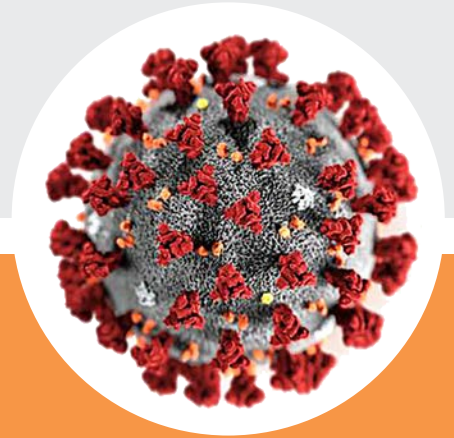




# AMFIU

ASSOCIATION OF MICROFINANCE INSTITUTION OF UGANDA



# ANNUAL REPORT 2020



DEVELOPMENT PARTNERS



aBi Trust



Norwegian Association on Disabled (NAD)



CITI Bank



Savings Bank Foundation for International Cooperation (SBFIC)



Financial Sector Deepening Uganda



Project for Financial Inclusion in Rural Areas (ROFIRA)



Water.org



**AMFIU**

---

ASSOCIATION OF MICROFINANCE INSTITUTION OF UGANDA

**ANNUAL**  
**REPORT**  
2020

**BOARD OF DIRECTORS**



**Mr. Edward Nkangi**

National President, (Executive Director, Pride Microfinance (MDI) Ltd)



**Md. Nurul Islam Chowdhury Mafiq ue**

Board Member, (Chief Executive Officer, ASA microfinance Uganda Ltd)



**Ms. Kyosimba Bolla Immaculate**

Board Member, MAMIDECOT



**Mr. Dimba David Kenyi,**

Board Member, Koboko United Sacco



**Mr. Paul Katende**

Board Member, (Chief Executive Officer, Soluti Finance East Africa Ltd)



**Mr. Shafi Namboobi**

Board Member, (Chief Executive Officer , UGAFODE Microfinance Ltd (MDI)



**Mr. Moris Ngabitho**

Board Member (Managing Director, ENCOT Microfinance Ltd)



**Mrs. Jacqueline Mbabazi**

Ex-Officio (Executive Director, AMFIU)

AMFIU MANAGEMENT AND STAFF



**Mrs. Jacqueline Mbabazi**  
Executive Director



**Henry Mpindi**  
Finance & Administration Manager



**Flavia Bwire Nakabuye**  
Programme Manager  
Membership & Financial Inclusion



**Robert Ntalaka**  
Programme Manager  
Information & Marketing



**Susan Mucyo Harera**  
Senior Programme Officer  
Research, Advocacy And Complaints  
Handling



**Rose Ritah Tusabe**  
Senior Programme Officer  
Membership



**Miriam Nanyonga**  
Senior Programme Officer  
Performance Monitoring  
and Digital Finance



**Isaac Ismaeil Matovu**  
Business Development Manager ,  
AMFIU Business Consult (ABC)



**Lydia Agudo**  
Accounts Assistant



**Brian Ntege**  
Marketing Officer,  
Amfiu Business Consult (Abc)



**Joseph Alyai**  
Senior Programme Officer  
Northern Uganda



**Elizabeth Tubihamiye**  
Program Officer  
Northern Uganda



**Violah Besigarukundo**  
Program Officer, Economic  
Empowerment



**Kiyingi Ssekadde**  
Driver



**Brenda Acheng**  
Janitor



**John Balikudembe**  
Security Guard

## PRESIDENT'S MESSAGE



**Edward Nkangi**  
*National President*

**O**n behalf of the Board of Directors, I thank you for the work you are doing in transforming the lives and livelihoods of our people. I thank you also for your unwavering support to AMFIU.

I'm glad to present to you the AMFIU 2020 annual report in which I will highlight some critical developments and challenges that the sector has undergone during this period.

I begin by extending my sincere appreciation to the members for standing by us and standing together, especially during the most challenging time that saw a slow-down of the economy due to the Covid-19 pandemic. The pandemic has since dominated our daily life and changed how we operate our organization now and in the future. A highlight on the impact of the pandemic on the microfinance sector can be found in section 4.2 of this report and the details in our industry report (2019/2020) on the AMFIU website.

**The 2019 Annual General Meeting:** Due to the Covid-19 pandemic, we held our first virtual AGM on 27<sup>th</sup> November 2020 which attracted a total of 82 participants. The major challenge experienced

was the unstable internet connection in some areas and the guidelines of logging on to the meeting. However, the experience provided good learning ground to improve on what did not work well for future virtual meetings.

Elections for the vacant Board positions were also held online during the AGM and we wish to congratulate and warmly welcome the following additions to the AMFIU Board;

- i. Mr. David Dimba Kenyi from Koboko United SACCO
- ii. Mr. Shafi Nambobi from UGAFODE Microfinance MDI Ltd
- iii. Ms. Immaculate Kyosimba from MAMIDECOT SACCO
- iv. Mr. Paul Katende from SOLUTI Finance East Africa Ltd

In order to support our members deal with some of the challenges that were arising as a result of the pandemic, AMFIU devised some rapid response activities that included;

- i. Boosting the use of online channels of communication like our social media platforms, SMS platform and email to communicate and share new developments as soon as they happen like guidelines from regulators, online discussions with various stakeholders on how to handle the recovery process, available support and also to respond quickly to any queries.
- ii. We secured some car stickers from the Ministry of Works and Transport for some members operating in Kampala to enable them travel to their offices and continue to operate. *The list of the institutions that received car stickers is annexed to this report.*
- iii. Protective gear inform of gloves, sanitizers and gloves were given to some members. *The list of the members that received this support is annexed to this report.*
- iv. In order to deal with complaints from our members about their customers misunderstanding the UMRA and BOU guidelines on the grace periods and

moratoriums, we run sensitization messages on five local FM radio stations to create awareness among the microfinance customers, urging them to visit their financial institutions to get clarification on how to request for the restructuring of their loans.

- v. AMFIU held a webinar on “Post Covid Coping Mechanisms” that was aimed at enabling members find their footing again during such a challenging time. Our appreciation goes out to Brac Uganda Bank, Rukiga SACCO, aBi Finance and DALI Fintech for sharing their experience.
- vi. Carried out a study to establish member challenges and needs and shared the report with various stakeholders that support the sector
- vii. Presented a report on the challenges of the members and support required to the Senior Management of the Ministry of Finance Planning and Economic Development who promised to provide the support when resources allow.

At sector level, digital financial services continued to dominate major developments and innovations in the sector. At AMFIU, we realized the need to create more awareness in this area at both the institution level and client levels. AMFIU has prepared for this by assigning specific human resources to deal with the issue of digital financial services in order to give it more focus and solicit for more partners in this area to support the members.

The AMFIU Business Consult (ABC), AMFIU’s commercial wing that was launched at the close of 2019 basically started most of its operations in 2020. We are glad to report that despite the lockdown due to the pandemic, ABC was able to bring in a total revenue of UGX.108,918,300 during its initial year. I wish to extend my sincere appreciation to the following institutions that contracted ABC to carryout consultancy assignments that enabled it raise that revenue;

- i. Mt.Otce Metu SACCO
- ii. SOLUTI Finance East Africa Ltd
- iii. Opportunity Bank, Uganda
- iv. Mushanga SACCO
- v. MAMIDECOT SACCO

- vi. Agriterra
- vii. iSave Programme
- viii. Water Credit Programme

We hope that this performance will improve overtime and therefore contribute to strengthening AMFIU’s financial resource base.

I wish to extend my sincere appreciation to the members that have always supported the Association when called upon, my fellow board members who have shown utmost commitment and management that continues to carry-on the day-to-day management of the Association. This year has definitely not been business as usual but we remain optimistic that the sector will recover.

Last but not least, I extend my appreciation to the following development partners that have continued to support us even during one of the most challenging years:

1. CITI Bank for supporting the CITI Micro-entrepreneurship Awards
2. Norwegian Association for the Disabled (NAD) for the supporting the I-Save and TOFI economic empowerment programmes
3. Programme for Financial Inclusion in Rural Areas (PROFIRA) for supporting capacity building of SACCOs in northern Uganda
4. Financial Sector Deepening (FSDU) for supporting the Advocacy and research function
5. The Savings Bank Foundation for International Cooperation for supporting digital financial services, ABC, financial education in schools and training in business skills development
6. Water.org for supporting our capacity building programme in water credit
7. aBi for supporting training in farm record keeping, digital financial literacy and the PMT

Thank you once again and I wish everyone a fruitful year.



Edward Nkangi  
**National President**

## EXECUTIVE DIRECTOR'S MESSAGE



**Jacqueline Mbabazi**  
*Executive Director*

I wish to begin by thanking the Almighty God for the great favor and grace He has bestowed upon us during this year and it is with great pleasure that we present to you AMFIU's 2020 Annual Report. This report highlights notable milestones that we have accomplished as Board, management and members that have tremendously supported us throughout the year. Special thanks go to our members who continued to honor their membership subscription obligations despite the challenging times.

The details of these achievements are in the detailed Annual Report but I wish to highlight a few milestones that stood out during this year:

**Member Capacity Building:** Majority of the planned trainings were affected by the standard operating procedures that did not accept physical gatherings

of many people. Therefore, virtual trainings were held mainly on the PMT, client protection and under the Water credit programme. However, physical trainings were also held in the areas of financial education, business skills development and digital financial literacy. These were conducted following the guidelines issued by the ministry of health on how to conduct physical gatherings. The list of institutions trained in the various areas is annexed to this report.

