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RURAL SPEED QUARTERLY PERFORMANCE REPORT

OCTOBER 1 THROUGH DECEMBER 31, 2005



February 2006

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Rural SPEED

Rural Savings Promotion & Enhancement of Enterprise Development

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

Rural SPEED
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Rural SPEED Project Quarterly Report October 1, 2005 – December 31, 2005

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

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

AIR 1. Increased Access to Rural Financial Services.

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

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

Accomplishments this quarter:

Activity 1: Improve institutional skills in agricultural finance.

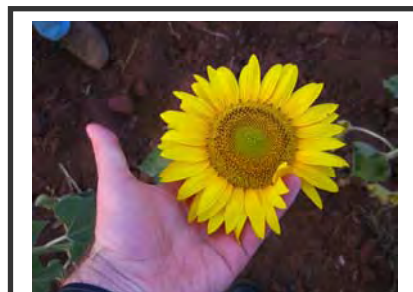
<p style="text-align: center;">Demystifying Rural Finance – Creating Competition</p> <p>Building on Rural SPEED's Commodity Mapping exercise, several key activities that both demystify rural finance to commercial banks and tangibly increase financial service provision in rural Uganda have been embarked on.</p> <p>The most significant achievement has been the enthusiastic embrace of collateral financing for maize in Kapchorwa. In a market that was previously considered too risky by commercial banks, two of Uganda's largest banks (Stanbic and Standard Chartered) are now competing for rural clients.</p> <p>Multi-project/donor collaboration has led to this first warehouse receipt program launch</p>

- In collaboration with DANIDA/ASPS Agribusiness Development Component, a total of ninety loan officers and credit administrators from Allied Bank, Development Finance Company of Uganda and Centenary Rural Development Bank were trained focusing on agricultural lending, specifically on understanding mitigating and managing agriculture risks by the credit officers. The emphasis was on non-agricultural credit officers' decision making. Participants were exposed to the value chain financing opportunities revealed under the Rural SPEED value chain maps.

- Please refer to KRA 2.2 Activity 1 (page 10) for a discussion on activities related to the capacity development of rural financial service providers to offer agricultural loan products.

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

- Rural SPEED, in collaboration with other SO7 partners, APEP and SCOPE, is keenly interested in developing a functioning warehouse receipts system that can generate greater returns to farmers, increase credit provision to agriculture on a sustainable, low risk basis and aid in stabilizing the historically wild volatility in output markets. Toward this end, Rural SPEED has taken the lead on developing a broad collaboration between interested actors including: WFP, DANIDA/ASPS, DFCU, and several DCA banks.



JOAKIM VINCZE, USAID/RURAL SPEED

Sunflower farmers in Masindi earn large amounts of money when they sell their crop twice a year, but have no place to deposit it. In December 2005, a team from USAID/Rural SPEED and DANIDA/ASPS visited the rural community to assess the possibility of opening a financial services point to help the farmers save their cash for times when they have no income.

- While multiple locations have been identified to execute this activity including Lira, Masindi, Kasese and Kapchorwa, all partners agreed that the activity should first be piloted in Kapchorwa given their relative sophistication and their extraordinary yields for several key crops including maize. As such, Rural SPEED representing SCOPE and APEP signed an MOU with Kapchorwa Commercial Farmers Association (KACOFA) and WFP.

The broad program is structured as follows: Facilitation of the warehouse receipt discounting facility with Stanbic and Standard Chartered banks has begun. Pilot funding was provided for professional collateral management for a period of six months via a competitive tender. Rural SPEED is also facilitating a leasing facility for KACOFA to acquire essential maize processing equipment through DFCU. SCOPE is providing strategic and business planning support to KACOFA and APEP is providing technical support on the growing and processing of maize. WFP, given the strong support to the process from the SO7 partners, has donated \$20,000 to KACOFA to be used as a down payment for the DFCU lease, and an offer to buy 5,000 MT of maize from KACOFA, at a minimum price of UGX 350,000/MT (this amounts to a \$1M commitment from WFP). DANIDA/ASPS is providing a guarantee facility for the equipment lease. KACOFA is providing the lease of the warehouse, the staff costs, the insurance, and the regular payments on the equipment leases.

