

Uganda

Project for Financial Inclusion in Rural Areas Supervision Report

Main report and appendices

Mission Dates: 18 November-30 November 2019
Document Date 22/01/2020
Project No. 1100001630
Report No. 5260-UG

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

Abbreviations and acronyms

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

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 | | |

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|----------------------------------|-------------------|---------------------------|------------|
| Approval Date: | 19/09/2013 | Last audit receipt: | 19/12/2019 |
| Signing Date: | 24/11/2014 | Date of Last SIS Mission: | 30/11/2019 |
| Entry into Force Date: | 24/11/2014 | Number of SIS Missions: | 11 |
| 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

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

Current Mission

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|----------------------|---|
| Mission Dates: | 18 November-30 November 2019 |
| Days in the field: | 14 |
| Mission composition: | Girija Srinivasan, Team leader and Rural Finance Specialist; Dagmawi Habte-Selassie, Programme Officer IFAD; Elena Pietschmann M&E and Targeting; James Muturi, Financial management; Mohamed Abdel Latif, Procurement Specialist; Lakshmi Moola, IFAD Country Programme Manager |
| 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 |

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|--|----------|---|----------|
| Effectiveness and Developmental Focus | 5 | Project Management | 5 |
| 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 | 4 | Requirements of Social, Environmental and Climate Assessment Procedures (SECAP) | 5 |

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|---|----------|---|----------|
| Sustainability and Scaling-up | 4 | Financial Management and Execution | 5 |
| Institutions and Policy Engagement | 5 | Acceptable Disbursement Rate | 5 |
| 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 | 4 | Counterparts Funds | 5 |
| Responsiveness of Service Providers | 4 | Compliance with Loan Covenants | 5 |
| Environment and Natural Resource Management | 3 | Procurement | 5 |
| Exit Strategy | 4 | | |
| Potential for Scaling-up | 4 | | |

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|------------------|
| Relevance |
|------------------|

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

IFAD fielded a supervision mission^[1] from the 17th to the 30th of November 2019 focusing on assessing: i) Progress of implementation of changes of SPs contract modalities under SACCO capacity building component; ii) UCSCU progress towards sustainability; iii) Progress on the phase 2 activities of the CSCGs; iv) Progress in implementing the AWPB for 2019/20; v) Review the project's exit strategy ;and vi) Status of knowledge management and policy contribution of the project. This is joint review mission between IFAD and GoU represented by PROFIRA.

The mission members in two teams visited the field from 19 to 22 November to 8 Districts, to 8 SACCOs and 6 CSCGs. The mission also had interactions with Assistant 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). The findings of the mission were presented on December 2019 in a debriefing meeting chaired by Ms. Maris Wanyera, Acting Director, Debt and Cash Management, 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 stake holders.

[1] Girija Srinivasan, Rural Finance Specialist and Team Leader, Dagmawi Habte-Selassie, Programme Officer, IFAD, Elena Pietshmann, M&E and Targeting, James Muturi, Financial management and Mohamed Abdel Latif, Procurement Specialist. Lakshmi Moola, IFAD Country Programme Manager, participated in the wrap up meeting.

Key Mission Agreements and Conclusions

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.

The overall project performance has been satisfactory. As of October 2019, the IFAD loan disbursement is at 74%. The Government counterpart funding has been at 18% of the design targets. The remaining unspent funds till project completion is SDR 7.048m (UGX. 35.2 billion) inclusive of the un-allocated amounts of SDR. 1.93 million. The project has prepared a projection of activities and payments to be made till project completion. After full allocation of IFAD loan, the project is likely to absorb fully the IFAD loan and grant and there is a funding gap of UGX. 6.2 billion (USD 1.69m) in the budget. This has to be agreed that the gap will be paid by Government to ensure 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. With Government contribution of UGX.6.2 billion for the remaining period of the project, counterpart contribution rate will be 53% of the initial committed amounts at design. (Please refer tables 1 and 2 in annex to this aide memoire).

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

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.

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.

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.

The next GoU/IFAD Technical Support mission is planned for May 2020. By then, the results from the changes suggested in the implementation strategies should be visible. The outcome survey results should also be forthcoming for any changes needed in implementation aspects.

D. Overview and Project Progress

Component 1 SACCO strengthening and sustainability

Sub Component 1.1 SACCO Strengthening

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 their identified one risk factor; ii) SPs to continue planned refresher trainings for Category A and B SACCOs; iii) UCCK and MTIC to support Category C SACCOs with holding special audit, Special General Meeting, as well as supporting financial literacy training.

Category A & B SACCOs

The post MTR interventions have largely focused on the more responsive Category A and B SACCOs with on-site refresher training and customized technical on-site assistance in the package of 6 areas (P6) and Credit and Default Management (C&D). As of November 2019, 83% of P6 and 43% of C&D trainings have been completed. The delay in delivery of C&D interventions has been attributed to the lengthy contract re-negotiation and amendment processes post-MTR. The analysis of data of 225 A and B SACCOs show that most of the indicators (membership, share capital, savings, loans) have surpassed the 2017 performance even with 115 less SACCOs being supported. Overall, the average membership, share capital and savings have increased 213%, 256% and 209% since Aug 2017 till Sept 2019.

During field visits SACCOs were very appreciative of the PROFIRA support and the post MTR focus on on-site refresher training and customized technical assistance provided to them. Key training and technical assistance interventions that were particularly highlighted as beneficial include: i) Loan appraisal and management techniques; ii) implementation of internal control systems; iii) provisioning and aging techniques; iv) support in development of operations policies and manuals and v) strategic plans.

With the limited time remaining since the contracts expire in November 2019 and February 2020, it is important that the contracts of the service providers be extended at no cost to allow adequate time for SPs to complete the outstanding deliverables, compile project completion reports and allow for a smooth exit.

Category C SACCOs;

Post MTR, interventions for category C SACCOs were focused on support in 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. From the 228 category C SACCOs, the project proactively working with MTIC and the DCOs supported 116 SACCOs to conduct statutory audits, and 59 SACCOs to conduct Annual/Special General Meetings. Overall a total of 120 SACCOs have shown signs of improvement and have started reporting to PROFIRA and MTIC. The total membership in the 120 SACCOs is 190,500 members, with approximately UGX 41 Billion in Savings. The accuracy of numbers of active members as well as other reported figures on key parameters such as PAR and OSS are still inconsistent. It will be important for PROFIRA to assess and document the progress attained in turnaround of category C SACCOs with a view to establish the number of SACCOs likely to "graduate" to category B and work out modalities for their continued support from the DCOs as part of the component exit strategy.

Management Information System

The implementation of the Management Information System (MIS) has picked up significantly since MTR. 37 grant applications have been approved under 3 different grant packages: 18 for networking package and 11 for expanded basic

package and 8 for basic package. Implementation of 27 out of the 37 MIS projects are on course with most of the deliverable completed and awaiting field verification by PMU and before final payments to the MIS Vendors can be made. Total of 27 grant beneficiary SACCOs have so far contributed over UGX 684 Million out the expected UGX 852 Million which is 30% of the total grant amount of UGX 2.9 Billion. Implementation of the MIS in the 10 SACCOs that are behind schedule has been delayed on account of their inability to raise the mandatory 30% A six month no cost extension to the grant agreements with SACCOs and contracts with MIS vendors is envisaged to allow for successful completion of the projects.

The implemented MIS projects are already showing positive impacts. SACCOs that have received mobile money intervention have seen an average growth in their savings of 25%, with UGX 15 Billion of savings being channeled through that platform. SACCO staff have confirmed that the systems have improved the operational efficiency of the institutions as they are spending less time verifying and entering reports and real time information has helped them improve their ability to respond quickly to portfolio challenges.

Outcome study: An outcome survey has been initiated by PMU to assess the outcomes and impact of the PROFIRA SACCO interventions. The survey is both a household level assessment coupled with key informant interviews of SACCO board and staff members and 400 key informants. The survey will assess improvement income, access to financial services, effectiveness and usefulness of trainings, savings and loans utilization and performance of service providers. The survey is expected to be completed in Q1 of 2020.

Component 1.2 Developing a SACCO Union

UCSCU had a major turnaround last financial year. The new Board of Directors and Supervisory Committees provided a good mix of continuity and new skills and ideas. The new board members are very experienced coming from strong SACCOs with great reputation. The Board of Directors has demonstrated its commitment to turning around UCSCU's fortunes by taking the bold step of restructuring staff resulting in a reduction from 34 to 17 people. This has significantly reduced the operating cost bill from UGX 520M to 330M per year and improved the Operational Self Sufficiency from 56% in June 2018 to 85% as of June 2019. UCSCU has also been playing a vital role in championing the cause of SACCOs through lobbying and advocacy, which was well appreciated by member SACCOs. They were able to contribute towards securing a 10 year tax holiday for SACCOs. These improvements in operational performance are changing the perception of the UCSCU brand.

UCSCU developed a three year strategic plan (2019-2021) with support from CDF. The plan is anchored under four pillars (Institutional Capacity Development, Membership and member services, Financial growth, Smart partnerships), with a strong focus on membership and member services. It has also entered a partnership with Savings Banks Foundation for international Cooperation (SBFIC) to help establish the SACCO academy at UCSCU HQ.

There is balance of UGX 241M on the UCSCU grant allocation that was previously withheld for non-attainment of performance targets/indicators. As at the time of the mission, UCSCU had not yet presented a bankable proposal for the funds utilization but reported to have been discussing with the PMU on the proposed funds utilization and disbursement triggers. It was agreed during the current mission that UCSCU will submit a request for the remaining grant amount to facilitate a number of activities aimed at new member mobilisation especially among strong SACCOs through regional SACCO interactive working sessions through which key topical issues relevant to the sector shall be championed. With the uncertainty around the regulatory environment for SACCOs, and the latest developments in international accounting standard 9 on provisioning, it is envisaged that UCSCU can have a major advocacy and sensitization roles to play using this resource while at the same time harnessing membership from the SACCOs.

CDF Grant. CDF conducted three missions this financial year, the latest in October 2019. The missions involved training management, board, and staff on issues such as governance, financial management, updating manuals while providing some technical support in the development of the strategic plan. The work of CDF is very much appreciated by the new board. CDF has extended their support to year 2020 at no cost to ensure that the new board benefits from their technical input.

Component 2; Community Based Financial Services

Sub-component 2.1 Establishment of new CSCGs

Under Sub-component 2.1, PROFIRA is to form 15,000 new community savings and credit groups (CSCGs) with around 375,000 members, over the seven-year project period, using the VSLA methodology in two phases. Under phase 1, as against the target of 7,500 new CSCGs with 187,500 members, the progress made has been commendable with 7,654 new CSCGs with 220,500. In the first phase, trainings were imparted to 147,631 (67%) members in business skills and 1,34,404 (61%) members in financial literacy. Additionally about 32% of the members were sensitized in environment protection, HIV/AIDS and gender aspects. About 62% of the members have initiated/expanded their income generation activity as of September 2019 as compared to 53% in June 2018. Under phase 2, four SPs have been contracted since November 2018 and as against the target of forming 1,850 new CSCGs, in the first year, as of Sept 2019, 2240 CSCGs have been formed with 64,028 members and trainings are on going.

To ensure continued services for CSCGs and also to ensure half yearly data collection, SPs have identified Village agents some of who are newly recruited and some are community based trainers who have been working with the project. In all about 400 Village agents will be functional covering all CSCGs (both new and old).

Though the contracts of four SPs under phase 1 ended in April 2019, a no cost extension was provided till Dec 2019 for carrying out closure related activities. The project in the meanwhile carried out extensive verification of the activities of each SP and in total 844 CSCGs were verified before the final payment. SPs are yet to submit their end line reports and closure reports and it is advisable to conclude the contracts by March 2020 and ensure that a) the service providers complete the reports by December 2019 and b) provide training to Village agents by January 2020, c) ensure that Village agents have settled in their roles and furnish complete data till March 2020.

There are number of lessons that are emerging from the phase 1 implementation that need to be imbibed in phase 2 including a) quarterly field monitoring along with verification is needed to ensure quality of the groups, b) Village agent with payment for services mechanism should be put in place from the beginning to ensure sustainable services provision, c) sub contracting by service provider is ineffective in achieving results, d) financial literacy should include modules of affordable credit and reasonable pricing on loans.

Sub component 2.2 Strengthening innovations and partnerships for mature CSCGs

Under Sub component 2.2, of phase 2, as against the yearly target of 850 CSCGs with 21,250 members, the achievement has been 1,199 CSCGs with 34,695 members. Under phase 1, as against the target of 1,500 mature CSCGs and 37,550 members, the five SPs, have supported 1,677 CSCGs with 48,550 members, as of Sept 2019. About 70% of the members have been trained in business development and 64% in financial literacy. About 70% were sensitized in environment protection, HIV/AIDS and gender aspects. SPs are also building models to establish 2nd tier organisations for CSCGs in the form of clusters, cooperatives or federations.

96% of the CSCGs have been registered with local Government. 320 CSCGs have carried over instead of full share out but the carry over is minimal in the groups visited during the mission. 806 CSCGs have opened savings accounts with banks and only 62 have been linked for credit. More over, about 57% of members have reported borrowing for IGA much smaller as compared to sub component 2.1 at 62% (this is primarily due to lower achievement in eastern region). Similarly the average loan size outstanding per borrowing member is still small at UGX. 197,886.

The project needs to revise its strategy for support to mature CSCGs. a) The service providers based on initial assessment have provided planned targets for carry over, savings linkage, credit linkage etc., These targets need revision as the activities are rolled out to respond to emerging real demand. b) The results of mature CSCG sub component on IGA and loans are not majorly different from the newly established CSCGs. Carry over where carried out is minimal with 5 to 10% of funds carried over; planning for starting/expansion of businesses after trainings and credit assessment and external credit linkages for supporting businesses has been minimal or non existent. Thus the funds being available are small, very short term of 1 to 3 months and also high cost of 5 to 10% interest per month which is not conducive for IGA/enterprise loans. c) The mature CSCGs need to be coached and developed differently to offer financial services that support IGAs/ businesses rather than profit maximisation for share out. d) Moreover, this mission reiterates the last Implementation Support Mission recommendation that PMU should forge project level operational undertaking with those banks that have larger presence in the project areas. The undertaking should define the number of CSCGs that will be savings and credit linked in different geographical locations. PMU along with service providers should hold quarterly meetings with banks to review the implementation of undertaking and smoothen operational issues. e) As part of undertaking, PROFIRA will train the branch staff of concerned branches with logistics support from the banks and trainer support from PROFIRA.

Component 3.1 Policy, regulatory and institutional environment

This component was designed to provide support the passing of the Tier IV legislation and set up the necessary regulatory framework for SACCO regulation. This act was passed in 2016 and UMRA is now functional and fully staffed. It has started licensing 880 money lenders and 225 MFIs. The issuance of the SACCO regulations has taken some time and is expected to be issued by the end of 2019. PROFIRA had achieved its goal under this component and its support post MTR was focused in continuing on building the capacity of the SACCO sector and preparing them for regulation.

An amendment to the Cooperatives Act that was ascended in November 2019 has put in question the role and validity of the Tier IV act as well as UMRA. The amendment gives the Registrar the mandate to regulate SACCOs, which is contradictory to the Tier IV act. This has created some uncertainty in the sector. It is important for GoU to give some clarity on the expected roles of BoU, UMRA and MTIC in the regulations of SACCOs. The amendment also has a provision of a central finance facility to be held with the Registrar with 5% contributions from SACCOs, has provision for employees to be on Governing board of SACCOs, and allows for SACCOs to be created with less than the minimum 30 people. CSCGs with less than 30 members can also be registered as specialised SACCOs. This coupled with the infusion of grants as revolving fund for specialized SACCOs raises questions around the sustainability of sector.

