

Deepened?

The eNewsletter of

DFID's Financial Sector Deepening Project in Uganda

FSDU

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Dear Friends and Colleagues,

Welcome to this final issue of the email newsletter of DFID's Financial Sector Deepening Project in Uganda - FSDU.

Prior issues, and much more, are available on the FSDU website at www.fsdu.or.ug . We will depart from some of our usual practices, and each of the FSDU staff will take the podium to talk about their particular activities, and the way forward.

Good news

First, a peculiarly timed but nonetheless happy announcement:

Sometime last year, it became obvious to us that for various reasons the organizational chart of FSDU was wrong. While I was the Manager, in fact my colleague Christopher Musoke was doing many of the management tasks, and was doing an outstanding job of representing the project and relating both to the donor and to the home office of *EClAfrica*, the organization that we work for. Also, it felt increasingly inappropriate to have a temporary foreigner creating a glass ceiling over the advancement of a qualified Ugandan. Therefore, we decided to make the organigram reflect our emerging reality, and promote Chris to FSDU Manager, and move me over to a technical role, which in fact is what I have been doing.

To make these changes, however, we had to work through some unfamiliar and dense bureaucracy, and it is only now, three days before FSDU is about to make a major change, that I have the pleasure to announce that Chris Musoke is the new Manager of FSDU. With my congratulations, I turn this newsletter over to him.

Chris Musoke

Working on the FSDU project over these last four years has been an exciting and satisfying experience. First of all, I have been able to work across institutions from the regulated to the non regulated to the informal.. I have also had a chance to work on policy issues as well as with individual institutions. I have also enjoyed the collaboration from other stakeholders which has enabled us to leverage a relatively small amount of project funds to achieve significant results in several areas. The projects in my portfolio have all been completed. Two documents that were recently finalised which I feel will be



important to follow up for the SACCO industry are; A Model Accounting Policy & Procedures Manual and A report on the Assessment of Capacity Gaps in the work of Accountants & Auditors of Ugandan SACCOs.

Paul Rippey

There's Chris, going on and on - if I could only get him to be quiet for a while.

If I could live life over, I would begin this project by conducting the **FinScope Uganda** survey as the first activity, rather than almost the last. I do think that in microfinance, we suffer unnecessarily from not having the most basic information. I can't imagine that health or education planners would agree to spend millions of dollars on extending services, without first learning the degree of coverage that already exists. And yet, we do that in microfinance. How strange. We have now completed the study and fortunately a very strong local Steering Committee, chaired by Jackie Wakhweya of USAID, is committed to carrying on the jobs of analysis, dissemination and piloting future research.

At a meeting of the Consumer Education Steering Committee this morning, I offered to stay on as a virtual member, since I think that what Uganda has done has been so groundbreaking. Basil Tushabe, the chair of the committee, made some kind remarks about my contribution, which I am happy to accept, but I had to add that the reason we originally had consumer education in Uganda was also the fervor of Charles Kilibo and others at AMFIU for making this happen, and the presence of outstanding local firms, CDFU and StraightTalk Foundation, which could produce a professional consumer education campaign at an affordable cost.



I've been very engaged in email exchanges lately with friends and colleagues around the world about village savings and loan associations, VSLAs, which remain for me a great hope for expanding outreach of quality financial services to the rural poor. Much of these exchanges centers on the question of cost. While the cost-per-member of savings led groups is perhaps a fifth or even less of the cost of a client of a transforming MFI (VSLA member worldwide between \$15 and \$50, transforming MFI member - very very roughly - \$100-200), VSLAs are still too expensive to get truly massive outreach. During the eighteen months or so that Uganda added (optimistic assumption) 150,000 VSLA members, this country of about 28,000,000 people added a million and a half citizens. Our massive outreach is too small, and can't be larger until we get the cost down down down. I think there will be some breakthroughs soon.

Climate change remains the sword hanging over the African continent. I think we have contributed to raising the profile and awareness of the issue, and I look forward to working with some of the readers of the newsletter in the coming months to begin to put some solutions into place.

Godfrey Jjooga Ssebukulu

Like the saying goes, 'He who laughs last, laughs best' the quarter ending 15th Sept 2007 has been the most 'happening' in the portfolio under outputs #2 and #4 of the FSDU Project. Change indeed comes slowly, and this has come to bear on initiatives like linkage banking and implementation of the mobile banking service for PostBank. The two linkage pre-

feasibility studies (one by Deloitte for PostBank in Northern Uganda, and the other by Aikan for Centenary Bank in the Central Region) were completed and findings disseminated at a workshop at the Sheraton Hotel in August 2007. Centenary Bank and PostBank are expected to take these to the next level i.e. undertake full blown feasibility studies and make the investment in linkages.

The PostBank mobile banking service will be launched on Friday 14th September 2007 at Bududa, Mbale at a function to be presided over by the Head of DFID Uganda and the Minister of Finance. This re-introduces mobile banking (last seen in Uganda in the 60s) as an alternative to the 'brick and mortar' approach. This mobile banking service will enable PostBank to take its services out to the clients in 9 Districts, 7 of which are un-banked.



During this quarter, FSDU was also privileged to complete work on the Effects of the MDI Regulation in Uganda done by Friends Consult Limited. This Study was the last commissioned by the TSC as it folded on 15th August 2007. The findings under this study were presented at one of the sessions at the 3rd African Microfinance Conference 20-23rd August 2007, and the final report is posted on our website.

The remaining months to December will be utilized to gracefully end the FSDU Project and transfer some of the activities to PSFU, as planned, subject to the necessary approvals.

And a last word from Paul

Thanks enormously to my colleagues, Chris and Godfrey, and Adrian Stone, the most agreeable, responsive project manager I've ever worked with. Sarah Roberts served in the front office of FSDU for four years and did an outstanding job. Grace Ninsiima kept the office spotless, and made, oh, a couple thousand cappuccinos, almost certainly the reason we had so many steering committee meetings at FSDU. Timothy Wabugoya drove us prudently on many trips.

In five years in Uganda, there were days with problems and days with too many things to do, but there was never a day when I was unhappy about having to go to my office. Thanks, dear friends, for that.

