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## RURAL SPEED 2007 WORK PLAN



**October 2006**

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# Rural SPEED

Rural Savings Promotion & Enhancement of Enterprise Development

## FINAL WORK PLAN OCTOBER 2006-NOVEMBER 2007

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

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## SECTION I

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### ACRONYMS AND ABBREVIATIONS

ABDC	Agro-Business Development Component (DANIDA)
ACDI/VOCA	Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ADF	African Development Foundation
ADP	Ankoli Dairy Producers
AIRs	Activity Intermediate Results
AMFIU	Association of Microfinance Institutions of Uganda
APEP	Agricultural Productivity Enhancement Program
ASPS	Agricultural Sector Programme Support (DANIDA)
BOU	Bank of Uganda
CERUDEB	Centenary Rural Development Bank
CDO	Cotton Development Organization
CMFL	Commercial Microfinance Limited
COP	Chief of Party
DANIDA	Danish International Development Agency
DCA	Development Credit Authority
DFID	Department for International Development (UK)
FMCGs	Fast-Moving Consumer Goods
FEWSNET	Famine Early Warning Systems Network
FI	Financial Intermediary
FINCA	Foundation for International Community Assistance
FMCG	Fast Moving Consumer Goods
FSD	Financial Sector Deepening (GTZ)
FSDU	Financial Services Deepening Uganda (DFID)
FTCU	Feed the Children Uganda
GOU	Government of Uganda
GTZ	German Development Program (Deutsche Gesellschaft für Technische Zusammenarbeit)
IR	Intermediate Results
IT	Information Technology

KRA	Key Result Areas
LDD	Light Due Diligence
LOL	Land O'Lakes
LOP	Life of Project
MDIs	Micro-Deposit Taking Institutions
MFPED	Ministry of Finance, Planning and Economic Development
M&E	Monitoring and Evaluation
MFIs	Microfinance Institutions
MIS	Management Information System
MOP	Microfinance Outreach Plan
MOU	Memorandum of Understanding
MSMEs	Micro, Small and Medium-sized Enterprises
MTTI	Ministry of Tourism, Trade and Industry
PAR	Portfolio at Risk
PMA	Plan for Modernization of Agriculture
PMS	Performance Monitoring System
PMT	Performance Monitoring Tool
POs	Producer Organizations
POS	Point of Sale
PEAP	Poverty Eradication Action Plan
PMP	Performance Monitoring Plan
PMT	Performance Monitoring Tool
POS	Point of Sale
PRIME/West	Productive Resource Investments for Managing the Environment/West
PSDP	Private Sector Development Programme
R&D	Research & Development
RATES	Regional Agriculture Trade Expansion Support Program
RFA	Request for Applications
RFEs	Rural Financial Entities
Rural SPEED	Rural Savings Promotion & Enhancement of Enterprise Development
SACCOs	Savings and Credit Cooperative Organizations
SAF	Strategic Activities Fund
SCOPE	Strengthening the Competitiveness of Private Enterprise
SO	Strategic Objective

SPEED	Support Private Enterprise Expansion and Development
STTA	Short-Term Technical Assistance
UCA	Uganda Cooperative Alliance
UCE	Uganda Commodity Exchange
UCSCU	Uganda Cooperative and Savings Credit Union
UML	Uganda Microfinance Ltd. (formerly UMU)
U-TRUST	Uganda Finance Trust
WFP	World Food Program
WRS	Warehouse Receipt System

## SECTION II

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### INTRODUCTION TO THE RURAL SPEED PROGRAM

#### A. Contract Background

From a stakeholders' workshop on rural financial services that included partners in the private and public sectors, development partners, the NGO community, and the banking sector, and taking into account SO7's other economic growth activity design documents, USAID's Economic Growth Strategic Objective identified four key activity areas needing attention to promote growth in rural financial services:

- 1) savings mobilization,
- 2) service delivery mechanisms,
- 3) agricultural finance, and
- 4) new products.

Rural Savings Promotion & Enhancement of Enterprise Development (Rural SPEED) emerged as a narrowly defined yet integrated strategy for deepening and strengthening finance services in rural areas of Uganda, based on the aforementioned key areas. This program provides the link between USAID projects and Ugandan financial intermediaries, particularly in the rural communities. The technical approach builds links between the productive sectors (e.g. agriculture, environment, health) that might add to sustainability of the activity while considering a myriad of financial institution types, allowing market needs to dictate level of sophistication and need. Inherent in this approach is the need to consider innovative technologies to cost-effectively address the needs of Uganda's rural communities.<sup>1</sup>

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 826, on November 11, 2004.

The objective of Rural SPEED 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 programs in rural areas. The resulting increase in economic activity is designed to help Uganda achieve economic growth rates in Uganda's Poverty Eradication Action Plan (PEAP).

This third and final year work plan covers the period October 1, 2006 through the contract end on November 9, 2007.

#### B. Program Description and Approach

Since 1987, when the Government of Uganda (GOU) instituted major economic policy reforms, the financial sector has become increasingly efficient, productive, and competitive. Uganda is well on its way to a vibrant financial services sector, with 15 commercial banks,

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<sup>1</sup> "Rural" is defined as any location outside of the Kampala, Jinja and Entebbe urban centers.

seven commercial credit institutions, four licensed micro-deposit taking institutions (MDIs) (one additional license is in process), numerous microfinance institutions (MFIs) and over 650 identified member-owned financial institutions. However, despite recent growth and liberalized economic policies, at the beginning of the Rural SPEED program in November 2004, only 10 percent of the rural population had access to basic financial services and the formal and informal financial sectors were in dire need of structural changes to provide the range of financial services that individuals and businesses require. Commercial lending and the majority of microfinance activities were primarily confined to urban and peri-urban areas due to the high cost of rural outreach. In addition, interest rates were high, adequate forms of collateral did not exist due to continuing disorganization within the land registry system, and there was a perceived lack of accountability of Tier 4 institutions such as savings and credit cooperative organizations (SACCOs) and savings and loan associations (SLAs). To stay true to goals set in the GOU's PEAP to achieve an economic growth rate of seven percent to eight percent and reduce poverty to 10 percent by 2017, all citizens, especially the poorest, must benefit from economic growth and have access to financial services.



Rural SPEED's innovative savings campaign – which reached rural Ugandans through radio, print and live road shows – resulted in an increasing number of clients for the project's partner financial institutions, who now are expanding their services and products in rural areas.

The USAID/Uganda 2002-2008 Strategy calls for expanded sustainable economic opportunities for rural sector growth, promoting a connection between productive strategies by the private sector in rural areas and expansion of financial services sector. Rural SPEED was designed to help meet this goal.

Rural SPEED has worked to address most of the constraints listed above, specifically having significant impact in strengthening financial institution operating capacities, promoting rural outreach, demystifying agricultural finance, and broadening the savings mindset of rural consumers. In the final year of the program, Rural SPEED's interventions will bring to conclusion the activities to link formal financial institutions, introduce innovative services delivery mechanisms, launch new products, and see an overall strengthening and expansion of access to financial services in the rural communities of Uganda. The integrated approach to promote synergies with other donor programs and program partners to leverage more meaningful impacts will continue, as will the program approach to be demand driven and systematized to yield sustainability.

Rural SPEED is the financial cog in an intricate series of program wheels and our guiding principles remain:

**Innovation.** As rural finance is a cutting edge sector, lacking established best practices, Rural SPEED recognizes the need to be innovative to be effective in its approach to expanding financial services into rural Uganda. Extensive donor support has yet to demonstrate sustainable delivery mechanisms for financial services into smaller rural communities. Rural SPEED will implement innovative ways to fill the gaps in the service support niches not yet occupied by donor-supported activities. By linking Rural Financial Entities (RFEs) with agriculturally-based clients (many already receiving support from USAID-funded projects like the Agricultural Productivity Enhancement Program (APEP) and Productive Resource Investments for Managing the Environment/West (PRIME/West)), coordinating the donor activities in the sector, and utilizing appropriate technology to create new efficiencies, the program will ensure maximum impact in increasing the use of rural financial services by rural producers, micro, small and medium-sized enterprises (MSMEs), and MFIs.

**Deeper rather than broader.** Sector focus will drive much of the work undertaken by Rural SPEED. Although some of the program's tasks will address larger, more systemic challenges in the financial services sector, Rural SPEED will engage in tasks for specific agricultural sectors and non-farm income generating activities to ensure a solid rural orientation to our activities. By being selective in its interventions, Rural SPEED will be able to achieve greater impact in developing models which can later be replicated in other locations and sectors as was done with the warehouse receipts program.

**Demand driven.** One of the best ways to ensure success in implementation is to base activities on the needs of the market. Rural SPEED has designed interventions that are responsive to the needs of its partner institutions as well as to the market at large. To encourage financial institutions to move into rural and agricultural lending, Rural SPEED will continue to find ways to involve the financial community in designing the financing mechanisms for these opportunities.

**Assuring Sustainability after Rural SPEED**

In this last year of the work plan, all activities are undertaken with the end in mind.

All interventions are coupled with appropriate follow on or exit strategies to allow momentum to continue after November 2007.

**Results oriented.** Rural SPEED will "begin with the end in mind." Only activities with potential tangible outcomes are proposed. In this last work plan year, all activities are defined with actionable outputs yielding results contributing to the SO7 Result Framework (see page 13). As such, consistent monitoring and evaluation of activity progress and continued prediction for results will be undertaken and insure that program partners adhere to a stringent implementation schedule to see that key activities conclude within the project life.

**Demystify rural markets.** At the beginning of this program, few financial institutions wanted to lend to the agricultural sector or establish banking facilities in a village. Both a challenge and focus of Rural SPEED was to specifically identify and communicate genuine rural finance opportunities. Rural SPEED will continue to inform on how to manage risk points while promoting new products and service mechanisms. Additionally, the program will bridge the knowledge gaps that exist between the larger regulated financial institutions and smaller rural Tier 4 institutions. Not only will Rural SPEED assist the commercial banks and MDIs to understand their rural cousins, but will actually link them so they can work together in a mutually profitable manner.