**Development of a Credit Information Sharing Platform:**

In December 2019, AMFIU conducted a Nation-wide Feasibility Study on Expanding Credit Reference Services to Tier 4 Financial Institutions in Uganda in order to gain a fair understanding of the status of readiness of its members. Based on the findings, it was evident that the biggest percentage of the membership wanted to be a part of a Credit Reference Bureau. In consideration of the above, AMFIU partnered with Riskpile Limited, a consortium of Software Development Companies and Consultants proficient in Credit Bureau, Banking and MFI/SACCO operations, to design a credit information sharing platform. The development of the system was done in the first half of 2020 and was ready for the pilot phase in October 2020. By the end of December 2020, the first phase of the pilot had been successfully completed and the following are the on-going activities to enable us complete the development process:

- i. Engagements with Pilot Institutions in Northern Uganda
- ii. Engagements with Banking System vendors
- iii. Commencement of data retrieval from Banking Systems
- iv. Distribution of draft Service Level Agreements to Pilot Institutions for review
- v. Review of Branch Application forms for inclusion of Customer consent clauses
- vi. Design of the Public Awareness Campaign strategy and materials
- vii. Revisions to the Credit Information Sharing platform in light of the lessons learned
- viii. Commencement of full operations

**Upgrading our IT infrastructure and systems:** We up-graded our IT infrastructure in order to cope



with the status quo that required more online interactions to accomplish our work. With support from the Savings Bank Foundation for International Cooperation, the following IT equipment and infrastructure was acquired;

- a) Upgraded the internet: The internet was upgraded from wireless to fiber including increasing the band width to address communication challenges. Much of our work is increasingly being done online, however, the wireless internet that we were using was poor and affected execution of some activities. The stable connection will also enable us implement the Credit Information Sharing platform that is being piloted more efficiently.
- b) Firewall: To enhance network security, a sophos firewall was procured. This will help in monitoring incoming and outgoing network traffic and help in blocking malicious traffic like viruses and hackers as we migrate to online systems.
- c) Server: A PowerEdge Server was procured for purposes of mirroring the credit information sharing system. The server offers more processor speeds and storage to ensure the security of data for institutions.
- d) Complaints Handling System: In preparation for any eventual complaints that may arise as a result of the credit Information sharing platform, a set of 6 phone handset and a PBX system were procured during the period. The system will ease communication and address any complaints that may be received.

**Networking and Advocacy:** AMFIU continued to participate in several online events and meetings in order to ensure that members' interests are catered for when making decisions that affect the sector. The ED represented the Association as a speaker in the following webinars

- i. Presentation to the European Microfinance platform; webinar organized by ADA on 27th October 2020 on the effects of Covid-19 on the Uganda Microfinance sector
- ii. Webinar organized by SOLUTI Finance E.A Ltd on 'leadership in disruptive times' on 11th December 2020.
- iii. Presentation on the effects of the covid-19 on

the Microfinance sector in Uganda made at the Strategic planning workshop for the Financial Services Department under the Ministry of Finance held on 16th December 2020

- iv. Customer centricity webinar organized by the Nigerian Microfinance platform on 19th November 2020
- v. Participated in the drafting of the regulations for the EAC microfinance bill under the East Africa Microfinance Technical Working Group from 9th – 11th December 2020 organised by the East African Community (EAC).

**The Industry Report:** The Microfinance Industry report was produced and is available on our website at [www.amfiu.org.ug](http://www.amfiu.org.ug) You are encouraged to read it as it provides insights on what is taking place in the sector and also includes a section on the effects of the covid-19 pandemic on the sector. This report is mainly compiled using PMT data that is aggregated by the PMS in order to come up with a sector performance report.

**Programmes/Projects:** The implementation of the Economic Empowerment Programme supported by the Norwegian Association for the disabled and the Water Credit Programme support by Water.org continued with their operations. The Water Credit Programme was extended for another eighteen months while the economic empowerment programme was expanded to include more districts.

**AMFIU Business Consult (ABC):** We are cognizant of the fact that building our internal income sources is vital for the perpetual survival of AMFIU. We therefore continued to expand our internal revenue streams by diversifying the commercial products that AMFIU can offer. This has been done by implementing the ABC business plan. We wish to extend our sincere appreciation to all members and stakeholders that have supported the initial steps of ABC by awarding us contracts. We look forward to increasing our client base as we continue to provide quality services to them.

As you read this report, I hope you will gain insight into the breadth and depth of our activities. We pledge to continue the quest for greater knowledge,

better programs, and enhanced capacity on behalf of our members and the sector. The accomplishments over the past year and the work ahead depends on the support and contributions of our members, partners and dedicated Board and staff. We are immensely grateful to our Members, Board, and partners whose energy and support sustain us.

We thank the Lord for the past year despite the looming challenges and look forward to another amazing year.



Jacqueline Mbabazi  
Executive Director



## Table of Contents

<b>BOARD OF DIRECTORS</b>	<b>II</b>
<b>AMFIU MANAGEMENT AND STAFF</b>	<b>III</b>
<b>PRESIDENT’S MESSAGE</b>	<b>IV</b>
<b>EXECUTIVE DIRECTOR’S MESSAGE</b>	<b>VI</b>
<b>ACRONYMS</b>	<b>x</b>
<b>1. INSTITUTIONAL BACKGROUND</b>	<b>1</b>
1.1 Legal Status and Mandate	1
1.2 Vision Statement	1
1.3 Mission Statement	1
1.4 Core Values	1
1.5 Governance	1
1.6 Strategic Objectives (2017 – 2021)	1
1.7 Membership	2
<b>2. PROGRAMME IMPLEMENTATION: KEY ACHIEVEMENTS – 2020</b>	<b>3</b>
<b>2.1 Membership Development</b>	<b>3</b>
2.1.1 Member Recruitment and Retention	3
<b>2.2 Capacity Building</b>	<b>3</b>
2.2.1 Training in Water Supply and Sanitation Financing	3
2.2.2 Promotion of Water and Sanitation Loan product among Institutions	4
2.2.3 Ghana Microfinance Network (GHAMFIN) Exchange Visit to AMFIU	5
2.2.4 Covid-19 Response Interventions	5
2.2.5 iSAVE Inclusive Economic Empowerment Program	5
2.2.6 Together for inclusion Program (TOFI)	9
2.2.7 Financial education in schools	11
2.2.8 Training entrepreneurs using Business simulation Games	12
<b>2.3 Research and Information</b>	<b>12</b>
2.3.1 Information Documentation and Dissemination	13
2.3.2 Research/Studies Conducted during the year	13
2.3.3 Financial Performance Monitoring	15
2.3.3.1 Institutional and Sector Reports	16
2.3.3.2 Training and Technical Assistance	18
<b>2.4 Key initiatives</b>	<b>18</b>
2.4.1 Development of a Tier IV Credit Information Sharing Platform	18
2.4.2 Upgrade of IT infrastructure	19
<b>2.5 Northern Uganda office</b>	<b>20</b>
2.5.1 Business skills development (Micro business simulations/ Games)	20
2.5.2 Financial education in schools	20
2.5.3 Disability inclusion/Economic empowerment programme	21
2.5.4 PROFIRA	22
<b>2.6 AMFIU Business Consult (ABC)</b>	<b>22</b>
2.6.1 Contractual Assignments executed.	22
2.6.2 Shared services and Mystery Shopping exchange visit	23
2.6.3 Dual Apprenticeship System.	24
<b>Appendix 1 : Member Capacity Building</b>	<b>25</b>
<b>Appendix 2 : AMFIU Membership</b>	<b>27</b>
ORDINARY MEMBERS	27
ASSOCIATE MEMBERS	28

## ACRONYMS

ABC	AMFIU Business Consult
AEE	African Evangelist Enterprise
AGM	Annual General Meeting
AMFIU	Association of Microfinance Institutions of Uganda
CDFs	Community based facilitators
CEFODE	Community Empowerment for rural Development
CRB	Credit Reference Bureau
DFS	Digital Financial Services
FI	Financial Institution
GHAMFIN	Ghana Microfinance Network
MDI	Microfinance Deposit-taking Institution
MFI	Microfinance Institution
MoFPED	Uganda Ministry of Finance Planning and Economic Development
MSC	Microfinance Support Centre
NAD	Norwegian association of Disabled
NGO	Non-Governmental Organization
NUDIPU	national Union of Disabled Persons of Uganda
PMS	Performance Monitoring System
PMT	Performance Monitoring Tool
SACCO	Savings and Credit Co-operative
SBFIC	savings bank foundation for international Development
SPM	Social Performance Management
TOFI	Together for inclusion Program
TOT	Training of trainers
VSLAs	Village Savings and Loan Associations
WASH	Water, Sanitation and Hygiene
WCAD	Water Credit Adoption Program

## 1. INSTITUTIONAL BACKGROUND

### 1.1 Legal Status and Mandate

The Association of Microfinance Institutions of Uganda (AMFIU) is an umbrella organisation of microfinance institutions (MFIs) in Uganda. AMFIU was founded in November 1996, through the collaboration of several organisations with interest in microfinance. The main reasons for its establishment were the needs for MFIs to have a common voice; to lobby government for favourable policies; to share information and experiences; and to link up and network with both local and international actors.

By end of December 2020, AMFIU had a membership of 124 institutions, comprising of both the ordinary and associate members. Ordinary membership is for institutions that are engaged in direct delivery of microfinance services as core or significant activity, and associate membership for other microfinance stakeholders and service providers that support the microfinance industry in different ways such as donors, consultants, Universities and MIS providers who may either be organizations or individuals.

### 1.2 Vision Statement

The vision of AMFIU is to be a strong, sustainable and professional network of microfinance stakeholders in Uganda.

### 1.3 Mission Statement

The mission of AMFIU is to “Promote a professional, inclusive and responsive microfinance industry that contributes to transformation of livelihoods of Ugandans”.

### 1.4 Core Values

AMFIU’s activities are driven by 6 core organisation values listed below:

- Member focused
- Transparency and Accountability
- Teamwork
- Professionalism
- Mutual interdependence
- Consensus building

### 1.5 Governance

i. **The General Assembly** comprising all members – Ordinary and Associate - is the supreme decision making body and meets annually at the Annual General Meeting (AGM).

ii. **The Board of Directors** comprising seven members, elected by the General Assembly after every two years carries out policy and programme oversight. Members of the board are elected from both associate and Ordinary Member (i.e. MFIs). The Board approves the business plan, annual plan and budget, provides policy guidance and supervises the Secretariat staff. The Board meets on a quarterly basis. The board operates through three technical committees: Membership and Strategy, Human resource and finance committees.

iii. **The Secretariat** is headed by the Executive Director and operates through three key departments;

- The membership and financial inclusion department
- Research, Information and marketing department
- Finance and Administration
- Business Development department which hosts the AMFIU Business Consult (AMFIU’s commercial wing)

The Secretariat is responsible for the day-to-day administration and implementation of policies and activities.

