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**FINANCIAL LITERACY AND LINKAGE PROGRAMME (FLIP)**

**Final Narrative Report**

**August 2014**

## Care Uganda: Financial Literacy and Linkage Programme

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## LIST OF ACRONYMS

ALREP	Northern Uganda Agriculture Recovery Programme
EU	European Union
FL	Financial Literacy
FFS	Farmer Field School
FFI	Formal Financial Institution
GoU	Government of Uganda
IPOs	Implementing Partner Organisations
LG	Local Government
LRA	Lord's Resistance Army
M&E	Monitoring and Evaluation
NPC	National Programme Coordinator
NRM	National Resistance Movement
NUREP	Northern Uganda Rehabilitation Programme
NUSAF	Northern Uganda Social Action Fund
OPM	Office of the Prime Minister
PMU	Programme Management Unit
PRDP	Peace, Recovery and Development Plan
PS	Permanent Secretary
RALNUC	Restoration of Livelihoods in Northern Uganda Component
VSLA	Village Savings and Loans Association
CDO	Community Development Officer
DFPO	District Focal Point Officer
CAO	Chief Administrative Officer
RDC	Resident District Commissioner
FLIP	Financial Literacy and Linkage Project
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
PMU	Programme Management Unit
IPs	ALREP implementing Partners
LBO	Linkage Banking Officers

CBT	Community Based Trainer
PO	Project Officer
IEC	Information, Education and Communication
MOU	Memorandum of Understanding

## EXECUTIVE SUMMARY

1. This is the final report of Financial Literacy and Linkage Banking Project (FLIP) implemented by CARE International in Uganda from 15<sup>th</sup> August 2012 to 12<sup>th</sup> November 2013 with funding from European Union through the Northern Uganda Agriculture Recovery Programme (ALREP). The project purpose was to achieve result area 4 of ALREP i.e. “*Availability of agricultural finance to producers, traders and processors increased*”. The project had three main result areas: 1) Increase financial literacy of small and medium scale actors (individuals and groups) in the agricultural sector in Northern Uganda increased; 2) Small and medium scale actors (individuals and groups) that save with and acquire loans from formal financial institutions for agricultural and agri-business purposes increased; and 3) Formal financial institutions’ procedures and products are more geared towards the needs of small and medium scale actors in the agricultural sector.
2. Increase small and medium scale actors (individuals and groups) that save with and acquire loans from formal financial institutions for agricultural and agri-business purposes
3. And that formal financial institutions procedures and products are more geared towards the needs of small and medium scale actors in the agricultural sector.

The project was implemented in Lango, Teso and Acholi sub regions covering 15 districts (6 in Lango, 7 in Acholi and 2 in Teso) and in 31 sub counties.

### Achievements of the project:

- 714 VSLA trained in financial literacy with total membership of 17,850. Out of this outreach 80% who adopted utilised the skills and knowledge and led to increase in savings by 40% and loan utilization by 25%
- Internal access to loan stood at over 90% with over 59% invested in agriculture related ventures
- 220 VSLAs (representing 30% of total beneficiaries) facilitated and linked to access banks services for the first time. 60% of the members confessed the financial products were geared towards their needs.
- 3 Banks engaged and developed financial service products for VSLA groups
- 9% of the linked groups accessed loans from formal financial institution for agriculture investment
- Overall the average household income increased by 75% across the region

### Challenges faced during implementation

- Limited funding versus the wide area of coverage affected implementation
- The project design did not cater for sustainability strategy or plan.
- Short project implementation period could not allow significant outcomes related to agricultural production and investments

### Lessons learnt

- Involvement of local government structures made it easy for the community to appreciate and embrace the interventions;

- The approach of targeting and building on existing and organized VSLA farmer groups made it easy to implement within a short period;
- Linkage banking is more effective when integrated with financial education and provides opportunities for individuals to make own choices i.e. whether to link or not to link;

## 1 BACKGROUND

Northern Uganda Agricultural Livelihoods Recovery Programme (ALREP) is a Government of Uganda programme funded by European Union (EU). ALREP operates within the framework of the Peace, Recovery and Development Plan (PRDP) strategic objective 3 to “revitalize the economy”. The programme is aimed at supporting production at farm level, revitalizing production facilities, increasing access to finance for production, agro-processing for small and medium scale enterprises and strengthening the nearest service provision to farmers, so as to speed up the agricultural recovery and incomes of the rural population.

Access to and use of financial resources has been a problem among the unbanked majority of the population as formal financial service providers are reluctant to serve farmers. Overall, farmer access to formal financial services stood at 10% (Agriculture Census 2013). This is because as much as farmers need financial services, the likelihood and risk of non-repayment is high. This necessitates models, strategies and projects which can increase access, use and repayment of financial services. In this context, the Village Savings and Loans methodology was implemented as a model that would respond to these needs.

ALREP Result 4 focuses on increased availability of agricultural finance to producers, traders and processors. In order for ALREP to achieve Result 4 in its programme, CARE Uganda was contracted to provide financial education and linkage banking to Farmer groups actively involved in Village Savings and Loans Associations (VSLAs) and Farmer Field Schools (FFSs) activities.

The VS&L methodology is a savings-based financial service where Village Savings Loan Association (VSLA) members mobilize savings and conduct on-lending among members with no external liabilities. Each minimum saving constitutes a share value. A VSLA usually comprises of about 20 to 30 self-selected members who come together with a primary aim of saving and borrowing. They collect their financial resources into a pool from which members borrow at an agreed interest to invest in viable on farm and off farm economic activities. Members also contribute to a micro insurance fund (social welfare fund) where members borrow without interest to cater for emergency financial needs. VSLA members save for a period between 8 to 12 months after which the accumulated savings and the loan profits are distributed back to members.

The purpose of a VSLA is to provide simple savings and loan facilities in a community that does not have easy access to formal financial services. Throughout the saving period, the savings are loaned out to members for immediate needs, such as schoolfees, and for productive investments such as livestock, off farm economic activities, petty trade, purchase of agricultural inputs, payment of labor for agricultural production, buying agricultural produce among others. This model plays an important part in improving small holder farmers’ access to finance.

For over half a decade, CARE Uganda together with other implementing partners and agencies have established thousands of Village Loans and Savings Association, (VSLAs) across the three sub regions of Acholi, Lango and Teso. Farmers in Northern Uganda in general and specifically those within the ALREP area of operation, are being supported in setting-up local VSLAs, to create a savings and investment culture boosting agricultural production.

Under ALREP, CARE Uganda was engaged to strengthen linkages of the VSLAs and formal financial service providers through a project, dubbed “The Financial Literacy and Linkage Project (FLIP)” which started in August 2012 and ended in October 2013. It covered 15 districts of Apac, Oyam, Kole, Alebtong, Otuke (in Lango), Katakwi, Amuria (in Teso), Gulu, Kitgum, Lamwo, Agago, Pader, Nwoya, and Amuru (in Acholi).

The purpose of FLIP was *“Availability of agricultural finance to producers, traders and processors increased”*.

Under FLIP, CARE Uganda’s contractual obligations were to:

1. Increase financial literacy of small and medium scale actors (individuals and groups) in the agricultural sector in Northern Uganda
2. Increase small and medium scale actors (individuals and groups) that save with and acquire loans from formal financial institutions for agricultural and agri-business purposes
3. Ensure that formal financial institutions procedures and products are more geared towards the needs of small and medium scale actors in the agricultural sector

The above three results were premised on the assumptions that a) both physical and macro economic conditions continue favoring and providing opportunities to enable beneficiaries to meaningfully engage in agricultural production and processing activities; b) peace continue to exist at micro levels and; c) the anticipated involvement and support from all the stakeholders prevail.