- Following a successful pilot, there will be work with these same donor project partners to roll this system out more broadly in other viable target communities.

Activity 3: Establish pilot price insurance for maize.

- Meetings were initiated with MicroCare, APEP, ACDI/VOCA and CERUDEB to explore collaboration on the price insurance activity for maize growers financed by CERUDEB in Kapchorwa and Mbale. Though MicroCare and CERUDEB expressed interest in the activity, the delay by CERUDEB to conclude an MOU delayed the initiation of the activity. If the MOU is concluded, hopefully at the beginning of the next quarter, an MOU with MicroCare will be executed and the preliminary work on this activity will commence.

- In collaboration with MicroCare, the actuary to undertake the actuarial study and assist MicroCare to develop the price insurance instrument was identified. Once the decision to progress with the activity is taken in the coming quarter, the process of engaging the actuary will begin.

Activity 4: Market commodity value chain maps.

- Marketing the commodity value chain maps developed during the quarter 2, 2005 to the financial institution both through contact with top managers and during the training workshops. Promotion of the commodity value chain maps resulted in Allied Bank's keen interest to develop a financial product for sunflower growers. This financing product opportunity is being explored with Mukwano Industries.
- The warehouse receipt financing activity in Kapchorwa for maize grain is also a result of the marketing effort of the maize value chain with Stanbic and Standard Chartered banks. Further value chain maps dissemination and marketing will be done in the coming quarter.
- The collaborative linkage between UML Bwera branch and Nyakatonzi Growers Cooperative Union (NGCU) was postponed to the delayed opening of the UML's branch to late November 2005; it was then too late for the cotton harvest season. UML has indicated it will be ready to discuss with NGCU the proposed collaboration for financing cotton growers.

Activity 5: Promote utilization of DCA in financial institutions.

- **1st Multi Institutional DCA Program**
 - Program usage reduced further with only three loans worth \$132,000 being placed for coverage under this program. There are three institutions with unutilized limit; Barclays and Citibank have not been active (both having nearly 50% remaining) but indicate an intention to utilize the balance. Allied continues to use the fund and stated that they plan to use the remaining limit for agricultural trade finance.
 - The CERUDEB edible oil account on which a notice of default was submitted has been rescheduled to expire in December 2007. Coverage will however expire in January 2007 when the guarantee period expires.

Bank Name	DCA Portfolio Facility \$US	Number of loans	Value of loans \$US	% usage	% of Portfolio in Agric	Average size in \$US
Allied Bank International	2,000,000	26	1,624,236	81%	19%	62,472
Barclays Bank	5,500,000	16	2,602,245	47%	36%	162,640
Centenary Rural Devt Bank	5,520,000	140	5,515,970	99%	23%	39,400
Citibank	500,000	1	278,552	56%	0%	278,552
Nile Bank	3,000,000	32	3,005,329	100%	7%	93,917
Stanbic Bank Uganda	6,000,000	15	5,597,261	93%	69%	373,151
Standard Chartered Bank	4,000,000	29	3,999,984	100%	27%	137,930
Total	26,520,000	259	22,623,604	85%	41%	87,350

