

Financial Sector Deepening – Uganda



Improving access to finance to drive economic growth in rural areas and alleviate poverty

Uganda

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Client:
DFID

The microfinance industry in Uganda is dynamic and undergoing significant change in terms of increasing professionalism and outreach. Rapid growth combined with a plethora of institutions and donors has resulted in a sector that while dynamic, falls short in terms of improving levels of national outreach. Over the past decade, the Government of Uganda has taken many steps to strengthen the ability of the financial sector to meet the growing needs of Ugandan entrepreneurs and SMMEs. These include steps to improve the mobilisation and allocation of financial resources and foster monetary deepening by liberalising interest rate policies and improving the formulation and execution of monetary policy.

A first phase of reforms focused on improving the regulatory environment for financial institutions through the passage of new banking legislation, restructuring and privatising weak financial institutions, and building capacity of oversight authorities. The second phase focused on the further deepening and development of the financial sector and micro-finance institutions (MFIs).

To support such reforms and strengthen access to finance, *ECIAfrica* managed and implemented the multi-year Financial Sector

Deepening in Uganda (FSDU) programme. FSDU strengthened the capacity of various financial institutions, and improved the transparency, professionalism and management of savings and credit cooperatives.

The programme supported the launch of the Post Bank mobile banking service and assisted four MFIs to comply with legislative requirements and transformation and restructuring activities. FSDU was also instrumental in the expansion of the popular accumulated savings and loans associations working with CARE and other local partners. A total of 3,681 associations were formed with membership of more than 84,000 of which 70% were women. Of these associations, 276 graduated from the programme and no longer needed outside assistance.

FSDU's most acclaimed effort was the development and implementation of a nationwide consumer education programme. This included radio, print media, music, dance and drama campaigns in English and local languages. It was widely recognised and applauded for the interest and impact it achieved.

