

## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas Supervision Report**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



## Abbreviations and Acronyms

### Abbreviations and acronyms

<b>APSEDEC</b>	<b>Acholi Private Sector Development Company Limited</b>
<b>AWPB</b>	<b>Annual Work Plan and Budget</b>
<b>CCA</b>	<b>Canadian Cooperative Association</b>
<b>CFF</b>	<b>Central Financing Facility</b>
<b>COMVIS</b>	<b>Community Vision Uganda</b>
<b>CREAM</b>	<b>Community Organization for Rural Enterprise Activity Management</b>
<b>CSCG</b>	<b>Community Savings and Credit Group/s</b>
<b>DCO</b>	<b>District Commercial Officer</b>
<b>FSD</b>	<b>Financial Services Department (of MFPED)</b>
<b>GoU</b>	<b>Government of the Republic of Uganda</b>
<b>FURA</b>	<b>Foundation for Urban and Rural Advancement</b>
<b>HIV-AIDS</b>	<b>Human immune. virus infection and acq. immune def. syndrome</b>
<b>IFMS</b>	<b>Integrated Financial Management System</b>
<b>IIRC</b>	<b>International Institute of Rural Reconstruction</b>
<b>KM</b>	<b>Knowledge Management</b>
<b>KPSDC</b>	<b>Karamoja Private Sector Development Company</b>
<b>M&amp;E</b>	<b>Monitoring and Evaluation</b>
<b>MFI</b>	<b>Microfinance Institution</b>
<b>MFPED</b>	<b>Ministry of Finance, Planning and Economic Development</b>
<b>MNPSDC</b>	<b>Mid North Private Sector Development Company Ltd</b>
<b>MIS</b>	<b>Management Information System</b>
<b>MoU</b>	<b>Memorandum of Understanding</b>
<b>MTIC</b>	<b>Ministry of Trade, Industry &amp; Commerce</b>
<b>PROFIRA</b>	<b>Project for Financial Inclusion in Rural Areas</b>
<b>READ</b>	<b>Rural Efforts for Action in Development</b>
<b>UCCK</b>	<b>Uganda Cooperative College Kigumba</b>
<b>UCSCU</b>	<b>Uganda Cooperative Savings and Credit Union</b>
<b>UMRA</b>	<b>Uganda Microfinance Regulatory Authority</b>

## A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	Uganda	Environmental and Social Category:	B
Project Name:	Project for Financial Inclusion in Rural Areas	Climate Risk Classification:	2
Project ID:	1100001630	Executing Institution:	not available yet
Project Type:	Credit and Financial Services	Implementing Institutions:	not available yet
CPM:	Lakshmi Moola		
Project Director:	Lance Kashugyera		
Project Area:	National		

Approval Date:	19/09/2013	Last audit receipt:	19/12/2019
Signing Date:	24/11/2014	Date of Last SIS Mission:	05/06/2020
Entry into Force Date:	24/11/2014	Number of SIS Missions:	12
Available for Disbursement Date:	30/11/2014	Number of extensions:	0
First Disbursement Date:	04/03/2015	Effectiveness lag:	14 months
MTR Date:	14/05/2018		
Original Completion Date:	31/12/2021		
Current Completion Date:	31/12/2021		
Financial Closure:	not available yet		

### Project total financing

<b>IFAD Financing breakdown</b>	IFAD	\$29,000,343
<b>Domestic Financing breakdown</b>	Beneficiaries	\$1,443,223
	National Government	\$4,934,821
<b>Co-financing breakdown,</b>		
<b>Project total financing:</b>		<b>\$35,378,387</b>

### Current Mission

Mission Dates:	22 May 2020 to 5 June 2020
Days in the field:	9
Mission composition:	Girija Srinivasan, Rural Finance Specialist and Team Leader, Dagmawi Habte-Selassie, Programme Officer, IFAD, Ndawahzile Kaluwa, M&E, Florence Munyiri, Social Inclusion Officer, ECG/Gender and Targeting, Samwel Wang'ombe, Financial Management, Mohamed Abdel-Latif, procurement Specialist.
Field sites visited:	Kyotera, Lwengo, Mbarara, Ibanda, Kabale, Rukungiri, Mayuge, Busia and Tororo

## B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		5

<b>Effectiveness and Developmental Focus</b>	<b>5</b>	<b>Project Management</b>	<b>5</b>
Effectiveness	5	Quality of Project Management	5
Targeting and Outreach	5	Knowledge Management	4
Gender equality & women's participation	5	Value for Money	5
Agricultural Productivity	N/A	Coherence between AWPB and Implementation	4
Nutrition	N/A	Performance of M&E System	5
Adaptation to Climate Change	5	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

<b>Sustainability and Scaling-up</b>	<b>4</b>	<b>Financial Management and Execution</b>	<b>5</b>
Institutions and Policy Engagement	5	Acceptable Disbursement Rate	4
Partnership-building	4	Quality of Financial Management	5
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	5
Quality of Beneficiary Participation	5	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	6
Environment and Natural Resource Management	4	Procurement	5
Exit Strategy	4		
Potential for Scaling-up	4		

<b>Relevance</b>
------------------

## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

IFAD fielded a remote supervision mission<sup>[1]</sup> from the 22<sup>nd</sup> May to the 5<sup>th</sup> of June 2020 to follow up on progress since last mission focusing on assessing: i) Progress of implementation of changes of SPs contract modalities; ii) Preparation for exit strategy ensuring sustainability of the PROFIRA interventions; iii) Progress in implementing the AWPB for 2019/20; iv) Review the 2020/21 AWPB and vi) Status of knowledge management and policy contribution of the project. The project management has also identified few issues seeking inputs from the mission including a) reallocation of funds b) study the effect of COVID which has affected the results achieved so far by the project, c) contracts management and time of closure of contracts, d) linkages with commercial banks for both SACCOs and CSCGs.

This remote full supervision mission takes into consideration the lock down and travel restrictions due to COVID – 19 pandemic. The mission had interactions with Commissioner, Financial Services Department, Ministry of finance, Planning and Economic Development, Principal Co operative Officer, MTIC, Service providers to Savings and Credit Co-operative (SACCOs) and Service Providers of community savings and credit groups (CSCGs), Uganda Cooperative Savings and Credit Union (UCSCU), the Uganda Microfinance Regulatory Authority (UMRA). Virtual meetings with SACCOs and CSCGs were not feasible due to restriction of movements. The findings of the mission were discussed with the project management and key recommendations were agreed upon. The findings of the supervision mission were presented on 2<sup>nd</sup> June 2020, in a virtual debriefing meeting chaired by Mr. Moses Ogwapus, Commissioner, Ministry of Finance, Planning and Economic Development.

The mission would like to appreciate the support and assistance it received from the Ministry of Finance, Planning and Economic Development, Project Manager, PMU officials and other stakeholders. The efforts of project management to make documents available well ahead of the mission and ensuring key meetings with stakeholders facilitated the smooth conduct of the mission.

[1] Girija Srinivasan, Rural Finance Specialist and Team Leader, Dagmawi Habte-Selassie, Programme Officer, IFAD, Ndawahzile Kaluwa, M&E, Florence Munyiri, Social Inclusion Officer, ECG/Gender and Targeting, Samwel Wang'ombe, Financial management and Mohamed Abdel Latif, Procurement Specialist. Lakshmi Moola, IFAD Country Programme Manager, participated in key meetings.

### Key Mission Agreements and Conclusions

The overall performance has been satisfactory with substantial progress in outreach, outputs and outcomes. While the project is well positioned to achieving its development objective, the pandemic COVID 19 has caused disturbances, and the liquidity of households to continue to save and also to repay the loans are likely to be affected. Deeper analysis of effect of the pandemic and remedial measures for the SACCOs and CSCGs will need to be undertaken.

The technical support to SACCOs and phase 1 of CSCGs is at the completion stage and hence the pandemic coping strategies will have to be embedded in the project exit strategy (refer technical note 1 in appendix 4).

a) The project will align with Government of Uganda strategy and initiatives to be put in place to address the challenges faced by the SACCOs. As part of the exit strategy, the project will work with DCOs to provide mentoring support to SACCOs, as well as financial literacy trainings to members to enable them to manage household finances. In light of the increased role of DCOs, the project, with government funding, will need to upscale the partnership with UCCK to capacitate DCOs to support SACCOs using the high quality training modules developed by SPs. Since liquidity support will be a key requirement of SACCOs the project will organise a short training for them on how to access support for the liquidity gaps.

b) For phase 1 of CSCG development the activities have been completed, the project has to prioritise training of village agents to support CSCGs cope with the pandemic. The ongoing work is related to phase 2 of CSCGs. The extent of disruption in the functioning of CSCGs will need to be assessed and groups' functioning stabilised. The capacity building trainings, the major deliverables, will need to be rephased to be completed within the time and costs allocated. Government of Uganda is also keen to complete the project activities within the time frame. The establishment of fee based village agent system, registration of CSCGs with local Governments, and linkages with financial institutions, are the three key elements of the exit strategy, which need to be strengthened.

In supporting the exit strategy, IFAD may facilitate dialogues with other development partners interested in both SACCOs and CSCGs; CGAP, Bill and Melinda Gates Foundation for grant/technical assistance support and private sector initiatives such as Stanbic Bank Uganda SACCO/VSLA Economic Stimulation fund, Agri Business capital Fund, for loans. While few of these development partners are revising their funding in response to the COVID pandemic, others had been in dialogue even pre-COVID and have long term strategic interests in development of community-based institutions.

IFAD loan disbursement is 82% whereas government counterpart funding is 21% of the target envisaged at project design. The project has prepared a projection of activities and related payments till project completion. The project is likely to absorb fully the IFAD loan and grant. There is a funding gap of UGX. 5.6 billion in the budget. For the FY 2019/20

Government has allocated UGX 2.8 billion out of which the government has made releases amounting to UGX 648m in the financial year up to April 2020. The Government has allocated UGX 2.8 billion for 2020-21. Continued funding from Government is critical for supporting the exit strategy, which also embeds pandemic coping strategy for the institutions.

The next, Implementation Support mission will be in November and Supervision Mission is planned for May 2021.

## **D. Overview and Project Progress**

### **Component 1 SACCO strengthening and sustainability**

#### **Sub Component 1.1. SACCO Strengthening**

The core support for SACCOs under PROFIRA was the delivery of training and capacity building interventions for 453 initially selected SACCOs. During the MTR, the project categorized SACCOs based on their responsiveness to the training and agreed to a more customized capacity-building approach delivered on-site. In order to optimize value for money and achieving objectives of increasing outreach and sustainability, it was agreed that: i) SPs to provide customized technical assistance (TA) to help Category B SACCOs address one identified risk factor; ii) SPs to continue planned refresher training for Category A and B SACCOs; iii) UCCK and MTIC to support Category C SACCOs with special audit, Special General Meeting, as well as supporting financial literacy training.

##### **Category A & B SACCOs**

PROFIRA's customized approach in strengthening SACCOs was to continue with refresher training for Category A SACCOs and a customized on-site approach for category B SACCOs to address the pertinent issues they were facing. As of May 2020, 77% of the activities have been completed and disbursed. It is envisaged that approximately 92% of all activities will be completed by contract closure by June 2020. Only two service providers, i.e., UCSCU and DEMIS, are likely to have few undelivered training that was affected by the COVID-19 restrictions.

The decision to focus on smaller number of Category A & B SACCOs was justified by the positive results of the outcome assessment survey conducted by the project. The survey focusing on a sample of 50 SACCOs and 91 Households found that SACCOs performed well in key performance indicators and were able to increase: i) membership by 56%; ii) Share capital by 57%; iii) Savings by 64% and; iv) Loan portfolio by 58%. Initial results also highlight that member-focused trainings on Business Development Skills and Financial literacy and Savings mobilization had significant impact on membership and loans. Similarly for the institutional-focused trainings and TA in Financial Management and Accounting, and savings and other product development had significant impact on SACCO performance, especially in membership and loan portfolio growth. Further, 90% of the sampled SACCOs were operationally self-sufficient; they were able to cover their costs and hence are sustainable.

The training support to SACCOs is expected to come to an end by June 2020, however, the project has more than 18 months to go. Therefore, it is recommended that the project finalizes a coordinated exit of the support to Category A and B SACCOs as better candidates for regulation, and linkage to financiers and training providers. In addition, these well-functioning SACCOs should be prime candidates for receiving financial support from Finance Service Providers and impact investors.

##### **Category C SACCOs;**

Post MTR, interventions for category C SACCOs were focused on support in the following areas: i) investigative and statutory audits, ii) arrangement of Special General Meetings, iii) Financial literacy training for members; and iv) support for development and implementation of turnaround plans and strategies for SACCOs. The combined support of UCCK and MTIC is aimed at solving the identified challenges of governance and fraud among SACCOs, while at the same time providing training on financial literacy and cooperative education to their members.

As of last mission, 120 SACCOs were reporting data as compared to 90 SACCOs in 2020. A total of 80 SACCOs have been consistent in reporting across the two time periods. PROFIRA assessed the performance of these SACCOs, and found that 45 SACCOs with a total of 61,735 members, UGX 5.5 Billion in share capital, and UGX 10.2 Billion of member savings have potential to graduate to Category B. PROFIRA will continue engaging with these 45 SACCOs through support from DCOs and UCCK in order to consolidate the gains and ensure their "graduation" to Category B.

##### **Management Information System**

A well functioning MIS system is expected to aid SACCOs to improve controls, increase efficiency, and better equipped to respond to their member needs. 5 MIS Vendors were contracted to implement these activities, split in 3 different packages<sup>[1]</sup>: i) Basic – 8 SACCOs; ii) Intermediate – 16 SACCOs; iii) Advanced, which includes mobile money and inter-switch integration- 13 SACCOs.

In November 2019, 10 out of 37 MIS beneficiary SACCOs were on hold due to inability of the SACCOs to pay their

mandatory 30% contribution. After consultation with the SACCOs and MIS providers, the grants to 7 SACCOs have since been cancelled, leaving a total of 30 SACCOs that will receive the MIS support. Grant support has been completed in 22 out of the 30 SACCOs with the remaining 8 SACCOs expected to be finalised in the next month.

The implemented M.I.S. projects are already showing positive impacts in their operational efficiencies. SACCOs that have received mobile money intervention have seen an average growth in their savings of 25%. The MIS has attracted a lot of interest from other SACCOs, with the project having received 20 new applications for the support.

Moving forward, PROFIRA will conduct a study on the implementation of the MIS component, as digitization of the SACCOs is a key aspect of the financial sector strategy, lessons of the impact pathways of these interventions will be useful in informing government policy and guiding future interventions. Since this intervention was demand driven where the SACCOs identified the service providers, and are meeting the recurrent expenditure including fees of the service providers, these initiatives are sustainable.

## **Component 1.2. Developing a SACCO Union**

A strong and financially sustainable UCSCU was a core part of the exit strategy of the project design. Through PROFIRA, UCSCU received performance linked grants coupled with technical assistance support offered by the Canadian Cooperative Agency (CCA) now the Cooperative Development Foundation (CDF). Over the years, UCSCU absorbed UGX 3.244 Billion out of the UGX 3.485 Billion allocated through the performance based incentives. A new revitalised board that was brought in 2018 was able to lead a turnaround in the institution in terms of operational efficiency. UCSCU was also able to improve its image in the sector by playing a critical role in championing the SACCO sector in key policy discussions.

Although there has been some improvement, UCSCU is not yet able to achieve some key performance indicators. Operational Self Sufficiency (OSS) stands at 79% as of March 2020 compared to a target of 100% and targets in active membership, savings and loans are below and targets in active membership, savings and loans are below UCSCU's own target. The drop is attributed to the extensive consultations and lobbying efforts which were expensive endeavors to yield financial benefits, though are crucial to the sector development.

UCSCU aimed to use UGX 241M balance on its grant allocation, that was previously withheld for non-attainment of performance targets/indicators, to finance a number of activities aimed at new member mobilisation. UCSCU has plans to hold regional interactive working sessions with strong SACCOs on key topical issues relevant to the sector. During the mission, PROFIRA and UCSCU agreed that they will be able to receive support for these activities but on a per activity basis. It was agreed that PROFIRA needs to communicate which activities will be supported in the next 18 months as part of the AWPB.

**CDF Grant.** CDF has played a crucial part in the improvement of the union. Their work in establishing key policies and procedures, training and building capacity of the board and staff members and providing support in the development of the strategic plan was very much appreciated by the board and staff of the union.

The CDF grant ended in March 2020, with their final mission halted mid-way due to the spread of COVID-19. CDF was planning to hold a knowledge-sharing event to showcase their work with UCSCU and initiating a discussion among stakeholder on the future direction of the SACCO sector. As of mission date, CDF has yet to submit their final report which was expected in April 2020.

## **Component 2; Community Based Financial Services**

The component overall performance has been satisfactory. As of March 2020, 358,430 members are saving in 12,453 newly established CSCGs with 76% being women and 43% being youth against the design target of 375,000 members in 15,000 CSCGs of which 70% to be women and 15% to be youth. Similarly as against the design target of 3,000 mature CSCGs covering 75,000 members, the project has supported 3,529 matured CSCGs with 100,515 members. Cumulative savings of members amount to UGX.20,639 million in new CSCGs and UGX. 14,343 million in mature CSCGs. The loans outstanding is UGX. 17,127 million in new CSCGs and UGX. 14,343 million in mature CSCGs.

### **Sub-component 2.1 – Establishment of new CSCGs**

Under phase 1, as against the target of 7,500 new CSCGs with 187,500 members, the achievement has been 7,654 new CSCGs with 220,500 members thus exceeding targets and different trainings had been completed and reported during last Supervision mission. The contracts of four SPs were extended till March 2020, out of which only two have been concluded. The other two are likely to be concluded by August 2020 for which no cost extension will be sought from IFAD.

To ensure continued services for CSCGs and also to ensure half yearly data collection for the project, SPs have identified about 500 Village agents, covering all CSCGs (both new and mature) and these VAs are extending need based support for which groups pay service fees. The training of these VAs will need to be given priority especially on mentoring support to groups to address issues relating to savings, repayments, demand for share out etc., arising post COVID.



Under phase 2, four SPs have been contracted since November 2018 and as against the target of forming 7,000 new CSCGs with 175,000 members, as of March 2020, 4,799 CSCGs have been formed with 137,930 members with average number of members per CSCG being 28.7. 79% of the outreach targets have been achieved; 31% of groups have business plans. Home improvement followed by business and agriculture are the major purposes for loans. 38% of the members are running income generation activities. About 15% of members did not borrow in the last cycle.

#### Sub component 2.2 – Strengthening innovations and partnerships for mature CSCGs

Under phase 1, as against the target of 1,500 mature CSCGs and 37,550 members, the five SPs, have supported 1,707 CSCGs with 48,550 members, as of March 2020. About 73% of the members have been trained in business development and in financial literacy against the target of 70%. About 70% were sensitized in environment protection, HIV/AIDS and gender aspects. SPs are building models to establish 2nd tier organisations for CSCGs in the form of clusters, cooperatives or federations the results of which are to be reflected in end line reports. 90% of the CSCGs have been registered with local Government. 50% of the groups have been savings linked with financial institutions. 9 percent of the CSCGs were credit linked. 16% of the CSCGs carried over a part of their funds to the next cycle. 64% of the members are running Income generation activities. Overall, targets have been achieved for the above outputs.

The contracts of service providers were to close by 30 March except one, which is to close by June. The final verification has been carried out for three contracts and the other two are in different stages. The project will request IFAD for a no-cost extension to conclude contracts.

Under phase 2, as against the total target of 1,700 CSCGs with 42,500 members, the achievement has been 1,822 CSCGs with 51,965 members. 51% of the members have been trained in business development and 54% in financial literacy. Additionally 38% of the members have been sensitized in environmental issues and HIV/AIDS and 35% on gender issues. About 50% of the groups have business plans. 49% of the groups are registered with district administration. 64% of the members are running income generation activities. About 10% of the members had not borrowed in the last cycle.

Based on the last mission's recommendations to revise its strategy for support to mature CSCGs, the project a) has initiated sensitization trainings of groups to reduce interest rates which are expected to show results in next cycle. UMRA has developed operational guidelines for VSLAs after wider consultations with sector players and one of the issues that have been addressed is the issue of high interest rate and UMRA is proposing a ceiling for interest rates. b) PMU has been in discussions with three financial institutions to forge savings and credit linkages and the MOUs are likely to be signed in June 2020, c) groups with credit linkages are offering longer term credit of 6 months and above as reported by service providers. Some groups are not able to utilise the credit from financial institutions fully. Moreover, SPs mention that bank credit products need modification to suit CSCG methodology, d) The service providers based on initial assessment have provided planned targets for carry over, savings linkage, credit linkage etc., These targets will be revised to respond to the emerging real demand and as part of the revision and phasing of activities post COVID-19.

Under linkage banking 1,171 CSCGs have been savings linked with financial institutions and 139 CSCGs have been credit linked. There is under achievement especially on credit linkages from phase 1 implementation. Achievement is still low in phase 2 due to the fact that the Service Providers needed to first link CSCGs for savings first. With the MOUs that are about to be entered into with DFCU and United Bank of Africa, it is hoped that the both savings and credit linkages will increase in the next few months.

There is limited data and only anecdotes on schemes and funds accessed by CSCGs through local Governments after registration with them.

### Component 3.1; Policy, regulatory and institutional environment

PROFIRA has completed its activities in this component. It has supported: i) the passing Tier IV Act and establishment of UMRA; ii) the capacity building of key stakeholders in the ministry and stakeholder institutions; iii) upgrading the computer systems and updating the SACCO registry with MTIC; iv) the roll out of the national financial literacy strategy.

Although UMRA has started regulating moneylenders and MFIs, the board has recently passed guidelines for regulation of SACCO after extensive consultations. An amendment of the Cooperatives Act, ascended in November 2019, includes MTIC as a 3<sup>rd</sup> regulator of SACCOs apart from BoU and UMRA. A coordination group has been set up by the Ministry of Finance to coordinate the regulation of this sector. It is expected that BoU will regulate the 40 biggest SACCOs, UMRA about 120 SACCOs and MTIC 1700 SACCOs.

In addition, PROFIRA has provided inputs to the development of the Financial Sector Strategy being finalised by the Ministry of Finance. The Ministry is working on a Microfinance policy and the lessons learnt from PROFIRA can inform the development of the policy. The Department of Financial Services (DFS) in the Ministry of Finance has initiated a working committee that to assess the impact of COVID-19 on the sector and make recommendations for a sector-wide response. PROFIRA has been co-opted as a member of the committee and should be able to utilize the vast amount of project data and knowledge on SACCOs and CSCGs to inform the ministry accordingly.