The above results were aimed at assisting small and medium scale actors in the agricultural sector to access services and products from Formal Financial Institutions (FFI). Core of the programme was to enroll well established local VSLAs (mature VSLAs which are 2 years old or more) into formal banking practices with the aim to protect their savings, access and properly manage larger loans from FFIs for agricultural development, and reduce risks, increase coverage and profitability of FFIs in their operations with the rural agricultural sector. The linkage scheme is demand driven from both sides.

The financial literacy component aimed at providing VSLA and individual members with the necessary information and knowledge to enable them form linkages with FFI. This process was enhanced by support to FFIs to improve their financial services provision to all actors in the agricultural sector. The improved financial services provision was meant to increase the client base of FFI and enhance their business. As such, CARE Uganda ensured during implementation that the three results are interlinked and complemented each other.

The purpose of this report is to present the overall project achievements at the end of the project. These achievements are presented under the following sections results; financial literacy of small and medium scale actors; savings and loans access among small and medium scale actors in agricultural and responsiveness of formal financial institutions procedures and products to the needs of small and medium scale actors in the agricultural sector. The report will also elaborate the strategies that made the achievements possible for purposes of sharing learning and possible scaling.

## 2 OVERALL ACHIEVEMENTS OF THE FLIP PROJECT

According to the service contract, FLIP was expected to contribute to the overall Northern Uganda Agricultural Livelihoods Recovery program (ALREP) by contributing to increased household incomes in the targeted communities. Results from FLIP suggest that the project considerably contributed to this change indicator. FLIP beneficiaries' income increased during the time of implementation from an average share value of UGX 500 to UGX 1000 by the end of the project. In addition the average saving per VSLA member was UGX 196,000 at the closure of the project compared to UGX 110,000 at the start of the project (Project Management information system 2012/2013). The increases in share value and average savings per member is an indication that the FLIP beneficiary households realized considerable increase in household incomes and this gives credence to the UBOS findings in the region during the FLIP implementation period which established that incomes in the region had increased by 75% (UBOS 2012/2013).

### 2.1 Result 1: Financial literacy of small and medium scale actors

FLIP aimed to ensure at least 60% of the targeted 15,000 beneficiaries report improved financial management by the end of the project. By the project closure 80% of the 17,850 total beneficiaries reached reported to be practicing skills in financial literacy. Such skills include better loan management (wise borrowing and repayments), having saving plans, household budget management and financial negotiation among others. Table 1 gives an overview of the achievements on financial literacy in relation to project targets.

**Table 1: Achievements against targets of the project in financial literacy**

Expected results	Objectively Verifiable indicators (OVI's)	Achievement against indicators	Analysis of assumptions
Financial literacy of small and medium scale actors (individuals and groups) in the agricultural sector in Northern Uganda increased	At least 60% of the targeted beneficiaries report improved financial management by October 2013	100% of the targeted beneficiaries received the skills in Financial management. By closure of the project, the internal end line assessment indicated 80% of the beneficiaries were practicing some skills gained. Such skills include improved loan management, having saving plan, loan plan, and financial negotiation among others.	All the beneficiaries trained in Financial Literacy gained a skill in financial management and will continue to practice these skills after the project closure

The achievements in financial literacy were made possible through the implementation of given activities. Table 2 gives the level of achievement against the planned activities.

**Table 2: Outputs associated with to financial literacy component of the project**

Activities	Immediate outputs	Achieved outputs
Carry out a baseline survey on current status of knowledge, skills, attitudes and behaviour of consumers of financial services in selected ALREP beneficiary districts	01 baseline survey	1 baseline conducted and report produced
Produce or adapt a series of modules to be used in finance literacy training	5 modules adapted, translated and printed	A financial Literacy and Bank Linkage training guide adapted in 5 modules each. The translation was done and printed for all the trainers in different sub regions
Train community based financial literacy trainers	At least 20 trainers trained, who train at least 10 others – 200 trainers in place by January 2014	38 trainers trained
Train members of at least 600 VSLAs and other groups in financial literacy with the aim of preparing them for formal banking practices;	At least 12,000 members of VSLAs trained	714 VSLAs trained in Financial Literacy and 17,850 members benefitted
Develop and apply innovative training and dissemination tools for the programme	At least 40,000 posters, flipcharts and cards printed	40,000 posters and 1000 flip charts produced and printed
Assess changes resulting from the in the financial literacy training		Final internal evaluation conducted report produced

**Box 1: Changes associated with increased financial literacy**

*“When I got the financial literacy training I realized that I needed to plan the use of my money way before I could start saving. This has enabled me now to budget my money, I have managed to buy a cow which now gives me milk that I sell to pay the loans I borrow and the balance of the money I used in my garden of rice”*

This is a self-confession by Ms Perci Moro of Acane Kikwo VSLA group in Bobi, Gulu district, which illustrates the change in behaviour and attitudes of the FLIP beneficiaries with regard to household financial management after attaining the financial literacy skills.

## 2.2 Result 2: Savings and loans access among small and medium scale actors in agricultural sector

The project aimed to have at least 75% of the supported VSLAs increase their VSLA performance rating by at least one level. During the project implementation, 30% of the 714 VSLA groups were linked to formal financial institutions to access savings after being subjected to a VSLA rating exercise<sup>1</sup>. However, 73% of the 300 VSLAs increased their rating for bank linkage by at least 1 level. The rating exercise assessed VSLAs' quality in terms of their financial records, governance as well as its readiness to link to formal financial institution. By project closure (October 2013), 9% of 220 linked VSLAs had accessed credit from the banks (Post Bank-15 VSLAs; Barclays Bank-5 VSLAs) there by increasing access to credit from formal financial institutions (FFIs).

In addition, by project closure, 9% of the groups linked had acquired loans totaling to UGX 22,283,000 from the financial institutions against the 10% target (Refer to annex 3 for the details of groups that acquired loans from FFIs), while 60% against the 50% target of the beneficiaries in the linked groups confessed realization of improved financial services from the financial institutions. Among the financial institutions that CARE worked with, it was only Barclays bank that developed a credit product suitable to the interests of the VSLAs.

Further, VSLA group records indicated that over 90% against the target of 80% of the beneficiaries accessed loans internally from the VSLAs for various purposes, (59% for Agriculture related investments, 23% children education & construction and 8% for other petty trade investment- based on data from internal project assessment), all aimed at improving household livelihoods and incomes. In terms of savings and loans, VSLA records at project closure showed over UGX 1.4 billion had been accumulated in savings compared to UGX 840 million at the start of the project (representing an increase of 40%), while loans outstanding stood at over UGX 900 million compared to UGX 675 million at the time of project start. Portfolio utilization rate stood at 79% up from 54%. Table 3 gives more details.