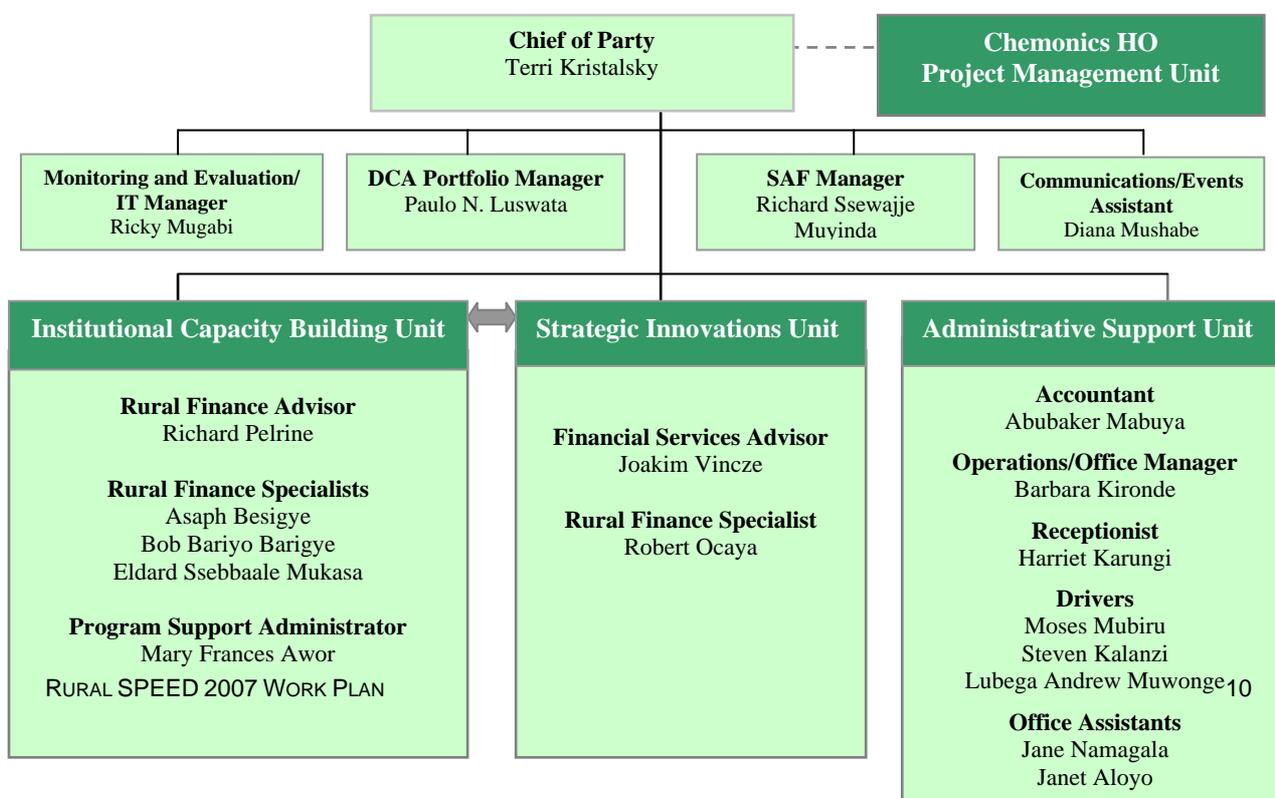
**Integrated.** Through its close collaboration with other donors, projects, NGOs, and GOU institutions, Rural SPEED will ensure USAID’s continued leadership role in the rural finance sector by promoting positive coordination and collaboration in a sometimes crowded and divergent donor environment. Leveraging resources with donors and other donor-funded projects will be crucial to this principle. Further, linkages with other SO7 partners are integral and described below. Internal program coordination will ensure that activities under different Key Result Areas (KRAs) will be able to build on each other’s successes.

**Cost-effectiveness and sustainability.** It is imperative to ensure that scarce development resources are managed in the most efficient and effective manner. Rural SPEED is committed to using its resources as creatively as possible to maximize the impact that its activities will have on the rural populations. Given that there are thousands of financial services providers in Uganda, Rural SPEED has neither the resources nor the time to work with each one of them. To ensure the provision of correct support to an appropriate range of RFEs, the program established a set of criteria to assess its program partners. This will ensure that support is targeted to maximum impact with the greatest potential for sustainable rural outreach. Support also comes with an appropriate amount of cost sharing from the partner organization to ensure that they are invested in the intervention financially and as part of their organization’s mission.

### C. Rural SPEED Program Team

During the past year there were several staffing changes at Rural SPEED. Two Rural Finance Specialists resigned and were replaced by Bob Barigye, who heads KRA 1.2, and Eldard Ssebbaale, who heads KRA 1.3. The Operations/Office Manager also departed the project and was replaced by Barbara Kironde. Due to the demands of our Strategic Activity Fund (SAF) program, the joint Development Credit Authority (DCA)/SAF position was split apart with Richard Muyinda assuming the role of SAF Manager. Mary Awor was another addition, who as Program Support Administrator supports the technical staff.

During fiscal year 2006, USAID/Uganda realized funding constraints that greatly impacted SO7. Due to budget reductions, Joakim Vincze will be departing the project in January 2007 and Robert Ocaya will oversee AIR 2 activities for the remaining life of the project.



## **D. Role of Rural SPEED within the USAID S07 Framework**

USAID has developed a long-term program to help reduce poverty by addressing policy, economic, and social concerns. The program supports the PEAP that aims to transform Uganda into a modern economy by 2017. USAID has launched several separate activities addressing constraints to private sector development. Together, these activities amount to a highly integrated approach to achieving poverty reduction and economic growth. APEP, a key SO7 program, is expanding rural economic opportunities in the agricultural sector by increasing food and cash crop productivity and marketing. The PRIME/West project is increasing economic opportunities for rural communities in selected regions in southwestern and western Uganda. The Strengthening the Competitiveness of Private Enterprise (SCOPE) project, now closed, used a cluster approach in selected sub-sectors and developed sector-specific national strategies to promote Ugandan competitiveness. Regional activities such as the Famine Early Warning Systems Network (FEWSNET) and the Regional Agricultural Trade Expansion Support Program (RATES) are also active in Uganda. The Rural SPEED program completes this integrated approach and will be SO7's "finance hub" by addressing obstacles confronting financing within the sectors targeted by SO7 partners: cotton, coffee, maize, horticulture, fisheries, tourism, oilseeds, and dairy.

Two key outcomes of the strategy are expected. The first is increased incomes for farm enterprises, community and producer organizations, micro, small and medium-sized enterprises, and industry-scale export sectors. The second is enhanced policy and institutional capacity that improves the enabling environment, allowing Ugandans to pursue sustainable economic activities. SO7 will be measured by four results:

- increased food security for vulnerable populations in selected regions
- increased productivity of agriculture and natural resources systems in selected regions
- increased competitiveness of enterprises in selected sectors
- improved enabling environment for broad-based growth

Rural SPEED contributes directly to the latter two results and indirectly to elements of the first two results as well. The Rural SPEED program will act as the "missing financial link" in the USAID private sector development strategy and will service support niches not yet occupied by donor-supported activities. By linking RFEs with agriculturally based clients already receiving support from APEP and PRIME/West and coordinating with other donor activities in the sector, Rural SPEED will ensure maximum impact in increasing the use of rural financial services by rural producers, micro, small and medium-sized enterprises, lead by the market demands of the financial intermediaries.

## **E. Rural SPEED Results Framework**

Within the USAID/Uganda SO7 results framework, Rural SPEED specifically addresses Intermediate Result (IR) 7.3.2 – Rural Financial Services System Strengthened – one of six components (sub-results) of IR 7.3. Consequently, IR 7.3.2 constitutes the objective of Rural SPEED. To achieve this objective, Rural SPEED will employ a two-pronged technical approach, each leading to one of the two activity intermediate results (AIRs). These are:

- Increased Access to Rural Financial Services (AIR 1)

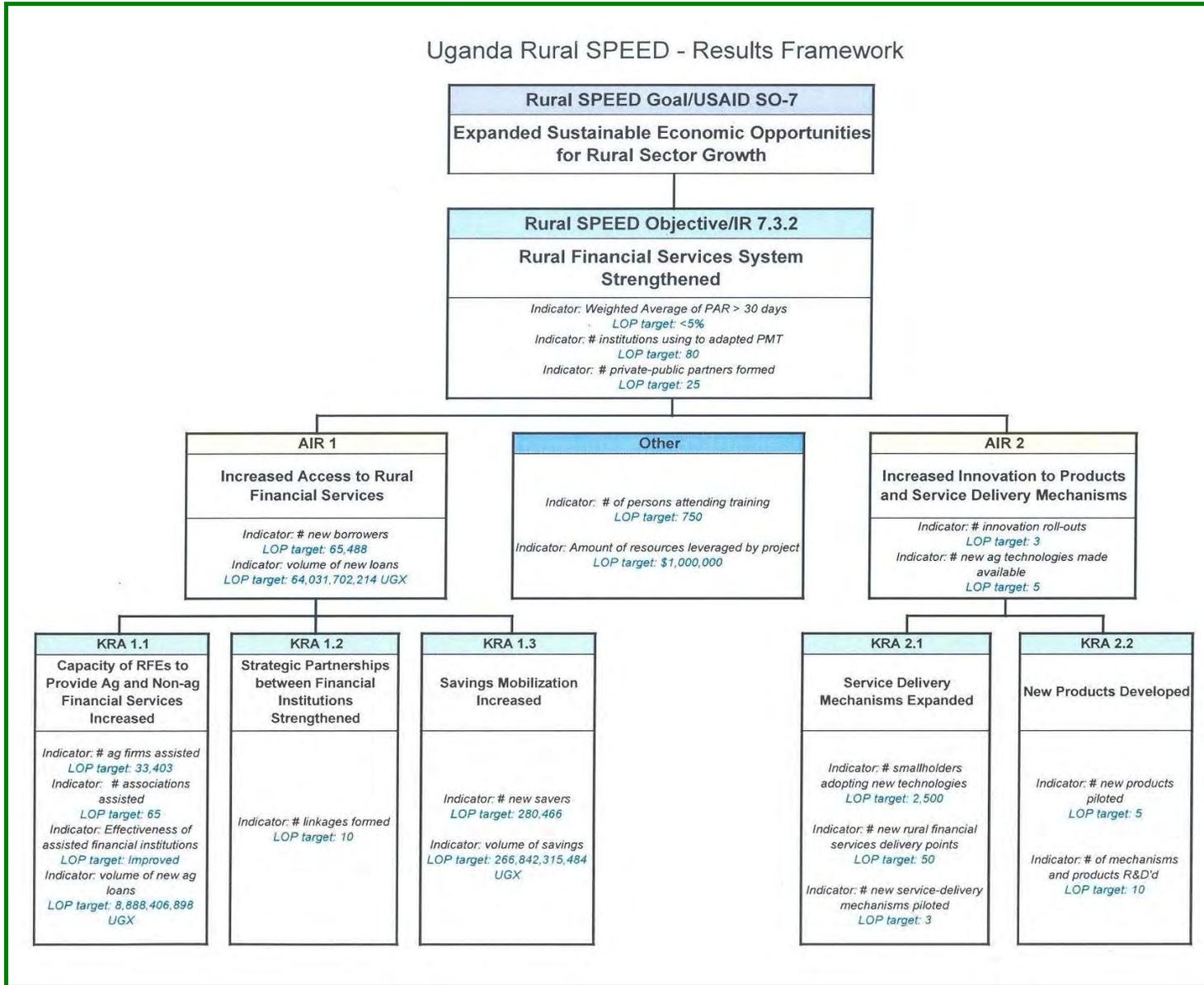
- Increased Innovation of Products and Services Delivery Mechanisms (AIR 2)

Additionally there is an implicit program management component that supports the integration of the two technical areas to improve efficiencies and leverage internal resources (AIR 3).

For each of the AIRs, Rural SPEED has elaborated Key Result Areas (KRAs) that represent the overall strategies for achieving the intermediate results. These KRAs guide Rural SPEED in its activity planning; they provide the basic structure for performance monitoring, evaluation and reporting. Each KRA has a manager, a set of activities, associated tasks, defined resources, and benchmarks for this annual work plan. These are detailed in the text in Section III and timelines in Annex A.

Please refer to the results framework schematic following on page 13 wherein the above AIRs and KRAs are denoted along with the Life of Project (LOP) targets.