➤ **2nd Multi Institutional DCA Program**

- Of the five participating financial institutions only Stanbic has not used the facility. They intend to use it for their retail (SME) banking unit and a presentation is to be made in the next quarter to stimulate DCA usage.
- Current usage has grown by 31 to 86 in volume and by \$440,000 to \$2,178,000 in value. The average loan size has reduced by \$6,000 to \$24,000 due to UML's starting to use the facility as they are targeting the lower end of the SME market.
- A 14 day on site audit was carried out by the Pretoria Regional Inspector General's office. A preliminary report addressed the following issues:
 - More information regarding borrowing firms needs to be collected to enable more effective monitoring of the DCA impact
 - The unutilized limit for Citibank should be removed and availed to banks that have shown appetite for it.
- Concurrently, an on site impact study was carried out by USAID Washington Office of Development Credit. The following observations were made in the draft report:
 - The DCA program is most efficient as a catalyst in economic environments that support its intended goals. In the case of Uganda, a fall in interest rates and the licensing of MDI's pushed banks to look for new lending opportunities in SME's and MDI's which the guarantee was supporting.
 - The management of the DCA program by Technical Assistance projects (SPEED/Rural SPEED) renders positive and beneficiary support to utilization and promotion /measurement of the development impact.
 - Permitting overdraft for cover gave banks flexibility in usage of the guarantee especially since a lot of financing to the targeted SME's is for working capital.

The report also recommended that:

- More systematic information gathering is necessary to determine the guarantee impact though this should not add additional administrative and reporting burdens to the banks.
- A thorough knowledge of other guarantees is necessary to avoid duplication of resources.
- A clear graduation strategy should be formulated for a smooth exit.

In summary, the report indicates that the program through the partner financial institutions, has had a positive effect on the targeted market segments that previously had not had access to financial services

Bank Name	Portfolio Limit \$US	Number of loans	Value of loans \$US	% usage	% of Portfolio Rural	Average size in \$US
Centenary Rural Development Bank	3,000,000	58	1,226,702	41%	49%	21,150
Nile Bank	4,000,000	7	742,013	19%	35%	106,002
Stanbic Bank	2,750,000	0	0	0	0	0
Standard Chartered Bank	4,000,000	1	49,451	1%	0	49,451
Uganda Micro Finance Union Ltd	2,000,000	20	160,440	8%	42%	8,022
Total	15,750,000	86	2,178,605	12%	43%	25,333

➤ **Collateral Managed Guarantee Program**

- No loans have been placed under the facility as it is dependent on the maize season. Stanbic and Standard Chartered have indicated that usage will commence in early 2006 under the developing warehouse receipt program (See KRA 1.1 Activity 2). Stanbic will specifically use it for lending to a farmers organization in Kapchorwa who were mentored by APEP.

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

- Working with a technical working group including GTZ/FSD and AMFIU, a paper design of the revised PMT neared completion. One or two minor questions remain to be resolved but notwithstanding, a consultant has been contracted to develop an alpha version of the software which should be completed by the first part of April, 2006.

KRA 1.2: Strategic Partnerships between Financial Institutions Strengthened.



Moses Mubiru, USAID/RURAL SPEED

A USAID/Rural SPEED consultant poses with Senior Staff of the Savings & Credit Cooperatives (SACCO) after the training on Strategic planning, Mission & Vision. In November 2005 the training and subsequent mentoring was conducted as a foundation toward wider capacity building and opening opportunities for these SACCOs to expand their respective businesses.

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

Accomplishments this quarter:

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

- In November 2005, 15 SACCOs were trained on the topic of Strategic Planning and the development of sound Mission and Vision statements embraced by the membership. The training encouraged Boards of Directors and management to drive the institutional objectives

in a transparent, well managed way. Following a three day intensive training, full-day, individual mentoring sessions were conducted with each of Rural SPEED's partner SACCOs to ensure the understanding and incorporation of strategic planning message.

- Based on growth in SACCO membership and business volume, each of the partner SACCOs were assessed to establish their needs, in terms of equipment and skills, to facilitate their expanded, *sustainable* outreach. A lowest cost/best solution-cost share basis, equipment to aid its partner SACCOs in expanding outreach will be procured in the coming quarter.
- In order to best serve their clients and perform as a viable linkage partner for a commercial financial intermediary, SACCOs must have robust and reliable Management Information Systems (MIS). During December, a technical team assessed each of the SACCO partner's MIS needs. Computer training was highest in demand followed by a need for reliable hardware and software.
- As part of the routine support, ongoing mentoring visits were conducted with partner SACCOs by Rural SPEED's technical team.

