

# *Deepening*

The Monthly E-Newsletter of

DFID's Financial Sector Deepening Project in Uganda

**Number 7, 31st July 2005**

Dear Colleagues,

Welcome to the seventh monthly issue of *Deepening*, the email newsletter of DFID's Financial Sector Deepening Project in Uganda - FSDU. If you would like to be added to or removed from the mailing list, please let us know. Prior issues and much more, are available on the FSDU web site, [www.fsdu.or.ug](http://www.fsdu.or.ug).

## **Financial Markets Monitoring:**

We have contacted several key people from different parts of the financial sector to be on a consultative committee. First, the committee will help to define the questions that the financial markets survey will try to answer, and then it will; define the sponsorship of the survey in Uganda, propose the name of the survey, and define the strategy for disseminating the results from the survey. An RFP was sent in the last week of July to Research Firms to bid for the work.

## **Savings and Loan Associations:**

The field work for the mid-term review of the West Nile Savings and Loan Associations has been completed. The Consultant, Hugh Allen, presented his draft findings and recommendations on July 6 to potential partners of FSDU and other interested parties. Hugh's findings can be summarised as follows: "full marks for effort, achievements and impact, however there is need for more organisation and better supervision".

The presentation was followed by an informal discussion of best practices in financial services to vulnerable groups around the world and a way forward in rolling out this programme to other parts of Uganda.

A consultant will be hired in August to assist CREAM the implementing agency in West Nile to improve the quality of the SLA Model and strengthen supervision. We plan to issue a request for proposals in August from potential partners to roll out the model in the rest of Uganda.

## **Consolidation:**

The Transformation & Consolidation Consultant Lloyd Stevens returned on 25th July. We hope to report on the progress of at least one consolidation/linkage banking study in the next issue.

Linkage Banking formed one of the principal themes at this year's Annual General Meeting of the Association of Microfinance Institutions of Uganda (AMFIU). The Deputy Manager, Christopher Musoke was a member of the discussion panel and we distributed a flyer (available at [http://www.fsdu.or.ug/pdf/linkage\\_banking\\_flyer\\_small.pdf](http://www.fsdu.or.ug/pdf/linkage_banking_flyer_small.pdf)) outlining the sorts of relationship that we think qualify as *linkage banking*.

We have sent out an RFP to carry out an initial institutional assessment of Bunyoro-Tooro Rural

Development Co. Ltd, to be followed eventually by assistance in strategic planning.

### **Consumer Education:**

The Consumer Education Pilot Project has ended, and our consultants CDFU are finalising the selection of the consultants to carry out an assessment of the changes in Knowledge, Attitudes and Practices (KAP) of consumers in the test districts. The results will guide our plans for expansion of the project, later this year.

### **Financial Analysis and Audit Training:**

The Training reports from the 2 firms that carried out the pilot training in Financial Accounting, Analysis and Audit are being reviewed with the aim of refining the curriculum to meet the objective of enabling Community based financial institutions to prepare credible financial statements and for audit firms to carry out audits of these institutions with the necessary skill at an affordable price.

### **Rating Service for Small MFIs:**

In partnership with the EU SUFFICE programme, we selected PlaNet Rating to carry out a reality test on the concept paper ([http://www.fsdug.org/pdf/Concept\\_Paper\\_Rating\\_Service\\_small\\_MFIs.pdf](http://www.fsdug.org/pdf/Concept_Paper_Rating_Service_small_MFIs.pdf)) for a rating service for small MFIs. We have finalised the contract for the reality test mission which will start on 8th August.

### **Project Management Committee Meeting:**

We met with the PMC, which consists of Mrs. Mercy Mayebo (Contracts Officer DFID U), Mr. Adrian Stone (Enterprise Development Officer DFID U) and Mr. David Ferrand (Regional Financial Sector Specialist DFID EA), on 13th July 2005 for the quarterly meeting. We presented our quarterly report to 30th June 2005 as well as our revised Work plan and budget for the years 2005 to 2007.

### **Informal Information Exchange Meeting on the theme; E-Banking & MFIs, Recent Developments in East Africa :**

*Background: Every quarter, FSDU continues a tradition begun by MicroSave and continued by the EU-GoU SUFFICE programme, and hosts an informal meeting at which guest speakers address topics of current interest. Minutes and presentations for this and prior meetings are posted on our web site: [www.fsdug.org](http://www.fsdug.org)*

The meeting on 25th July had 2 presentations. First, Mr. David Cracknell presented an overview of e-banking with examples from Kenya and Tanzania. Mr. Michael Kawalya Kaggwa then made a presentation on the Bankom switch in Uganda and its potential for use by MFIs in e-banking.

Best regards, Christopher Musoke  
Deputy Manager, FSDU