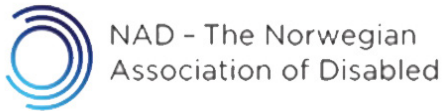


ANNUAL REPORT



2018

Development Partners



ANNUAL REPORT 2018

Executive Board



Mr. Edward Nkanj
National President,
(Executive Director, Pride Microfinance (MDI) Ltd)



Mrs. Brenda Namirembe Magoba
Vice President,
(Head Legal, Finca Uganda)



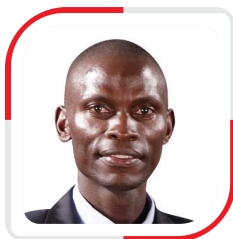
Mr. Sylvester Ndiroramukama
Board Member,
(Chief Executive Officer, Uganda
Cooperative Savings and Credit
Union)



Mr. Jimmy Onesmus Adiga
Board Member
(Chief Executive Officer,
BRAC Uganda Bank Ltd)



Mr. Ulama Dison Duke
Ukerson Board Member,
(Chairperson, Nyaravur
SACCO)



Mr. Peter Lugemwa
Board Member
(Head, Microfinance
Department, Uganda Martyrs
University)



Mrs. Jacqueline Mbabazi
Ex-Official
(Executive Director, AMFIU)

Amfiu Management and Staff



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



Brenda Muhumuza,
ACCOUNTANT



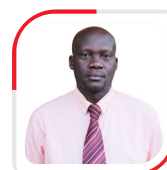
Joseph Alyai
SENIOR PROGRAMME OFFICER,
NORTHERN UGANDA



Elizabeth Tubihamiye
PROGRAM OFFICER, NORTH-
ERN UGANDA



Violah Besigarukundo,
PROGRAM OFFICER,
ECONOMIC EMPOWERMENT



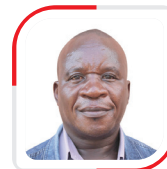
Martin Massa
SENIOR PROJECT OFFICER,
WCAD PROGRAM



Brenda Acheng
JANITOR



John Balikudembe
SECURITY GUARD



Solomon Ssekadde,
DRIVER

President's Message

Edward Nkangi
National President



Dear Members,

The Board, Management and staff of AMFIU would like to take this opportunity to thank you all for your support, advice and encouragement during the year 2018. We would like to particularly appreciate all the efforts you have made in enhancing financial inclusion in the sector and supporting our Association as it continues to create a favorable environment for us to operate.

It is crucial for us to take stock of the milestones reached by the sector as a whole and AMFIU as the Association that spearheads major developments in the sector.

At national level, one of the greatest milestones achieved was the gazetting and licensing of the non-deposit taking microfinance institutions. AMFIU actively participated on the committee that drafted the regulations and ensured that member interests were taken care of in as much as was possible. We hope that the implementation of the Tier 4 Microfinance Institutions and Money Lenders Act will help increase consumer confidence in the sector and therefore present a more conducive operating environment for our members.

Financial inclusion has remained at the forefront of the national agenda. The national financial inclusion strategy that was launched in 2017 set up working committees through which it is implemented. AMFIU has been part of this development as a member of the inter-institutional committee on financial inclusion and also as a member of the Consumer Protection committee. The strategy spells out specific stakeholder roles that will enhance the overall national financial inclusion agenda.

The year experienced growth in the interest of digital financial services and many AMFIU members have either already launched mobile banking platforms in their institutions or have expressed interest in introducing the service. In order to support this initiative, AMFIU established a partnership with aBi Trust, working on consumer awareness in digital financial services in order to establish an attitude change among the consumers of MFI services from a cash based mind-set to a mind-set that is open to the use of technology. This campaign also involved sensitizing mobile money agents, who have increasingly become the face of the MFIs (and indeed other financial players), in the consumer protection principles and risks of money laundering. AMFIU collaborated with the Financial Intelligence Authority, the Mobile Money Agents Association and Mobile Network Operators in this campaign.

Based on member feedback, information from our complaints handling system and our analysis of the performance of institutions that report using the PMT, client over-indebtedness has continued to be a big challenge that has led to an increase in the average portfolio at risk. Much as the Cen-

tral Bank has opened up space for other companies offering credit reference services to operate, tier 4 institutions still face a challenge of accessing the credit reference bureau. In order to help our member deal with this challenge, AMFIU is working to explore options on how to provide an affordable credit information-sharing platform for its members that will help deal with challenge. The plan is collaborate with other stakeholders in the industry including: UMRA, UCCSCU, etc.

The Board and Management held a strategic plan review meeting to assess progress in implementation of the strategic plan. The plan is hinged on ensuring that the Association can provide relevant services to the members, remain up-to-date and strengthen its internal capacity by becoming more self-reliant in terms of its human and financial resources.

Performance monitoring using the PMT continues to be a major priority for AMFIU as it is deemed critical for any institution's survival. We would like to again appreciate all those institutions (members and non-members) that have consistently submitted their PMT reports. At AMFIU, we have also made it a point to ensure that all institutions that submit their PMT reports receive feedback on their performance. Creating a data base of these reports is vital for us to compile and produce the industry report with a representative sample and therefore encourage all members to submit their reports to enable us hit this target.

AMFIU's major challenge has always been its financial sustainability and we continued to grapple with this challenge during the course of the year. However, some steps have been made to begin dealing with this challenge that include; registering a business wing for the Association and identifying key commercial products that the Association can provide within its mandate.

As I conclude, I wish to appreciate the support provided by our development partners who have enabled us reach the milestones as detailed in this annual report. Notable among these development partners are;

- The Norwegian Association on Disability (NAD) who finance the Economic Empowerment programme for People Living with Disabilities.
- Water.org that has supported the Water Credit and Sanitation Project.
- aBi Trust who support the Digital financial services, PMT and agriculture finance activities
- CITI Bank which has funded the CITI Micro-entrepreneurship Awards
- The PROFIRA Project under the Ministry of Finance Planning and Economic Development that funds the SACCO strengthening programme where AMFIU is an implementing partner in northern Uganda.
- The Savings Bank Foundation for International Cooperation that support financial literacy and business development initiatives

Our esteemed members that have supported our resource mobilization efforts through advertising in the directory and the Microfinance Magazine, participating in the Microfinance Expo, contracting us to do consultancy work, hiring out our training center, sponsoring some of our activities and paying their subscription on time.

Once again, I thank you all for supporting the network and urge you to continue in the same spirit in the efforts to improve the lives and livelihoods of our people.

I wish you God's Blessings.

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 and accomplishment that we present to you AMFIU's 2018 Annual Report. This report highlights many notable achievements that we at AMFIU are proud to celebrate with our Board and members that have tremendously supported us throughout the year.

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

The Second Microfinance and SME Expo: AMFIU, in collaboration with the Uganda Small Scale Industries Association (USSIA) held the second Microfinance and SME Expo at UMA show grounds. It attracted 22 financial services exhibitors and over 200 SME exhibitors. This expo was a great opportunity for the financial institutions to showcase their products and interface with the consumers of their services who are the SMEs. The event was met with a lot of appreciation on both sides and was a success for the financial institutions that exhibited, the SMEs that got to interact with the financial institutions in a more open environment and for AMFIU that facilitated this networking.

Networking and Advocacy: AMFIU continued to participate and attend several industry initiatives that affect policy in order to ensure that the members' interests are catered for when making decisions that affect the sector. During this year, the major ones included;

- The Finscope committee
- The design of the Movable Assets online registry by Uganda Registration Services Bureau (URSB)
- The development of the chattel's regulations committee
- The Financial Markets Developments Committee chaired by BOU
- The consumer protection committee under the National financial inclusion strategy
- The East African Community Microfinance Technical Working Group chaired by the EAC Secretariat

The Annual Industry Report: The Annual Microfinance Industry report was launched in the third quarter of this year and I wish to thank all the members and other non-member institutions that made this possible through their consistent submission of the PMT reports. This report is mainly compiled using PMT data that is aggregated by the PMS in order to come up with a sector performance report. We thank the Microfinance Support Center Ltd, FSDU, Stromme Microfinance EA Ltd, OikoCredit and UBOS that were part of the editorial team.

Consumer Protection and Complaints Handling: In collaboration with the SMART Campaign and the Social Performance Task Force, AMFIU conducted a SMART Assessor training where AMFIU members and some AMFIU staff were trained. This will help in supporting members that want to improve their consumer protection practices.

The AMFIU complaints handling system is going through an upgrade to digitize it in order for it to connect and be accessed by the members, to increase more features and improve the reports generated. Once completed, it will enable members without complaints handling systems to be able to use it to register and track complaints from their customers.

Resource Mobilization: We were privileged this year to score an improvement in our resource mobilization efforts, albeit the existing challenges. From our external sources of support, we were able to have on board new development partners that include;

- i. aBi Trust to support our digital finance and agri-finance initiatives
- ii. Water.org to support the WASH credit Programme
- iii. The Savings Bank Foundation for International Corporation (SBFIC) to support capacity building initiatives and institutional development.
- iv. The SMART Campaign to support the upgrade of our complaints handling system
- v. FSDU to build our capacity in Lobby and Advocacy

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 developing a business plan for the AMFIU Business Consult (ABC) – AMFIU's commercial arm and implementation of this plan will commence in 2019. It is hoped that the operationalization of this entity will ensure increased internally generated income for AMFIU.

Apart from a few administration challenges, our major technical challenge this year has been the delay in establishing a Credit Information Sharing System for our members and the Tier4 sector at large. The major obstacle has been the delay by our partner (COMPUSCAN) to secure approval from the Bank of Uganda. We are assessing other avenues of working with the Uganda Microfinance Regulatory Authority (UMRA) and other stakeholders to ensure that we find a solution to this.

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 and look forward to another amazing year at AMFIU.

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I.0 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 2018, AMFIU had a membership of 112 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

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 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 believe 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.

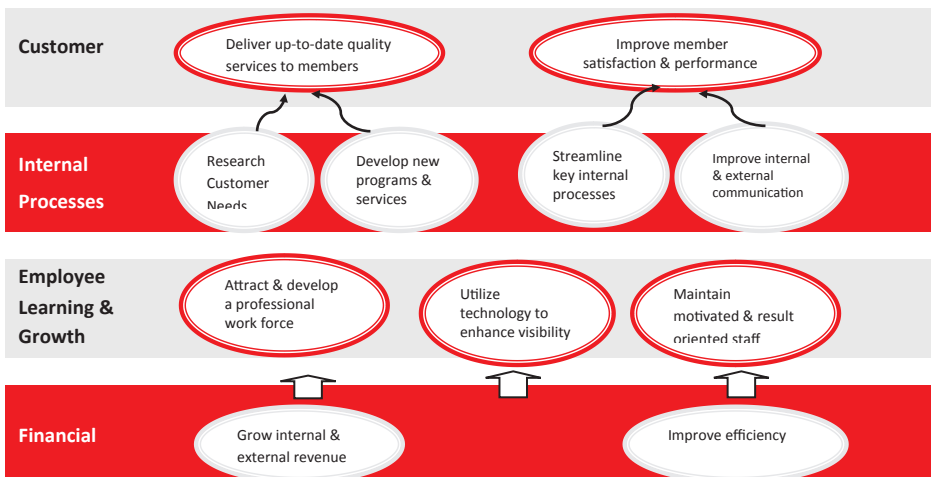
2. PROGRAMME IMPLEMENTATION: KEY ACHIEVEMENTS – 2018

2.1 Member Recruitment and Retention

Member retention and recruitment remains at the heart of the association through accessibility of AMFIU products and the practice of professional microfinance. During the year 40 institutions expressed interests in being members of AMFIU, out of those 10 applied for membership and were appraised, however out of ten (10), four (4) qualified to be members of AMFIU and 6 institutions needed further monitoring as their structures were not yet to the requirements of the AMFIU membership which looks more to the institutions professionalism in the practice of microfinance. The remaining number of those that expressed interest still needed more time for board approval and streamlining their processes to the required standards.

AMFIU's Strategy Map (2017 – 2021)

Mission Statement: Promote a professional, inclusive and responsible microfinance industry that contributes to social and economic transformation of the lives and livelihoods of Ugandans



2.0 Programme Implementation: Key Achievements – 2018

2.1 Member Recruitment and Retention

Member retention and recruitment remains at the heart of the association through ensuring the provision of quality services to our members and the sector at large. During the year, 40 institutions expressed interest in being members of AMFIU. Out of those, 10 applied for membership and were appraised, and Six (6) qualified to be mem-

bers of AMFIU. AMFIU will continue to do further monitoring with the others as their systems were not yet to the requirements of AMFIU membership which emphasises professionalism in the practice of microfinance. The remaining number of those that expressed interest still needed more time for board approval and streamlining their processes to the required standards.