## SECTION III

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### WORK PLAN BY TECHNICAL COMPONENT

#### A. Activity Intermediate Result (AIR) 1: Increased Access to Rural Financial Services

##### Introduction and Approach

Rural SPEED AIR 1 is tasked with facilitating and enabling the expansion of saving, credit and agricultural finance products and services into Uganda's rural areas. During fiscal years 2005 and 2006, key tasks were completed which continue to serve as foundation blocks to our third and final year activities. In agricultural finance, value chains for four key commodities were mapped, revealing several agricultural lending opportunities for both formal and informal financial institutions, and great progress has been made toward developing price stabilization instruments to encourage rural lending by eliminating key risks. With respect to linkage banking, seven strong partner SACCOs have proven themselves viable rural partners for banks and MDIs, initial linkages based on capacity building between upper and lower tier institutions are underway, and a model SACCO dedicated to supporting sunflower clusters and linked to commercial banks has been initiated. In our savings activity, a broad-based rural savings campaign has proven an effective tool to combat Uganda's low savings rate by increasing savings levels at institutions operating in Central, Western and Eastern Uganda. Additionally, institutionally targeted savings strategies have enabled our partner SACCOs and MDIs to mobilize remarkable rural savings. Further, through strengthening the treasury function of partner MDIs, their capacity to effectively mobilize and safely manage rural depositors' cash has been significantly bolstered.

The vision for this component in the third year emphasizes continued active roll-out of key strategies through Rural SPEED partners and close collaboration with other projects and private sector actors to ensure maximum impact of these strategies. As in the previous years, the component has numerous benchmarks that will provide tangible and ongoing improvements for the rural financial sector. In addressing the broad target of access to rural financial services, AIR 1 will continue to implement activities in three key results areas.

##### Partner Institutions for AIR 1 include:

- Supporting non-USAID projects and donors (FSDU, GTZ, DFID, etc.)
- USAID projects (APEP, PRIME/West)
- Regulated Financial Institutions (CERUDEB, UML, FINCA, U-Trust, etc.)
- Governmental Bodies (PMA, BOU)
- Tier 4 support organizations (AMFIU, UCSCU, UCA, etc.)

Three KRAs support AIR 1:

KRA 1.1: Capacity of RFEs to Provide Agricultural and Non-Agricultural Financial Services Increased

KRA 1.2: Strategic Partnerships between Financial Institutions Strengthened

KRA 1.3: Savings Mobilization Increased

Each of these KRAs is detailed below in terms of its overall strategy, key activities, implementation resources, and annual benchmarks. Specific tasks and timing are indicated on the timelines that follow the text in Annex A.

## KRA 1.1: Capacity of RFEs to Provide Agricultural and Non-Agricultural Financial Services Increased

**Strategy.** The over-arching strategy of this KRA is to continue to demystify rural and agricultural financing opportunities that, while low risk and profitable, have been avoided historically by both formal and non-formal financial institutions. This will be facilitated through continued targeted training, development of lending resources and products, and mentoring of Tier 4 institutions. In addition, specific activities will be undertaken to bring greater price stability to the key commodities of maize and cotton in order to remove the price risk to lenders' financing activities along these value chains. To help build confidence for financial institutions to explore new opportunities, Rural SPEED will continue to encourage prudent lending through the DCA.

### Activities.

- **Improve skills in agricultural finance for CERUDEB.** During the last two years,

KRA 1.1 Benchmarks
• Three agricultural finance training events completed
• One study tour undertaken
• Generic product design tool published
• Five SACCOs adopting agricultural lending products
• Two new warehouse receipt programs launched
• Price insurance product piloted
• Mentoring program for ginner completed
• U-Trust PAR (>30) < 5 percent
• One self-sustaining tea growers SACCO
• Three new sunflower growers SACCOs registered
• 70 percent of DCA II and 40 percent of DCA III guarantee utilized

Centenary Rural Development Bank (CERUDEB) demonstrated commitment to strengthen and expand its agricultural loan portfolio throughout its rural branches by increasing the number of agricultural loan officers. As such, CERUDEB is the most committed institution to agricultural finance in Uganda. Under a Memorandum of Understanding (MOU), intensive training by two international consultants was undertaken for new and existing agricultural loan officers, senior management and CERUDEB's board in 2006. In order to maintain momentum and further broaden skills, Rural SPEED will facilitate regional seminars throughout Uganda for the bank's agricultural loan officers to reinforce previous training and adjust their strategy based on one year of experience. Using these seminars as a model, the bank itself will initiate and support regular training. Under this activity, the bank's agricultural portfolio senior managers will also undertake an international study tour to reinforce best agricultural lending practices. Finally, Rural SPEED will endeavor to provide targeted operational consulting support to counter Uganda Finance Trust's (U-Trust's) recent failings and strengthen their overall performance; as one of Uganda's few licensed MDIs, it is critical to support U-Trust to sustain depositors' and regulators' confidence.

- **Improve capacity of Financial Institutions to promote agricultural lending.** The training and rigorous mentoring

activity undertaken over the last two years, coupled with continuous membership pressure, has stimulated demand among partner SACCOs to introduce agricultural lending. Consequently, several partner SACCOs have been supported to develop agricultural loan products and others are in the process of doing so. However, in order for these difficult products to be sustainable and viable, further support for skills strengthening, institutionalizing appropriate credit delivery mechanisms, and promoting the generic tool covering the development of agricultural loan products will be developed,

published and distributed to both partner and non-partner SACCOs. Other tasks foreseen under this activity include facilitation of external mentoring and coaching in agricultural lending for SACCOs by CERUDEB, revision of partner SACCOs' credit policies and procedures, continued support for promotion of the recently developed agricultural loan product for Feed The Children Uganda, and maintenance of the ongoing agricultural finance collaboration and regular dialogue among donors, policy makers, and the private sector. The innovative "Rapid Sales" loan product (Tunda Juba) that was launched by Muhame SACCO for low volume/high turnover agricultural marketing transactions, if found successful, will be replicated in other SACCOs. Additionally, the rural agriculture finance specialist will continue to follow up on partner interventions and interface with other donor programs to leverage activities.

- **Maintain support for warehouse receipts programs.** Based on the value chain analysis for maize that was accomplished in 2005 and marketed to financial institutions in 2006, a warehouse receipt system (WRS) for maize was launched in Kapchorwa. In addition to



Rural SPEED will broaden its Warehouse Receipt System initiative, which was successfully launched in Kapchorwa with 2,100 maize farmers who pooled their grain in a local warehouse, gaining access to bank loans and the lucrative WFP market as a result.

supporting development of the financial product, the project sensitized beneficiary-farmers to the product's benefits. This project enabled maize farmers to maintain the quality of their produce, pool the produce to realize attractive marketable volumes, and access the lucrative World Food Program (WFP) market at a premium price. The greatest achievement has been the breakthrough by smallholder producers to access bank finance through discounted warehouse receipts. Based on this success, other farmer groups, banks, and commodity dealers have expressed a desire to establish collateral-managed warehouses

to improve access to financial services. To broaden the initial impact, two new warehouse receipt facilities will be rolled out and continued support will be provided for the existing warehouse receipt facilities. Sensitization for producer groups will be replicated in the areas where the new facilities are to be located. Also, in support of broadening the use of this important instrument, policy-level support will be provided for redrafting the WRS act and regulations.

- **Establish pilot price insurance for maize borrowers.** Price risk is the greatest disincentive to commercial lenders when it comes to agricultural production. Historically, good farmers have borrowed, grown their crop, and failed to repay loans (principally to CERUDEB) when commodity prices have fallen below profitable levels. An insurance product covering this risk would change the face of agricultural lending. This activity was earmarked for last year's work plan, but owing to senior management changes at CERUDEB, its piloting was delayed. This activity has now been actively accepted by

CERUDEB and will be immediately underway. Rural SPEED will spearhead the development and piloting of a price insurance mechanism with CERUDEB and a local insurer for maize farmer borrowers in Kapchorwa and Mbale, partnering with APEP, the German Development Program (GTZ), the Danish International Development Agency's Agricultural Sector Programme Support (DANIDA/ASPS) and the Department for International Development (DFID). An actuary will be engaged to specify premiums based on probabilities to establish the feasibility and price the insurance product. If the feasibility study is favorable, the instrument itself will be designed by an insurance specialist who will be embedded in the local insurance company and will liaise with CERUDEB to operationalize the product. By the end of the work plan period, which covers two growing seasons, sufficient capacity and experience will have ideally been realized by both CERUDEB and the insurance company to sustain the product and replicate it to new client pools.

- **Support establishment of hedging instrument for cotton.** As was the case with maize, the value chain mapping for cotton that was undertaken in 2005 identified the major constraint to financing cotton growers as erratic and depressed farm gate prices. During the last work plan year, a consultant was engaged to establish the feasibility of a cotton price hedging instrument that would assist to stabilize the ginners' price, which in turn will provide a viable floor for farmer prices. Predictable terminal market prices will mitigate the risk of lenders to financing all transactions for producing and marketing this crop. Consequently, upon discussion with APEP and Standard Chartered Bank, the latter has expressed desire to hedge the entire cotton crop through market-based derivatives. To further this positive movement, dialogue between Standard Chartered Bank and the ginners will be facilitated to demystify the hedging strategy for the ginners so they can pursue this option from a well-informed perspective.
- **Strengthen U-Trust's overall operations.** U-Trust, one of Uganda's leading microfinance organizations, has long been supported by USAID, and is one of the MDIs which qualified for the grants following the Request for Applications (RFA) for savings mobilization in December 2005. In the course of 2006, their performance deteriorated, their qualified staff turnover accelerated, and their portfolio at risk above 30 days (PAR (30)) exceeded 10 percent. In reaction, in June 2006 the grant for savings mobilization was suspended for two months. Thereafter, no positive trend was observed, thus their grant was annulled. The institution remains with depositors' funds and in spite of its current state has prioritized reform. In order to support the restructuring and survival of U-Trust, an international bank restructuring consultant will be engaged along with a local consultant to assist U-Trust to regain operational control.
- **Establish a SACCO to support Kayonza Tea Growers.** In the last fiscal year, a value chain analysis for tea in Kanungu District was completed. The value chain identified a

#### Mapping the Way Forward

The value chains of four commodities - coffee, maize, oilseeds, and tea - were mapped to identify low-risk, high-profit points where a financial intermediary could prudently introduce a financial product.

After sharing these maps with financial institutions and other stakeholders, a warehouse receipt system for maize was launched, oilseed growers opened their own SACCOs in Lira, tea growers in Kanungu may also form their own member-based financial institutions, and the entire Ugandan cotton industry may for the first time benefit from hedging its output price.

Value chain maps result in interventions; interventions result in two things for Uganda's small farmers: predictable profits and the ability to save and reinvest.

viable and continuous low-risk financing opportunity for the growers – particularly for acquisition of inputs, an activity that has traditionally been undertaken by a parastatal factory that is keen to disengage from this activity after its privatization. Other donor projects desire to collaborate and provide revolving funds that will guarantee SACCO credit for the initial year, during which time the growers will accumulate sufficient savings from the tea sales proceeds to capitalize the credit funding requirements. To support this move forward, a feasibility study and funding proposal will be developed to provide for the potential provision of revolving funds that will enable a guarantee with a local bank to be put in place for input credit for the tea grower SACCO members. During the course of the year, Rural SPEED will, through grants, assist operational monitoring and outreach for Kayonza SACCO, in addition to facilitating site visits and mentoring between Kayonza and Lira sunflower grower SACCOs.