The experience from developing community based institutions in other countries show that external infusion of grants while making available larger pool of funds for lending among members for economic activities can have negative fall outs

in terms of a) under mining the institution's efforts to raise their own funds in terms of shares and savings, b) elite capture with richer members borrowing more funds, c) from savings led loan driven institution, d) change in institution dynamics.

FSD has put in place a working group comprising of UMRA, BoU, MTIC in order to bring clarity to the regulatory environment. PROFIRA has been requested by FSD to partake in these conversations and bringing lessons from the interventions to better guide these discussions.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| No cost extension for SACCO SPs Request a no cost extension for SPs under SACCO component till June 2020 | PMU | 12/2019 |
| No cost extension for MIS Vendors Request a no cost extension for MIS Vendors under the SACCO Component till June 2020 | PMU | 12/2019 |
| UCSCU to submit activity plan UCSCU to submit the activity plan to access the remaining grant allocation | PM/UCSCU | 12/2019 |
| Revise the strategy and implementation steps for mature CSCGs 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 |
| SP contracts for phase 1 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 |
| Savings and credit linkages with financial institutions 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 |
| Affordable credit and Financial literacy modules 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 |

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|--|-----------------|---------|
| Expand ToT model Contract UCK to expand ToT model to communities in B and promising C SACCOs | PMU | 03/2020 |
| Establishment of the village agent system 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 |
| Village agents in phase 2 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 |
| SACCO Strategy Policy Paper As requested from FSD, PROFIRA to coordinate and support the formulation of a SACCO strategy paper. | PMU | 03/2020 |
| DCO facilitation for B and promising C SACCOs Carry out assessment of C SACCOs; Facilitate DCOs in supporting B and promising C SACCOs | PMU | 04/2020 |
| Communication with SACCOs for MIS contribution Write to 10 SACCOs for 30% contribution for MIS by January 2020 | PMU | 12/2020 |
| SP contracts for phase 2 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 | |
| Sector Coordination Group 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 | |

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 5

Previous rating: 5

Justification of rating

1The 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 September 2019 has an outreach of 1,015,816 households as against the design target of 750,000 households. 440,693 women and 372,655 men were active savers and 323,978 women and 169,118 men had outstanding credit as of Sept 2019. The project is set to achieve its objective, outcomes and outputs. The outcome survey

to be conducted in first quarter of 2020 and end line surveys of phase 1 being conducted by the SPs, will provide more clear evidence of the 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 September 2019 631,934 members are saving in 225 SACCOs of which 35% are women and 16% are youth as against the target of 30% for women and 15% for youth. In SACCOs, the total share capital mobilised are UGX 68,592 million, savings mobilised is UGX. 122,237 million and loans outstanding is UGX. 173,535 million. 66% of the SACCOs are operationally self sufficient as of June 2019. UCSUCU, the apex network is covering 85% of the operational costs for the financial year 2019.

Outcome 2; Sustainably increase the access to and use of financial services by the rural poor through CSCGs. 294,666 members are saving in 10,236 newly established CSCGs with 76% being women and 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. Similarly as against the design target of 3,000 mature CSCGs covering 75,000 members, the project has supported 3,086 matured CSCGs with 89,216 members as of September 2019. Cumulative savings of members amount to UGX.16,707 million in new CSCGs and UGX. 12,704 million in mature CSCGs. The Loans outstanding is UGX. 12,590 million in new CSCGs and UGX. 10,315 in mature CSCGs. As per MIS, 100% of CSCGs formed in 2017, are operational in 2019.

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.

Development Focus

Targeting and Outreach

Rating: 5

Previous rating: 5

Justification of rating

PROFIRA has reached 1,015,816 persons, 135% of its end target of 750,000 . The number of people reached through the SACCO component shows a slight drop from 681,088 in 2018 to 631,934 as of September 2019. Following MTR recommendations, PROFIRA has been focusing its support on better performing SACCOs (Categories A and B). Outreach results of Component 2 are very positive: with 294,666 members of newly established groups, and 89,216 in supported mature CSGs, the component has achieved 78% and 118% 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, 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 and areas where there is a low number of CSCGs.

Social targeting. As envisaged by the VSLA approach, self-targeting is used for the formation of new CSGs groups. The average value of savings per member is 193,433 UGX (52\$) in SACCOs and 67,059 UGX (18\$) in CSCGs. Average size of outstanding loan per member is 274,610 UGX (74\$) in SACCOs and 59,393 (16\$) in CSCGs. 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 that PROFIRA plans to conduct in 2020.

Inclusion of the most vulnerable. It is challenging for rural finance projects to reach the poorest of the poor unless there are specific activities such as graduation approaches designed for them and tailored to their needs. As noted by previous missions, PROFIRA does not seem to be targeting the poorest. Self-selection targeting approaches can exclude some of the poorer families from CSCGs, especially when the minimum share value is set high. 82% of the groups from Phase II operations have set their share value below 1000 UGX, which represents an improvement from the 70% at MTR (June 2018). This mission reiterates the last ISM recommendation to ensure that groups are encouraged to set minimum share/savings at or below 1000 UGX. The relatively high interest rates charged by many of the groups also represent barriers for the poorest to access loans through the CSGs. 85% of the groups charge 10% per month interest rate, and the share of groups that charge 5% or less has remained stable at 13% since MTR. The mission recommends that the lowering of interest rates should be encouraged by service providers for all the groups.

Youth. The project currently reaches 167,078 young people (148% of its end target). According to data available, youth represent 16% 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 part of those groups. No major differences are noted for youth as compared to non-youth in terms of average savings, number of loans, and average share capital. On all these aspects, youth fare slightly worse than non-youth men and slightly better than women. Youth represent 32% of members of CSCG. Disaggregated figures for youth are not available

for the CSCGs saving and loan values. Service Providers as well as the youth met by the mission indicated that youth benefitted particularly from the trainings on financial literacy and Income Generating Activities carried out. The above-mentioned formative study will shed further light on the profitability and sustainability of the established IGAs, as well as more in general on the satisfaction of different beneficiary groups (men, women, youth, the poorest) with the services received by the project.

| | | |
|--|------------------|---------------------------|
| Gender equality & women's participation | Rating: 5 | Previous rating: 6 |
|--|------------------|---------------------------|

Justification of rating

PROFIRA currently reaches 469,696 women, which represents 45% of total beneficiaries and 118% of the target for women outreach set at design. The targets of 30% women in Component 1 and 70% in Component 2 are both overachieved. Gender is mainstreamed across all project activities by being included in the trainings provided by service providers. Gender-disaggregated data is regularly collected. Other gender-related activities were adopted during the course of implementation. These include the GALS methodology and the promotion of fuel efficient cooking stoves.

Main issues

The Women's Empowerment in Agriculture Index (WEAI) carried out at baseline shows that the lead indicators in contributing to women disempowerment are unequal access to credit/excluded in decisions and also work overload: credit and decision about credit (15% contribution to total disempowerment); ii) purchase, sale and transfer of assets (15%); iii) workload and leisure (17%). These findings reconfirm the relevance of PROFIRA's activities for the promotion of gender equality in the context of Uganda. Outcome data on the results of project activities on women will be available after the formative study planned for 2020.

Women in SACCOs. With 35% of members of SACCOs being women, PROFIRA is well above the target of 30%. This is likely to be an underestimation, 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, number of loans received and average share capital. If we consider also the loans granted by the SACCOs to the above-mentioned groups, then the average number of loans is likely to be higher for women than for men. The big exception is the average loan size, which is much smaller for women than for men (about 16% the size of loans to men). This is because women generally do not own land and have lower access to cash-generating economic activities. They therefore do not meet SACCOs requirements in terms of collateral and cash-flow to be able to access larger loans. The Cooperatives Act mandates that at least a third of SACCO Board members must be women. This minimum limit is observed in all PROFIRA-supported SACCOs, and often exceeded. The inclusion of women among board members is further encouraged by the service providers supporting the SACCOs.

Women in CSCGs. The target of 70% women participation in CSCGs is also overachieved. Currently, women represent 73% of member of mature groups, and 76% in newly established groups. The target levels were reached throughout the 4 regions in both sub-components. A total of 289,073 women is reached through the CSCGs, with average savings per woman at UGX. 61,404 (17\$) as compared to 93,023 UGX (25\$) average savings for men. Average outstanding loan per women currently is 49,145 UGX (13\$). Training on Gender issues is provided to all CSCGs in all regions by the contracted service providers. 123,576 members of CSCGs have received gender trainings so far. These trainings are however rather generic in nature, and directed exclusively at the members of the group, meaning that the husbands of the women members of the CSCGs are not present at the trainings. Some women met by the mission reported that they were giving part of their share-out earnings to their husbands so that the husbands would allow them to continue taking part in the group meetings. Women also underlined the difficulty of convincing their husbands to offer their land as a collateral to facilitate women's access to loans by an entity other than the CSCG (such as a SACCO or a commercial bank). The mission recommends to include the husbands of women CCSG members in the gender trainings, and to focus the trainings on the areas highlighted by the WEAI: promoting women's participation at the household level in decisions about credit, purchase, sale and transfer of assets; as well as on equitable workload.

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.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Loan products for women 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 |
| Include men in gender training 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. | PMU/Service Providers | |

Agricultural Productivity **Rating: N/A**

Nutrition **Rating: N/A**

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

Justification of rating

The project systematically strengthens the capacity of the community institutions to deliver financial services suited to the needs of members. The rural communities are largely engaged in agriculture which are weather and climate dependent and there is evidence that the business development trainings and access to credit are enabling members to diversify their income sources other than agriculture. The sensitisation programmes on environment have modules on protecting natural resources to combat climate change. Many SACCOs have special loan products for solar energy. Members are demanding longer term loans to take up irrigation works for facing irregular monsoons which the project has to facilitate through credit linkages with financial institutions.

b. Sustainability and Scaling up

Institutions and Policy Engagement **Rating: 5** **Previous rating: 4**

Justification of rating

In supporting the development and passage of the Tier 4 Act and the establishment of UMRA, PROFIRA has had an important impact on the MFI sector. It has also facilitated UCSCU who has been key in bringing the voice of SACCOs and their members in the policy arena. 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. PROFIRA has also been involved in providing information for the formulation of the Financial Sector Development Strategy of the Ministry of Finance. With the amendment of the Cooperative Societies Act, FSD has put in place a working group comprising UMRA, BoU, MTIC in order to bring clarity to the regulatory environment. PROFIRA has been requested by FSD to partake in these conversations and bringing lessons from the interventions to guide these discussions.

Main issues

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. With the amendment of the Cooperative Societies Act, FSD has put in place a working group comprising UMRA, BoU, MTIC in order to bring clarity to the regulatory environment. PROFIRA has been requested by FSD to partake in these conversations and bringing lessons from the interventions to better guide these discussions. It is important that PROFIRA partakes in this key body.

Partnership-building **Rating: 4** **Previous rating: 5**

Justification of rating

PROFIRA's implementation arrangement is geared to build strong linkages and partnerships between institutions and organizations supporting rural financial institutions. The project has entered into direct partnership with UCSCU, UCCK MTIC, and UMRA who are the key interlocutors for the sector. In addition, many local private sector service providers have been recruited to support and strengthen these institutions. Their capacity have also been strengthened through their interactions with UCCK and the project. Lastly, PROFIRA has partnered with Bank of Uganda in certifying the Financial

Literacy trainers.

Main issues

Moving forward, action will be needed from the PMU in bringing in credit providers such as banks, Microfinance Support Center and others to crowd in additional capital needed to support the institutions with the expected demands of their members.

Under component 2 the service providers have been partnering with Local Governments to converge with schemes of the Government. Moreover, they have also channelized livelihood and health programmes to the CSCGs from other donors, though they are few in numbers.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Crowd in private sector finance Facilitate and create linkages with lending institutions providers with SACCOs and groups. | PMU | 03/2020 |
| Data capture on partnerships and convergence SPs to capture data on economic benefits received from local Government /other partners through convergence. | PMU/SPs | |

Human and Social Capital and Empowerment

Rating: 5

Previous rating: 5

Justification of rating

The project is investing in capacity building of community owned financial institutions to manage their own institutions and provide need based services to their members. The capacity building of SACCOs and CSCGs have resulted in human and social capital enhancement. Being community owned and managed institutions, the project investments are leading to increased social capital. Governance standards have been improving in SACCOs and the wilful defaults are also being stemmed resulting in empowerment of staff and governing boards and their ability to increase member base with

Main issues

Field interactions with members of SACCOs and CSCGs, testimonies and case studies collected by the service providers show that the project has been successful in building the human and social capital. Financial literacy trainings have led to better management of household funds thus leading to increase in confidence and self esteem. Members articulate that CSCGs provided them savings opportunity which has built their self esteem and confidence.

The CSCGs provide the members especially the women to have a network they can rely upon thus enabling building strong social capital. Many members access loans from social funds set up within CSCGs for meeting emergencies such as health care instead of borrowing from money lenders. In mature CSCGs, the linkages established with mainstream institutions such as local Government and financial institutions have been very empowering. The periodical lumpsum share outs have been useful for meeting household needs of CSCG members and women mention their roles in meeting such household needs are bringing in better recognition. Overall, 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 themselves which has led to empowerment.

The key issues that need to be addressed include; a) ensuring leadership rotation, b) more women acting as chairpersons and other decision making roles, c) conducting annual outcome surveys/ social audits to see how different categories of poor benefit from these institutions.

Quality of Beneficiary Participation

Rating: 4

Previous rating: 3

Justification of rating

The implementation of SACCO support has improved post MTR and the management and governing boards are taking better ownership in improving SACCO operations. In spite of the project not offering any freebies and grants, service providers report that communities especially women, the poor and the youth are enthusiastically joining the CSCGs. The drop-outs from the CSCG has been low at about 2 percent. After the share-outs, practically all the groups have immediately reformed. The meeting regularity, attendance rate and also savings regularity are high showing high participation rates. Attendance rates in trainings have varied during agricultural season but still high. Beneficiary contribution to project activities stands at 23% of design target.

Main issues

The beneficiary contribution to project activities has been under the SACCO component where the Project beneficiary 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, and are reflected on the face of the project financial statement.

Responsiveness of Service Providers

Rating: 4

Previous rating: 5

Justification of rating

Overall there has been delay in completing the tasks leading to extension of contracts of service providers. For Component 1, SPs have been very responsive and proactive in working with PMU and adjusting delivery modality of the trainings, which is yielding positive results. SPs for M.I.S. have also been very effective in the delivery of their services. For the component 2, overall the outreach numbers are being achieved. The project carried out extensive verification of the activities of each SP and while overall, the quality of the CSCGs have been found to be satisfactory, with one consortium there is less than satisfactory results and some CSCGs not formed but reported to be functional under the project.

Main issues

Shift in focus by SPs from workshop training to on-site TA has proved to be more effective in getting SACCOs to adopt best practices in their operations. In particular Service Providers have helped SACCOs to update and implement their manuals and policies as well as update and adhere to the implementation of their respective strategic business plans. The MIS vendors are also concluding their deliverables that includes supply and installation of associated hardware, set up of local and wide area networks etc.,

For the component 2, it is necessary that the project carries out quarterly monitoring of the field work of SPs not only for verification but also to ensure that policy and operational issues are addressed.