### 1.6 Strategic Objectives (2017 – 2021)

1. To deliver specific Affordable and demand driven services to our members to enhance professionalism and increase outreach
2. To promote responsible finance among members and other stakeholders in order to build consumer confidence and enhance financial inclusion.
3. Build a functional Human Resource system that supports a skilled and motivated team

4. Expand internal and external financial resource base in order to enhance sustainability
5. To provide relevant and up-to-date information on the sector through research and promotion of innovations, technologies that enhance service delivery

The strategic goals/objectives are achieved using a framework that promotes institutional strengthening.

### 1.7 Membership

AMFIU is a member owned and member governed organization with a core mandate to promote

professional standards of practice in microfinance. Membership development forms a core focus of programme implementation. AMFIU has defined its membership to attract all institutions that are involved in microfinance as a professional business and are committed to upholding the sound practices in their operations. Membership is therefore by choice and qualification and a specific criterion is in place to screen all potential members. Members are bound by the code of conduct which is enforced by the secretariat.



## 2. PROGRAMME IMPLEMENTATION: KEY ACHIEVEMENTS – 2020

### 2.1 Membership Development

#### 2.1.1 Member Recruitment and Retention

Membership is paramount to the all activities implemented by AMFIU. Deliberate efforts are made to ensure that all professional microfinance institutions become members of the Association and that they are retained through providing them with quality services that lead to increased outreach and promotion of professional microfinance sound practices.

During the year, eight (8) new members joined the Association. This was generally low mainly because of the business disruptions in the sector caused by the outbreak of the Covid-19 pandemic which limited marketing AMFIU to potential members. The institutions that joined the AMFIU membership included 3 ordinary members and five (5) associate members as indicated in the table below:

#### Admitted Members 2020

SN	Institution	Status	Category
1	Gesha Microfinance	Admitted	Ordinary
2	Kati Youth Venture Microfinance	Admitted	Ordinary
3	Oleba SACCO	Admitted	Ordinary
4	Metropol Credit Reference Bureau	Admitted	Associate
5	Hiinga Uganda	Admitted	Associate
6	Adopes Limited Kenya	Admitted	Associate
7	Fintech Uganda Ltd	Admitted	Associate
8	Absa Bank Uganda Limited	Admitted	Associate

### 2.2 Capacity Building

Capacity building of members is a key initiative at AMFIU. However, this faced major challenges this year due to the required standard operating procedure guidelines issued by government as a result of the pandemic. The SOPs issued that

barred physical gatherings constrained most of the physical trainings that had been planned. This meant that management had to quickly devise options to conduct these trainings while still adhering to the SOPs. Below is an overview of the capacity building activities conducted during the year and Annex 1 has the lists of the institutions trained.

#### 2.2.1 Training in Water Supply and Sanitation Financing

Access to safe and affordable Water, Sanitation and Hygiene (WASH) infrastructure and services is essential to quality of life. Consequently, one of the UN Sustainable Development Goals, No.6, is to achieve universal and equitable access to safe and affordable drinking water and adequate and equitable sanitation and hygiene for all by 2030. To meet this objective, private investments or innovative financing approaches like WASH microfinance are needed. MFIs are beginning to help fill this gap by providing water and sanitation loans to households and businesses. This kind of financing provides social and economic benefits for MFIs and enables households to easily access critical sanitation services.

AMFIU with support from Water.Org conducted different trainings supporting the development of water supply and sanitation credit products among financial institutions under the Water Credit Adoption Program (WCAD). These trainings included successful approaches to WSS Client Prospection, Understanding Clients and dealing with objections and WSS credit management. The trainings were meant to provide information and knowledge to staff of financial Institutions on how to go about developing and integrating the WASH loan product in the Institutions portfolio.

### 2.2.2 Promotion of Water and Sanitation Loan product among Institutions



WSS members during a sharing session



BRAC staff during a training in Gulu

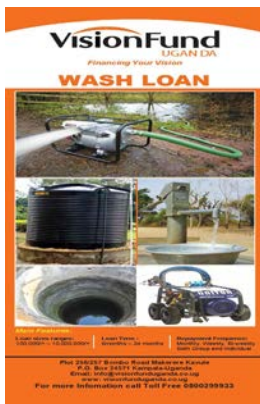
among clients of the participating institutions. The materials printed included brochures, fliers, stand up banners and calendars.

#### Radio Spots and talk shows.

During the covid 19 period, AMFIU joined with rest of the country to sensitize the public on the importance of washing hands with water as a way of reducing the spread of covid 19 pandemic. This was done through radio talk shows and spot messages which aimed at sensitizing and creating awareness to the public on the need for water during the covid 19 outbreak. This in the end encouraged communities to access Water Supply and Sanitation loans from close financial Institutions. The designed messages and talk shows were aired on different regional radio station.

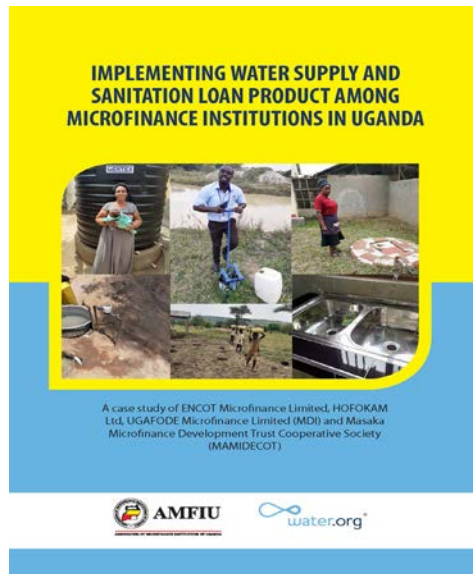
#### SMS Messages

The promotion of the WSS loan product was also done through sending out of short messages to clients of partner institutions and three institutions of Kyamuhunga Peoples SACCO, Vision Fund Uganda and Hofokam Ltd benefited from this activity. The SMS messages were meant to increase awareness about the availability of WSS product among the clients.



#### Printing of Promotional Materials

During the year AMFIU with support from Water.Org designed and printed Water Supply and Sanitation loan product promotional materials for six partners under the WCAD program. The materials are aimed at enhancing awareness on safe Water and good sanitation and stimulate demand for the products





### Documenting of Success stories of the WCAD Program

During the year, the WCAD program documented success stories in the implementation of the WSS products among the partner institutions under the WCAD program. The stories were collected from five institutions that had successfully implemented the program and these included UGAFODE, Hofokam Ltd, ENCOT Microfinance Ltd, Masaka Microfinance Development Cooperative Trust (MAMIDECOT) and Alutkot SACCO. The stories mainly captured the processes the partners went through when developing the WSS loan product, the benefits and challenges encountered, lessons learnt and recommendations. These stories helped to facilitate peer learning among the partner institutions on product development for a Water Supply and Sanitation loan as well as integrating it in the institutions' portfolios sustainably.

### Online Peer Learning Workshop.

Learning through sharing the practical experiences of other institutions has been proved to be one of the best strategies in knowledge transfer. In the year 2020, AMFIU organized an online peer learning workshop for partners on the WCAD program to disseminate success stories collected from five Partner Institutions. Institutions where the success stories were collected from shared their journey of the WSS loan product development for purposes of learning by other institutions. The online forum was attended by 38 participants from 20 partner institutions.

### 2.2.3 Ghana Microfinance Network (GHAMFIN) Exchange Visit to AMFIU

In the month of February 2020, AMFIU hosted a team from the Ghana Microfinance Network (GHAMFIN) for an exchange visit to learn from the Ugandan experience in the implementation of the Water Credit Adoption Program(WCAD). The exchange visit took three days and was mainly to learn and share insights on how the WCAD model works in terms of partner MFIs identification, selection, training, product development activities, piloting and roll-out of lending. The team learned about how partner MFIs were driving their own internal programs to scale-up WSS activities and

their internal strategies to sustain their lending program and make it an integral part of their lending operations. The team also shared innovations, best practices to sustain the program at the level of AMFIU and MFIs. The team also visited three best performing MFIs in the central region who shared the lessons learnt and best practices in Water Credit program.



GHAMFIN Team during the meeting at AMFIU

### 2.2.4 Covid-19 Response Interventions

AMFIU continued to focus on supporting members withstand the effects Covid-19 lock down to ensure continuity in the provision of services. In response, the following services were offered:

- In liaison with the Ministry of Finance, Planning and Economic Development, car stickers were secured for members to facilitate movements during the time of lockdown. In total, 25 stickers were secured for members for members around Kampala. This went a long way in supporting continuity of business during the total lockdown.
- In addition, AMFIU through partners supported 20 Member institutions with Masks and sanitizers for use in banking halls during execution of duties with clients.

### 2.2.5 iSAVE Inclusive Economic Empowerment Program

AMFIU with her long-term partners national Union of Disabled Persons of Uganda, (NUDIPU) and Norwegian association of Disabled, (NAD) continued with the implementation of the iSAVE inclusive

Economic Empowerment Program. The program focuses on provision of equal opportunities for Persons with Disabilities to access formal, informal financial services and livelihood programs. The program operates through strategies of;

- Inclusion in formal financial services through building awareness and supporting capacity of Financial Institutions to provide services to persons with disabilities
- Access to informal financial services through the iSAVE Saving group model.
- Support Business skills development and financial literacy.

AMFIU as an implementing partner focuses on the formal financial services through developing partnerships with member financial institutions that foster deliberate actions to serve persons with disabilities and also supports the component of business skills development and financial literacy for the iSAVE beneficiaries. In the year 2020 the activities were carried out as follows;

#### a) Peer Learning Meeting

A peer learning meeting for MFI and SACCO partners was held with the objective to share updates on inclusion and reporting on Persons with Disabilities in financial services. The meeting attracted 26 representatives from 13 partners that shared progress and challenges of serving customers with disabilities.