- **Maintain ongoing support to sunflower growers' SACCOs.** Following the sunflower value chain analysis identifying financing opportunities and collaborative dialogue with APEP and Mukwano Industries, a feasibility study for establishment of growers' SACCOs in Lira, Apac and Masindi in Northern Uganda was undertaken. Having identified a proposal for a suitable SACCO model, a technical assistant was fielded to provide technical support to establish and support the SACCOs. By the end of fiscal 2006, two SACCOs were established and registered in Lira and plans for expansion were underway.

However, under new GOU policy *Bonna Bagaggawale*, two government-supported SACCOs also were established in Lira and this has seemingly diminished Mukwano's enthusiasm to fully support this activity. Without Mukwano's full embrace, as they provide both inputs and output markets for the sunflower growers, the activity will not achieve the predicted impact. Therefore, if feasible, in 2007 the consultant will continue to work with Mukwano and the sunflower outgrowers to register an additional SACCO to benefit a total of at least 3,000 sunflower growers. If, on the other hand, Mukwano becomes resistant to this objective, Rural SPEED will continue to work with these new and upcoming SACCOs, but with a lower level of effort, and place greater emphasis on the Kayonza Tea activity outlined above. In either case, technical support, effective management and operational capacities will be underpinned with provision of computer hardware and a linkage relationship to provide back office support from a commercial lender using card-based and/or thin-client technology.

- **Promote utilization of Development Credit Authority (DCA) in approved financial institutions.** Through the two remaining DCA programs, Rural SPEED will continue to encourage the financial services industry to lend to MSMEs, in addition to helping them further target the agricultural sector with a special bias to the rural areas. This will be achieved by innovatively using the DCA to support Rural SPEED's core activities, especially in the development of new lending products by the partners who are among the DCA participating financial institutions. In



Beef cattle ranch Namaliga Farm Ltd. received a term loan of \$100,000 for 15 months with a three-month grace period under DCA guarantee in Allied Bank.

the tasks undertaken in this activity, Rural SPEED will assist USAID/Uganda in the management of the Multi Institutional DCA program II, which runs until 2009, and in collaboration with APEP will manage a DCA-backed collateral management program, which runs until 2008, to promote financing to the grain industry. As this program concludes before the DCA programs mature, it is not predicted that all funds will be obligated before November 2007.

**Resources and Partners.** Rural Financial Specialist Asaph Besigye, supported by the Rural Finance Advisor Richard Pelrine, will provide oversight and major technical input for this KRA, with the exception of the DCA, which will be managed by Paulo Luswata, who will also assist in the promotion and implementation of wholesale lending among the partner financial institutions. Targeted local and international Short-Term Technical Assistance (STTA) will be utilized where necessary. Rural SPEED DCA and SAF program resources will also be used to leverage the KRA activities. Rural SPEED will actively collaborate with other SO7 partners, partner financial institutions, and private sector farmer groups and dealers. Other expected potential collaborators are the WFP for the WRS activity and GTZ, BOU, DANIDA ASPS, CDO, ADF, UCA, MOP, DFID, FSDU, PSDP, and AMFIU for improving and strengthening Tier 4 institutions to become viable and efficient financial entities.

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

**Strategy.** The strategy to promote and support formalization of the linkage banking concept between regulated and non-regulated financial institutions is driven by the comparative advantage of the different partners, each benefiting from the partnership arrangement. This occurs particularly through reduced transaction costs for the larger financial institutions and increased access to financial products or support services by the smaller microfinance institutions. Prior to lending linkages, fundamental relationships based on training, mentoring, savings deposits (from lower tier to upper tier), and purchased services can secure the parties in a growing, mutually beneficial relationship. This strategy will ultimately increase outreach and profitability levels of the partner institutions, provide greater systemic security for lower-tier depositors, and at the same time increase the accessibility of financial services to underserved areas.

#### **KRA 1.2 Benchmarks**

- Seven SACCOs trained in product costing and pricing
- Revised PMT adopted and used by 80 SACCOs
- Seven SACCOs with computerized MIS
- Seven linkage relationships established

Rural SPEED's partner SACCOs have remarkably improved in fundamental performance in terms of financial management and governance. At this point, more sophisticated capacity building will perfect the SACCOs for partnership with upper-tier institutions. This will include introducing Management Information Systems (MIS) hardware and software, training in cost accounting, and improving internal management with reports generated by the revised Performance Monitoring Tool (PMT). Continued work will take place with self-selecting upper-tier partners to encourage them to continue to take an active interest in mentoring the SACCOs. This mentoring relationship will be facilitated toward transactional relationships by the end of the project.

## Activities.

- Build capacity of partner SACCOs in cost accounting procedures.** To date, seven partner SACCOs have been trained and mentored in fundamental skills and principles for smooth operational and managerial functioning. As a result, these SACCOs have achieved a level of operations that is now beginning to be proper, well-managed, profitable, and transparent. As the goal of this activity is the establishment of linkages between SACCOs (Tier 4) and regulated institutions (Tiers 1-3), it is now necessary to move beyond fundamentals toward a stronger and analytically based mode of functioning that is expected by more sophisticated financial institutions. One critical element for enhancing functionality and profitability is cost accounting, whereby an institution analyzes every function it performs, especially intermediation functions, to ensure that product by product the institution is above break even. This leads further to proper decision-making about product design, delivery mechanisms, and improved general performance. Training management staff in costing and pricing plus publication of a manual on the same subject will be executed, followed by regular field-level mentoring to establish and reinforce these skills.
- Continued support to adoption of revised PMT.** The PMT was originally developed for MFIs and SACCOs as a donor reporting tool under the original SPEED project. In fiscal year 2005, it was decided in collaboration with AMFIU and GTZ/FSD that the PMT would be of greater value to the microfinance industry if it also provided management reports to the institutions using it. This hypothesis was further verified through the collection of survey material. In fiscal year 2006, the PMT was reprogrammed based on user priorities to result in a user-friendly, flexible and valuable management software that is available to the micro and rural finance industries at no cost. During fiscal year 2007, final testing, roll out and training will be conducted to popularize the tool throughout the industry. In addition to this, collaboration with GTZ/FSD and AMFIU will continue to develop a *middle ware* linking the PMT seamlessly to popular accounting and portfolio management software (again improving user friendliness). Furthermore, support will continue to assist GTZ/FSD and AMFIU in their goal of developing a Performance Monitoring System (PMS) that will aggregate individual institutions' PMTs into industry- wide diagnostic reports useful for policy makers.
- Introduce MIS program leading to linkages.** Although Rural SPEED's partner SACCOs have made remarkable strides, their lack of MIS to capture data quickly for effective management adjustments continues to be a problem. Appropriate MIS is an absolute prerequisite for any upper-tier institution to consider a SACCO for linkage partnership. Many software packages popular in Uganda have been found sorely lacking; they are low cost but poorly written and unreliable. Further, Uganda's worsening power crisis has raised questions about the wisdom of providing traditional energy-hungry hardware to rural institutions that often are off the electrical grid. As a result, it was decided to solve both the software problem through careful research and the hardware problem by identifying low-energy, low-cost solutions. In fiscal year 2007, accounting and portfolio management software linked to the newly

### Going Green

Uganda's ongoing electricity crisis that began in 2006 has encumbered development of vibrant rural SACCOs whose growth is dependent in part on access to consistent power sources for their MIS programs.

To address this, Rural SPEED will procure and install environmentally friendly, low-energy, low-cost computing solutions, as well as state-of-the-art MIS that will not only improve SACCO operations, but also position SACCOs for partnership with regulated financial institutions.

redeveloped PMT will be installed in seven of our partner SACCOs, along with low-energy, low-cost hardware power systems including inverters and, in some cases, solar panels. Reliable MIS, hardware and power supplies – when combined with their newly acquired management acumen and reinforced with ongoing training and mentoring – will position these SACCOs as ideal linkage candidates. Further, the model, even before it has been rolled out, is already a prototype solution for other programs supporting rural SACCOs.

- Build linkage relationships between Tier 1-3 and Tier 4 institutions.** Linkage relationships depend on a number of factors, including the level of confidence in the financial health and performance of the Tier 4 institution by the regulated institution. In fiscal year 2006, the Light Due Diligence (LDD) tool was developed with several other partners (FSDU, Post Bank, Nile Bank, Uganda Institute of Bankers, FINCA) with the objective of devising a simple means of providing an initial accurate evaluation of an institution's financial, management and governance performance. The tool is used by Rural SPEED to assess partners, and it has recently been adopted by Post Bank to provide a quick picture of potential partner SACCOs. Upper-tier institutions have been exposed to the tool and several (notably Nile Bank, FINCA and CERUDEB) are interested in formal instruction and support to learn to use the tool as a precursor for linkages. In discussions with these institutions, they have stated that after LDD, if small weaknesses are identified in a potential partner SACCO, they would be willing to mentor the SACCO to improve its performance in treasury management and operational planning as a basis for a future transactional relationship. This is in fact the definition of linkage banking and goal of this activity. Additionally, Rural SPEED will conduct an evaluation of the LDD tool with the banks as well as facilitate quarterly linkage meetings with all involved institutions.

**Resources and Partners.** Linkage banking activities are an integral part of all Rural SPEED's KRAs since the other program activities support and complement linkage activities. Bob Barigye, Rural Finance Specialist, will be responsible for the activities under this KRA with supervision from the Rural Finance Advisor, Richard Pelrine, and support from the other technical staff. Short-term technical assistance will be used where necessary to provide comprehensive assistance to implement linkage banking. Rural SPEED's SAF program resources will also be used to leverage the KRA activities. Where possible, Rural SPEED will collaborate with partner SACCOs, MDIS and banks, FSDU, UCA, GTZ/FSD, AMFIU, UCSCU, and Post Bank.

### **KRA 1.3: Savings Mobilization Increased**

**Strategy.** Based on previous successes and lessons learned, the strategy for year three will continue the active promotion and marketing of the benefits of savings at both general and institutional levels. Savings promotional activities in fiscal year 2006 resulted in remarkable growth in both numbers of depositors and volume of deposits. This success sharply counters the conventional wisdom that

Ugandans are Africa's worst savers and will thus continue to be a key element in the 2007 strategy. The savings campaign activities will be broadened to include the key neglected

#### **KRA 1.3 Benchmarks**

- One country-wide savings mobilization campaign conducted
- MDI savings campaigns completed
- One follow-up workshop conducted for MDIs in treasury management
- One workshop conducted for SACCOs in treasury management
- CMFL's PAR(30) < 5 percent

regions of the north, as financial security is one of the first tools for securing stability. In addition, continued support in treasury management will be given to partner banks, MDIs and SACCOs to continue to solidify their safe and effective handling of depositors' funds.

### Activities.

- Expand savings mobilization campaign.** The successful savings mobilization campaign conducted between May and August 2006 clearly demonstrated that the public lacks information on the need to save and the institutions with which to save. The 2006 campaign coverage was limited to the west, central and eastern parts of the country. The planned campaign for 2007 will build on the previous in terms of coverage (as well as incorporating greater participation by financial institutions) and expand to include the long-neglected northern part of the country. Campaign materials will be translated as appropriate for each area.

- Follow up on MDIs' savings programs.** Following authorization from the Bank of Uganda enabling MDIs to mobilize savings (and therefore begin to lower their costs) in December 2005, a RFA was sent out to all MDIs to offer funding to assist them to promote savings within their institutions. All four MDIs responded to the RFA and three qualified for the grant (FINCA, UML and U-Trust). U-Trust has unfortunately lost operational control since that time and their grant has been cancelled. During the work plan period, close follow up on the progress and conclusion of the FINCA and UML campaigns is envisaged. It is further planned that UML's new Rushere/Kazo agencies will be assisted to carry out a savings mobilization campaign as they were not in place during the original grant.