Admitted ordinary members 2018

Institution	District	Category
1 Mushanga SACCO	Sheema	Ordinary
2 Liberation Microfinance Limited	Wakiso	Ordinary
3 Jennis Finance Ltd	Mukono	Ordinary
4 Divine Microfinance Limited	Wakiso	Ordinary
5 Olio SACCO	Serere	Ordinary
6 Ikwera SACCO	Kwania	Ordinary

2.2 Water Supply and Sanitation Product

During the year, AMFIU entered into partnership with an American NGO- Water. Org to support AMFIU members in developing a Water Credit loan facility.

Twenty Eight (28) Members of AMFIU expressed interest to be part of the project and are partnering with AMFIU to implement this product.

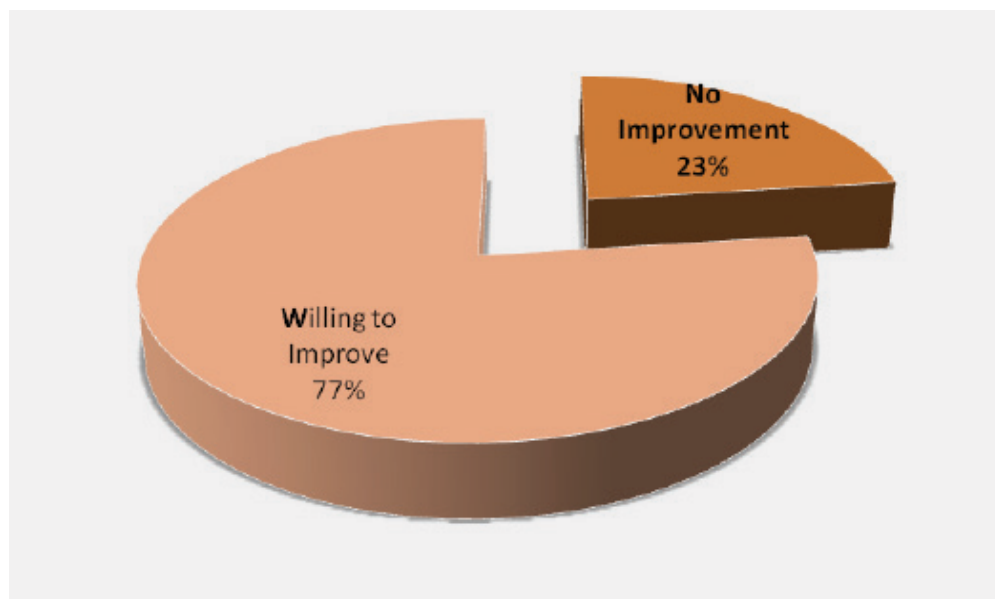
While some Financial Institutions offer consumption and education products, some do not lend extensively for home improvement, and do not offer customized Water Supply and Sanitation finance products. The majority of Financial Institutions prioritize business lending for income generating purposes.

The concept of microfinance for water and sanitation is completely new in many areas. Thus, there is still a huge unmet demand especially for water and sanitation needs. Clients are forced to take business loans and later divert them in meeting their WSS needs, which may not be in both the Financial Institutions and borrower interest.

The introduction of a Water supply and Sanitation loan product will add into the institutions profits and also address the social impact of the institution to their clients.

A base line report on the actual status and demand for change in line with water and sanitation was conducted and revealed that a majority (77%) of respondents who were also clients of MFIs would appreciate a change in the current state of water and sanitation.

Highlights from the WSS research Study



Willingness to improve household water and sanitation supply

Improvement	Percentage
Get a new water Connection to my home	39 %
Extend water into the kitchen and bathroom	7.2 %
Buy and install a rainwater harvesting system	37.4 %
Buy and install a water tank	14.5 %
Borehole for the community	1.4 %

Desired Improvements to Household Sanitation Facilities

Desired Improvement	Percentage
Construct new Water Flush sanitation facilities	16.9%
Construct new VIP Sanitation Facilities	16.9%
Construct new (other) facilities	21.5%
Improve/Repair/Rehabilitate Existing Facilities	20%
Make minor modifications to existing facilities	24.6%

2.2.1 Training in Water Supply and Sanitation Loan Product

During the year, Twenty Six (26), financial institutions received various trainings on Opportunities in WSS lending, Product development, Marketing, Business processes and operational efficiencies. The trainings were held regionally in Northern, Western and Central regions. The trainings were to build capacity and create awareness on Wa-

ter supply and sanitation as a loan product and a service.

The participants covered 6 sessions of product development, Marketing strategy and positioning, learnt why there should be networking in the WSS landscape, went through process mapping, value chain financing and on how to efficiently implement the WSS credit process.



2.3 Farm Record Keeping in Western and Northern Regions

For a long time, agriculture financing has been a big challenge for the microfinance industry because of the various risks associated with it. More often farming is widely viewed “as a way of life” rather than a business.

Farm record keeping has not been embraced by the farming community. Indeed, most farmers have a real problem in keeping records because it is not something they enjoy and they argued that it is not the reason why they went into the farming business.

However, recent years have seen an increase in the number of MFIs, DFA's, donors and wholesale lenders interested in promoting agriculture financing. Uganda, being a majorly agricultural based country, there is no way this sector can be ignored.

A number of studies to improve financing in this sector have been undertaken and AMFIU has added to the knowledge of agriculture financing by conducting various studies and among these is the baseline in Farm record keeping among Farmers.

Present day farm operations are becoming more and more business oriented than yesterday farm operations. Being a good producer is no longer good enough to remain in business. The key to becoming a successful farmer today is being a good producer as well as a good financial manager.

One of the major challenges identified through the various studies AMFIU has conducted is the poor record keeping by small scale farmers. With support from aBi Trust, AMFIU carried out a baseline study on farm record keeping among 564 farmers to ascertain and assess the extent to which farmers keep records. The baseline study was to help AMFIU design appropriate trainings and technical assistance that will help farmers understand and appreciate the idea of record keeping and its impact in ensuring farm efficiency and access to finance. The study was conducted in focus group discussions and interviews with individual farmers.

Focus Group discussions with farmers in Masindi



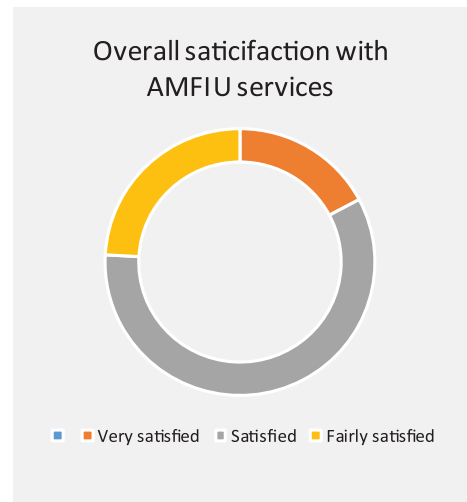
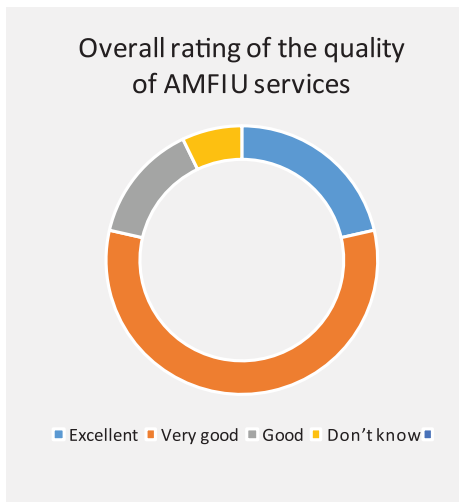
2.4 Annual Members' Satisfaction Survey

It is in AMFIU's practice to collect member feedback about the services provided annually and the AMFIU member satisfaction survey 2018 was conducted for that purpose. The survey considers AMFIU's key strategic areas of lobby and advocacy, information collection and dissemination, capacity building and skills training as well as financial inclusion initiatives. The respondents were asked to respond about quality of the services provided as well as rating their satisfaction with these services.

Below are extracts on some of the findings from the study

a) Overall Satisfaction of AMFIU Members

Members were asked to -rate the quality and satisfaction with AMFIU services and the feedback is as presented in the charts below;

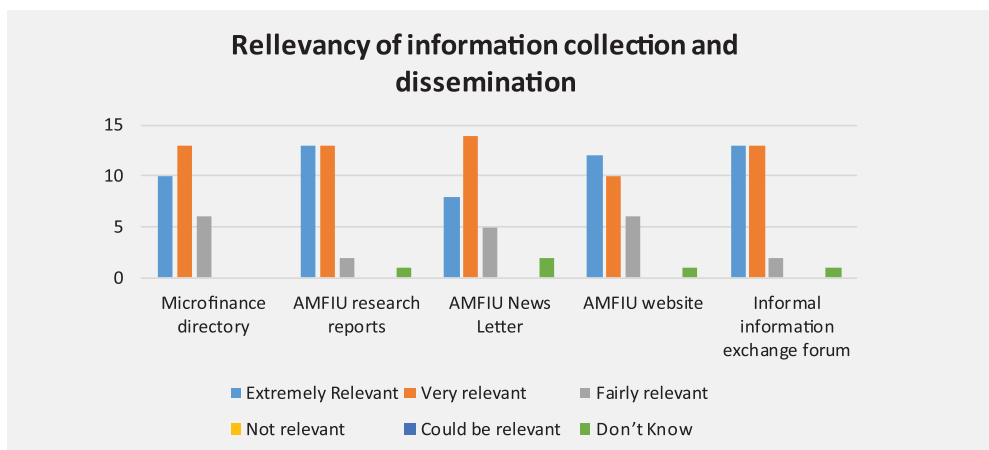


It can be observed that that 80% of the respondents were satisfied with AMFIU services. In terms of satisfaction 67% felt satisfied and very satisfied with the services offered by AMFIU. The general rating coupled with the specific rated areas provides good guidance for prioritizing intervention areas.

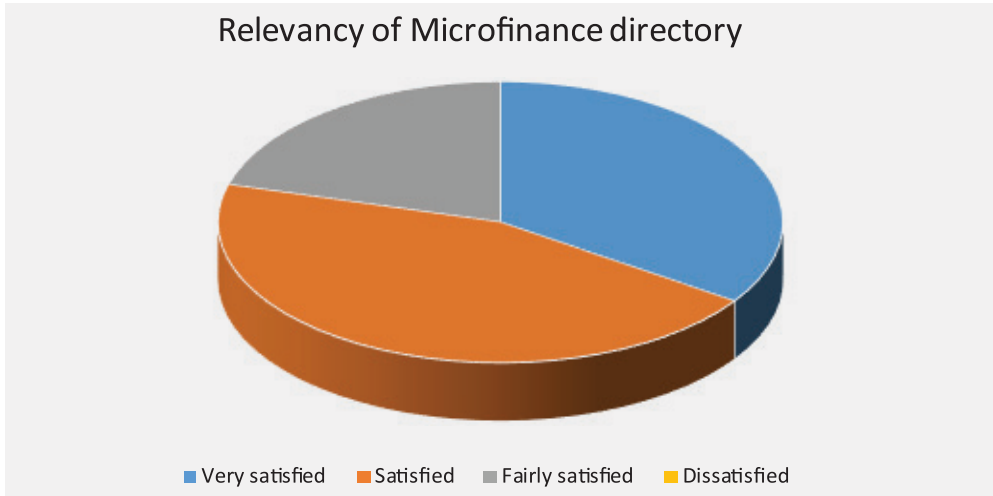
To obtain more detail about the services, members were asked to respond to specific services under each strategic area. The services under the lobby and advocacy include; lobby events (workshops and dialogue meetings), micro-entrepreneurship awards and the annual conference/ AGM in terms of importance and relevancy the members responded as below;



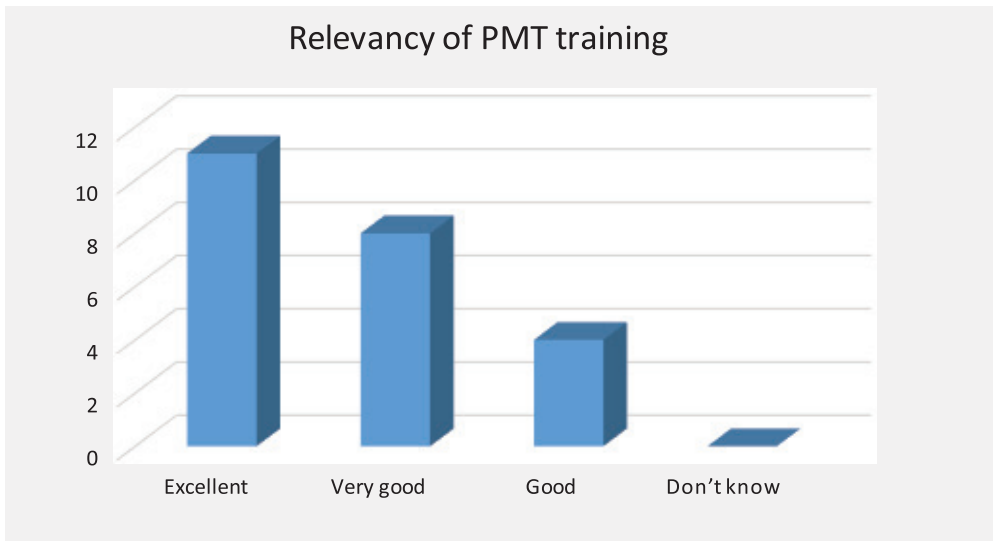
b) Information collection and dissemination



In terms of relevancy the figure show that all services under information collection and dissemination were regarded highly relevant and the microfinance directory ranked extremely relevant by members.