**Table 3: Summary of achievements against targets on savings and loans access**

Results	Objectively Verifiable indicators (OVI's)	Achievement against indicators	Analysis of assumptions
Availability of agricultural finance to producers, traders and processors	HHs and businesses in targeted communities accessing formal banking services for the first time since 2012	30% of the targeted VSLAs were linked to banks and accessing formal banking services for	The 30% groups linked are assumed to continue accessing the bank services as a group

<sup>1</sup> The rating concept is used to assess the readiness of the VSLA to linkage with financial institution. In the rating process, the rating focuses on such VSLA groups' internal performance indicators as financial management, governance, record keeping and cohesion. For details refer to annex 7.

increased	increased by 10% in July 2014  40% and 80% of VSLA members access loans internally	the first time.  According to the group loan records (Management information system), 90% of the members accessed loan internally by time of project closure (2013)	and also access other products that can benefit individual members
Small and medium scale actors (individuals and groups) that save with and acquire loans from formal financial institutions for agricultural and agri-business purposes increased.	At least 75% of the supported VSLAs have increased their VSLA rating by at least one level by October 2013  At least 10% of the targeted beneficiaries have acquired a loan from a formal financial institution in the last year by October 2013	73% of the supported VSLA mapped for linkage increased their rating and qualified for linkage  By July 2014 9% of the linked groups had acquired loans from formal financial institutions.	By the time the project closed the banks had not yet extended the loans <sup>2</sup>

**2.3 2.3 Result 3: Responsiveness of formal financial institutions procedures and products to the needs of small and medium scale actors in the agricultural sector**

Based on the situational analysis findings undertaken at the beginning of the project, CARE Uganda identified and partnered with 3 formal financial institutions namely Barclays Bank, Bank of Africa and Post Bank Uganda to provide banking services to the community. (see beneficiaries list for groups linked in each bank) These FFIs showed a clear willingness to provide financial products and services relevant to the needs of VSLA farmers. Geographically, the outreach of these banks is very limited especially in most of the ALREP districts; however they are the only ones that expressed willingness to work with CARE Uganda and develop relevant products that suit the needs of the VSLA farmers. The features of the products include:

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<sup>2</sup> Post bank and Barclays Bank have finalized the loan products and have rolled out

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Savings bank account:

- Account opening balance of UGX 10,000
- Free deposit and withdrawal
- Interest paid on VSLA savings
- Free cheque book
- Quick loans with low interest rates (8%)
- Flexible repayment terms based on their cash flows since they are farmers
- Good customer care and handling

FLIP project also aimed at ensuring that the financial products offered to farmer groups as well as the procedures for accessing them is geared towards the needs of VSLA farmer groups participating in small and medium scale agricultural activities. Findings from an internal assessment on bank linkage procedures and products showed that 75% (15 out of 20 VSLAs) were satisfied with the products and procedure for accessing the services surpassing the 50% target. The lesson learnt from the bank linkages is that VSLAs can easily utilize bank financial services if financial products suitable to the needs of the VSLAs are developed by the FFIs.

**Table 4: Overview of achievements on enabling FFIs to provide relevant financial services**

Expected results	Objectively Verifiable indicators (OVI's)	Achievement against indicators	Analysis of assumptions
Formal financial institutions' procedures and products are more geared towards the needs of small and medium scale actors in the agricultural sector.	At least 50% of VSLA customers who acquire loans from the targeted formal financial institutions in the last 6 months' notice a marked improvement in services by October 2013	75% of the VSLA customers who acquired opened accounts with FFI and accessed loans confessed that the procedures and the products offered by the banks are well improved for their category.	The members in the linked groups continue accessing these bank services beyond the project closure to realize full appreciation

**Table 5: Overview of activities that made it possible for the project to achieve results**

Activities	Immediate outputs	Achieved outputs
Conduct specialized training for FFI staff on agricultural client handling	At least 3 informal training sessions for banking personnel held	3 trainings conducted for bank staff in Lira, Gulu and Kitgum
Conduct information exchange meetings on agriculture finance for Northern Uganda focusing on availability and suitability of financial products and services	At least 2 annual review meetings held	The information exchange did not take place due to time and resource constraints
Conduct two annual review workshops to review project performance	At least 2 annual review meetings held	2 Review workshops held. Performance towards achievement of the project results was reviewed and strategies laid down for improved attainment of results before project closure.

### **3 STRATEGIES ASSOCIATED WITH FLIP ACHIEVEMENTS**

#### **3.1 Community mobilization and sensitization to the project**

The project initial activities involved introductory meetings to the district, sub-county, Parish and Village council officials that involved articulation of project objectives, committed resources and the financing entity as well as sharing the work plans. This process resulted into a strategic partnership with the local governance structures. The project also ensured visibility through production of 40,000 IEC materials that include posters, Flipcharts and cards with visible logos of European Union, Government of Uganda and CARE Uganda in strict adherence to the EU visibility guidelines. At district, sub-counties, parishes and village levels all attempts were made to enhance the visibility to all stakeholders through distribution of these IEC materials. This helped to enhance the knowledge within the beneficiary communities, of the ALREP/FLIP partnership, objectives and the roles of the different national/local government stakeholders, including the beneficiary communities themselves. The lesson learned was that the IEC materials helped to reinforce the financial literacy knowledge and skills among the beneficiaries.

#### **3.2 Project monitoring**

##### **3.2.1 Monthly review and quarterly meetings**

Monthly and quarterly meetings were conducted as had been planned. These meetings allowed the project staff to review progress against set targets, discuss what was working out and what was not working and what could be done differently to ensure quality implementation. Issues that included performance of trainers on project deliverables and support supervision were discussed in such meetings.

##### **3.2.2 CARE Uganda staff routine monitoring of the activities of the trainers**

Field monitoring was one of the major project activities conducted during project implementation. This was done to provide technical support, mentoring and coaching of trainers and quality assurance. Monitoring schedules were developed and updated on a monthly basis during the review meetings and this guided all the monitoring and support supervision activities by the different project staff.

The CARE Uganda project team endeavored to provide one to one support and coaching to trainers based on capacity building plans drawn from capacity gaps identified during field follow-up interactions with the trainers. This approach ensured improved trainer capacity that fostered quality service provision.

##### **3.2.3 Annual project performance review workshops**

**Internal Review:** CARE Uganda organized and conducted a two-days project review workshop in Soroti on 19th and 20th August 2013. The workshop brought together CARE Uganda Staff, CBTs, LBOs and ALREP PMU representatives. The purpose was to review project performance against set milestones/objectives, sharing and learning from emerging lessons/best practices and implementation challenges. During the review, it was acknowledged that although the time frame for action was very short, it provided good

learning points for donors and stakeholders on effective financial inclusion programming for small holder farmers. The internal review workshop helped players to identify hiccups and develop strategies and recommitment to ensure that there was concerted effort to realize the expected output under each result area. Although it was an internal workshop, ALREP PMU was represented and highlighted more on the areas of focus as the program moves to its next half of implementation.

**Final Review Meeting:** A one day final review meeting took place in Gulu on the 29th October 2013. The final review was aimed at disseminating information to external stakeholders and thrash out proposed exit and sustainability strategies. It was attended by all the ALREP stakeholders including: The District focal Point officers, District Chairpersons, CAOs, CDOs, ALREP PMU, ALREP IPs, representatives of beneficiaries and financial institutions (see annex II).

During this review meeting, CARE Uganda made presentations to the participants on the outputs, successes, lessons learned and some challenges. The information that was shared during this review meeting forms part of the subsequent sections in this report. It was recognized that the project had achieved its objectives and planned targets. This was backed up by testimonies from representatives of the beneficiaries who attended the workshop.

It was evident that collaboration, good communication, support from local based structures, support from ALREP PMU, well-built foundation of VSLAs and committed staff were among the many factors that led to Project achievements. The review meeting also recognized that there

were a number of challenges experienced during the implementation. These included: limited funding; lack of efficient and effective delivery channel between the groups and FFIs; lack of appropriate financial products that suits the agricultural needs of the farmers groups; and the short duration of the project. It was also recognised that collaboration with lower local authorities needed to improve. On the issue of



Box 2: CARE Uganda Country Director addressing audience during review workshop

sustainability and linkage banking, it was agreed that District focal point persons would be available to follow up with beneficiaries and provide continuous support.

### 3.2.4 Monitoring by ALREP PMU

Besides monitoring and supervision by the CARE Uganda experts, ALREP PMU also provided a number of monitoring and supervision visits and backstopping. The purpose

was to assess performance of the service contract implementation, appreciate success, identify gaps / challenges and provide feedback for improvements. Through monitoring support visits by ALREP PMU, the project team was able to identify areas of learning, synergies and improvement. An improved working relationship was attained between FAO and CESVI who were ALREP implementers of objective 1 and 2 of ALREP respectively.