[1] Basic Package entails provision of software license fees and training; Intermediate package entails, software licenses, training as well as additional support for a new site installation and associated hardware; and Advanced package entails software licenses, training, new site installations, assorted hardware, as well as additional support for interbank connectivity, and deeper financial sector integration such as mobile money and inter-switch connectivity with other regulated financial service providers.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>No cost extension for SACCO SPs</b>  Request a no cost extension for SPs under SACCO component till June 2020	PMU	12/2019
<b>No cost extension for MIS Vendors</b>  Request a no cost extension for MIS Vendors under the SACCO Component till June 2020	PMU	12/2019
<b>UCSCU to submit activity plan</b>  UCSCU to submit the activity plan to access the remaining grant allocation	PM/UCSCU	12/2019
<b>Revise the strategy and implementation steps for mature CSCGs</b>  The strategy should be to expand IGA/businesses through appropriate financial products. Credit plans to be prepared for members and then for the group, assess internal resources, plan for carry over, and the credit linkages with financial institutions to bridge gaps. Groups to be sensitised on need for longer term products of 6 months to one year and at reasonable interest rates of upto 2 percent per month. Pilot initially with SP this approach in a cluster of CSCGs and link them with Financial institutions.	PM/CBFS manager	12/2019
<b>SP contracts for phase 1</b>  Provide no cost extension till March 2020 to SPs under sub component 2.1 and 2.2 after getting no objection from IFAD essentially to establish VA system, participate and facilitate in formative study, and in documenting and developing the knowledge products.	PM/CBFS manager	12/2019
<b>Savings and credit linkages with financial institutions</b>  a) PMU to forge project level business undertaking with those banks that have larger presence in the project areas with clear targets to be achieved for CSCGs in different geographical areas. These will be tripartite undertaking between PROFIRA, SP and the bank. b) Link CSCGs from both the subcomponents based on need assessment mentioned above. c) PMU along with service providers to hold quarterly meetings with banks to review the implementation of undertaking, modify product features and smoothen operational issues. d) Branch staff to be trained on group assessment, credit assessment and sanctions, monitoring of group post disbursement.	PM/CBFS manager	01/2020
<b>Affordable credit and Financial literacy modules</b>  Sensitise SPs and also CSCGs to charge reasonable interest rates that enable establishment of businesses and are affordable even to poor instead of the present 5 to 10 percent per month. Include modules of affordable credit and reasonable pricing on loans and trade offs between high priced loans and suitable loan product for IGAs/businesses in financial literacy trainings.	PM/CBFS manager	02/2020

<b>Expand ToT model</b>  Contract UCCK to expand ToT model to communities in B and promising C SACCOs	PMU	03/2020
<b>Establishment of the village agent system</b>  VAs to be assigned to work with and provide need based services upto 30 CSCGs in one or more subcounties; Provide TOT to ensure all VAs are trained by Jan 2020 ; inform CSCGs by Dec on dos and don'ts in dealing with VAs especially not allowing them to handle cash. SPs to ensure orientation of VAs to provide data for three months till March.	PM/CSCG manager	03/2020
<b>Village agents in phase 2</b>  Learning from phase 1, establish the system of village agents from the first year of the group with payment for services.	PM/CBFS manager	03/2020
<b>SACCO Strategy Policy Paper</b>  As requested from FSD, PROFIRA to coordinate and support the formulation of a SACCO strategy paper.	PMU	03/2020
<b>DCO facilitation for B and promising C SACCOs</b>  Carry out assessment of C SACCOs; Facilitate DCOs in supporting B and promising C SACCOs	PMU	04/2020
<b>Engagement with UMRA, DCOs and UCCK</b>  Renew MoU for MTIC and UCCK focusing on capacity building of Category B and promising C SACCOs and ensure their readiness for regulation. DCOs will have to engage with SACCOs in revisiting their strategic business plan post COVID. UCCK to focus on innovative e learning trainings, on line resource availability for SACCOs to access apart from traditional modules of trainings.	PMU/UCCK/MTIC	06/2020
<b>Finalise 8 SACCO training contract</b>  Finalise the verification and payments of the SACCO support contract	PMU	06/2020
<b>Submission of Final Grant Report</b>  CDF to submit final grant report after conclusion of grant period	CDF	06/2020
<b>Data on convergence with Government programmes</b>  SPs to include data on number of CSCGs and amount of support received from Government programmes through convergence	PM/CBFS manager	06/2020
<b>Training for SACCOs on available liquidity support</b>  Arrange a short training to SACCOs on where and how they can source external funding to tide over liquidity crunch	PMU	07/2020
<b>Operationalising exit strategy</b>  Dialogue with FSD and MTIC to operationalise the exit strategy with funding support from Government.	PMU	08/2020

<b>Training of the village agent system in phase 1</b>  Give top priority for training of Village agent system; train VAs on operational guidelines for dealing with challenges being posed by the pandemic. Training on data collection is another priority area to ensure data flow to MIS.	PM/CSCG manager	08/2020
<b>Revise the contracts of service providers under Phase 2 where needed</b>  Service providers to a) stabilise the group operations and carry on trainings where feasible after lock down has been lifted, b) simultaneously carry out situation assessment analysis and c) by end July provide a realistic plan for completing activities within the contract period of November 2021. Project to re negotiate and approve revised phasing by September 2020.	PM/CBFS manager	08/2020
<b>Situation assessment of CSCGs post COVID</b>  Situation assessment of CSCGs should also analyse a) how young groups have fared, b) How mature groups with and without bank linkages have been coping up, c) which types of livelihoods were more affected and repayments are an issue, d) how poorer members have been dealt with, e) support from local governance, for future course corrections.	PM/CBFS manager	09/2020
<b>Gender based violence</b>  Based on situational assessment of post COVID incidences of gender-based violence, Service providers to arrange for counselling, converge with Government department and also other projects for redressal.	PM/CBFS manager	09/2020
<b>Microfinance Strategy</b>  Support the ministry in the development of the Microfinance Strategy by bringing in lessons from PROFIRA	PMU	09/2020
<b>Guidelines for VSLAs</b>  PROFIRA facilitate discussions with wider stake holders to arrive at consensus on the guidelines being framed for VSLAs by UMRA	PMU	09/2020
<b>Members with no loans</b>  Since about 25% of the CSCG members have not availed of loans in the last cycle study the reasons (poorer members not confident of availing loans, high interest ideas, need for IGA training etc.,) and facilitate solutions.	PM/CBFS manager	10/2020
<b>Village agents in phase 2</b>  Learning from phase 1, establish the system of village agents during 20-21 preferably during first half of the year.	PM/CBFS manager	11/2020
<b>Communication with SACCOs for MIS contribution</b>  Write to 10 SACCOs for 30% contribution for MIS by January 2020	PMU	12/2020

<b>MIS Study</b>  Conduct a study on the impact of digitization of SACCOs	PMU	12/2020
<b>SP contracts for phase 2</b>  Going by phase 1 experience ensure that activities are completed 8 months before contract closure, periodic quarterly verification is carried out, endline reports are given 4 months before closure allowing time for final verification and payments.	PM/CBFS manager	
<b>Sector Coordination Group</b>  PROFIRA to take part and support the sector coordination group chaired by FSD for the SACCO sector which includes all stakeholders and give important technical input to create cohesion in the sector.	PMU	
<b>Policy work with UMRA and MTIC</b>  Work with UMRA and MTIC to develop uniform reporting norms for SACCOs, development of fit and proper guidelines for governing body of SACCOs, qualification norms for managerial staff of SACCOs etc., Developing governance standards for the industry.	PMU	
<b>Documentation of results of project interventions</b>  Document results of project interventions for SACCOs clearly through a) analysis of the pre and post COVID situation of SACCOs through desk based study for feeding into the Ministry's study, b) analyse the results of formative study and take course corrections as part of exit strategy, c) impact assessment. Carry out analysis of whether project interventions of MIS/mobile money platform, member education and financial literacy have facilitated better coping with COVID	PMU	
<b>Business development in mature CSCGs</b>  Monitor the loan sizes, loan terms and also interest rates charged for mature CSCGs and follow up with service providers for necessary changes	PM/CBFS manager	
<b>Savings and credit linkages with financial institutions</b>  a) PMU to continue to engage with banks for business agreements with clear targets to be achieved for CSCGs in different geographical areas. b) PMU along with service providers to work on modification of product features. C) SPs to track time taken for loan sanction and disbursement and share data with PMU, d) PMU to increase the targets of credit linkages for SPs based on firm MOUs with banks.	PM/CBFS manager	
<b>Credit plans for linkages with banks</b>  SPs to prepare a micro credit plan for each member and consolidated for the group and link CSCGs for credit which will ensure adequate credit absorption,	PM/CBFS manager	

<b>SP contracts for phase 2</b>  Going by phase 1 experience and also revised phasing of activities that may be necessary ensure that periodic quarterly verification is carried out, endline reports are given 2 months before closure allowing time for final verification and payments.	PM/CBFS manager	
<b>Sector wide study of Ministry</b>  Contribute to sector wide study and also for development of package for revival post COVID -19 based on project data and knowledge on SACCOs and CSCGs	Sector wide study of Ministry	

## E. Project implementation

### a. Development Effectiveness

#### Effectiveness and Developmental Focus

<b>Effectiveness</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
----------------------	------------------	---------------------------

#### Justification of rating

The project is on track to achieve the objective of "Sustainably increase the access to and use of financial services by the rural poor". The project as of March 2020 has an outreach of 1,101,778 households as against the design target of 750,000 households. 498,991 women and 399,757 men were active savers and 380,106 women and 190,369 men had outstanding credit as of March 2020. The project is set to achieve its objective, outcomes and outputs. The outcome survey to be conducted in first quarter of 2020 has been delayed and the results are expected by September and end line surveys of phase 1 by the SPs of component 2.1, provides evidence of likely achievement of goal.

#### Log-Frame Analysis & Main Issues of Effectiveness

Outcome 1; Sustainably increase the access to and use of financial services by the rural poor through SACCOs. As against the design target of 5,41,053 members, as of March 2020 642,833 members are saving in 225 SACCOs of which 27% are women and 10% are youth as against the target of 30% for women and 15% for youth. In SACCOs, the total share capital mobilised are UGX 71,203 million, savings mobilised is UGX. 127,845 million and loans outstanding is UGX. 184,109 million. 62% of the SACCOs are operationally self sufficient as of March 2020. There is slippage of 4% as compared to last supervision mission. UCSUCU, the apex network is covering 85% of the operational costs for the financial year 2019 and unaudited results for March 2020 shows 79% operational self sufficiency.

Outcome 2; Sustainably increase the access to and use of financial services by the rural poor through CSCGs. 358,430 members are saving in 12,453 newly established CSCGs with 76% being women and (43%) 32% being youth against the design target of 375,000 members in 15,000 CSCGs of which 70% to be women and 15% to be youth. The youth members have increased from 32% to 43% since September 2020. Similarly as against the design target of 3,000 mature CSCGs covering 75,000 members, the project has supported 3,529 matured CSCGs with 100,515 members as of September 2019. Cumulative savings of members amount to UGX.20,639 million in new CSCGs and UGX. 14,343 million in mature CSCGs. The Loans outstanding is UGX. 17,127 million in new CSCGs and UGX. 14,343 million in mature CSCGs.

Outcome 3; Contributed to the creation of a conducive environment for the development of inclusive financial services in rural areas. Uganda Microfinance Regulatory Authority ☐ has been set up with the support from PROFIRA.

The formative study, which was to measure project outcomes, is now scheduled for June 2020. For CSCG component, the end line reports of two service providers under component 2.1 are available and show some encouraging results in goal level indicators. a) Overall 83% of members owned land at base line where as at end line 79% owned land. The size of land ownership has increased and 26% have holding of more than 10 acres in the end as compared to 14% at base line. There is fall in ownership in 0.5 to 4.9 acres category by 17% and negligible change in 5 to 9.9 acre holding. b) The housing condition has improved. Roofing with iron sheets has improved from 33% to 42%. Wall with burnt bricks and cement has improved from 9% to 28.8%. Flooring with cement has increased from 24% to 31%.

#### Development Focus

<b>Targeting and Outreach</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
-------------------------------	------------------	---------------------------

#### Justification of rating

PROFIRA has reached 1,101,778 persons, 146% of its end target of 750,000 . The number of people reached through the SACCO component shows an increase from 631,934 as of September 2019 to 642,833 in March 2020 and over achieved against end line target of 541,053. Outreach results of Component 2 are impressive: with 358,430 members of newly established groups, and 100,515 in supported mature CSGs, the component has achieved 95% and 134% of its end targets, respectively. The targeting criteria set out at design and refined at MTR are implemented. The beneficiaries broadly fall into the IFAD target group and correspond to the population groups set out at design.

#### Main issues

**Geographical targeting.** The SACCO component is national in scope, and worked with existing SACCOs whereas CSCG operations are focused on the four poorest regions. Within these regions, a careful mapping was carried out, paying attention to selecting poorer areas with low number of CSCGs. End line reports of service providers of CSCG phase 1 shows that many were areas where no CSCG pre existed.

**Self- targeting.** The CSCG approach uses self-targeting in the formation of new CSCG groups. Since there are no grants to either groups or the members, this encourages members who are interested in availing training and financial services to join the groups. These CSCGs contribute small amounts of monthly savings and loans, indicating that group members are mostly the poor. These small amounts of monthly savings and loans, especially for the CSCGs, suggest that group members mostly belong to the poorer segments of rural communities. A more precise estimate of the average income of project beneficiaries will be given by the formative study. As noted by previous missions, PROFIRA does not seem to be targeting the poorest.

**Affordable services;** PROFIRA needs to continue to track the minimum share/savings set by groups and also interest rate charged to offer affordable services to the poorer members. As noted by previous mission, the minimum share set should be affordable for poorer members of the groups and the interest rate charged should be affordable and should encourage businesses and income generation activities. In the last cycle 25% of CSCG members had not availed loans. Further analysis will be needed as to whether poorer members are not borrowing and the reasons for any course correction.

**Youth;** The project currently reaches 194,728 young people (173% of its end target) although youth data is not disaggregated by sex. According to data available, youth represent 10% of members of SACCOs. This however is likely to be an underestimation, as the SACCOs do not provide data on the individuals that join the groups who are a category of members of SACCOs, and young people are likely to be the majority in those groups. Youth represent 43% of members of new CSCGs, and 34% of mature CSCGs against the target of 15%. Service Providers indicated that youth benefitted particularly from the trainings on financial literacy and Income Generating Activities and they are often in charge of book keeping in CSCGs.

<b>Gender equality &amp; women's participation</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
--	------------------	---------------------------

#### Justification of rating

Women participation is satisfactory: 173,422 women (27%) are in SACCOs and 343,735 women (74%) are in CSCGs against the design targets of 30% and 70% respectively. There is increased women empowerment, increased access to productive resources i.e. savings, loans, IGAs, and more women in leadership positions within the groups as reported by the service providers. However, many of the CSCG chairpersons are men and there are more males in SACCO Board members than females. Gender trainings are provided by service providers. The log frame is gender-disaggregated and service providers collect and update data regularly. Gender Action Learning System (GALS) methodology was successfully piloted in West Nile region.

#### Main issues

**Women in SACCOs.** PROFIRA is on track to achieve the design target of 30% with 27% of members of SACCOs being women. The mission noted there has been slippage in coverage of women in SACCOs as compared to September 2020 at 36%. However, the number of women could be more as this is based on estimation, as the SACCOs do not provide data on the individuals that join the SACCO as a group which have generally women members. Women members of SACCOs fare similar to men in terms of average savings and average share capital but have less access to loans being 32% of borrowers against 33% target. If we consider also the loans granted by the SACCOs to the groups, then the average number of loans is likely to be higher for women than for men. The value of loans disbursed to female borrowers is at 26% compared to the average value of loans disbursed to male borrowers. Women generally do not own land and therefore do not meet SACCOs' requirements of collateral to access larger loans. The Cooperatives Act mandates that at least a third of SACCO Board members must be women. PROFIRA supported SACCOs have 35% women leaders in Boards although women are mainly in the loans and Supervisory committees and less in the Executive committee.

**Women participation in CSCGs** is exceeding the project target of 70%. Specifically, women represent 76% of member of new groups, and 72% in newly established groups. 343,735 women have been reached through the CSCGs. Women form the priority group for trainings. The service providers provide training on gender to all CSCGs across the regions. 165,347 members of CSCGs have received gender trainings so far. These trainings have not been successful in engaging more males as the trainings target the members of the group who are mainly women (70%).

**GALS.** The FURA/CREAM consortium in West Nile includes in its training of new CSCGs the Gender Action Learning System (GALS) approach. This method emphasises the gender-balanced road to economic development goals and the role of gender justice in economic interventions. A second service provider, the International Institute for Rural Reconstruction (IIRR), has now adopted GALS.

PROFIRA plans to document key learnings and best practices for wider dissemination.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Loan products for women</b>  SPs to help SACCOs to modify their existing products/ develop new products for women and help track these products in loan performance	PMU/Service providers	03/2020
<b>GALS methodology implementation Develop a good practice case study on adoption of GALS approach</b>  Include the husbands of CSCGs women members and focus the trainings on women's participation in decisions about credit, purchase, sale and transfer of assets; as well as on equitable workload.	CBFS manager	09/2020

**Agricultural Productivity** **Rating: N/A**

**Nutrition** **Rating: N/A**

**Adaptation to Climate Change** **Rating: 5** **Previous rating: 4**

#### **Justification of rating**

The project builds capacity of the community institutions to not only deliver financial services but also sensitises them to other areas of priority such as environmental issues affecting livelihoods and have modules on protecting natural resources to combat climate change. There is evidence that the business development trainings and access to credit are enabling members to diversify their income sources other than agriculture. Numbers of members borrowing for IGA and businesses outnumber those borrowing for agriculture. Many SACCOs have special loan products for solar energy.

## **b. Sustainability and Scaling up**

**Institutions and Policy Engagement** **Rating: 5** **Previous rating: 5**

#### **Justification of rating**

PROFIRA has played a vital role in the policy landscape. Its contribution in passing the Tier IV act as well as the establishment of UMRA, will result in a healthy and vibrant microfinance sector. PROFIRA has also supported the capacity building of key staff in MTIC and BoU in understanding and preparing the regulation of this critical sector. PROFIRA has been working with UCSCU, UCA and AMFIU, key apex institutions, playing a key role in representing the interest of Tier IV institutions. This has already yielded some results as UCSCU was key in getting a tax holiday for SACCOs approved as well as having significant input in the regulations for SACCOs. Lastly, PROFIRA has contributed to highlighting the role of Tier IV institutions in the Financial Sector Development Strategy.

#### **Main issues**

An amendment to the Cooperative Act in November 2019, includes MTIC as a regulator of SACCOs, which was not foreseen in the Tier IV act. The Ministry of Finance is devising a tiered regulations for SACCOs between BoU, UMRA and MTIC. It is important that this plan is finalised and communicated clearly to the sector. In addition, the Ministry has started the drafting of the Microfinance policy which will be key in ensuring that lessons from PROFIRA are incorporated in this important policy document. Lastly, The Ministry is keen to understand the impact of covid-19 on the microfinance sector to better inform their internal response plan. PROFIRA is best positioned through its wide range of stakeholders in supporting the ministry with key data on how the sector has been impacted. PROFIRA will work to have this presented to the Ministry by 15 July 2020.



For PROFIRA, sustainability has been the core intention; strengthening of SACCOs to become fully sustainable, restructuring and technical support to UCSCU to become operationally sustainable and to offer need based services to member SACCOs well beyond project and capacity building of CSCGs to be independent and sustainable institutions catering to member financial needs. As of March 2020, 66% of SACCOs are operationally self sufficient and UCSCU is yet to be 100% self sufficient. CSCGs have minimal costs and are operationally self sufficient. COVID is likely to create impact on self sufficiency of SACCOs and UCSCU which has to be addressed through dovetailing with upcoming Government of Uganda package for the sector. Mature CSCGs which are more than three years old will be able to weather the effect of the pandemic; young groups will need counselling and problem solving approach to tide over the difficulties with liquidity.

<b>Partnership-building</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
-----------------------------	------------------	---------------------------

#### **Justification of rating**

PROFIRA's implementation arrangement is geared to build strong linkages and partnerships between community based institutions and organizations supporting them. PROFIRA has entered into partnerships with industry level institutions such as BoU, UMRA, UCSCU, AMFIU, UCA, UCCK etc., for policy support as well as capacity building of stakeholders. IFAD signed off a grant to CDF to strengthen the capacity of UCSCU. CCA/CDF also made a contribution. The project has a MOU with the UCCK to provide specialised certified training (Diploma and certificate Courses) in Cooperatives Management. Many private service providers have been engaged for building the capacity of SACCOs and CSCGs.

#### **Main issues**

Some of the notable partnerships by the project include the following;

The project has partnered with the Department of Cooperative Development, Ministry of Trade Industry and Cooperatives in which the project supports the Department to: a) maintain an Updated Registry of SACCOs, b) Enforce Compliance in SACCOs in Distress by undertaking Statutory Audits and Special General Meetings, c) Oversee and Coordinate the Project activities with the District Commercial Officers (DCOs). MOU has to be extended till project closure so that DCOs continue to support the project supported SACCOs. This experience of capacitating DCOs to work with SACCOs has the potential to be scaled up through out the country.

The partnership with UCCK has led to a) Standardisation of all training modules provided by Contracted Service Providers, b) Diploma Courses being offered to SACCO Managers, c) Training in Audit to DCOs, d) Training in Cooperative Principles to DCOs, e) Training of Trainers for selected Community Change Agents (DCOs, SACCO Staff). Further extension of partnership will result in continuation of the trainings as well as development innovative channels for offering training such as e-learning.

The project partners with five developers of MIS systems to provide support to upscale their MIS through provision of licenses fees, training, hardware supplies and support for inter branch connectivity and financial services integration using Mobile Money and other Payment Platforms to 30 project supported SACCOs. The results need to be well documented for the Government to scale up this initiative.

The project is in discussions with commercial banks for entering into MOU for linkage banking for CSCGs. Post pandemic liquidity crisis being felt by SACCOs have to be addressed through effective partnerships.

It is important that as an exit strategy, PROFIRA expands the range of partners to include credit providers which will be key for SACCOs in dealing with their liquidity constraints as a result of the many shocks in the country. This should include and not limited to Commercial Banks, Financing institutions like ABI and UDB, as well as impact investors interested in the sector. In addition, as there is interest from other partners such as the World Bank, CGAP, Bill and Melinda Gates Foundation, Stanbic bank and others to use the PROFIRA platform to bring in these partners together and better coordinate future sector interventions based on solid PROFIRA data.

PROFIRA being the major government intervention in the micro finance sector, looking to build the capacity of SACCOs, it is important that as the project prepares for exit, a document highlighting the state of the sector, is prepared which can be used by a wider range of stakeholders looking to support Tier IV institutions.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Crowd in private sector finance</b>  Facilitate and create linkages with lending institutions providers with SACCOs and groups.	PMU	03/2020
<b>Data capture on partnerships and convergence</b>  SPs to capture data on economic benefits received from local Government /other partners through convergence.	PMU/SPs	
<b>Expand Partnership through PROFIRA Forum</b>  PROFIRA, supported by IFAD, should lead the discussions on the future interventions in the sector by organizing a platform for interested institutions that can participate and contribute.	PMU/IFAD/FSD	

#### **Human and Social Capital and Empowerment**

**Rating: 5**

**Previous rating: 5**

#### **Justification of rating**

The community owned and managed institutions, PROFIRA is working with, provide a framework that enhances human and social capital through the process of learning and interaction, information exchange among members and enhanced social networks. Individual members especially women and youth now have economic opportunities and also leadership prospects. Governance standards have been improving. The project's capacity building efforts have created a pool of human resource capital both for SACCOs as well as CSCGs. Project's initiatives on trainings and sensitisation not only on finance but also on cross cutting themes such as HIV/AIDS, gender issues will have lasting impact on human capital.

#### **Main issues**

With the project interventions members of SACCOs and CSCGs have acquired knowledge and skills not only on financial services but on a range of issues that affect their life. This has increased the confidence of poor especially women and youth to play an active role in the community and in public spaces.

Project has invested in systematic training and capacity building of SACCO boards and management along with training on member education and financial literacy. This has enhanced human capital which is also leading to more members joining the SACCOs leading to social capital formation. It is believed that members who have undergone financial literacy trainings would have managed better in managing cash flows especially during COVID 19 times which will be validated by the formative study. A large pool of trained human resource capital - certified financial cooperative managers and staff - has been created by the project for the SACCO sector.

CSCGs have provided the institutional space for poor especially women to develop capabilities in money management, leadership skills and also access financial services at terms they set for them selves which has led to empowerment. Financial literacy trainings have led to better management of individual and groups' savings and access to financial services. Additional trainings on business development skills, governance and leadership, HIV and AIDs, gender equality and the GALs methodology have led to increased knowledge, skills and increased confidence especially amongst women and youth and their recognition within the community. The CSCGs provide the members especially the women to have a network they can rely upon thus enabling building strong social capital. According to the service providers, members report that CSCGs provided them a savings opportunity, which has built their self-esteem and confidence. In mature CSCGs, the linkages established with mainstream institutions such as local Government and financial institutions have been very empowering since these institutions were considered inaccessible for individual poor. Women mention their roles in meeting such household needs are bringing in better recognition.

The project will need to analyse the results of end line reports of service providers as well as formative study on outcomes to take course corrections. How to encourage poorer members to benefit equally from the financial services especially credit, how to encourage more women to act as chairpersons are issues that project will have to work upon.

#### **Quality of Beneficiary Participation**

**Rating: 5**

**Previous rating: 4**

#### **Justification of rating**

Management and governing boards of SACCOs are taking better ownership in improving SACCO operations which has resulted in improvement in membership and business parameters of SACCOs. Poor especially women, the poor and the

youth are enthusiastically joining the CSCGs and the drop out rate of groups as well as members has been minimal. The meeting regularity, attendance rate and also savings regularity are high showing high participation rates. Beneficiary contribution to project activities stands at 23% of design target. Though there are concerns about COVID related issues faced by the community and their continued participation, with adequate liquidity support for SACCOs and handholding for CSCGs, members are likely to continue to participate in these institutions.

#### Main issues

The financial contribution of the beneficiaries to project activities has been under the SACCO component where the SACCOs that require support for Management Information Systems (MIS) were required to make a 30% contribution. The 30% was calculated on the basis of the total MIS project cost for the SACCO. The contributions were made directly from the SACCO to the contracted service provider. Beneficiary contributions are captured in the project accounting system.