As evidenced from the pie-chart above 80% of the members found the directory as highly relevant with 34% reading it extremely relevant. Capacity building and skills development was also assessed and as per the figure blow, the training in PMT was ranked number one in relevance followed by financial literacy and others.



2.5 Social Performance Management (SPM) and Client Protection

AMFIU continued to support members in developing effective social performance management among their clients. The practical steps MFIs need is to develop a social strategy, set objectives and align all their systems to achieve their dual goals. In order to achieve strong social performance, an organization must manage its social performance as carefully and deliberately as it manages its financial performance. Social performance is about making an organization’s social mission a reality.

Social Performance and Client Protection issues have continued to be at the Centre of microfinance sector; AMFIU continues to spearhead the awareness and capacity building drives in this area.

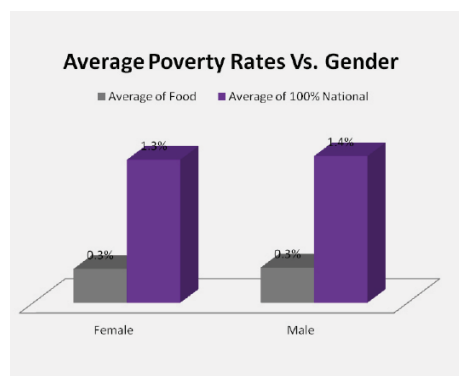
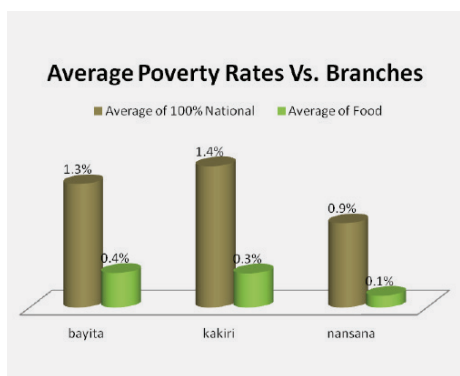
AMFIU has increased awareness on social performance management and client pro-

tection among the members and generally in the sector led to a big rise in the demand for social performance services. The microfinance sector has embraced the importance of SPM and AMFIU has continued to work with different sector players to enhance SPM and Client Protection among AMFIU members and Non Members.

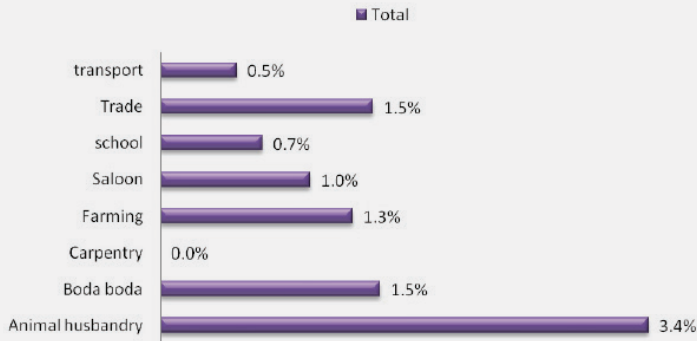
The key areas demanded mainly included; training in SPM and client protection, assessing compliance to the client protection principles, SPM technical assistance and client poverty profiling using the poverty assessment tool.

During the year AMFIU trained 25 staff from three MFIs and two SACCOs in the central region in institutionalizing the SPM process. We continued to offer support through technical assistance in client poverty measurement using the progress out of poverty index tool.

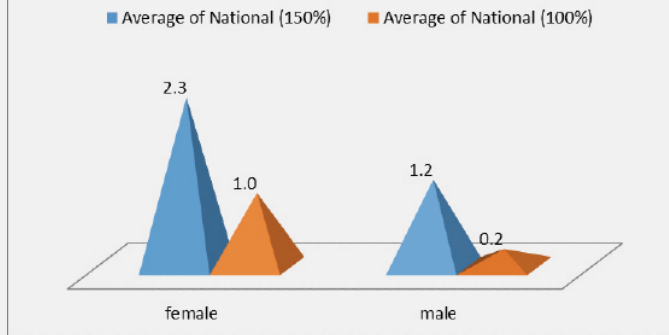
Highlights from some of the PPI reports are as below



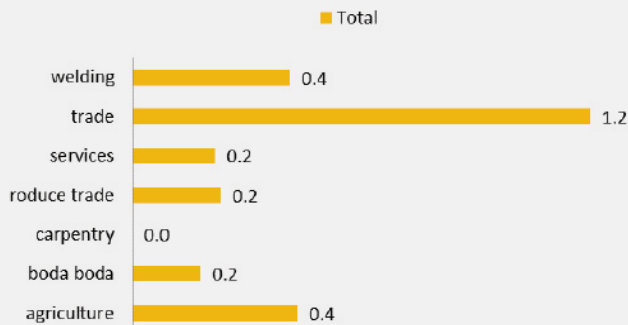
Average Poverty Rates Vs. Type of Business



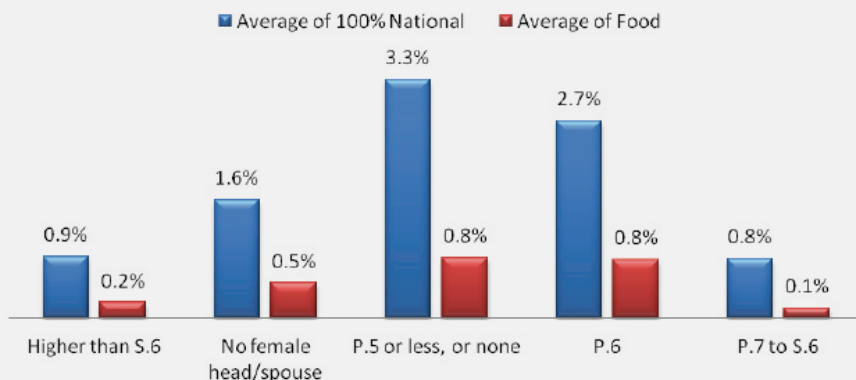
Average poverty rates vs Gender



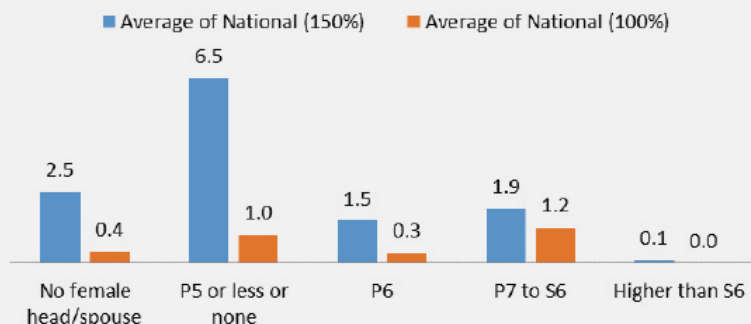
Poverty rates Vs type of business



Education Level of Female Head Vs. Poverty Rates



Education level of female head Vs poverty levels



2.5.1 Complaints Handling

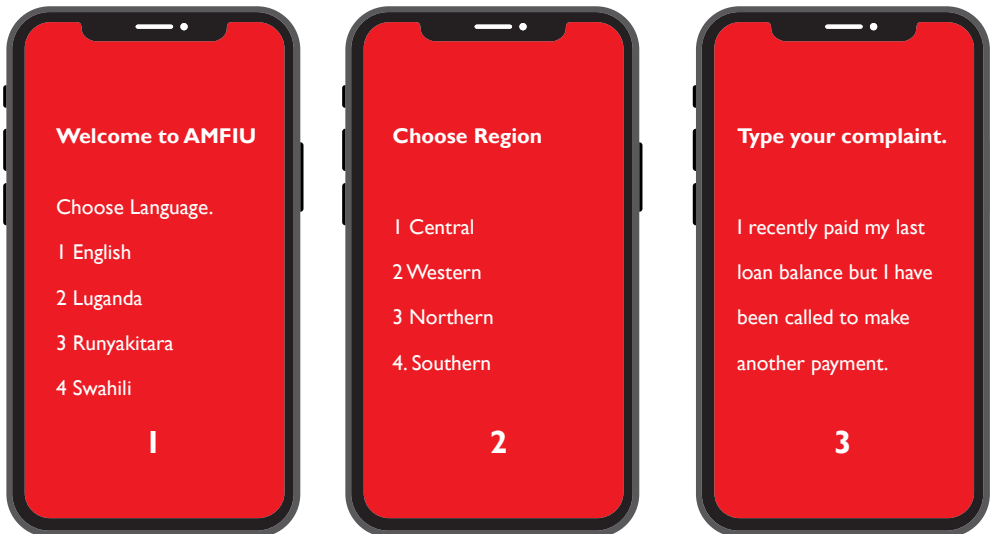
Mechanism for Complaints handling is one of the seven principles of client protection. In this principle, service providers need to have in place timely and responsive mechanisms for complaints and problem resolution for their clients to improve their products and services. Complaints handling is more than resolving the individual case, it's about using the information obtained by service providers to help avoid complaints in the future.

In a drive to effectively improve management sector complaints, AMFIU with support from SMART campaign undertook an upgrade of the current complaints handling system to make it more user friendly to the clients as well as institutions.

Several options for submitting complaints have been integrated and include:

i. USSD Code

USSD is a technology that has stood the test of time in mobile technology and serves all clients considering it's a text service that can be accessed on any type of phone. All financial institution clients can be able to report their queries through USSD menus designed for the client to outline the query in general.

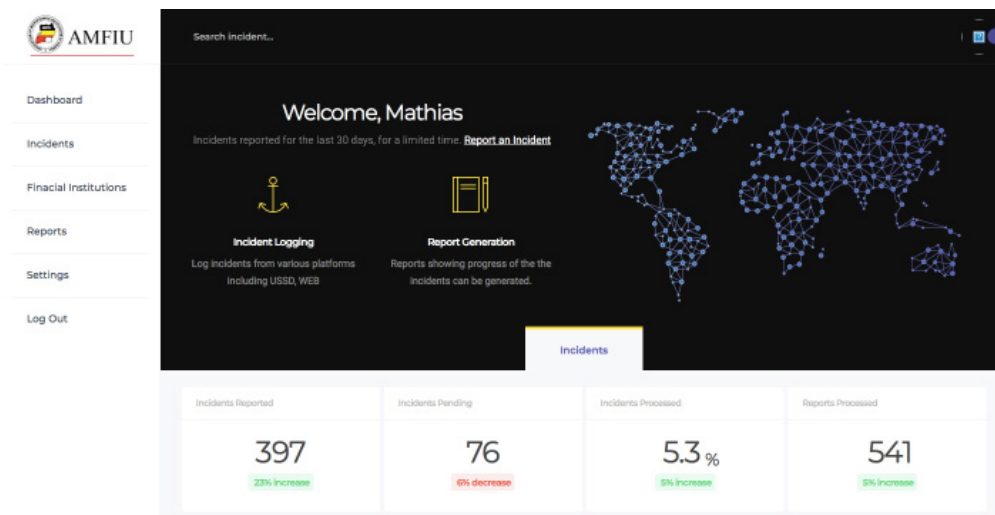


ii. Web Application

The online complaint reporting form is hosted at www.amfiu.org.ug and can be accessed any-time both on phone or computer with internet connection.