#### Saving Pays in Many Ways

The savings awareness campaign launched collaboratively with MFPED brought the concept of safe and wise savings to an untold number of rural Ugandans.

Fourteen financial institutions participated in the campaign road shows and their savings volumes increased on average of 22 percent.

With increased savings volumes comes a greater need for improved asset liability management. The treasury functions at partner financial institutions will be the subject of intense capacity building efforts to ensure the safe and effective handling of depositors' funds.



- Strengthen MDI treasury management functions.** In April 2006, a one-day treasury management workshop was conducted for the four MDIs, followed by four days of on-site mentoring to three MDIs (FINCA, U-TRUST and UML) to bolster their new role in managing mobilized deposits. Monitoring the impact of the exercise has been ongoing and positive impact has been noted, especially in liquidity planning for branches and centralization of bank accounts for the institutions. However, aspects like gap analyses need additional emphasis to further strengthen the functions of the institutions to facilitate savings mobilization. Therefore, a follow-up workshop and additional mentoring are planned.
- Build SACCO treasury management functions.** SACCOs are Rural SPEED's most active rural partners in savings mobilization and product development. Due diligence studies carried out in these SACCOs over time revealed operational weaknesses in liability and liquidity management, which are core treasury functions. To bolster their

continued high performance, appropriate technical assistance and the development of a manual for treasury functions will be supported. A workshop followed by on-site mentoring for each SACCO will be conducted, followed by continued monitoring of these activities by the rural finance specialist.

- **Improve CMFL's treasury management.** CMFL has taken on a number of challenges in new technology, using Point of Sale devices in extending financial services to cater to its increasing clientele. As any institution increases its savings liabilities, gaps in its treasury management arise. To optimize CMFL's operations and thereby broaden its capacity to safely mobilize savings, four days of technical assistance will be dedicated to its treasury team to equip them with the necessary skills to handle their treasury function efficiently and effectively. Post-training progress will be monitored monthly.

**Resources and Partners.** The savings component of the program will continue to be managed by Rural Finance Specialist Eldard Ssebbaale Mukasa under the supervision of Richard Pelrine, the Rural Finance Advisor. As with all other components, close interaction with other technical specialists when relevant to the goals of this KRA will continue, as savings underpins all other rural financial activities. Short-term technical assistance will be used where necessary to provide comprehensive assistance, and Rural SPEED's SAF program resources will also be used to leverage the KRA activities. Rural SPEED partners will include, among others, UML, FINCA, PRIDE, U-TRUST, CMFL, banks, SACCOs, and MOP.

## **B. Activity Intermediate Result (AIR) 2: Increased Innovation to Product and Service Delivery Mechanisms**

### **Introduction and Approach**

Rural SPEED's approach to increase use of innovations in delivery of rural financial services has evolved over the life of the project. From the outset, the intent has been to support only activities for which effective demand has been communicated and sustainable delivery seems feasible. The initial focus on MFIs, MDIs and smaller commercial banks generated very limited interest in cost sharing to pursue innovative service delivery, particularly using any kind of technology-based solution. Further investigation of the saving habits of rural people indicated that poor people will save provided the service is conveniently available and affordably priced. An in-depth study of the potential to use the existing payments system for fast-moving consumer goods as the cash source for small withdrawals provided the ability to approach partners with convincing information that the rural market segment represents a presently under-serviced area. An RFA was launched in June 2006 to generate interest from financial institutions to launch low-cost access delivery channels based on point-of-sale (POS) and mini-ATM technology. We will work closely with the selected partners to ensure the business cases for each reflect the needs and means of the rural population to pay for financial services. Independent verification of perceived value by the rural stakeholder groups will be undertaken to ensure a good fit is achieved.

The approach to product development has been consistent throughout the project in that we have repeatedly challenged the rurally focused institutions to analyze and understand the true cost structure and profitability of their various product offerings. This approach has led to

collaboration with AIR 1 on capacity building in areas of bookkeeping, break-even analysis, and basic business planning.

Two KRAs support AIR 2:

KRA 2.1: Service Delivery Mechanisms Expanded

KRA 2.2: New Products Developed

Each of these KRAs is detailed below in terms of its overall strategy, key activities, implementation resources, and annual benchmarks. Specific tasks and timing are indicated on the timelines that follow the text in Annex A.

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

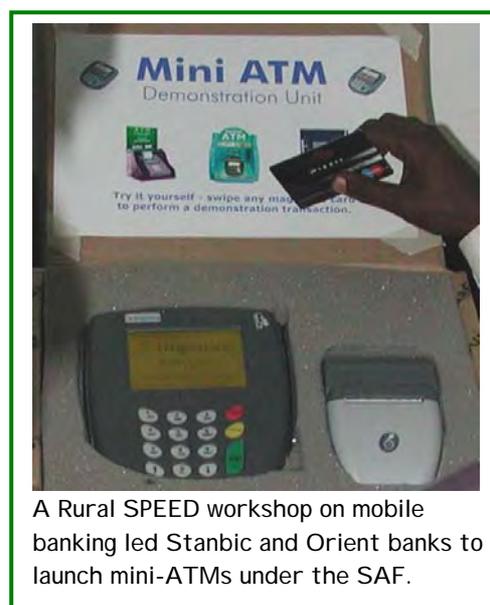
**Strategy.** Rural SPEED has identified potential delivery mechanisms with four partner organizations. Each partner’s innovation has its own set of unique features, but all have been selected on the basis of their potential to improve on the delivery cost of rural financial services and the partner institution’s willingness to use such cost saving opportunities to increase the rural outreach of their organization. These solutions may provide the basis of collaboration with SACCOs leading to cost effective transactional linkage banking arrangements.

#### **Activities.**

- **Establish UML “mini-branch” access points for rural financial services.** In May, UML launched its first low-cost access point in Rushere in Kiruhura District with SAF support. The access point is designed primarily to mobilize savings in the hinterland and act as a satellite to the Lyantonde branch. The performance of the access point will be assessed over the course of four months before planning begins for a second access point in Kazo. As part of the assessment process for the Rushere agency, Rural SPEED with UML will develop a pricing model to better understand profitability for the institution from concentrated savings mobilization in one branch with on-lending to other branches.
- **Deploy point-of-sale devices with Orient Bank.** Orient Bank has developed a strategy and business processes for deployment of point-of-sale devices in the countryside. With heavy investment in a technological platform and SAF support, Orient Bank is planning to strategically expand its branch network to cover a wider area through a strategic alliance with some Fast-Moving Consumer Goods (FMCGs) service agents and financial institutions. This collaboration will result in the phased deployment of 250 POS devices, with Rural SPEED procuring 150 of them. Mobilization and enrollment of new clients will be a concurrent activity.

<b>KRA 2.1 Benchmarks</b>
• One additional mini-branch piloted
• 250 POS-based service delivery mechanism piloted
• Business case for a Ugandan debit card association prepared and presented
• 200 mini-ATM service delivery mechanism piloted
• Feasibility of white labeled cards investigated with three SACCOs
• Mobile telephone banking investigated with three SACCOs
• 40 funds transfer outlets established

- Promote cost effectiveness in delivery of financial services.** One of the findings of the Rural SPEED study of low-cost payment systems was the need for a card association to promote cost effectiveness in the delivery of financial services. Certain institutions in the industry have signed memorandums to agree on such a strategy, which is a step in the right direction; however, such a strategy requires volume, i.e., the participation of as many financial institutions as possible. Rural SPEED will investigate the basis for card association to lower costs and increase customer service levels in delivery of financial services, present its findings to industry stakeholders, and invite the existing providers (Bankom, VISA and MasterCard) to present their respective views of how card associations create value.
- Pilot Stanbic mini-ATMs.** Stanbic Bank, the institution with the largest branch network, has developed a strategy to deploy low cost mini-ATMs to increase its outreach. With SAF support, Rural SPEED will support this pilot from the initial business case to deployment, including establishing technical infrastructure, upgrading the card issuance and management system, and building commercial relationships with FMCG retailers. Two hundred mini-ATMs will be deployed in FMCG retail and distribution outlets during the work plan period.
- Investigate the feasibility of linkages using “white labeled cards.”** White labeling is a specific outsourcing arrangement where a debit card is issued and owned by one institution (Stanbic) for the benefit of clients at another institution that wishes to offer its clients access to the VISA acquiring infrastructure (of which Stanbic is a contributing member). This arrangement attracts no interchange fee since technically all client transactions are now happening on Stanbic’s infrastructure. Transactions performed on other institution’s acquiring infrastructure would result in an interchange fee to be paid by the white label card holder, but at the prevailing rate agreed by Stanbic and the other acquiring banks. Stanbic is interested in establishing white label card arrangements with smaller financial institutions as a form of transactional linkage banking. To that end, efforts will be undertaken to investigate the reporting and implementation issues to determine the perceived value of white labeling for MDIs and SACCOs. This will include organizing and delivering workshops with our SACCO partners to explain the white label arrangement and its costs, soliciting feedback and preparing a basic cost analysis for each SACCO to compare white labeling with other available transaction processing approaches.
- Pilot use of mobile telephone as a Stanbic-to-SACCO linkage mechanism for rural finance.** Perhaps surprisingly, USAID/Rural SPEED’s savings study indicated that as many as 40 percent of rural Ugandans have access to some form of mobile telephone. While it is expected that a majority of rural Ugandans will find it too sophisticated a delivery channel to adopt, at least initially, the findings of our payments systems study show the mobile phone to be the ultimate low-cost service delivery mechanism in terms of cost per transaction. For this reason USAID/Rural SPEED sees merits in collaborating



A Rural SPEED workshop on mobile banking led Stanbic and Orient banks to launch mini-ATMs under the SAF.

with Stanbic on ways to enroll rural traders and other higher-volume rural clients to start controlling their accounts via mobile telephone access. USAID/Rural SPEED will pay for the technical advisory services (to be performed by Genesis Analytics) required to develop and document appropriate business models for this new access channel. Stanbic will pay for all infrastructure upgrades necessary to implement mobile telephone banking access in Uganda.

- **Complete development of SIMBA Telecom funds transfer system.** Through SAF support, SIMBA Telecom has designed the processes and identified a solution that will enable the implementation and deployment of a funds transfer system. In the next three months, the software system will be developed to track transactions and reconcile transfers. During this final program year, the solution will be deployed according to a staggered implantation and evaluation schedule using CMFL’s banking platform as the back-end accounting system. This will further enhance the value by encouraging account openings for clients presently not in the formal banking system.

**Resources and Partners.** The expansion of service delivery mechanisms will be managed by Rural Finance Specialist Robert Ocaya and Financial Services Advisor Joakim Vincze, with assistance from other technical staff where appropriate. Complementary STTA will be used where necessary to effectively support these activities. Rural SPEED SAF program resources will also be used to leverage the KRA activities. Rural SPEED will collaborate as needed with Land O’Lakes, ADP, UML, Stanbic Bank, Orient Bank, CMFL, and SIMBA Telecom.

**KRA 2.2: New Products Developed**

**Strategy.** New products will be developed based on market demand identified through collaboration with partner institutions and other donor programs. New products may be innovative ideas to reach certain sectors of the market or may be merely a modification of the existing urban-based product tailored to meet the needs of rural communities.