<b>Responsiveness of Service Providers</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
--	------------------	---------------------------

#### Justification of rating

The project outputs and outcomes depends entirely on the quality of service delivery by service providers. Under SACCO component, SPs have been very responsive and proactive in working with PMU and adjusting delivery modality of the trainings though not in the initial support package. SPs were flexible to respond to the need in providing critical tools to improve processes, procedures and operations on SACCOs. Under CSCG component, overall service providers have delivered well. There have been delays where a consortium of service providers have been involved.

#### Main issues

In the SACCO component, there have been delays in delivery by few service providers. SPs for M.I.S. have also been very effective in the delivery of their services. Covid-19 restrictions has only affected 2 contracts in that component and 92% of activities are expected to be completed by contract end. UCCK's services have been very much appreciated by DCOs and other stakeholders in the sector. Some SPs have delayed in the submission of reports.

MIS service providers under SACCO are also expected to complete their work by June 2020. The publicised launches of mobile money in SACCOs and also the successful integration onto the inter switch – Bank / ATM Network has made a strong statement of confidence in the sector. There is demand for MIS from more SACCOs.

CSCG component, where the number of service providers are maximum, the service providers have been delivering the outputs more or less on time though few of them with considerable delay. SPs have been given adequate flexibility to try out innovations based on field requirements, which is facilitating some innovations on the ground such as development fund, strong linkage banking etc.,

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>No-cost Contract Extension</b>  Send a NO request to IFAD for a no-cost extension on contract for SPs under Component 1 until June 2020 and under component 2.1 and 2.2 till march 2020; get ratification of IFAD of the already extended no cost contracts. For sub component 2.2 complete verification in Jan and conclude all reports by Feb 2010 except for lot 5 where the contract is till June 2020.	PM	12/2019
<b>Monitoring of SPs</b>  Project to carry out quarterly monitoring of the field work of SPs not only for verification but also to ensure that policy and operational issues are addressed.	PM/M&E/component heads	

<b>Environment and Natural Resource Management</b>	<b>Rating: 4</b>	<b>Previous rating: 3</b>
--	------------------	---------------------------

#### Justification of rating

Trainings on environment and natural resource management are purposively included for mature CSCGs and service providers have been training new groups as well. The business development trainings include aspects on environment to ensure that businesses adopt conservation practices. Some service providers have facilitated energy efficient stoves to reduce firewood and charcoal consumption. Better irrigation management techniques are strong emerging need and

SACCOs and mature CSCGs have ability to offer loans for these purposes. Many SACCOs have products for clean energy loans, smart irrigation products. Some CSCGs engage in environmental conservation measures of mulching, tree planting and solid waste management. Outcome study being commissioned will throw more light on this aspect.

<b>Exit Strategy</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
----------------------	------------------	---------------------------

#### **Justification of rating**

Trainings on environment and natural resource management are purposively included for mature CSCGs and service providers have been training new groups as well. The business development trainings include aspects on environment to ensure that businesses adopt conservation practices. Some service providers have facilitated energy efficient stoves to reduce firewood and charcoal consumption. Better irrigation management techniques are strong emerging need and SACCOs and mature CSCGs have ability to offer loans for these purposes. Many SACCOs have products for clean energy loans, smart irrigation products. Some CSCGs engage in environmental conservation measures of mulching, tree planting and solid waste management. Outcome study being commissioned will throw more light on this aspect.

#### **Main issues**

The project has completed the capacity development work with SACCOs and is implementing the exit strategy of a) DCOs/MTIC providing the ground support to SACCOs especially belonging to category B and C SACCOs, b) Apex institutions like UCSCU, UCA, AMFIU, etc., provide lobbying and capacity building activities for the SACCOs; 85% of the Category A and B SACCOs, i.e., 190 SACCOs are affiliated to an apex (with incidences of multiple-affiliation) and c) UMRA as the regulator of the sector, instilling proper financial and risk management standards for the sector. The project's exit strategy shall need to incorporate mechanisms to enable SACCOs to cope with the effects of the COVID-19 pandemic.

There are still several pertinent issues in the sector that need to be addressed, which include but are not limited to: i) Need for continuous capacity building of the SACCOs and their members; ii) The politicization of SACCOs and need for deregistering non performing ones; iii) The need for a uniform set of procedures and reporting tools and formats; iv) The need for fit and proper guidelines on qualifications of board members. With limited resources left in PROFIRA, the focus will be on supporting Category B SACCOs and promising Category C SACCOs for their improvement. These SACCOs are on the fringe of the regulation threshold and will need support to ensure that at the end of the project, they can meet the regulatory requirements of UMRA. To this end, the project will engage in a dialogue involving UMRA, the DCOs and UCCK. One key lesson has been that the service providers engaged by the project have been Kampala based and also expensive with hardly 8% of the SACCOs able to engage their services beyond project period. Cadre of community based trainers developed by some service providers should be made known to SACCOs.

The project's exit strategy for CSCGS has three elements a) the establishment of fee based Village agent system, b) registration of CSCGs with local Governments and c) linkages with financial institutions for mature groups. For new CSCGs, the exit strategy for new CSCGs largely depends on village agent system and the linkages with local government and financial institutions are very low since these initiatives were targeted only at mature groups. Most CSCGs need external support for accounting at the time of share out; other wise they are able to manage their affairs. The service of village agent will be critical for this function. For phase 1 CSCGs, the project has to prioritise the training of Village agents on the operational guidelines being developed to deal with COVID related disruptions. Under phase 2 of CSCG development, learning from the experience of phase 1, the project will focus on establishing the village agents in first half of 2020-21, take concerted efforts for registration of groups for linkages with local government. The fee structure and also high renewal fees are deterrents. The linkages with financial institutions are low and needs more focused attention. Since the project management has front loaded group formation and trainings, for mature CSCGs and the balance two years are available for promoting strong linkages. While re negotiating phasing of activities with service providers, the project can also negotiate targets for linkage banking.

<b>Potential for Scaling-up</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
---------------------------------	------------------	---------------------------

#### **Justification of rating**

The PROFIRA approach is instrumental in changing Government perception of the nature of support to the sector. The project's approach of building capacity of SACCOs as well as their members in financial literacy, financial management, business skills development is being identified as a way forward for the sector by Government officials. It is important that the outcome assessment and formative studies articulate on the most effective impact pathways that yield result in capacity building if these institutions. Implementation of mature CSCG subcomponent with changes suggested by the mission, business oriented lending, linkage banking, carry over of savings, has great potential for scaling up.

### **c. Project Management**

<b>Quality of Project Management</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
--------------------------------------	------------------	---------------------------

### Justification of rating

The PMU has been committed to the development objectives of the programme. They have been agile in adjusting implementation arrangement, and contracts, in order to ensure that the project is able to achieve its development objectives. Project Steering Committee meets regularly and provides advice to the project management. All key positions are filled with competent staff

### Main issues

Contract management has been a challenge over the years but a more proactive approach has been noted during the mission. Areas of priority include engaging with and contributing to the Government of Uganda package for post COVID-19 revival of micro finance institutions, responding to institutional requirements of SACCOs and CSCGs for post COVID-19 revival, documenting pre COVID-19 results achieved by the project and at the same time putting in place the exit strategy for SACCOs and phase 1 of CSCGs. These should be adequately reflected in the project planning and budgets. Development of knowledge management products for policy engagement as well as best practices for adoption by industry is an area which management has to focus on during the year. Systematic quarterly monitoring of fieldwork of the service providers and timely closure of contracts will need attention.

<b>Knowledge Management</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
-----------------------------	------------------	---------------------------

### Justification of rating

The project has developed KM products of documents on success stories and lessons learned. In addition, communication methods such as radio talk shows, television shows, newspapers, social media and print media have been used to disseminate information and promote the project. PROFIRA is well placed in contributing to the development of the rural finance sector in Uganda the project should pay adequate attention to analysing results, extracting lessons, and disseminating these to key stakeholders.

### Main issues

The component managers will primarily be in charge for development of policy briefs/ good practices briefs. Using the project MIS and M&E system and also scouting for results of innovations being tried in the field, they will need to develop knowledge management products. The mission interacted with the PMU in depth and it was agreed that the team will prepare 6 policy briefs/ good practices case studies in next four months. These will be widely disseminated including webinars for national and international audience.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Knowledge management products linked to policy advocacy</b> Carry out three studies of strategic interest a) Effectiveness of self-reliant approach in CSCGs, (based on field developments), b) impact of automated MIS and technology in mobilising mobile money-driven savings, c) The impact of capacity building activities on institutions and their members and develop knowledge management products and share the results for policy advocacy as well as for wider adoption	PMU	07/2020
<b>Development of policy briefs/ good practice case studies</b> Under SACCO component briefs on a) Findings of outcome study on PROFIRA method of capacity development, b) MIS interventions including mobile banking and effect on SACCOs, c) Effect COVID on SACCO performance by comparing with universal data where feasible.  Under CSCGs briefs on a) Innovations of creating development fund within CSCGs, b) linkage banking for savings and credit, c) GALS methodology and effect on gender based violence	PM/Component heads	10/2020

<b>Value for Money</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
------------------------	------------------	---------------------------

### Justification of rating

To realise best value for the investment, the project has effectively deployed private sector SPs through competitive. The project measures their performance against targets and also benchmarked their performance against their peers. The inputs to outcomes have to be improved under sub component 2.2. While the CSCG operations have clearly produced high value for money, the change in strategy for supporting SACCOs is also yielding better results and value for money



post MTR. The project is measuring inputs to outputs but have to move to measuring outcomes from the formative study and also endline reports of service providers.

### Main issues

The project at present measures the value for money by the outreach achieved by service providers under different components/sub components for the contracted funds. For SACCO component, with the change in strategy post MTR on more on sight delivery of trainings and also hand holding support, the outcome study carried out by the project show improvement in all key parameters of membership, share capital mobilisation, business performance, improved operational self sufficiency that demonstrate improved value for money. The per member cost under SACCO component is USD. 7.26 and if project management costs are also included, the per member cost works out to USD 11.36.

At design, the financial resources for Component 2 were allocated based on the contract prices for the Service Providers to reach one member of a new CSCG at USD 20 and a mature CSCG with intensive trainings at USD 40. The project has calculated that per member cost of new CSCG is USD. 13.02 and mature CSCG is USD. 24.61 as of 31 March 2020 based on the costs incurred by Service providers. If project management costs are also included then the per member cost for new CSCG member is USD 16.59 and mature CSCG is USD 35.72. With the service providers usually achieving higher outreach than budgeted, it is likely that at project closure these costs will be much lower. Trainings are the major activities and by delivering most of the trainings as part of group meetings, training contents are delivered to maximum members with least cost.

The return on savings for new and mature CSCGs is reported to be 21% and 25% respectively as compared to negative returns in the Global database of SAVIX. Due to high interest rate charged on loans the return on savings is high in CSCGs. There has not been much change in this indicator as compared to last mission which shows that groups have not reduced the rate of interest. Service providers mention that in next cycle the groups are likely to reduce interest. There is a need to balance the returns on IGAs/businesses by offering reasonable rates of interest on loans vis a vis the returns on savings. This has to be monitored by the project.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Value for money</b>  Carry out further analysis for cost of coverage of per member considering total costs of the component/sub component, and also vis a vis the benefits such as IGA supported, business volume achieved	M&E	12/2019

**Coherence between AWPB and Implementation**

**Rating: 4**

**Previous rating: 4**

### Justification of rating

For the financial year ended 30 June 2019, the AWPB absorption rate was 68%. Performance against the FY2019/20 AWPB as at 30th April 2020 was at 43% and the project is yet to make payments to Service providers for components 1 and 2 amounting to UGX 6.3 billion in the current financial year.

### AWPB Inputs and Outputs Review and Implementation Progress

Cumulatively, the project financial performance is at 73% and for IFAD loan it stood at 82% as at 30<sup>th</sup> April 2020. The project is largely achieving the physical targets as seen in appendix 2. The project is yet to make payments of UGX 6.3 billion to Service providers. The project estimates that approximately 90% of the UGX 6.3 billion (approximately UGX 5.6 billion) would be paid by 30 June 2020. Most contracts end by 30 June 2020. The delay is attributable to a) delay in submission of reports by few service providers, b) time taken in approval of service providers' reports and b) inability to carry out field verification of the reports of the service providers.

AWPB 2020-21 should reflect COVID-19 related initiatives and responses by the project. It is proposed that the AWPB is prepared for 24 months to reflect all project activities till closure and also to give a clear picture to the Government on counter part funding needed and get their commitment. AWPB approval may be sought for 18 months till December 2021 and for the balance of six months till project completion in June 2022, may be prepared by April 2021. For AWPB 2020-21, the feed back provided by IFAD and also the recommendations of this mission especially for a) initiating activities relating to Impact assessment by September 2020, b) development and dissemination of policy briefs and best practices case studies, c) consultations with Ministry of Gender and Local Government for convergence on need based interventions for addressing gender based violence may be included.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Outstanding payments to service providers</b>  Considering limitations in verification procedures, project management to adopt a combination of strategies to make payments before 30 June 2020 by which contracts end. a) Engage the service providers that have not submitted reports to take advantage of the eased movement restrictions to submit any outstanding reports by 10 June 2020. b) Adopt virtual verification approaches (email, calls, scanned documents, etc.) to ascertain sufficiency of supporting information provided by the service providers. c) Consider prior performance of the service providers to gauge the level of residual risk in making the payments. Whichever approach is adopted, the project should maintain appropriate documentation to support the decisions to make the payments.	Finance Manager and Component Managers	06/2020
<b>AWPB 20-21</b>  AWPB to be prepared for 24 months to reflect all project activities till closure and also to give a clear picture to the Government on counter part funding needed and get their commitment. AWPB to reflect COVID related responses by the project. Approval will be sought for plans for 18 months by June 2020. The balance budget for last 6 months will be forwarded to Government and iFAD for approval by April 2021	PM/FM/component managers	06/2020
<b>Prompt review and approval of service providers' payments</b>  Ensure there is efficiency and timeliness in review of reports/deliverables. Maintain tracks of key correspondences with service providers so that the party responsible for delays is identified and corrective actions taken.	Project Manager	

#### Performance of M&E System

Rating: 5

Previous rating: 5

#### Justification of rating

The project has a sound and elaborate M&E plan. The SACCOs and CSCGs work on two different Management Information Systems that are functional and deliver the required data to the PMU. The logical framework was submitted on time with updated data as at March 2020. Data disaggregation continues to be a consistent practice. The project has reported some mid-level outcome indicators. However, there is need to report on higher-level outcome indicators and project development objectives.

#### M&E System Review

The SACCOs and CSCGs work on two different Management Information Systems and each is well tailored to the institutions and groups. The SACCOs MIS system is updated semi-annually. The reliance on SACCO Service Providers has created challenges to the project M&E regarding i) inconsistencies in reporting, and ii) inaccurate data on some of the indicators. On the other hand, the CSCGs data is streamlined in a global VSLA system called SAVIX which captures data in real-time. Though groups maintain data for every weekly meeting, the service providers update the data in the system quarterly. The project has extended their subscription to this system for the next 3 years.

The project is using the CSCG data to analyse on additional indicators. As pointed in the last mission and also observed in the present mission, new CSCGs are performing better as compared to mature CSCGs, on parameters such as usage of loans more for IGAs and businesses. PMU has to analyse the data for course corrections. Recommendation has been made in the component section.

Management Information Systems captures data that is sex and age disaggregated. The project has also incorporated a gender sensitive indicator at the goal level where they will capture the effects of interventions on the improvement of Women's Empowerment in Agriculture Index (WEAI). However, the project has not yet reported on this indicator in the logical framework and therefore the targeting performance of this indicator cannot be assessed yet. The project is planning to conduct a formative study and hence they should ensure that this indicator is captured.

A key recommendation of the previous mission was undertaking a formative study on outcome and development objective level indicators of component 1 and 2. Terms of Reference (ToRs) have been developed and a formal request was made to the MFPED to seek the Solicitor General's approval to single source the study to Economic Policy Research Centre, Makerere University. The project is yet to get a response.

Two sets of studies will need to be undertaken to assess pre and post COVID-19 situation. a) Formative study is likely to be taken up in July 2020. The outcomes to be measured on members of SACCOs and CSCGs and control group should include pre COVID-19 and post COVID-19 situations. PMU needs to amend the TOR of the formative study to this effect. b) The effect of pandemic PROFIRA on promoted institutions will be desk based for SACCOs analysing a set of indicators, where as for CSCGs it will be field-based assessment.

For the impact assessment study to be undertaken before the project completion report, the procurement process will need to be undertaken in FY 2020-21 providing adequate time for a comprehensive assessment and the report to be ready by November 2021.

The project is generating lot of useful lessons, good practices and M&E data is yet to be fully used for knowledge management products.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Use VAs to collect data on phase I CSCG groups</b>  Contract phase I SPs (either the SP firms or the SP M&E specialists as individual consultants) to supervise and to compensate the VAs for data collection until the end of the project; evaluate the experience and decide on half yearly/yearly collection of data.	PM	06/2020
<b>Conduct formative study on outcomes</b>  Carry out a study on outcomes of component 1 and 2 and commence the study by Feb 2020	PMU M&E Unit	06/2020
<b>Impact assessment</b>  Schedule procurement of Impact assessment consultant in FY 2020 -21. Develop TOR and share with IFAD by end of July 2020.	PM M&E Unit	07/2020
<b>Formative study on outcomes to cover pre and post COVID-19 situation</b>  Formative study to be taken up on priority and cover pre and post COVID situation on outcome indicators and effect of the project on the institutions it has promoted; amend formative study ToRs to capture both sets of data.	PMU M&E Unit	09/2020
<b>Systematic and periodical field monitoring and validation</b>  Develop a regular field monitoring plan for the field work of SPs through a) field visits by the M&E office and component heads, b) through phone calls with group heads with a check list	PMU M&E Unit	
<b>Systematic and periodical field monitoring and validation</b>  Develop a regular field monitoring plan for the field work of SPs to ensure timely feed back to SPs and to conclude the contracts on time	PMU M&E Unit	

**Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating: 4**

**Previous rating: 5**

#### **Justification of rating**

In line with IFAD Guidelines on Environmental Assessment, the project was classified as Category B, at design and there are no reasons to change the category. The project is socially inclusive targeting women and youth. The savings-based approach, the small average size of loans, and their use mainly for production, income smoothing, house improvement,



and petty trading, are likely to create minimal environmental impacts. There has been sensitization by SPs on environment and natural resource management. Members engage in different environmental conservation measures that include mulching, tree planting and solid waste management but the level of these activities need to be raised through further trainings.

#### d. Financial Management & Execution

<b>Acceptable Disbursement Rate</b>	<b>Rating: 4</b>	<b>Previous rating: 5</b>
-------------------------------------	------------------	---------------------------

##### Justification of rating

The project is in its 5th year of implementation and the loan disbursement rate was 79% as at 30 April 2020. As at 30 April 2020, there was a pending Withdrawal Application, which is expected to raise the rate to 82% when disbursed. Automated rating based on IFAD disbursement data

##### Main issues

The project is in its 5<sup>th</sup> year of implementation and the loan disbursement rate was 79% as at 30 April 2020. As at 30 April 2020, there was a pending Withdrawal Application, which is expected to raise the rate to 82% when disbursed. The project has prepared a projection of activities and related payments up to project completion. The advance drawn by the project as per Authorised Allocation is USD 3m. The project has proposed a recovery schedule, which is intended to ensure there is adequate funds available to pay to service providers. The project is in the process of submitting the schedule to IFAD for approval. The last mission had worked with the project to reallocate the unallocated amounts based on the detailed projections till project closure; this has further been refined. The project has to submit the proposal to IFAD for reallocation. After full allocation of IFAD loan, the project is likely to absorb fully the IFAD loan and grant.

There were two WAs submitted to IFAD after the last mission which was conducted at the end of November 2019 and the accompanying SOEs. These are WA 21 and WA 22. WA 21 has already been processed and transferred to the project on 4 February 2020 as per the Historical Transaction Report. As at the time of the mission, WA22 was still being processed by IFAD. A sample of expenditure from the SOEs, amounting to 30% of reported expenditure for the two WAs was selected and traced the transactions to the supporting documents, including agreeing the amounts to the AWPB. The sampled transactions claimed from IFAD were net of taxes. There were no ineligible expenditures identified from the sample.

The WAs were prepared using the appropriate format and were adequately supported by the SOEs. WA 21 covered the 3-month period up to 31 December 2019 and the WA 22 covered the 3-month period to 31 March 2020. This is in line with the LTB which requires a WA to be submitted once 90 days have lapsed from the submission of the previous one.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Proposed recovery schedule for advance</b>  The proposed recovery schedule to be sent to IFAD for approval.	Project Manager	06/2020
<b>Allocation of unallocated amount</b>  Submit the proposed schedule for allocation of unallocated amounts of SDR 1,930,000 for approval by IFAD.	Project Manager	06/2020
<b>Allocated of unallocated amount</b>  Submit the proposed schedule for allocation of unallocated amounts of XDR 1,930,000 for approval by IFAD.	Project Manager	08/2020

#### Fiduciary aspects

<b>Quality of Financial Management</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
--	------------------	---------------------------

##### Justification of rating

The review did not highlight major weakness in the project accounting and internal control systems. Management of advances is considered effective. Internal audit is carried out on monthly basis by a private audit firm.

##### Main issues

The Project has a strong internal control system. Below are the key aspects of the internal controls.

### Staffing

The finance department of the project is comprised of a finance manager as the head, a project accountant and two project assistant accountants. The team is considered adequate for the project. The finance team is experienced in management of IFAD projects having handled another predecessor project. From our discussion with the team, there are no anticipated changes to the finance staffing structure of the project.

### Accounting system and financial reports

The project uses Sage Pastel accounting software to record and process project financial information. The project is implemented by a government agency (MFPED) which uses the government accounting information system (IFMS), through which approval of project financial transactions is done. However, for purposes of preparing project financial reports, Sage Pastel is the software in use. Financial reports (general ledger, trial balance, advances reports, and bank reconciliation statements) are generated directly from the system, either in PDF or as Excel. These are further analysed in Excel to prepare the financial information in the IFAD format, i.e., variance analyses by components and categories as per the financing agreement.

### Management of advances

Management of advances is considered effective. In the list of outstanding advances as at 30 April 2020, there were no outstanding advances to project staff, all of which had been fully accounted for as at that date. Outstanding advances mainly related to:

- (i) Uganda Microfinance Regulatory Authority (UMRA) – UGX 31.8m – which was advanced on 16 April 2020. Although this was during the lockdown period in Uganda, UMRA as one of the financial sector regulatory authorities was still operating. The advance was not yet due for liquidation at the end of April 2020.
- (ii) Uganda Cooperatives College Kigumba – UGX 484.3m – outstanding since 2019. The Finance Manager confirmed that documents amounting to UGX 483m were under review at the time of the mission and would be finalised and expensed by 30 June 2020.

See attached report

Quality and Timeliness of Audit	Rating: 5	Previous rating: 5
---------------------------------	-----------	--------------------

### Justification of rating

The audit was received on time and the quality is acceptable to IFAD

### Main issues

The audit quality is acceptable to IFAD and the audit report was received on time with the audit management letter. The auditor highlighted contrary to the agreement, the project used IFAD funds to pay VAT. The project is to refund USD 7,831.03. The project will refund once they receive the counter part funds and a transfer is made back for the IFAD financed amount. The management letter also notes that there is no connectivity for the SACCOs to share financial information hence limiting the users, while some of the Community Saving and Credit Groups are not saving directly with the financial institutions and this leaved the members exposed to the risk of loss of savings.

Counterparts Funds	Rating: 5	Previous rating: 5
--------------------	-----------	--------------------

### Justification of rating

Cumulatively, the actual amount spent of counterpart contribution is USD 1.045 million against a projected amounts of USD 4.935m which represent actual counterpart contribution of 21% to date. Most of the service providers are not-for profit organizations that do not charge VAT resulting to counterpart financing spent being less as compared to the projections at design.

### Main issues

Cumulatively, the actual amount spent of counterpart contribution is USD 1.045 million against a projected amounts of USD 4.935m which represent actual counterpart contribution of 21% to date. Most of the service providers are not-for profit organizations that do not charge VAT resulting to counterpart financing spent being less as compared to the projections at design. While this rate is low, the Government has been providing agreed counterpart contribution as they fall due. For the last financial year (FY 2018/19), the budget ceiling provided by the Government for the counterpart finance was UGX 2.8b. The committed counterpart contribution payments are for additional staff salaries, office rent and payments for taxes and duties. Of these amounts, the project included an amount of UGX 926m in the AWPB based on the expected activities of which UGX. 878m was paid by the close of the year. This translates to counterpart finances

absorption rate of 95% against the AWPB and 30% against the approved ceiling.