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

- During November, the Due Diligence Tool was shared with a number of bank and MDI partners. Actual training on the use of the tool was postponed to March 2006 to better coincide with linkage banking feasibility studies scheduled for the coming quarter and with the schedules of partner MDIs who are interested in pursuing linkage banking.

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

- In November, Rural SPEED, collaboratively with DFID/FSDU, EU/SUFFICE, MOP and MCAP asked for clarification of the Bank of Uganda's position on linkages between Banks/MDIs and MFIs registered under the Companies Act. The clarification requested specifically what types of saving, lending, investing, training and/or co-branding relationships would be allowed. The answer, unfortunately, was that no financial relationship would be allowed or tolerated. As such, Rural SPEED will now de-emphasize this type of linkage and concentrate on MDI/SACCO and bank/SACCO linkages.

<p>Saving Study drives program outputs</p> <p>As the savings study clearly elucidated rural Ugandan's habits, needs and priorities, it has become a foundation block for both Rural SPEED and its partner MDIs and SACCOs.</p> <ul style="list-style-type: none"> ▪ Based on this study's notation that there is limited information in the marketplace regarding savings, Rural SPEED is preparing a publicity campaign broadly addressing appropriate savings methods for rural Uganda. ▪ FINCA, PRIDE, UML and U-Trust have developed strategies and submitted funding proposals from an informed perspective under an RFP ▪ Rural SPEEDs partner SACCOs have begun to offer saving products that meet the specific priorities of their clients.

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

- No tasks were scheduled for this activity in this quarter. Rural SPEED is fielding a four member team to study the feasibility of this idea during the first two weeks of February, 2006.

KRA 1.3: Savings Mobilization Increased.

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

Accomplishments this quarter:

Activity 1: Establish and maintain collaboration with partners.

- Building on Rural SPEED's nationwide study of Rural Ugandans savings habits, needs and priorities, in October, Rural SPEED worked with CGAP, to facilitate their country wide assessment of the four levels of the financial system (clients, financial institutions, infrastructure and policy environment). A workshop was held to test assumptions for the final study which will be released in the coming quarter.
- Maintained ongoing relationship with MicroSave, and based on MicroSave applied research, Rural SPEED is actively supporting several of Uganda's MDIs in building their capacity to mobilize more savings.

Activity 2: Implement savings public information campaigns.

- In December, a Request for Proposal (RFP) was developed to be distributed to seven media companies with guidelines for designing and implementing a multi level saving promotion campaign. Strategies will include tag lines, public theater, radio theater and radio spots to reinforce the value of savings and the value of saving with reputable institutions. The RFP is to be released following the New Year Holiday.

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

- FINCA has begun the limited testing of three new savings products (Limited Access Savings, School Fees and Fixed Deposits). The Saving Mobilization Specialist is supporting and troubleshooting the products. Moving forward, if international TA becomes necessary, there will be increase in commitment to assisting FINCA on this mission-critical initiative.
- Rural SPEED and FINCA are negotiating collaboration on multiple levels including Linkage Banking and Treasury Management. The Linkage Banking activity relies on savings mobilization through Tier IV institutions; and, the Treasury Management activity is meant to raise FINCA's internal capacity to manage the liability side of their balance sheet as new savings products (liabilities) are introduced to the institution.
- FINCA received the savings mobilization RFP (as did Uganda's other registered MDIs) December 19, 2005. The deadline for proposals is January 13, 2006.

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

- UML received the savings mobilization RFP (as did Uganda's other registered MDIs) December 19, 2005. The deadline for proposals is January 13, 2006

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

- In December, collaboration begun with U-Trust to begin fleshing out the methodology, marketing and management strategy for U-Trust to offer a fixed deposit product.
- U-Trust received the savings mobilization RFP (as did Uganda's other registered MDIs) December 19, 2005. The deadline for proposals is January 13, 2006.