The screenshot shows a web application interface for adding a complaint. At the top, there is a navigation bar with 'Dashboard', 'Complaints', and 'Moses Kiwa'. Below it, a breadcrumb trail reads 'Client Complaints / Add'. The form contains the following fields:
 - 'Title or Subject': A text input field.
 - 'Institution Concerned *': A dropdown menu with 'Please select'.
 - 'Institution Branch *': A dropdown menu with 'Please select'.
 - 'Client Institution Status *': A dropdown menu with 'Please select'.
 - 'Ticket Description': A large text area for entering the complaint details.
 At the bottom of the form, there are two buttons: 'Add' and 'Cancel'.

System Dash Board at AMFIU showing a snap shot of all the reports made during the selected period



iii. Toll free line

Over the years AMFIU has maintained the toll free line 0800133033 and clients continue to call in and get attended to by complaints handling officer who advises them on the next steps. She then inputs their complaints into the system and generates reports.



iv. Whatsapp

Today out of every 10 users up to 4 have a smart phone with WhatsApp as a service. This means that clients can ably communicate using this platform and receive messages on their rights as consumers. WhatsApp for Business has been integrated into the incident report manager web application

such that clients can request to join the reporting group automatically and can report directly from their WhatsApp accounts.

v. Walk-Ins

MFI clients have a right to visit the complaints handling desk at AMFIU during working hours from 8am-5pm, Monday to Friday to register any unresolved complaints by their respective microfinance institutions.

vi. Complaints through Email

MFI clients with unresolved complaints can register their complaint through the AMFIU complaints handling email, which is helpdesk@amfiu.org.ug

The client is given an automatic response on the email received by the complaints handling officer. Clients are required to leave their names, contacts including - telephone or email address and the MFI they are complaining about. On receipt of the complaints, an email is sent out to the client on the various steps that have been taken to resolve the complaint and a telephone call is made to the client to confirm receipt of the message.

The complaints handling Officer registers the complaint in the system and informs the clients of the next steps of resolution. Client feedback is given within 48 hours from receipt of the complaint.

Why it's important to automate complaints and have a complaints management soft ware.

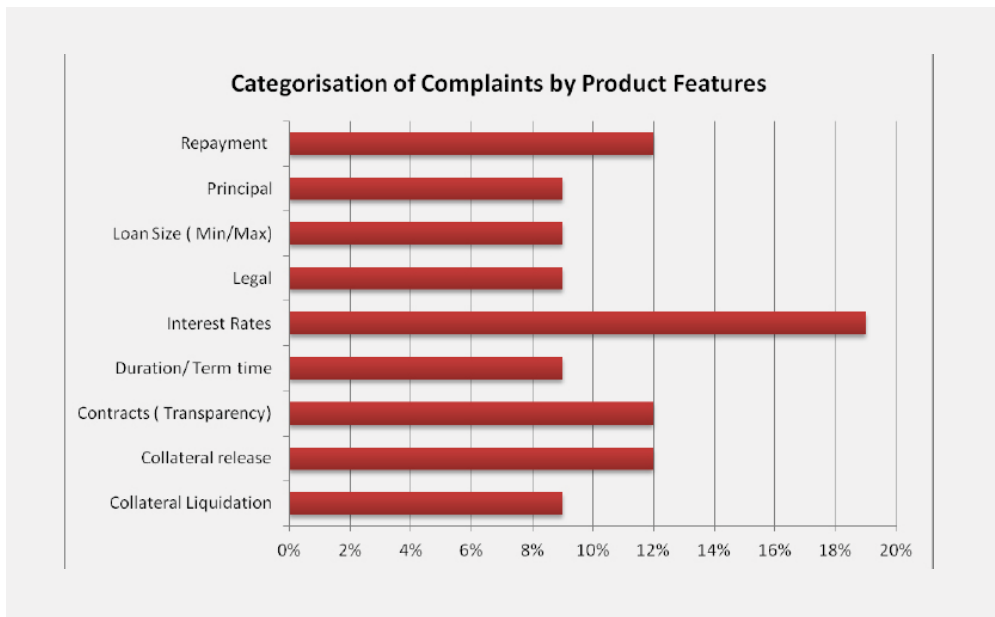
Improve service.	Boost Productivity.	Reduce Risk.
<ul style="list-style-type: none"> • Faster response times. • Consistency and coordination. • Frontline resolution. • Root cause analysis 	<ul style="list-style-type: none"> • Manage increased caseload • Effective planning and scheduling • Management Information. 	<ul style="list-style-type: none"> • Regulatory and mandatory reporting • Data protection and security.

Annual Complaints Report

During the year a total of 164 complaints were received and below are highlights of some of the issues identified

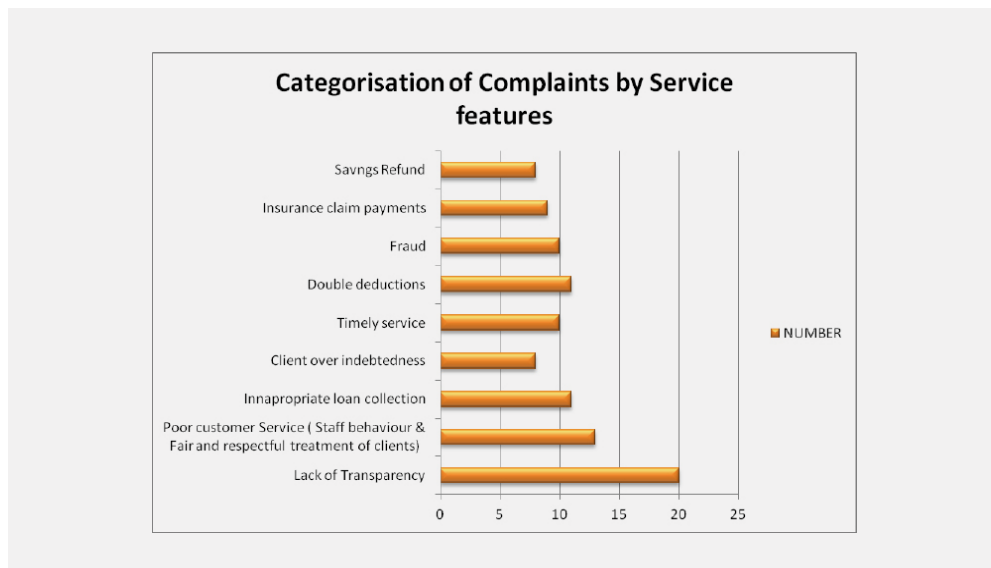
Categorization of complaints by product features.

Product features considers issues related to repayment terms, interest rates, transparency, collateral release among others. As shown from the graph below, the following were the complaints:



Complaints related to services

Analysis of complaints related to services was made and below is the summary.



Complaints by Institution Type

Majority of the complaints came from SACCOs (57%) followed by the Credit Institutions (17%) and then the Non-deposit taking institutions and moneylenders at (8%). The Commercial Banks at (6%) and the MDIs (4%) had the lowest number of client complaints. This is mainly because regulated institutions are compelled by the central bank to have internal complaints handling systems. So the complaints are dealt with at institutional level and are only escalated to a third party when consensus cannot be reached at that level and they also have the option of using the central Bank as their third party arbitrator. Therefore, some of their clients may have reported their complaints to Bank of Uganda. f using

Service Features Vs Product Features Complaints

According to the complaints received, majority of the complaints from the clients were related to the service delivery. This meant that majority of the clients felt that the service delivery mechanisms of the fi-

ancial institutions were not satisfactory as shown in the pie chart below;

2.6 Information Collection and Dissemination

2.6.1 Microfinance Industry Information Exchange (IIE) Forums

AMFIU continued organizing Microfinance Industry Informal Exchange (IIE) platforms on a quarterly basis throughout the year. These mainly focused on innovations and developments in the sector enhance financial inclusion in Uganda. Among the pertinent issues discussed have included:

a) Finance for Refugees: This mainly featured the NpM Finance for Refugee Diagnostic Study in Uganda which aimed to clarify the interventions and possible TA needed to successfully offer financial services to refugees and other foreign-born residents in Uganda, alongside low-income host community members. The study analysed demand and supply side opportunities and constraints to advance the business case for financial inclusion of refugees in



OPPORTUNITY BANK

Creating opportunities for Disabled Persons: A case of Opportunity Bank

Opportunity Bank Uganda Limited (OBUL) is a Tier 2 Financial Institution, licensed by Bank of Uganda. The banking license enables OBUL to accept deposits as well as to disburse loans. OBUL now has a network of 22 branches throughout the country serving over 30,000 active loan clients and over 170,000 savers. Opportunity Bank is a member of Opportunity International, non profit making organization. Opportunity International has over 45 years' experience of working with people living in poverty enabling them to build sustainable livelihoods.

OBUL is committed to supporting poor Ugandan households to create and sustain viable livelihoods, and to increase their financial resilience. In order to achieve this, OBUL offers a full range of financial services including loans, savings and insurance facilities, as well as training in entrepreneurship and financial literacy to both urban and rural micro-entrepreneurs, small and medium enterprises and smallholder farmers.

Disability Financial Inclusion at OBUL:

Disability financial inclusion in OBUL started in 2012, following a sensitization on the topic by Association of Microfinance Institutions of Uganda (AMFIU). Driven by the mission to transform lives, OBUL came up with a strategy to integrate disability inclusion in the daily operations.

The strategy covered the following areas: Awareness creation and promotion, staff capacity building, accessibility and institutionalization.

In 2015, OBUL engaged AMFIU to perform a Disability Inclusive Assessment to review its capacity to serve people with disabilities. During the assessment AMFIU looked at five key areas within the bank: i) Strategic Focus, ii) Partnerships, iii) Internal Systems, iv) Accessibility and v) Customer Focus. At the time of the review three areas namely; Strategic Focus, Partnership and Customer Focus scored above average, while Internal Systems and Accessibility scored below average.

AMFIU found that OBUL's HR policies were weak in terms of disability inclusion, in particular the Diversity Policy made no mention of disability. Basic data on disability was captured at account opening and loan application, but it was not compliant with internationally recognized standards, and data was not used to make management decisions regarding appropriate products and services for persons with disabilities. At the time, it was also felt that more could be done to make branches more accessible. Since then a lot has been done to ensure that PWD's access financial services from the bank.

Key Achievements:

1. Partnerships: Established partnership with AMFIU and NUDIPU under the iSAVE program where about 7 iSAVE groups have opened accounts in Mbale and Manafa. Other partners include Chesire Services Uganda and Community Fund (Big Lottery UK). Community Fund is supporting OBUL with Funding to enhance the exiting partnership with AMFIU and
1. NUDIPU to extend financial services to PWDS in Mbale, Manafa, Iganga, Soroti and Lira in the next 3 years.
2. Policy alignment: Updated the HR policies with the inclusion clause on disability in the Harassment/Anti-Discrimination Policy, and the addition of an explicit Equal Opportunities clause in the Recruitment Policy. Currently OBUL is employing 11 staff with different disabilities.
3. Staff awareness and training: About 30 branch staff were trained as TOTs by AMFIU on disability awareness in 2016. AMFIU has continued to provide branch - based training to OBUL staff especially in Mbale, and Iganga. As a result of the training staff attitude towards PWDS have greatly improved
4. Improving accessibility: OBUL has also worked on creating a safe, accessible environment to enable persons with disabilities to visit and transact at local branches, e.g. having an elevator at Head Office, phasing out upstairs office space in branches, introducing ramps, rails and lower counters in new branches.
5. Data collection: Disability data is collected at loan application and account opening on all clients. The data is analyzed on a quarterly basis and is used by management to inform decisions. Disability data is integrated in the loan application form and account opening form
6. Target focused- Our target is to serve 10% PWDs by 2021. According to OBUL's June 2018 Social Performance Management Reporting the bank is serving 911 persons with disabilities with about 1 b million in loans (less than 1% of the total client base).
7. Senior Management and board commitment: The board and management of OBUL have committed themselves to Disability financial inclusion. There is a Financial Inclusion Manager dedicated to the implementation of the PWD's activities and reporting

Challenges:

- Staff turn-over: Due to high staff turnover, training has to be continuous, which is costly
- Lack of skills: Although staff have been trained, they still lack technical skills of how to handle the different disabilities like deaf.
- Negative attitude – there is still fear of whether a PWD will be able to pay and if he/she fails to pay how to handle
- Loan policies- to access a loan one must be economically active, yet many of the PWDs are not economically active
- Distance: Most of the PWDS stay far from the branches
- Information access: We don't have the resources and expertise to provide all the necessary aids
- Diversity in disabilities: They are many forms of disabilities we can't plan for each appropriately e.g little people, a wheel chair may not be enough to make access to the banking hall.