The eventual launch of new products will follow an assess-to-replicate development strategy. Based on market need only, products destined to have greatest impact will be pursued. The launch of new products will position financial intermediaries to better meet market needs and afford rural clients greater options for loan products, including capital asset acquisition. A detailed framework (tool) has been developed to provide a step-by-step guide to the whole product development/review process. This encompasses the process of determining the viability of the product, reviewing its features and strategies for costing the product, and determining which are most profitable and which should be discarded. It also covers the pilot and roll out of newly developed/revised products and will be used by all consultants in this assessment process.

<b>KRA 2.2 Benchmarks</b>
<ul style="list-style-type: none"> <li>• Leasing product successfully rolled-out</li> <li>• Two savings products piloted and replicated in partner SACCOs</li> <li>• Three loan products successfully launched</li> <li>• Three agricultural loan products successfully launched</li> </ul>

### Activities.

- **Complete roll out of the micro-leasing product.** Collaboration with ABDC/Danida and UML has resulted in the design and piloting of a micro-leasing product. The Bank of Uganda approved it on the condition that it underwent a six-month pilot phase. Growth of the leasing portfolio is expected to exceed initial targets. As part of the grant agreement, Rural SPEED will support the official launch and phased roll-out of the program. Rural SPEED and ABDC/Danida will develop a technical document on the leasing design process with recommendations regarding the possibility for replication by other financial institutions. Additional tasks under this activity will include collaboration with Land O'Lakes to develop loan products targeting dairy farmers and support for linkages with other financial institutions.



The micro-leasing product will continue to increase financial opportunities for farmers and other rural agriculture producers who in the past could not afford to acquire capital assets, such as milk coolers, to expand their businesses.

- **Develop new savings products.** As a result of Rural SPEED's capacity building activities, partner SACCOs have requested support for defining their savings products in order to meet the needs of their market segments more appropriately. In this regard, a workshop will be organized to identify and prioritize products that meet clients' saving needs and follow up with on-site product assessments. From these findings, SAF applications will be accepted to promote savings products in each institution (Kitagata, Kyamuhunga, Shuuku, and Ikongo have expressed interest.) These interventions will precede the broad-based savings promotional campaign detailed in KRA 1.3. In addition, following the successful roll out of Orient and Stanbic banks' POS and Mini ATM devices, and with the requisite BOU approval, if time permits we will support development of additional savings products that can be easily accessed through this delivery channel.
- **Sensitize financial institutions in product development.** Through a product review process, several Rural SPEED partners identified potential new loan products that will have positive impact on their loan portfolios and client satisfaction. For example, under a SAF grant, Kitagata determined there was high client demand for a salary loan product and its board of directors has approved development of this product to be funded under the SAF. Similarly, Kyamuhunga has requested SAF support to review its business loan and transform its school fees loan into a savings product. It is expected that other SAF requests to support new credit products will evolve in the first half of the work plan period. Rural SPEED also will conduct product development workshops on the utilization of the tool that has been developed to provide a step-by-step guide to the whole product development/review process. The objective is to assist institutions in

understanding the concepts involved in product development in a rural context and to individually mentor the participating institutions.

- **Expand agricultural credit.** Kitagata, Ikongo and Mamedicot SACCOs have requested the design of specific agricultural loan products. In the past, many financial institutions have approved normal business loans that then were used for agricultural purposes leading to high default rates. To combat this poor recovery problem, SAF applications will be considered for specific agricultural loan product development to include the assessment of client's needs utilizing the Rural SPEED new product assessment tool.

**Resources and Partners.** The new product development component will be managed by Rural Finance Specialist Robert Ocaya and supported by Rural Finance Specialists, Eldard Ssebbaale, Bob Barigye and Asaph Besigye. Complementary STTA will be used where necessary to effectively support these activities and the SAF will also be used to leverage the KRA activities. Rural SPEED will collaborate with partner financial institutions to achieve the goals of this subcomponent as well as continue to work with ABDC/Danida and Land O'Lakes.

### **C. Activity Intermediate Result (AIR) 3: Program Management and Monitoring and Evaluation**

#### **Introduction and Approach**

Rural SPEED is an ambitious program, with two technical AIRs, inter-related activities, and far-reaching goals. Program Management and Monitoring and Evaluation, the third AIR of Rural SPEED, is integral to every aspect of the program, and therefore is cross-cutting through every component and activity. To achieve program goals, Rural SPEED must have defined policies and procedures, information-sharing mechanisms, and monitoring and reporting systems in place.

The key results areas established within the Program Management Results Framework are integrated and mutually supporting. Together, they will result in a streamlined Program Management component that creates a service-oriented and transparent culture to support the technical components and goals of the program.

The Program Management Results Framework consists of three KRAs:

- KRA 3.1: Efficient Program Administration
- KRA 3.2: Knowledge Management System
- KRA 3.3: Program Monitoring and Reporting Needs Met

Each KRA is discussed below in detail, with a description of strategies, activities, resources, and benchmarks. Specific tasks and timing are indicated on the timelines that follow the text in Annex A.

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

**Strategy.** To enable Rural SPEED to provide quality and timely service to external and internal clients, efficient administrative support is a critical focus of this work plan. It is crucial to adhere to streamlined accounting, financial, administrative, and personnel

procedures. The strategy that will lead the component to achieving this KRA is to continue the efficient service-oriented environment in which Rural SPEED operates and further promote the SAF for program enhancement. In Rural SPEED’s final year, this management becomes critical to the close-out process.

**Activities.**

- **Effectively manage personnel.** Through both annual performance reviews and final evaluations, long-term personnel and staffing needs will be monitored, and a transparent qualitative and quantitative employee evaluation system, which includes individual standards of performance tied to program results, will be maintained.
- **Provide effective contract administration.** Rural SPEED will continue to maintain the highest standards to ensure effective and efficient contract administration under the RAISE IQC. Tasks to be undertaken within this activity include maintaining fiduciary responsibility for Rural SPEED; managing human resources allocation, issues and actions; liaising with the USAID Contracting Officer and Controller; managing communications with Chemonics home office regarding contractual, financial and administrative issues; and providing oversight to the contract close-out process.
- **Maintain smooth operational procedures.** Rural SPEED will continue to manage the operational processes and procedures for all procurement, subcontracting and personnel issues in order to create transparent management and minimize inefficiencies while ensuring compliance with all appropriate USAID regulations, Chemonics policies, and Ugandan labor laws. Planning and execution of close-out procedures will begin six months before the contract end to ensure a compliant and smooth process.
- **Efficiently manage project finances.** Within this activity, Rural SPEED will ensure compliance with USAID and Chemonics home office accounting regulations and procedures. Rural SPEED will ensure effective petty cash and account (USD and Shillings) management, maintain monitoring and tracking systems for managing grants and subcontracting funds, and conduct a project-end accounting internal audit as well as financial evaluation and audit of SAF beneficiaries as needed. This activity also includes ensuring USAID contractual accountability. Thorough attention to close-out procedures will also be maintained for the financial aspects of the project.
- **Continue implementation of Strategic Activities Fund (SAF).** The activities will include continuing to streamline SAF processes where possible, providing ongoing assistance to professional staff in policies and procedures of SAF and how it can be used to enhance their project activities, and monitoring SAF beneficiaries to ensure compliance with USAID rules and regulations. As we move into the final year of the project, monitoring the SAF budget utilization will be a priority, as Rural SPEED aims to fully utilize its SAF funding by project end. Rural SPEED will conduct rolling grants close-outs throughout the year to ease the ultimate SAF program close-out in October 2007.

<b>KRA 3.1 Benchmarks</b>
• Performance reviews completed
• Contract managed and closed appropriately
• Successful operational close-out
• Invoicing completed monthly
• Successful financial close-out
• 100 percent of SAF obligated and utilized
• Successful SAF close-out

**Resources and Partners.** The primary individuals responsible for this KRA are Richard Muyinda, SAF Manager, Terri Kristalsky, Chief of Party, Barbara Kironde, Office/Operations Manager, Mary Awor, Program Support Administrator, and Abubaker Mabuya, Accountant, supported by the Chemonics home office project management unit.

### KRA 3.2: Knowledge Management System

**Strategy.** Information-sharing mechanisms must be used to optimum effect in order for Rural SPEED to be implemented in a manner that maximizes benefits for all partners. The strategy for achieving this KRA is based on ongoing maintenance and improvement of an information-sharing culture. This involves continuously identifying and capitalizing on opportunities to present results of Rural SPEED via project partners and success stories; sound media relations; and coordination with other projects to maximize impact.

<b>KRA 3.2 Benchmarks</b>
<ul style="list-style-type: none"> <li>• Five success stories written</li> <li>• Website updated monthly</li> <li>• Monthly SO7 COP meeting attended</li> </ul>

#### Activities.

- **Continue communications strategy implementation.** Rural SPEED will continue to share its impact and opportunities through written success stories. Ongoing media relations will be maintained to ensure local dissemination to program beneficiaries as well. The USAID communications officer will be kept updated on Rural SPEED activities, as well as USAID branding and communications protocol compliance, via semi-annual meetings. Overall impact will be captured in the Rural SPEED final report. The continued implementation of Rural SPEED’s communications strategy will ensure appropriate information dissemination with USAID, GOU, the donor community, partner

institutions, and other stakeholders, as appropriate.



Motorcycles to be used in agriculture product development by partner SACCOs and CERUDEB, branded according to the USAID branding guidelines.

- **Continue management of project website.** A Rural SPEED website is in place to disseminate program information to stakeholders, publicize the program’s technical services, publish research and studies, and share success stories. In-house capacity will be maintained to regularly update the website, especially the events calendar and photo gallery, as well as continue content development through posting of success stories, reports, deliverables, and fact sheets.

- **Maintain inter- and intra-project communication systems.** As collaboration with sister projects has played an important role in Rural SPEED’s successes to date, these communication systems will be carefully maintained. This includes monthly COP information sharing sessions, as well as regular staff meetings with discussion of monitoring and evaluation results.

**Resources and Partners.** Diana Mushabe, Communications Assistant, and Terri Kristalsky, Chief of Party, are primarily responsible for this KRA with support from Ricky Mugabi, M&E/IT Manager, Mary Awor, Program Support Administrator, and Barbara Kironde, Operations/Office Manager. Where appropriate, Rural SPEED will collaborate with the USAID Communications Officer, Chemonics home office, program partners, and beneficiaries.

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

**Strategy.** The goal for this KRA is to effectively use project resources for collecting and reporting results of Rural SPEED’s planned activities, delivery of expected outputs, and quantitative and qualitative impacts. The data to be put into the M&E system will be obtained from three sources: data collected from Rural SPEED administrative and operation records, data collected from Rural SPEED partners, and data collected from external surveys. The M&E system will be used as a management tool for systematically reviewing program progress and troubleshooting problems and issues during program implementation. It will employ a combination of database, spreadsheet and word processor packages. Staff familiarization exercises will be conducted periodically for effective usage of the system. The M&E system will be the basis for quarterly reports to USAID.

#### **Activities.**

- **Maintain accurate monitoring and reporting system.** Building onto last year’s work plan, the tasks involved in this activity are revision of the Performance Monitoring Plan (PMP), familiarization of all staff and partner institutions with data collection requirements and reporting cycles, coordination of data collection and entry, generation of quarterly progress reports, quarterly meetings to review PMP targets and progress, consolidation of data for the final report, coordination of staff input to the final report, drafting the final report, and the submission of final report to USAID.