Activity 5: Assist development and piloting of savings services for PRIDE (new addition)

- PRIDE received the savings mobilization RFP (as did Uganda's other registered MDIs) December 19, 2005. The deadline for proposals is January 13, 2006.

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

KRA 2.1: Service Delivery Mechanisms Expanded.

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

Accomplishments this quarter:

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

- An RFP for the design and development of a basic database system to handle and track the cash transfers between SIMBA outlets was released. Six firms were approached; three bid. The bids were evaluated by: Rural SPEED, SIMBA's IT Manager as well as by Peter Scott, a local IT consultant
- In reviewing the proposals it became clear that, while local capacity for software programming exists, none of the firms bidding had any experience with the actual design of a software application leading to a modification in strategy. As such, Rural SPEED is working with SIMBA to source a software architect. The software design will then be programmed by a local software developer, ensuring that maintenance programming support for the solution is available from a local vendor.
- Rural SPEED sees this as positive development in that it will allow a local company to be exposed to - and program software in accordance with - an engineered approach to software development for financial applications; a skill that is presently lacking in Uganda.

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

- In spite of getting this intervention off to a good start early on in 2005, UML has since been challenged by external issues relating to their license with BOU, and has delayed the development of an agency outlet for the dairy farmers in the Rushere area.
- A SAF request was approved stipulating that UML, in order to continue working with Rural SPEED on this opportunity, sign a lease for a building by January 10, 2006 and start working towards the launch of the access point.
- On the assumption that UML carries through with obtaining a building lease, the planned activity will continue and a part-time agency outlet delivery mechanism connected to the Lyantonde branch's MIS will be launched.

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

- Held several discussions with FINCA in the early part of 2005 to identify innovations that could lead to rural outreach and increased savings mobilization. As part of this effort to find viable opportunities, FINCA put forward the idea of a mobile banking unit.
- Rural SPEED began working with FINCA to define a cost- and revenue- model for mobile banking that could be used to perform a break-even analysis. In doing so it became apparent that FINCA had not considered the actual implementation issues of a mobile banking unit, beyond estimating what it might cost to acquire an armored vehicle.
- It is anticipated that this request will be addressed under the pending RFP for savings mobilization activities.

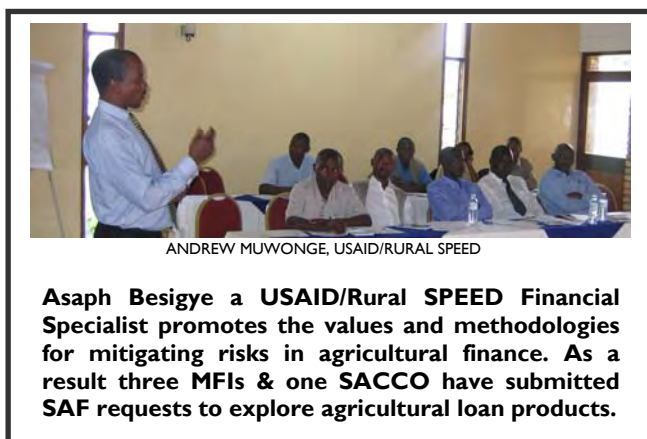
KRA 2.2: New Products Development.

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

Accomplishments this quarter:

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

- Two workshops were conducted first for five partner MFIs (TERUDET, UGAFODE, FTCU, SOMED and MEDNET) and then for 30 SACCOS (ten partner SACCOS included) on agricultural product development. The workshops focused on methodologies of assessing the costs and benefits, and thus the profitability of agricultural



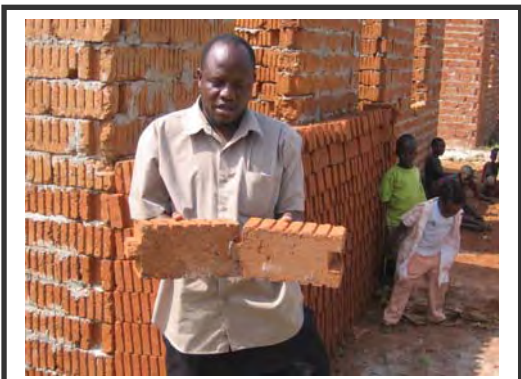
lending product. The participants were exposed to mechanisms of determining costs of delivering credit product and thus on determining effective and viable interest rates as a major component in loan product. Also presented during the workshop were the methodologies of appraising, delivering and monitoring agricultural credit.