The project has prepared a projection of activities and payments to be made till project completion. There is a funding gap of budget, UGX. 5.6 billion (USD 1.53m), which has to be agreed with Government that will be paid by Government to ensure the smooth implementation of the project till closure. The funding gap has been due to increase in operational costs, as well as costs related to scaling up as compared to projections at design. This will make counterpart contribution rate to be 52% of the initial committed amounts at design. The projected counterpart financing till closure including additional costs item agreed to be paid from GoU is as per the schedule annexed. (Please refer tables 1 and 2 in annex to this aide memoire).

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Payments for additional activities within the approved ceiling</b>  MFPED to process payments for the key activities and other operational costs under the counterpart finance ceiling so as to cover up for the budget shortfall and ensure smooth implementation of the project till closure. A schedule for the proposed costs to be paid from the counterpart financing has been attached as an annexure.	MFPED and PROFIRA Project Management Team	08/2020

<b>Compliance with Loan Covenants</b>	<b>Rating: 6</b>	<b>Previous rating: 5</b>
---------------------------------------	------------------	---------------------------

#### Justification of rating

The project has complied with all loan covenant

### Procurement

<b>Procurement</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
--------------------	------------------	---------------------------

#### Justification of rating

This rating is mainly due to the timely initiation and completion of the procurement process for most transactions enrolled in the Procurement Plan and the fact that procurement is often in compliance with IFAD Procurement Guidelines and Handbook such as compliance with procurement methods and IFAD prior review thresholds stipulated by the LTB and National Regulations. However, the mission noted some of the areas that need more attention from the project as follows: (i) ensure obtaining IFAD No Objection to all direct contracting procurement regardless the contract value; (ii) follow IFAD Guidelines with respect the implementation of restricted tendering methods; and (iii) Minutes of Contracts Committee meetings should be signed ahead of launching the procurement process.

#### Procurement Review

**Structure of the Procurement Unit.** The PMU Procurement Unit is located in Kampala, the Logistics & Administration Officer is handling procurement activities who has strong experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements.

**Procurement Planning.** The procurement plan for 2019-2020 was found to meet the basic requirements in accordance with IFAD old template. Few adjustments are required: (i) ensure that all consultancy assignments are enrolled in the correct sheet; (ii) the plan should include the contract type for consultancy assignment and the issue number of invitations for bids; and (iii) 2020-2021 plan should be prepared in accordance with IFAD new template.

**Procurement Process.** The PMU has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, and services using Shopping method, which were found satisfactory and meet the basic requirements. The evaluation criteria and statement of requirements for goods and non-consulting services transactions were well prepared and sufficiently clear to create competitive environment. However, the following gaps in the procurement process within the project were noted: (i) the PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting; (ii) one case, where the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection; and (iii) in some cases the requested validity of quotations was 6 months which may lead to discourage bidders to apply.

**Procurement Progress.** The procurement plan for 2019-2020 has included 25 Goods and non-consultancy services transactions and 3 consultancy assignments with total cost estimate USD 374,288.00. As of November 21, 2019, the procurement process for 7 packages worth USD 240,122.54 was completed by the PMU constituting about 65% of the planned activities in terms of amount and 67.9% in terms of number.

**Contract Register:** The mission has ascertained that the format in use for the contract register is in conformity with IFAD's requirements; all contracts signed were correctly enrolled in the register.

**The Procurement Filing System.** Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.

**Contract Management.** In the procurement cycle the main area of improvement is in the contract management function. While the project succeeded in completing the procurement process of all sizable contracts, the delay in implementing these contracts was observed. The PMU should organize bilateral meetings with all service providers to study the reasons for delay and set a new timeframe for completing the on-going contracts. The project must ensure getting the necessary approvals for the amendments before signature, more details are presented in the procurement working paper in appendix 4. For the 2<sup>nd</sup> phase service providers contracts, it was noted that some SPs requested a compensation for the period of lockdown due to COVID-19 restrictions, the compensation include additional cost. However, such disruptions related costs should be covered through the insurance arrangements stipulated by the Clause 40-Contract General Conditions unless Government has taken a policy decision to make payments during lock down related disruptions.

Moreover, some other gaps were identified: (i) delay in processing the due payment due to the centralized financial system; and (ii) in one case, delay in appointing the contract manager was observed.

<b><i>Agreed Action</i></b>	<b><i>Responsibility</i></b>	<b><i>Agreed Date</i></b>
<b>Develop 2020-2021 procurement plan</b>  Develop the 2020-2021 procurement plan in accordance to the IFAD new template.	PMU	06/2020

<p><b>Structure of the Procurement Unit</b></p> <p>The PMU Procurement Unit is located in Kampala, the Logistics &amp; Administration Officer is handling procurement activities who has strong experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements.</p> <p>Procurement Planning. The procurement plan for 2019-2020 was found to meet the basic requirements in accordance with IFAD old template. Few adjustments are required: (i) ensure that all consultancy assignments are enrolled in the correct sheet; (ii) the plan should include the contract type for consultancy assignment and the issue number of invitations for bids; and (iii) 2020-2021 plan should be prepared in accordance with IFAD new template.</p> <p>Procurement Process. The PMU has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, and services using Shopping method, which were found satisfactory and meet the basic requirements. The evaluation criteria and statement of requirements for goods and non-consulting services transactions were well prepared and sufficiently clear to create competitive environment. However, the following gaps in the procurement process within the project were noted: (i) the PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting; (ii) one case, where the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection; and (iii) in some cases the requested validity of quotations was 6 months which may lead to discourage bidders to apply.</p> <p>Procurement Progress. The procurement plan for 2019-2020 has included 25 Goods and non-consultancy services transactions and 3 consultancy assignments with total cost estimate USD 374,288.00. As of November 21, 2019, the procurement process for 7 packages worth USD 240,122.54 was completed by the PMU constituting about 65% of the planned activities in terms of amount and 67.9% in terms of number.</p> <p>Contract Register: The mission has ascertained that the format in use for the contract register is in conformity with IFAD's requirements; all contracts signed were correctly enrolled in the register.</p> <p>The Procurement Filing System. Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.</p> <p>Contract Management. In the procurement cycle the main area of improvement is in the contract management function. While the project succeeded in completing the procurement process of all sizable contracts, the delay in implementing these contracts was observed. The PMU should organize bilateral meetings with all service providers to study the reasons for delay and set a new timeframe for completing the on-going contracts. The project must ensure getting the necessary approvals for the amendments before signature, more details are presented in the procurement working paper in appendix 4. For the 2nd phase service providers contracts, it was noted that some SPs requested a compensation for the period of lockdown due to COVID-19 restrictions, the compensation include additional cost. However, such disruptions related costs should be covered through the insurance arrangements stipulated by the Clause 40-Contract General Conditions unless Government has taken a policy decision to make payments during lock down related disruptions.</p> <p>Moreover, some other gaps were identified: (i) delay in processing the due payment due to the centralized financial system; and (ii) in one case, delay in appointing the contract manager was observed.</p>	<p>PMU</p>	
---	------------	--

<b>Organize bilateral meetings</b>  Organize bilateral meetings with all service providers to discuss the reasons for delay and set a new time frame for completing the on-going contracts.	PMU	
<b>Send a NO request to IFAD for a no-cost extension</b>  Send a NO request to IFAD for a no-cost extension with the revised implementation schedule on contract for SPs under phase 1 component 2.1 and 2.2 till August 2020.	PMU	
<b>Ensure obtaining the official approval of the Contracts Committee</b>  Ensure obtaining the official approval of the Contracts Committee before initiating and completing the procurement process.	PMU/CC	

#### e. Key SIS Indicators

<b>Likelihood of Achieving the Development Objective</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
<b>Assessment of the Overall Implementation Performance</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>

#### F. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
<b>Overview and Project Progress</b>		
<b>No cost extension for SACCO SPs</b>  Request a no cost extension for SPs under SACCO component till June 2020	PMU	12/2019
<b>No cost extension for MIS Vendors</b>  Request a no cost extension for MIS Vendors under the SACCO Component till June 2020	PMU	12/2019
<b>UCSCU to submit activity plan</b>  UCSCU to submit the activity plan to access the remaining grant allocation	PM/UCSCU	12/2019
<b>Revise the strategy and implementation steps for mature CSCGs</b>  The strategy should be to expand IGA/businesses through appropriate financial products. Credit plans to be prepared for members and then for the group, assess internal resources, plan for carry over, and the credit linkages with financial institutions to bridge gaps. Groups to be sensitised on need for longer term products of 6 months to one year and at reasonable interest rates of upto 2 percent per month. Pilot initially with SP this approach in a cluster of CSCGs and link them with Financial institutions.	PM/CBFS manager	12/2019

<b>SP contracts for phase 1</b>  Provide no cost extension till March 2020 to SPs under sub component 2.1 and 2.2 after getting no objection from IFAD essentially to establish VA system, participate and facilitate in formative study, and in documenting and developing the knowledge products.	PM/CBFS manager	12/2019
<b>Savings and credit linkages with financial institutions</b>  a) PMU to forge project level business undertaking with those banks that have larger presence in the project areas with clear targets to be achieved for CSCGs in different geographical areas. These will be tripartite undertaking between PROFIRA, SP and the bank. b) Link CSCGs from both the subcomponents based on need assessment mentioned above. c) PMU along with service providers to hold quarterly meetings with banks to review the implementation of undertaking, modify product features and smoothen operational issues. d) Branch staff to be trained on group assessment, credit assessment and sanctions, monitoring of group post disbursement.	PM/CBFS manager	01/2020
<b>Affordable credit and Financial literacy modules</b>  Sensitise SPs and also CSCGs to charge reasonable interest rates that enable establishment of businesses and are affordable even to poor instead of the present 5 to 10 percent per month. Include modules of affordable credit and reasonable pricing on loans and trade offs between high priced loans and suitable loan product for IGAs/businesses in financial literacy trainings.	PM/CBFS manager	02/2020
<b>Expand ToT model</b>  Contract UCCK to expand ToT model to communities in B and promising C SACCOs	PMU	03/2020
<b>Establishment of the village agent system</b>  VAs to be assigned to work with and provide need based services upto 30 CSCGs in one or more subcounties; Provide TOT to ensure all VAs are trained by Jan 2020 ; inform CSCGs by Dec on dos and don'ts in dealing with VAs especially not allowing them to handle cash. SPs to ensure orientation of VAs to provide data for three months till March.	PM/CSCG manager	03/2020
<b>Village agents in phase 2</b>  Learning from phase 1, establish the system of village agents from the first year of the group with payment for services.	PM/CBFS manager	03/2020
<b>SACCO Strategy Policy Paper</b>  As requested from FSD, PROFIRA to coordinate and support the formulation of a SACCO strategy paper.	PMU	03/2020
<b>DCO facilitation for B and promising C SACCOs</b>  Carry out assessment of C SACCOs; Facilitate DCOs in supporting B and promising C SACCOs	PMU	04/2020

<b>Engagement with UMRA, DCOs and UCCK</b>  Renew MoU for MTIC and UCCK focusing on capacity building of Category B and promising C SACCOs and ensure their readiness for regulation. DCOs will have to engage with SACCOs in revisiting their strategic business plan post COVID. UCCK to focus on innovative e learning trainings, on line resource availability for SACCOs to access apart from traditional modules of trainings.	PMU/UCCK/MTIC	06/2020
<b>Finalise 8 SACCO training contract</b>  Finalise the verification and payments of the SACCO support contract	PMU	06/2020
<b>Submission of Final Grant Report</b>  CDF to submit final grant report after conclusion of grant period	CDF	06/2020
<b>Data on convergence with Government programmes</b>  SPs to include data on number of CSCGs and amount of support received from Government programmes through convergence	PM/CBFS manager	06/2020
<b>Training for SACCOs on available liquidity support</b>  Arrange a short training to SACCOs on where and how they can source external funding to tide over liquidity crunch	PMU	07/2020
<b>Operationalising exit strategy</b>  Dialogue with FSD and MTIC to operationalise the exit strategy with funding support from Government.	PMU	08/2020
<b>Training of the village agent system in phase 1</b>  Give top priority for training of Village agent system; train VAs on operational guidelines for dealing with challenges being posed by the pandemic. Training on data collection is another priority area to ensure data flow to MIS.	PM/CSCG manager	08/2020
<b>Revise the contracts of service providers under Phase 2 where needed</b>  Service providers to a) stabilise the group operations and carry on trainings where feasible after lock down has been lifted, b) simultaneously carry out situation assessment analysis and c) by end July provide a realistic plan for completing activities within the contract period of November 2021. Project to re negotiate and approve revised phasing by September 2020.	PM/CBFS manager	08/2020
<b>Situation assessment of CSCGs post COVID</b>  Situation assessment of CSCGs should also analyse a) how young groups have fared, b) How mature groups with and without bank linkages have been coping up, c) which types of livelihoods were more affected and repayments are an issue, d) how poorer members have been dealt with, e) support from local governance, for future course corrections.	PM/CBFS manager	09/2020



<b>Gender based violence</b>  Based on situational assessment of post COVID incidences of gender-based violence, Service providers to arrange for counselling, converge with Government department and also other projects for redressal.	PM/CBFS manager	09/2020
<b>Microfinance Strategy</b>  Support the ministry in the development of the Microfinance Strategy by bringing in lessons from PROFIRA	PMU	09/2020
<b>Guidelines for VSLAs</b>  PROFIRA facilitate discussions with wider stake holders to arrive at consensus on the guidelines being framed for VSLAs by UMRA	PMU	09/2020
<b>Members with no loans</b>  Since about 25% of the CSCG members have not availed of loans in the last cycle study the reasons (poorer members not confident of availing loans, high interest ideas, need for IGA training etc.,) and facilitate solutions.	PM/CBFS manager	10/2020
<b>Village agents in phase 2</b>  Learning from phase 1, establish the system of village agents during 20-21 preferably during first half of the year.	PM/CBFS manager	11/2020
<b>Communication with SACCOs for MIS contribution</b>  Write to 10 SACCOs for 30% contribution for MIS by January 2020	PMU	12/2020
<b>MIS Study</b>  Conduct a study on the impact of digitization of SACCOs	PMU	12/2020
<b>SP contracts for phase 2</b>  Going by phase 1 experience ensure that activities are completed 8 months before contract closure, periodic quarterly verification is carried out, endline reports are given 4 months before closure allowing time for final verification and payments.	PM/CBFS manager	
<b>Sector Coordination Group</b>  PROFIRA to take part and support the sector coordination group chaired by FSD for the SACCO sector which includes all stakeholders and give important technical input to create cohesion in the sector.	PMU	
<b>Policy work with UMRA and MTIC</b>  Work with UMRA and MTIC to develop uniform reporting norms for SACCOs, development of fit and proper guidelines for governing body of SACCOs, qualification norms for managerial staff of SACCOs etc., Developing governance standards for the industry.	PMU	

<b>Documentation of results of project interventions</b>  Document results of project interventions for SACCOs clearly through a) analysis of the pre and post COVID situation of SACCOs through desk based study for feeding into the Ministry's study, b) analyse the results of formative study and take course corrections as part of exit strategy, c) impact assessment. Carry out analysis of whether project interventions of MIS/mobile money platform, member education and financial literacy have facilitated better coping with COVID	PMU	
<b>Business development in mature CSCGs</b>  Monitor the loan sizes, loan terms and also interest rates charged for mature CSCGs and follow up with service providers for necessary changes	PM/CBFS manager	
<b>Savings and credit linkages with financial institutions</b>  a) PMU to continue to engage with banks for business agreements with clear targets to be achieved for CSCGs in different geographical areas. b) PMU along with service providers to work on modification of product features. C) SPs to track time taken for loan sanction and disbursement and share data with PMU, d) PMU to increase the targets of credit linkages for SPs based on firm MOUs with banks.	PM/CBFS manager	
<b>Credit plans for linkages with banks</b>  SPs to prepare a micro credit plan for each member and consolidated for the group and link CSCGs for credit which will ensure adequate credit absorption,	PM/CBFS manager	
<b>SP contracts for phase 2</b>  Going by phase 1 experience and also revised phasing of activities that may be necessary ensure that periodic quarterly verification is carried out, endline reports are given 2 months before closure allowing time for final verification and payments.	PM/CBFS manager	
<b>Sector wide study of Ministry</b>  Contribute to sector wide study and also for development of package for revival post COVID -19 based on project data and knowledge on SACCOs and CSCGs	Sector wide study of Ministry	
<b>Development Effectiveness</b>		
<b>Loan products for women</b>  SPs to help SACCOs to modify their existing products/ develop new products for women and help track these products in loan performance	PMU/Service providers	03/2020
<b>GALS methodology implementation Develop a good practice case study on adoption of GALS approach</b>  Include the husbands of CSCGs women members and focus the trainings on women's participation in decisions about credit, purchase, sale and transfer of assets; as well as on equitable workload.	CBFS manager	09/2020
<b>Sustainability and Scaling up</b>		

<b>No-cost Contract Extension</b>  Send a NO request to IFAD for a no-cost extension on contract for SPs under Component 1 until June 2020 and under component 2.1 and 2.2 till march 2020; get ratification of IFAD of the already extended no cost contracts. For sub component 2.2 complete verification in Jan and conclude all reports by Feb 2010 except for lot 5 where the contract is till June 2020.	PM	12/2019
<b>Crowd in private sector finance</b>  Facilitate and create linkages with lending institutions providers with SACCOs and groups.	PMU	03/2020
<b>Data capture on partnerships and convergence</b>  SPs to capture data on economic benefits received from local Government /other partners through convergence.	PMU/SPs	
<b>Monitoring of SPs</b>  Project to carry out quarterly monitoring of the field work of SPs not only for verification but also to ensure that policy and operational issues are addressed.	PM/M&E/component heads	
<b>Expand Partnership through PROFIRA Forum</b>  PROFIRA, supported by IFAD, should lead the discussions on the future interventions in the sector by organizing a platform for interested institutions that can participate and contribute.	PMU/IFAD/FSD	
<b>Project Management</b>		
<b>Value for money</b>  Carry out further analysis for cost of coverage of per member considering total costs of the component/sub component, and also vis a vis the benefits such as IGA supported, business volume achieved	M&E	12/2019
<b>Use VAs to collect data on phase I CSCG groups</b>  Contract phase I SPs (either the SP firms or the SP M&E specialists as individual consultants) to supervise and to compensate the VAs for data collection until the end of the project; evaluate the experience and decide on half yearly/yearly collection of data.	PM	06/2020
<b>Conduct formative study on outcomes</b>  Carry out a study on outcomes of component 1 and 2 and commence the study by Feb 2020	PMU M&E Unit	06/2020

<p><b>Outstanding payments to service providers</b></p> <p>Considering limitations in verification procedures, project management to adopt a combination of strategies to make payments before 30 June 2020 by which contracts end.</p> <p>a) Engage the service providers that have not submitted reports to take advantage of the eased movement restrictions to submit any outstanding reports by 10 June 2020.</p> <p>b) Adopt virtual verification approaches (email, calls, scanned documents, etc.) to ascertain sufficiency of supporting information provided by the service providers.</p> <p>c) Consider prior performance of the service providers to gauge the level of residual risk in making the payments.</p> <p>Whichever approach is adopted, the project should maintain appropriate documentation to support the decisions to make the payments.</p>	Finance Manager and Component Managers	06/2020
<p><b>AWPB 20-21</b></p> <p>AWPB to be prepared for 24 months to reflect all project activities till closure and also to give a clear picture to the Government on counter part funding needed and get their commitment. AWPB to reflect COVID related responses by the project. Approval will be sought for plans for 18 months by June 2020. The balance budget for last 6 months will be forwarded to Government and IFAD for approval by April 2021</p>	PM/FM/component managers	06/2020
<p><b>Knowledge management products linked to policy advocacy</b></p> <p>Carry out three studies of strategic interest a) Effectiveness of self-reliant approach in CSCGs, (based on field developments), b) impact of automated MIS and technology in mobilising mobile money-driven savings, c) The impact of capacity building activities on institutions and their members and develop knowledge management products and share the results for policy advocacy as well as for wider adoption</p>	PMU	07/2020
<p><b>Impact assessment</b></p> <p>Schedule procurement of Impact assessment consultant in FY 2020 - 21. Develop TOR and share with IFAD by end of July 2020.</p>	PM M&E Unit	07/2020
<p><b>Formative study on outcomes to cover pre and post COVID-19 situation</b></p> <p>Formative study to be taken up on priority and cover pre and post COVID situation on outcome indicators and effect of the project on the institutions it has promoted; amend formative study ToRs to capture both sets of data.</p>	PMU M&E Unit	09/2020
<p><b>Development of policy briefs/ good practice case studies</b></p> <p>Under SACCO component briefs on a) Findings of outcome study on PROFIRA method of capacity development, b) MIS interventions including mobile banking and effect on SACCOs, c) Effect COVID on SACCO performance by comparing with universal data where feasible.</p> <p>Under CSCGs briefs on a) Innovations of creating development fund within CSCGs, b) linkage banking for savings and credit, c) GALS methodology and effect on gender based violence</p>	PM/Component heads	10/2020

<b>Prompt review and approval of service providers' payments</b>  Ensure there is efficiency and timeliness in review of reports/deliverables. Maintain tracks of key correspondences with service providers so that the party responsible for delays is identified and corrective actions taken.	Project Manager	
<b>Systematic and periodical field monitoring and validation</b>  Develop a regular field monitoring plan for the field work of SPs through a) field visits by the M&E office and component heads, b) through phone calls with group heads with a check list	PMU M&E Unit	
<b>Systematic and periodical field monitoring and validation</b>  Develop a regular field monitoring plan for the field work of SPs to ensure timely feed back to SPs and to conclude the contracts on time	PMU M&E Unit	
<b>Financial Management &amp; Execution</b>		
<b>Develop 2020-2021 procurement plan</b>  Develop the 2020-2021 procurement plan in accordance to the IFAD new template.	PMU	06/2020
<b>Proposed recovery schedule for advance</b>  The proposed recovery schedule to be sent to IFAD for approval.	Project Manager	06/2020
<b>Allocation of unallocated amount</b>  Submit the proposed schedule for allocation of unallocated amounts of SDR 1,930,000 for approval by IFAD.	Project Manager	06/2020
<b>Allocated of unallocated amount</b>  Submit the proposed schedule for allocation of unallocated amounts of XDR 1,930,000 for approval by IFAD.	Project Manager	08/2020
<b>Payments for additional activities within the approved ceiling</b>  MFPED to process payments for the key activities and other operational costs under the counterpart finance ceiling so as to cover up for the budget shortfall and ensure smooth implementation of the project till closure. A schedule for the proposed costs to be paid from the counterpart financing has been attached as an annexure.	MFPED and PROFIRA Project Management Team	08/2020
<b>Structure of the Procurement Unit</b>  The PMU Procurement Unit is located in Kampala, the Logistics & Administration Officer is handling procurement activities who has strong experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements. Procurement Planning. The procurement plan for 2019-2020 was found to meet the basic requirements in accordance with IFAD old template. Few adjustments are required: (i) ensure that all consultancy assignments are enrolled in the correct sheet; (ii) the plan should include the contract type for consultancy assignment and the issue number of invitations for bids; and (iii) 2020-2021 plan should be prepared in accordance with IFAD new template.	PMU	

<p>Procurement Process. The PMU has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, and services using Shopping method, which were found satisfactory and meet the basic requirements. The evaluation criteria and statement of requirements for goods and non-consulting services transactions were well prepared and sufficiently clear to create competitive environment. However, the following gaps in the procurement process within the project were noted: (i) the PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting; (ii) one case, where the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection; and (iii) in some cases the requested validity of quotations was 6 months which may lead to discourage bidders to apply.</p> <p>Procurement Progress. The procurement plan for 2019-2020 has included 25 Goods and non-consultancy services transactions and 3 consultancy assignments with total cost estimate USD 374,288.00. As of November 21, 2019, the procurement process for 7 packages worth USD 240,122.54 was completed by the PMU constituting about 65% of the planned activities in terms of amount and 67.9% in terms of number.</p> <p>Contract Register: The mission has ascertained that the format in use for the contract register is in conformity with IFAD's requirements; all contracts signed were correctly enrolled in the register.</p> <p>The Procurement Filing System. Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.</p> <p>Contract Management. In the procurement cycle the main area of improvement is in the contract management function. While the project succeeded in completing the procurement process of all sizable contracts, the delay in implementing these contracts was observed. The PMU should organize bilateral meetings with all service providers to study the reasons for delay and set a new timeframe for completing the on-going contracts. The project must ensure getting the necessary approvals for the amendments before signature, more details are presented in the procurement working paper in appendix 4. For the 2nd phase service providers contracts, it was noted that some SPs requested a compensation for the period of lockdown due to COVID-19 restrictions, the compensation include additional cost. However, such disruptions related costs should be covered through the insurance arrangements stipulated by the Clause 40-Contract General Conditions unless Government has taken a policy decision to make payments during lock down related disruptions.</p> <p>Moreover, some other gaps were identified: (i) delay in processing the due payment due to the centralized financial system; and (ii) in one case, delay in appointing the contract manager was observed.</p>		
<p><b>Organize bilateral meetings</b></p> <p>Organize bilateral meetings with all service providers to discuss the reasons for delay and set a new time frame for completing the on-going contracts.</p>	PMU	