*Participants pose for a group photo after the meeting*



*Participants during the training.*

Following the meeting, partners identified areas of support which provided a good guide to AMFIU's support. Key among the support areas was continued awareness and staff training sessions that were carried out throughout the year 2020.

#### b) Covid-19 Response Activities

In response to covid-19, the iSAVE program came up with a number of activities that aimed at reaching out to partners and beneficiaries despite the social distancing and other standard operating procedures;

- Radio spots were development and translated into local languages. These were then aired on local radio stations in the districts of Iganga, Kamuli, Apac and Manafwa.

The messages emphasized consideration of persons with disabilities in covid-19 response initiatives and promotion of use of digital financial services. The messages were also intended to reach out to the members of the iSAVE groups giving them hope and reassurance of the continuity of the program. Communicating that the Pandemic as situation will be over at some point and business will continue. The message also encouraged members to observe the health and safety guidelines as provided by the WHO and the government

- Development on the use and benefits of digital financial services was done. This simple and easy to understand content is to support the awareness raising on the use digital finance especially among iSAVE group beneficiaries will go along way to support continuity of the saving program even when physical meetings are limited.

- To Support MFI partners in responding to Covid 19 health guidelines and basing on the feedback obtained from member financial institutions that were finding challenges in accessing protective gear for the staffs while serving customers, a package of protective gear that included face masks and sanitizers were procured and delivered to 32 MFI partners that are active on the iSAVE



*Packages of protective gear prepared for delivery to MFI partners*



*An official from Pride microfinance receives a package of protective gear delivered from AMFIU*



*Opportunity bank receiving a package*



*Bageza SACCO after unpacking the package received from AMFIU*

### **c) Linkage Banking Workshops**

Linkage banking workshops were held to bring together iSAVE group leaders, representatives from financial institutions and community development offices and District Union officials.

The meetings were held for the districts of Kamuli, Iganga and Apac to discussion the progress of linkage of savings groups to formal financial institutions and the challenges. In that regard a total of 112 groups were reported to have opened

savings accounts in formal financial institutions from the three districts.

**d) Expansion of iSAVE program**

The iSAVE program was expanded to new districts as per the plan. The new districts expanded to were Jinja, Buikwe and Adjuman. In these districts, induction of new staffs at district union level was held as well as inception meetings that introduced the program concept to district stake holders. Out of the meetings key stake holders were mapped including financial institutions to partner with the program.

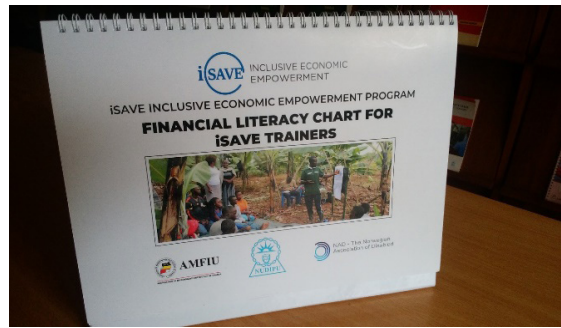
**e) Progress disability assessments**

Progress disability assessments were conducted for 10 partner institutions to ascertain the levels of inclusiveness and how they are performing in line with agreed actions for better service delivery to persons with disabilities. The assessments were conducted using the Disability Inclusive assessment Tool, (DIAT) which was developed by the iSAVE program after a research on drivers towards disability inclusion.

The results showed good progress with some partners already having disability indicators integrated in their systems, rumps constructed for easy accessibility and mobilization drives conducted in liaison with District Unions.

**f) Refresher meetings of financial literacy**

Refresher meetings of financial literacy were held in Apac, Kamuli and Iganga. A trainer’s chart, summarizing the topics with easy to interpret pictures was developed and disseminated to the trainers during these refreshers. This will make training much easier on the side of trainers and the simple pictorial representation of the content will make it more interesting and easier for the beneficiaries to grasp the concepts.



*Financial literacy trainers’ chart*



*An interactive session at the refresher in Kamuli*



*Participants discuss at a refresher in Iganga*



*A training session during refresher in Apac*

### 2.2.6 Together for inclusion Program (TOFI)

The Together for Inclusion Economic Empowerment Project (TOFI EEP) is an initiative premised on the existing iSAVE Inclusive Economic Empowerment Program (iSAVE). It was developed after years of experience working with the microfinance and disability sector in over 25 districts in Uganda and Malawi.

The project is primarily targeting male and female persons with disabilities, including youths as well as caregivers of persons with disabilities and other community members to ensure full integration in the local community.

The expected outcomes of the project are:

1. Persons with disabilities have access to financial services and;
2. Persons with disabilities have increased and sustainable income

The program is implemented through threefold strategies of:

- a) Establishment of disability inclusive Village Savings and Credit groups;
- b) Capacity building initiatives towards local Savings Groups Implementing Agencies, microfinance institutions and DPOs
- c) Skills development and entrepreneurship training for youth with disabilities.

To achieve the program objectives, a multi stakeholder approach is used involving a number of partners including; National Union of Disabled Persons of Uganda, (NUDIPU), Stromme Foundation East Africa, Association of Microfinance institutions of Uganda, (AMFIU) and Norwegian Association of Disabled, (NAD). Each of these partners operates with in the areas of their expertise to promote and cause inclusion of Persons with disabilities among their direct partners.

The TOFI program is implemented in five districts of Mayuge, Luuka, Mpigi, Moyo and Yumbe in partnership with stromme partners of;

- African Evangelist Enterprise, (AEE) in Luuka and Mayuge,
- CBS POWESA in Mpigi

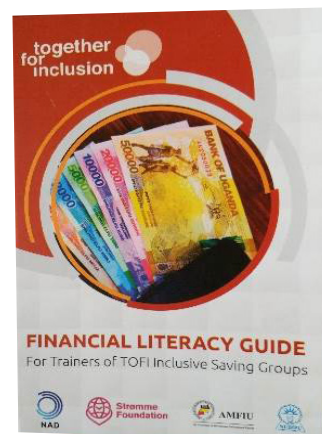
- Community Empowerment for rural Development, (CEFODE) in Moyo and Yumbe.

Activities implemented by AMFIU under the TOFI project were as follows;

- 1) Awareness raising and baseline disability Inclusion assessments were conducted in five districts i.e., Moyo, Yumbe, Mpigi, Mayuge and Luuka. Mapping and identifying of financial institutions to work with the program was undertaken in the inception meetings in the five districts of Moyo, Yumbe, Mpigi, Mayuge and Luuka. These include Bugadde SACCO, opportunity bank branches of Mayuge and Iganga, Vision fund Moyo Branch, Mt. Oche Metu SACCO, Koboko United SACCO, Ofaka SACCO, Nyaravur SACCO. As a result, a total of 763 persons with disabilities were reported as having accessed formal financial services from partner institutions of which 457 were female and 306 males.
- 2) Development of materials for skills and financial literacy trainings was undertaken. A review of the existing content for iSAVE program and the content for Stromme program partners was undertaken resulting in the development of revised content for both skills and financial literacy trainings. This was adopted and printed for use in the subsequent trainings for the village agents and Community based trainers. The purpose of the trainings is to build skills of the iSAVE beneficiaries in better management of enterprises and handling money.

### 3. Financial literacy trainings

Three Trainings of trainers were held attracting a total of 76 trainers. Of these 35 were Village agents recruited by district unions in the five districts

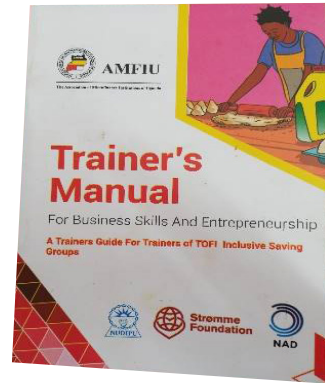


of Yumbe moyo, Mayuge Luuka and Mpigi and 41 were community-based facilitators of Stromme Foundation partners i.e. CEFORD, African Evangelistic Enterprises (AEE), and CBS PEWOSA respectively. The intention is to have a pull of trainers that trains and supports group beneficiaries on a day to day basis. As a result, a total of 386 beneficiaries were trained in financial literacy of which 232 were women and 154 men. The total number of beneficiaries with disabilities across the five districts were 78 (47 female and 31male).

**4. Entrepreneurship Skills training**

Skills training activity was undertaken starting with the training of trainers (TOT). The training aimed at equipping trainers with knowledge to support beneficiaries in running successful enterprises

and start new income generating activities for better livelihoods. The trainers were a total 69 combining the District Union village agents and the Community based facilitators (CDFs) of partners. (28 village agents and 41CBFs) These were taken through the five modules of the training and as a way of conducting practical sessions 428 beneficiaries were trained using the modules. Of these 256 were female while172 male. Beneficiaries with disabilities were 36 female and 24male.



*Beneficiaries are taken through a session by Kiiza Gerald a CBF for AEE who is one of the trainees*



*The ToTs of Mayuge and Luuka with their certificates after the training*



## 5. Linkages with Business Development Services

A linkage meeting with BDS service providers was held in Mayuge district attracting over 40 participants from local government, private sector promotion center, financial institutions Mayuge district Union of persons with disabilities and group leaders of AEE iSAVE groups in Mayuge. The meeting presented the kind of skills development support that the program offers to beneficiaries and pave way for inclusion in other mainstream livelihood programs.

## 6. Developing digital finance awareness content

Content was developed for creating awareness on the use of digital financial services. The use of such services will make it easier and convenient especially for group members to save unused funds with formal financial institutions for safety and continuity of group operations even during the challenging times of social distancing. Awareness building and training will be conducted 2021.

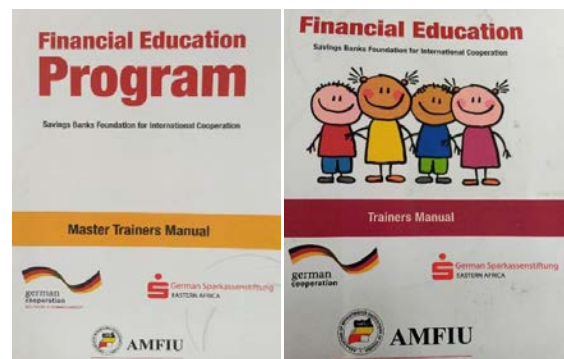
### 2.2.7 Financial education in schools

In partnership with Savings Bank foundation for international development, AMFIU continued to implement the Financial education in schools' program. The purpose of the program is to develop and inculcate a savings culture amongst children right from a tender age. The intervention is premised on of the fact that what children learn through the teachers at young age tends to remain in their memories for Ever.