- Muhame SACCO, under an approved SAF grant, has embarked on developing an agricultural lending product for short-term loan to Matooke traders. Muhame was actively mentored for this activity which will be accomplished and rolled out in the coming quarter. Other SACCOs will be pursuing similar initiatives in the coming quarter in 2006.
- UGAFODE, FTCU and MEDNET submitted SAF requests to develop agricultural lending products. MEDNET has already begun the market research for the product and is ready to move on with the design phase while FTCU is to start the process. Further support activity on these proposals will be pursued in the coming quarter.

Activity 2: Assist UFT to implement innovative low cost housing loan program.

- During the quarter, a SAF request from Uganda Finance Trust (UFT) was approved for financial and technical support for the pilot, evaluation and roll out of their innovative low cost housing loan program, having initially undertaken the market research.

- At the beginning of October, the pilot commenced in UFT’s Mukono branch, (after a successful pilot, to be followed by a roll-out in the four regions of the country) encouraging existing clients to apply for the facility whilst also selling the benefits of owning a home of their own. This was preceded by a series of workshop and leaflets with the purpose of sensitizing their clients on the product and its benefits.



DIANA MUSHABE, USAID/RURAL SPEED

A potential UFT low cost housing loan product client examines the ease of assembly of the building product. Through a SAF request, USAID/Rural SPEED approved funding to pilot, evaluate and roll out of the UFT low cost housing loan product.

- The program has had a slow start because of varied mitigating factors. These include; skepticism by clients about the innovative technology (using Soil Stabilization Blocks), an absence of any demonstration homes in the area necessary to convince clients of their durability,

client desire for home completion loans for which this product was not designed, slow loan approval process and bureaucracy within Mukono Town Council resulting in a delay in approving applicants’ housing plans.

- The client uptake at the beginning of the pilot has not been as high as projected and so, as agreed under the terms of the MOU with UFT, Rural SPEED has contracted a consultant to review this product during the next quarter. This review will assist UFT redesign the program and also determine the level of future support.

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

- Cognizant of the fact that DANIDA's Agricultural Sector Program Support and Rural SPEED are both tasked with developing leasing products, a letter of understanding was signed to build collaborative efforts in this regard. The agreement defined the nature of the relationship.
- Under an approved SAF grant, Rural SPEED will assist UML with financial assistance (technical and equipment) for the development of a micro-leasing product. (This MDI had been previously selected as a key partner by DANIDA).
- ASPS-DANIDA will provide medium term credit of up to UGX 840,000,000 in four phases to support this venture, with UML matching this amount. DANIDA will also provide targeted Business Development Support to identified farmer/producer groups and SME's.
- UML is in the process of recruiting a leasing manager who will be responsible for establishing the operation and developing the business, now that they are assured of the requisite support for the program.

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

- Drawing on information obtained from Rural SPEED's savings survey and Dr. Peter Cowley's (Business Part's COP) detailed knowledge of previous and current SO8 funded health initiatives in Uganda, an innovative savings product that will reward clients for saving was designed together with UML and Microcare Health Limited.
- According to the pilot product design, clients that save and maintain an account balance of at least 150,000 UGX will be provided health insurance, including HIV/AIDS prevention and treatment, for up to four covered lives per eligible savings account. UML pays 50% of the UGX 24,000 insurance premium and USAID subsidized the balance via Rural SPEED and Business Part.