<b>KRA 3.3 Benchmarks</b>
• Updates prepared quarterly
• Reports submitted
• Two quarterly meetings held

**Resources and Partners.** The primary individual responsible for this KRA is Ricky Mugabi, the M&E/IT Manager. Terri Kristalsky, the Chief of Party, will also be involved in the system operations, as well as the technical team. Additionally, Chemonics’ home office M&E specialists will provide technical assistance in operations and troubleshooting over the life of the program.

**Annex A – Activity Matrix**

<b>AIR 1: Increased Access to Rural Financial Services</b>															
<b>KRA 1.1: Capacity of RFEs to Provide Ag and Non-ag Financial Services Increased</b>															
<b>STRATEGY: Demystify rural finance for financial institutions; promote venues for increased financial service delivery; provide incentives to deepen rural financial services</b>															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Improve skills in agricultural finance for CERUDEB</b>	Facilitate regional seminars for CERUDEB ag loan officers	Asaph Besigye				■	■								<b>Three agriculture finance training events completed</b>
	Facilitate study tour for senior ag finance managers							■							
<b>Partners</b>	CERUDEB														<b>One study tour undertaken</b>
<b>Improve capacity of FIs to promote agricultural lending</b>	Prepare generic tool for designing ag loan product for SACCOs	Rich Pelrine	■	■	■										<b>Generic product design tool published</b>
	Mentor and coach SACCOs in ag lending		■	■	■	■	■	■	■	■	■	■	■	■	
	Revise SACCOs' credit policies and procedures manuals for ag lending	Asaph Besigye						■	■	■					<b>Five SACCOs adopting ag lending products</b>
	Support promotion of ag loan product for FTCU						■	■	■	■	■	■			
	Replicate the "Rapid Sales" loan product, if successful								■	■	■	■	■	■	
	Maintain ag finance collaboration and regular dialogue		■	■	■	■	■	■	■	■	■	■	■	■	
<b>Partners</b>	Partner SACCOs, FTCU														
<b>Maintain support for warehouse receipts programs</b>	Collaborate to roll-out 2 new warehouse receipts facilities	Rich Pelrine	■	■	■	■	■	■	■	■	■	■	■		<b>Two new warehouse receipt programs launched</b>
	Replicate WRS sensitization with producer groups			■	■	■	■			■	■	■	■		
	Support existing WRS facilities	Asaph Besigye	■	■	■	■	■	■							
	Support redrafting of the WRS law			■	■	■									
<b>Partners</b>	APEP, WFP, Banks, Collateral Management firms, Farmer Associations, GTZ, ASPs, DFID, UCE, MTTI														

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 for financial institutions; promote venues for increased financial service delivery; provide incentives to deepen rural financial services															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Establish pilot price insurance for maize borrowers</b>	Agree on collaboration process with APEP, CERUDEB and ASPS	Asaph Besigye	■	■											<b>Price insurance product piloted</b>
	Issue an RFP to identify a local insurer			■											
	Engage actuary to study the feasibility	Rich Pelrine		■											
	Finance an insurance specialist to be embedded in a local insurer to develop the insurance product and follow the process				■	■	■	■	■	■	■	■	■	■	
	Monitor adoption, satisfaction, and performance of product					■	■	■	■	■	■	■	■	■	
<b>Partners</b>	CERUDEB, APEP, GTZ, ASPS, DFID, Insurance Co.														
<b>Support establishment of hedging instrument for cotton</b>	Engage in dialogue with banks and ginneries	Rich Pelrine	■	■											<b>Mentoring program for ginners completed</b>
	Support ginners in negotiating hedge instrument			■	■										
<b>Partners</b>	APEP, Standard Chartered Bank, CDO, Ginners														
<b>Strengthen U-TRUST's overall operations</b>	Mentor U-TRUST in operations	Eldard Ssebbaale	■	■	■	■									<b>U-Trust PAR (&gt;30) &lt; 5 percent</b>
	Monitor progress on a monthly basis			■	■	■	■	■	■	■	■	■	■	■	
<b>Partners</b>	U-Trust														
<b>Establish a SACCO to support Kayonza Tea Growers</b>	Develop a feasibility study and funding proposal	Rich Pelrine	■	■											<b>One self-sustaining tea growers SACCO</b>
	Set up a guarantee fund for input supply with a local bank				■	■	■								
	Facilitate operational monitoring and outreach for Kayonza	Asaph Besigye						■	■	■					
	Facilitate site visits and mentoring between Kayonza and Lira SACCOs								■		■		■	■	
<b>Partners</b>	Kayonza Tea, Imani Development, African Development Foundation, Stanbic or Centenary Bank														

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 for financial institutions; promote venues for increased financial service delivery; provide incentives to deepen rural financial services															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Maintain ongoing support to Sunflower Producers SACCOs</b>	Continue establishment and linkages for five SACCOs banking Mukwano outgrowers	Rich Pelrine	■	■	■	■	■	■	■	■	■	■	■	■	<b>Third new sunflower growers SACCOs registered</b>
	Purchase and install hardware for SACCOs				■	■									
	Develop a linkage program for a commercial bank to provide back office support			■	■	■									
	Assist financial institution with establishing back office operations using card based and/or thin client technology					■	■	■	■	■	■	■	■	■	
<b>Partners</b>	Mukwano, Lira/Apac-based SACCOs, CMFL or Centenary Bank														
<b>Promote utilization of DCA in financial institutions</b>	Promote DCA with quarterly promotional visits to participating financial institutions	Paulo Luswata			■			■			■			■	<b>70 percent of DCA II and 40 percent of DCA III guarantees utilized</b>
	Carry out DCA monitoring reviews		■	■			■					■	■	■	
	Continue smooth management of DCA program, including timely responses to reporting requirements, fee payments, and claims		■	■	■	■	■	■	■	■	■	■	■	■	
<b>Partners</b>	DCA participating financial institutions, APEP														

<b>AIR 1: Increased Access to Rural Financial Services</b> <b>KRA 1.2: Strategic Partnerships between Financial Institutions Strengthened</b> <b>STRATEGY: Promote and support formalization of linkage banking between regulated and non-regulated financial institutions based on the comparative advantage of the partnership arrangement, through reduced transaction costs for larger institutions and increased access to products and services by microfinance institutions</b>																
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks	
<b>Build capacity of partner SACCOs in cost accounting procedures</b>	Train managers and loan officers in product costing and pricing	Bob Barigye		■	■										<b>Seven SACCOs trained in product costing and pricing</b>	
	Publish a technical manual on costing and pricing	Rich Pelrine			■	■										
	Deliver field level mentoring to partner SACCOs		■	■	■	■	■	■	■	■	■	■	■			
<b>Partners</b>	Partner SACCOs															
<b>Continue Support to Adoption of Revised PMT</b>	Develop middle ware to link portfolio trackers to PMT	Bob Barigye	■	■	■										<b>Revised PMT adopted and used by 80 SACCOs</b>	
	Collaborate with GTZ to support the development of PMS			■	■	■										
	Monitor roll-out and training for PMT	Rich Pelrine		■	■	■	■	■								
	Deliver field level mentoring to partner SACCOs		■	■	■	■	■	■	■	■	■	■	■			
<b>Partners</b>	Partner SACCOs, AMFIU, GTZ/FSD															
<b>Introduce MIS program leading to linkages</b>	Procure and install low energy consumption computer and power systems	Bob Barigye	■	■											<b>Seven SACCOs with computerized MIS</b>	
	Procure and install computer software			■												
	Train and mentor in computerized MIS software	Ricky Mugabi		■	■	■	■	■	■	■	■	■	■	■		
<b>Partners</b>	Partner SACCOs															

AIR 1: Increased Access to Rural Financial Services															
KRA 1.2: Strategic Partnerships between Financial Institutions Strengthened															
STRATEGY: Promote and support formalization of linkage banking between regulated and non-regulated financial institutions based on the comparative advantage of the partnership arrangement, through reduced transaction costs for larger institutions and increased access to products and services by microfinance institutions															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Build linkage relationships between T1-3 and T4 institutions</b>	Train banks and MDIs to use the LDD tool	Bob Barigye						■	■						<b>Seven linkage relationships established</b>
	Facilitate banks and MDIs to execute LDD tool								■	■					
	Evaluate and process LDD tool with banks and MDIs	Rich Pelrine						■	■						
	Organize banks and MDIs to train and mentor partner SACCOs in treasury management					■	■								
	Organize banks and MDIs to train and mentor partner SACCOs in operational planning	Eldard Ssebbaale					■	■							
	Facilitate quarterly linkage banking meeting with T1-T3 and T4				■			■			■			■	
<b>Partners</b>	Nile Bank, CERUDEB, FINCA ,UML, Post Bank														

**AIR 1: Increased Access to Rural Financial Services**
**KRA 1.3: Savings Mobilization Increased**

**STRATEGY:** Based on previous successes and lessons learned, the strategy for year three will continue the active promotion and marketing of the benefits of savings at both general and institutional level stressing appropriate treasury management.

Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Expand savings mobilization campaign</b>	Design Phase II savings mobilization campaign	Eldard Ssebbaale		■	■	■									<b>One country-wide savings mobilization campaign conducted</b>
	Translate campaign materials into additional local languages			■	■										
	Launch campaign	Rich Pelrine						■	■	■					
	Assess impact on partner branches and agencies									■	■	■	■	■	
<b>Partners</b>	Banks, MDIs, MFIs, SACCOs, (T1-T4), MFPED														
<b>Follow up on MDIs savings programs</b>	Track progress in UML and FINCA's partner branches and agencies	Eldard Ssebbaale	■	■	■	■	■								<b>MDI savings campaigns completed</b>
	Provide support in savings mobilization for UML (Rushere and Kazo agencies)	Rich Pelrine					■	■	■	■	■	■			
<b>Partners</b>	UML, FINCA														
<b>Strengthen MDI treasury management functions</b>	Conduct a follow up workshop to review treasury management activities	Eldard Ssebbaale				■	■								<b>One follow up workshop conducted for MDIs</b>
	Mentor MDIs in treasury activities bi-monthly	Rich Pelrine	■	■	■	■	■	■	■	■	■	■	■	■	
<b>Partners</b>	FINCA, UML, PRIDE, U-Trust														
<b>Build SACCO treasury management functions</b>	Conduct a workshop to review the treasury management functions for SACCOs	Eldard Ssebbaale				■	■								<b>One workshop conducted</b>
	Mentor each partner SACCO and develop individual manuals for treasury functions						■								
	Monitor SACCOs in treasury activities	Rich Pelrine					■	■	■	■	■	■	■	■	
<b>Partners</b>	Partner SACCOs														
<b>Improve CMFL's treasury management</b>	Train CMFL in treasury management functions	Eldard Ssebbaale					■								<b>CMFL's PAR (&gt; 30) &lt; 5 percent</b>
	Monitor progress on a monthly basis	Rich Pelrine						■	■	■	■	■	■	■	
<b>Partners</b>	CMFL														