<p><b>Send a NO request to IFAD for a no-cost extension</b></p> <p>Send a NO request to IFAD for a no-cost extension with the revised implementation schedule on contract for SPs under phase 1 component 2.1 and 2.2 till August 2020.</p>	PMU	
<p><b>Ensure obtaining the official approval of the Contracts Committee</b></p> <p>Ensure obtaining the official approval of the Contracts Committee before initiating and completing the procurement process.</p>	PMU/CC	

## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas Supervision Report**

### **Logical Framework**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department





## Project for Financial Inclusion in Rural Areas

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Outreach	1.a Corresponding number of households reached							M&E data (Results Framework) Service Provider Reports	Annual	M&E and KM Manager	A dynamic economy that allows for investment in enterprises and other income generating activities. Conducive Tier 4 Regulatory Framework.
	Women-headed households					0					
	Non-women-headed households					0					
	Households	0	525 000	750 000	85 962	1 101 778	146.9				
	1 Persons receiving services promoted or supported by the project							M&E data (Results Framework) Service Provider Reports	Annual	M&E and KM Manager	
	Females	0	262 500	375 000	58 646	518 342	138.2				
	Males	0	262 500	375 000	27 316	583 436	155.6				
	Young	0	78 750	112 500	27 651	194 729	173.1				
	Total number of persons receiving services	0	525 000	750 000	85 962	1 101 778	146.9				
	1.b Estimated corresponding total number of households members							"M&E data (Results Framework) Service Provider Reports "	Annual	M&E and KM Manager	
	Household members	0	3 150 000	4 500 000	515 772	6 610 668	146.9				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Project Goal Increased income, improved food security and reduced vulnerability in rural areas	% of the rural poor in the selected project intervention areas with improvements in assets ownership index and food security at project completion							Household Level Baseline Mid-term Review Impact Study Project Completion Study	Completion	Project Manager	(A ) Political stability
	Wealth quintiles:1	1.13		0.9							
	Wealth quintiles 2	0.67		0.54							
	Wealth quintiles 3	0.27		0.22							
	Wealth quintiles 4	0.47		0.56							
	Wealth quintiles 5	1.59		1.91							
	Prevalence of child malnutrition in rural households (data disaggregated by gender) at project completion							Household Level Baseline Mid-term Review Impact Study Project Completion Study	Completion		
	weight for age	14.1		11.3							
	height for age	18.2		14.6							
	weight for height	4		3.2							
	Improved Women’s Empowerment in Agriculture Index (WEAI)							Household Level Baseline Mid-term Review Impact Study Project Completion Study			
	WAEI	84.98									

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Development Objective</b> Sustainably increase the access to and use of financial services by the rural poor	1.1.5 Persons in rural areas accessing financial services							M&E Data (Results Framework) Service Provider Reports	Annual	M&E and KM Manager	Supported FSPs sustainably provide quality and user-friendly financial services. It is important to note that data related to the amount of savings and outstanding loans cannot be reported in a cumulative way. Therefore, the column on 'cumulative results' and the column on 'annual results' show the same figures - i.e. the amount of savings and outstanding loans at the time of data capture.
	Total number of accesses to financial services				162 780	1 469 224					
	Women in rural areas accessing financial services - savings	63 273	200 489	465 175	58 298	498 991	107.3				
	Men in rural areas accessing financial services - savings	120 164	195 106	341 440	27 102	399 757	117.1				
	Men in rural areas accessing financial services - credit	33 396	107 356	107 356	21 252	190 370	177.3				
	Women in rural areas accessing financial services - credit	17 541	146 261	146 261	56 128	380 106	259.9				
	Total persons accessing financial services - savings				85 400	898 748					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	Total persons accessing financial services - credit				77 380	570 476					
Outcome Outcome 1: Sustainably increase the access to and use of financial services by the rural poor through SACCOs	Members of project supported SACCOs that actively save increasing amounts and repay SACCO loans							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	"(A) Dynamic economy creates opportunities for investment in enterprises and other income generating activities (A ) Conducive Tier 4 regulation passed (R) MTIC not able to provide effective regulation/support to SACCOs (R ) Self Help Group policy paper allows injection of external government financing into community savings and credit groups (R) Project supported SACCOs not able to attain financial sustainability (R) Failure of UCSCU to attain operational sustainability after five years undermines conducive environment for SACCOs"
	Number of people	241 053	289 253	541 053	10 899	642 833	118.8				
	Female	23.8	30	30	27	27	90				
	Youth		15	15	10	10	66.7				
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	
	Service providers			500	225	678	135.6				
	% of project supported SACCOs that offer at least 2 savings and 3 loan products to their members							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	
	Percent of SACCOs	97.8	100	100	100	100	100				

Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility
	Total Share Capital in supported SACCOs (UG Shs million)							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager
	Total Share Capital in supported SACCOs (UG Shs million)	60 472	80 823	107 576	2 611	71 203	66.2			
	Total savings in supported SACCOs (UG Shs million)							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager
	Total savings in supported SACCOs (UG Shs million)	90 425	120 870	160 878	5 608	127 845	79.5			
	Total loan portfolio in supported SACCOs (UG Shs million)							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager
	Total loan portfolio in supported SACCOs (UG Shs million)	151 180	201 936	268 777	10 574	184 109	68.5			
	1.2.7 Partner financial services providers with operational self- sufficiency above 100%							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager
	Percentage	85.9	90	90	62	62	68.9			

Results Hierarchy	Indicators							Means of Verification		Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency		Responsibility
	1.2.6 Partner financial service providers with portfolio-at-risk ≥30 days below 5%							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	
	Percentage				6	6					
	UCSCU has sustainability of operating income, covering 100% of operating expenses by PY5							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	
	% of operating expenses covered by UCSCU	31	75	100	85	85	85				
<b>Outcome</b> Outcome 2: Sustainably increase the access to and use of financial services by the rural poor through CSCGs	Members of newly created CSCGs actively save in groups with increasing amounts of weekly savings and annual pay-outs in each annual cycle							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	Adequate allocation and timely release of funds
	Number of members in the newly established CSCGs		187 500	375 000	63 764	358 430	95.6				
	% of female members in the newly established CSCGs		131 250	262 500	76	76	0				
	% of youth members in the newly established CSCGs		56 250	112 500	43	43	0				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	
	Service providers		7 500	15 000	2 217	12 453	83				
	Members of mature CSCGS that have access to improved financial services and have availed themselves at least one such service (credit, savings or insurance)							% of youth members in the supported mature CSCGs	Annual	M&E and KM Manager	
	Number of members in the supported mature CSCGs	0	37 500	75 000	11 299	100 515	134				
	% of female members in the supported mature CSCGs	0	70	70	72	72	102.9				
	% of youth members in the supported mature CSCGs	0	15	15	34	34	226.7				
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas							"M&E data (Results Framework) Service Provider Reports UCSCU Annual Report"	Annual	M&E and KM Manager	
	Number of mature CSCGS		1 500	3 000	443	3 529	117.6				



Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility
	Cumulative savings in newly established CSCGs (UG Shs million)							Cumulative savings in newly established CSCGs (UG Shs million)	Annual	M&E and KM Manager
	Cumulative savings in newly established CSCGs (UG Shs million)	0			3 932	20 639				
	Cumulative loan value in newly established CSCGs (UG Shs million)							Cumulative savings in newly established CSCGs (UG Shs million)	Annual	M&E and KM Manager
	Cumulative loan value in newly established CSCGs (UG Shs million)	0			4 537	1 727				
	Cumulative savings in supported mature CSCGs (UG Shs million)							Cumulative savings in newly established CSCGs (UG Shs million)	Annual	M&E and KM Manager
	Cumulative savings in supported mature CSCGs (UG Shs million)	0			1 639	14 343				
	Cumulative loan value in supported mature CSCGs (UG Shs million)							Cumulative savings in newly established CSCGs (UG Shs million)	Annual	M&E and KM Manager
	Cumulative loan value in supported mature CSCGs (UG Shs million)	0			1 666	11 981				
	% of CSCGs formed are operational after 3 years.							FSD progress reports		
	% of operational CSCGs			80						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Outcome</b> Outcome 3: Contributed to the creation of a conducive environment for the development of inclusive financial services in rural areas	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment							FSD progress reports			The proposed institutions fail to plan and take advantage of the support they are eligible for under the project in a timely manner
	Number		1	1		1	100				
<b>Output</b> Output 1.1 Potential of existing SACCOs to establish sustainable operations enhanced	Number of existing strong and intermediate SACCOs trained in six thematic areas addressing needs over the project implementation period.							"M&E data Service Provider Reports Consolidated Report from SACCO Development Unit"	Annual	M&E and KM Manager	Adequate allocation and timely release of funds
	Number of SACCOs trained in six thematic areas on demand		350	350							
	Number of SACCOs provided with continuous technical assistance		210	350	167	330	94.3				
	Number of SACCOs provided with refresher training in the six thematic areas		100	350	142	142	40.6				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
	All targeted beneficiary SACCOs (500+) are trained in credit and default management over the project implementation period.							"M&E data Service Provider Reports Consolidated Report from SACCO Development Unit"	Annual	M&E and KM Manager	
	Number of SACCOs trained in credit and default management		500	500							
	Number of SACCOs provided with continuous technical assistance		330	500	157	453	90.6				
	Number of SACCOs provided with refresher training in credit and default management		150	500	127	127	25.4				
	Number of existing strong and intermediate SACCOs facilitated to automate their Management Information Systems (MIS) over the project period.							"M&E data Service Provider Reports Consolidated Report from SACCO Development Unit"	Annual	"M&E data Service Provider Reports Consolidated Report from SACCO Development Unit"	
	Number of SACCOs		50	150							
	Number of software		60	100	8	30	30				

Results Hierarchy	Indicators							Means of Verification		Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
Output Output 1.2 UCSCU enabled/facilitated to develop into a sustainable SACCO Union	UCSCU provided with financial support in form of performance-based incentives, which will fund the annual operating loss as specified in the UCSCU Strategic Plan over a period of five (5) years of the project period.							UCSCU Progress Reports	Annual	M&E and KM Manager	Adequate allocation and timely release of funds
	Financial Support provided to UCSCU to fund its annual operating loss (in Uganda Shillings)	1 176 000 000	3 429 096 517	3 429 096 512	0	3 429 096 517	100				
Output Output 2.1 CSCGs established	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services							M&E data Service Provider Reports Consolidated Report from CSCG Support Unit	Annual	M&E and KM Manager	Adequate allocation and timely release of funds
	Females					0					
	Males					0					
	Persons in rural areas trained in FL and/or use of FProd and Services (total)		131 250	262 500	1 488	136 290	51.9				
	Number of members in established CSCGs trained in basic business skill development modules							M&E data Service Provider Reports Consolidated Report from CSCG Support Unit	Annual	M&E and KM Manager	
	Members trained in business skill development modules		131 250	262 500	2 723	151 127	57.6				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2020)	Cumulative Result (2020)	Cumulative Result % (2020)	Source	Frequency	Responsibility	
<b>Output</b> Output 2.2 Mature CSCGs assisted to expand their operations	Provided focused training and promoted innovations, linkages and partnerships amongst mature CSCGS over the project period.							M&E data Service Provider Reports Consolidated Report from CSCG Support Unit	Annual	M&E and KM Manager	Adequate allocation and timely release of funds
	Number of members in mature CSCGs trained in advanced financial literacy modules		37 500	75 000	11 303	58 678	78.2				
	Number of members in established CSCGs trained in advanced business skill development modules							M&E data Service Provider Reports Consolidated Report from CSCG Support Unit	Annual	M&E and KM Manager	
	Number of members in mature CSCGs trained in advanced business skill development modules		37 500	75 000	10 777	59 465	79.3				

## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas**

### **Supervision Report**

### **Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



**Appendix 1: Overall financial performance**

**(a) Overall financial performance by component**

Components	Cumulative performance			FY2019/20 AWPB		
	Total allocated (PDR)	Execution up to 30 April 2020	Project utilisation as at 30 April 2020	Plan	Execution up to 30 April 2020	Project utilisation as at 30 April 2020
<b>A SACCO Strengthening and Sustainability</b>						
1. SACCO Strengthening	35,864,372,221	22,704,821,538	63%	8,541,526,048	3,170,243,739	37%
2. Developing a Sustainable SACCO Union	7,613,526,831	4,385,582,221	58%	120,917,657	-	0%
	<b>43,477,899,052</b>	<b>27,090,403,759</b>	<b>62%</b>	<b>8,662,443,705</b>	<b>3,170,243,739</b>	<b>37%</b>
<b>B Community Based Financial Services</b>						
1. Establishment of New Community Based Savings and Credit Groups	27,520,305,439	21,826,798,973	79%	6,887,670,376	3,720,892,522	54%
2. CSCG Strengthening, Innovation and Partnerships	12,992,105,926	13,003,707,268	100%	5,725,399,252	1,697,610,218	30%
	<b>40,512,411,365</b>	<b>34,830,506,241</b>	<b>86%</b>	<b>12,613,069,628</b>	<b>5,418,502,740</b>	<b>43%</b>
<b>C Policy and Institutional Support and Project Management</b>						
1. Policy, Regulatory and Institutional Environment	6,109,984,891	4,416,405,587	72%	-	-	-
2. Project Management	15,700,704,692	11,264,905,580	72%	4,049,749,780	2,413,086,454	60%
	<b>21,810,689,583</b>	<b>15,681,311,167</b>	<b>72%</b>	<b>4,049,749,780</b>	<b>2,413,086,454</b>	<b>60%</b>
<b>Total</b>	<b>105,801,000,000</b>	<b>77,602,221,167</b>	<b>73%</b>	<b>25,325,263,113</b>	<b>11,001,832,933</b>	<b>43%</b>

**(b) Overall financial performance by expenditure category**

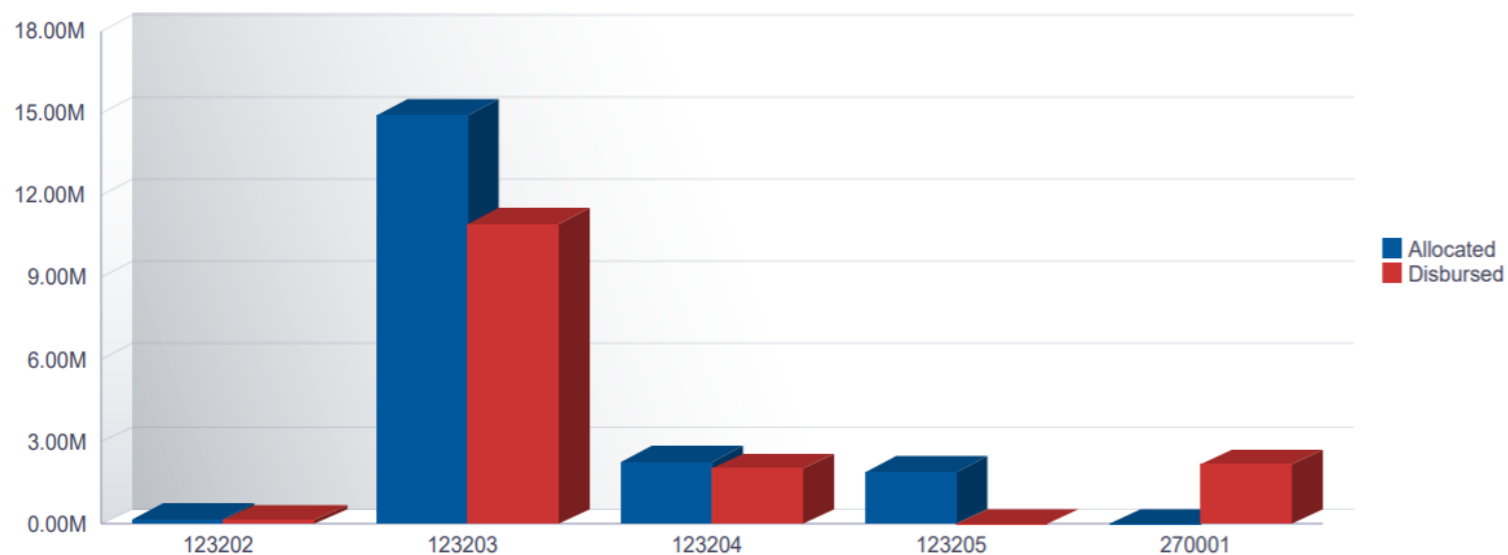
Expenditure category	Cumulative performance			FY2019/20 AWPB		
	Total allocated (PDR)	Execution up to 30 April 2020	Project utilisation as at 30 April 2020	Plan	Execution up to 30 April 2020	Project utilisation as at 30 April 2020
1. Equipment and Materials	1,145,110,714	897,508,283	78%	108,627,000	70,858,332	65%
2. Other Investment Costs	95,230,889,286	67,852,092,486	71%	22,418,451,332	8,882,316,078	40%
3. Operating Costs	9,425,000,000	8,852,620,398	94%	2,798,184,780	2,048,658,523	73%
<b>Total</b>	<b>105,801,000,000</b>	<b>77,602,221,167</b>	<b>73%</b>	<b>25,325,263,112</b>	<b>11,001,832,933</b>	<b>43%</b>



Supervision Mission - Mission dates: 22 May 2020 to 5 June 2020

Category	Category Description	Cat. Further Desc.	Allocated	Disbursed	%	Available Balance
123202	EQUIPMENT AND MATERIALS		190,000.00	156,481.70	82.36%	33,518.30
123203	OTHER INVESTMENT COSTS		14,910,000.00	10,936,542.42	73.35%	3,973,457.58
123204	OPERATING COSTS		2,270,000.00	2,017,035.58	88.86%	252,964.42
123205	UNALLOCATED		1,930,000.00	0.00	0.00%	1,930,000.00
270001	AUTHORISED ALLOCATION	AUTHORIZED ALLOCATION	0.00	2,173,614.76		-2,173,614.76
<b>TOTAL</b>			<b>19,300,000.00</b>	<b>15,283,674.46</b>	<b>79.19%</b>	<b>4,016,325.54</b>

Category Allocations and Disbursements



## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas**

### **Supervision Report**

### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



## Appendix 2: Physical Progress Measured against AWP&B

Component/Outcome	Indicator and Activity	Unit	FY 2019/20 – 1 <sup>st</sup> July 2019 – 30 <sup>th</sup> June 2020			Cumulative Actual	Appraisal Target	%
			AWP&B Target June 2019/20	Actual	%			
Component 1: SACCOs Strengthening and Sustainability								
Output 1.1: Potential of existing SACCOs to establish sustainable operations	Activity A: Undertake Training & TA in Package of 6 (P6) Areas	SACCOs	167	142	85%	330	350	95%
	Activity B: Tailored TA to Address Default/Governance Issues - Cat B	SACCOs	102	75	74%	75	0	-
	Activity C: Undertake Training & TA in Credit and Default Management (C&D)	SACCOs	176	127	72%	453	500	91%
	Activity D: Support for SACCO MIS	SACCOs	37	30	81%	30	150	25%
	Activity E: Special Audits and Special General Meetings - Category C	SACCOs	100	20	20%	20	0	-
Output 1.2: UCSCU enabled/ facilitated to develop a sustainable SACCO union	Grant Performance Incentive: UCSCU provided with financial support in form of performance-based incentives, which will find the annual operating loss as specified in the UCSCU Strategic Plan.	UGX	120,917,657	0	0%	3,244,620,418	3,485,819,120	93%
Component 2: Community Based Financial Services								
Output 2.1: CSCGs formalized and registered	Activity B: Establishment of CSCGS Phase II	Groups	4,648	4,799	103%	12,453	18,000	69%
	Activity F: Supervision and Oversight Committee Meetings	Trip	5	4	80%			
	Activity G: Validation exercise	Quarter	1	1	100%			
Output 2.2: Mature CSCGs assisted to expand their operations	Activity C: CSCG Strengthening, Innovation and Partnerships Phase II	Groups	1,700	1,822	107%	3,529	3,000	118%
	Activity F: Supervision and Oversight Committee Meetings	Trip	5	4	80%			
	Activity G: Validation exercise	Quarter	1	1	100%			
Component 3: Policy and Institutional Support and Project Management								
Output 3.2: Project Management	Activity A: Internal Audit Consultancy	Month	12	10	83%			
	Activity B: Training and Staff Development	Month	12	10	83%			
	Activity C: External Audit	Lumpsum	1	1	100%			
	Activity D: Field Monitoring, Backstopping and Evaluation	Month	12	10	83%			
	Activity E: M&E Studies							
	Input 1: Travel Inland costs	Month	12	8	67%			
	Input 2: Consultancy - (Formative Study costs for the year)	Lumpsum	1	0	0%			
	Input 3: TA - (Production of KM Product)	Lumpsum	1	1	100%			
	Input 4: Travel Inland - Capturing Success stories	Lumpsum	1	1				
	Activity F: Production of Maps	Lumpsum	1	0	0%			
	Activity G: Updating M&E MIS	Lumpsum	1	1	100%			
	Activity H: Regional Media Activities	Workshops	4	0	0%			
	Activity J: Participation in National Events	Workshops	2	2	100%			
	Activity K: Development and broadcast of video documentaries							
	Input 1: Advertising & Public Relations - Airing documentary on TV	Show	4	0	0%			
	Input 2: Advertising & Public Relations - Production of videos for progress activities	Show	4	4	100%			

	Activity M: Equipment and Materials							
	Input 1: Assorted Office Equipment (For FY 19/20) - 3 computers, 2 laptops, 2 UPS	Lumpsum	1	1	100%			
	Input 2: Assorted Office Equipment (LPOs issued in FY18/19) - 3 desktop computers, 2 laptops, 2 printers, 3 UPS, 1 PABX	Lumpsum	1	1	100%			
	Input 3: Assorted Office Equipment (For FY 19/20) - 2 office chairs, 2 shelves	Lumpsum	1	1	100%			
	Input 4: Assorted Office Equipment (LPO issued in FY 18/19) - 2 office chairs, 4 visitors chairs, 1 working desk	Lumpsum	1	1	100%			
	Input 5: Assorted Office Equipment - Photocopying Machine	Lumpsum	1	0	0%			

## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas**

### **Supervision Report**

### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



### Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.6 Condition of withdrawal	There shall be a designated account denominated in United states Dollars and an Operational account denominated in Ugandan Shillings. Both accounts shall be in the Bank of Uganda.	Immediately after effectiveness	Complied	The project has a designated account denominated in USD and an operational account in UGX both in the name of Ministry of Finance, Planning and Economic Development held at Bank of Uganda.
Section 4.02	Replenish Project Account quarterly in advance	Continuously	Complied	
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Continuously	Complied	
Section 7.08(a)	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	Continuously	Complied	All risk insurance of PROFIRA assets is effective 11 November 2019.
Section 9.03(b)	Audit report submitted to IFAD.	6 months after end of each financial year	Complied	Audited project financial statements for the financial year ended 30 June 2019 and accompanying management letter were submitted to the project on 10 December 2019 which was within the required timelines.
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.	45 days after period end	Complied	Reports prepared and submitted as and when they fall due.
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments		Complied	AWPB have been submitted to the Fund for reviews as required.
Section 8.03(b)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	Continuously	Complied	A Mid-Term Review (MTR) was carried out in 2018.
Section 11.01(a)	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Continuously	Complied	Taxes are not paid out of the financing proceeds. Where such have been identified, refund has promptly been made from GoU counterpart funding.





## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas Supervision Report**

#### **Appendix 4: Technical background analysis**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



## **Appendix 4 A - Technical background analysis**

- A. Notes on coping with COVID 19 pandemic
- B. Tables on GoU Counterpart Activities and costs estimated till end of the project
- C. Working paper on Procurement

## A. Note on coping with COVID 19 pandemic

### **SACCOs:**

1. The project's exit strategy is well thought out to ensure the sustainability of SACCOs and will need to be further strengthened, taking into account COVID related disruptions. Uganda was under complete lockdown for nine weeks prior to the mission. There have been restricted movements limited to only essential service providers, which has adversely affected business and the economy as a whole. During this period, SACCOs are very likely to experience challenges in loan recovery, while SACCO members may also draw down their savings, resulting in severe illiquidity. The COVID-19 pandemic, therefore, poses a significant risk for the outcomes achieved by PROFIRA.