This will be piloted in the Kisizi and Kisoro branches of UML for 12 months and for up to 6,500 clients (up to 26,000 covered lives) beginning in February.

Activity 5: Investigate coffee pulping leasing product through CERUDEB, SACCO linkage.

- Coffee pulpers leasing was investigated as a possibility to assist out growers supplying coffee to Rwenzori Coffee Company (RCC) collaboratively with PRIME West. During initial discussions it became apparent that RCC was not in a position to offer supply contracts to its farmers as it did not have a supply contract of its own.
- As structured financing for agricultural producers should be based on the availability of an assignable supply contract that the farmers can use as collateral for the financing, in the absence of such a mechanism, farmers would be exposing themselves to unquantifiable default risk. Consequently it was decided to drop further investigation of this initiative with RCC as a business partner.
- Alternative ways will be examined to provide farmers with coffee pulpers via lease financing. (The Agricultural Sector Program Support of DANIDA intends to target some of the coffee farmers in the region for support under the leasing program that Rural SPEED is developing with UML.)

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.

Accomplishments this quarter:

Activity 1: Effective personnel management.

- The position for a SAF manager was included in the Rural SPEED original approved staffing plan, but during start up it was combined with the DCA Portfolio Manager position. However, it was determined that the workload of the combined position was too much given the time sensitive needs of SAF programming and DCA promotion and management. As such, a SAF manager position was advertised in the local papers and a candidate selected. The SAF manager will start in January.
- Due to normal attrition, both the savings specialist and the linkage specialist positions were replaced during the quarter.

Activity 2: Provide effective contract administration.

- A new relationship was forged with the newly assigned contracting officer. Procedural modifications were undertaken to meet the new COs approval timeline.
-

Activity 3: Develop and maintain smooth operational procedures.

- During the quarter, the policy and procedure manual was updated and shared with staff.
- All incoming staff received appropriate in-briefing on the policies and procedures.

Activity 4: Efficient financial management of project.

- Compliance with the USAID and Chemonics Office accounting regulations and procedures.
- Petty cash has been efficiently managed.
- Management systems for grants and subcontracts is in place and in line with the USAID regulations.
- An audit of supporting documents is carried out before funds are disbursed.
- Monthly invoices presented in a timely fashion.

Activity 5: Implementation of Strategic Activities Fund (SAF).

- The approval process was streamlined with the introduction of the Fast Track Disbursement Form for support below \$50,000 and full report for those above.
- A SAF manager was recruited to be fully dedicated to the activities of the SAF.
- Two awards were completed during the period. One to AMFIU for identification of the needs of Tier IV FIs in PMT while the other was for UMF Ltd to determine the need for financial services in Rushere sub-county western Uganda.

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

Period	Concept/Application letters received	Rejections at concept paper	Rejection at application	Applications under review	Awards
Cumulative total	140	113	9	10	8
This Quarter	18	4	2	9	3

SAF Usage in \$ amounts December 2005

Approved	Disbursed	Pipeline	Uncommitted	Total
\$302,515	\$61,605	\$330,973	\$1,366,512	\$2,000,000

KRA 3.2: Knowledge Management System.

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

Accomplishments this quarter:

Activity 1: Communications Strategy implemented.

- Uganda Microfinance Limited, a USAID/Rural SPEED Partner organization opened its new branch in Bwera-Kasese. Media from the New Vision, Monitor and Uganda Television covered the event.
- USAID media and branding guidelines are implemented.
- Media relationships were established to journalists who now appreciate the support of USAID.
- SOW for a success story development was prepared. A Consultant is mentoring the Communications Assistant in best approaches, how to create stories for publication and also review the Communications Strategy.



SAM BASABA, BSMEX PHOTO & VIDEO AGENCY

Margot Ellis, USAID/Uganda Mission Director, and Hon. Crispus Kiyonga, Member of Parliament, cut the tape to officially open the new Uganda Microfinance Limited -UML- (a USAID/Rural SPEED Partner organization) Bwera branch in November 2005 while UML CEO Charles Nalyaali applauds. USAID/Uganda helped equip the branch, which is the area's first financial institution.