The programs' holistic approach therefore involves a strong relationship between MFIs/SACCOs, schools, teachers, and parents.

The engagement holding TOTs for MFI staffs that approach schools to open saving accounts for children, parents' awareness sessions and forming saving clubs in schools in which children are given financial education and actual saving takes place.

Amidst the Covid- 19 challenge and the subsequent closure of schools, the year 2020 saw more efforts being put on the preparation of teachers through holding refreshers Training of Trainers. The content in the teacher's guide to supporting savings Clubs was also refined basing on the feedback from the teachers themselves.



It should be noted that getting teachers commit three days during school time was a challenge thus taking advantage of the lock down situation the teachers had enough time for preparation.



Participants after one of the TOTs in Lira July 2020

Tots were held in Kampala for teachers of five schools mobilized by UGAFODE, in west Nile a TOT conducted in Koboko attracted 12 schools mobilized by FINCA, Koboko united SACCO, Koboko Municipal Council, Nyaravur farmers SACCO, Offaka SACCO and Mt otche Metu SACCO.



Training sessions at ToTs

As a result of the above interventions the program by end of 2020 had registered the following achievements:

- ✓ 25 schools mobilized by 8 SACCOS of Loro Oyam, Alutkot, ikwera, Offaka, Nyayavur, Mt Otche Metu SACCO Koboko United and Koboko Municipal council and 3 MFIs of FINCA UGAFODE and Pride Microfinance.

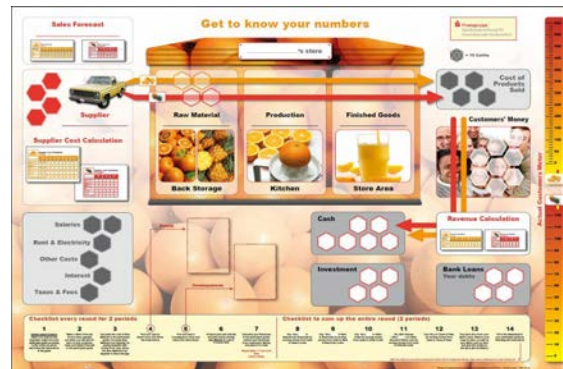
### 2.2.8 Training entrepreneurs using Business simulation Games

The business game is an interactive training model using the simulation training technique. In partnership with savings bank foundation for international Development, (SBFIC) AMFIU continued to support business skills trainings using the model. The year 2020 started with refresher trainings for all the TOTs that were had been

trained in 2019. The purpose was to refresh the trainers with the content as well as disseminate the revised materials that were developed basing on the feedback from these very trainers and other stake holders involved in executing the simulation trainings.



Revised board game



Original board game

Given the interactive nature and closeness of participants during the trainings, not trainings were conducted in the year 2020 due to the covid-19 restrictions of social distancing.

## 2.3 Research and Information

Research and information is a vital initiative of AMFIU programmes. These continue to help in identifying issues that affect the sector and appropriate interventions are developed. AMFIU undertook deliberate measures to create virtual forums through partnership with other stakeholders to disseminate information to members in order to address the effects of covid-19. In addition, findings from the various studies especially on the effect



of Covid-19 have been paramount in developing interventions to combat the effects of the covid-19 pandemic.

Below are the highlights of key activities undertaken during the period.

### 2.3.1 Information Documentation and Dissemination

AMFIU continued to disseminate information that was relevant in the wake of the pandemic. Below are some of the forums and pieces of information that was shared:

1. Webinar on Post Covid-19 Coping Mechanisms for microfinance Institutions and SACCOs: The Uganda Ministry of Finance Planning and Economic Development (MoFPED) estimates that due to restrictions on the movement and gathering of people and closure of borders, economic growth for FY2019/20 would decline to between 4.6 percent and 5.1 percent from 6.0 percent and over 3.3 million Ugandans would be pushed into poverty.

Beyond the response phase of the COVID19 pandemic, the most important phase for the microfinance space was recovery of the microfinance institutions (MFIs) and SACCOs from the effects of the pandemic, and the social and economic rehabilitation of microfinance clients as well as building their resilience to withstand future shocks.

In response, AMFIU organised a webinar to discuss Post Covid-19 Coping Mechanisms for microfinance Institutions and SACCOs. The discussions focused on revamping microfinance businesses, provided a case for digital transformation and the available support from development partners towards microfinance services. The presentations were made by Ms. Mona Muguma-Ssebuliba, Chief Operating Officer, aBi 2020; Dr. Henry Clarke Kisembo, PhD Finance, Chief Managing Partner, DALI; Mr. Jimmy Adiga, Chief Executive Officer, Brac Bank Uganda and Mr. John Bosco Abaho, General Manager, Rukiga SACCO

2. ADA organized a series of webinars to share information and receive feedbacks on how financial institutions were dealing with COVID and how it was impacting their operations. The sessions were dedicated to ensuring business continuity in the face of the pandemic. These were highly promoted by AMFIU and a number of member institutions participated in these webinars.
3. In addition, different pieces of was continuously shared through our different platforms. Key among these were UMRA Credit Management Guidelines for Tier 4 Microfinance Institutions during Covid-19 Pandemic, COVID-19 outbreak: Key points for business continuity for MFIs, Legal Perspective on the Covid-19 Employment Disruptions in among others.
4. Similarly, AMFIU in partnership with Sparkassenstiftung Uganda organized a webinar for the World Savings week under the theme “When you save a bit, big things happen”. The objective of this topic was to improve the savings culture in Uganda through savings mobilization and financial education.

### 2.3.2 Research/Studies Conducted during the year

During the year, the following researches were conducted:

#### a) Study on the State of digitization among microfinance institutions

In February 2020, AMFIU carried out a study in order to understand the state of digitization among microfinance institutions and their customers across four regions of Uganda. Below is a highlight of the key findings from the study;

#### Core Banking Systems

Most of the institutions surveyed during the study (95%) had migrated from manual processes and implemented Core Banking Systems (web-based) with centralized databases.

The Core Banking Systems (CBS) used by all the institutions had been developed by third party service providers. Few institutions have developed in-house CBS to allow for easier customization.

The digitization of operations through implementation of CBS had improved transaction processing and the reporting processes of the institutions through usage of the Performance Monitoring Tool (PMT).

### Cashless Transactions

About 10% of the institutions in the study had rolled out cashless savings withdraws to allow their customers to withdraw/move money from their accounts into their mobile wallets. None of the institutions that were surveyed had implemented cashless loan disbursements.

Most of the institutions surveyed (70%) have rolled out wallet to bank channels to allow for cashless savings collections and loan repayments. This was also observed as a major driver for the adoption of digital financial services by the institutions in order to manage their operational costs and improve efficiencies around loan repayments and deposits mobilization (for SACCOs and Deposit taking Microfinance Institutions).

### Customer Perceptions and Attitudes to Digital Financial Services

The perceptions and attitudes of the microfinance customers is largely shaped by the challenges they face in adopting and using DFS channels as well as their experiences in using mobile money services.

High costs associated with DFS transactional charges stood out as a major pain point hindering their uptake and adoption by customers. Charges are levied on the movement of funds from and into their accounts using mobile money and the customers would rather avoid these charges. By nature of many of the microfinance clients, they usually save money in small amounts and frequently.

Language barrier (applications and USSD menus are in English). Due to low literacy levels of the microfinance clients, most those interviewed (76%) confirmed that much as they would desire to use digital platforms, they are significantly held back by complex menus which are in English. This

contributes to low uptake and usage of DFS.

Lack of training on available digital finance services implemented by the institutions. From the study, it was noted that some institutions have neither marketed nor created awareness of the DFS products they have to their customers. The institutions cited limited resources to facilitate the marketing and training of their entire client base as a major cause of this.

From 100% of the institutions surveyed, it was noted that they all serve two types of customer; individuals and groups. While it is easy to digitize and serve individual customers using DFS, the MFIs noted that some of the available solutions they have deployed do not support groups e.g. customers who are in groups and share a single account at the institution.

### b) Survey on the Impact of Covid-19 on the Microfinance Industry

The year saw the government declare a total lockdown following the outbreak of Covid-19. The outbreak of Covid-19 had significant disruptions on businesses including microfinance services. It raised a lot of issues which affected the operations of financial institutions. Whereas banking services were classified as essential during the lockdown, other sectors that are essential for financial institutions services were locked completely. In response, AMFIU conducted a mini survey to understand the effect of covid-19 on the microfinance institutions. Below is a summary of the key findings;

1. The Microfinance Support Centre (MSC) reported that 92% of the small traders especially market vendors dealing in perishable commodities completely lost their capital.
2. Movement restrictions and business closures disrupted supply chains and markets, slowing down economic activity and adversely affecting small businesses and entrepreneurs, who are the major clientele for Tier 4 MFIs.
3. To cope with the crisis, many business owners spent working capital to meet short-term consumption pressures and this made

it difficult for them, post-COVID 19, to pay their loan obligations with lenders, negatively impacting on their credit history and credit worthiness.

4. Due to the extremely low level of digitization of Tier 4 MFI operations, clients had very limited access to their savings and credit services to meet their daily expenses during the lock down.
5. Thirty seven percent (37%) of the AMFIU members completely suspended operations due to lack of alternative delivery channels while another 42% were partially open for a few days a week.

The microfinance institutions also experienced specific challenges in key areas of governance, liquidity management, and the quality of the loan portfolios which further limited their capacity to effectively operate and support their clients to better cope with the economic impact of the COVID 19 pandemic.

#### c) Study on the Effects of Covid-19 of the operations of VSLAs

AMFIU in collaboration with Uganda Martyrs University embarked on a study to identify the

Effects of Covid-19 Pandemic on the Performance of VSLAs at the end of 2020 in Nkozi, Mpigi district and Iceme, Oyam district.