While service providers are facilitating linkages for both SACCOs as well as CSCGs, it is obvious that there should be MOU with Head offices of banks quantifying clearly the business expected of them under PROFIRA. The strategic business plans for many SACCOs and credit plans CSCGs are under financed. PMU should forge project level operational tri partite agreements (PROFIRA, banks and SPs) with those banks that have larger presence in the project areas for financing both SACCOs as well as CSCGs.

| <i>Agreed Action</i> | <i>Responsibility</i> | <i>Agreed Date</i> |
|--|------------------------------|---------------------------|
| No-cost Contract Extension 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 |
| Monitoring of SPs 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 | |

Environment and Natural Resource Management

Rating: 3

Previous rating: 3

Justification of rating

The project has purposely included trainings on environment and natural resource management under sub component 2 for mature groups and the service providers have been imparting such trainings to new groups as well. The business development trainings include aspects on environment to ensure that businesses and IGAs adopt better natural management practices. Some of the service providers have facilitated energy efficient stoves to reduce firewood and charcoal consumption. Better irrigation management techniques are also discussed by the mature CSCG members; the project has to facilitate loans to meet the emerging demand for better irrigation and water saving devices. Many SACCOs

have products for clean energy loans, smart irrigation products. Outcome study is being commissioned to look at usage of loans.

| | | |
|----------------------|------------------|---------------------------|
| Exit Strategy | Rating: 4 | Previous rating: 4 |
|----------------------|------------------|---------------------------|

Justification of rating

Under the SACCO component, the exit strategy is anchored at 3 different levels and institutions. DCOs/MTIC providing the ground support, Apex institutions like UCSCU provide lobbying and capacity building activities for the SACCOs and lastly UMRA as the regulator of the sector, instilling proper financial and risk management standards for the sector. Challenges remain for B and C rated SACCOs who still require customized capacity building support to improve their efficiencies but do not have the resources to undertake them. Learning from phase 1 experience the project needs to put in place the village agent mechanism for continued service provision for CSCGs.

Main issues

Under the SACCO component, the exit strategy is in line with the mandate of all stakeholders. Challenges remain for B and C rated SACCOs who still require customized capacity building support to improve their efficiencies but do not have the resources to undertake them. It will be important for all stakeholders to innovate and come out with ways where they could offer key trainings and capacity building work to the SACCOs and understanding the strong linkage between such capacity development and the growth of their business. Options such as E-learning modules should be explored by Apexes and UCCK.

With 2 years left in the implementation of the programme, PMU has a major role to play in ensuring that work done in supporting these institutions is sustainable. The staff should proactively identify key constraints to the sustainability of these institutions and use its expertise to find key strategic partnerships that would able to sustain programme benefits. One of these actions is the linkages of these institutions to private sector credit providers and using its knowledge and aggregating power to support the institutions in acquiring adequate capital to fuel their growth of the institutions and their members.

As the major project working on rural financial institutions, PMU should ensure that it captures key lessons from the field and prepare policy briefs to government and other stakeholders to best guide decision makers on key areas needed for intervention. The change in the legislative environment in the past month has put a question mark on the direction and vision of GoU for the sector. FSD has created a working group to iron out this dilemma, which includes BoU, MTIC/Registrar, UMRA and Ministry of Finance. PROFIRA will have an important role to play in bringing on the ground lessons to the working group and guiding them to ensure minimal negative impact on the sector from this lack of clarity.

To ensure that CSCGs continue to get support services, the SPs are following two track strategy of forming collectives of CSCGs and facilitating Community based trainers/Village agents to work with CSCGs on payment basis. The challenges being faced are a) the project CSCGs are thinly spread across several districts and sub counties and hence forming collectives with adequate numbers of CSCGs is a challenge and b) CBTs/VAs have been providing free services till project closure and the payment for services should be initiated right from the first year to inculcate this good practice. Learning from phase 1 experience, it is advisable to put in place the exit strategy from the beginning for phase 2, by a) forming CSCGs in a cluster of 10 to 15 in a sub county, b) introduce payment for services by CSCGs to VAs from the first year.

| | | |
|---------------------------------|------------------|---------------------------|
| Potential for Scaling-up | Rating: 4 | Previous rating: 4 |
|---------------------------------|------------------|---------------------------|

Justification of rating

The PROFIRA approach is instrumental in changing government perception 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. The key project activities in the remaining period will be providing evidence and lessons to support scaling up. The technical paper of SACCOs which will be prepared by PROFIRA for FSD will also show the pathways for scaling up PROFIRA initiatives. Mature CSCG development will have to be implemented differently and once demonstrated, this approach can be scaled up in other programmes with linkages with financial institutions.

c. Project Management

| | | |
|--------------------------------------|------------------|---------------------------|
| Quality of Project Management | Rating: 5 | Previous rating: 5 |
|--------------------------------------|------------------|---------------------------|

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 project management. All key positions are filled with competent staff. Areas of improvement include more realistic planning of activities for the year and monitoring of filed work of the service providers.

Main issues

In the past year, with the expiry of a number of contracts for both SACCO and CSCG component, the PMU has been overstretched in performing quality assessment at field level verifying that activities from services providers have been properly rendered. As the project is gearing towards exit, it will be important for staff (including Finance, M&E, Procurement) to spend more time in the field to ensure activities are implemented as expected but also to identify key areas for improvements and opportunities in supporting the institutions to be sustainable.

| | | |
|-----------------------------|------------------|---------------------------|
| Knowledge Management | Rating: 4 | Previous rating: 4 |
|-----------------------------|------------------|---------------------------|

Justification of rating

Since MTR, the project has undertaken the following KM activities; i) produced mini-field story magazines featuring success stories of SACCO and CSCG beneficiaries; ii) produced a video documentary highlighting the impact of the project interventions in SACCOs and CSCGs; iii) managed website and social media accounts to share project updates; v) collected CSCG innovations such as linkage banking and the carry-over savings approach. Given PROFIRA's key strategic positioning in contributing to the development of the rural finance sector in Uganda, it is important that in its last years the project pays adequate attention to analysing results, extracting lessons, and disseminating these to key stakeholders.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Knowledge management products linked to policy advocacy 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 |

| | | |
|------------------------|------------------|---------------------------|
| Value for Money | Rating: 5 | Previous rating: 4 |
|------------------------|------------------|---------------------------|

Justification of rating

To realise best value for the investment, the implementation of the project was largely based on effective use of private sector SPs. Competitive tendering has been used in all project contracting. All contracts have performance targets and benchmarked to hold the SPs accountable for delivery of the stipulated outputs as stipulated in contracts. 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 for which studies are being commissioned and MIS is also being improved.

Main issues

Value for Money Review

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. While the budget spent on SACCOs pre MTR was not very efficient with many SACCOs not performing well even after trainings. With the change in strategy post MTR on more on sight delivery of trainings and also hand holding support for better performing SACCOs, the outcomes in terms of increase in membership base, share capital mobilised, increase in savings and loans performance, reduction in portfolio at risk show robustness thus leading to improved value for money. The per member cost under SACCO component is USD. 6.37.

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 (Sub-component 2.1) or a mature (Sub-component 2.2) CSCG. The contact price per member for the establishment of a new CSCG was budgeted at USD 20. For the intensive operations of Sub-component 2.2 with mature groups, the contact price was budgeted at USD 40. The project has calculated that per member cost of new CSCG is USD. 13.04 and mature CSCG is USD. 22.79. With the service providers usually achieving higher outreach than budgeted, it is likely that at project closure these costs will be much lower. The major activities under the sub components being trainings to members, by delivering most of the trainings as part of group meetings, the project has

ensured that training contents are delivered to maximum members with least cost. The outcomes of the trainings are likely to be measured by an independent study in the first quarter of 2020. It will be useful to measure value for money in terms of IGA/business established/expanded, improvement in financial services.

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 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. Interest rate charged at present is 5 to 20% per month by CSCGs. Except trading not many IGAs/ businesses especially in agriculture sector offer such high returns.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Value for money 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: 3

Justification of rating

Cumulatively, the project absorption rate is at 65% and for IFAD loan it stood at 74% as at 31 October 2019. For the financial year ended 30 June 2019, the AWPB absorption rate was 68%. For the current financial year (FY 2019/20), the absorption rate is 15%. It is expected to increase during the year with payments to service providers. Full absorption of funds was not possible as there have been delays in payments to service providers Vis a Vis the planned period as per the AWPB. The delay is attributable to time taken in approval of service providers' reports.

AWPB Inputs and Outputs Review and Implementation Progress

There is considerable delay and long time taken in the process of approval of service providers' reports. For instance, from the sample tested, a payment of UGX 172,959,955 to Karamoja Private Sector Development Promotion Center Limited - CSCGs activities in N.E Regions was studied which had the following payment processing sequence. The amount was paid via voucher reference number PROF3899 dated 21 June 2019. From the supporting documents, it was noted that the initial report was submitted on 26 March 2019, which was followed by supervision and oversight committee meeting on 29 March 2019 to review the report. Final report submitted on 6 June 2019, with invoice submitted on 12 June 2019. A memo from CBFSM (component lead) to Project Manager (PM) through the Finance and Administration Manager (FAM) for request for payments submitted on 18 June 2019 requesting the payments. A subsequent memo from FAM to PM for authorization of payments dated 20 June 2019, and the payment made on 21 June 2019. From the above, it was noted that after the review by oversight committee on 29 March, the final report was submitted on 6 June, hence over two months in review and approval process for the report.

The report in this case is for the period Dec 2018 to February 2019. Service providers' reports are due two weeks after the period, hence at the clearance of the Feb 2019 report in mid-June 2019, the report for the subsequent period ended May 2019 was already due. The initial plan was having quarterly payments promptly after submission of reports. However for this contract and various others, only one payment has been made as at 14 Nov 2019 which is almost a period of one year. Based on this and other cases noted, bulk of the time is spent in the approval and review process for reports/deliverables. It is therefore critical for project management to ensure there is efficiency and timeliness review of reports/deliverables. The project should also maintain tracks of correspondences with service providers so that the party responsible for delays is identified and corrective actions taken.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Prompt review and approval of service providers' payments 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: 4

Justification of rating

The M&E system is in place and functional. The project annual reports provide a good overview of activities planned and executed in the year, progress towards achieving goals and challenges faced in implementation. PROFIRA systematically

collects sex and age disaggregated data at activity and output level. The data is generally of adequate quality. The two recommendations from previous missions are being implemented: i) progress is now reported also against annual targets and not only cumulatively; ii) field verifications have been undertaken for Component 2 and are underway for Component 1. PROFIRA would benefit from putting in place a more systematic plan for field validation, and from strengthening reporting at outcome level.

M&E System Review

Reporting for the CSCG component is operational and functioning well and the project intends to make a three year subscription to VSL Associates and Software Group to continue to host and maintain the Savings Group MIS on the SAVIX Platform. With the contracts of SPs, coming to an end the project intends to utilise the Village agent network to collect half yearly data on phase 1 CSCGs.

The MIS for the SACCO component requires the PMU to enter the information received from SPs in their quarterly reports. Reporting on supported category A and B SACCOs improved since MTR. Reporting on Category C SACCOs is currently undertaken by the DCOs, and once the contracts with SPs will end during the year, DCOs will also take over the reporting on Category A and B SACCOs.

An outcome study on Component 1 is ongoing. This is an in-house exercise, and in addition, the mission supports the proposal of the project to conduct a formative study by contracting an external company focusing on outcomes of both components (methodology detailed in technical annex of min report).

Following last ISM recommendations and using the tool developed during the mission, PMU staff conducted a verification exercise for Component 2 by visiting a sample of 10% of the CSGs. Going forward, the mission recommends that the PMU conduct regular checks on the work done by SPs.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Use VAs to collect data on phase I CSCG groups 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 |
| Conduct formative study on outcomes Carry out a study on outcomes of component 1 and 2 and commence the study by Feb 2020 | PMU M&E Unit | 06/2020 |
| Systematic and periodical field monitoring and validation 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 | |

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

Rating: 5

Justification of rating

In line with IFAD Guidelines on Environmental Assessment, the project was classified as Category B, at design and there is no ground to change the category. The project is socially inclusive targeting women and youth. If Government goes ahead with external injection of funds into community institutions, there is risk for elite capture. Savings, insurance and money transfer do not have any adverse environmental impacts. The savings-based approach, the small average size of loans, and their use mainly for production, income smoothing, education expenses and petty trading, environmental impacts from micro-loans are expected to be negligible. There has been sensitization by SPs on environment and natural resource management.

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 5

Previous rating: 4

Justification of rating

The project disbursement rate is 71.47% against 68% time elapsed. It is expected that the project will be able to disburse the remaining amounts in the remaining period. There has not been any extension to the project completion date. The remaining unspent funds till project completion is XDR 7.048m inclusive of the un-allocated amounts. The project has prepared a projection of activities and payments to be made which fully absorb the funds.

Main issues

The project disbursement rate is 71.47% against 68% time elapsed. It is expected that the project will be able to disburse the remaining amounts in the remaining period. The remaining unspent funds till project completion is XDR 7.048m inclusive of the un-allocated amounts. The project has prepared a projection of activities and payments to be made which fully absorb the funds. The proposed schedule of activities till project completion includes the unallocated amounts of XDR 1,930,000. There is further a shortfall of budget for various key activities required in the remaining project implementation period which are proposed to be paid by Government. In addition, based on projections, there would be an increase in operations costs as compared to projections at design some of which are proposed to be taken up by Government for smooth implementation of the project till closure. The increase in operations costs was noted to be due to various expenditure which were either understated or omitted for instance advertisements costs for various procurements, allowances for various committees, office cleaning services, understatement for printing and office stationeries. The advance drawn by the project as per Authorised Allocation is US\$ 3million. As the project nears closure, it will trigger recovery from IFAD. The project has proposed a recovery schedule which is intended to ensure there is adequate funds available to pay to service providers. It was agreed the proposed recovery will be submitted to IFAD for approval.

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Proposed recovery schedule for advance (Authorised Allocation) The proposed recovery schedule to be sent to IFAD for approval. | Project Manager | 12/2019 |
| Allocated of unallocated amount Submit the proposed schedule for allocation of unallocated amounts of XDR 1,930,000 for approval by IFAD. | Project Manager | 12/2019 |

Fiduciary aspects

Quality of Financial Management

Rating: 5

Previous rating: 5

Justification of rating

The review did not highlight major weakness in the project accounting and internal control systems. The project accounting capacity is adequate with a dedicated qualified and experienced staff. There are 4 finance staff excluding other project staff which ensures adequate controls and segregation of duties. Fixed assets register was found to be adequate. The fuel management is adequate as logbooks are maintained and vehicles insured. The SAGE Pastel accounting software used for recording of project financial information and is well coded and financial reports can be obtained from the system. IFMIS is used to process payments in line with Government of Uganda procedures. There is adequate segregation of duties over payments which is in built in IFMIS and noted to be adequate.

Main issues

The review did not highlight major weakness in the project accounting and internal control systems. The project accounting capacity is assessed as adequate with a dedicated qualified and experienced project finance team. There are 4 finance staff excluding other project staff which ensures adequate controls and segregation of duties. Fixed assets register was reviewed and found to be adequate. The fuel management is adequate as logbooks are properly maintained and vehicles insured. The SAGE Pastel accounting software used for recording of project financial information and is well coded and financial reports can be obtained from the system. IFMIS is used to process payments in line with Government of Uganda procedures. There is adequate segregation of duties over payments which is in built in IFMIS and noted to be adequate.

Internal audit is carried out on monthly basis by a private audit firm called Backhouse Certified Public Accountants. The internal audit work plan covers the review of project's work plan and budgeting, procurements, receipts and assessment of disbursement efficiencies, payments processing and approvals, accounting system, internal controls, loans covenants and review of previous missions and external audits recommendations.