Uganda, and forms part of a larger Financial Inclusion for Refugees.

b) **Digital technologies and agency banking:** These are driving financial service delivery both locally and globally. To address this demand, many platforms have been developed to support institutions digitize their operations and during the meeting first access shared a platform that financial institutions can use for managing their digital data. Similarly many financial institutions are taking advantage of agency banking to advance financial inclusion. Finca shared their experience in deploying Agency Banking in Africa.

c) **Digital Risk Management:** Data privacy and security is a big concern among both institutions that have embraced digital finance and those that plan to take that direction. Many institutions are aware of risks but not thoroughly grounded in these areas. To address these concerns, Pride Microfinance Limited (MDI) shared their experience in managing digital risks. This was during the meeting at Sheraton Hotel that also combined with the launch of the industry report.



2.6.2 International Cooperative day

AMFIU continued to participate in sector events to promote its services and programs. In 2018, AMFIU joined the International cooperatives day celebrations that were held at Civil Service College in Jinja. The International cooperatives day is an annual celebration held every first Saturday of July. It was a good platform to increase awareness and promote the microfinance in economic empowerment.

The theme for celebrations was sustainable consumption and production of goods and services.

The meeting brought together cooperatives, government institutions, and policy makers to share challenges and successes in promoting cooperatives

2.7 Sector Forums

2.7.1 Microfinance Deposit Taking Institutions (MDI) Forum

During the year 2018, AMFIU revived the MDI forum. The forum was very instrumental in the early years of passing the MDI Act where peers would meet to discuss issues and challenges of operating under the law. Issues would then be transferred to Bank of Uganda for consideration. However basing on voices as gathered during consultative meetings with members in this category AMFIU felt it important to revive the forum to address issues as raised. Some of the issues raised were;

- Reviving the MDI forum
- Lobbying for faster passing of the revised MDI Act,
- More effort to go in research and dissemination
- Identifying and sharing information on funding opportunities
- Organising international exchange visits among peers
- Information sharing platform for

- members to share information
- Launching on line courses and certification

In effect the first forum meeting was organized and chaired by AMFIU where a number of issues were discussed and actions agreed upon. AMFIU is in consultation with C-Gap and one University to launch the development of courses. It was agreed that the forum meets on a quarterly on rotational basis with member institutions.

2.7.2 Wholesalers of Funds Forum

A forum for wholesale lenders was convened at AMFIU to discuss the licensing challenges under the tier 4 law that this category of members were facing. The meeting was attended by UMRA and ministry of finance who all acknowledged the gap in the law in regard to licensing wholesale lenders.

The members discussed and presented different issues of contention and proposals on how better the law could enhance their service delivery. UMRA advised members to continue operating under the non-Deposit taking license as we await the auditor General's pronouncement on the issue.

The members agreed that as peers they should be meeting twice a year to discuss matters of common interest.



2.8 Lobby and Partnerships

2.8.1 Sector Committees

AMFIU continued to participate and attend several industry initiatives where it's part of the committees.

Since 2017 AMFIU has been part of other stakeholders to discuss the National financial inclusion strategy whose aim is to have "all Ugandans have access to, and use of, a broad range of quality and affordable financial services which helps ensure their financial security". The NFIS seeks to reduce financial exclusion from 15 to five percent by 2022. The National Financial Inclusion Strategy was developed by the Bank of Uganda and the Ministry of Finance, Planning and Economic Development as a holistic strategy for promoting financial inclusion with emphasis on five pillars:

1. Reduce financial exclusion and access barrier to financial services
2. Build out digital infrastructure for efficiency
3. Credit Infrastructure
4. Deepen and broaden formal savings investments & Insurance usage
5. Empower and protect individual with enhanced capacity.

The committee has five working groups each handling a different objective to come up with a complete work plan that will guide implementation measures, establishment and achievement of goals of that particular objective within the five years of the strategy. AMFIU is working together with other stakeholders to ensure the implementation of pillar number one (1) number five (5) During AMFIU participated in meeting to discuss and brainstorm on the updates of the strategic plan of each working group on each objective.

During the year, AMFIU participated in the committee that discussed the security and movable property bill 2018. The Bill will facilitate credit for small borrowers and man-

age the risk of borrowing by the financial sector.

The objective of the bill is to provide for the use of movable property as collateral for credit to provide for the creation and perfection of security interests, provide for the rules for determining priority of claims among competing claimants, to provide for the registration of security interests in movable property by notices and search of the register and for related matters.

Other committees where AMFIU is member include:

- The Finscope Committee
- The design of the Movable Assets online registry by URSB
- The Financial Markets Developments Committee by BOU

2.8.2 Partnerships

During the year AMFIU created partnership to enhance service delivery in the microfinance sector. These include:

a) Water.org

AMFIU created partnership with Water.org to promote and build capacity of 25 Financial Institutions in Water supply and sanitation (WSS) loan product. AMFIU will provide WSS technical support to Financial Institutions who in term are projected to disburse over 18,300 loans reaching a minimum of 91,500 beneficiaries (based on a conservative estimate of 5 people reached / per loan).

b) aBi

The aBi project is aimed at stimulating demand for financial services by creating an environment that fosters responsible financial inclusion and promoting digital financial inclusion among microfinance institutions, including SACCOs in the following areas;

- i) Promoting the adoption of digital financial (DFS) services by dealing with consumer attitudes to transit from a cash based mindset to a digital mindset and building capac-

ity of MFIs/SACCOs in consumer protection issues that affect digital finance and stimulating innovation in DFS.

- ii) Improve access to agriculture financing especially by women and youth by collaborating with Farmer Associations to train this target group in small scale farm record keeping. The majority of microfinance Clients are engaged in agriculture more especially small holder farming but do not employ any business principles to it.
 - iii) Providing the sector with financial inclusion data through capacity building of MFIs/SACCOs in improved reporting and performance monitoring of selected performance indicators using the Performance Monitoring Tool (PMT)
- c) Savings Banks Foundation for International Cooperation (SBFIC)

The overall goal of the partnership is to support AMFIU technically in its efforts to further professionalize the Microfinance sector in Uganda and to increase the financial inclusion of Ugandans. The partnership focuses on the following:

- i) Financial Literacy/Financial Education, e.g.: consumer protection campaigns; digital literacy campaigns to increase rural outreach of digital financial services; savings mobilization campaigns; all activities targeting youth and adults alike, e.g. through: School financial education programs; SBFIC “Savings Game” (savings simulation); SBFIC “Micro Business Game” (management simulation for micro-entrepreneurs); SBFIC “Farmers Finance Game” (management simulation for small-scale/ medium sized agricultural businesses); all activities as “multiplier concepts”

(training of trainers and similar approaches); all activities to take place particularly in the City of Kampala and in the Northern Region, West Nile Sub-Region, Arua District (and potentially outreach programs to neighboring areas)

- ii) Capacity Development for staff, management and board/committee members of AMFIU member institutions; in particular: technical support of data quality enhancement and reporting (in accordance with the “TIER 4 Microfinance Institutions and Money Lenders Act”); loan appraisal processes (especially cash-flow based lending); curriculum development including exploration/preparation of the “Dual Apprenticeship System”
- iii) Institutional Strengthening of AMFIU, e.g.: exploration of options for the establishment of shared services for AMFIU member institutes (IT services; audit services); green finance product development; set-up and establishment of the commercial arm of AMFIU (AMFIU Business Consult)





Performance Monitoring Tool (PMT): ENCOT Microfinance Ltd

ENCOT Microfinance Ltd is a micro-credit and rural-enterprise development entity, founded as an NGO in 2006 by a group of indigenous community development practitioners in Masindi District. The Organization was developed as a response to the challenges of poverty and suffering faced by the rural communities in Masindi, most especially the farmers.

ENCOT Microfinance Ltd has since grown to serve over 5,679 clients with a portfolio of over UGX 5 Billion as of December 2018. Encot is one of the institutions that fully embraced the use of PMT and has won numerous Awards from AMFIU regarding reporting. Patrick Akugizibwe, Accountant, ENCOT Microfinance Ltd shares their experience using PMT from the finance perspective.

The PMT has assisted in making comparison between the institutions performance in relation to the standard benchmark in the industry. The analysis of the ratios that are key performance indicators in Microfinance institutions helps one understand the financial position of the institution and thus helping management in determining how and where to invest to help it break even and thus develop assets that benefit the institution for a foreseeable future.

As ENCOT, the PMT has helped us in preparation of reports for management decision making in areas of good lending practices and the quality of financial services offered.



2.9 Performance Monitoring

2.9.1 Monitoring and Evaluation of Members Performance

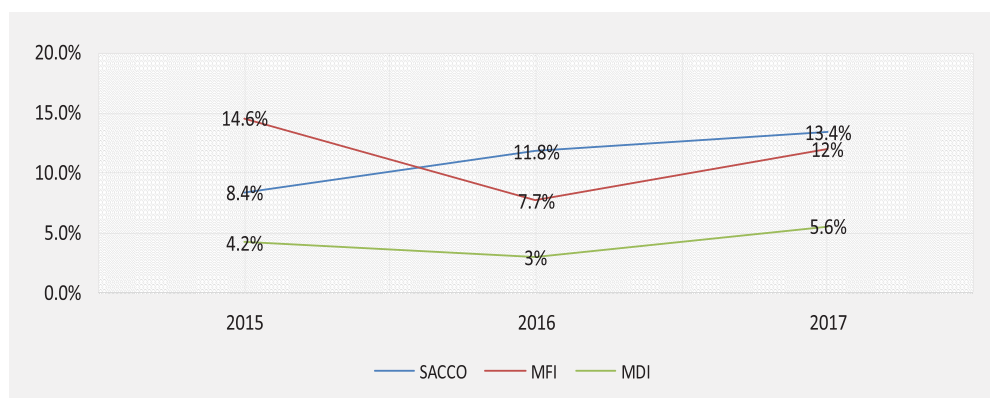
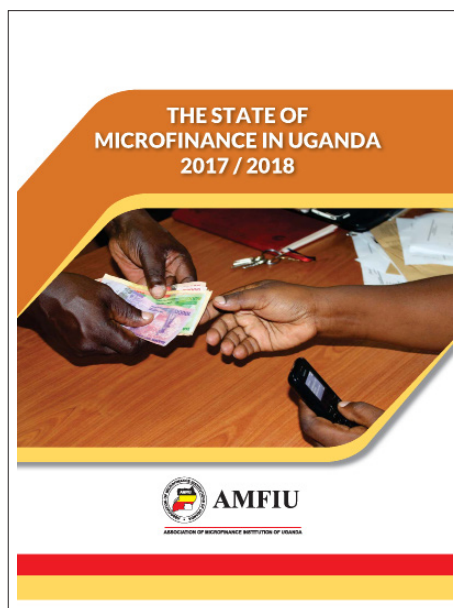
The financial and social performance of financial institutions is monitored and evaluated through the usage of the Performance Monitoring Tool.

The year saw the perception of usage move from just a reporting tool to a management tool used for decision making by the financial institution BOD and management team. A report on the state of Microfinance in Uganda released in September 2018.

This is the third comprehensive report on the State of Microfinance in Uganda. The report gives an overview of the microfinance sector, its regulation, innovations and performance based on data of 2017. It also presented recommendations for individual institutions, policy makers and other stakeholders. The report was produced by the AMFIU in collaboration with Stromme Microfinance Eastafrica, Oikocredit, Microfinance Support Centre (MSC), Financial

Services Deepening Uganda (FSDU), and Uganda Bureau of Statistics (UBOS).

Below are highlights from the report on the analyses the performance of the Uganda Microfinance industry using data provided by financial institutions.