### 3.2.5 European Union Result Oriented Monitoring (ROM) Visit

EU-ROM team visited the project during the implementation period (24<sup>th</sup> -3<sup>rd</sup> July 2013). The mission’s purpose was to appraise all service contracts under ALREP across the sub regions of Acholi, Lango and Teso. During the visit, a number of meetings with different stakeholders both at national and local levels were held. Field visits were made to project areas. For instance, on the 28<sup>th</sup> June 2013 two VSLA farmer groups in Akalo sub county, Kole District (Adwila Youth and Obanga Kene VSLAs- all trained in financial literacy and linked to the bank) were visited by the delegation. The discussions revolved around the relevance and benefits of VSLA and FLIP project to the members as well as the entire community and how the group members acquire and utilise loans. Other issues emerged include:

- 80% of community members participate in VSLA activities
- People are interested in VSLA because it offer easy access to finance
- Other avenues of borrowing besides VSLA are friends and Banks
- FLIP VSLAs benefitted from financial literacy training in that it gave them better knowledge of savings, investment and loan management, acquisition of assets like solar panels, ox plough and oxen, bicycles etc and investment in educating children which they could not before joining VSLAs.

The delegation was impressed by the positive roles VSLA is making in the lives of the local farmers households and they encouraged the VSLA members to put financial knowledge into use and invest their money into commercially viable enterprises. The ROM visit helped to make the beneficiaries appreciate the value of the project after their interactions with the visiting team.

## 3.3 Capacity building through training

### 3.3.1 Use of trained community based financial literacy trainers

Sub region	District	Male	Female	Total
Acholi	Gulu	4	1	5
	Amuru	1	0	1
	Nwoya	1	1	2
	Kitgum	4	0	3

	Lamwo	1	0	1
	Agago	1	1	2
	Pader	1	1	2
Sub total				16
Lango	Lira	5	1	6
	Apac	2	0	2
	Oyam	2	0	2
	Kole	2	0	2
	Alebtong	1	1	2
	Otuke	1	1	2
Sub total				15
Teso	Katakwi	4	1	3
	Amuria	3	1	4
Sub total				7
<b>Overall total</b>				<b>38</b>

A total of 38 Community Based Trainers (CBTs) in financial literacy and linkage banking were provided with ToT and refresher trainings to build their capacities to implement the project activities at sub county level (*See photo below for one of such trainings*). 20 CBTs from Lango and Teso were trained in Lira and 18 CBTs from Acholi were trained in Gulu. After the training, each CBT was deployed in a sub

county and responsible for the mobilization, assessment and training of the VSLA farmer groups in the modules of Financial Literacy and Bank linkage. The CBTs were the critical project trainers who conducted all the planned trainings among the beneficiary groups.

To ensure that quality trainings of the beneficiaries, CARE Uganda developed simple and easy to understand facilitation tools and provided to all the CBTs to enable them deliver the right knowledge and impact on the financial lives of the beneficiaries. The innovative tools that were developed include 40,000 posters and 1,000 flip charts. These tools were used as awareness raising materials as well as facilitation aids to help the beneficiaries to appreciate the concepts. The tools included illustrative pictures and case narratives from the implementation. The soft copies of these tools are attached in the annexes to this report.

### 3.4 Sensitization of FFIs

CARE Uganda actively engaged with banks staff to facilitate a better understanding of the needs and opportunities of the agricultural sector and create awareness on existing opportunities, financial needs and limitations of the rural farming community. The discussions handled issues that included:

- Emerging concerns with opening of VSLA accounts such as lack of the necessary requirements for opening up the accounts such as relevant documentation at the bank that need to be filled by the group executives
- Need for a bank staff as the focal person (personal banker) to coordinate and handle clients while in the banks.
- Considering the literacy levels of the group members in relation to signatures etc



Box 3: Staff of Bank of Africa attending a training of VSLAs



Box 4: A staff of Barclays Bank explaining to VSLA farmers during a field visit

All the above were aimed at easing and expediting the process and reduce on the transaction costs for the groups. For the groups to appreciate the linkage process should be demand driven meaning that the groups will have gone through all the challenges of group cohesion, group dynamics and have one harmonized vision of growth. To avoid groups getting bored moving to and from the banks so many times and incur more costs especially in transport only groups that are ready with all the relevant documentation were referred to the banks to open up accounts.

The process of documentation included the registration of these groups at either the sub counties or districts with community development offices where they got certificates of registration which added on other documents they pick from the bank (application pack). This process has not been so smooth as there were a lot of delays and costs in processing these documents especially registration. CARE Uganda spent a lot of time discussing with local structures to support this process in all the operational districts which later was streamlined.

Throughout the project, 37 staff from Barclays Bank (Lira, Soroti and Gulu Branches), Bank of Africa (Lira and Gulu Branches) and Post Bank (Kitgum branch) went to the field together with the project staff to introduce them to how the VSLA works and for them to sensitize the VSLA members on the group products and linkage process. These visits led to many VSLAs appreciating the linkage process and resulted to linkage of 220 VSLAs to the 3 FFIs.

### 3.5 Screening and training VSLA groups for Linkage Banking Model

The project planned to assess, train and facilitate the banking linkage process of 200 VSLA farmer groups that have successfully lasted for two or more years of carrying out VSLA activities, and is willing to link to Formal Financial Institutions (FFIs). By the end of the project 300 VSLAs were rated using a predesigned assessment tool (*attached in annex*) and a cumulative total of 220 VSLAs qualified and linked to commercial banks for saving. This number exceeded the project target by 10%. (*details of the groups is in the attached beneficiaries list*)

### **3.6 Identifying or developing linkage products (savings and credit)**

As already mentioned in section 2.3, CARE Uganda engaged in partnership with three formal financial institutions i.e. Barclays Bank, Bank of Africa and Post Bank and came up with a customized saving and loans products for VSLA Clients. The features and requirements for accessing savings in all the three banks are similar and the main features include: Opening deposit of UGX 10,000, no monthly charge, withdrawal charge of UGX 2,000. Credit product was developed by only one bank (Barclays Bank) by the time of project closure and it has the following features: an overdraft facility of maximum UGX 5,000,000, 8% interest per annum, repayment period of 12 months but paid monthly (Refer to annex 3 for details of VSLAs that accessed the credit product). The other two banks (Bank of Africa and post bank) were in the process of credit product development and had not yet launched it. However, Post bank later launched its credit product and is rolling it out currently to the groups. The post bank credit product had features such as a maximum overdraft facility of UGX 15,000,000, 18-21% interest per annum, repayment period of 12 months but paid monthly. However CARE's MOU with post bank covers only the savings product. Negotiations on the credit product are still on-going.

### **3.7 Roll-outing and reviewing financial services/products during implementation**

The FFIs that have partnered and developed the products for the farmer groups include Barclays bank, Bank of Africa and Post Bank Uganda. The FLIP implementation shows that communities still have some fears about banks. These fears include high interest rates, high bank charges, and the lengthy processes of opening an account, the long distance from bank branches and high costs involved in transport. A well thought out awareness strategy which included use of success testimonies from other groups and making field visits to the groups together with banking officers helped a lot in addressing some of these challenges.

Steps in roll out include:

- Piloting the product
- Launching the product
- Actual implementation

While some group members expected loans from banks, this does not automatically happen once a group has been linked. As part of the loan acquisition criteria in most formal banks, the group has first to use their bank accounts for the first six months before they can apply for credit facility. This is partly to build a healthy relationship between the group and the FFIs. VSLA groups are using these accounts to safely keep excess funds not borrowed in their groups especially towards the time they want to share out. Thus the immediate benefit has been security of members savings more than loan access, further suggesting that programming needs to consider the project time frame if impact is to be measured against both savings and credit facilities. Banks benefit from VSLAs member's deposits because they are able to loan it out and get returns. VSLAs are viewed as good clients since they do not often withdraw their savings.