#### d) Baseline study on Financial inclusion of persons with disabilities

AMFIU in partnership with opportunity bank Uganda conducted a baseline study to determine the level of financial literacy knowledge among persons with disabilities. The study was undertaken among the isave groups in eastern Uganda. According to the study, in terms of financial literacy training at least 60% of the respondents had received trainings in financial literacy yet only 45% exhibited confidence in handling money matters.

On knowledge in business skills development the study found out that 93% of the respondents were running businesses with 63% of these keeping some form of records. On establishment of whether they had received any sort of training in managing business 42% responded in affirmative.

#### 2.3.3 Financial Performance Monitoring

Performance Monitoring is one of the key services offered by AMFIU to both member and non-member financial institutions. The Performance Monitoring



Group Members in Group Discussions

Tool (PMT) is the set of tools that we provide to facilitate the recording and measurement of key financial performance indicators.

### 2.3.3.1 Institutional and Sector Reports

The financial performance reporting database currently has a total of 120 financial institutions (Both Members and non- members) that regularly use the PMT. However, about 62 financial institutions report consistently to AMFIU on a quarterly basis. All the reporting institutions received feedback on their individual performance. The quarterly reports received from the institutions enable the production of peer group and sector reports.

During the year, the sector report on the State of Microfinance in Uganda 19/20 was published and shared in September 2020. The report provided an overview of Uganda’s financial sector, the current and emerging issues in the Microfinance sector and presented the Performance analysis of reporting institutions as at Dec 2019. It also included the effects of the pandemic on the performance of Microfinance institutions up to June 2020.

Since 2012, AMFIU has documented the aggregated performance of microfinance service providers based on the performance monitoring tool reports. The report provides information on the environment in which they operate, their financial status, outreach, the regulatory environment that influences their operations and their contribution to the livelihood of the people that they are serving.

### Highlights from the Report on the State of Microfinance in Uganda 19/20

### General Performance

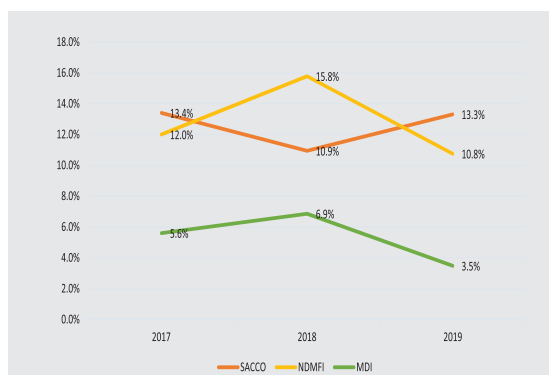
By the end of 2019, SACCOs had a total gross loan portfolio of Ugx. 125 Billion, NDMFIs had Ugx. 236 Billion, MDIs had Ugx.324 Billion and the Tier1&2 had Ugx.440 Billion.

Savers and Borrowers across categories as at 31st Dec 2019				
	SACCO	NDMFI	MDI	Tier 1&2
Borrowers	66,238	205,089	129,731	276,329
Depositors	289,557	-	725,532	1,205,686

### Portfolio At Risk

The Portfolio at Risk shows the proportion of the portfolio with a portion in arrears as a percentage of the total loan portfolio.

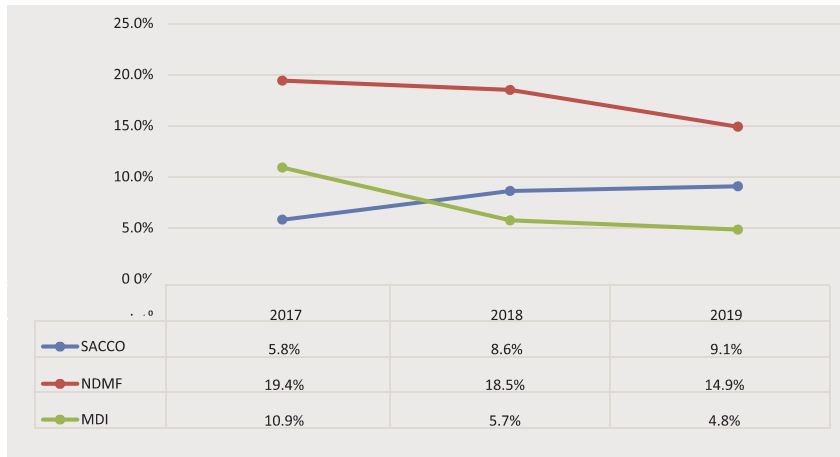
### Portfolio at Risk 30 days



As shown in the graph above, Portfolio at risk ratio was relatively high at 15.8% in 2018 for the NDMFIs but reduced steadily to 10.8% by the end of 2019. SACCOs and MDIs had a rate of 13.3% and 3.5% respectively by the end of 2019.

Size of SACCOs, NDMFIs, MDIs and Tier 1&2 as at 31 <sup>st</sup> Dec 2019				
	SACCO'000	NDMFI'000	MDI'000	Tier 1&2 '000
Assets	166,324,527	260,023,258	559,664,471	660,516,965
Gross Loan Portfolio	125,032,498	236,135,962	324,827,383	440,084,454
Liabilities	94,088,660	173,114,852	383,854,412	514,300,434
Equity	72,235,867	86,908,405	175,810,058	146,216,530

### Cost of Funds



#### Cost of Funds

The Cost of funds ratio measures the overall price that the institution pays for external borrowings. It is important that any institution that borrows to finance its business should negotiate for favorable rates to avoid paying above market prices which affects the institutions’ competitiveness and sustainability. The lower the ratio, the higher the efficiency

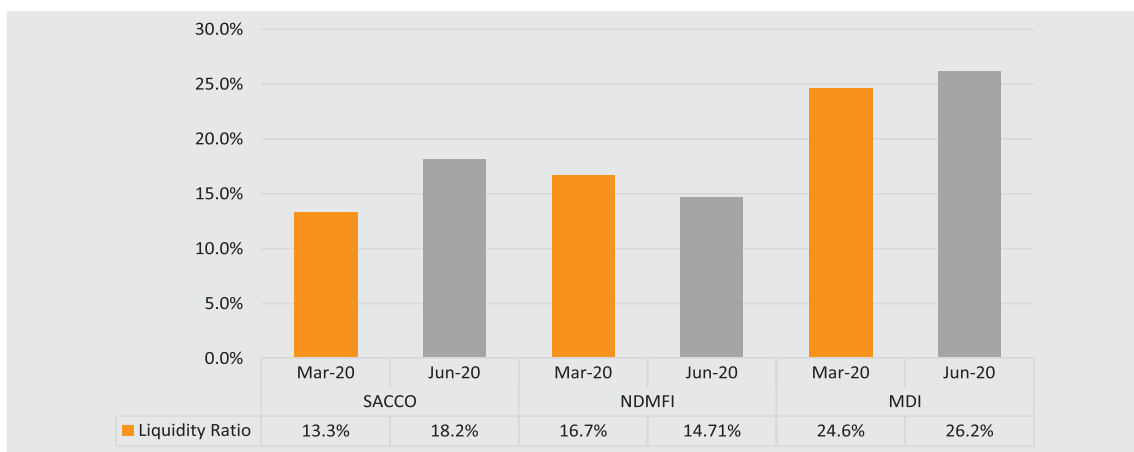
As shown in the chart above, the cost of funds reduced significantly amongst the NDMFIs from 19.4% in 2017 to 14.9% by the end of 2019. SACCOs and MDIs had a healthy ratio of 9.1% and 4.8% respectively.

#### Impact of COVID-19 on the performance of the Microfinance Industry

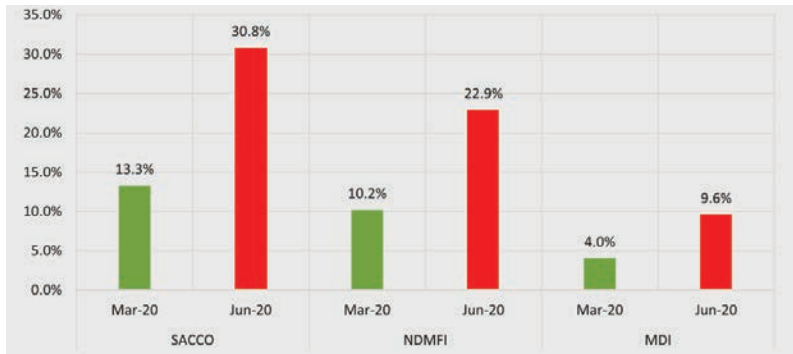
##### Increased Liquidity Pressures

The debt repayment obligations that Tier 4 MFIs had with wholesale lenders put a strain on their liquidity positions given the significant revenue losses they had experienced due to a sharp decline in repayment rates. MSC reported that Tier 4 MFIs that had borrowed from the company were unable to repay their loan obligations because their members were also not repaying due to suspended business operations. An analysis of the Liquidity reported by members is represented in the chart below and it shows that Non-Deposit taking institutions were the most affected;

#### Liquidity Ratio March 2020 – June 2020



### Increased Non-Performing Loans



#### Increased Non-Performing Loans

Members reported a decline in average repayment rates from 82.8% in January 2020 to 41% in April 2020 while MSC reported reductions in repayments by SACCOs and VSLAs funded by the company by 81%. Loan repayments came to a near standstill when business operations were suspended. An analysis of the Portfolio at risk reported by member institutions shows a significant deterioration in asset quality.

#### 2.3.3.2 Training and Technical Assistance

To facilitate usage of the PMT, training and technical assistance was done through the quarters. A total of 46 institutions received technical assistance while 10 institutions received PMT trainings attracting 19 participants.

### 2.4 Key initiatives

#### 2.4.1 Development of a Tier IV Credit Information Sharing Platform

In December 2019, AMFIU conducted a Nationwide Feasibility Study on Expanding Credit Reference Services to Tier 4 Financial Institutions in Uganda in order to gain an understanding of the status of readiness of its members. Based on the findings, it was evident that the biggest percentage of the membership wanted to be a part of a Credit Reference Bureau.