Results from an online survey carried out amongst AMFIU members revealed the reasons below as the major cause for high PAR;

Reasons for high PAR in SACCOs and MFIs (As presented by member Institutions)

MFIs	SACCOs
Multiple borrowing	Multiple borrowing
Staff capacity, low investment in staff training as such risk of low assessment and appraisals.	Unwillingness to pay
Poor Internal control systems that leave room for manipulation, fraud cases	Client High expenditures on activities outside the specific loan activity. School fees, Food, Health
Inadequate supervision	Unpredictable weather for mostly agriculture Products.
Absence of a Credit Reference system	Absence of a credit reference system

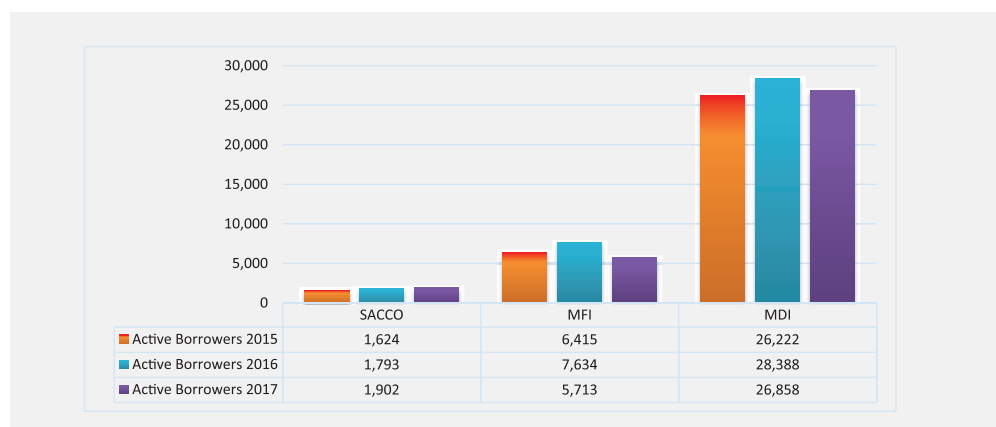
b) Outreach and Size

By the end of 2017, a SACCO in Uganda had an average outstanding loan portfolio of Ugx. 3 Billion, an MFI had Ugx. 16 Billion and an MDI had Ugx. 63 Billion.

	MDIs - Avg	MFIs - Avg	SACCOs- Avg
Assets	107,252,178,814	18,820,069,790	4,138,627,487
Gross Loan Portfolio	63,086,072,22	16,288,974,528	3,016,197,764
Liabilities	72,414,921,664	11,905,419,641	2,292,692,731
Short-term deposits	45,836,047,000	539,778,010	1,680,960,465
Long – Term debts	1,427,221,016	685,338,141	249,414,228
Equity	34,837,257,150	6,914,650,149	1,845,934,756

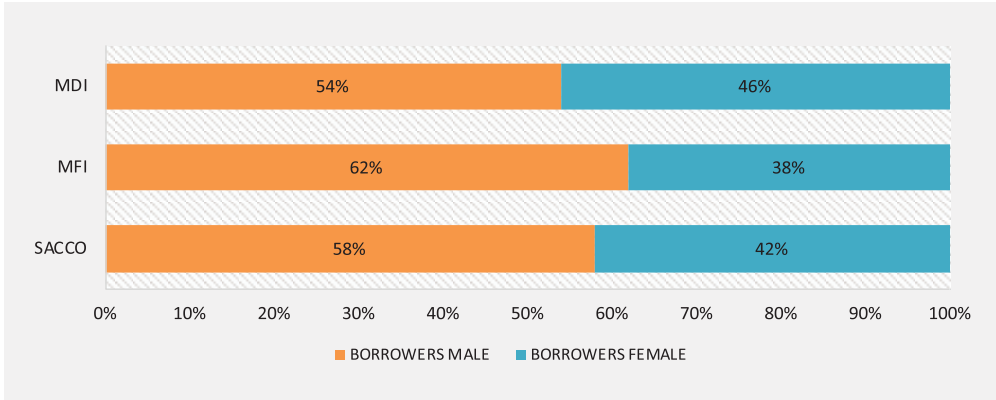
c) Borrowers

Active Borrowers Across categories - Avg



Many microfinance institutions have defined targeting vulnerable groups, especially women as a key area of focus. Traditionally, majority of the women were excluded from the financial services sector due to several reasons. However, the impact of economically empowered women on the welfare of their households has proved to be greater than that of men in many instances. Therefore, microfinance institutions have put a focus of women and innovatively developed products that can increase access to financial services for the women.

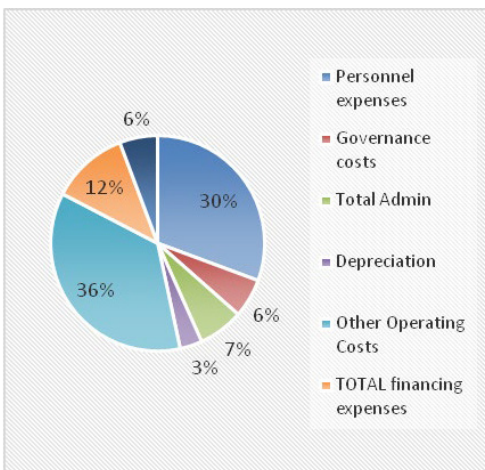
Borrowers by Gender across Categories



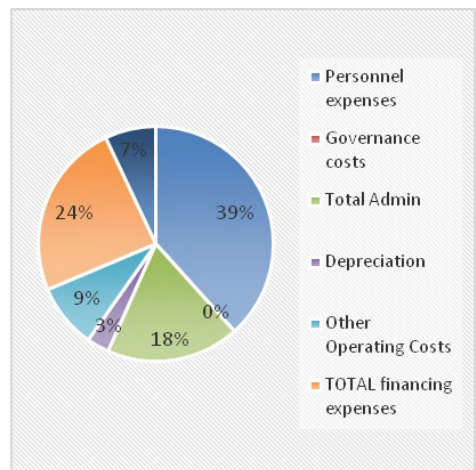
d) Expenditure Analysis

Expenses in microfinance institutions comprise of operating expenses and financing expenses. The charts below show that personnel and “other” costs are the two major expenses in SACCOs compared to MFIS and MDIs that have personnel and financing costs comprising the biggest percentage. Access to low cost resources remains a challenge as Microfinance institutions have had to strike a balance between cost and quality of services.

Break up of expenses SACCOs



Break up of expenses MDIs

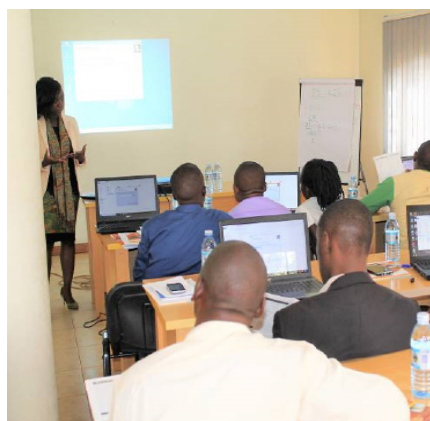


2.9.2 PMT Trainings

Microfinance institutions in Uganda have over the years offered a broad amount of financial products and services to people who lack access to traditional banking services. Starting from social driven performance measures, the microfinance industry has been effective in reducing poverty in the country. AMFIU continued to be committed to building and enhancing transparency in

the industry through promotion of a microfinance performance monitoring tool (PMT) which is used by MFIs to voluntarily report on their financial performance.

During the year, a total of 34 institutions were added to the users of PMT during the year. AMFIU ensures that all reporting institutions receive feedback reports on their financial performance throughout the quarters.



Trainer guiding the participants through a group exercise

2.10 Inclusion of Person with Disability

In continued partnership with National Union for Disabled persons of Uganda, NUDIPU, and support from Norwegian Association of Disabled, NAD, AMFIU continued with the financial inclusion initiative of promotion of equal opportunities for persons with disabilities to access financial services.

A number of planned activities were carried out in 2018 focusing on supporting AMFIU member MFIs to include persons with disabilities as a target group in their services as well as supporting persons with disabilities in developing skills for successful businesses and linkages to financial services. Training and awareness raising for MFI staffs

continued where 113 staff were trained in understanding the needs of disabled customers and the importance of reporting. As a result there was continued use and reporting on the disability indicators in the PMT where a total number of 582 disabled customers was reported to have accessed financial services. 9 MFIs/SACCOs became more inclusive for PWD in line with their own agenda of change with the Disability inclusive assessment tool reporting improvements in scores.

Training in business skills also continued under the same program where refreshers for TOTs were conducted who in turn reached out and trained 3707 entrepreneurs with disabilities. 216 new businesses were reported have been started by PWDs.



Participants of the TOT refresher training in Iganga

In addition, promotion of bank linkages between the i-SAVE groups and the financial institutions continued. Meetings were held with savings group leaders and existing financial institutions per district of operation to allow for networking and information exchange about services offered by the institutions and the institutions to understand how the groups operate and be able to serve them with their existing products or adjust accordingly.



Linkage banking meeting in Apac

The program also Promoted financial inclusion of persons with disabilities through knowledge transfer to different entities at different platforms including; Presentation of the iSAVE as an innovative model for financial inclusion at SEEP conference on savings groups at Kigali; Presentation of iSAVE as key learning model for financial inclusion at Peer learning network event for Big Lotery Fund funded Disabled People's Organizations, DPOs, held in Lira, organized by Light for the World.

AMFIU chaired a session on access to formal financial services where success stories were sharing by partner MFIs and beneficiaries. This enabled scaled up the replication of the program hence increased inclusion and access to financial services by Persons with disabilities within and outside Uganda.

2.11 Northern Uganda Focus

2.11.1 Member Recruitment

One of the core mandate of the regional office is member recruitment. In a drive to recruit members, applications were sent out to thru rural development SACCO in Abim, Kitogogong SACCO in Moroto, Olio SACCO in Serere, Ikweru SACCO in Apac, So-

roti Maret Vendors in Soroti, Namasale town council SACCO in Amolatar and Fast Microfinance in Lira.

Ikweru, Namasale Town Council and Olio SACCOs returned the application and were subsequently appraised. Olio and Ikweru were found to be sound enough in terms of requirements for admission and were admitted as AMFIU members.

2.11.2 Membership development

One of the core activities of the department is membership development. This is done through capacity building initiatives such as trainings in key areas, technical assistance, mentoring and guidance.

Technical assistance initiatives were done in most member institutions such as Alutkot SACCO, Loro Oyam SACCO, Akalo SAC-

CO, Ikweru SACCO, Kitgum SACCO, Mt Otche Metu SACCO, Nile Microfinance and Talanta MFI among others.

In order to develop the capacity of members, institutions were trained in different areas. These included:

- a) Product development of water supply and sanitation.

The product development training was conducted under the WCAD project. It took place in Lira and the following institutions participated: UGAFODE, Vision Fund, Alutkot SACCO, Nyaravur SACCO And Loro – Oyam SACCO

Technical Assistance was further given to Nyaravur, Loro – Oyam and Alutkot to undertake a survey and begin the process of product development



Product Development training under WSS for SACCOs and MFIs

b) Governance and Credit Management Training At Alutkot SACCO

Both credit management and governance trainings were conducted at Alutkot SACCO for Board and Management. The trainings were held for 3 days each.



Governance and credit management training at Alutkot SACCO

c) Project for Financial Inclusion In Rural Areas (PROFIRA)

Under the project for financial inclusion in rural areas, a number of activities were undertaken.

1. Data collection. In order to understand the impact being created by the project, data was collected on a quarterly basis looking at membership growth savings and loans portfolio growth, quality of the loan portfolio, financial performance and sustainability. Other areas such as governance and business growth as well as compliance were also part of the information collected.

2. Technical assistance. Technical assistance was provided both to SACCO staff and Board of the PROFIRA supported SACCOs.

3. Member Training. Members of SACCOs were trained in the areas of governance, financial literacy and Business development skills. Some of the SACCOs included Namasale Town Council SACCO where even the Minister of State for Microfinance Hon. Harua Kasolo was the chief guest. Other included Lira Palwo, Loro - Oyam

, IKwera ,Alutkot,Alowa and Barr Rural Development SACCOs
4. TOT in Financial Literacy. The category A and B SACCOs were trained as trainers in financial literacy so as to replicate the training to their staff and members. The SACCOs include the following: Alutkot, Loro Oyam SACCO, Kitgum SACCO, Olio SACCO, Koboko United SACCO, Mt Otche Metu SACCO, Adjumani Town Council SACCO, and Kijomoro SACCO



Member training at Lira Palwo SACCO under PROFIRA



Financial literacy TOT for category A and B SACCOs

d) PMT Usage in Northern Uganda

Whereas PMT was installed in most institutions in the region, reporting still remains a challenge due to various reasons. Majorly, staff turnover has affected those trained in the use of PMT.

During the year the coordination office provided continuous training and technical assistance to members to address the challenges.



Social Performance Management (SPM) Integration at EBO Financial Services

Background

EBO Financial Services started implementing SPM in 2011 when AMFIU had a campaign with its member institutions to institutionalize SPM within the operations. EBO was of the first institutions that embraced this initiative and from henceforth has evidenced great results out SPM. AMFIU offered several trainings and continued technical assistance that enabled to successfully institutionalize SPM.