2. The project has completed the capacity development work with SACCOs and is implementing the exit strategy of a) DCOs/MTIC providing the ground support to SACCOs, b) Apex institutions like UCSCU, UCA, AMFIU, etc., provide lobbying and capacity building activities for the SACCOs; 85% of the Category A and B SACCOs, i.e., 190 SACCOs are affiliated to an apex (with incidences of multiple-affiliation) and c) UMRA as the regulator of the sector, instilling proper financial and risk management standards for the sector. The project's exit strategy shall need to incorporate mechanisms to enable SACCOs to cope with the effects of the COVID-19 pandemic.

3. FSD, MFPED has set up a working group to develop solutions for the microfinance sector, and PROFIRA is part of this group. The committee shall articulate the extent of disruptions of the COVID-19 pandemic on the sector and make appropriate recommendations to the government. The envisaged post-COVID-19 interventions in the SACCO sector will include liquidity support as well as technical assistance. Currently, only 35% of the supported SACCOs access external sources of borrowing from MSC, UCFS, and ABI Trust etc. However, SACCOs will need to access additional liquidity support interventions. A short training will be provided to SACCOs, in need for external funding, on where and how they can source such resources. The project will need to work proactively with DCOs and industry apex institutions such as UCSCU, UCA, and AMFIU to sensitize SACCOs on available support interventions from Government. On capacity building, the project will require additional government funding in order to enter into MOU with MTIC and UCCK to facilitate continued support category B and promising Category C SACCOs with mentoring and financial literacy training that will enable better management of household finances better.

4. There are still several pertinent issues in the sector that need to be addressed, which include but are not limited to: i) Need for continuous capacity building of the SACCOs and their members; ii) The politicization of SACCOs and need for deregistering non performing ones; iii) The need for a uniform set of procedures and reporting tools and formats; iv) The need for fit and proper guidelines on qualifications of board members. With limited resources left in PROFIRA, the focus will be on supporting Category B SACCOs and promising Category C SACCOs for their improvement. These SACCOs are on the fringe of the regulation threshold and will need support to ensure that at the end of the project, they can meet the regulatory requirements of UMRA. To this end, the project will engage in a dialogue involving UMRA, the DCOs and UCCK. One key lesson has been that the service providers engaged by the project have been Kampala based and also expensive with hardly 8% of the SACCOs able to engage their services beyond project period. Cadre of community based trainers developed by some service providers should be made known to SACCOs.

5. Additionally, as the government is preparing key documents for the sector, including a specific microfinance policy, PROFIRA should be in the forefront in the discussions to inform policy changes through a series of engagement with policymakers as well as preparing policy briefs that could be used by different stakeholders.

### **CSCGs:**

6. COVID 19 pandemic has affected the project implementation for both sub components; a) The scheduled trainings for CSCGs and Village agents could not be conducted though the service providers incurred fixed costs, b) groups have generally stopped meeting abiding by the lock down norms though accurate information on this is not available, c) there are concerns that newly formed CSCGs may disintegrate due to liquidity issues since households may not be able to save, there may be demand for loans which the group will find difficult to meet and also repayment issues, d) older CSCGs are likely to face issues of low savings mobilisation, overdues by members whose livelihoods are affected leading undue stress among governing committees, e) groups may opt for early pay outs and may take time to commence next cycle, f) incidences of gender based violence have reportedly increased. The project has been working with the Service providers for development of operational guidelines to deal with these challenges.

7. The phase 1 activities for CSCGs are completed. The project's exit strategy for CSCGS has three

elements a) the establishment of fee based Village agent system, b) registration of CSCGs with local Governments and c) linkages with financial institutions for mature groups. For phase 1 CSCGs, the project has to prioritise the training of Village agents on the operational guidelines being developed to deal with COVID related disruptions. Under phase 2 of CSCG development, learning from the experience of phase 1, the project will focus on establishing the village agents in first half of 2020-21, take concerted efforts for registration of groups for linkages with local government. The fee structure and also high renewal fees are deterrents. The linkages with financial institutions are low and needs more focused attention.

8. Analysing the achievements as of March 2020 for phase 2 which is on going, 79% of outreach targets have been met for sub component 2.1 and the outreach targets have been exceeded under sub component 2.2, the achievement being 122%. Since sub component 2.2 deals with mature groups of more than 3 years who should have understood the value of CSCGs, the breakage of groups are likely to be less though efforts will be needed to ensure that the financial operations within groups are smooth. The training targets are also on track though there are variances among service providers.

9. Service providers of phase 2 have requested for project extension with additional budgets to cope with the situation especially to revive the activities among CSCGs. Service providers should stabilise the group operations for first two months after lock down has been lifted, and there after provide a realistic plan by end July 2020 for completing activities within the contract period of November 2021. The aim should be to a) achieve the outreach targets and b) deliver the core activities with no additional costs. Low impact activities may be dropped if necessary. SPs will need to provide counselling to address issues of gender-based violence by convergence with Government initiatives as well as other projects. Project management where needed has to re negotiate contract terms by September 2020 based on ground level situation. Documentation of responses of CSCGs to the pandemic is important for future learnings.

## B) GoU Counterpart Activities and costs estimated till end of the project

**Table 1 – Counter part funds estimation**

Activity	As at 30/11/2019		As at 30/04/2020	
	Amounts in UGX	Estimated in USD	Amounts in UGX	Estimated in USD
Taxes on service provider contracts	167,221,296	45,195	39,249,832	10,608
MIS Grant to SACCOs	206,782,983	55,887	110,514,005	29,869
Salaries to contracted staff	1,344,000,000	363,243	920,726,052	248,845
Rent	1,122,000,000	303,243	1,122,000,000	303,243
<b>Subtotal - cost items previously paid from GoU</b>	<b>2,840,004,279</b>	<b>767,568</b>	<b>2,192,489,889</b>	<b>592,565</b>
Operating Costs (50% to GoU)	520,000,000	140,541	520,000,000	140,541
Category C support - Financial literacy (UCCK, MTIC MoU)	192,000,000	51,892	192,000,000	51,892
Payments to DCOs (in context of MTIC MoU)	768,000,000	207,568	768,000,000	207,568
ToT for financial literacy (BY UCCK)	864,000,000	233,514	864,000,000	233,514
Monitoring & Evaluation studies	235,000,000	63,514	235,000,000	63,514
Staff trainings	200,000,000	54,054	200,000,000	54,054
Communication activities	150,000,000	40,541	150,000,000	40,541
Workshops and seminars	215,000,000	58,108	215,000,000	58,108
Travel inland (Backstopping, Verifications, monitoring, etc)	275,351,837	74,419	275,351,837	74,419
<b>Subtotal - additional cost items to be paid from GoU</b>	<b>3,419,351,837</b>	<b>924,151</b>	<b>3,419,351,837</b>	<b>924,149</b>
<b>Total GoU Counterpart funds required for Key activities</b>	<b>6,259,356,116</b>	<b>1,691,719</b>	<b>5,611,841,726</b>	<b>1,516,714</b>

Based on the above, the GoU contribution will be approximately 52% of the initial committed amounts as below

**Table 2 - Counterpart funds estimation**

Financier	Appraisal USD '000 (A)	Actual as at 30/04/2020 USD '000 (B)	% Actual	Additional Estimated payments to closure USD '000 (C)	Estimated total project expenditure USD '000 (D=B+C)	Projected % Performance at Closure (E=D/A)
IFAD Loan	29,000	23,812	82%	5,188	29,000	100%
Government	4,935	1,045	21%	1,517	2,561	52%
IFAD grant	1,000	1,000	100%	-	1,000	100%
CCA/WOCCU	250	250	100%	-	250	100%
Beneficiaries	1,443	335	23%	56	391	27%
<b>Total</b>	<b>36,628</b>	<b>26,442</b>	<b>72%</b>	<b>6,760</b>	<b>33,202</b>	<b>91%</b>

**Table 3: Reallocation of costs ('000 SDR)**

Code	Category description	Current Loan Allocation	Proportion at design	Loan utilization up to WA 22	Additional Planned Expenditure up to closure date	Revised allocation Proposed (Adjusted Schedule 2)	Proportion after re-allocation
A	B	C		D	E	F=D+E	
123202	Equipment and materials	190	1%	160	-	160	0.8%
123203	Other investment costs	14,910	77%	11,353	4,974	16,327	84.6%
123204	Operating costs	2,270	12%	2,104	709	2,813	14.6%
123205	Unallocated	1,930	10%	-	-	-	-
	Total	19,300	100%	13,617	5,683	19,300	100%
270001	Authorised allocation	-		2,174		-	
	Total	19,300		15,790		19,300	



## **C) Working paper on Procurement**

A review was done to the Procurement Management Procedures and Procurement Progress under PROFIRA. The review covered the (i) Procurement Planning Process; (ii) Processes and Procedures from Prequalification to Bidding; (iii) Process and Procedures for Evaluation and Contract Award; (iv) Contract Management and Administration; and (v) Record Retention.

Procurement Rating: Moderately Satisfactory. This rating is mainly due to the timely initiation and completion of the procurement process for most transactions enrolled in the Procurement Plan and the fact that procurement is often in compliance with IFAD Procurement Guidelines and Handbook such as compliance with procurement methods and IFAD prior review thresholds stipulated by the LTB and National Regulations. However, the mission noted some of the areas that need more attention from the project as follows: (i) ensure obtaining IFAD No Objection to all direct contracting procurement regardless the contract value; (ii) follow IFAD Guidelines with respect the implementation of restricted tendering methods; and (iii) Minutes of Contracts Committee meetings should be signed ahead of launching the procurement process.

### **I. Procurement Planning Process:**

The 2019-2020 procurement plan was found to meet the basic requirements in accordance with IFAD old template. The Mission was pleased to observe the following: (i) the coherence of the PP with the AWPB; (ii) the attempt to prepare Annual Procurement Plan was good with adoption of a format that allows sensible procurement planning; (iii) the update of the procurement plan with respect to the actual implementation; and (iv) the preparation of 2020-2021 plan was done using the IFAD new template. Few adjustments are required as follows:

- Ensure that all consultancy assignments are enrolled in the correct sheet.
- The plan should include the contract type for consultancy assignment and the issue number of invitations for bids.

### **II. Procurement Processes and Procedures.**

The Mission observes that a consistent procurement system is being established in the Project that enables due procurement process to be carried out. However, the Mission notes areas for improvement as below.

#### **A- Use of Prequalification**

Due to the nature of the project only a few goods/ equipment and non-consulting services procurements were implemented. The Project bulk of procurements were conducted for the recruitment of services providers to support the Project activities through QCBS and QBS method. Consequently, there was no ground to initiate a specific pre-qualification process and the project relied on the list of registered firms to the PPDA or in few cases got the shortlist through the market research.

#### **B- Bidding Documents**

The Project has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods and non-consulting services under shopping method. The National RFQs were found satisfactory and meet the basic requirements. For earlier consultancy services that were tendered through ICB method, the PMU mistakenly has adopted the National Template instead of the appropriate World Bank SBD. However, such omission did not seriously affect the procurement process. The PMU made a commitment to fully adhere to the applicable Standard Bidding Documents as appropriate. The mission was pleased to note that the bidding documents issued during the review period were comprehensive and

fully comply with IFAD requirements. ITBs/ITCs for Goods and Consulting Services were well prepared and sufficient to create competitive environment. Schedule of Requirements/Technical specifications/TORs were clear and set the framework for assessing the performance. However, it was recommended to shorten the requested validity period for shopping transactions from 6 months which may discourage bidders to apply to one month instead.

#### **C- Advertisement**

All implemented transactions during the review period did not require advertisement. However, the previous record of the project confirmed full compliance with advertisement requirements.

#### **D- Bid Submission**

The Quotations received are stored but not in tender box. although most bids are received on the bid submission deadline.

#### **E-Public Bid Opening**

All implemented transactions during the review period did not require public bid opening. However, for earlier transactions that require public bid opening, the Project fully comply with such procedure.

#### **F-Evaluation Process**

Evaluation Process was generally in line with sound practices except in few cases minor deviations were noticed as follows:

- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting;
- In one case, the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection. It was discussed with PMU that regardless the estimated and actual costs of any Direct Contracting transaction it should be subject to IFAD prior review as stipulated by IFAD Procurement Guidelines.
- In one case, the evaluation committee concluded the procurement activity while two quotations were only were received.
- Due to the limited number of project staff the evaluation committee comprise the same persons in most cases.

#### **G- Contract Award**

In all cases, the contracts were awarded to the lowest evaluated bidders or the firm that passed the technical evaluation and offered reasonable price within the allocated budget for consultancy assignments adopting Single Source Selection Method.

### **III. Contract Management and Administration**

In the procurement cycle the PCU main area of improvement would lie in the contract management function. While the project succeeded in completing the procurement process of all sizable contracts, the delay in implementing these contracts were observed. It is highly recommended to organize bilateral meetings with all service providers to study the reasons for delay and set a new timeframe for completing the on-going contracts taking into consideration the current restrictions due to COVID-19. The project must ensure getting the necessary approvals for the amendments before signature. The project management should play an

instrumental role in following up the implementation of the new scheduled and taking any corrective action as needed. For the 2nd phase of CSCG service providers contracts, some SPs requested a compensation for the period of lockdown where they have incurred fixed costs whereas the deliverables could not be achieved due to lockdown. However, such disruptions should be covered through the insurance arrangements stipulated by the Clause 40-Contract General Conditions unless Government has taken a policy decision to make payments during lock down related disruptions. No cost extension can be granted unless it contradicts with the project completion date. Moreover, some other gaps were identified as follows: (i) delay in processing the due payment due to the centralized financial system; and (ii) in one case, delay in appointing the contract manger was observed.

#### IV. Review of issues identified in the previous review and aide-mémoire.

The status of the implementation of the last supervision mission agreed actions is presented in the below table.

**Table 1: Status of the Implementation of the Agreed Actions**

<b>Action</b>	<b>Status</b>
Adhere strictly to IFAD guidelines in what related to No Objection requirements.	Progress was made except in one case
Identify competent partner/s to carry out field verification on behalf of the project	No progress
Apply contractual provisions strictly on all delayed contracts in case delay is due to poor performance of Service Providers	Contract management was slightly improved but still area for improvement
Organize a monthly coordination meeting with all Service Providers to follow up on the implementation of the contracts and resolve any outstanding issues.	Achieved
Upgrade the 2019-2020 procurement plan to reflect the above-mentioned comments.	Partially achieved as some gaps still exist.

#### V. Project's Procurement Filing System

Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.

#### VI. Contract Register

The mission ascertains that the format in use for the contract register is in conformity with IFAD's requirements; all contracts/POs signed were correctly enrolled in the register.

#### VII. The Borrower/Recipient's Procurement Regulatory Framework, System and Practices

The amendments that took place on 2014 has No significant impact on the project procurement as the same assumptions and arrangements that were made during the design still valid.

### VIII. Assessment of Further Procurement Staff Training Needs

By design, the PROFIRA Procurement Unit is based at the PMU and is resourced with a full time Procurement Officer. However, due to the leave of the Procurement Officer, the Logistics & Administration Officer is handling procurement activities who has adequate experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements. Due to the mode of current supervision (remote supervision) it was difficult to carry out new assessment for staff dealing with procurement cycle. However, based on the performance during the review period it is obvious that the findings of the last assessment still valid and inadequate knowledge and skills/experience in contract management still exist.

Based on the above, the mission recommends organizing a tailor-made Procurement Training for the Project Procurement staff as well as other technical persons involved in the procurement process covering the areas of compliance with IFAD Procurement Guidelines and contract management/administration.

### IX. Key Findings and Conclusions from the PRM Assessment Update

As part of the procurement supervision process, a Project's PRM was developed. The assessment indicated the following risks: (i) failure to adhere to IFAD Procurement Guidelines with respect to the application of Shopping Method; (ii) weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion that may result into cost overruns; and (iii) non-compliance with IFAD prior review requirements in what related to application of Direct Contracting method.

**Key mitigation measures to address procurement capacity gaps are the following:**

- Provide focused training and hand-holding for capacity building of existing staff of the PMU.
- Close follow up from IFAD Country Office to ensure effective contract management procedures are applied.
- Regular top management monitoring and follow-up of implementation.

The Project Institutional Risk Assessment after the implementation of the proposed mitigation measures will become **2.90** instead of **2.85**.

### X. Table2: Procurement Performance Indicator Rating and Justification

No.	Performance Indicator	Rating	Justification for Rating
1	Procurement Planning Process	4	Procurement planning exhibits minor gaps and inconsistencies that have no impact on Project implementation such as: The plan should include the contract type for consultancy assignment and the issue number of invitations for bids.
2	Processes and Procedures from Prequalification to Bidding	5	Processes and procedures applied exhibit some minor gaps and inconsistencies such as: the requested validity period for shopping transactions was too long (6 months) which may discourage bidders to apply.
3	Process and Procedures for Evaluation and Contract Award	4	Processes and procedures applied exhibit some shortcomings such as: The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting; in one case, the procurement process for direct contracting transaction was completed without

			obtaining IFAD No Objection.
4	Contract Management and Administration	3	Processes, procedures and systems for administration, supervision and management of contracts exhibit numerous shortcomings on top of them, the contracts are not effectively managed by the technical units in charge.
5	Record Retention	5	Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.

**Table 3: Key Recommendations on Procurement**

<b>Actions</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Status</b>
Adhere strictly to the IFAD guidelines with regard to the procedures of shopping method and IFAD prior review requirements.	PMU		agreed
Organize bilateral meetings with all service providers to discuss the reasons for delay and set a new timeframe for completing the on-going contracts.	PMU	Immediately	agreed
Send a NO request to IFAD for a no-cost extension with the revised implementation schedule on contract for SPs under phase 1 component 2.1 and 2.2 till August 2020.	PMU	Immediately	agreed
Ensure obtaining the official approval of the Contracts Committee before initiating and completing the procurement process.	PMU/CC		agreed

### **Annex 1: Procurement Post review**

As part of the supervision mission to PROFIRA the Procurement Consultant conducted a Post review to a sample of contracts signed under the Project. Out of 9 contracts, POs and micro procurements signed since the last mission, 3 contracts were reviewed. Summary of the findings as follows:

- Overall, there was a good progress with filling and record keeping. The documents that were presented to the mission were in good order and covered entire procurement cycle.
- The evaluation criteria and statement of requirements for non-consulting services transactions were well prepared and sufficiently clear to create competitive environment.
- In several cases, the PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Due to the limited number of project staff the evaluation committee comprise the same persons in most cases.
- In one case, the evaluation committee concluded the procurement activity while the received quotations were less than three.
- In all cases contract monitoring form was found in the procurement file.

- In one case, delay in payment was noticed.
- In many cases, ineffective contract administration was observed.

## Findings

1- Contract serial No. 49 Ref. PROFIRA/SUPLS/19-20/00024 for the “Procurement of Assorted ICT Equipment” signed with I.T Office (U) Limited on 2<sup>nd</sup> December, 2019 for a total value of UGX 15,025,972:

- The transaction was part of the procurement plan.
- The Request for Quotations (National Shopping) method was used with the application National template which was found sufficient in terms of the ITBs and technical specifications.
- The PMU addressed 4 vendors captured from the PPDA registered suppliers list. Only two bidders applied.
- The requested validity period was 6 months which is not suitable for this type of procurement.
- The procuring entity offered the bidders 7 days only to submit their quotations.
- Ad-hoc evaluation committee was appointed by the Contracts Committee.
- Preliminary examination, technical evaluation and financial evaluation were conducted appropriately.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Delay in payment was noticed for more than 30 days.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- Contract monitoring form was found in the procurement file.
- Inspection and acceptance report was found in the procurement file.

2- Contract serial No. 56 Ref PROFIRA/NCons/19-20/00014 for the “Additional Functionalities for the PROFIRA MIS” signed with Oratec Limited on 17<sup>th</sup> December 2019 for a total value of UGX 7,060,000:

- The transaction was part of the procurement plan and the procurement method was identified as Direct Contracting. However, it was enrolled as IFAD post review transaction. Moreover, it was incorporated in the Non-consulting sheet while it should be enrolled under Consulting sheet.
- The National template for Request for Proposals was used which was found sufficient in terms of the ITCs, evaluation criteria and TORs. However, the project applied the template for QCBS while it was a Single Source Selection Method.
- The PMU did not obtain IFAD No Objection to initiate or complete the procurement process despite the fact it was a Direct Contracting transaction and should be subject to IFAD prior review regardless the cost estimate.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Ad-hoc evaluation committee was approved by the Contracts Committee.
- Technical and financial evaluation were conducted appropriately.

- No provisions regarding the prohibited practises and IFAD's right to audit.
- Delay in appointing the contract manger for three weeks.
- Progress reports and payment documents were missing in the procurement file.

3- Contract serial No. 57 Ref PROFIRA/CONS/19-20/00015 for “Subscription & Maintenance of the Savings Group Management Information System (SG-MIS)” signed with VSL Associates Limited on 26<sup>th</sup> February, 2020 for a total value of UGX 73,774,206:

- The transaction was part of the procurement plan and the procurement method was identified as Direct Contracting.
- The National template for Request for Proposals was used which was found sufficient in terms of the ITCs, evaluation criteria and TORs. However, the project applied the template for QCBS while it was a Single Source Selection Method.
- IFAD No Objection was obtained.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Ad-hoc evaluation committee was approved by the Contracts Committee.
- Technical and financial evaluation were conducted appropriately.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- The PMU disbursed 100% of the contract value upon signature which is considered high risk at the project side.

### Post Review Checklist

#	Description	Check	Remarks
<b>A</b>	<b>Procurement Planning (for entire PP)</b>		
1	Are there planned dates for all procurements?	Yes	
2	Are the planned dates consistent with the procurement process and methods?	Yes	In accordance with the National Regulations
3	Are the procurement methods consistent with the estimated budget for each procurement?	Yes	
4	Is the reviewed Procurement Plan an updated one?	Yes	
5	How many <b>updates</b> of the current Procurement Plan were submitted for the year?	None	
6	How many <b>upgrades</b> of the current Procurement Plan were submitted for the year?	One	

#	Description	Check	Remarks
1- Contract serial No. 49 Ref. PROFIRA/SUPLS/19-20/00024 for the "Procurement of Assorted ICT Equipment"			
<b>A</b>	<b>Bidding Process (for each procurement)</b>		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	No	Only four bidders were addressed and only two of them applied.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	
7	Ensure that no late bids were accepted	Yes	According to the Programme records no late bid was accepted
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	Yes	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	All bidders were qualified



3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	All bidders were qualified
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	No one appeal the decision of the evaluation committee
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	No firms were rejected during the financial evaluation
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	NA	
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	NA	The award done after the minimum period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the	NA	

	prices?		
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	

#	Description	Check	Remarks
2- Contract serial No. 56 Ref PROFIRA/NCons/19-20/00014 for the "Additional Functionalities for the PROFIRA MIS"			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	SSS was identified in the PP
4	Is enough done to demonstrate that competition was achieved?	NA	
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	No	8 days only were offered to the bidder to submit their proposals
7	Ensure that no late bids were accepted	NA	

B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	Yes	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	No	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	NA	
C	Award and Negotiations (for each procurement)		
1	Was award done after all	Yes	The award done after the minimum

	challenges/protests were received?		period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	

#	Description	Check	Remarks
3- Contract serial No. 57 Ref PROFIRA/CONS/19-20/00015 for "Subscription & Maintenance of the Savings Group Management Information System (SG-MIS)".			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	SSS was identified in the PP
4	Is enough done to demonstrate that competition was achieved?	NA	

5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	13 days only were offered to the bidder to submit their proposals
7	Ensure that no late bids were accepted	NA	
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	Yes	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objectioned to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	No	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded	NA	

	sufficient time to challenge/protest?		
14	Were challenges/protests received? Were they handled properly?	NA	
<b>C</b>	<b>Award and Negotiations (for each procurement)</b>		
1	Was award done after all challenges/protests were received?	Yes	The award done after the minimum period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
<b>D</b>	<b>Contract, Contract Administration and Management Process (for each procurement)</b>		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	

### ***PROFIRA - Partnership-Building***

<b>Partner Name</b> (may also include networks, multi-stakeholder partnerships etc.)	<b>Details of partnership</b> Indicate whether NGO, INGO, UN agency, Government agency etc. Is the partnership based on written agreement? Provide any additional details about the partnership
<b>Co-financing Partnerships</b>	
<b>Government of Uganda –</b> Ministry of Finance Planning & Economic Development	<b>Government –</b> Loan Agreement. Government also makes a Counterpart Funding to the Loan.