While the internal audit reports are well written, they require to be enhanced to include overall issues and risks affecting the projects. For instance, there are significant delays in contracts execution by service providers as evidenced by a second 6 months extension being sought to finalize on the works. The internal audit report was noted to have highlighted that contract monitoring forms are adequate and up-to-date without highlighting whether there were delays in executions

of contracts among other contract management issues. There are no schedules noted to be maintained by the Project for tracking implementation of prior internal audit findings which may lead to slip-off issue/follow up on agreed actions.

| Agreed Action | Responsibility | Agreed Date |
|--|------------------------------------|--------------------|
| Operate in post-MTR period both Pastel Evolution (for Project Accounting) and IFMS (for disbursement) in parallel. | PMU | 08/2018 |
| Development of IFMS Continue to liaise with Accountant General to develop the required analytical reporting templates in IFMS. This was a "continuous" recommendation from 2017 SM. NMext SM to update on the status of the IFMIS. | PMU | 06/2019 |
| Tracking of implementation of internal audit findings Maintain a schedule for tracking of implementation of internal audit recommendations to ensure that all highlighted issues have been addressed. The schedule will include comments on how the upcoming issues were addressed, and whether the issues have been closed. | Finance and Administration Manager | 12/2019 |

Quality and Timeliness of Audit

Rating: 5

Previous rating: 5

Justification of rating

The audit is acceptable as per IFAD requirements

Main issues

The audit of the FS was received on time; however, the ML was not included in the report and it was later received on 8th February. The report is well prepared and informative although the FS does not include the actual vs budget schedule. The auditors included KAMs which are helpful in identifying areas in need of improvement. The financial statements figures are tallying with the IFAD records and the withdrawal applications received for the period indicated in the financial statements are also tallying to IFAD records. The ML is also informative and include the follow up on last year recommendations

Counterparts Funds

Rating: 5

Previous rating: 4

Justification of rating

Cumulatively, the actual amounts spent of counterpart contribution is USD 910k against a projected amounts of USD 4,935m which represent actual counterpart contribution of 18% to date. While this rate is low, the Government has been providing agreed counterpart contribution as they fall due. The committed counterpart contribution payments are for additional staff salaries, office rent and payments for taxes and duties. Most of the service providers are not-for profit organizations that does not charge VAT resulting to counterpart financing spent being less as compared to the projections at design hence the low absorption rate. There is a shortfall of budget for various key activities required in the remaining project implementation period which has been agreed will be paid by Government.

Main issues

As highlighted above, cumulatively, the actual amounts spent of counterpart contribution is **USD 910k** against a projected amounts of **USD 4,935m** which represent actual counterpart contribution of 18% to date. This rate is seemingly low considering the project is in its fifth year of implementation and the amounts absorbed for IFAD finance is 63%. Currently, counterpart contribution payments are made for additional staff salaries, office rent and payments for taxes and duties for which it was noted the Government has been making payments/reimbursements promptly. For the last financial year (FY 2018/19), the budget ceiling provided by the Government and approved by the parliament for the counterpart finance was Ugx 2.8b. 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 out by the close of the year. This translates to counterpart finances absorption rate of 95% against the AWPB and 30% against the approved ceiling. Most of the service providers are not-for profit organizations that does not charge VAT resulting to counterpart financing spent being less as compared to the projections at design hence the low absorption rate.

There is a shortfall of budget for various key activities required in the remaining project implementation period which has been agreed will paid by Government to ensure there smooth implementation of the project till closure. The projected counterpart financing till closure is estimated at **Ugx 6.2 billion (USD 1.69m)** including additional costs items agreed to be paid from GoU as per the schedule attached. This will make counterpart contribution rate to be at least 53% at the end

of the project.

| Agreed Action | Responsibility | Agreed Date |
|--|---|--------------------|
| Improve on capture of any taxes waived/exempted on the project including the other counterpart contributions such as office rent. | PMU | 08/2018 |
| Payments for additional activities within the approved ceiling 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. The schedule for the proposed costs to be paid from the counterpart financing is attached as an annexure. | 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. The schedule for the proposed costs to be paid from the counterpart financing is attached as an annexure. | 12/2019 |

Compliance with Loan Covenants

Rating: 5

Previous rating: 6

Justification of rating

The project has complied with all loan covenants.

Main issues

The following loan covenant have been complied with:

- The project has designated account denominated in USD and operational account in UGX both held at Bank of Uganda
- Borrower has provided counterpart financing to cover taxes and duties
- Borrower has constituted a Project Management acceptable to the funds in accordance with schedule 1
- Permanent Secretary/Secretary Treasury have primary responsibility of supervising project implementation as required.
- PMU is composed of a team contracted by MFPED and managed by Project Manager who is supervised by PS/ST.
- POC chaired by MFPED with members from public and private institutions relevant to the project implementation established, that review implementation progress, approve all relevant documents including annual work plans and budgets and guidance to project management on key policies and strategic issues.
- Contract committee established with fully delegated powers from MFPED
- All risk insurance of PROFIRA assets is effective November 11th, 2019

Procurement

Procurement

Rating: 5

Previous rating: 5

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 still need improvement as follows: (i) non-compliance with IFAD prior review requirements in what related to amendment and renewal of existing contracts; (ii) ineffective contract management and administration; and (iii) non-compliance with ICB procedures for Service Providers contracts.

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 adequate experience to manage the procurement activities especially that the remaining activities are small value and less complex procurements.

Procurement Planning. The 2019-2020 procurement plan was found to meet the basic requirements. However; the

mission noted the following areas for improvement: (i) incorrect selection method for one consulting Services transaction; (ii) the plan missed some important fields like the contract type for consultancy assignment and the issue number of invitation for bids; and (iii) several transactions were incorrectly enrolled in goods sheet.

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. For 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 mission noted that the evaluation criteria and statement of requirements for non-consulting services transactions were well prepared and sufficiently clear to create competitive environment. However, the technical specifications for goods transactions were found inadequate. Moreover, in one case the technical specifications were tailored for a specific brand which leads to de facto Direct Contracting. The mission noted the following gaps in the evaluation process within the project: (i) due to the limited number of project staff the evaluation committee comprise the same persons in most cases; (ii) In some cases the evaluation committee concluded the procurement activity while the received quotations were less than three;

Procurement Progress. The 2019-2020 procurement plan has included 26 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 55643.74 was completed by the PMU constituting about 15% of the planned amounts. However, most of the enrolled activities were planned to be implemented in the second half of the year.

Contract Register: The mission ascertains that the format in use for the contract register is in conformity with IFAD's requirements; however, several contracts signed by the project were not properly recorded. As part of the mission activities, the PMU has updated the Contract Register to include all signed contracts.

The Procurement Filing System. The PMU established a sound procurement filing system, including all procurement activities. However, some important documents are missing in the procurement files such as: Payment vouchers, contract agreements, acceptance and inspection reports.

Contract Management. The contract management function is on the top of shortcomings within the project procurement cycle. While the project succeeded in completing the process for 25 contracts aimed at engaging the service providers during the period 2016-2018. However, all the signed contracts have experienced severe delay mainly due to the delay in processing the outstanding payments waiting for the field verification and in few cases due to poor performance of the service providers. As a result, the project without obtaining IFAD No Objection extended the contracts signed on 2016 for 6 months to allow the completion of the anticipated activities. Nevertheless, none of the SPs succeeded in completing the contract during the extended time.

e. Key SIS Indicators

| | | |
|--|------------------|---------------------------|
| Likelihood of Achieving the Development Objective | Rating: 4 | Previous rating: 5 |
|--|------------------|---------------------------|

Justification of rating

PROFIRA is on track to achieve the PDO.

| | | |
|---|------------------|---------------------------|
| Assessment of the Overall Implementation Performance | Rating: 5 | Previous rating: 5 |
|---|------------------|---------------------------|

Justification of rating

In terms of implementation, PROFIRA remains strong and all contracts for the remaining period of implementation have been signed so full focus remains on delivery.

F. Relevance

| | |
|------------------|----------------|
| Relevance | Rating: |
|------------------|----------------|

G. Lessons Learned

On site support to SACCOS

In Service Provider Led interventions for SACCOS on-site Technical Assistance is very critical for improved performance.

The shift in focus by SPs from workshops and classroom trainings to on-site TA has proved to be more effective in getting SACCOs to adopt best practices in their operations. In particular Service Providers have helped SACCOs to update and implement their manuals and policies as well as update and adhere to the implementation of their respective strategic business plans.

Institutionalise payment for services for CSCGs at early stage of programme

Under phase 1 of the programme which got concluded the project and SPs are trying to establish Village agents to be available for CSCGs. The CSCGs had access to free services for the three years. With the withdrawal of service providers, the village agent system is being established and dialogue is held with groups for payment of services. A key learning is that this system should be put in place from the beginning to ensure sustainable services provision.

H. Agreed Actions

| Agreed Action | Responsibility | Agreed Date |
|---|-----------------------|--------------------|
| Overview and Project Progress | | |
| No cost extension for SACCO SPs Request a no cost extension for SPs under SACCO component till June 2020 | PMU | 12/2019 |
| No cost extension for MIS Vendors Request a no cost extension for MIS Vendors under the SACCO Component till June 2020 | PMU | 12/2019 |
| UCSCU to submit activity plan UCSCU to submit the activity plan to access the remaining grant allocation | PM/UCSCU | 12/2019 |
| Revise the strategy and implementation steps for mature CSCGs 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 |
| SP contracts for phase 1 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 |

| | | |
|---|-----------------|---------|
| Savings and credit linkages with financial institutions 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 |
| Affordable credit and Financial literacy modules 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 |
| Expand ToT model Contract UCCK to expand ToT model to communities in B and promising C SACCOs | PMU | 03/2020 |
| Establishment of the village agent system 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 |
| Village agents in phase 2 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 |
| SACCO Strategy Policy Paper As requested from FSD, PROFIRA to coordinate and support the formulation of a SACCO strategy paper. | PMU | 03/2020 |
| DCO facilitation for B and promising C SACCOs Carry out assessment of C SACCOs; Facilitate DCOs in supporting B and promising C SACCOs | PMU | 04/2020 |
| Communication with SACCOs for MIS contribution Write to 10 SACCOs for 30% contribution for MIS by January 2020 | PMU | 12/2020 |

| | | |
|--|------------------------|---------|
| SP contracts for phase 2 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 | |
| Sector Coordination Group 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 | |
| Development Effectiveness | | |
| Loan products for women 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 |
| Include men in gender training 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. | PMU/Service Providers | |
| Sustainability and Scaling up | | |
| No-cost Contract Extension 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 |
| Crowd in private sector finance Facilitate and create linkages with lending institutions providers with SACCOs and groups. | PMU | 03/2020 |
| Data capture on partnerships and convergence SPs to capture data on economic benefits received from local Government /other partners through convergence. | PMU/SPs | |
| Monitoring of SPs 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 | |
| Project Management | | |

| | | |
|---|-----------------|---------|
| Value for money 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 |
| Use VAs to collect data on phase I CSCG groups 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 |
| Conduct formative study on outcomes Carry out a study on outcomes of component 1 and 2 and commence the study by Feb 2020 | PMU M&E Unit | 06/2020 |
| Knowledge management products linked to policy advocacy 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 |
| Prompt review and approval of service providers' payments 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 | |
| Systematic and periodical field monitoring and validation 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 | |
| Financial Management & Execution | | |
| Operate in post-MTR period both Pastel Evolution (for Project Accounting) and IFMS (for disbursement) in parallel. | PMU | 08/2018 |
| Improve on capture of any taxes waived/exempted on the project including the other counterpart contributions such as office rent. | PMU | 08/2018 |

| | | |
|--|---|---------|
| Development of IFMS Continue to liaise with Accountant General to develop the required analytical reporting templates in IFMS. This was a "continuous" recommendation from 2017 SM. NMext SM to update on the status of the IFMIS. | PMU | 06/2019 |
| Proposed recovery schedule for advance (Authorised Allocation) The proposed recovery schedule to be sent to IFAD for approval. | Project Manager | 12/2019 |
| Allocated of unallocated amount Submit the proposed schedule for allocation of unallocated amounts of XDR 1,930,000 for approval by IFAD. | Project Manager | 12/2019 |
| Payments for additional activities within the approved ceiling 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. The schedule for the proposed costs to be paid from the counterpart financing is attached as an annexure. | 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. The schedule for the proposed costs to be paid from the counterpart financing is attached as an annexure. | 12/2019 |
| Tracking of implementation of internal audit findings Maintain a schedule for tracking of implementation of internal audit recommendations to ensure that all highlighted issues have been addressed. The schedule will include comments on how the upcoming issues were addressed, and whether the issues have been closed. | Finance and Administration Manager | 12/2019 |

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 | | | | | | | | | | |
| | Non-women-headed households | | | | | | | | | | |
| | Households | 0 | 525 000 | 750 000 | | | | | | | |
| | 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 | | | | | | | |
| | Males | 0 | 262 500 | 375 000 | | | | | | | |
| | Young | 0 | 78 750 | 112 500 | | | | | | | |
| | Total number of persons receiving services | 0 | 525 000 | 750 000 | | | | | | | |
| | 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 | | | | | | | |
| | | | | | | | | | | | |

| 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 | | Responsibility | Assumptions |
|--|---|----------|----------|------------|----------------------|--------------------------|----------------------------|---|-----------|--------------------|--|
| | Name | Baseline | Mid-Term | End Target | Annual Result (2020) | Cumulative Result (2020) | Cumulative Result % (2020) | Source | Frequency | | |
| Development Objective 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. |
| | Women in rural areas accessing financial services - savings | 63 273 | 200 489 | 465 175 | | | | | | | |
| | Men in rural areas accessing financial services - savings | 120 164 | 195 106 | 341 440 | | | | | | | |
| | Men in rural areas accessing financial services - credit | 33 396 | 107 356 | 107 356 | | | | | | | |
| | Women in rural areas accessing financial services - credit | 17 541 | 146 261 | 146 261 | | | | | | | |
| | | | | | | | | | | | |

| 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 | |
| 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 | 717 159 | 954 539 | 1 270 491 | | | | | | | |
| | Female | 23.8 | 30 | 30 | | | | | | | |
| | Youth | | 15 | 15 | | | | | | | |
| | 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 | | | | | | | |
| | % 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 | | | | | | | |
| | 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 | | | | | | | |
| | | | | | | | | | | | |

| 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 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 | | | | | | | |
| | 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 | | | | | | | |
| | 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 | | | | | | | |
| | 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 | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

| 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 |
| | 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 | | | | | | |
| Outcome 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 |
| | Number of members in the newly established CSCGs | | 187 500 | 375 000 | | | | | | |
| | % of female members in the newly established CSCGs | | 131 250 | 262 500 | | | | | | |
| | % of youth members in the newly established CSCGs | | 56 250 | 112 500 | | | | | | |
| | 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 | | | | | | |

| 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 | |
| | 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 | | | | | | | |
| | % of female members in the supported mature CSCGs | 0 | 70 | 70 | | | | | | | |
| | % of youth members in the supported mature CSCGs | 0 | 15 | 15 | | | | | | | |
| | 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 | | | | | | | |
| | Cumulative savings in newly established CSCGs (UG Shs million) | | | | | | | Cumulative savings in newly established CSCGs (UG Shs million) | Annual | M&E and KM Manager | |
| | | | | | | | | | | | |

| 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) | 0 | | | | | | | | | |
| | 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 | | | | | | | | | |
| | 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 | | | | | | | | | |
| | 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 | | | | | | | | | |
| | % 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 | |
| Outcome 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 | | | | | | | |
| Output 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 | | | | | | | |
| | Number of SACCOs provided with refresher training in the six thematic areas | | 100 | 350 | | | | | | | |
| | | | | | | | | | | | |

| 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 | | | | | | | |
| | Number of SACCOs provided with refresher training in credit and default management | | 150 | 500 | | | | | | | |
| | 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 | | | | | | | |
| | | | | | | | | | | | |

| 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 | 241 522 108 | | | | | | |
| 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 | | | | | | | | | | |
| | Males | | 131 250 | 262 500 | | | | | | | |
| | 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 | | | | | | | |
| | | | | | | | | | | | |

| 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 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 | | | | | | | |
| | 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 | | | | | | | |