‘Each institution on the program had a focal person whom we called the SPM champion and for EBO, I was chosen to be the champion. We positively testify that SPM has contributed towards the transformation of EBO SACCO’, said Baingana Robert, SPM Focal Person and Credit Manager EBO Financial Services.



Achievements

There is increased improvement of the image of the SACCO due to SPM. It has helped the SACCO to be more focused on clients and has helped to protect the SACCO from mission drift. This has resulted in an increase in the number of members and member retention from 80% to 95%.

The SACCO has been able to attract social investors and attend different fora in Uganda and out of Uganda to share its SPM experience.

The Progress out of Poverty Index tool that is under SPM has helped the SACCO in measuring its contribution towards the member progress out of poverty. It is evident that every year members are moving above the poverty line.

Clients

Increased income levels of member clients that have in turn improved their standards of living. Results from the Progress Out Of Poverty Tool that is administered once every year has showed improved food security, and improved literacy levels.

3.0 Other Important Events

3.1 Microfinance and SME Expo 2018

AMFIU in partnership with Uganda Small Scale Industries Association (USSIA) held the second Microfinance and SME Expo. The event brought together Uganda's microfinance institutions and the small and medium business entrepreneurs to showcase their latest finance and business products. The event took place from 16th to 19th August 2018 at UMA conference hall and UMA gardens Lugogo, Kampala.

The two associations are empowering people to understand how personal finance is critical to improving their financial futures. This is being achieved by passing on finan-

cial and business skills that they need to make better financial decisions.

The Expo has brought together 35 stakeholders from across Microfinance Institutions, Banks, Direct & Indirect Service providers like IT companies and over 300 SMEs that showcased their latest products, services & ideas to different stakeholders.

AMFIU and USSIA will continue to work towards creating partnerships that enables the individual members and the business institutions to have a strong voice to influence different stakeholders for improved service delivery, reduce duplication and increase efficiency in the financial sector.



3.2 AMFIU Annual General Meeting

AMFIU held its Annual General Meeting (AGM) on 6th June 2018 at Hotel Africana. The AGM brought together member institutions to discuss annual achievements and plans.

The Guest of Honor at the AGM was the Minister of state for Microfinance Hon. Haruna Kasolo Kyeiyune. He cautioned

members not exploit the poor people by charging high interest rates. He also reminded them that the Tier Law is now in place and all institutions should be prepared to work within the law. He also launched the microfinance magazine.

During the AGM, water.org presented on available opportunities aimed at supporting efforts water and sanitation products



Appendix I: AMFIU Membership

ORDINARY MEMBERS

Across International Microfinance
 Adjumani Microfinance
 Advance Uganda
 Agaru SACCO
 Alut kot SACCO
 ASA MicrofinanceZ
 Bagezza SACCO
 Banyakyaka SACCO
 BRAC Uganda Bank Ltd
 Buikwe Twezimbe
 Bunyaruguru SACCO
 Busiu SACCO
 Butuuro SACCO
 Centenary Bank
 Climaxx Microfinance
 Community Development Microcredit Finance
 Community Fund
 Destiny Microfinance
 East African Premier Investments Ltd (EAPIL)
 EBO Financial Services
 Ecumenical Church Loan Fund (ECLOF)
 EFC Limited
 EMESCO Development Foundation (EDF Microfinance)
 Enterprise Support & Community Development Trust (ENCOT)
 Express SACCO
 Finance Trust Bank
 Finca Uganda
 Five Talents
 Franciscan Investment Cooperative Savings and Credit Society
 HOFOKAM Ltd
 Hope Microfinance
 ISSIA Cooperative Savings & Credit Society Ltd
 Kagadi Womens' Finance Trust
 Kahunge Rural SACCO
 Kamuli Twisania SACCO Ltd
 Kamwenge Zibumbe SACCO
 Kashongi Farmers SACCO

Katweyombeke SACCO

Kebisoni SACCO

Kiboga Food Farmers SACCO

Kigarama Farmers SACCO

Kigarama Peoples SACCO

Kijura SACCO Ltd

Kitgum Coop Savings & Credit Society

Koboko Municipal Council SACCO

Koboko United SACCO

Kolping Microfinance

Kyamuhunga SACCO

Letshego Uganda Ltd

Loro Oyam SACCO

Luzira Alliance SACCO

Lwengo Microfinance Coop Society

Lyamujungu Cooperative Financial Services

MADFA SACCO

Masaka Microfinance Development Coop Trust Ltd

Mateete SACCO

Micro Credit for Development and Transformation (MCDT)

Moyo SACCO

Mt otce Metu SACCO

Muhambe Financial Services Co-operative

Mwizi SACCO

Nile Microfinance Uganda Ltd

Nyakayoojo Peoples SACCO

Nyaravur Farmers

Omipa Co-Operative Savings and Credit Society Limited

Opportunity Bank

Platinum Credit

Post Bank (U) Ltd

Premier Credit

Pride Microfinance (MDI)

Real People Financial Services

RICA Microfinance

Rubabo People's Coop S&C Society

Rukiga Savings and Credit Coop. Society Ltd

Rural - Urban Savings and Credit Association (RUSCA)

Rushere SACCO

Shuuku Cooperative Savings & Credit Society Ltd

Talanta Finance

Tujijenge Uganda Ltd

UGAFODE Microfinance Ltd (MDI)

Uganda Cares SEEP

Uganda Microcredit Foundation Limited

Usalama SACCO

Vision Fund

Voluntary Action For Development (VAD)

Wazalendo SACCO

Y Save Multi Purpose Credit Society

ASSOCIATE MEMBERS

ACLAIM Africa Ltd

Boma Consult Ltd

CIC Insurance

Demis Consults Ltd

Department of Microfinance Nkozi University

Financial Deepening Uganda (FSDU)

Friends Consult Ltd

Future Link technologies

Habitat For Humanity Uganda

Islamic Finance Innovation Centre

Makerere University Business School

Microfinance Support Centre

Musoni Financial Services Ltd

Neptune

Oikocredit

Sigma Data& Computers

Stromme Foundation East Africa Region

Stromme Microfinance East Africa Ltd

The Hunger Project Uganda

Trias Uganda

UAP Life Assurance Company Limited (UAP)

Uganda Central Co-Operatives Financial Services (UCCFS)

Uganda Cooperative Alliance Ltd

Uganda Cooperative Savings and Credit Union (UCSCU) Ltd



Citi Micro entrepreneurship Awards Energized to work harder: Allen Mansa , Platinum Winner 2011

Since 2006, AMFIU in partnership with Citibank Uganda have been holding Citi Microentrepreneurship Awards program to illustrate and promote the effective role that microfinance plays in poverty alleviation. In particular, the program seeks to generate recognition for the extraordinary contributions that individual microentrepreneurs have made to the economic sustainability of their families as well as their communities.

AMFIU conducted an assessment of the past winners and below are excerpts from Allen Mansa, Platinum Winner 2011.

Allen Mansa is a farmer and a member of Rukiga SACCO in Kabale district running several agricultural projects.. In 2011 Allen Mansa won the Platinum Citi Award that carries a cash prize of Fifteen (15) Million. When asked about the awards, Allen proudly says 'the award energized me to work harder'

Allen is a hard-working and self-motivated lady who started with the project of growing and supplying apple fruits. She later ventured into fish farming where she started with only 2 ponds and later expanded to four ponds. The income that was accumulated from the two projects (apples and fishing) helped her to venture into the welding business with the intention of doubling the income and providing employment to the youth.

Whereas the projects were promising before 2011, the Citi Award boosted Allen to even greater heights. She remembers the award very well because it helped her to buy land where she started the banana plantation. Since the award, Allen has never looked back. The number of projects has since increased from 3 enterprises to several that include Banana Plantation, Apples' garden, Orchard (several varieties of fruits), Trees (eucalyptus forests), Sugar cane growing, Welding, Cutting and supplying timber.

The fishing project was enhanced from just breeding alone to include out-growing. These developments have also seen the number of workers increase from 10 to over 20 workers both semi-permanent and temporary.

Allen says that she had always faced the problem of flooding during the rainy seasons. This challenge greatly affected the fishing project and forced her to shift the project to another area having to meet the extra costs of re-constructing the ponds and all the other preliminary activities required to start fish farming.

Despite the challenges she encounters in running such projects, Marriet Kyoheirwe an employee of Rukiga SACCO praises Allen Mansa as a motivation platform for other members of the SACCO most especially women. Her success is motivating other members to start several projects with loans from Rukiga SACCO. Marriet adds that the borrowing rate of Allen has increased and that her loan payments have consistently been punctual. Rukiga SACCO boosts that the numbers of those inspired by her success has gradually increased.

Welding Business



Allen in her tomato garden



Audited financial statements

Association of Microfinance
Institution of Uganda

“Company Limited by Guarantee”

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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Abbreviations

AMFIU - Association of Microfinance Institutions of Uganda

FSDU - Financial Services Deepening Uganda

GIZ - German Development Service

HIV - Human Immune Deficiency Virus

HIVOs - Humanist Institute for Cooperation with Developing Countries

IFRS - International Financial Reporting Standards

IESBA - International Ethics Standards Board for Accountants

IIE - Industrial Information Exchange

ISA - International Standards on Auditing

LST - Local Service Tax

MFIs - Microfinance Institutions

NAD - Norwegian Association for the Disabled

NBV - Net Book Value

NGO - Non-Governmental Organisation

NSSF - National Social Security Fund

PAYE - Pay As You Earn

PROFIRA - Project for the Financial Inclusion of Rural Areas

SEEP - Small Enterprise Education and Promotion

URA - Uganda Revenue Authority

WHT - Withholding Tax

Corporate Information

Directors

Mr. Nkangi Edward

Ms. N. Brenda Magooba

Mr. Jimmy Onesmus Adiga

Dr. Silvester Ndiroramukama

Mr. Ulama Dison Duke

Mr. Peter Lugemwa

National President

National Vice President

National Treasurer

Member

Member

Member

Registered

Office Plot 679, Wamala Road,
P.O Box 26056,
Kampala.

Bankers

Stanbic Bank,
P.O Box 7131,
Kampala.

Centenary Bank,
P.O Box 1892
Kampala.

DFCU Bank,
P.O Box 70,
Kampala.

Auditors

Kakande & Co,
Certified Public Accountants,
P.O Box 2560

Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31st December 2018.

Principal Activities

The Association engages in activities that enhance the sustainable delivery of financial services delivered by all institutions in Uganda. AMFIU is an umbrella organisation of microfinance institutions (MFIs) in Uganda. It was founded in 1996 and registered in 1999 under the Non-Governmental Organisation Act as a company limited by guarantee. Membership currently is at 122, comprising ordinary, associate and individual- associate members.

Results (Page 7)		
	2018	2017
	UGX	UGX
Surplus for the year	251,243,906	64,149,764

Directors

The directors who held office during the year ended 31st December 2018 are shown on page 57.

Auditors

The current auditors, Kakande and Co, have expressed willingness to continue in office in accordance with Section 167 of the Companies Act 2012.

By Order of the Board



Secretary

10 / 6 /

2019

Statement of Directors Responsibilities

The directors of AMFIU are responsible for the preparation of the Association's financial statements for each financial year, which give a true and fair view of the state of affairs of the association as at the end of the financial year and the surplus or deficit of the organisation for that year. In preparing the financial statements, the directors are required to;

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

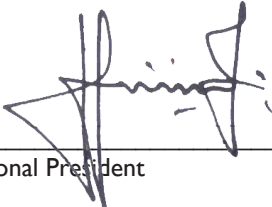
The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association, and to enable them ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that in their opinion,


- a) The financial statements give a true and fair view of the financial position of the Association as at 31st December 2018 and of the results of its operations and its cash flows for the year then ended;
- and**
- b) The financial statements are drawn up in accordance with the applicable accounting standards and comply with the Uganda Companies Act.

This statement is made in accordance with the resolution of the directors.

Signed on: 11/06/ 2019.



 National President



 National Treasurer

Report of the Independent Auditors to the Members of the Association of Microfinance Institutions in Uganda (AMFIU) on the Financial Statements for the year ended 31st December 2018.

Opinion

We have audited the financial statements of the Association of Microfinance Institutions of Uganda (AMFIU), which comprise the statement of financial position as at December 31st, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 17. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31st 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the partnership in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. Those matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on those matters. There were no key audit matters worth reporting about for this audit.

Other Information

The directors are responsible for the Other Information. The Other Information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Ugandan Companies Act we report to you, based on our audit, that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) The statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kakande(P0144) whose signature and seal are hereby appended and /or fixed this.....day of2019.