VSLA members have testified that as a result of linkage banking, they have increased their individual savings on account of the confidence members have in regard to the safety of their money in the bank. Increased in saving amount per each member is strong indicator of economic progress as more savings capacity translates into bigger loans to engage in

**Box 5: Some key lesson on the bank linkage**  
Despite the visible benefits, FLIP implementation experience shows that VSLA members still dislike some elements associated with linkage banking. The limited delivery channels that increases transport costs to the banks, whereby groups are located far away from the banks puts money at risk during transport to and from the banks, lengthy procedure during withdrawal, costly procedures during group registration at sub-county and district levels, inconsistencies of signatures by signatories among others.

productive economic activities. This was the basis against which Barclays bank developed a loan product (overdraft) that recognizes the logic of sharing at the end of cycle, implications on group lending and the need for other FFIs to develop loan products that recognize the same logic. During implementation CARE Uganda through its own initiative with Barclays bank, are partnering with Grameen foundation to develop and pilot mobile network platform for VSLA bank linkage. This is still at the pilot stage and this innovative initiative once rigorously tested and rolled out, will reduce some of the current challenges associated with bank linkage.

Other approaches that are already functional include use of mobile banking van for community outreach by some banks like Post Bank and mobile money banking which are some of the existing platforms for mitigating these challenges. However, no formal product roll out reviews has been done with the banks due to time and financial resource constraints.

### 3.8 Specialized training for FFI staff on agricultural client handling

CARE Uganda ensured that some of the staff of the 3 FFIs partnered with received full understanding on the VSL methodology and the characteristics of a VSLA groups. The purpose of this was to ensure that the banks provide quality and appropriate service to the groups without prejudice. A total of 37 Bank staff across the 3 banking institutions received this sensitization training. This enabled them to serve the VSLAs very well through the process of linkage.

## 4 IMPACT AND SUSTAINABILITY

### 4.1 Impact

Impact of FLIP is reflected in feedback on the project throughout the implementation of the project. It was emerged qualitatively from the comments, observations and case stories shared by different respondents in the internal evaluation and during field visits. The project made positive effects on target groups and individuals. The nature of these effects shows a shift in the thinking, planning and decision making by the project beneficiaries. This has had a ripple positive effect to members, their households and groups. The testimonies shared by some of the beneficiaries attribute positive impacts to the FLIP interventions. Below are some of the case stories shared by different beneficiaries.

**Mr. David Owani, Ms Perci Moro and Ms. Betty Ouni**, all VSLA members and beneficiaries of FLIP, give evidence of the impact of the FLIP intervention in their lives.

#### **Box 6: Turning Financial Literacy into a Fortune-David's story**

##### *The story of David*

*“The financial education has brought positive changes in my life and the entire family. As a farmer the FL training challenged me to think critically how I can make investment in agricultural activity that can bring me returns on a sustainable basis. Reflecting on my family situation, I realized my family used to spend a lot of energy trying to cultivate large pieces of land to grow crops. The thought that came to my mind was the need for another bull to add to the previous bull which I got from NUSAF program and use them for ploughing over 5 acres of land compared to using hand hoe which I could manage only one acre in a season. I therefore borrowed a UGX 400,000 from my VSLA group and bought a bull. Currently I have two bulls which I am using for ploughing my garden and also ploughing other people's gardens for payment. I charge other people between 30,000 and 100,000 depending on the size of the land. It is this income from ploughing people's gardens that helped me to raise cash and repay the loan of UGX 400,000. I even made more money to the tune of UGX 600,000 last year alone that helped me to pay school fees for the children”*

*“In addition, this training also improved my relationship with the family members as a result of conducting collective budgeting. My wife and my children would never know how much money I made. I never consulted or involved any of them in deciding what to buy. I would only think once in a while what I need to buy in the home. This made my family members so miserable. But now because I learnt the importance of budgeting as a family my intra family relationship has improved. When I get money I give it to my wife to keep, we also jointly plan for it together with my wife and my eldest son. One day my son asked me why my behaviour had changed and I told him it is the knowledge I get from my group that I am practicing. He was so happy including my wife. Now with my wife we have planned that when I get share out from the current savings soon I buy a cow so that I can have some milk producing animal at home. Thank you so much ALREP for this training. It is transforming my family life slowly. Now I can save my little income and using the financial literacy knowledge and skills, I can plan on how to use the loans that I get from the group, besides planning for the savings that I get during the share out”.*

**Box 7: Perci's story**

*Ms. Perci Moro widowed, is a VSLA member of Acane Kikwo VSLA and takes care of 3 grandchildren. The group is located in Bobi trading center in Gulu district.*

“I am a widow who had no hope when my husband passed on but now I am just a happy woman; my participation in VSLA is a blessing because this participation helped me regain my self esteem and I now feel more empowered even as a widow. I have 3 children whom I have to ensure are studying, feeding well, have good shelter, clothing and other welfare related needs. In our group we are basically farmers although I am also involved in bakery business”

“Financial Literacy skills and knowledge has boosted me a lot within this period in terms of how to manage my income, debts and expenditure. I have been saving, and borrowing money but I lacked enough skill on how to plan it because I find myself having so many things that need money therefore I end up spending on things that are not priorities just in a short period of time. One thing that I have learnt and practically applying is the concept of Budgeting. I also learnt to set my saving goals, and prioritizing them because I am a widow who has so many needs that require money to meet these needs. In the past I would not analyze my different sources of income to get the estimated income but now I can do so and generate a list of things that need money and allocate financial resources according to their priorities. Right now as the year is ending I am expecting to get about UGX 1,550,000 from the following sources: about UGX 700,000 from the VSLA savings, UGX 350,000 from cotton sale and UGX 500,000 from the sale of rice. This gives an estimated UGX 3,100,000. In my plan, I have three priority areas which this money will go into, these are:

1. Roofing plus buying the door/window shutters of my house which will cost about UGX 500,000 because some other materials like iron sheets, and timber had already been bought earlier.
2. I have to set aside money for tuition fees of my 3 children for next term beginning in February and this will cost around UGX 700,000.
3. The rest of the money I plan to put in my business of bakery which generates some daily income

I also have a plan to buy oxen and ox plough and this will be a priority for my next savings”

“Generally VSLA has been helping me a lot in terms of loans for agricultural investment. Although I have mainly been borrowing to top up some of the money I had, I would not have done much without access to VSLA loans. This year I borrowed UGX 70,000 and used it for weeding rice garden. I also borrowed UGX 80,000 and purchased cotton seeds from Donavan (a local cotton buying company). That is why I am proud of the expected UGX 350,000 because there is ready market”



**Betty harvesting her cotton together with her children**



**Betty standing in front of her house which she is constructing**

### **Box 8: Success and Hope from Planning & Budgeting skills-Betty's Story**

**Ms. Betty Ouni** is the Chairperson of **Oryem Can Widows and Orphan Care VSLA** group in **Abolet Parish, Barr Sub County, and Lira District**. Oryem Can Widows and orphan group started in 2006 with 30 members as a Farmer group. The group was involved in producing, buying and selling of cotton, millet and rice as group IGAs. Later the group's IGAs were affected by rampant LRA insecurity that rocked most of the Northern region then. Betty narrates her story of the outcome of the FLIP project in her life within this short time period of project implementation.

