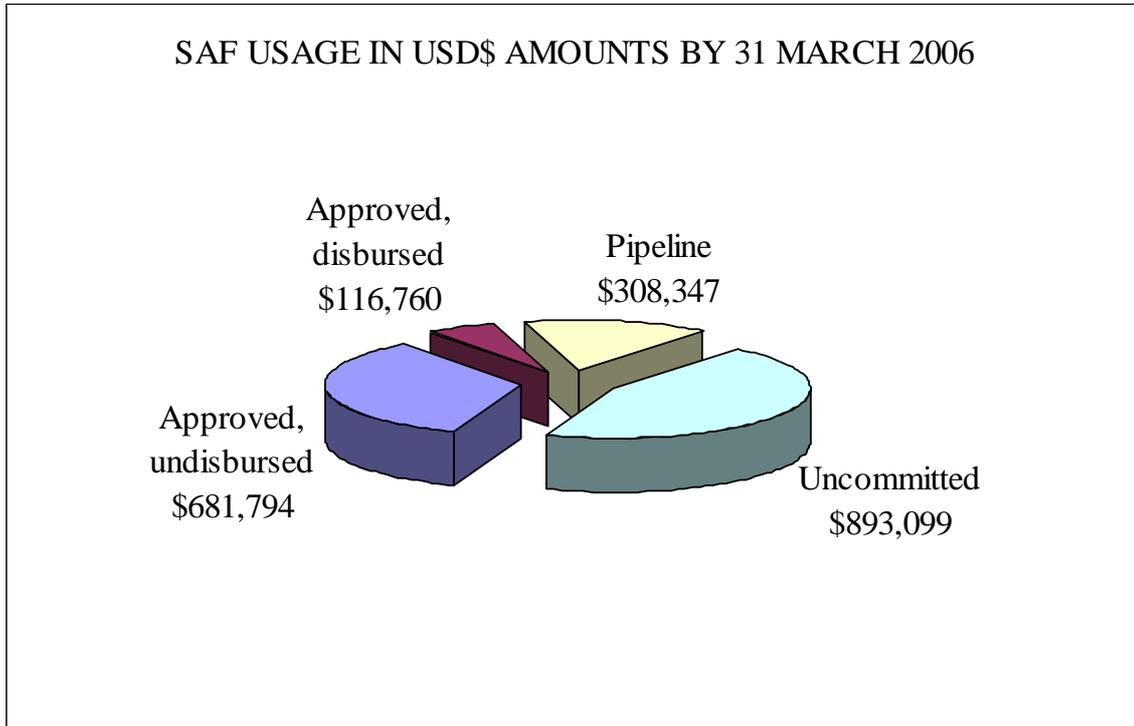
- Compliance with the USAID and Chemonics Office accounting regulations and procedures is effected.
- Management systems for grants and subcontracts is in place and in line with the USAID regulations.

##### **Activity 5: Implementation of Special Activities Fund (SAF)**

- The newly recruited SAF manager started working at the beginning of the quarter. The approval process was streamlined with the introduction of the SAF Technical Review Document which is now being used for all SAF related write ups.
- There has been an increase in the number of SAF awards during the last quarter with 10 awards made during the period. Grants were awarded to MDIs, Microfinance institutions and SACCOs for savings mobilization, development of new technologies, institutional capacity building, extension of financial services to previously un-served rural areas, and new product development.
- Included in the pipeline of USD\$308,347 are two proposals totaling \$210,991 that have been reviewed by Rural SPEED and submitted to USAID for approval leaving the pipeline at only \$97,356. The reduced pipeline balance is a clear manifestation of the accelerated turn round time of the proposal review process.
- Total approvals to date is \$1,009,545 which is slightly over 50% of the \$2million current SAF budget.

Below is summary status report relating to applications and approvals from the SAF

Period	Concept/Application letters received	Rejections at concept paper	Rejection at application	Applications under review	Awards
Cumulative total	163	124	14	7	18
This Quarter	32	11	5	6	10



### **KRA 3.2: Knowledge Management System**

**Strategy.** Continuously identify and capitalize on opportunities to present results of Rural SPEED via project partners and success stories; develop sound media relations; coordinate with other projects to maximize impact.

#### **Accomplishments this quarter:**

##### **Activity 1: Communications strategy implemented**

- Press releases for the Housing Finance and Warehouse Receipts were distributed resulting in articles in both the Monitor and New Vision.

##### **Activity 2: Manage program website**

- The website is populated regularly.
- Photo gallery development continues and is uploaded regularly.

**Activity 3: Maintain inter and intra project communication systems**

- Regular communications with complementary projects took place.

**KRA 3.3: Program Monitoring and Reporting Needs Met.**

**Strategy.** Effective use of project resources for collection and reporting of results.

**Accomplishments this quarter:**

**Activity 1: Maintain accurate monitoring and reporting system.**

- Continued to apprise the technical staff on data collection requirements, methodology, reporting cycles and review of PMP Indicators.
- Continued interaction with project partners to insure reporting compliance. Have provided the necessary training, interpretation and understanding of their data requirements thus improving on accuracy and envisaged quality reporting.
- Accurate and updated Monitoring and Evaluation system was maintained through effective and regular data collection.
- Continued update, management and maintenance of the Workplan Management Tool; a tool designed to monitor the life of project progress.
- A good communication link with MEMS Project was maintained during the period.