Activity 2: Manage program website.

- The website was launched and resource center and training sites populated.
- Consultant is working with the Communications Assistant to review the USAID/Rural SPEED website's compliance to the USAID branding guidelines.
- Photo gallery development continues and is uploaded regularly.

Activity 3: Maintain inter and intra project communication systems.

- Monthly COP luncheon attended by COP.

- Weekly staff meetings continue.
- Daily communication with Chemonics HO maintained.

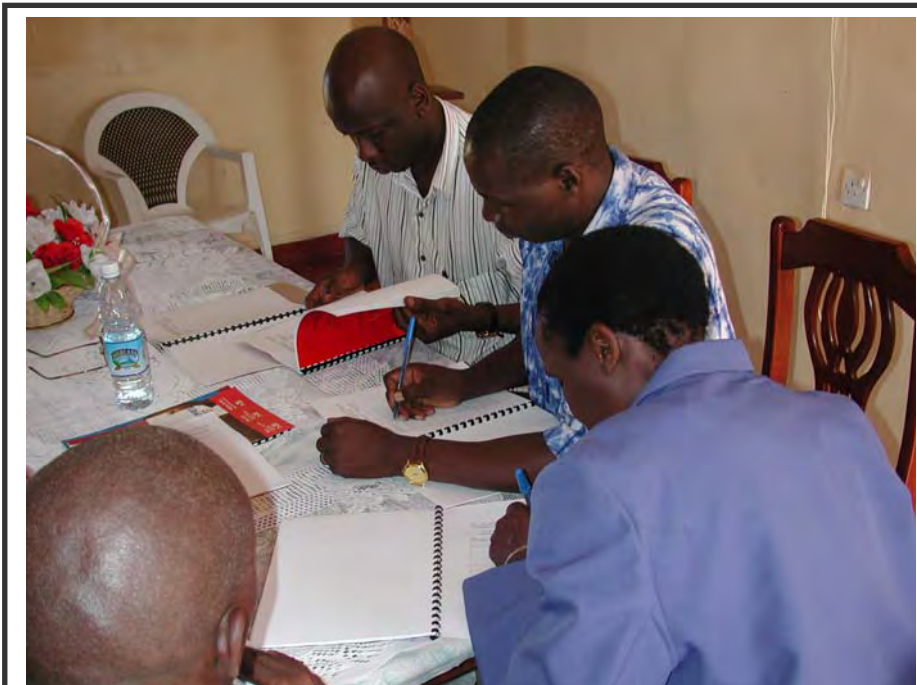
KRA 3.3: Program Monitoring and Reporting Needs Met.

Strategy. Effective use of project resources for collecting and reporting of results.

Accomplishments this quarter:

Activity 1: Maintain accurate monitoring and reporting system.

- The 2005 annual report was prepared and submitted and approved by USAID.
- The second annual work plan approval was received during the period.
- Continued to apprise the technical staff on data collection requirements, methodology and reporting cycles.
- Continued interaction with project partners to insure reporting compliance. Have provided the necessary training, interpretation and understanding of their data requirements thus improving on accuracy and envisaged quality reporting.
- An updated Monitoring and Evaluation system/database was maintained through effective and regular data collection.
- The 2006 Workplan was incorporated into the Workplan Management Tool; a tool designed to monitor the life of project progress.
- A good communication link with MEMS Project was maintained during the period.



RICHARD PELRINE, USAID/RURAL SPEED

The Directors of Kapchorwa Commercial Farmers Association (KACOFA) sign documentation converting to a formally registered company and therefore becoming eligible for loans under the DCA Warehouse Receipt program. Rural SPEED representing SCOPE and APEP signed an MOU with KACOFA and WFP to promote the warehouse receipts program. (See KRA I.1 Activity 2 for further details).