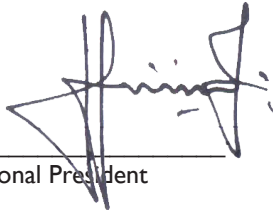
Kakande & Co,
 Certified Public Accountants
 P O Box 25604
 Kampala,
 Uganda

Date: _____ 2019

Statement of Comprehensive Income

	Note	2018 UGX	2017 UGX
Income	1	2,301,979,760	2,445,353,137
<u>Expenditures</u>			
Overhead costs	2	675,104,384	617,540,116
Activity costs	3	1,375,631,470	1,763,663,257
		<u>2,050,735,854</u>	<u>2,381,203,373</u>
Surplus for the year		<u><u>251,243,906</u></u>	<u><u>64,149,764</u></u>

The financial statements on page 63 to 66 were approved by the Board of Directors on 2019 and were signed on its behalf by;



National President



National Treasurer

The accounting policies and notes on pages 67 to 72 form part of these financial statements.


Statement of Financial Position

	Note	2018 UGX	2017 UGX
Non-Current Assets			
Property and equipment	4	<u>914,422,169</u>	<u>770,506,459</u>
Current Assets			
Accounts Receivable	5	196,723,189	174,981,985
Cash and Cash equivalents	6	<u>453,457,915</u>	<u>16,378,338</u>
		<u>650,181,104</u>	<u>191,360,323</u>
Total Assets		<u>1,564,603,273</u>	<u>961,866,782</u>
Equity and Liabilities			
Capital and Reserves			
Accumulated Fund		706,658,401	455,414,495
Revaluation Reserve		18,127,213	18,127,213
Capital Grant		<u>104,511,091</u>	<u>104,511,091</u>
		<u>829,296,705</u>	<u>578,052,799</u>
Current Liabilities			
Deferred Revenue Grant	11	463,573,036	10,583,919
Accounts Payable	7	<u>271,733,532</u>	<u>373,230,064</u>
		<u>735,306,568</u>	<u>383,813,983</u>
Total Equity and Liabilities		<u>1,564,603,273</u>	<u>961,866,782</u>

The financial statements on page 63 to 66 were approved by the Board of Directors on
2019 and were signed on its behalf by;



National Resident



National Treasurer

The accounting policies and notes on pages 67 to 72 form part of these financial statements.

Statement of Changes in Capital and Reserves

	Accumulated Fund UGX	Revaluation Reserve UGX	Capital Fund UGX
As at 1st January 2017	391,264,731	18,127,213	104,511,091
Surplus for the Year	64,149,764	-	-
As at 31st December 2017	455,414,495	18,127,213	104,511,091
As at 1st January 2018	455,414,495	18,127,213	104,511,091
Surplus for the Year	251,243,906	-	-
As at 31st December 2018	706,658,401	18,127,213	104,511,091

The accounting policies and notes on pages 67 to 72 form part of these financial statements.

Cash flow statement

	Note	2018 UGX	2017 UGX
Surplus		251,243,906	64,149,764
Depreciation		52,012,290	19,559,892
Cash from operations before Changes in Working Capital		303,256,196	83,709,656
Increase/Decrease in Receivables		(21,741,204)	3,237,107
Increase/Decrease in Payables		(101,496,532)	(97,342,562)
Net Cash Generated from operations		180,018,460	(10,395,799)
Cash flows from Investing Activities			
Non-Current Assets Purchase		(195,928,000)	(3,650,000)
Non-Current Assets Disposal			-
Net Cash Used in Investing Activities		(195,928,000)	(3,650,000)
Cash flows from Financing Activities			
Increase/Decrease in Deferred Grant		452,989,117	(30,659,973)
Net Cash Flows used in Financing activities		452,989,117	(30,659,973)
Net Increase/ Decrease in Cash and Cash Equivalents		437,079,577	(44,705,772)
Cash and Cash equivalents as at 1st January 2018		16,378,338	61,084,110
		453,457,915	16,378,338

The accounting policies and notes on pages 67 to 72 form part of these financial statements.

Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with International Financial Reporting Standards.

2. Subscription Income

Subscription Income is recognised on a cash basis and represents members subscriptions received.

3. Donor Grants

Income from donors is recognised on cash basis. Cash grants received by the association and not used in the current accounting period are treated as deferred income.

4. Consultancy fees and other Income

These are recognised on accrual basis.

5. Property and Equipment

All property and equipment is stated at cost, less depreciation. The cost of purchased fixed assets is the value of consideration given to acquire the assets and the value of other directly attributed costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service.

6. Depreciation

Depreciation is calculated to write off the cost of these plant and equipment on a reducing balance or/ and straight line basis using annual rates determined by considering their estimated useful lives. The annual rates used are as follows;

Buildings	4%
Furniture and Fittings	20%
Computers	33.3%
Motor Vehicles	25%

7. Foreign Currency Balances and Transactions

Assets and liabilities denominated in foreign currency are translated into Uganda Shillings at the rate(s) prevailing at balance sheet date. Foreign currency transactions are translated using rates prevailing on the respective transaction dates. Gain and losses on exchange are dealt with in the Statement of Comprehensive Income.

8. Cash and Cash Equivalents

For the purposes of the Statement of Cash flows, cash and cash equivalent comprise bank deposits held at call and cash in hand, net of bank overdrafts.

9. Comparatives

Where necessary, comparative figures have been realigned to confirm to current year presentations.

Notes to the Financial Statements

	2018 UGX	2017 UGX
1 Income		
a) Donor funding		
Citi Foundation	82,926,192	202,116,688
GTZ	-	19,320,000
NAD	306,686,897	349,954,275
PROFIRA(Needs assessment & Training)	1,239,734,774	1,235,363,200
Water org project	232,085,700	-
Abi trust	255,863,040	232,488,840
SEEP NETWORK	-	5,206,435
	<u>2,117,296,603</u>	<u>2,044,449,438</u>
b) Subscriptions		
Membership fees	<u>45,700,000</u>	<u>85,250,000</u>
c) Other Incomes		
Advertisements in Directory	27,950,000	-
Micro finance Expo Staff	61,350,000	-
Administrative fees/National conference	-	191,226,602
Training Centres/Mortgage	7,883,157	7,558,000
Conference Fund/Expo	-	40,597,047
Miscellaneous Income	-	43,472,050
Renting Office space	41,800,000	32,800,000
	<u>138,983,157</u>	<u>315,653,699</u>
Total	<u>2,301,979,760</u>	<u>2,445,353,137</u>

Notes to the Financial Statements

	2018 UGX	2017 UGX
2 Overhead Costs		
a) Fixed Overhead costs		
Salaries & Benefits	272,923,158	283,689,964
NSSF 10% Contributions	37,920,000	37,480,000
Medical Cover fees	27,970,250	15,636,200
Staff welfare	7,933,200	-
Contribution to non staff	4,778,000	-
	<u>351,524,608</u>	<u>336,806,164</u>
b) Flexible Overheads		
Audit fees	11,000,000	10,000,000
Microfinance Expo	56,251,022	30,444,000
Bank Charges	1,998,821	3,494,445
Directory Printing	22,720,000	20,000,000
Depreciation	52,012,290	19,559,892
Email & Internet Connection	10,771,271	5,539,434
East Africa Summit	15,499,991	49,272,228
Equipment(Photocopier,Computer)	4,618,340	4,335,600
Governance facilitation	12,390,000	5,620,000
Office repairs	28,173,000	4,694,000
Motor Vehicle fuel & Transport	19,236,000	4,933,000
News papers and periodicals	1,092,000	904,000
Office Cleaning	2,771,000	1,805,000
Office Utilities (Electricity)	11,785,712	12,575,481
Subscription fees written off as bad de	-	40,192,204
Security	5,505,400	1,593,000
Staff meetings & office requirements	10,766,700	8,970,900
Stationery	9,316,600	18,114,300
Legal fees	2,640,000	-
Telephone	1,416,587	931,000
Vehicle Maintenance	8,081,500	8,014,000
Miscellaneous expenses	12,235,000	4,426,000
Postage	381,742	255,700
Generator fuel	2,213,000	2,392,000
Marketing & Publicity	1,800,000	-
Annual General meeting	18,903,800	22,667,768
	<u>323,579,776</u>	<u>280,733,952</u>
Total overheads	<u>675,104,384</u>	<u>617,540,116</u>

Notes to the Financial Statements

	2018	2017
	UGX	UGX
3 Activity costs		
Gulu Expenses	-	4,235,500
Lira Expenses	8,273,800	-
NAD (Microfinance and disability)	306,686,897	349,954,275
GTZ (Value chain and product Sustainability)	-	19,320,000
Research and Information	5,627,500	400,000
Membership visits	38,266,000	3,027,000
Watercredit tool kits	66,617,100	6,562,844
Global & Regional Network Summit	73,362,032	-
Citi Micro-Entrepreneurship Award	14,616,870	-
PROFIRA(Needs assessment & Trainings)	13,209,840	198,933,600
ABI TRUST	765,427,624	934,596,998
ACCON	75,863,040	225,142,340
International conference	-	6,588,000
	<u>7,680,767</u>	<u>14,902,700</u>
	<u>1,375,631,470</u>	<u>1,763,663,257</u>

Notes to the Financial Statements

4 Property and Equipment

	Land	Buildings	Fixtures and Fittings	Motor Vehicle	Computers/Equip ment	Total
Cost/Valuation						
As at January 1, 2018	204,400,000	653,829,938	40,454,657	18,650,000	267,832,061	1,185,166,656
Additions	-	-	590,000	180,000,000	15,338,000	195,928,000
As at 31/12/18	<u>204,400,000</u>	<u>653,829,938</u>	<u>41,044,657</u>	<u>198,650,000</u>	<u>283,170,061</u>	<u>1,381,094,656</u>
Depreciation:						
As at 1 January 2018	-	110,673,137	40,454,657	12,488,417	251,043,986	414,660,197
Charge for the Year	-	26,153,198	9,833	8,412,500	17,436,759	52,012,290
As at 31/12/18	<u>-</u>	<u>136,826,335</u>	<u>40,464,490</u>	<u>20,900,917</u>	<u>268,480,745</u>	<u>466,672,487</u>
NBV Value:31/12/18	<u>204,400,000</u>	<u>517,003,603</u>	<u>580,167</u>	<u>177,749,083</u>	<u>14,689,316</u>	<u>914,422,169</u>
NBV Value:31/12/18	204,400,000	543,156,801	-	6,161,583	16,788,075	770,506,459

Notes to the Financial Statements

	2018	2017
	UGX	UGX
5 Receivables		
a) Trade Receivables	74,663,239	87,213,240
Other Receivables	<u>23,513,787</u>	<u>23,415,516</u>
	<u>98,177,026</u>	<u>110,628,756</u>
b) Other Account Receivables		
Mission Africa project	20,492,288	20,492,288
Prepaid Domain Hosting	216,675	216,667
URA-WHT	70,497,201	40,110,941
Staff salary advances	2,539,999	3,533,333
Prepaid Lira-Office rent	<u>4,800,000</u>	<u> </u>
	<u>98,546,163</u>	<u>64,353,229</u>
	<u>196,723,189</u>	<u>174,981,985</u>
6 Cash and Bank		
Stanbic Account 202	17,616	17,616
Stanbic Account 201	176,086	176,086
Stanbic Account 203	2,854	-
Centenary Account 001	29,091,347	166,243
Centenary Account 002	17,665,564	5,876,495
Centenary Account 003	31,189	329,764
DFCU Mortgage A/c	211,274	211,274
Stanbic Dollar A/c	188,120	188,120
Stanbic Account	16,695	-
Cash at hand	278,000	11,000
Centenary Account 005	<u>405,779,170</u>	<u>9,401,740</u>
	<u>453,457,915</u>	<u>16,378,338</u>

Notes to the Financial Statements

8. Foreign Exchange

The operations of the Association are predominantly in Uganda where the local currency is subject to gradual depreciation against major currencies

9. Credit Risk

In the normal course of business, the association incurs credit risk from financial institutions and accounts receivable. The credit risk exposure is, however, limited due to management's constant monitoring of the status of financial institutions where deposits are maintained and the on going procedures, which monitor the credit worthiness of its members.

10. Fair Value

There is no material difference between the fair value and the carrying value of the Association's financial assets and liabilities.


11. Deferred Grant


	2018 UGX	2017 UGX
At 1st January 2018	10,583,919	<u>10,583,919</u>
As 31st December 2018	<u>463,573,036</u>	<u>10,583,919</u>



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