## Performance Monitoring

As described in our Performance Monitoring Plan, Performance Monitoring is a key management function that helps us monitor progress and evaluate results to determine whether or not an activity is moving toward its intended goal or impact. A mix of performance and impact indicators are used to capture project impacts, provide a picture of implementation progress, and provide input to the Mission's SO7 Result's Framework.

The data is collected using a distributed approach where all the technical staff and project partners are responsible for collecting the data. This process is coordinated by the M&E Specialist who then consolidates, ensures quality and integrity and analyses it for reporting and monitoring progress.

The past six months, Rural SPEED has transitioned from the start-up phase to realize moderate results. The results emerge from synergies of both technical components (Increased Access to Rural Financial Services and Increased Innovation to Products and Service Delivery Mechanisms) working together to achieve project targets. It also reflects the project's growing reputation for quality services and expertise in its respective fields.

However, we take note of factors beyond our control that stagnated some of our indicator results but do not in any way reflect a negative impact of our intervention to our partners. These include:

- The overall economic contraction in Uganda has negatively impacted the operations of the micro and small entrepreneurs, the primary clients of Rural SPEED partner institutions.
- Many of our partner-clients engage in agricultural activities and the recent drought has affected their productivity resulting in reduced volumes of produce. This puts both the client and the financial institution at risk of borrowing and lending respectively, thus reducing on agricultural finance and savings portfolios. This has had an immense negative impact on our SACCO partners.
- The shortfall in electricity generation has slowed down production in many institutions where expensive alternative power sources have been used thus increasing operational costs thereby limiting their ability to borrow.
- FINCA, the first Micro-deposit taking institution (MDI) to be licensed in December 2004, has showed a steady progress post-transformation with a considerable increase in their portfolio. A case in point is the number of borrowers from the baseline figure of 41,290 in June 2005 to 48,806 in March 2006 representing an 18% increase. The other 3 MDI's (PRIDE, U-TRUST and UML) having been licensed mid 2005, still struggle with transformation compliance issues and their client declines (collectively by 13% on average) more than erode the solid growth performance showed by FINCA. Notably important in this process is re-organizing and re-installing proper Management Information Systems (MIS) as required by Bank of Uganda. In the installation, many of the former client totals were reexamined and found to be inflated.

- For ease of measuring “new” as per some of our indicators, it is a monitoring and evaluation practice that the difference between the baseline figure and the current quarter figures is cited as an increase or “new” for that reporting period. Whereas this has been the practice, we have found it to be inaccurate particularly when overall client numbers are contracting as it calculates a change in portfolio balance and not necessarily a ‘new’ activity. As our partners have no capacity to track new numbers in a particular quarter, we are forced to continue with this practice and occasionally post a negative number as seen in the following chart.

However, despite all these challenges, the project achieved many notable outcomes as outlined below:

- Whereas the project is not required to report on the Number of Members of SACCO institutions supported by Rural SPEED, it’s worth noting that the total number increased from the baseline figure of 24,562 to 33,024 for the period ending March 2006 representing an overall 34% increase. This is attributed in part, to trainings and mentoring programs conducted by the project.
- The weighted average of Portfolio at risk of over 30 days has continued to show good results with this period declining to <5.86%
- A total of 19 private-public partnerships have been formed since the project started. We believe that the project will achieve it’s Year 2 target of 30 in the next quarter(s) for this indicator.
- The number of associations assisted by Rural SPEED stands at 83 from 61 as at October 2005 representing 36% increase and 66% increase over projected Year 2 targets.
- The number of savers has increased from the baseline total of 297,804 to 326,821 for the period ending March 2006 indicating a 10% increase. With the savings mobilization campaign coming up in the next quarter(s), this figure is expected to increase substantially.
- The number of persons attending Rural SPEED supported trainings has increased from 510 in October 2005 to 726 by an outstanding 42% and surpassed Year 2 targets by 21% increase.
- The leveraging of resources received from other organizations and partners amount to US\$ 486,041. However, the activities scheduled for the next two quarters increase this number tremendously.

### Consolidated list of Indicators with March 06 and Year 2 Target Figures

Ind.	Indicator Name	Unit	Mar 06	Y2 Targets
1	Weighted Average of PAR (over 30 days)	%	<5.86%	<6%
2	Number of institutions using the adapted PMT*	#	0	25
3	Number of private-public partnerships formed*	#	19	30
4	Number of new borrowers	#	(9,049)	39,000
5	Value of new loans	UGX	2,160,557,203	14,000,000,000
6	Number of associations assisted*	#	83	50
7	Number of agricultural firms assisted*	#	8,554	23,400
8	Effectiveness of assisted financial institutions	index	Annual Measure	Improved
9	Value of new agricultural loans	UGX	(122,124,136)	2,800,000,000
10	Number of linkages established*	#	1	7
11	Number of new savers	#	29,017	62,000
12	Value of savings	UGX	30,179,523,741	37,800,000,000
13	Number of innovation roll-outs*	#	0	2
14	Number of new agricultural technologies made available*	#	0	3
15	Number of smallholders adopting new technologies*	#	0	1,500
16	Number of new rural financial services delivery points*	#	1	40
17	Number of new service-delivery mechanisms piloted*	#	0	2
18	Number of new products piloted*	#	1	4
19	Number of mechanisms and products that have been R&D*	#	3	13
20	Number of persons-attendance in training*	#	726	600
21	Amount of resources leverage by Rural SPEED*	USD	486,041	750,000