<b>AIR 2: Increased Innovation to Product and Service Delivery Mechanisms</b>																
<b>KRA 2.1: Service Delivery Mechanisms Expanded</b>																
<b>STRATEGY: Launch with partner institutions; implementation of new technologies and cost reducing processes; encourage collaboration with SACCOs leading to cost effective transactional linkage banking arrangements</b>																
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks	
<b>Establish UML "mini-branch" access points for rural financial services</b>	Develop a model to determine the profitability of agencies	Robert Ocaya	■	■	■										<b>One additional mini-branch piloted</b>	
	Roll-out second mini-branch	Joakim Vincze			■	■	■	■								
	Develop a transfer pricing model				■											
<b>Partners</b>	Land O'Lakes, Ankole Dairy Producers, UML															
<b>Deploy POS devices with Orient Bank</b>	Enable POS transactions on MIS	Robert Ocaya	■	■	■	■	■	■							<b>250 POS-based service delivery mechanisms piloted</b>	
	Establish card issuance and management capabilities		■	■	■	■										
	Enroll transaction acquirers (PORs)		■	■	■	■										
	Organize internal POS business unit with Orient Bank	Joakim Vincze	■	■	■	■										
	Prepare for growth of POS business (external relationships)		■	■												
	Mobilize and enroll new clients					■	■	■	■	■	■					
<b>Partners</b>	Orient Bank															
<b>Promote cost effectiveness in delivery of financial services</b>	Investigate basis for card association to lower costs and increase customer service levels in delivery of financial services	Robert Ocaya				■									<b>Business case for a Ugandan debit card association prepared and presented</b>	
	Present findings of study	Joakim Vincze					■									
	Invite Bankom, VISA, and Mastercard to present their respective views of how card associations create value							■								
<b>Partners</b>	Stanbic Bank, Orient Bank, CMFL															

AIR 2: Increased Innovation to Product and Service Delivery Mechanisms															
KRA 2.1: Service Delivery Mechanisms Expanded															
STRATEGY: Launch with partner institutions; implementation of new technologies and cost reducing processes; encourage collaboration with SACCOs leading to cost effective transactional linkage banking arrangements															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Pilot Stanbic rural mini-ATMs</b>	Develop business case for mini-ATMs	Robert Ocaya		■	■										<b>200 mini-ATM service delivery mechanisms piloted</b>
	Establish technical infrastructure					■	■	■							
	Upgrade card issuance and management system	Joakim Vincze				■	■	■							
	Build commercial relationships with FMCG retailers					■	■	■	■						
	Deploy mini-ATMs in FMCG retail and distribution outlets								■	■	■	■	■	■	
<b>Partners</b>	Stanbic Bank														
<b>Investigate the feasibility of linkages using "white labeled" cards</b>	Develop business case for offering white labeled card processing	Robert Ocaya		■	■										<b>Feasibility of white labeled cards investigated with three SACCOs</b>
	Establish technical infrastructure					■	■	■							
	Upgrade card issuance and management system	Joakim Vincze				■	■	■							
	Pilot transactional linkage arrangements with rural Tier 4 organization								■	■	■	■	■	■	
	Identify SACCO reporting and implementation issues to determine perceived value for SACCOs and MDIs									■					
<b>Partners</b>	Stanbic														
<b>Pilot use of mobile telephone as a Stanbic to SACCO linkage mechanism for rural finance</b>	Develop business case for offering mobile telephone banking services	Robert Ocaya		■	■										<b>Mobile telephone banking investigated with three SACCOs</b>
	Establish technical infrastructure					■	■	■							
	Establish account-to-phone registration and management system	Joakim Vincze				■	■	■							
	Pilot use of mobile telephone banking access for delivery of rural financial services								■	■	■	■	■	■	
	Organize SACCO workshop to demonstrate mobile telephone banking access and solicit input on applications											■			
<b>Partners</b>	Stanbic														

**AIR 2: Increased Innovation to Product and Service Delivery Mechanisms**

**KRA 2.1: Service Delivery Mechanisms Expanded**

**STRATEGY:** Launch with partner institutions; implementation of new technologies and cost reducing processes; encourage collaboration with SACCOs leading to cost effective transactional linkage banking arrangements

Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Complete development of SIMBA funds transfer system</b>	Develop software system for transaction tracking and reconciliation of transfers	Robert Ocaya	■	■	■										<b>40 funds transfer outlets established</b>
	Pilot funds transfer system in three outlets					■	■								
	Evaluate results	Joakim Vincze						■							
	Roll-out funds transfer system to 17 additional locations								■	■	■				
	Evaluate results										■				
	Roll-out funds transfer system to 20 additional locations										■	■	■		
<b>Partners</b>	SIMBA, CMFL														

AIR 2: Increased Innovation to Product and Service Delivery Mechanisms															
KRA 2.2: New Products Developed															
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															
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Complete roll-out of the microleasing product</b>	Support the official launch and phased roll-out of the product	Robert Ocaya			■	■	■	■	■						<b>Leasing product successfully rolled-out</b>
	Develop loan products for dairy farmers		■	■	■	■	■	■	■	■					
	Publish a technical document with Danida ABDC on the leasing design process and investigate the possibility of replication						■	■	■	■	■	■	■	■	
	Support the establishment of linkages with other FIs								■	■	■	■	■		
<b>Partners</b>	UML, ABDC-Danida, Land O'Lakes														
<b>Develop new savings products</b>	Conduct an initial workshop for SACCOs to identify and detail priority savings products	Eldard Ssebbaale		■											<b>Three savings products piloted and rolled out</b>
	Perform on-site product assessments			■	■										
	Pre-test and pilot products	Robert Ocaya				■	■								
	Roll out products						■	■	■						
	Support Commercial Banks that want to utilize low cost delivery mechanisms to launch new savings products						■	■	■	■	■	■			
<b>Partners</b>	Partner SACCOs, Stanbic, Orient														

**AIR 2: Increased Innovation to Product and Service Delivery Mechanisms**

**KRA 2.2: New Products Developed**

**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**

Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Benchmarks
<b>Sensitize financial institutions in product development</b>	Support loan product development/refinement/evaluation	Robert Ocaya	■	■	■	■									<b>Three loan products successfully launched</b>
	Convene workshops for SACCOs, MDIs and MFIs on product development in a rural context				■	■									
	Pilot new products					■	■	■							
	Roll out products							■	■	■					
<b>Partners</b>	Partner SACCOs, Commercial Banks, MFIs, MDIs														
<b>Expand agricultural credit</b>	Provide support to FIs and SACCOs for agricultural loan product development	Asaph Besigye	■	■	■	■	■	■	■	■	■	■			<b>Two agricultural loan products successfully launched</b>
	Support the roll-out of these ag loan products					■	■	■	■	■	■				
<b>Partners</b>	Partner SACCOs														

**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 Strategic Activities Fund for highest program enhancement

Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Benchmarks	
<b>Effectively manage personnel</b>	Conduct staff annual performance reviews	Terri Kristalsky				■										<b>Performance reviews completed</b>	
	Prepare staff final evaluations														■		
<b>Partners</b>	Chemonics HO																
<b>Provide effective contract administration</b>	Monitor all financial aspects of contract	Terri Kristalsky	■	■	■	■	■	■	■	■	■	■	■	■	■	<b>Contract managed and closed appropriately</b>	
	Liaise with the USAID Contracting Officer and Controller (as needed)																▶
	Oversee contract close-out										■	■	■	■	■		■
<b>Partners</b>	Chemonics HO																
<b>Maintain smooth operational procedures</b>	Ensure compliance with USAID rules and regulations for all procurements and subcontracts	Barbara Kironde	■	■	■	■	■	■	■	■	■	■	■	■	■	<b>Successful operational close-out</b>	
	Monitor and update policy and procedure manual as necessary																▶
	Manage all service agreements and compete for service delivery as needed		■	■	■	■	■	■	■	■	■	■	■	■	■		■
	Plan and execute project operational close-out										■	■	■	■	■		■
<b>Partners</b>	Chemonics HO																
-----▶ = intermittent activity																	

**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 Strategic Activities Fund for highest program enhancement**

Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Benchmarks
<b>Efficiently manage project financials</b>	Maintain an accurate and effective accounting system	Abubaker Mabuya	■	■	■	■	■	■	■	■	■	■	■	■	■	<b>Invoicing completed monthly</b>  <b>Successful financial close-out</b>
	Maintain an effective internal reporting system		■	■	■	■	■	■	■	■	■	■	■	■	■	
	Send monthly accounts to home office for review and incorporation into invoice		■	■	■	■	■	■	■	■	■	■	■	■	■	
	Financial evaluation/audit of SAF beneficiaries (as needed)		----->													
	Close-out accounting check-in/audit												■			
	Close-out of project financial accounts														■	
<b>Partners</b>	Chemonics HO															
<b>Continue implementation of Strategic Activities Fund (SAF)</b>	Streamline SAF processes	Richard Muyinda	■	■												<b>100 percent of SAF obligated and utilized</b>  <b>Successful SAF close-out</b>
	Provide ongoing assistance to professional staff in policies and procedures of SAF and how it can be used to enhance their project activities		■	■	■	■	■	■	■	■	■	■	■			
	Monitor SAF beneficiaries to ensure compliance		■	■	■	■	■	■	■	■	■	■	■	■	■	
	Promote SAF with identified partners				■			■				■				
	Monitor SAF budget utilization		■	■	■	■	■	■	■	■	■	■	■	■	■	
	Conduct rolling grant close-outs and close-out the SAF program				■	■	■	■	■	■	■	■	■	■	■	
<b>Partners</b>	Chemonics HO															
-----> = intermittent activity																

AIR 3: Program Management and Monitoring and Evaluation																	
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 project to maximize impact																	
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Benchmarks	
<b>Continue communications strategy implementation</b>	Share project successes and opportunities	Diana Mushabe	■	■	■	■	■	■	■	■	■	■	■	■		<b>Five success stories written</b>	
	Semi-annual meeting with USAID communications officer						■						■				
	Write success stories		■	■	■	■	■	■	■	■	■	■	■	■	■		
	Maintain ongoing media relations		■	■	■	■	■	■	■	■	■	■	■	■	■		
	Assist with final report production														■		■
<b>Partners</b>	Chemonics HO																
<b>Continue management of project website</b>	Continued content development for website	Diana Mushabe	■	■	■	■	■	■	■	■	■	■	■	■		<b>Website updated monthly</b>	
	Document program and partner events and update photo gallery		■	■	■	■	■	■	■	■	■	■	■	■			
	Conduct regular website maintenance		■	■	■	■	■	■	■	■	■	■	■	■			
<b>Partners</b>	Chemonics HO																
<b>Maintain inter and intra project communication systems</b>	Monthly COP informal information sharing	Terri Kristalsky	■	■	■	■	■	■	■	■	■	■	■	■		<b>Monthly SO7 COP meeting attended</b>	
	Staff meetings and monitoring and evaluation results discussion		■	■	■	■	■	■	■	■	■	■	■	■			
<b>Partners</b>	APEP, PRIME/West, ACDI/VOCA																

AIR 3: Program Management and Monitoring and Evaluation																
KRA 3.3: Program Monitoring and Reporting Needs Met																
STRATEGY: Effective use of project resources for collecting and reporting of results																
Activity	Tasks	Point Persons	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Benchmarks
<b>Maintain accurate monitoring and reporting system</b>	Familiarize all staff and partner institutions in data collection requirements and reporting cycles	Ricky Mugabi				■					■					<b>Updates prepared quarterly</b>  <b>Reports submitted</b>  <b>Two quarterly meetings held</b>
	Collect data and monitor progress; maintain database				■			■			■					
	Prepare and submit quarterly progress reports					■			■			■				
	Prepare and submit final report														■	
	Hold quarterly meetings to review PMP targets and progress					■						■				
<b>Partners</b>	Chemonics HO															