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

Mission Dates: 18 November-30 November 2019
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Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier

| Financier | Appraisal (USD '000) | Disbursements (USD '000) | Per cent disbursed |
|--------------|----------------------|--------------------------|--------------------|
| IFAD loan | 29,000 | 21,452 | 74% |
| IFAD grant | 1,000 | 1,000 | 100% |
| Co-financier | 250 | 250 | 100% |
| Government | 4,935 | 910 | 18% |
| Beneficiary | 1,443 | 335 | 23% |
| Total | 36,628 | 23,947 | 65% |

Table 2B: Financial performance by financier by component (USD '000)

| Component | IFAD loan | | | IFAD grant | | | Co-financier | | | Government | | | Beneficiaries | | | Total | | |
|--------------------|---------------|---------------|------------|--------------|--------------|-------------|--------------|------------|-------------|--------------|------------|-------------|---------------|------------|------------|---------------|---------------|------------|
| | Appraisal | Actual | % | Appraisal | Actual | % | Appraisal | Actual | % | Appraisal | Actual | % | Appraisal | Actual | % | Appraisal | Actual | % |
| Component 1 | | | | | | | | | | | | | | | | | | |
| Component 1.1 | 9,110 | 6,684 | 73% | | | | | | | 1,774 | 50 | 3% | 1,443 | 335 | 23% | 12,327 | 7,069 | 57% |
| Component 1.2 | 1,258 | 637 | 51% | 1,000 | 1,000 | 100% | 250 | 250 | 100% | 208 | - | 0% | - | - | | 2,716 | 1,887 | 69% |
| Sub-total | 10,368 | 7,320 | 71% | 1,000 | 1,000 | 100% | 250 | 250 | 100% | 1,982 | 50 | 3% | 1,443 | 335 | 23% | 15,043 | 8,956 | 60% |
| Component 2 | | | | | | | | | | | | | | | | | | |
| Component 2.1 | 8,132 | 5,257 | 65% | | | | | | | 1,346 | 2 | 0.1% | | | | 9,478 | 5,258 | 55% |
| Component 2.2 | 3,823 | 2,193 | 57% | | | | | | | 633 | 1 | 0.2% | | | | 4,456 | 2,194 | 49% |
| Sub-total | 11,955 | 7,449 | 62% | | | | | | | 1,979 | 3 | 0.1% | | | | 13,934 | 7,452 | 53% |
| Component 3 | | | | | | | | | | | | | | | | | | |
| Component 3.1 | 1,786 | 1,582 | 89% | | | | | | | 372 | 16 | 4% | | | | 2,158 | 1,598 | 74% |
| Component 3.2 | 4,891 | 3,149 | 64% | | | | | | | 602 | 841 | 140% | | | | 5,493 | 3,990 | 73% |
| Sub-total | 6,677 | 4,731 | 71% | | | | | | | 974 | 857 | 88% | | | | 7,651 | 5,572 | 73% |
| Total | 29,000 | 19,501 | 67% | 1,000 | 1,000 | 100% | 250 | 250 | 100% | 4,935 | 910 | 18% | 1,443 | 335 | 23% | 36,628 | 23,947 | 65% |

Table 2C: IFAD loan disbursements (SDR, as at 31-10-2019)

| Category | Category description | Original Allocation | Revised Allocation | Disbursement | W/A pending | Balance | Per cent disbursed |
|----------|-------------------------|---------------------|--------------------|---------------|-------------|--------------|--------------------|
| I | Equipment and materials | 190 | - | 147 | 9 | 33 | 82% |
| II | Other investment costs | 14,910 | - | 9,668 | 548 | 4,694 | 69% |
| III | Operating costs | 2,270 | - | 1,805 | 73 | 392 | 83% |
| | Unallocated | 1,930 | - | - | | 1,930 | - |
| | Initial deposit | | | 2,174 | | | |
| | Total | 19,300 | | 13,794 | 630 | 7,049 | 63% |

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Appendix 2: Physical progress measured against AWP&B

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Appendix 2: Physical progress measured against AWP&B

| Component/Outcome | Indicator and Activity | Unit | FY 2019/20 – 1 st July 2019 – 30 th 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 | 140 | 84% | 330 | 350 | 95% |
| | Activity B: Tailored TA to Address Default/Governance Issues - Cat B | SACCOs | 141 | 62 | 44% | 62 | 0 | - |
| | Activity C: Undertake Training & TA in Credit and Default Management (C&D) | SACCOs | 218 | 93 | 43% | 453 | 500 | 91% |
| | Activity D: Support for SACCO MIS | SACCOs | 57 | 37 | 65% | 37 | 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 | 2,240 | 49% | 10,236 | 18,000 | 57% |
| | Activity F: Supervision and Oversight Committee Meetings | Trip | 5 | 0 | 0% | | | |
| | 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 | 1,199 | 71% | 3,086 | 3,000 | 103% |
| | Activity F: Supervision and Oversight Committee Meetings | Trip | 5 | 0 | 0% | | | |
| | Activity G: Validation exercise | Quarter | 1 | 0 | 0% | | | |
| Component 3: Policy and Institutional Support and Project Management | | | | | | | | |

| | | | | | | | | |
|--------------------------------|---|-----------|----|---|------|--|--|--|
| Output 3.2: Project Management | Activity A: Internal Audit Consultancy | Month | 12 | 5 | 42% | | | |
| | Activity B: Training and Staff Development | Month | 12 | 5 | 42% | | | |
| | Activity C: External Audit | Lumpsum | 1 | 1 | 100% | | | |
| | Activity D: Field Monitoring, Backstopping and Evaluation | Month | 12 | 5 | 42% | | | |
| | Activity E: M&E Studies | | | | | | | |
| | Input 1: Travel Inland costs | Month | 12 | 5 | 42% | | | |
| | Input 2: Consultancy - (Formative Study costs for the year) | Lumpsum | 1 | 0 | 0% | | | |
| | Input 3: TA - (Production of KM Product) | Lumpsum | 1 | 0 | 0% | | | |
| | 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 | 0 | 0% | | | |
| | Activity H: Regional Media Activities | Workshops | 4 | 0 | 0% | | | |
| | Activity J: Participation in National Events | Workshops | 2 | 1 | 50% | | | |
| | 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% | | | |

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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 18 November-30 November 2019
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Appendix 3: Compliance with legal covenants: status of implementation

| Section | Covenant | Target/Action Due Date | Compliance Status/Date | Remarks |
|---------------------------------------|---|---|------------------------|--|
| Section 4.02 | PCU to open and maintain a designated account denominated in USD and operational account in Ugx both held at Bank of Uganda | Immediately after effectiveness | Complied | The project has a designated account denominated in USD and operational account in Ugx both 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 4.04 | 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 November 11th, 2019 |
| Section 4.05, section 11.10(b) | Audit report submitted to IFAD. | 6 months after end of each financial year | Complied | The latest audit report was for period ended 30 June 2018 which was submitted 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 required |
| Schedule 4, para 7 | AWPB to be submitted to the Fund, for its review and comments | | Complied | AWBP submitted to the Fund for reviews as required |
| Schedule 4, para 8(a) | A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD. | Continuously | Complied | Mid-Term Review (MTR) was carried out |
| Schedule 4, para 16 | Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures | Continuously | Complied | All import duties, excise taxes and value added tax (VAT) on investment expenditures are not charged to IFAD. |

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Appendix 4: Technical background analysis

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Appendix 4: Technical background analysis (each consultant)

1) UCSCU and Regulation of SACCOs

I. Background.

For the SACCO sector, PROFIRA aims to build the capacity of the SACCOs and their members in order to strengthen and build sustainable institutions that will provide financial services to the rural areas.

These efforts were focused on 3 different aspects: i) Building the capacity of SACCOs and the supporting ecosystem and enable them in building sustainable ii) Strengthening UCSCU as an autonomous, sustainable apex body representing and serving the SACCO sector with handholding support from the Cooperative Development Foundation (CDF); and iii) Establishing a conducive regulatory environment that facilitates sound financial practices by supporting the passing of the Tier IV act and supporting UMRA. While SACCO performance has been improving through the interventions, ensuring that the apex institutions and sound regulatory environment is important as the project is approaching its exit.

II. UCSCU

UCSCU has an important role to play in supporting the SACCO sector beyond the end of PROFIRA and facilitating the transition of SACCOs to licensed status. PROFIRA is providing a grant of USD 1 million to fill the budget gap for UCSCU to implement its 5-year strategic plan toward sustainability, with USD 250,000 for complementary technical assistance (TA) provided through the CDF. The grant was link to UCSCU attaining targets of self-sustainability that it has given itself as part of its plan with staggered releases over the years (As per table below).

| UCSCU Grant Targets | Targeted | Actual |
|---------------------|----------|--------|
| 2014/15 | | 31% |
| 2015/16 | 33% | 34% |
| 2016/17 | 46% | 68% |
| 2017/18 | 79% | 56% |
| 2018/19 | 109% | 85% |

After a slow start in the implementation of the support, UCSCU has made tremendous progress. It has been revitalized by the AGM that brought in a new board that was key in changing the direction of the association. The new Board of Directors has demonstrated its commitment to turning around UCSCU's fortunes by taking the bold step of restructuring staff resulting in a reduction from 34 to 17 people and reducing operating cost bill from UGX 520M to 330M per year and improved the Operation Self Sufficiency from 56% in June 2018 to 85% as of April 2019.

UCSCU has developed a three year strategic plan (2019-2021) which has been supported by CDF. The plan is anchored under four pillars (Institutional Capacity Development, Membership and member services, Financial growth, Smart partnerships), with a strong focus on membership and member services. The targets set by the strategy include: i) growing active members from 165 to 320, ii) improving OSS to 100%; iii) Increasing business income from UGX 123M to 269M; and iv) Increasing CFF loans from 150M to 600M. It has also entered a partnership with Savings Banks Foundation for international Cooperation (SBFIC) to help establish the SACCO academy on their grounds. In terms of mobilisation, UCSCU is showing progress on attracting larger, stronger SACCOs, this is essential to UCSCU's future for both providing financial and intellectual resources to UCSCU.

Although we have seen improvements in the OSS, it is predominantly based on very low expenditure on activities that will build the organizations capacity and is not a sustainable achievement. In addition, a major income stream for UCSCU is the contract for delivering training under PROFIRA. As this is expected to end in this fiscal year, It is important that management reviews and resolves budget variances not as line items but as having impact across the budget and on the strategic plan.

Remaining Grant Amount

UCSCU has a remaining undisbursed amount under its grant allocation of UGX 241 Million. This amount was previously withheld as per grant agreement due to failure of attaining set targets. At MTR, it was agreed that UCSCU should submit a performance based proposal to release the remaining funds under

the grant agreement. At the time of the mission, an initial proposal was submitted and discussions were held between the two parties on how to improve on the proposal.

During the mission, it was agreed between parties that UCSCU will submit a new proposal for the remaining grant amount to facilitate a series of activities aimed at new member mobilisation especially among strong SACCOs through regional SACCO interactive working sessions through which key topical issues relevant to the sector shall be championed. With the uncertainty around the regulatory environment for SACCOs, and the latest developments in international accounting standard 9 on provisioning, it is envisaged that UCSCU can have a major advocacy and sensitization roles to play using this resource while at the same time harnessing membership from SACCOs. The proposal will be submitted to PROFIRA before December 31, 2019.

III. Regulation

PROFIRA has supported this process through the following interventions: i) benchmarking and drafting of the legislation to implement Cabinet's 2013 and 2015 policy memoranda; ii) passage of the Tier 4 Microfinance Institutions and Moneylenders Act (2016) and setting up of the Uganda Microfinance Regulatory Authority (UMRA; in collaboration with technical assistance from the World Bank); and (3) support to the Registrar of Cooperatives in MTIC with respect to Census and data collection on SACCOs, cleaning up the Register with respect to defunct SACCOs, and turning around SACCOs that have become dormant because of remediable problems.

With the passing of the law and setting of UMRA, It was noted that UMRA's capacity to effectively supervise a large number of MFIs will at least in the near future be relatively limited. The World Bank has been providing support in the establishment of UMRA and supporting its operationalization. UMRA has commenced licensing MFIs and Money lenders but has delayed finalising the regulations for SACCOs as it entailed a lengthy consultation with key interlocutors for the sector, including UCSCU. The regulations were expected to be circulated in December 2019.

While this process was on-going, the Uganda Cooperative Societies Act, was swiftly amended and assented to on November 6, 2019. The preamble of the Act states that the amendment has been done to strengthen regulation and supervision of all types of Cooperatives.

The amended Act is in conflict with the Tier 4 Microfinance Institutions and money lender act that was passed and ascended in 2016, which named BoU and UMRA as regulators of the sector within their specific tier. The amended act gives the Registrar of Cooperatives the mandate to regulate and supervise all Saccos in parallel with UMRA and Bank of Uganda thereby becoming the third Sacco regulator in Uganda and creating significant confusion regarding powers. The new Sacco Act has included within it most of the proposed UMRA and Bank of Uganda regulations and therefore proposes to have an overriding power in the supervision of Saccos in Uganda.

Some of the amendments made in the act that impact SACCOs include: i) Allowing the registrar to register SACCOs with less than 30 members; ii) Prohibits joint accounts in SACCOs; iii) limiting board term to 2 years and a maximum of 2 terms; iv) Indicates a creation of a cooperative bank; v) creation of a Central Finance Facility (CFF) in the office of the Registrar; via SACCO to retain funds held in dormant accounts in a special reserve fund. These amendments bring a lot of confusion to the sector and have the potential to undermine years of work on building the capacity of the sector.

PROFIRA has amassed a wealth of experience in the SACCO sector in its work over the past years. As this crucial time for the sector, and as it exits the direct support to SACCOs, it is important that it plays a major role in bringing these lessons to the policy sphere to influence decision by policy makers.

2) Component 2

A. Changing strategy of mature CSCG development

Implementation steps;

- a) Have in depth discussions with major banks operating in the project area and under stand the products) to VSLAs/CSCGs. The key features such as minimum and maximum loan amount, repayment terms, interest rate, other deductions such as processing fee, insurance, guarantee, collateral if any, methodology (lending to group or lending to individual within group), penalties etc.,
- b) Map the groups and nearby bank branches of the banks that have group lending products either to group as a whole or to individuals with in groups. If PROFIRA can offer upto 50 groups to one branch, it will make business case.
- c) Negotiate with bank management for change in features of loan product, methods of disbursement and loan repayment with least transaction cost to the groups.
- d) Provide business development training in the first year preferably by 6th month. Include topics on where to raise finance for the business.
- e) Develop micro credit plan for the group. Each member of CSCG will develop her/his plan keeping into account the household plans for IGA/business, credit needed for these. These individual plans will be facilitated in the group meetings and will be concluded over 4 to 5 weekly meetings. While preparing the individual plan, realistic plans should be prepared keeping into account the feasibility of the activity. The maximum loan size in initial external credit linkage should not exceed 4 to 6 times the likely savings/accumulate carry over of the member. Over 2 to 3 years the ratio can increase upto 10 times.
- f) The repayment period should be based household cash flows and not only out of activity.
- g) With individuals with very large credit need but with a sound business proposal, facilitate direct individual loans by the banks. Do not encourage very large loans to one or two individuals through the group.
- h) Sensitise the groups for the need to charge reasonable rate of interest (2% percent per month) and also adequate repayment period for IGA/businesses taking into account HH cash flows.
- i) Consolidate the total credit need for the group. Encourage the group to generate internal resources from carry over (at least 25 to 50% of the group funds), additional savings. There after assess the credit gap to be filled by external financial linkages. Field the proposals to the bank branch and follow up.
- j) Develop MIS to monitor loan sanctions, disbursements and also repayments.
- k) Component head for CSCGs to spearhead the pilots in each SP, smoothen issues and develop scale up plans.