In consideration of the above, AMFIU partnered with Riskpile Limited, a consortium of Software Development Companies and Consultants proficient in Credit Bureaus, Banking and MFI/

SACCO operations, to design a credit information sharing platform.

The project started off with a pilot amongst 12 member institutions, the purpose of the pilot was to establish;

- i. Convenience of using the system
- ii. Capability of member institutions to share data securely
- iii. Compliance with prevailing Data Privacy regulations

By the end of December 2020, the first phase of the pilot had been successfully completed. Below are the highlights from this pilot.

- ✓ Several loan forms are in need of review to address the issue of Customer consent.
- ✓ Origination of customer data during loan applications in several institutions remains wanting.
- ✓ A Mobile App option to enable field origination of loan applications may prove beneficial to the overall data quality. The app should permit the origination of collateral comprehensively.
- ✓ Savings play a big role in credit decision making within Tier IVs. Assessment of the statistical significance of savings to a borrower’s credit worth should be conducted.
- ✓ Several institutions top up or restructure loans by closing the old loan account and opening a new one. There is however little data linking the old and new loan accounts hence a need to adequately separate settled from topped up loans.

### Next Steps

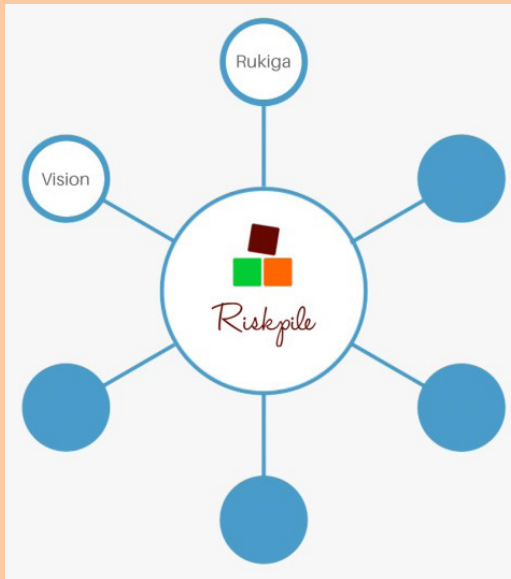
The pilot is still ongoing with the following planned activities before role out:

- 1) Engagements with Banking System vendors
- 2) Commencement of data retrieval from Banking Systems
- 3) Signing and distribution of Service Level Agreements to Pilot Institutions
- 4) Review of Loan Application forms for inclusion of Customer consent clauses
- 5) Design of the Public Awareness Campaign strategy and materials
- 6) Revisions to the Riskpile platform system in light of the lessons learned

### 2.4.2 Upgrade of IT infrastructure

During the year, AMFIU with support Sparkassenstiftung (SBFIC) upgraded the IT infrastructure and systems to meet the current and future organization's needs. The following activities were successfully accomplished:

- a) Upgrade the internet: To effectively work in the new normal, the internet was upgraded from wireless to fiber including increasing the band width to address communication challenges. Much of the work is being done online, however, the wireless internet was poor and affected execute some assignments online. The stable connection will also enable us implement the Credit Information Sharing



#### Riskpile - Credit Referencing and Risk Profiling

Lending continues to evolve with digital channels now accounting for a sizeable percentage of disbursements. AMFIU's members (typically, SACCOs and MFIs) have embraced these innovations driven by the demands of their customers however the risks associated with lending have not been diminished in the face of these new channels.

Bad debt, remains a key concern in the microfinance sector and is solely responsible for the winding down of several lending business models, digital or otherwise.

AMFIU with support from Sparkassenstiftung partnered with Riskpile Limited, a consortium of Software Development Companies and Consultants proficient in Credit Bureaus, Banking and MFI/SACCO operations, to design a Credit Referencing and Credit Risk Scoring Platform to enable Tier 4 Microfinance institutions address the risks presented by multiple borrowing and borrower information asymmetry. AMFIU members can

now acquire a 360 view of the credit history and credit worth of their customers, effectively empowering them to make better credit decisions and reduce incidents of bad debt.

#### Data Sharing

The exchange of data in a secure controlled environment is the driving force behind Riskpile and will eventually precipitate the reduction in bad debt for AMFIU's members. Riskpile's approach is to leverage present day technologies to automate the exchange of data. Such technologies will provide the basis for Application Programming Interfaces (APIs) on which the data will be seamlessly exchanged. More importantly, this methodology will be Banking System independent that is, all compatible Banking Systems used by AMFIU members will be able to exchange data with the Platform in near real-time.

AMFIU members will ultimately base their lending decisions on up-to-date information.

- platform that is being piloted.
- b) Firewall: To enhance network security, a sophos firewall was procured. This will help in monitoring incoming and outgoing network traffic and help in blocking malicious traffic like viruses and hackers as we migrate to online systems.
- c) Server: PowerEdge Server was procured for purposes of mirroring the credit information sharing system. The server offers more processor speeds and storage to ensure the security of data for institutions.
- d) Complaints Handling System: In preparation for any eventual complaints that may arise as a result of the credit Information sharing platform, a set of 6 phone handset and a PBX system were procured during the period. The system is planned to set up in the coming quarter to easy communication and address any complaints that may be received.

**2.5 Northern Uganda office**

The Northern Uganda Office is currently located on Plot 11 B, Ayer Rd, Lira East Division, Lira City. It is run by a Senior Programme Officer and a Programme Officer. There are 17 institutions under the supervision and guidance of this office.

During the year, many activities in the region were interrupted by the outbreak of Covid-19 that affected work schedules as there was a lockdown imposed throughout the country. Despite the above, the region managed to undertake key activities which are highlighted below

**2.5.1 Business skills development (Micro business simulations/ Games)**

A training of trainers was conducted at Kampala Kolping Hotel for participating MFI staff in the Micro business games. The refresher was done to equip the trainees with more techniques and knowledge to enable them deliver effective trainings to the end users. The institutions that participated from the region include the following:

No	Name of Institution	Location
1	Nile Microfinance	Arua
2	Ikwera SACCO	Kwania
3	Alutkot SACCO	Oyam
4	Loro Oyam SACCO	Oyam
5	Mt Otce Metu SACCO	Moyo
6	Koboko United SACCO	Koboko
7	Koboko Municipal Council SACCO	Koboko

**2.5.2 Financial education in schools**

Three refresher trainings were done for teachers and staff of MFIs and SACCOs that are participating in the financial education programme in schools.

The trainings were conducted in Lira, Arua and Koboko drawing 20 participants for each of the trainings from both the schools and the financial institutions. In total we trained 60 from the schools and financial institutions.



TOT in financial education in Lira and Koboko respectively.



### 2.5.3 Disability inclusion/Economic empowerment programme

The disability inclusion aims at empowering persons with disabilities to access and use financial services. This is done through trainings and awareness creation as well as ensuring an environment that facilitates access and usage of financial services. This was implemented under 2 key programs:

#### 1. iSave Programme:

a) Financial literacy training was undertaken in Apac District where members of the District Unions of persons with Disabilities, Staff and group leaders were trained as trainers. A total of 9 district union leaders, 20 group leaders and 6 programme staff were trained.

b) **Linkage Banking:** There was another activity referred to as linkage banking awareness training. This was undertaken targeting programme staff, DU members, group leaders and representatives from the financial institutions. During this training, the financial institutions provided adequate information on the different products and services offered by their different institutions. This was intended to provide a platform where the trainees could make financial choices as a way of enhancing financial inclusion among PWDs. The financial institutions that participated in this activity included Centenary Bank Apac Branch, Opportunity Bank Lira Branch, Alutkot SACCO and Ikwera SACCO

2. **Together for Financial Inclusion (TOFI)** Under the TOFI programme, financial literacy and business skills development were conducted in Moyo targeting Moyo and Yumbe District Union of persons with disabilities, Financial institutions and SEFODE the partner in the implementation of the programme in West Nile

NO	INSTITUTION	DISTRICT	NO OF PARTICIPANTS
1	Village agents and focal point persons	Yumbe	10
2	Village agents and focal point persons	Moyo	12
3	District Union and programs staff	Yumbe	8
4	District Union and programme staff	Moyo	10
5	SEFORD staff	Moyo and Yumbe	3
6	Moyo SACCO	Moyo	1

During the year, disability inclusive assessment tools were administered in the new institutions to be enrolled on to the TOFI programme. The disability inclusive assessment tool helps in assessing the level of awareness and preparedness of a financial institution in the provision of financial services to persons with disabilities. It looks at areas of physical accessibility, policy, staff awareness and perception towards persons with disabilities, the ability of the management information system to generate information including the partnership engagements on service to PWDs. These institutions included Adjumani Town Council SACCO, Mt Otce Metu SACCO, Koboko United SACCO, Nyaravur SACCO and Offaka SACCO all in West Nile. Action plans were equally drawn to that effect





*Business skills training in Moyo*



*Linkage Banking Training in Apac Financial literacy training with PWDs in Apac*

#### 2.5.4 PROFIRA

The Northern Uganda office embarked on documenting the project success stories. It focused on the impact that was created by AMFIU’s intervention in the project via the capacity building in the 6 thematic areas to management, Board of SACCOs and their members.

It was discovered that many enterprises such as tree planting, Banana production, Pineapples, Goat rearing, Bee keeping among others have been implemented by members. They have continued to run successfully as a result of this intervention

### 2.6 AMFIU Business Consult (ABC)

AMFIU established AMFIU Business Consult (ABC) as the business wing of the association. This was made possible with support from Sparkassenstiftung Uganda - Savings Bank Foundation International Corporation (SBFIC). ABC was established to provide quality services at affordable prices, with

the ultimate goal of enhancing the provision of responsible financial services by microfinance institutions (MFIs)/SACCOs to their customers and deepen financial inclusion.

During the year, several activities were undertaken by the business wing as highlighted.

#### 2.6.1 Contractual Assignments executed.

ABC was contracted by different members financial institutions and other stakeholders in the microfinance sector. Below are the assignments accomplished.