**“I joined my VSLA group in 2008. Before this project, each time the group reached the end of the cycle we shared out the money and thereafter I just wasted the money during the festive season to buy clothes, food and drinks. When I got the financial literacy training, I realized that I needed to plan the use of my money way before I could start saving. This has enabled me know how to budget my money, I have managed to buy a cow which now gives me milk that I sell to pay the loans I borrow and the balance of the money I use it in my garden of rice. I now have six bags of rice that I am waiting for the price to rise before I can sell. I have also opened a bank account with Barclays bank that enables me to save my money and make it safe”**



**Perci with her rice produce**



**Perci standing next to her cow**

The above testimonies from FLIP VSLAs/FFs members reveal that the FLIP beneficiary members have realized significant positive changes in behaviours, attitudes, knowledge and skills regarding financial management at both individual and household levels. These changes have contributed to observed improvements in the livelihoods of the FLIP

VLSA/FFs members, despite the relatively short implementation period of the project. This trend is expected to continue in the shorter and long run after the project implementation closure, depending on the prevailing socio-economic circumstances across the project areas.

**Empowerment of the VSLA members:** The operation of a group savings account in the bank, has given VSLA/FFs members confidence, as they now feel empowered, they can freely enter the bank premises without any feeling of shame or fear. This is significant in the sense that the perception among the rural poor has formerly been that banks are only for the rich and not for the rural poor.

**Box 9: Testimony from a bank employee**

*“VSLA members now feel very confident and empowered when you see them entering and freely transacting their account business within the bank. At the beginning of the linkage process group members felt very shy while entering and doing business inside the Bank but as time went on most of them now feel very confident while transacting business in the bank”*

Linkage Banking Officer Barclays Bank Soroti Branch.

There is a general feeling of acceptance by the FLIP VSLAs/FFs that the products offered especially by Barclays bank are relevant to their local needs. And the linkage process is viewed as being simple for the groups to follow; attributing this to the full support the groups received from the Banks and CARE Uganda staff.

#### 4.2 Sustainability

The FLIP project has proved to be relevant and is integrated in the government of Uganda through ALREP. Therefore there is a likelihood that the project’s interventions will be carried forward by other actors including the government of Uganda in order to have a wider multiplier effect across the northern Uganda population.

As the project’s core implementation approach was based on the VSLA methodology and given CARE Uganda’s experience in similar interventions before, it is expected that the beneficiary VSLAs/FFs will continue their existence and practice of the VSLA. The VSLAs/FFs are highly expected to continue the linkage process; especially the already linked groups as well as the VSLAs/FFs not linked. In the hope of ensuring that the project beneficiaries get sustained support from the District local governments, CARE Uganda made efforts to involve the DFPOs and commercial officers, community development officers and sub county leaders during the implementation by sharing with them project information and involving other office directly in supporting successful implementation. For instance the office of the CDOs have been issuing certificates to the VSLAs what is one of the required documents to be linked to the bank. All the district focal point officers have been provided with list of all the beneficiaries VSLAs for their reference.

The banks whose image is normally enhanced through corporate social responsibility, there is a high likelihood that the three banks and more others would like to be associated with the act of linking community level groups to enhance their economic livelihoods.

## **5 CHALLENGES AND LESSONS LEARNED**

### **5.1 Challenges**

Despite the project's positive impacts, some groups mentioned that there are still constraints that may affect future interactions and utilization of bank services. Programmatically most common issues are:

- The high cost of travelling to the bank each time they make deposits in their group accounts, the travelling cost is believed to be a factor making some groups reluctant to utilize their accounts fully, besides others opening new group accounts. and
- Delays in the account opening processing at bank level. The emerging mobile banking initiatives by some banks are expected to ease this geographical challenge.
- Fear of carrying money to and from the banks as the groups cited insecurity risks

Operationally, the project had the following limitations and challenges:

- Limited funding versus the wide area of coverage affected implementation of some planned activities such as conducting end line study and information exchange meetings on agricultural finance in Northern Uganda.
- Short project implementation period could not allow significant outcomes related to agricultural production and investments. This is especially the case with linkage for accessing credit for agricultural investment because it requires relationship building with the financial service provider over a period not less than 6 months.
- The project design did not cater for sustainability strategy or plan. While there are many benefits accruing from the implementation of this project, there have been no systematic interventions implemented to support transition and eventual phase out of this project from the targeted area. The possibility of different stakeholders continuing with the project activities is therefore likely to be affected by inadequate preparation, lack of knowledge and skill to support their continuity.

### **5.2 Lessons**

Several lessons emerged during the implementation of FLIP. Most of these lessons show the factors that have made the FLIP project successful and include the following:

1. Involvement of local government structures made it easy for the community to appreciate and embrace the interventions;
2. The willingness of the FFIs to understand the potential to do successful businesses among the “unbankable” regarded to be poor, illiterate and rural led to linkage success;

3. The approach of targeting and building on existing and organized VSLA farmer groups made it easy to implement within a short period;
4. The program did not work in isolation. It was implemented in collaboration with other interventions by ALREP IPs. This led to synergies and holistic service provision to the beneficiaries;
5. Linkage banking is more effective when integrated with financial education and provides opportunities for individuals to make own choices i.e. whether to link or not to link;
6. It is important to provide enough resources and ample time to allow gradual progress of bank linkages processes and procedures in order to facilitate learning and reinvesting efforts improvement of financial linkages processes, procedures and products. This would address the challenge of illiteracy among the VSLA members and requirements for bank services;
7. Orientation and capacity building for bank staffs on financial needs of small holder farmers improves their appreciation and recognition of their needs;
8. Rate of progress in business is high after Financial Literacy training because most beneficiaries now borrow for production as opposed to consumption;
9. Rural communities are bankable and can do a lot more with the banks with right products in place;
10. VSLAs are a readily available community structure/platform for entry with development initiatives, thus an opportunity for development partners to foster development;
11. High demand for linkage banking by the VSLAs as result of FL training;
12. VSLA Linkage motivates members to save more as a result of guaranteed security of their money;

## 6 RECOMMENDATIONS

1. Increase duration for implementing such useful projects as FLIP to ensure adequate change in the knowledge, attitudes and practices of different stakeholders including individual beneficiaries, banks, and other project partners at national and local levels for meaningful attainment of outcomes and impact;
2. Explore other options/ opportunities for delivery channels of financial services e.g. Mobile phone platform;
3. The FFIs needs to assign a dedicated personal Banker to work closely and sustained the relationship with the VSLAs;
4. CARE Uganda recommends the ALREP district focal point office to continue supporting the groups with the process of linkage banking;
5. Banks to continue collaborating for the efficient and effective delivery channel that CARE Uganda and Barclays are working on with Grameen and able to adopt it;
6. ALREP PMU can work with CARE to explore the possibilities of building on the CARE Uganda experience of the Village Agent model, whereby the current CBTs can be transformed into the linkage banking officers who would continue supporting the VSLAs/FFs to ensure greater consolidation of the FLIP impact;
7. The local government stakeholders should continue supporting the groups, especially in the areas of mobilization, financial literacy and bank linkages process.