B. Study on self reliance of community institutions

The purpose of the study is to see how the programmes with infusion of grants into CSCGs fare vis a vis groups with no external grant infusion and who function with their own money/ and with bank loans. The study will be under taken only when there is evidence of infusion of grants into VSLAs/CSCGs and after at least 6 months after the infusion of grants.

Key research aspects for the study;

At programme/project level

- What models demonstrate sustainability and resilience over time?
- What are the key factors that seem to contribute to sustainability?
- What does the evidence say about CSCGs' ability to be scaled? Which can be scaled up quickly and why?
- What are the measures of cost effectiveness and return on investment (ROI)?
- What is the relationship between cost effectiveness and scale?
- What is the overall quality of CSCG investments?
- For infusion of grants to what extent have CSCG grants been designed based on good practices?

- Are there any terms of group functioning that changed to accommodate external funds? Did the programme dictate any change in the group decisions on savings, loans, governance etc.,?
- What are the measurement gaps / limitations / strengths related to the outcomes?
- What are the different theories of change consideration in different programmes and how are pathways being mapped and assessed?
- What kinds of MIS and tracking tools and implementation approaches have the implementing organizations/ grants adopted? What kinds of data are collected? Where is this reported and used?
- Status of CSCGs: pre and post grant infusion
 - a) Regularity in meetings, savings, before and after grant infusion.
 - b) Changes in membership, book keeping, pre and post grant infusion.
 - c) Internal lending – % of members taking loans, average loan size, interest rate, overdues pre and post grant.
 - d) bank linkage, repayment, factors influencing repayment rates,
 - e) livelihood activities,
- Confidence of bankers and local governments in the groups on grant infusion.
- Comparative analysis of the quality, standards and best practices of CSCGs promoted.
- Outcomes comparison if they have been measured. Empowerment indices comparison.

C. Establishment of VA system and payment for services

Implementation steps;

- a) In phase 2 introduce the Village agent system from the beginning so that the system stabilises before project closure.
- b) Clearly define the roles as project related (trainings, MIS data collection) and group maintenance related (attending meetings, ensuring books are written, balancing books, ensuring good practices are followed, conflict resolution, external linkages with Government, banks etc.,)
- c) Facilitate discussions on payment for services by 6th month of the group.
- d) Facilitate monthly payment as agreed with the groups.
- e) The service fees can be paid through SP initially and later through clusters.
- f) Scale down the project salary support over three years based on discussions with SP.

3. Monitoring and evaluation;

A. Technical note on Formative study

Background.

PROFIRA systematically collects sex and age disaggregated data at activity and output level. The data is generally of adequate quality. The project needs to increase the collection and analysis of data at outcome level. The project adequately reports on log-frame outcome indicators, but these indicators do not reflect some key results that project activities are expected to have on beneficiaries (such as the changes in behaviour following the trainings received; the use of loans received; the profitability of newly established IGAs; etc.). An outcome study on Component 1 is ongoing. This is an in-house exercise, including household-level surveys for a sample of 132 beneficiaries, and interviews with 84 supported SACCOs and 20 partner institutions.

The table below clarifies the position of the Formative study among the other (past and future) project efforts to collect data at outcome level.

| Type of study | Year | Type of data collected | Sample Methodology & | Implementer |
|---------------|------|------------------------|----------------------|-------------|
|---------------|------|------------------------|----------------------|-------------|

| | | | | |
|-------------------------------|------------------------------------|--|---|---|
| Baseline study | June 2016 | Socioeconomic characteristics; HH demographics; Asset Ownership; Access to and Types of Financial Services Used; Food Security; Anthropometry Characteristics; Women Empowerment in Agriculture (WEAI); HIV; youth empowerment; HH engagement in local leadership; HH participation in community activities and group/associations; Environmental issues. | Survey with 1296 randomly selected HH in 12 districts (note: the baseline was conducted before targeting had been completed, therefore it is unclear how many of the sampled HH are currently project beneficiaries) | External company (Friends consult Ltd.) |
| Outcome study SACCO component | 2019 (ongoing) | <p><u>For HH:</u> Socioeconomic characteristics; HH demographics; services provided by SACCOs; access to and usage of financial services; access to and usage of business development services knowledge; establishment and profitability of IGAs</p> <p><u>For SACCOs board & staff:</u> difference pre- and post MTR on size and quality of portfolio, governance, products developed, etc.</p> <p><u>For Service Providers:</u> type of services provided to SACCOs; innovations introduced; perceived outcomes; challenges remaining for SACCOs.</p> <p><u>For District Officers:</u> awareness of PROFIRA; perceived outcomes; links with other development initiatives/funds</p> | HH surveys for a sample of 132 members of PROFIRA-supported SACCOs; interviews with 84 supported SACCOs (categories A,B and C), District Officers and 20 partner institutions | PMU |
| Formative study | 2020 | Selected outcome indicators (see below for more details) | HH survey for a sample of 400 HH; Key informant interviews with 50 SACCO representatives – see below for more details | External company |
| End-line survey | 6 months before project completion | Same indicators used for baseline | Same methodology used for baseline. For the sampling, an assessment of the baseline sample will need to be carried out: if at least 50% of villages included in the sample were actually reached by PROFIRA, then the same sample (same villages and same households) as for the baseline can be used for the end-line. If less than 50% of the villages covered by the | External company |

| | | | | |
|--|--|--|--|--|
| | | | baseline were reached by PROFIRA, then the end-line sample should include partly the sample from the baseline, and partly other HH in order to ensure that at least 50% of HH sampled are project beneficiaries. | |
|--|--|--|--|--|

Rationale for the formative study.

The Formative study will be conducted by an external company, and will complement the ongoing efforts by collecting independent information focusing on outcomes of both components. The study has three main aims:

1. To guide implementation for the remaining years of the project
2. To triangulate information (study done by independent actors)
3. To increase the availability of data at outcome level for reporting reasons

Methodology and type of data/indicators to be collected.

The study will use both quantitative (household survey) and qualitative (focus groups, in-depth interviews) methods.

The quantitative method will consist of a household-level survey collecting information on the following aspects:

1. **Asset quintile of the HH (this will be useful for checking the effectiveness and inclusiveness of targeting – i.e. whether the project is reaching the poor)**
2. **Income trend (with recall method, since 2016)**
3. Satisfaction with the services received by the project
4. Performance of service providers
5. **Access to financial services (same questions used in the baseline)**
6. Data on effectiveness, usefulness and outcomes of trainings received
7. **Profitability of newly established IGAs (if any)**
8. **Utilisation of savings**
9. **Utilisation of loans**
10. **Women empowerment (a small selection of questions on gender asked during the baseline)**

Questions in bold are to be asked to both the beneficiary and the comparison group. Non-bold questions will be asked to the beneficiaries only. Please refer to annex I for the full list of questions.

Qualitative data collection will be done through focus group discussions with supported SACCOs' board and staff, as well as semi-structured interviews with key partners and stakeholders. Focus groups with SACCOs will cover the following areas:

- Usefulness and impact of trainings received
- How many SACCO members were trained (effectiveness of ToT approach)
- Challenges still faced by SACCOs
- New product development
- Governance (board, Supervisory Committee)
- How many board members are in arrears with outstanding loans
- How long has the board been in place

- New or modified SACCO policies

Interviews with key players (UCUSCU; DCOs; UCCK; Ministry) will cover the following areas:

- Future vision for the SACCO sector
- Sustainability of PROFIRA results
- Key elements to be included in PROFIRA exit strategy
- Main challenges remaining

Sample size and characteristics.

For the HH survey: The survey will cover 400 households in total: 200 project beneficiary households and 200 households that do not receive project services, used as a comparison group. It is necessary that the contracted party maintain an accurate register of households sampled in both the treatment and comparison groups for future reference. The sample should be stratified in order to reflect the different geographical regions and components (the 200 beneficiary HH in the sample should include 100 HH reached through the SACCO component and 100 through the CSCG component). For what concerns Component 1, the sample should include only members of SACCOs Categories A and B. For what concerns Component 2, the sample should include only members of CSCG groups supported by PROFIRA for at least 3 years.

For the focus groups: focus groups will be carried out with 50 PROFIRA-supported SACCOs (about 10% of total SACCOs supported). The sample will include SACCOs from categories A and B, as well as the larger and more promising (based on data available to the project) Category C SACCOs. SACCOs included will be those that were not covered by the internal outcome study mentioned above. The focus groups will bring together SACCO's staff, board, and a number of members (between 10 and 20).

Key informant interviews will be carried out with the following key players:

- UCUSCU
- Local government (DCOs)
- UCCK
- Ministry

Detailed list of questions.

The household survey should cover the following questions:

1. Household demographics (same tools/questions used for baseline and for the SACCO outcome study)
2. Asset quintile (same tools/questions used for baseline and for the SACCO outcome study)
3. Income trend (Question Q21 a. from the Annual Outcome Survey guideline, appendix II) [Annual Outcome Survey (AOS) guidelines will be provided to the PMU]
4. Satisfaction with project services (Q5 AOS, appendix II)
5. Access to financial services (same questions as section 2 "Access to and Usage of Financial Literacy Knowledge" of the HH tool for ongoing Outcome study)
6. One or two questions to check acquisition of financial literacy skills: e.g. question 1: *Suppose you put \$100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made?* Question 2: *You lend \$25 to a friend one evening and he gives you \$25 back the next day. How much interest has he paid on this loan?*

7. IGAs (same questions as section 3 “Access to and Usage of Business Development Knowledge” of the HH tool for ongoing Outcome study)
8. Amount and use of loans (Q13 f-g, appendix II AOS)
9. Amount and use of savings (same question as above, adapted to savings)
10. Women control over use of savings and credit - to be asked to primary female member of the household (four questions from the WEAI used at baseline: Q3A 2.3.2; Q3A 2.3.3; Q3A 3.2.1; Q3A 3.2.2)

The survey will be conducted through tablets or phones, and GPS coordinates of interviewed beneficiaries should also be collected.

4. Financial Management

GoU Counterpart Activities and costs estimated till end of the project

Table 1 – Counter part funds estimation

| Activity | Amounts in UGX | Estimated in USD |
|--|----------------------|------------------|
| Taxes on service provider contracts | 167,221,296 | 45,195 |
| MIS Grant to SACCOs | 206,782,983 | 55,887 |
| Salaries to contracted staff | 1,344,000,000 | 363,243 |
| Rent | 1,122,000,000 | 303,243 |
| Subtotal - cost items previously paid from GoU | 2,840,004,279 | 767,569 |
| Operating Costs (50% to GoU) | 520,000,000 | 140,541 |
| Category C support - Financial literacy (UCCK, MTIC MoU) | 192,000,000 | 51,892 |
| Payments to DCOs (in context of MTIC MoU) | 768,000,000 | 207,568 |
| ToT for financial literacy (BY UCCK) | 864,000,000 | 233,514 |
| Monitoring & Evaluation studies | 235,000,000 | 63,514 |
| Staff trainings | 200,000,000 | 54,054 |
| Communication activities | 150,000,000 | 40,541 |
| Workshops and seminars | 215,000,000 | 58,108 |
| Travel inland (Backstopping, Verifications, monitoring, etc) | 275,351,837 | 74,419 |
| Subtotal - additional cost items to be paid from GoU | 3,419,351,837 | 924,149 |
| Total GoU Counterpart funds required for Key activities | 6,259,356,116 | 1,691,718 |

Based on the above, the GoU contribution will be approximately 53% of the initial committed amounts as below:

Table 2 - % of share of financiers at closure

| Financier | Appraisal USD (“000”) | Actual as at 31/10/2019 USD (“000”) | % Actual | Additional Estimated payments to closure USD (“000”) | Estimated total project expenditure USD (“000”) | Projected % Performance at Closure |
|-----------|-----------------------|-------------------------------------|----------|--|---|------------------------------------|
| IFAD Loan | 29,000 | 21,452 | 74% | 7,548 | 29,000 | 100% |

| | | | | | | |
|---------------|---------------|---------------|------------|--------------|---------------|------------|
| Government | 4,935 | 910 | 18% | 1,692 | 2,601 | 53% |
| 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% |
| Total | 36,628 | 23,947 | 65% | 9,295 | 33,242 | 91% |

Costs re-allocation

The reallocated tables, after GoU taking up some costs to cater for budget shortfall will be as follows:

Table 3- Reallocation of costs ('000 SDR)

| Code | Category description | Current Loan Allocation | Proportion at design | Loan utilization up to WA 20 | Additional Planned Expenditure up to closure date | Revised allocation totals | Proportion after re-allocation |
|--------|-------------------------|-------------------------|----------------------|------------------------------|---|---------------------------|--------------------------------|
| A | B | C | | D | E | F=D+E | |
| 123202 | Equipment and materials | 190 | 1% | 157 | 10 | 167 | 1% |
| 123203 | Other investment costs | 14,910 | 77% | 10,216 | 6,027 | 16,243 | 84% |
| 123204 | Operating costs | 2,270 | 12% | 1,878 | 1,012 | 2,890 | 15% |
| 123205 | Unallocated | 1,930 | 10% | - | - | - | - |
| | Total | 19,300 | | 12,251 | 7,049 | 19,300 | 100% |
| 270001 | Authorized allocation | | | 2,174 | | | |
| | Total | 19,300 | | 14,425 | | 19,300 | |

Operating costs will be at 15% of the total amounts from the previous 12% while other investments costs will 84% from the previous 77%.

Uganda

Project for Financial Inclusion in Rural Areas

Supervision Report

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

Mission Dates: 18 November-30 November 2019
Document Date 22/01/2020
Project No. 1100001630
Report No. 5260-UG

East and Southern Africa Division
Programme Management Department

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

MEMO



TO: Mr Dagmawi Habte-Selassie, IFAD Programme Officer
Ms Girija Srinivasan, Rural Finance Specialist
Ms Elena Pietshmann, M&E and targeting
Financial management
Mohamed Abdel Latif, Procurement Specialist¹

FROM: Lakshmi Moola
IFAD Country Programme Manager

DATE: 25 September 2019

SUBJECT: Terms of Reference Supervision Mission - Project for Financial Inclusion in Rural Areas (PROFIRA, 900-UG), 17-30 November 2019

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. Overall project implementation is progressing well. As against the target of 750,000 households to be supported, the project's outreach as of 30 April 2019 is 865,648 through SACCOs (596,904) and CSCGs (268,744). The project has undertaken most of the November 2018 Implementation Support Mission recommendations and some of the recommendations such as a) performance based incentive to UCSCU, b) focus on CSCG sustainability, c) design and implementation of Village Agent based data collection approach and d) knowledge management products to be produced were further discussed and agreed upon during the mission.
4. During the MTR, the project had categorized SACCOs and agreed to focus capacity building on a more customized Institutional support; i) SPs to provide customized technical assistance (TA) to help Category B SACCOs address their one identified risk factor; ii) SPs to continue planned refresher trainings for Category A and B SACCOs; iii) UCCK and MTIC to support Category C SACCOs with holding AGM as well as supporting financial literacy training in their areas. The agreed MTR changes required contract amendments which have been significantly delayed. Six of the eight contract amendments for supporting category A and B SACCOs, have been approved by the contracts committee and received a No objection from IFAD. While the amendments have been negotiated, some of the SPs have delivered on the activities in order not to lose traction on the progress made with the

¹ Will participate from November 17-23, 2019

SACCOs. SPs mention that the shift in focus from training to on-site TA has proved to be more effective. 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.