- i. ABC offered technical support to Masaka Development Microfinance Trust Cooperative (MAMIDECOT) in the process of procuring a new core banking system. MAMIDECOT successfully acquired a new core banking system to address the challenges of loan and enable them offer digital financial services to members.
- ii. ABC supported in the development of Digital Finance Service handbook that will enable persons with disabilities to embrace technology as they conduct business in their savings groups. The members handbooks were consequently translated in different local languages.
- iii. ABC conducted training at Mt Otce Metu SACCO in financial literacy and business skills development. The SACCO was also supported to develop 2 (two) loan products and a special VSLA savings product.



*Participants during the Financial Literacy and Business Skills Development training*

iv. ABC was contracted by SNV/ AGRITERRA Supporting TIDE 2 (The Inclusive Dairy Project Phase II) Partner SACCOs to develop & refine financial inclusion products that meet specific needs of members. This assignment was successfully accomplished with development of dairy loan products for the 3 SACCOs.



*Inception meeting between AGRITEERA and AMFIU Business Consult*

v. Training Workshop in strategic planning for Mushanga SACCO

In the year 2020, ABC conducted a strategic training workshop for Mushanga SACCO. The training was held at the Catholic social training centre in Nyamufumura, Sheema District

The strategic planning workshop was meant to prepare and facilitate experience sharing session(s) covering carefully selected practical topics in Strategic leadership and strategic planning to build the skill of Board and Management in strategic planning, highlight best practices for strategic planning formulation, implementation, monitoring

and evaluation, develop a five year strategic plan for the SACCO and raise the importance of Strategic leadership as a key ingredient to the success and sustainability of the SACCO. The workshop was attended by mainly the Board and management. A total of 32 participants attended the workshop and developed a five year strategic plan (2021-2025) for the SACCO.



*Mushanga SACCO Board and management attending the workshop*



*Mushanga SACCO Board members during the strategic workshop*

## 2.6.2 Shared services and Mystery Shopping exchange visit

During the year, ABC/ AMFIU staff alongside 5 different financial institutions staff (Pride Microfinance Limited (MDI), FINCA Uganda, Vision Fund Uganda, Centenary Bank, EFC) were sponsored for a shared services exchange study visit to Rwanda. The purpose was to enable participants to a practical experience on how shared services are conducted in Rwanda.

During the visit the participants had a practical session to understand how mystery shopping is conducted in Rwanda.

On the April 2020 ABC organized a one-day workshop where in Sparkassenstiftung Uganda team and ABC team reviewed the working documents shared by Rwanda. The outcomes of the workshop were;

- ✓ Draft Mystery shopping training Manual
- ✓ Draft data collection tools (Accounts and loans)
- ✓ Draft Mystery PowerPoint presentation.

### **2.6.3 Dual Apprenticeship System.**

ABC continued with preparation for establishing a Microfinance Apprenticeship Program (MAP) as presented below;

- ✓ Hired consultants who supported the development of modules of the curriculum and were successfully developed.
- ✓ MAP awareness creation and marketing materials i.e. brochures were designed and printed.
- ✓ ABC Academy building construction; Architectural drawings and structural plans were developed and printed. Hired Quantity Surveyor consultant who supported the development of Bill of Quantities (BOQs) and process of calling for bids.

Appendix 1 : Member Capacity Building<sup>1</sup>

SN	Institution	Trainings on inclusive financial services for PWDs	PMT Training	Water Supply and Sanitation Training	TOT Financial Literacy For Schools	Product Development	Business Development Skills Using Simulation Model	Strategic Planning
1	Adjumani Town Council Sacco							
2	Advance Smart Microfinance							
3	Alutkot Sacco							
4	Asa Microfinance							
5	Bageeza Sacco							
6	Brac Uganda							
7	Bugadde Sacco							
8	Buikwe Twezimbe Sacco							
9	Bunyaruguru Sacco							
10	Butuuro							
11	Community Development Microcredit Finance							
12	Community Fund							
13	Destiny Microfinance							
14	Encot Microfinance Ltd							
15	FINCA (Koboko Branch)							
16	Hofokam Ltd							
17	Ikweru SACCO							
18	Kashongi Farmers Sacco							
19	Kati Youth Ventures							
20	Kijura SACCO							

<sup>1</sup> These are the member institutions that applied and received training.

SN	Institution	Trainings on inclusive financial services for PWDs	PMT Training	Water Supply and Sanitation Training	TOT Financial Literacy For Schools	Product Development	Business Development Skills Using Simulation Model	Strategic Planning
21	Koboko Municipal							
22	Koboko United SACCO							
23	Kyamuhunga Peoples SACCO							
24	Loro Oyam SACCO							
25	Lyamujungu SACCO							
26	Masaka Microfinance							
27	Mateete Microfinance							
28	Mt Otce Metu SACCO							
29	Muhame Financial Services							
30	Mushanga							
31	Nyakayojo Peoples SACCO							
32	Nyaravur Farmers SACCO							
33	Offaka SACCO							
34	Omipa SACCO							
35	Opportunity Bank							
36	Pride Microfinance (Lira and Arua Branch)							
37	Rukiga SACCO							
38	Rushere SACCO							
39	Tujjienge Microfinance Ltd							
40	Ugafode Microfinance Ltd (MDI)							
41	Vision Fund							

## Appendix 2 : AMFIU Membership

### ORDINARY MEMBERS

SN	Ordinary Member	SN	Ordinary Member
1	Across International Microfinance	33	Glory Cooperative Savings and Credit Society Ltd
2	Adjumani Town Council	34	Hakashenyi SACCO
3	Advance Uganda	35	Hofokam Ltd
4	Alut Kot SACCO	36	Ikwera SACCO
5	ASA Microfinance	37	Investors Financial Services Ltd (IFSL)
6	Bagezza SACCO	38	Iryaruvumba SACCO
7	Brac Uganda	39	ISSIA SACCO Ltd
8	BUDDU CBS- Pewosa	40	Jennis Finance Company
9	Bugadde SACCO	41	Kagadi Women Trust
10	Buikwe Twezimbe SACCO	42	kahunge SACCO
11	Bunyaruguru SACCO	43	Kashongi Farmers SACCO
12	Busiu SACCO	44	Kati Youth Ventures
13	Butuuro Peoples SACCO	45	Kebisoni SACCO
14	CBS Pewosa SACCO	46	Kiboga Food Farmers
15	Centenary Bank	47	Kigarama farmers
16	Community Development Micro Credit Finance	48	Kigarama Peoples
17	Community Fund	49	Kihanga Mparo SACCO
18	Destiny Microfinance	50	Kijura SACCO
19	Development Microfinance	51	Kitgum SACCO
20	Devine Microfinance Ltd	52	Koboko Municipal Council SACCO
21	East Africa Premier Investments (EAPIL)	53	Koboko United SACCO
22	EBO Financial Services	54	Kolping Microfinance
23	ECLOF	55	Kyamuhunga Peoples
24	EFC Limited	56	Letshego
25	Eleglance Microfinance	57	Liberation Community Finance
26	ENCOT	58	Loro Oyam SACCO
27	Express SACCO	59	Luzira Alliance SACCO
28	Finance Trust Bank	60	Lwengo Microfinance
29	Finca Uganda Ltd	61	Lyamujungu SACCO
30	Five Talents Uganda	62	MADFA SACCO
31	Franciscan Investment SACCO	63	MAMIDICOT
32	Gesha Microfinance Ltd	64	Mateete MF

SN	Ordinary Member
65	MCDT
66	Move On Traders SACCO
67	Moyo SACCO
68	Mt. Otce SACCO
69	Mubuga SACCO
70	Muhame Fin Services
71	Mushanga SACCO
72	Mwizi SACCO
73	Nazingo SACCO
74	Nile Microfinance Ltd
75	Nyakayojo Peoples SACCO
76	Nyaravur Farmers SACCO
77	Nzuri Trust Microfinance
78	Offaka SACCO
79	Oleba SACCO
80	Olio SACCO
81	Omipa SACCO
82	Oportunity Bank
83	Palma Microfinance
84	Platinum Ccredit
85	Post Bank
86	Premier Credit
87	Pride Microfinance
88	Pro Business Africa (PBA)
89	REAL People
90	Rolem Microfinance
91	Rubabo Peoples SACCO
92	Ruhiira Millennium SACCO
93	Rukiga SACCO
94	RUSCA
95	Rushere SACCO
96	Rwanyamahembe SACCO
97	S&C Fintech Microfinance Ltd
98	Shuuku SACCO
99	Talanta Mf
100	Tujjenge Uganda
101	UGAFODE Microfinance Ltd (MDI)

SN	Ordinary Member
102	Uganda MicroCredit Foundation
103	Ultral Microfinance Ltd
104	UMOJA Microfinance
105	Usaalam SACCO
106	Vision Fund
107	Wazalendo SACCO
108	Y-Save SACCO

## ASSOCIATE MEMBERS

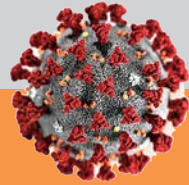
No.	Associate Member
1	Absa Bank Uganda Limited
2	Adops Limited Kenya
3	Demis Consult Ltd
4	Department Of Microfinance Nkozi University
5	Fin Tech Uganda Ltd
6	Financial Sector Deepening Uganda (FSDU)
7	Jubilee Insurance
8	Future Link Technologies
9	Habitat For Humanity Uganda
10	Hiinga Uganda
11	Metropol Credit Reference Bureau
12	Microfinance Support Centre Ltd
13	Neptune Software Group
14	Soluti Finance East Africa
15	The Hunger Project Uganda
16	Transpay Service Ltd
17	Trias Uganda
18	Uganda Cooperative Savings and Credit Union (UCSCU)











# AMFIU

ASSOCIATION OF MICROFINANCE INSTITUTION OF UGANDA

AMFIU House, Plot 679, Wamala Road, Najjanankumbi (Off Entebbe Rd)  
P.O. Box 26056 Kampala - Uganda  
Tel: +256 (0)414 259 176, 0414 677 176  
Email: [amfiu@amfiu.org.ug](mailto:amfiu@amfiu.org.ug)  
Web: [www.amfiu.org.ug](http://www.amfiu.org.ug)  
[www.facebook.com/amfiu.uganda](http://www.facebook.com/amfiu.uganda)  
[www.twitter.com/amfiu\\_uganda](http://www.twitter.com/amfiu_uganda)