<b>Canadian Cooperative Association now Canadian Development Foundation</b>	<b>INGO</b> – IFAD signed off a grant to this organisation to strengthen the capacity of Uganda Cooperative Savings and Credit Union (UCSCU). CCA/CDF also made a contribution.
<b>Savings and Credit Cooperative Societies (SACCOs)</b> – 37 in Total	<b>Member Owned Cooperatives</b> – The project signed Grant Agreements with the SACCOs to provide support towards management Information Systems (MIS). The SACCOs contribute 30% of the Grant Amount while the project contributes 70%– <b>See Annex 1</b> - Attached for the details of SACCO names and Grant Contributions.
<b>KM and Policy Partners</b>	
<b>Financial Services Department</b> - Ministry of Finance Planning & Economic Development	<b>Government Department</b> – Line Ministry: Under the partnership, the project is required to provide empirical based policy briefs to the Department being in charge of financial sector policy development.
<b>Private Sector</b>	
<b>Contracted Service Providers</b> – SACCO Training & TA	<b>Competitively Procured Contracted Entities</b> – SACCO Training and Technical Assistance <ol style="list-style-type: none"> <li>1. DEMIS Consult Ltd – Private Limited Company</li> <li>2. FRIENDS Consult Ltd – Private limited Company</li> <li>3. Best Africa Consult Ltd – Private Limited Company</li> <li>4. Association of Microfinance Institutions of Uganda – National Network</li> <li>5. Uganda Cooperative Savings and Credit Union – National Secondary SACCO Union/Apex</li> <li>6. Uganda Cooperative Alliance – Tertiary Cooperative Apex</li> </ol> <p><b>Partnership Details</b> - The project partners with the above entities to provide training and technical assistance to 225 project supported SACCOs in the areas of: Governance, Financial Literacy, Business Skills Development, Financial Management, Strategic Planning, Savings &amp; Other Product Development and Credit &amp; Default Management.</p>
<b>Contracted Fintech Companies</b> – SACCO MIS	<b>Contracted Entities</b> – Provision of MIS Services to SACCOs <ol style="list-style-type: none"> <li>1. Future Link Technologies</li> <li>2. Crystal Clear Solutions</li> <li>3. Ensibuuko Technologies Ltd</li> <li>4. Bloom Technologies Ltd</li> <li>5. Sigma Data &amp; Computers Ltd</li> </ol> <p><b>Partnership Details</b> - The project partners with the above entities (developers of MIS systems) to provide support to 30 project supported SACCOs to upscale their MIS through provision of licenses fees, training, hardware supplies and support for inter branch connectivity and financial services integration using Mobile Money and other Payment Platforms</p>
<b>Uganda Cooperative Savings and Credit Union (UCSCU)</b>	<b>Secondary Cooperative Union / National SACCO Apex</b> <p><b>Partnership Details</b> - The project has an MOU with the entity to provide a USD 1 Million performance based financial incentive (Under an IFAD Grant) towards implementation of a five year strategic Business Plan. As well as provision of TA in form of Board and CEO mentoring provided through CCA/CDF (As indicated above)</p>
<b>Contracted Service Providers</b> – Establishment of CSCGs	<p><b>Phase 1</b></p> <ol style="list-style-type: none"> <li>1. Care International Uganda &amp; Uganda Women's Efforts to Save Orphans – INGO and Company Limited by Guarantee respectively</li> <li>2. Care International Uganda &amp; Karamoja Private Sector Development Center Limited - INGO and Company Limited by Guarantee respectively</li> <li>3. Foundation for Urban &amp; Rural Advancement (FURA) &amp; Community Organization for Rural Enterprise Activity Management (CREAM) - Companies Limited by Guarantee</li> <li>4. Mid North and Acholi Private Sector Development Companies - Companies Limited by Guarantee</li> </ol> <p><b>Phase 2</b></p> <ol style="list-style-type: none"> <li>1. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) &amp; Teso Private Sector Development Centre (TESOPS) - Companies Limited by Guarantee</li> <li>2. West Nile Private Sector Development Promotion Centre limited - Companies Limited by Guarantee</li> <li>3. Mid North and Acholi Private Sector Development Companies - Companies Limited by Guarantee</li> <li>4. International Institute of Rural Reconstruction in consortium with Aridland Development Programme (ADP) - INGO and Company Limited by Guarantee respectively</li> </ol> <p><b>Partnership Details</b> - The project partners with the above entities to establish Informal Community Savings and Credit Groups (CSCGs) in a bid to enhance financial inclusion in the rural areas.</p>
<b>Contracted Service Providers</b> – Strengthening Existing Mature CSCGs	<p><b>Phase 1</b></p> <ol style="list-style-type: none"> <li>1. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) - Company Limited by Guarantee</li> <li>2. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) &amp; Karamoja Private Sector Development Center Limited - Companies Limited by Guarantee</li> <li>3. International Institute of Rural Reconstruction in consortium with Caritas-Gulu - INGO and Company Limited by Guarantee respectively</li> <li>4. Care International in Uganda - INGO</li> </ol>

	<p>5. Foundation for Urban &amp; Rural Advancement (FURA), Rural Efforts for Action in Development (READ) &amp; Community Vision Uganda (COMVIS)- Companies Limited by Guarantee</p> <p><b><u>Phase 2</u></b></p> <ol style="list-style-type: none"> <li>1. Uganda Women's Efforts to Save Orphans &amp; Community Vision Uganda - Companies Limited by Guarantee</li> <li>2. Community Organization for Rural Enterprise Activity Management (CREAM)- Company Limited by Guarantee</li> <li>3. International Institute of Rural Reconstruction in consortium with Acholi Private Sector Development Companies - INGO and Company Limited by Guarantee respectively</li> <li>4. Karamoja Private Sector Development Center Limited &amp; Rural Efforts for Action in Development (READ) - Companies Limited by Guarantee</li> </ol> <p><b><u>Partnership Details</u></b> - The project partners with the above entities to promote partnerships, innovations and strengthen existing mature informal Community Savings and Credit Groups (CSCGs) in a bid to enhance financial inclusion in the rural areas.</p>
<b>Coordination/Implementing Partners</b>	
<b>Uganda Cooperative College Kigumba (UCCK)</b>	<p><b>Government Entity</b> – A Tertiary institution Under Ministry of Education and Sports providing specialised certified training (Diploma and certificate Courses) in Cooperatives Management.</p> <p><b><u>Partnership Details</u></b> - The project has a Memorandum of Understanding (MOU) with the College to provide: -</p> <ol style="list-style-type: none"> <li>1. Standardisation of ALL Training Modules provided by Contracted Service Providers</li> <li>2. Diploma Courses to SACCO Managers</li> <li>3. Training in Audit to DCOs</li> <li>4. Training in Cooperative Principles to DCOs</li> <li>5. Training of Trainers for selected Community Change Agents (DCOs, SACCO Staff)</li> </ol>
<b>Department of Cooperative Development -</b>	<p><b>Government Department</b> – Under the Ministry of Trade Industry and Cooperatives (MTIC)</p> <p><b><u>Partnership Details</u></b> - The project has a Memorandum of Understanding (MOU) with the Department, in which the project supports the Department to: -</p> <ol style="list-style-type: none"> <li>1. Maintain an Updated Registry of SACCOs</li> <li>2. Enforce Compliance in SACCOs in Distress by undertaking Statutory Audits &amp; Special General Meetings (SGMs)</li> <li>3. Oversee and Coordinate the Project activities with regard to No. 2 (above) by the District Commercial Officers (DCOs)</li> </ol>

#### Annex 1

See Attached MS. Excel Sheet - Attached for the details of SACCO names and Grant Contributions.



## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas**

### **Supervision Report**

### **Appendix 5: Mission preparation and planning, TORs, schedules, people met**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



## Appendix 5: Mission preparation and planning, TORs, schedules, people met

### a) Terms of reference for the mission in brief

MISSION DETAILS	
Country of Assignment/Location:	Uganda/Kampala/Remote
Mission Name:	Project for Financial Inclusion in Rural Areas (PROFIRA) – IFAD Loan-900-UG Supervision mission
Mission Start Date:	22 May 2020
Mission End Date:	08 June 2020
Division/Department:	ESA/PMD
Reports to (name and title):	Lakshmi Moola, Country Director, Uganda

MISSION COMPOSITION (Team members' full name and specialization)	
Name:	Specialization:
Ms Girija Srinivasan	Rural Finance Specialist and Team Leader
Mr Dagmawi Habte-Selassie	Programme Officer/SACCOs Specialist
Mr Ndawahzile Kaluwa	M&E Specialist
Ms. Florence Munyiri	Social Inclusion Officer, ECG/Gender and Targeting
Mr. Samwel Wang'ombe	Financial Management
Mr. Mohamed Abdel-Latif	Procurement Specialist

MISSION SCHEDULE	
Date	Activity

22 May	Team Meeting on Mission expectations
25 May	AM - Meeting with PMU <sup>11 SEP</sup> PM – Meeting with SPs (SACCO + CSCG)
26 May	AM – Follow up Meeting with SPs PM – Meeting with FSD and MTIC
27 May	AM: Meeting with UCSCU + UCCK <sup>11 SEP</sup> PM: Meeting with MFED and Coordination Group
28 May	Other Meetings + Writing contributions.
31 May	Submission of Report to PMU
1 June	AM: Discussion with PMU on report
2 June	Wrap up with Ministry
4 June	Submission of the report to Country Director

#### BACKGROUND:

1. The Project for Financial Inclusion in Rural Areas (PROFIRA) was approved by the IFAD Board in September 2013 and signed in November 2014. The Project Management Unit (PMU) has concluded most procurement processes and contracted the service providers for implementation of components 1 and 2.
2. A grant for technical support to UCSCU through CCA was also approved by IFAD in January 2014 and the related Grant Agreement between CCA and IFAD has been signed. CCA has been providing support to UCSCU in many areas such as performance-based management; drafting a Member Services Charter; training staff in bookkeeping, auditing and other areas; and review of projections and strategic planning. UCSCU is making reasonable progress toward implementing its strategic plan and budget, although the challenges still remaining in ensuring sustainability.

#### Project Progress

3. The project has made substantial progress since mid term review in 2018 in terms of outreach and outputs and is well on its way to achieving its development objective. The project has implemented most of the recommendations of the Mid term review (MTR) as well as the Implementation Support Missions of November 2018 and May 2019 and few of the recommendations on Village agent system, linkages

with financial institutions and outcome surveys are work in progress.

4. Post MTR, the project has revised its strategy of capacity development support to SACCOs and renegotiated the contracts with service providers to focus on (a) providing intensive technical assistance to Category B SACCOs to address their critical risks, (b) maximizing gains to project growth targets by working through Category A and B SACCOs and (c) Supporting the weaker Category C SACCOs with support from DCOs of MTIC and UCCK. This revised strategy has proved to be more effective with substantial growth in membership and business of SACCOs. The service provider contracts will need to be extended till June 2020 for smooth closure. The project has been working in a proactive way with UCCK and DCOs to address the specific problems of Category C SACCOs. During the FY 2018/19 a total of 108 Category C SACCOs have benefited from this joint intervention. UCSCU had a major turnaround in this financial year and improved the Operation Self Sufficiency from 56% in June 2018 to 85% as of June 2019. UCSCU has developed a three year strategic plan (2019- 2021) which has been supported by CDF. UCSCU will submit a request for the remaining grant amount to facilitate a number of activities aimed at new member mobilisation
5. The aim of the Tier IV act and UMRA was to bring stability to a sector that has suffered from negative influence over the years. UMRA has licensed 880 money lenders and 225 MFIs. The SACCO regulations are expected to be passed by end of the year. In November 2019, an amendment to the Cooperative Societies Act has created some uncertainty in the sector. The new act puts the Registrar of Cooperatives as the entity in charge of supervision and regulator of the SACCOs. The new development is in contradiction to the Tier IV act that made UMRA and BoU the regulator of SACCOs.
6. While the CSCG component has been performing very well in terms of outreach and also savings mobilisation, the strategy for mature CSCGs needs to be revamped to ensure that these institutions promote business development and the financial services are well suited for IGA/business growth. The targets agreed with Service Providers are on the basis of initial mapping and do not take into consideration the emerging demand for financial services as a result of project activities of advanced trainings on business development and financial literacy and also changes in financial landscape such as agent banking. Component 2.2 outcomes are far less than its potential in terms of IGAS/businesses established/expanded and suitability of credit product for growth of businesses. Credit linkages with financial institutions will need intervention from PMU. Moreover, there are a number of lessons that have emerged from phase 1, which have to be incorporated in phase 2 for both newly established CSCGs and support to mature CSCGs. The service provider contracts need to be extended till March 2020 to ensure smooth closure of phase 1 activities.
7. The project's exit strategy is emerging and sustainability of the institutions supported by the project is likely to be high. Project management in tune with the emerging needs of the institutions will need to ensure service providers are performing their roles efficiently and effectively by adequate field oversight, tweaking implementation strategies that result in better outcomes and also document outcomes.

8. Each team member will be assigned individual tasks and responsibilities to contribute to the objectives of the mission, as specified here below, and will be expected to contribute to the main outputs of the mission in his/her respective areas as requested by the team leader.

## MISSION OBJECTIVES AND OUTPUTS

### Mission objectives

9. Under this context, an online supervision mission will be held from the 22 May to 5<sup>th</sup> June 2020 to follow up on progress since last mission focusing on assessing: i) Progress of implementation of changes of SPs contract modalities; ii) Preparation for exit strategy ensuring sustainability of the PROFIRA interventions; iii) Progress in implementing the AWPB for 2019/20; iv) Review the 2020/21 AWPB ;and vi) Status of knowledge management and policy contribution of the project.

### Outputs

10. The main expected outputs are:

- ☐ An Aide Memoire summarising the main findings and agreed actions of the mission, to be discussed with Government, <sup>[L]</sup><sub>[SEP]</sub> agreed upon and signed; <sup>[L]</sup><sub>[SEP]</sub>
- ☐ An ORMS report <sup>[L]</sup><sub>[SEP]</sub>
- ☐ Technical Annexes <sup>[L]</sup><sub>[SEP]</sub>

**B) Day to day programme**

Number	Time	Meeting / Core Activity	Remarks
<b>Monday, 25th May 2020</b>			
1	9:00-1:00	Meetings PROFIRA Management Team	
2	2:00-3:45	Meeting SACCO Service Providers	
<b>Tuesday, 26th May 2020</b>			
3	9:00-11:00	Meeting CSCG Service Providers for 2.1	
4 & 5 Happened Simultaneously	11:15-12:45	Meeting CSCG Service Providers for 2.2	
	11:15-12:45	Meeting with UCSCU Board and Management	
6	2:00 - 3:30	Meetings PROFIRA Management Team	
<b>Wednesday, 27th May 2020</b>			
7 & 8 Happened Simultaneously	9:00-11:00	Meeting on M&E and Knowledge Management	
	9:00-11:00	Meeting with UCCK/MTIC/DCOs	
9	11:00-12:00	Meeting with Procurement and Disposal Unit	
10	12:00 - 1:30	Meeting with Finance & Accounting Team	
	2:00-4:00	Expanded Meeting with FSD and MFPEP/ Coordination Group	
<b>Thursday, 28th May 2020</b>			
11	9:00 - 11:00	Meeting on Gender, Social Inclusion and Targeting	Done
12	11:15-1:00	Meeting with Project Management Team	Postponed to Friday 29th
13	2:00-3:45	Meeting on Project Log Frame	Done
<b>Friday, 29th May 2020</b>			
14	9:00-11:00	Meeting with Component Managers	
15	11:15-12:45	Meeting with Project Management Team	
16	11:45-1:15	Meeting on AWP&B	
<b>Monday, 1st June 2020</b>			
17	10:00 - 12:00	Discussion of Draft Aide Memoir	PMU discussed and shared their inputs and agreements on action in writing
<b>Tuesday, 2nd June 2020</b>			

Number	Time	Meeting / Core Activity	Remarks
18	11:00 - 12:30	Wrap up of Mission	Wrap up with FSD

**C) List of people met**

Date	Name	Title	Organisation	Telephone
25/05/20	Lance Kashugyera	Project Manager	PROFIRA	0772-441662
25/05/20	Davis Byabamazima	Finance & Admin Manager	PROFIRA	0772-412417
25/05/20	Colin Agabalinda	SACCO Development Manager	PROFIRA	0772-638810
25/05/20	Jacqueline N Mukisa	M&E /KMM	PROFIRA	0782-730500
25/05/20	Sharon Kensiita	CSCG Component Manager	PROFIRA	0772-884497
25/05/20	Micheal Mabweijano	Logistics and Admin Officer	PROFIRA	0782-408280
25/05/20	Daniel Muganda	SACCO Development Officer	PROFIRA	0772-859585
25/05/20	Lucky Muhumuza	Project Assistant	PROFIRA	0785-754098
25/05/20	Paul Waiswa	Monitoring & Evaluation Officer	PROFIRA	0782-031149
25/05/20	Rogers W. Kasaija	Finance Officer	PROFIRA	0776-820325
25/05/20	Yusuf Salim Giduno	Communications Officer	PROFIRA	0783-150620
25/5/20	Henry Mpindi	FA Manager	AMFIU	0782-546839
25/5/20	Immaculate Tumwine	Team Leader	AMFIU	0782-680532
25/5/20	Tonny Kirumira	Internal Auditor	Backhouse	0706-177850
25/5/20	Geofrey Karubanga	Team Leader	Best Africa Consult	0752-458763
25/5/20	Patrick Kawanguzi	Team Leader	Best Africa Consult	0758-565645
25/5/20	Eva Nangendo	Project Manager	DEMIS Consult	0772-362726
25/5/20	Solomon Kagaba	Managing Director	DEMIS Consult	0772-629658
25/5/20	Andrew Obara	Managing Director	FRIENDS Consult	0772-812090
25/5/20	Edward Kiyaga	Project Manager	FRIENDS Consult	0772-443043
25/5/20	Patrick Sserubura	Project Manager	UCA	0772-570721
25/5/20	Vincent Tumwijukye	Chief Executive Officer	Future Link Technologies	
25/5/20	Silvester Ndiroramukama	Chief Executive Officer	UCSCU	0772-660205
26/5/20	Sylvia Kaawe	Project Manager	CARE	0772-495733



Date	Name	Title	Organisation	Telephone
26/5/20	Erisah Mugubi	Chief Executive Officer	CREAM	0782-804193
26/5/20	Benson Bigirwa	Team Leader	FURA	0776-815911
26/5/20	Assah Allan	Team Leader	FURA-CREAM	0772-473521
26/5/20	Jimmy Ayuli	Project Officer	IIRR	0775-707195
26/5/20	Wycliff Bwire	M&E Manager	IIRR	0774-214204
26/5/20	Daniel Ogwanga	Program Director	IIRR	0791-651394
26/5/20	Pamela Nyamutoka	Country Director	IIRR	0702-479039
26/5/20	James Oguta	Project Manager	Mid North Private Sector	0783-770310
26/5/20	Adrine Atusasire	Chief Executive Officer	READ	
26/5/20	Joseph Byabazaire	Chief Executive Officer	SEPSPEL	0772-572645
26/5/20	John Mpata	Project Manager	SEPSPEL	0752-346397
26/5/20	Bosco Epila	Livelihood Manager	UWESO	0752-882081
26/5/20	Specioza Kiwanuka	Chief Executive Officer	UWESO	
26/5/20	Binega Vunde Janero	Project Coordinator	WENIPS	0772-543539
27/05/20	Golooba Lwanga	Principal Economist	FSD MFPED	0774-698470
27/05/20	Henry Mbaguta	Assitant Commissioner	FSD MFPED	0772-434354
27/05/20	Moses Ogwapus	Commissioner	FSD MFPED	
27/05/20	Edith Tusubira	Executive Director	UMRA	0772-412741
27/05/20	Nelson Mutatiina	Compliance Manager - MFIs	UMRA	0782-262523
27/05/20	Andrew J Nyakoojo	Director Compliance	UMRA	0782-357705
27/05/20	Tibbs A Orikiriza	Compliance Manager - SACCOs	UMRA	0701-365899
27/5/20	Levy Byamukama	District Commercial Officer	Bushenyi	0772-491066
27/5/20	Justine Jims Yeko	District Commercial Officer	Kapchorwa	0782-519466
27/5/20	Saul Asaba	Division Commercial Officer	KCCA	0772-822392
27/5/20	Leonard Kavundira	Principle Cooperative Officer	MTIC	0772-923934
27/5/20	Joram Mwebaze	Financial Literacy Trainer	Private Consultant	0778-973697
27/5/20	James Omudu	Principal Lecturer	UCCK	0772-517502
28/5/20	Same Participants	Senior Management	PROFIRA	As above
29/5/20	Same Participants	Senior Management	PROFIRA	As above

## **Uganda**

---

### **Project for Financial Inclusion in Rural Areas Supervision Report**

#### **Appendix 6: Procurement**

Mission Dates: 22 May 2020 to 5 June 2020  
Document Date: 13/07/2020  
Project No. 1100001630  
Report No. 5424-UG

East and Southern Africa Division  
Programme Management Department



## **Appendix 6. Procurement Review**

A review was done to the Procurement Management Procedures and Procurement Progress under PROFIRA. The review covered the (i) Procurement Planning Process; (ii) Processes and Procedures from Prequalification to Bidding; (iii) Process and Procedures for Evaluation and Contract Award; (iv) Contract Management and Administration; and (v) Record Retention.

Procurement Rating: Moderately Satisfactory. This rating is mainly due to the timely initiation and completion of the procurement process for most transactions enrolled in the Procurement Plan and the fact that procurement is often in compliance with IFAD Procurement Guidelines and Handbook such as compliance with procurement methods and IFAD prior review thresholds stipulated by the LTB and National Regulations. However, the mission noted some of the areas that need more attention from the project as follows: (i) ensure obtaining IFAD No Objection to all direct contracting procurement regardless the contract value; (ii) follow IFAD Guidelines with respect the implementation of restricted tendering methods; and (iii) Minutes of Contracts Committee meetings should be signed ahead of launching the procurement process.

### **I. Procurement Planning Process:**

The 2019-2020 procurement plan was found to meet the basic requirements in accordance with IFAD old template. The Mission was pleased to observe the following: (i) the coherence of the PP with the AWPB; (ii) the attempt to prepare Annual Procurement Plan was good with adoption of a format that allows sensible procurement planning; (iii) the update of the procurement plan with respect to the actual implementation; and (iv) the preparation of 2020-2021 plan was done using the IFAD new template. Few adjustments are required as follows:

- Ensure that all consultancy assignments are enrolled in the correct sheet.
- The plan should include the contract type for consultancy assignment and the issue number of invitations for bids.

### **II. Procurement Processes and Procedures.**

The Mission observes that a consistent procurement system is being established in the Project that enables due procurement process to be carried out. However, the Mission notes areas for improvement as below.

#### **A- Use of Prequalification**

Due to the nature of the project only a few goods/ equipment and non-consulting services procurements were implemented. The Project bulk of procurements were conducted for the recruitment of services providers to support the Project activities through QCBS and QBS method. Consequently, there was no ground to initiate a specific pre-qualification process and the project relied on the list of registered firms to the PPDA or in few cases got the shortlist through the market research.

#### **B- Bidding Documents**

The Project has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods and non-consulting services under shopping method. The National RFQs were found satisfactory and meet the basic requirements. For earlier consultancy services that were tendered through ICB method, the PMU mistakenly has adopted the National Template instead of the appropriate World Bank SBD. However, such omission did not seriously affect the procurement process. The PMU made a commitment to fully adhere to the applicable Standard Bidding Documents as appropriate. The mission was pleased to note that the bidding documents issued during the review period were comprehensive and fully comply with IFAD requirements. ITBs/ITCs for Goods and

Consulting Services were well prepared and sufficient to create competitive environment. Schedule of Requirements/Technical specifications/TORs were clear and set the framework for assessing the performance. However, it was recommended to shorten the requested validity period for shopping transactions from 6 months which may discourage bidders to apply to one month instead.

#### **C- Advertisement**

All implemented transactions during the review period did not require advertisement. However, the previous record of the project confirmed full compliance with advertisement requirements.

#### **D- Bid Submission**

The Quotations received are stored but not in tender box. although most bids are received on the bid submission deadline.

#### **E- Public Bid Opening**

All implemented transactions during the review period did not require public bid opening. However, for earlier transactions that require public bid opening, the Project fully comply with such procedure.

#### **F- Evaluation Process**

Evaluation Process was generally in line with sound practices except in few cases minor deviations were noticed as follows:

- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting;
- In one case, the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection. It was discussed with PMU that regardless the estimated and actual costs of any Direct Contracting transaction it should be subject to IFAD prior review as stipulated by IFAD Procurement Guidelines.
- In one case, the evaluation committee concluded the procurement activity while two quotations were only were received.
- Due to the limited number of project staff the evaluation committee comprise the same persons in most cases.