7 ANNEXES

**Annex1: FLIP implementation team (provide a list of staff)**

S/N	NAMES	DISTRICT	DATE OF EMPLOYMENT
1.	GRACE MAJARA- Project Team Leader/Rural Finance Expert	CARE HQ	Aug 2012-Nov 2013
2.	Henry Mutabazi- Financial Linkages Specialist	CARE HQ	Aug 2012- Nov 2013
3.	Melch Natukunda- Financial Literacy Expert	CARE HQ	Aug 2012-Nov 2013
4.	Moses Komagum-Linkage Banking Expert	CARE HQ	Aug 2012- Nov 2013
5.	Marie Ediu- M&E officer	CARE HQ	Aug 2012- Nov 2013
6.	Laker Rose Mary- Linkage Banking Officer	Gulu	Aug 2012-Oct 2013
7.	Olara James- CBT senior trainer Acholi	Kitgum/Lamwo	Aug 2012-Oct 2013
8.	Oroma Geoffrey- CBT Omiya anyima S/c	Kitgum	Aug 2012-Oct 2013
9.	Onen Eric Collins- CBT Koro/Ongako S/c	Gulu	Aug 2012-Oct 2013
10.	Nyero Emmanuel- CBT senior trainer Acholi	Gulu	Aug 2012-Oct 2013
11.	Kitara Samuel B.-CBT Palabek Gem S/c	Lamwo	Aug 2012-Oct 2013
12.	Okot A Patrick- CBT Agoro S/c	Kitgum	Aug 2012-Oct 2013
13.	Odokonyero David-CBT Bobi S/c	Gulu	Aug 2012-Oct 2013
14.	Okwel Moses-CBT senior Trainer Lango	Lira	Aug 2012-Oct 2013

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15.	Latigo Moses-Linkage Banking Officer	Lira	Aug 2012-oct 2013
16.	Acala Felix-CBT Aromo S/c	Kole	Aug 2012-oct 2013
17.	Amongi Jane- CBT Barr s/c	Lira	Aug 2012-oct 2013
18.	Ario Geoffrey- CBT Akalo S/c	Kole	Aug 2012-oct 2013
19.	Owiny Patrick- CBT Ogur s/c	Lira	Aug 2012-oct 2013
20.	Ogwang Micheal- CBT Aboke s/c	Oyam	Aug 2012-oct 2013
21.	Angela Benson-CBT Alito s/c	Kole	Aug 2012-oct 2013
22.	Obong Patrick-CBT chegere s/c	Apac	Aug 2012-oct 2013
23.	Onapa Geoffrey- CBT Kamdini s/c	Oyam	Aug 2012-oct 2013
24.	Apali Solomon-CBT Aduku s/c	Apac	Aug 2012-oct 2013
25.	Adongo Stella-CBT omoro s/c	Alebtong	Aug 2012-oct 2013
26.	Odongo Benhlist-CBT Amugu s/c	Alebtong	Aug 2012-oct 2013
27.	Otim Joseph CBT- Ogor s/c	Otuke	Aug 2012-oct 2013
28.	Ogwok Bosco- CBT Olilim S/c	Otuke	Aug 2012-oct 2013
29.	Otim Joseph CBT Iceme s/c	Oyam	Aug 2012-oct 2013
30.	Okello R. Eric- CBT Lamogi s/c	Amuru	Aug 2012-oct 2013
31.	Asio Sarah-CBT Alero s/c	Nwoya	Aug 2012-oct 2013
32.	Ocan Christopher-CBT Pajule S/c	Pader	Aug 2012-oct 2013
33.	Alimocan Gladys-CBT Acholibur S/c	Pader	Aug 2012-oct 2013
34.	Ojok Richard- CBT wol S/c	Agago	Aug 2012-oct 2013
35.	Abuku Florence- CBT Adilang s/c	Agago	Aug 2012-oct 2013
36.	Opio Alfred- CBT Kochgoma S/c	Nwoya	Aug 2012-oct 2013
37.	Opejo Seth- CBT Seniour trainer Teso	Katakwi	Aug 2012-oct 2013
38.	Adongo Bernadette-CBT Omodoi	Katakwi	Aug 2012-oct 2013

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39	Eselu Francis- CBT Asamuk S/C	Amuria	Aug 2012-oct 2013
40	Oluma Francis- CBT Asamuk S/c	Amuria	Aug 2012-oct 2013
41	Elungat Robert- CBT Magoro S/c	Katakwi	Aug 2012-oct 2013
42	Kongai Loyce- CBT wera S/C	Amuria	Aug 2012-oct 2013
43	Okello Simon Peter- CBT Kuju S/c	Amuria	Aug 2012-oct 2013

**Annex 2: List of materials produced and visibility.** *Refer to the separate attached file as its size cannot allow attachment in this annex*

**Annex 3: List of VSLAs (with their locations) trained and linked, no of members, etc**

*Refer to the beneficiaries list attached for details of VSLAs trained and linked.*

**Annex 4: Overview of Review meetings and associated expenses**

Annual Review Workshops	Estimated number of working days	Dates	No. of participants	Venue	Total Budget amount spent
Annual Review Workshop	2	19-20 <sup>th</sup> Aug 2013	38	Soroti	36,999,930
Final review/Closure workshop	1	29 <sup>th</sup> Oct 2013	41	Gulu	1,710,800
<b>Total</b>					<b>38,710,730</b>

**Annex 5: Overview of Financial Literacy and Linkage Banking workshops and associated costs**

Workshops	Estimated number of working days	Training date	Number of participants	Venue	Total Budget amount spent
Financial Literacy training for 38 facilitators (TOT) & Refresher)	5	22 <sup>nd</sup> -26 <sup>th</sup> Oct 2012	38	Lira	42,683,593
Refresher training-VSLA	5	4 <sup>th</sup> -8 <sup>th</sup> Feb 2013	38	Lira	12,649,000
Refresher - Financial Literacy	5	30 <sup>th</sup> -3 <sup>rd</sup> May 2013	38	Gulu	9,063,500

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Linkage Banking (TOT)	3	26 <sup>th</sup> -28 <sup>th</sup> Mar 2013	38	Lira	40,459,631
<b>Total</b>					<b>104,855,724</b>

**Annex 6: Analysis of achievements against the logical framework**

Overall objective	Objectively Verifiable indicators (OVI's)	Achievement against indicators	Analysis of assumptions
The war affected population of Northern Uganda engage in productive and profitable agricultural and agri-business activities to ensure food security and increase household income	Average indexed household income of target communities, disaggregated by gender and district, increased by 100% by July 2014	The average household income increased by 75% across the greater northern region (UBOS 2012/2013)	Household consumption expenditure has been used as a reliable measure for household income since households readily report on it.
<b>Project purpose</b>			
Availability of agricultural finance to producers, traders and processors increased	HHs and businesses in targeted communities accessing formal banking services for the first time since 2012 increased by 10% in July 2014  40% and 80% of VSLA members access loans internally	30% of the targeted VSLAs were linked to banks and accessing formal banking services for the first time.  According to the group loan records (Management information system), 90% of the members accessed loan internally by time of project closure (2013)	The 30% groups linked are assumed to continue accessing the bank services as a group and also access other products that can benefit individual members
<b>Expected results</b>			
Financial literacy of small and medium scale actors (individuals and groups) in the agricultural sector in	At least 60% of the targeted beneficiaries report improved financial management by October 2013	100% of the targeted beneficiaries received the skills in Financial management. By closure of the	All the beneficiaries trained in Financial Literacy gained a skill in financial management and

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Northern Uganda increased		project, the internal end line assessment indicated 80% of the beneficiaries were practicing a skill gained. Such skills include improved loan management, having saving plan, loan plan, and financial negotiation among others.	will continue to practice these skills after the project closure
Small and medium scale actors (individuals and groups) that save with and acquire loans from formal financial institutions for agricultural and agri-business purposes increased.	At least 75% of the supported VSLAs have increased their VSLA rating by at least one level by October 2013  At least 10% of the targeted beneficiaries have acquired a loan from a formal financial institution in the last year by October 2013	73% of the supported VSLA mapped for linkage increased their rating and qualified for linkage  By July 2014 9% of the linked groups had acquired loans from formal financial institution.	By the time the project closed the banks had not yet extended the loans <sup>3</sup>
Formal financial institutions' procedures and products are more geared towards the needs of small and medium scale actors in the agricultural sector.	At least 50% of VSLA customers who acquire loans from the targeted formal financial institutions in the last 6 months' notice a marked improvement in services by October 2013	60% of the VSLA customers who acquired opened accounts with FFI and accessed loans confessed that the procedures and the products offered by the banks are well improved for their category.	The members in the linked groups continue accessing these bank services beyond the project closure to realize full appreciation
<b>Activities</b>	<b>Immediate outputs</b>		<b>Achieved outputs</b>
<b>Financial Literacy</b>			
Carry out a baseline survey on current status of knowledge,	01 baseline survey		1 baseline conducted and