5. UCSCU had a major turnaround in this financial year and improved the Operation Self Sufficiency from 56% in June 2018 to 70% as of April 2019. UCSCU has developed a three year strategic plan (2019-2021) which has been supported by CDF. UCSCU will submit a proposal with clear milestones that need to be achieved to trigger fund release over the next 18 months to 2 years.

6. The progress of the CSCGs component continues to be satisfactory. All service providers for both the establishment of new CSCGs and innovation with mature CSCGs are in most cases over-achieving the targets as per their contracts. The phase 1 for establishment of new CSCGs is coming to a close and the procurement of SPs for the second phase of CSCGs was completed in November 2018. The service providers have completed the initial tasks of surveys and mapping and have commenced formation of new CSCGs. Support to mature CSCGs are also achieving the outreach targets and in phase 2 the focus has to be more on savings and credit linkages with financial institutions to ensure better effectiveness of the advanced business literacy and financial literacy trainings. The project has the potential to demonstrate models for organic growth of CSCGs among others networks of CSCGs, credit linkages with banks for fuelling higher growth of businesses/ enterprises and graduation of individual members as clients of banks.

Mission objectives and outputs

7. Under this context, a supervision mission will be held from the 17th to the 30th of November 2019 to follow up on progress since last mission focusing on assessing: i) Progress of implementation of changes of SPs contract modalities under SACCO capacity building component; ii) UCSCU progress towards sustainability; iii) Progress on the phase 2 activities of the CSCGs; iv) Progress in implementing the AWPB for 2019/20; v) Review the project's exit strategy ;and vi) Status of knowledge management and policy contribution of the project.

8. The main expected outputs are:

- An Aide Memoire summarising the main findings and agreed actions of the mission, to be discussed with Government, agreed upon and signed;
- An Supervision mission report using the ORMS templates, to be submitted to the mission team leader; and
- A draft management letter.

Individual tasks and responsibilities

9. 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.

10. **Ms Girija Srinivasan, Rural Finance Specialist and Team Leader.** Within the overall objectives of the mission, she will be responsible for reviewing the implementation progress of component 2. In particular, she will:

- Review the implementation status of the establishment of CSCGs (sub-component 2.1) by the contracted service providers and provide recommendations as appropriate;
- Review the implementation status of the CSCG strengthening, innovation and partnership (sub-component 2.2) by the contracted service providers and provide recommendations as appropriate;
- Review plans for dissemination of lessons of the 1st phase of CSCG support.

11. She will contribute to the final Aide Memoire; ORMS supervision report and the draft management letter in relation to the above areas as well as areas of effectiveness, Human and Social Capital and empowerment, Responsiveness of service providers, Exit Strategy, Coherence btw. AWPB and implementation, Value for Money, Responsiveness of service providers, Potential for Scaling-Up and Relevance following the IFAD document template and formatting.

12. **Mr Dagmawi Habte-Selassie, Programme Officer.** Within the overall objectives of the mission, he will be responsible for providing overall support to the Team Leader in managing the. In particular, he will:

- Review the implementation status of capacity building services to SACCOs by the contracted service providers, and ensure that the recommendations of the MTR are being complied with.
 - Assess the progress made in operationalizing the envisaged support for MIS to SACCOs
 - Review the status of implementation by UCSCU of its Business Plan;
13. He will contribute to the final Aide Memoire and ORMS Report in relation to the above as well as Institutions and Policy Engagement, Quality of Project Management, Partnership-building, following the IFAD document template and formatting.
14. **Ms Elena Pietshmann, M&E and Targeting.** Within the overall objectives of the mission, she will be responsible for reviewing the M&E framework and targeting strategy of the project. More specifically, she will:
- Review the implementation status of the establishment of CSCGs (sub-component 2.1) by the contracted service providers and provide recommendations as appropriate;
 - Review the Project M&E mechanism to ensure good monitoring for each component;
 - Review the Project ORMS logframe and annual reporting indicators in consultation with the mission leader and other team members; provide further guidance as required
 - Review the Project Gender Mainstreaming Strategy and Action Plan and provide suitable implementation support and recommendations for addressing gender issues in the Project
15. She will contribute to the final Aide Memoire Report in relation to Targeting and Outreach, Gender equality & women's participation, Quality of beneficiary participation, Performance of M&E System and Knowledge Management following the IFAD document template and formatting.
16. **xxFinancial Management Specialist.** Within the overall objectives of the mission, he will be responsible for reviewing the financial management and fiduciary aspects of the project. In particular, he will:
- Assess the capacity and systems for financial management;
 - Review the progress made to mainstream the project into the Government's Integrated Financial Management System;
 - Assess the adequacy of the installed project accounting software, including to duly capture the totality of counterpart funds;
 - Review the envisaged arrangements for external and internal audit;
 - Carry out spot-checks on Statement of Expenditures;
 - Undertake financial management assessment ratings in accordance with IFAD risk-based disbursement guidelines;
 - Review the procurement systems and templates used by the project, including the procurement plan, contract monitoring forms and contract register;
 - Undertake an ex-post review on a sample of procurement processes and procurements below the No Objection threshold;
 - Provide inputs on fiduciary PSR ratings.
17. He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas, following the IFAD document template and formatting. He will also prepare a brief technical note summarizing the findings in his area of competence, including the SoE spot-check evidence as annexes.
18. **Mr Mohamed Abdel Latif, Procurement Specialist.** Within the overall objectives of the mission, he will be responsible for reviewing the procurement aspects of the project. In particular, he will:
- Review the procurement procedures which include TOR and selection method for consultancies, documentation, correspondences, contracts and records management of procurement which establishes evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness
 - Validate and review the management of contracts and disbursement against the contracts (specifically the service providers) and highlight any deficiencies in the contract management system of the Project.
 - Validate the Contracts and Assets Registers.

- Assess the procurement capacities and training needs and make recommendations to mobilise additional resources for training, capacity building and technical assistance
 - Undertake an ex-post review on a sample of procurement processes and procurements below the No Objection threshold;
19. He will contribute to the final Aide Memoire and Supervision Report in relation to the above areas, following the IFAD document template and formatting. He will also prepare a brief technical note summarizing the findings in his area of competence.

| PROFIRA SUPERVISION | | | |
|---------------------|--------|-----------|---|
| Days | Date | | |
| 1 | 17-Nov | Sunday | Team Arrival |
| 2 | 18-Nov | Monday | Meeting with PCU |
| 3 | 19-Nov | Tuesday | Field |
| 4 | 20-Nov | Wednesday | |
| 5 | 21-Nov | Thursday | |
| 6 | 22-Nov | Friday | |
| 7 | 23-Nov | Saturday | |
| 8 | 24-Nov | Sunday | Writing and additional meetings/discussions |
| 9 | 25-Nov | Monday | |
| 10 | 26-Nov | Tuesday | AM discussion with PCU |
| 11 | 27-Nov | Wednesday | |
| 12 | 28-Nov | Thursday | Wrap up meeting |
| 13 | 29-Nov | Friday | Finalization of all mission documents |
| 14 | 30-Nov | Saturday | Team departure |

Uganda

Project for Financial Inclusion in Rural Areas Supervision Report

Appendix 6: Procurement

Mission Dates: 18 November-30 November 2019
Document Date 22/01/2020
Project No. 1100001630
Report No. 5260-UG

East and Southern Africa Division
Programme Management Department

Appendix 6: Procurement

Procurement Report

A review was done to the Procurement Management Procedures and Procurement Progress under PROFIRA. The review covered the (i) Procurement Planning Process; (ii) Standard Bidding Document; (iii) Bidding Process; (iv) Contract Management and Administration; (v) Contract Register; and (vi) The procurement filing system.

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. Furthermore, the project fully adhered to the assumptions, recommendations and implementation arrangements presented in the PDR. However, the mission noted some of the areas that still need improvement as follows: (i) non-compliance with IFAD prior review requirements in what related to amendment and renewal of existing contracts; (ii) ineffective contract management and administration; and (iii) non-compliance with ICB procedures for Service Providers contracts regarding the preparation of the Bidding Documents.

I. Procurement Planning Process:

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. However, the mission noted the following areas for improvement:

- Incorrect selection method for one consulting services transaction;
- Incorrect procurement method for non-consulting services.
- The plan missed some important fields like the contract type for consultancy. assignment and the issue number of invitations for bids.
- Several transactions were incorrectly enrolled in goods sheet while it should be enrolled in non-consulting sheet.

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 bulk of procurements was in the selection and contracting of service providers through QCBS and QBS methods. 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 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 mission noted the following findings in the issued documents:

- The evaluation criteria and statement of requirements for non-consulting services transactions were well prepared and sufficiently clear to create competitive environment.
- In some cases, the bidding documents were issued with inadequate technical specifications. This is quite serious as it could lead to poor quality of the delivered goods.
- In one case, the technical specifications were tailored for a specific brand which leads to de facto Direct Contracting.

- Noncompliance with the threshold for the Restricted Tender Method indicated in the National Regulations.

C- Advertisement

The Project fully comply with advertisement requirements for all International Competitive Bidding Methods.

D- Bid Submission

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

E- Public Bid Opening

For procurement methods 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:

- Irregularity in the application of the technical evaluation criteria was observed in one case.
- In some cases, the evaluation committee concluded the procurement activity while the received quotations were less than three.
- 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 obtained the highest combined score for the consultancy assignments.

III. Contract Management and Administration

The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. However, the contract management and administration function is on the top of shortcomings within the project procurement cycle, the mission noted the following gaps in the contract management and administration function:

- While the project succeeded in completing the process for 25 contracts aimed at engaging the service providers during the period 2016-2018. However, all the signed contracts have experienced severe delay mainly due to the delay in processing the outstanding payments waiting for the field verification and in few cases due to poor performance of the service providers.
- As a result, the project without obtaining IFAD No Objection extended the contracts signed on 2016 for 6 months to allow the completion of the anticipated activities. Nevertheless, none of the SPs succeeded in completing the contract during the extended time.
- No Inspection and acceptance reports were included in the procurement files, only delivery notices were found.
- In all insurance contracts, the Project accepted to disburse 100% of the contract value in advance without receiving any guarantee. Making advance payments without a security in place represents a significant financial risk to the Project and is not recommended.
- The delay in payment for small Goods transactions were noticed in two cases.

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

The last mission report did not include any specific agreed actions related to procurement performance.

V. Project's Procurement Filing System

The mission was pleased to find out that the PMU has initiated a procurement filing system, however in some cases it is does not include all relevant documents as some documents are missing such as: Payment vouchers, contract agreements, acceptance and inspection reports. In line with good procurement practices and to ensure efficient and smooth contract management, the mission recommends that the filing system should include the following documents: (i) annual procurement plans; (ii) copies of bidding documents; (iii) IFAD no-objection documents and approval; (iv) signed

Contracts; (v) awarding letters; (vi) invoices and payment documents; (vii) Contract amendments; (viii) Contract tracking sheets; (ix) documents related to the correspondence with Project Partners.

VI. Contract Register:

The mission ascertains that the format in use for the contract register is in conformity with IFAD's requirements; however, several contracts signed by the project were not properly recorded. As part of the mission activities, the PMU has updated the Contract Register to include all signed contracts.

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.

Following the assessment done as part of the current mission, the following was revealed:

- The Mission noted that although procurement officer is generally familiar with IFAD's Procurement Guidelines and the National regulations, other key players in the procurement cycles do not appear to be conversant with the actual contents and specific procedures of the IFAD Procurement Guidelines.
- Inadequate knowledge and skills/experience in contract management.

Based on the above, the mission recommends the following capacity building Projects to be implemented immediately:

- Organize 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 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) inadequate Technical Specifications in some cases, (ii) incomplete records keeping and filing; (iii) weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion that may result into cost overruns; and (iv) non-compliance with IFAD prior review requirements in what related to amendment and renewal of existing contracts.

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.
- Improve contract supervision and monitoring through the identification of competent partner/s to carry out field verification on behalf of the project, and application of the conditions of contract and prepare Contract Management Plans (CMPs) for complex and high-value contracts, with clear staff roles and responsibilities.
- Regular top management monitoring and follow-up of implementation.

The Project Institutional Risk after the implementation of the proposed mitigation measures will remain low but with rating **2.86** instead of **2.68**.

X. Table2: Procurement Performance Indicator Rating and Justification

| No. | Performance Indicator | Rating | Justification for Rating |
|-----|---|--------|--|
| 1 | Procurement Planning Process | 4 | Procurement planning exhibits some gaps and inconsistencies that have no impact on Project implementation such as: incorrect selection method for one consulting services transaction; incorrect procurement method for non-consulting services. |
| 2 | Processes and Procedures from Prequalification to Bidding | 4 | Processes and procedures applied exhibit some gaps and inconsistencies such as: the bidding documents were issued with inadequate technical specifications, |

| | | | |
|---|--|---|---|
| | | | noncompliance with the threshold for the Restricted Tender Method indicated in the National Regulations. |
| 3 | Process and Procedures for Evaluation and Contract Award | 4 | Processes and procedures applied exhibit some shortcomings such as: irregularity in the application of the technical evaluation criteria was observed in one case, in some cases, the evaluation committee concluded the procurement activity while the received quotations were less than three. |
| 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 | 4 | The Project's record retention exhibits some weaknesses such as: in some cases, missing some important documents (i) Payment vouchers; (ii) contract agreements; and (iii) acceptance and inspection reports. |

Table 3: Key Recommendations on Procurement

| Actions | Responsibility | Deadline | Status |
|--|----------------|----------------|--------|
| Adhere strictly to IFAD guidelines in what related to No Objection requirements. | PMU | | agreed |
| Identify competent partner/s to carry out field verification on behalf of the project | PMU | December 2019/ | agreed |
| Apply contractual provisions strictly on all delayed contracts in case delay is due to poor performance of | PMU | | agreed |
| Organize a monthly coordination meeting with all Service Providers to follow up on the implementation of the contracts and resolve any outstanding issues. | PMU | | agreed |
| Upgrade the 2019-2020 procurement plan to reflect the above-mentioned comments. | PMU | December 2019 | 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 the 14 contracts, POs and micro procurements signed since the last mission, 4 contracts were reviewed. Summary of the findings as follows:

- The Procurement files are not complete, as it misses some important documents such as comprehensive acceptance reports, Payment vouchers and contract agreements.
- In one case, improper procurement method was adopted.
- The evaluation criteria and statement of requirements for non-consulting services transactions were well prepared and sufficiently clear to create competitive environment.
- Due to the limited number of project staff the evaluation committee comprise the same persons in most cases.
- In some cases, the evaluation committee concluded the procurement activity while the received quotations were less than three.
- In many cases contract monitoring form was found in the procurement file.
- In few cases, delay in payment was noticed.
- In many cases, ineffective contract administration was observed.

Findings

1- Contract serial No. 47 Ref. PROFIRA/SUPLS/18-19/00003 for the "Procurement of Assorted Office Furniture" signed with Footsteps Furniture Limited on 25th June, 2019 for a total value of UGX 6,020,000:

- 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.
- The PMU addressed 3 vendors captured from the PPDA registered suppliers list. Only one company applied.
- The requested validity period was 178 days which is not suitable for this type of procurement.
- The procuring entity offered the bidders 10 days only to submit their quotations.
- No technical specifications were attached to the RFQs, only the physical dimensions of the requested items.
- No ad-hoc evaluation committee was established.
- 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 missing the procurement file, only delivery notice was found.