#### **G- Contract Award**

In all cases, the contracts were awarded to the lowest evaluated bidders or the firm that passed the technical evaluation and offered reasonable price within the allocated budget for consultancy assignments adopting Single Source Selection Method.

### **III. Contract Management and Administration**

In the procurement cycle the PCU main area of improvement would lie in the contract management function. While the project succeeded in completing the procurement process of all sizable contracts, the delay in implementing these contracts were observed. It is highly recommended to organize bilateral meetings with all service providers to study the reasons for delay and set a new timeframe for completing the on-going contracts taking into consideration the current restrictions due to COVID-19. The project must ensure getting the necessary approvals for the amendments before signature. The project management should play an instrumental role in following up the implementation of the new scheduled and taking any corrective action as needed. For the 2nd phase of CSCG service providers contracts, some SPs requested a compensation for the period of lockdown where they have incurred fixed costs whereas the deliverables could not be achieved due to lockdown. However, such disruptions should be covered through the insurance arrangements stipulated by the Clause 40- Contract General Conditions unless Government has taken a policy decision to make payments during lock down related disruptions. No cost extension can be granted unless it contradicts with the project completion date. Moreover, some other gaps were identified as follows: (i) delay in processing the due payment due to the centralized financial system; and (ii) in one case, delay in appointing the contract manger was observed.

#### IV. Review of issues identified in the previous review and aide-mémoire.

The status of the implementation of the last supervision mission agreed actions is presented in the below table.

**Table 1: Status of the Implementation of the Agreed Actions**

Action	Status
Adhere strictly to IFAD guidelines in what related to No Objection requirements.	Progress was made except in one case
Identify competent partner/s to carry out field verification on behalf of the project	No progress
Apply contractual provisions strictly on all delayed contracts in case delay is due to poor performance of Service Providers	Contract management was slightly improved but still area for
Organize a monthly coordination meeting with all Service Providers to follow up on the implementation of the contracts and resolve any outstanding issues.	Achieved
Upgrade the 2019-2020 procurement plan to reflect the above-mentioned comments.	Partially achieved as some gaps still exist.

#### V. Project's Procurement Filing System

Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.

#### VI. Contract Register

The mission ascertains that the format in use for the contract register is in conformity with IFAD's requirements; all contracts/POs signed were correctly enrolled in the register.

#### VII. The Borrower/Recipient's Procurement Regulatory Framework, System and Practices

The amendments that took place on 2014 has No significant impact on the project procurement as the same assumptions and arrangements that were made during the design still valid.

#### VIII. Assessment of Further Procurement Staff Training Needs

By design, the PROFIRA Procurement Unit is based at the PMU and is resourced with a full time Procurement Officer. However, due to the leave of the Procurement Officer, the Logistics & Administration Officer is handling procurement activities who has adequate experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements. Due to the mode of current supervision (remote supervision) it was difficult to carry out new assessment for staff dealing with procurement cycle. However, based on the performance during the review period it is obvious that the findings of the last assessment still valid and inadequate knowledge and skills/experience in contract management still exist.

Based on the above, the mission recommends organizing a tailor-made Procurement Training for the Project Procurement staff as well as other technical persons involved in the procurement process covering the areas of compliance with IFAD Procurement Guidelines and contract management/administration.

## IX. Key Findings and Conclusions from the PRM Assessment Update

As part of the procurement supervision process, a Project's PRM was developed. The assessment indicated the following risks: (i) failure to adhere to IFAD Procurement Guidelines with respect to the application of Shopping Method; (ii) weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion that may result into cost overruns; and (iii) non-compliance with IFAD prior review requirements in what related to application of Direct Contracting method.

### Key mitigation measures to address procurement capacity gaps are the following:

- Provide focused training and hand-holding for capacity building of existing staff of the PMU.
- Close follow up from IFAD Country Office to ensure effective contract management procedures are applied.
- Regular top management monitoring and follow-up of implementation.

The Project Institutional Risk Assessment after the implementation of the proposed mitigation measures will become **2.90** instead of **2.85**.

## X. Table2: Procurement Performance Indicator Rating and Justification

No.	Performance Indicator	Rating	Justification for Rating
1	Procurement Planning Process	4	Procurement planning exhibits minor gaps and inconsistencies that have no impact on Project implementation such as: The plan should include the contract type for consultancy assignment and the issue number of invitations for bids.
2	Processes and Procedures from Prequalification to Bidding	5	Processes and procedures applied exhibit some minor gaps and inconsistencies such as: the requested validity period for shopping transactions was too long (6 months) which may discourage bidders to apply.
3	Process and Procedures for Evaluation and Contract Award	4	Processes and procedures applied exhibit some shortcomings such as: The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting; in one case, the procurement process for direct contracting transaction was completed without obtaining IFAD No Objection.
4	Contract Management and Administration	3	Processes, procedures and systems for administration, supervision and management of contracts exhibit numerous shortcomings on top of them, the contracts are not effectively managed by the technical units in charge.
5	Record Retention	5	Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.

**Table 3: Key Recommendations on Procurement**

Actions	Responsibility	Deadline	Status
Adhere strictly to the IFAD guidelines with regard to the procedures of shopping method and IFAD prior review requirements.	PMU		agreed
Organize bilateral meetings with all service providers to discuss the reasons for delay and set a new timeframe for completing the on-going contracts.	PMU	Immediately	agreed
Send a NO request to IFAD for a no-cost extension with the revised implementation schedule on contract for SPs under phase 1 component 2.1 till June 2020 and	PMU	Immediately	agreed
Ensure obtaining the official approval of the Contracts Committee before initiating and completing the procurement process.	PMU/CC		agreed

### Annex 1: Procurement Post review

As part of the supervision mission to PROFIRA the Procurement Consultant conducted a Post review to a sample of contracts signed under the Project. Out of 9 contracts, POs and micro procurements signed since the last mission, 3 contracts were reviewed. Summary of the findings as follows:

- Overall, there was a good progress with filling and record keeping. The documents that were presented to the mission were in good order and covered entire procurement cycle.
- The evaluation criteria and statement of requirements for non-consulting services transactions were well prepared and sufficiently clear to create competitive environment.
- In several cases, the PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Due to the limited number of project staff the evaluation committee comprise the same persons in most cases.
- In one case, the evaluation committee concluded the procurement activity while the received quotations were less than three.
- In all cases contract monitoring form was found in the procurement file.
- In one case, delay in payment was noticed.
- In many cases, ineffective contract administration was observed.

### Findings

1- Contract serial No. 49 Ref. PROFIRA/SUPLS/19-20/00024 for the "Procurement of Assorted ICT Equipment" signed with I.T Office (U) Limited on 2<sup>nd</sup> December, 2019 for a total value of UGX 15,025,972:

- The transaction was part of the procurement plan.
- The Request for Quotations (National Shopping) method was used with the application National template which was found sufficient in terms of the ITBs and technical specifications.
- The PMU addressed 4 vendors captured from the PPDA registered suppliers list. Only two bidders applied.
- The requested validity period was 6 months which is not suitable for this type of procurement.
- The procuring entity offered the bidders 7 days only to submit their quotations.
- Ad-hoc evaluation committee was appointed by the Contracts Committee.



- Preliminary examination, technical evaluation and financial evaluation were conducted appropriately.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Delay in payment was noticed for more than 30 days.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- Contract monitoring form was found in the procurement file.
- Inspection and acceptance report was found in the procurement file.

2- Contract serial No. 56 Ref PROFIRA/NCons/19-20/00014 for the “Additional Functionalities for the PROFIRA MIS” signed with Oratec Limited on 17<sup>th</sup> December 2019 for a total value of UGX 7,060,000:

- The transaction was part of the procurement plan and the procurement method was identified as Direct Contracting. However, it was enrolled as IFAD post review transaction. Moreover, it was incorporated in the Non-consulting sheet while it should be enrolled under Consulting sheet.
- The National template for Request for Proposals was used which was found sufficient in terms of the ITCs, evaluation criteria and TORs. However, the project applied the template for QCBS while it was a Single Source Selection Method.
- The PMU did not obtain IFAD No Objection to initiate or complete the procurement process despite the fact it was a Direct Contracting transaction and should be subject to IFAD prior review regardless the cost estimate.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Ad-hoc evaluation committee was approved by the Contracts Committee.
- Technical and financial evaluation were conducted appropriately.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- Delay in appointing the contract manger for three weeks.
- Progress reports and payment documents were missing in the procurement file.

3- Contract serial No. 57 Ref PROFIRA/CONS/19-20/00015 for “Subscription & Maintenance of the Savings Group Management Information System (SG-MIS)” signed with VSL Associates Limited on 26<sup>th</sup> February, 2020 for a total value of UGX 73,774,206:

- The transaction was part of the procurement plan and the procurement method was identified as Direct Contracting.
- The National template for Request for Proposals was used which was found sufficient in terms of the ITCs, evaluation criteria and TORs. However, the project applied the template for QCBS while it was a Single Source Selection Method.
- IFAD No Objection was obtained.
- The PMU proceed with initiating and completing the procurement process before getting the signed version of the Contracts Committee Minutes of meeting.
- Ad-hoc evaluation committee was approved by the Contracts Committee.
- Technical and financial evaluation were conducted appropriately.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- The PMU disbursed 100% of the contract value upon signature which is considered high risk at the project side.

## Post Review Checklist

#	Description	Check	Remarks
<b>A</b>	<b>Procurement Planning (for entire PP)</b>		
1	Are there planned dates for all procurements?	Yes	
2	Are the planned dates consistent with the procurement process and methods?	Yes	In accordance with the National Regulations
3	Are the procurement methods consistent with the estimated budget for each procurement?	Yes	
4	Is the reviewed Procurement Plan an updated one?	Yes	
5	How many <b>updates</b> of the current Procurement Plan were submitted for the year?	None	
6	How many <b>upgrades</b> of the current Procurement Plan were submitted for the year?	One	

#	Description	Check	Remarks
1- Contract serial No. 49 Ref. PROFIRA/SUPLS/19-20/00024 for the "Procurement of Assorted ICT Equipment"			
<b>A</b>	<b>Bidding Process (for each procurement)</b>		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	No	Only four bidders were addressed and only two of them applied.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	
7	Ensure that no late bids were accepted	Yes	According to the Programme records no late bid was accepted
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	Yes	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	All bidders were qualified
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	All bidders were qualified
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objectioned to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	No one appeal the decision of the evaluation committee

9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	No firms were rejected during the financial evaluation
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	NA	
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	NA	The award done after the minimum period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	

#	Description	Check	Remarks
2- Contract serial No. 56 Ref PROFIRA/NCons/19-20/00014 for the "Additional Functionalities for the PROFIRA MIS"			
<b>A</b>	<b>Bidding Process (for each procurement)</b>		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	SSS was identified in the PP
4	Is enough done to demonstrate that competition was achieved?	NA	
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	No	8 days only were offered to the bidder to submit their proposals
7	Ensure that no late bids were accepted	NA	
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	Yes	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	No	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	NA	





<b>C</b>	<b>Award and Negotiations (for each procurement)</b>		
1	Was award done after all challenges/protests were received?	Yes	The award done after the minimum period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
<b>D</b>	<b>Contract, Contract Administration and Management Process (for each procurement)</b>		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	

#	Description	Check	Remarks
3- Contract serial No. 57 Ref PROFIRA/CONS/19-20/00015 for "Subscription & Maintenance of the Savings Group Management Information System (SG-MIS)".			
<b>A</b>	<b>Bidding Process (for each procurement)</b>		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	SSS was identified in the PP
4	Is enough done to demonstrate that competition was achieved?	NA	
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	No	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	13 days only were offered to the bidder to submit their proposals
7	Ensure that no late bids were accepted	NA	
<b>B</b>	<b>Evaluation Process (for each procurement)</b>		
1	Was Preliminary Examination done?	Yes	























2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	NA	
3	Was Technical Evaluation done?	Yes	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	NA	
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	NA	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	NA	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	NA	
8	Were bidders given enough time to submit a challenge/protest?	NA	
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	NA	
10	Was Financial evaluation done and properly?	No	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	NA	No corrections to Bidders' financials/prices were done.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	NA	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	NA	
14	Were challenges/protests received? Were they handled properly?	NA	
<b>C</b>	<b>Award and Negotiations (for each procurement)</b>		
1	Was award done after all challenges/protests were received?	Yes	The award done after the minimum period required by the National Regulations after declaration of the successful bidder
2	Ensure that negotiations were not held for Goods and Works	NA	
3	Ensure that negotiations were held for consulting services?	NA	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	NA	
<b>D</b>	<b>Contract, Contract Administration and Management Process (for each procurement)</b>		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	

























2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	
4	Was a Contract amendment made to extend	No	



IFAD Procurement Risk Matrix

Division		East and Southern Africa Division				
Country		Uganda				
Project		Project for Financial Inclusion in Rural Areas (PROFIRA)				
Date		04-Jun-20		NET RISK RATING		
INHERENT RISK RATING		#DIV/0!				#DIV/0!
#	Description of Risk Feature	Rating	Assessment Basis	Remarks	Recommendation /Mitigation	Rating
A	COUNTRY RISK ASSESSMENT	#DIV/0!				#DIV/0!
1	Legal and Regulatory Framework	#DIV/0!				#DIV/0!
a	Country procurement law, regulations and manual exist		3 they all exist, 2 only two exist, 1 only one exist or none			
b	Existence of Standard Bidding Documents for Goods, Works and Services		3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists			
c	Procurement Monitoring		Use PEFA Framework, see worksheet for details			
d	Procurement Methods		Use PEFA Framework, see worksheet for details			
e	Public access to procurement information		Use PEFA Framework, see worksheet for details			
2	Accountability and Transparency					
a	Procurement Complaints Management		Use PEFA Framework, see worksheet for details			
b	Country Corruption Perception Index score		The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3			
c	2-tiered system to handle complaints		3 as stated, 2 only a single level system, 1 no system			
d	Existence of a debarment system		3 full existence, 2 existence of complaints body that is the authority, 1 does not exist			
e	Existence of an independent and competent local authority responsible for investigating corruption allegations		3 existence of independent Anti-Corruption agency, 2 existence of an office within a government ministry/agency that carries out some/all of these functions, 1 does not exist			
B	PROJECT INSTITUTIONAL RISK ASSESSMENT	 2.85				 2.90
1	Capability in Public Procurement	 3.00				 3.00



a	Existence of a Procurement Unit with at least 2 staff members (Design stage, reference is to govt agency) Existence of a Procurement Officer (Implementation)	 3	3 as stated, 2 one staff member, 1 does not exist (at Design stage) 3 as stated, 2 someone else doing Procurement, 1 procurement function not consistently handled by anyone			 3
b	Staff member(s) have at least 7 years experience in donor-funded public procurement	 3	3 as stated, 2 for less than 7 years and/or experience in public procurement but not donor-funded, 1 for less than 3 years experience	The PO has more than 10 Years of experience with donor procurement		 3
c	What is the general quality of documents produced by the procurement office?	 3	3 for very good bidding documents, evaluation reports and contracts, 2 for mediocre documents, 1 for documents with bad quality	All bidding document issued during the review period were in a good shape and in compliance with IFAD Procurement Guidelines and National Regulations	Provide focused training and hand-holding for capacity building of existing staff of the PMU	 3
d	Do procurement staff have immediate access to the legal and regulatory framework documents?	 3	3 for all, 2 for some, 1 for none			 3
e	Are the procurement and financial management functions separated?	 3	3 for total separation, 2 for some separation, 1 for procurement being done by FM staff	They are separated in terms of performing their independent duties but the payment process involved cross functional linkages		 3
<b>2</b>	<b>Public Procurement Processes</b>	 <b>2.70</b>				 <b>2.81</b>
<b>i</b>	<b>Procurement Methods</b>	 <b>3.00</b>				 <b>3.00</b>
a	Procurement methods for Goods consistent with IFAD Guidelines	 3	3 as stated, 2 for national or international, 1 for none			 3
b	Procurement methods for Works consistent with IFAD Guidelines					
c	Procurement methods for Services consistent with IFAD Guidelines	 3	3 for large-value method for firms, small value method for firms and method for individual consultants; 2 for two of the above; 1 for only one or less			 3
d	Easy access to bidding documents by foreign firms		3 bidding documents are free and could be issued/sent electronically; 2 foreign bidders have to wire funds to Project to buy bidding docs; 1 bidding docs not practically available to foreign bidders	As the project has not implemented any ICB procurement during the review period this criterion was not evaluated		
<b>ii</b>	<b>Procurement Planning</b>	 <b>2.67</b>				 <b>2.67</b>
a	Are procurement plans prepared ahead of time and consistent with annual work plans/budgets?	 3	3 prepared ahead and consistent, 2 one of either, 1 none			 3
b	Do procurement people participate in the annual work planning processes?	 2	3 if required by regulation and practised, 2 if required by regulation, 1 if none of above	The Procurement Officer participated the preparation of the AWPB as practice. The procurement unit is mandated to prepare the procurement and disposal plans by regulation	Since it is not mandatory requirements by the National Regulations, it is important to incorporate such requirements in the PIM. ICO should follow up on the revision and application of the revised PIM	 2
c	Are Procurement Plans done using an effective format with planned and actual rows across 3 different categories	 3	3 for all, 2 for some, 1 for none	Few adjustments are needed as described in the working paper	As part of the mission activities, the IFAD template was introduced to the project and 2019-2020 PP will be revised to ensure compliance with IFAD requirements	 3
<b>iii</b>	<b>Procurement Processes</b>	 <b>3</b>				 <b>3</b>
a	Minimum number of quotations established by law	 3	3 for three or more; 2 for two, 1 if it does not state or less than two	However, in one case less than three quotations were received and the project conclude the transaction		 3
b	Minimum number of days for advertised procurement under competitive bidding processes	 2	3 for minimum of 30 days; 2 for minimum of 20 days; 1 for less than 20 days or not stated	The minimum number of days in National Public Procurement is 20 working days. However, during the period of review no NCB implemented	The project was provided with a focused training program on compliance with IFAD Procurement Guidelines. The 2020-2021 procurement plan was developed based on IFAD new template which ensured the compliance with minimum bidding period ensure	 3
c	Is there enough time provided for bidders to ask questions and receive answers in the bidding process?	 3	3 if bidders have a minimum of 3 days for the RFQ method, 7 days for competitive methods to ask questions, 2 if less than ... but more than two, 1 if two days or less	For RFQ is one -two days depending on the period of preparation; for NCB the minimum is 5days-7days also depending on the tender preparation period		 3
d	Are clarifications provided to all bidders?	 3	3 for all, 2 for some, 1 for none			 3

e	Are bids received prior to the deadline securely stored?	 2	3 for all, 2 for some, 1 for none	They are securely stored although most bids are received on the bid submission deadline day	The PMU should be equipped with a secure Tender Box meet the International Standards	 2
f	Are procurement securities securely stored?	 3	3 for all, 2 for some, 1 for none	Securities are securely stored in an office safe and returned to the bidders on the stated dates		 3
g	Are public bid openings conducted for advertised procurements, and within an hour of receipt of bids?	 3	3 for both, 2 for bid openings being conducted more than an hour after receipt, 1 for bid openings not being conducted	It is a common practice in the previous years but none of the implemented transactions during the period of review was subject to public bid opening.		 3
h	Are minutes of bid openings taken, and sent to bidders who submitted bids?	 2	3 for both, 2 for minutes being taken but not being sent, 1 for none	The minutes are taken but never sent to the bidders	As part of the focused training program conducted last year, the project was advised to follow the best practices and send the minutes of bid opening to all applied bidders. Moreover, close follow up from IFAD to ensure the application of these practice for all transactions subject to IFAD prior review.	 3
i	Are evaluations conducted by a suitably qualified ad-hoc evaluation committee?	 2	3 for both, 2 for qualified but not ad-hoc, 1 for ad-hoc or none	Except the sizable procurement and due to the limited number of staff within the PMU the same persons participated in the evaluation process		 2
j	In evaluation, is responsiveness based on criteria requirements in the bidding documents?	 3	3 for all, 2 for some, 1 for none			 3
k	Are evaluations completed within the bid validity period?	 3	3 for all, 2 for some, 1 for none			 3
l	Are conditions precedent to contract effectiveness clearly stipulated in the contract? (i.e., advance payment security, performance security, insurance, etc)	 3	3 for all, 2 for some, 1 for none			 3
m	Does the agency maintain a complete record of the process? This would include copies of all public advertisements, pre-qualification documents (if used, the pre-qualification evaluation report documenting any decisions not to pre-qualify certain potential bidders), the bidding documents and any addenda, a record of any pre-bid meetings, the bid opening minutes, the final bid evaluation report (including a detailed record of the reasons used to accept or reject each bid), appeals against procedures or award recommendations, a signed copy of the final contract and any performance and advance payment securities issued, etc.	 2	3 for all, 2 for some, 1 for none	Based on the self-assessment checklist on procurement filing prepared by the Project, the procurement filing system includes all related documents and records for all transactions except the minutes of any meetings related to contract management.	Ensure that complete documentation of procurement processes is kept on procurement files at the PMU, including all related documents and the records.	 3
n	Are all contracts awarded advertised publicly?	 2	3 for all, 2 for some, 1 for none	Only contracts awarded through NCB and ICB were advertised publicly	Since it is not mandatory requirements by the National Regulations, it is important to incorporate such requirements in the PIM. ICO should follow up on the revision and application of the revised PIM	 2
iv	<b>Contract Administration and Management</b>	 <b>2.56</b>				 <b>2.78</b>
a	Existence of authority levels in the contract management process	 2	3 for existence, 2 for some practice, 1 for none	For each contract the PMU assigned contract management manager/team. While the responsibilities of contract manager are well defined in the National Regulations (Clause 53-Contracts Regulations), it is not clear that the project fully adhered to the defined tasks.	The project should be provided with a focused training program on Contract Management aspects. It is essential to add a new section in the PIM describing the procedure and define the role of the contract management team in accordance with National Regulations.	 3
b	Existence of approval thresholds for contract amendments	 3	3 for existence, 2 for some practice, 1 for none	For a change in the contract which increases the price of the original contract beyond 0.1% in the case of a single change or 1% cumulatively shall be effected by amending the contract, it is the responsibility of the Contracts Committee and Attorney General (where applicable) to approve a single contract amendment that shall not increase the total contract price by more than fifteen percent of the original contract price and where a contract is amended more than once, the cumulative value of all contract amendments shall not increase the total contract price by more than 25 percent of the original contract price.		 3

c	Is there an effective contract monitoring system/framework in place?	 2	3 for all, 2 for some, 1 for none	Framework was established but not very effective	The project should be provided with a focused training program on Contract Management aspects. A close follow up from the project management is needed to ensure adherence with the new schedule.	 2
d	Is there a process to monitor delivery of goods to verify quantity and quality?	 3	3 for all, 2 for some, 1 for none		The project will be provided with a focused training program on Contract Management aspects	 3
e	Is there a framework for approval of deliverables and payment process for consulting services contract?	 3	3 for all, 2 for some, 1 for none	Framework was established		 3
f	Is there a process for resolution of final payment and contract closure?	 3	3 for all, 2 for some, 1 for none			 3
g	Are contract disputes handled in accordance with a formal complaints/arbitration system?		3 for all, 2 for some, 1 for none	Within the Programme records, no disputes were found		
h	Are works contracts supervised by independent engineers or a named project manager?		3 for all, 2 for some, 1 for none			
i	Are contracts completed on schedule and within the approved/contracted contract price?	 2	3 for all, 2 for some, 1 for none	Several contracts for service providers were delayed due to improper contract management practices	It was agreed during the mission that bilateral coordination meetings will be organized with service providers to set a new timeframe for the completion of on-going contracts. A close follow up from the project management is needed to ensure adherence with the new schedule.	 2
j	Does the organization have contract registers that register all contracts (with names, prices and dates), per procurement category?	 3	3 for all, 2 for some, 1 for none			 3
k	Are adequate contract administration records maintained? (These would include contractual notices issued by the supplier, contractor, purchaser or employer; a detailed record of all changes or variation orders issued affecting the scope, qualities, timing or price of the contract; records of invoices and payments, progress reports, certificates of inspection, acceptance and completion; records of claim and dispute and their outcomes; etc.)	 2	3 for all, 2 for some, 1 for none	Some documents are missing as presented in the working paper	Ensure that complete documentation of procurement processes is kept on procurement files at the PCU, including all related documents	 3

Risk Rating System

3	 <b>L</b> : Low Risk
2	 <b>M</b> : Medium Risk
1	 <b>H</b> : High Risk