<sup>3</sup> Post bank and Barclays Bank have finalized the loan products and have rolled out

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skills, attitudes and behaviour of consumers of financial services in selected ALREP beneficiary districts		report produced
Produce or adapt a series of modules to be used in finance literacy training	5 modules adapted, translated and printed	A financial Literacy and Bank Linkage training guide adapted in 5 modules each. The translation was done and printed for all the trainers in different sub regions
Train community based financial literacy trainers	At least 20 trainers trained, who train at least 10 others – 200 trainers in place by January 2014	38 trainers trained
Train members of at least 600 VSLAs and other groups in financial literacy with the aim of preparing them for formal banking practices;	At least 12,000 members of VSLAs trained	714 VSLAs trained in Financial Literacy and 17,850 members benefitted
Develop and apply innovative training and dissemination tools for the programme	At least 40,000 posters, flipcharts and cards printed	40,000 posters and 1000 flip charts produced and printed
Assess changes resulting from the in the financial literacy training		Final internal evaluation conducted report produced
<b>Linkage Banking</b>		
Conduct baseline survey on linkage banking	At least one survey executed and study reports produced	1 survey conducted for Linkage Banking and Survey report produced
Identify and select at least 2 FFIs as potential partners	At least two Formal Financial Institutions enrolled in the programme	3FFIs enrolled in the program i.e. Bank of Africa, Barclays and Post Bank Uganda
Conduct sensitization meetings and field visits for the 2 FFIs to introduce their staff to the VSLA		

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methodology and the linkage process		
Identify, screen and train VSLA groups Linkage Banking Model	200 VSLAs participating in linkage banking	220 VSLAs participating in Linkage Banking
Identify or develop linkage products (saving and credit)	At least 2 linkage products designed and promoted	Group Savings developed in all the 3 Banks (Bank of Africa, Post Bank and Barclays) and loan product developed in Barclays
Roll-out and review the products during implementation		Savings product rolled out to the VSLA groups. Though it was too early to review
Document and disseminate the implementation experiences and learning among the stakeholders	At least one report produced	Quarterly reports produced
<b>Support to FFIs to identify procedures and products that serve targeted clients</b>		
Conduct specialized training for FFI staff on agricultural client handling	At least 3 informal training sessions for banking personnel held	3 trainings conducted for bank staff in Lira, Gulu and Kitgum
Conduct information exchange meetings on agriculture finance for Northern Uganda focusing on availability and suitability of financial products and services	At least 2 annual review meetings held	The information exchange did not take place due to time and resource constraints
Conduct two annual review workshops to review project performance	At least 2 annual review meetings held	2 Review workshops held

**Annex 7: VSLA rating tool**

**Name of group:**

(enter the name of the VSLA group here)

**Insert address of group:**

(enter the address of the VSLA group here)

**Meeting days and time:**

(enter the day and time when the group normally here)

**Name of nearest Bank Branch:**

(Insert name of branch i.e. Arua, Busia, Iganga, any others)

**Distance from nearest Bank Branch:**

(enter the distance from the nearest bank branch in km here)

**Name of the CBT for the group:**

**Name of Field officer:**

**Group evaluation carried out on date:**

(enter the date on which VSLA evaluation was carried out here)

No.	Criteria	MIS Measure	Scoring criteria	Score for this parameter
<b>Quantitative measures (total marks for Quantitative measures = 75)</b>				
1	Maturity of group	Refer MIS Archive - Number 3 -Date of first savings cycle	Less than 1 year = 0 1 to 2 years = 6 2 years or more = 10	
2	Savings volumes in previous cycle	MIS Archive - Number 12 - Net Value of savings at shareout in last cycle	Less than 2 million USH = 0 2 to 5 million USH = 7 5 to 8 million USH = 10 More than 8 million USH =15	

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3	<b>Savings volumes this cycle</b>	<b>Number 12</b> - Net Value of savings this cycle	Less than USH 0.50 million=0 0.50 to 1 million USH = 3 More than 1 million USH = 5
4	<b>Attendance rates</b>	<b>Number 10</b> - Number of members attending meeting	Less than 80% = 0 Between 80 to 90% = 3 More than 90% = 5
5	<b>Loan fund utilization rate</b>	<b>Calculated</b> - Value of loans outstanding divided by Total assets of the group (i.e.value of fixed assets and other funds)	Less than 50% = 0 50% to 75% = 6 More than 75% = 10
6	<b>Portfolio at risk</b>	<b>Calculated</b> - Portfolio at risk	If PAR more than 10% = 0 PAR between 5% and 10%=3 PAR between 3% and 5%= 6 PAR between 1% and 3% = 9  If PAR is Nil (0%) = 10
7	<b>Amount written off as a percentage of last share-out amount</b>	<b>Number 18</b> - amount written off at shareout	5% or more = 0 Between 2% and 5% = 3 Between 1% and 2% = 6 Nil (0%) = 10
8	<b>% of members with active loans</b>	<b>Calculated</b> - % of members with active loans	If less than 40% = 0 Between 40% and 60% = 3 Between 60% and 80% = 6 More than 80% = 10

<b>Qualitative measures (Total marks for Qualitative measures = 25)</b>			
9	<b>Member discipline during the meeting</b>	Did all the members come in time for the meeting, or if some members came late, did they pay a fine?	Yes = 5 No = 0
10	<b>Meeting procedures</b>	Were all the members seated according to their number and carry out transaction in that order?	Fully as per procedure = 5 Generally as per procedure=2 Significant deviation from procedures = 0
11	<b>Member awareness about group norms</b>	Did all members appear to have good awareness about group norms?	All members display awareness = 5 Most members display awareness = 2 Very few or none of the members display awareness = 0
12	<b>Decision making about loans</b>	When the members wanted to take loan, did the Secretary check how much they had saved in this cycle and apply the rule of providing a loan not more than 3 times the member saving in this cycle? Were all decisions made with consensus?	Yes = 10 No = 0
<b>Total marks obtained by the group</b> (add the score obtained against each of the 12 criteria above to arrive at this total)			

**Decision making matrix for linkage**

Maximum score possible= 100

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S.No.	Marks obtained by the VSLA group	Decision about linkage
1.	Up to 40 marks	DO NOT LINK THE GROUP
2.	Between 40 and 60 marks	Link the group <b>only</b> for savings product
3.	Between 60 and 80 marks	Link the group for <b>both savings and credit</b> . Credit amount not to exceed 50% of the amount shared out in last cycle.
4.	Above 80 marks upto 100 marks	Link the group for <b>both savings and Credit</b> . Credit not to exceed two times the amount shared out in last cycle.

The limit for credit suggested in this matrix is only the maximum limits. Actual loan amount to be given to the group would also depend on what the group needs and will be determined by the Bank as per its own policy. The actual loan to be given to the group should not be more than what the group requested in the first place, even if as per this matrix, they are eligible to get a larger loan.

### Format for preparing the VSLA rating report:

S.No.	Item	Detail
1.	Name of the VSLA	
2.	Address of group:	
3.	Meeting days and time:	
4.	Name of nearest Bank Branch:	
5.	Distance from nearest Bank Branch (km)	
6.	Name of the CBT for the group	
7.	Name of Field officer	
8.	Group evaluation carried out on date	
9.	Name of the person who carried out the VSLA rating	
10.	For how many years the group has been functioning?	
11.	Number of members in the VSLA at present	
12.	Total score obtained by the VSLA in the	

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	rating (out of a total of 100)	
13.	Recommendation of the person who carried out the rating	
14.	Signature of the rater	
15.	Date of report submission:	