2- Contract serial No. 46 Ref PROFIRA/SUPLS/17-18/00003 for the "Procurement of Assorted ICT Equipment" signed with Edge Technologies Limited on 25th June 2019 for a total value of UGX 28,950,000:

- 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.
- The PMU addressed 4 vendors captured from the PPDA registered suppliers list. Only two companies applied.
- The requested validity period was 188 days which is not suitable for this type of procurement.
- The procuring entity offered the bidders 7 days only to submit their quotations.
- Technical specifications were inadequate for most of the items. Moreover, the technical specifications for one item were tailored for a particular brand.
- No ad-hoc evaluation committee was established.
- 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 missing in the procurement file.
- Inspection and acceptance report was missing the procurement file, only delivery notice was found.

3- Contract serial No. 36 Ref. PROFIRA/NCons/19-20/00005 for "Procurement of Motor Vehicle Insurance Cover" signed with First Insurance Company Limited on 22nd October, 2019 for a total value of UGX 25,229,216:

- 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.
- The PMU addressed 5 vendors. Four companies applied.
- The requested validity period was 130 days which is not suitable for this type of procurement.
- The procuring entity offered the bidders 10 days only to submit their quotations.
- The evaluation criteria and statement of requirements were well prepared and sufficiently clear to create competitive environment.
- No ad-hoc evaluation committee was established.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- Contract monitoring form and payment voucher were missing in the procurement file.

4- Contract serial No. 27 Ref. PROFIRA/Cons/18-19/00005 for "Procurement of medical insurance cover for PROFIRA staff" signed with International Air Ambulance on 20th October, 2018 for a total value of UGX 118,926,500:

- 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. However, the contract value was above the threshold of this method as stipulated by the National Regulations.
- The PMU addressed 4 vendors. Only two companies applied.
- The requested validity period was 119 days which is not suitable for this type of procurement.
- The procuring entity offered the bidders 8 days only to submit their quotations.
- The post qualification criteria were missing the bidding documents.
- No ad-hoc evaluation committee was established.
- No provisions regarding the prohibited practises and IFAD's right to audit.
- The contract agreement was missing in the procurement file.
- Performance report was found in the procurement file.
- The contract was renewed for additional period (one year) without obtaining proper IFAD No Objection.

Post Review Checklist

| # | Description | Check | Remarks |
|----------|--|-------|--|
| A | Procurement Planning (for entire PP) | | |
| 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 | Incorrect selection method for one consulting services transaction. Incorrect procurement method for non-consulting services. |
| 4 | Is the reviewed Procurement Plan an updated one? | Yes | |
| 5 | How many updates of the current Procurement Plan were submitted for the year? | None | The updated plan has never been submitted. |
| 6 | How many upgrades of the current Procurement Plan were submitted for the year? | None | |

IFAD Procurement Risk Matrix

| | | | | | | |
|-----------------------------|---|---|---|---|---|------------------------|
| Division | | East and Southern Africa Division | | | | |
| Country | | Uganda | | | | |
| Project | | Project for Financial Inclusion in Rural Areas (PROFIRA) | | | | |
| Date | | 25-Nov-19 | | | | NET RISK RATING |
| INHERENT RISK RATING | | 2.51 | | | | 2.73 |
| # | Description of Risk Feature | Rating | Assessment Basis | Remarks | Recommendation /Mitigation | Rating |
| A | COUNTRY RISK ASSESSMENT | 2.30 | | | | 2.60 |
| 1 | Legal and Regulatory Framework | 2.20 | | | | 2.60 |
| a | Country procurement law, regulations and manual exist | 3 | 3 they all exist, 2 only two exist, 1 only one exist or none | | | 3 |
| b | Existence of Standard Bidding Documents for Goods, Works and Services | 3 | 3 all exist, 2 only for NCB & ICB, none for Shopping, 1 none exists | | | 3 |
| c | Procurement Monitoring | 1 | Use PEFA Framework, see worksheet for details | Records for contracts are maintained in the procurement web-based database, including data on what has been procured, the value of procurement and who has been awarded contracts. However, these are not comprehensive so no | The website of each IFAD financed Project/Programme will include all procurement related information. | 2 |

| | | | | | | |
|----------|--|-------------|---|---|---|-------------|
| | | | | percentages can be calculated. | | |
| d | Procurement Methods | 1 | Use PEFA Framework, see worksheet for details | Less than 60% of the contract value are procured using competitive methods | During the preparation of the Procurement plan, low-value procurement activities will be grouped together under one tender for purposes of economies of scale | 2 |
| e | Public access to procurement information | 3 | Use PEFA Framework, see worksheet for details | At least four of the key procurement information elements are complete and reliable for government units representing most procurement operations and are made available to the public in a timely manner | | 3 |
| 2 | Accountability and Transparency | 2.40 | | | | 2.60 |
| a | Procurement Complaints Management | 3 | Use PEFA Framework, see worksheet for details | The procurement complaint system meets criterion (1), and three of the other criteria | | 3 |

| | | | | | | |
|---|---|---|---|---|---|---|
| b | Country Corruption Perception Index score | 1 | <p>The score is published on Transparency.org. 0 to 29 = 1, 30 to 60 = 2, 61 to 100 = 3</p> | <p>Uganda ranks 149 out of 180 countries in the 2018 Corruption Perception Index according to Transparency International which indicates that integrity and ethical values still require strengthening.</p> | <p>All procuring entities as well as bidders and service providers, that is: suppliers, contractors, and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the IFAD funded Projects in accordance with paragraph 84 of the Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to the project, Compliance with IFAD Policy on Preventing Fraud and Corruption including without limiting the IFAD's right to sanction and the IFAD's inspection and audit rights.</p> | 2 |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|--------------------------------------|---|--|---|---|---|
| c | 2-tiered system to handle complaints | 3 | 3 as stated, 2 only a single level system, 1 no system | Complaints on procurement processes are the responsibility of the Accounting Officer at the first level. A small fee is charged for lodging a procurement or disposal complaint with the Accounting Officer. The second level of complaint is the PPDA, where no additional fee is charged. The next level of complaint is the PPDA Appeals Tribunal. The final level of complaint is with the courts of law. | | 3 |
| d | Existence of a debarment system | 2 | 3 full existence, 2 existence of complaints body that is the authority, 1 does not exist | The system in place; however, the Company registry is not yet very strong and debarring a bidder does not necessarily translate into actual punitive results as non-complying bidders then register other companies and still participate in public bidding/ or own a chain of other companies. | The Government of Uganda will ensure IFAD's debarment list are respected in awarding contracts under the IFAD finances; and assist IFAD investigations pertaining to the funded activities. | 2 |

| | | | | | | |
|----------|--|-------------|---|--|--|-------------|
| e | Existence of an independent and competent local authority responsible for investigating corruption allegations | 3 | 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 | The Inspectorate of Government is an independent institution charged with the responsibility of eliminating corruption, abuse of authority and of public office. The powers as enshrined in the Constitution and IG Act include to; investigate or cause investigation, arrest or cause arrest, prosecute or cause prosecution, make orders and give directions during investigations; access and search – enter and inspect premises or property or search a person or bank account or safe deposit box among others. | | 3 |
| B | PROJECT INSTITUTIONAL RISK ASSESSMENT | 2.68 | | | | 2.86 |
| 1 | Capability in Public Procurement | 2.80 | | | | 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? | 2 | 3 for very good bidding documents, evaluation reports and contracts, 2 for mediocre documents, 1 for documents with bad quality | There is room for improvement such as technical specifications | 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 |
| | | | | | | |
| 2 | Public Procurement Processes | 2.55 | | | | 2.72 |
| i | Procurement Methods | 2.67 | | | | 3.00 |
| 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 | 2 | 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 | | The bidding documents will be available for free downloads in the Project Websites in case of any ICB procurement | 3 |
| ii | Procurement Planning | 2.67 | | | | 2.67 |
| 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. The procurement unit is mandated to prepare the procurement and disposal plans by regulation | | 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 |
| iii | Procurement Processes | 3 | | | | 3 |
| 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 some cases 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 | The project will be provided with a focused training program on compliance with IFAD Procurement Guidelines | 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 | | | 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 | | 2 |

| | | | | | | |
|---|--|---|--|--|---|---|
| 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 | 2 | 3 for all, 2 for some, 1 for none | In some cases the procurement files miss some important documents. | Ensure that complete documentation of procurement processes is kept on procurement files at the PMU, including all related documents and the records for transactions implemented by other partners. Provide sufficient working area/rooms and space for record keeping/filing. | 3 |

| | | | | | | |
|----|---|-------------|--|--|---|-------------|
| | advance payment securities issued, etc. | | | | | |
| 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 | | 2 |
| iv | Contract Administration and Management | 2.30 | | | | 2.50 |
| 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 team; however, there is no clear authority for the formed team. | The project will be provided with a focused training program on Contract Management aspects | 2 |
| b | Existence of approval thresholds for contract amendments | 1 | 3 for existence, 2 for some practice, 1 for none | | | 1 |
| 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 will be provided with a focused training program on Contract Management aspects | 2 |
| d | Is there a process to monitor delivery of goods to verify quantity and quality? | 2 | 3 for all, 2 for some, 1 for none | The procedure was established, However, the inspection and acceptance reports did not describe the | The project will be provided with a focused training program on Contract | 3 |

| | | | | quality of the delivered items | Management aspects | |
|---|---|---|-----------------------------------|--|---|---|
| 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 | 3 for all, 2 for some, 1 for none | Within the Programme records, no disputes were found | | 3 |
| 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 | At this early stage of the Programme, it is difficult to judge on the quality of contract management and administration. However, in one case, unjustified delay was noticed | <ul style="list-style-type: none"> • Improve contract supervision and monitoring through the identification of competent partner/s to carry out field verification on behalf of the project, and application of the conditions of contract and prepare Contract Management Plans (CMPs) for complex and high-value contracts, with clear staff roles and responsibilities. | 2 |
| j | Does the organization have contract registers that register all contracts (with names, prices | 3 | 3 for all, 2 for some, 1 for none | | | 3 |

| | | | | | | |
|---|---|---|-----------------------------------|--|--|---|
| | and dates), per procurement category? | | | | | |
| 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

L: Low Risk

2

M: Medium Risk

1

H: High Risk

Table - PROFIRA - Partnership-Building

| Partner Name | Details of partnership |
|--|--|
| Co-financing Partnerships | |
| Government of Uganda – Ministry of Finance Planning & Economic Development | Government – Loan Agreement. Government also makes a Counterpart Funding to the Loan. |
| Canadian Cooperative Association now Canadian Development Foundation | INGO – 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. |
| Savings and Credit Cooperative Societies (SACCOs) – 37 in Total | Member Owned Cooperatives – 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%– See Annex 1 - Attached for the details of SACCO names and Grant Contributions. |
| KM and Policy Partners | |
| Financial Services Department - Ministry of Finance Planning & Economic Development | Government Department – 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. |
| Private Sector | |
| Contracted Service Providers – SACCO Training & TA | <p>Competitively Procured Contracted Entities – SACCO Training and Technical Assistance</p> <ol style="list-style-type: none"> 1. DEMIS Consult Ltd – Private Limited Company 2. FRIENDS Consult Ltd – Private limited Company 3. Best Africa Consult Ltd – Private Limited Company 4. Association of Microfinance Institutions of Uganda – National Network 5. Uganda Cooperative Savings and Credit Union – National Secondary SACCO Union/Apex 6. Uganda Cooperative Alliance – Tertiary Cooperative Apex <p>Partnership Details - 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 & Other Product Development and Credit & Default Management.</p> |
| Contracted Fintech Companies – SACCO MIS | <p>Contracted Entities – Provision of MIS Services to SACCOs</p> <ol style="list-style-type: none"> 1. Future Link Technologies 2. Crystal Clear Solutions 3. Ensibuuko Technologies Ltd 4. Bloom Technologies Ltd 5. Sigma Data & Computers Ltd <p>Partnership Details - The project partners with the above entities (developers of MIS systems) to provide support to 37 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> |
| Uganda Cooperative Savings and Credit Union (UCSCU) | <p>Secondary Cooperative Union / National SACCO Apex</p> <p>Partnership Details - 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> |

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| Contracted Service Providers – Establishment of CSCGs | <p><u>Phase 1</u></p> <ol style="list-style-type: none"> 1. Care International Uganda & Uganda Women's Efforts to Save Orphans – INGO and Company Limited by Guarantee respectively 2. Care International Uganda & Karamoja Private Sector Development Center Limited - INGO and Company Limited by Guarantee respectively 3. Foundation for Urban & Rural Advancement (FURA) & Community Organization for Rural Enterprise Activity Management (CREAM) - Companies Limited by Guarantee 4. Mid North and Acholi Private Sector Development Companies - Companies Limited by Guarantee <p><u>Phase 2</u></p> <ol style="list-style-type: none"> 1. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) & Teso Private Sector Development Centre (TESOPS) - Companies Limited by Guarantee 2. West Nile Private Sector Development Promotion Centre limited - Companies Limited by Guarantee 3. Mid North and Acholi Private Sector Development Companies - Companies Limited by Guarantee 4. International Institute of Rural Reconstruction in consortium with Aridland Development Programme (ADP) - INGO and Company Limited by Guarantee respectively <p><u>Partnership Details</u> - 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> |
| Contracted Service Providers – Strengthening Existing Mature CSCGs | <p><u>Phase 1</u></p> <ol style="list-style-type: none"> 1. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) - Company Limited by Guarantee 2. South Eastern Private Sector Promotion Enterprise Ltd (SEPSPEL) & Karamoja Private Sector Development Center Limited - Companies Limited by Guarantee 3. International Institute of Rural Reconstruction in consortium with Caritas-Gulu - INGO and Company Limited by Guarantee respectively 4. Care International in Uganda - INGO 5. Foundation for Urban & Rural Advancement (FURA), Rural Efforts for Action in Development (READ) & Community Vision Uganda (COMVIS)- Companies Limited by Guarantee <p><u>Phase 2</u></p> <ol style="list-style-type: none"> 1. Uganda Women's Efforts to Save Orphans & Community Vision Uganda - Companies Limited by Guarantee 2. Community Organization for Rural Enterprise Activity Management (CREAM)- Company Limited by Guarantee 3. International Institute of Rural Reconstruction in consortium with Acholi Private Sector Development Companies - INGO and Company Limited by Guarantee respectively 4. Karamoja Private Sector Development Center Limited & Rural Efforts for Action in Development (READ) - Companies Limited by Guarantee <p><u>Partnership Details</u> - 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> |
| Coordination/Implementing Partners | |
| Uganda Cooperative College Kigumba (UCCK) | Government Entity – A Tertiary institution Under Ministry of Education and Sports providing specialised certified training (Diploma and certificate Courses) in Cooperatives Management. |

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| | <p><u>Partnership Details</u> - The project has a Memorandum of Understanding (MOU) with the College to provide: -</p> <ol style="list-style-type: none"> 1. Standardisation of ALL Training Modules provided by Contracted Service Providers 2. Diploma Courses to SACCO Managers 3. Training in Audit to DCOs 4. Training in Cooperative Principles to DCOs 5. Training of Trainers for selected Community Change Agents (DCOs, SACCO Staff) |
| Department of Cooperative Development - | <p>Government Department – Under the Ministry of Trade Industry and Cooperatives (MTIC)</p> <p><u>Partnership Details</u> - 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"> 1. Maintain an Updated Registry of SACCOs 2. Enforce Compliance in SACCOs in Distress by undertaking Statutory Audits & Special General Meetings (SGMs) 3. Oversee and Coordinate the Project activities with regard to No. 2 (above) by the District Commercial Officers (DCOs) |