



Project Link Final Report



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Contact Person
Henry Mutabazi

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Abbreviations and Acronyms

CSO:	Civil Society Organization
FL:	Financial Literacy
NGO:	Non-Governmental Organizations
IPO:	Implementing partner Organization
KYC:	Know your Customer
MNO:	Mobile Network Operator
VSLA:	Village Savings and Loans Associations
KDFA	Kabalore District farmers Associations
FURA	Foundation for Rural and Urban Development
WENPS	West Nile Private Sector Promotion Centre
SEPSPEL	South Eastern Private Sector Promotion Center
UWESO	Uganda Women’s Effort to Save Orphans

Executive summary

Barclays Project Link is an extension of the Banking On Change partnership between Barclays Bank, CARE International and Plan UK (2009 – 2015). During Banking on Change, Barclays Bank Uganda and CARE co-created a savings product, and linked over 1,000 savings groups, and worked with Grameen to co-innovate and pilot 2 digital products for savings groups – **the Ledger Link and E- keys**. After Banking On Change ended in December 2015, CARE and Barclays continued to work together through Project Link to link 800 more groups to Barclays Uganda and train 800 groups to use E-keys and Ledger Link. .

As at 31st April 2017, 616 additional groups (77% of the target) had been linked, an additional 40 groups submitted and waiting approval, 457 groups trained on E-keys of which 392 groups had submitted their applications for Onboarding and are waiting to be uploaded on the platform. In addition 215 groups had been trained on ledger link, 112 groups registered to use the app of which 19 groups have sent data via Ledger link and 45 groups had accessed overdraft

Progress Overview

Linkage to Barclays Bank	616 groups linked 285,908,468 UGX saved at Barclays
E-Keys	457 groups trained on e-keys
Ledger link	215 groups trained on ledger link 112 groups registered for Ledger Link 19 groups sent data via Ledger link
Overdraft facility	45 groups accessing the overdraft 168,370,000 UGX in overdrafts taken mobile overdraft is in development, using a credit score card.

Challenges faced included the closure of the two Barclays bank branches in Iganga and Busia which necessitated members to mobilize more money to take the three signatories to Jinja or Tororo branches which this opened space for competition from other banks. On the digital products, technology up take among the group members in addition to delays in effecting group registration on e-keys adversely affected our target achievement on that deliverable. More time would be needed for the group members to

understand the value of the two products. Furthermore there is inconsistent network coverage in some areas which impacts on the timely delivery of data.

Key lessons from experience of implementing ledger link and e-key products is that the process for a group to adapt usage of digitalized financial services requires at least twelve months of support to ensure financial provision efficiency among these informal groups.

Project link has shown that digitization produces a favorable and secure environment that promotes transparency, affordability, accessible and accountable services for group members and will contribute further to financial inclusion.

1.0 Introduction

This report presents Barclays-CARE International Project Link progress in Uganda as at 30th April 2017. The report focuses on the key performance indicators, highlighting the achievements made against the targets, lessons learnt, challenges encountered and recommendations.

1.1 Background

Barclays and CARE have been working together through the Banking on Change partnership since 2009. The Banking on Change partnership has helped to address the issue of financial exclusion by supporting Village Savings and Loan Associations (VSLAs) gain access to formal banking products. A total of 217 groups in Banking on Change Phase 1 and 1040 groups in Banking on Change Phase 2 had been linked to Barclays Uganda by December 2015. The linked groups had saved a cumulative total of UGX 448,269,669 (\$125,000 USD) with Barclays bank and accessed a total of UGX. 889,738,000 (\$248,112 USD) as overdraft. In addition, 42,780 savings group members had been trained in financial literacy, 41,014 members trained in selection planning and management of IGAs and 25,006 members trained in advanced business skills.

During the Banking on Change Phase 2, Barclays Uganda and CARE worked with Grameen to co-Innovate and pilot **2 digital products** for savings groups – mobile banking to allow monies to be transferred to and from their account (E-keys) and a mobile ledger to record all transactions submit to the bank (ledger link) and an **overdraft product** to give groups access to credit. The two apps aim to address linkage challenges and barriers including safety of group funds and records and the high transaction costs due to distant bank branches. E-keys will reduce on the transportation costs and the risks involved with moving with large sums of money. In addition it will increase transparency as members will get instant messages for all the transactions between the group and the bank.

After BoC Phase 2 ended in December 2015, CARE and Barclays agreed to continue to work together to link a further 800 groups and continue the pilot of the 2 mobile apps – E- keys and ledger link, as well as the overdraft product. The project started on 4 May 2016 and ended on 3 May 2017.

The project was implemented through five Implementing partner organizations that include; Uganda women's effort to save orphans (UWESO), Foundation for Rural and Urban development (FURA),Kabarole District Farmers Association (KDFA), West Nile Private Sector Promotion Centre (WENPS) and South Eastern Private Sector promotion Centre Ltd (SEPSPEL) in all the 10 districts where Banking on Change phase 2

was implemented that include Kasese, Kabarole, Iganga, Luuka, Namayingo, Bugiri Busia, Soroti, Nebbi and Arua.

1.2 Key performance indicators

The projects KPIs included the following

- I. 800 new groups linked to Barclays Bank
- II. 800 groups trained in the use of E- keys
- III. 800 groups trained in the use of Ledger link
- IV. 400 new groups accessing the overdraft facility

2. 0 Project out Put/ Performance

2.1 Linkage and digital products

The general project performance compared to the KPI can be analyzed as shown below

KPI	Progress to 31 st April 2017
800 new groups linked to Barclays Bank	616 groups linked (77%) A further 40 groups have been submitted and waiting a approval
800 groups trained in the use of E- keys	457 groups have been trained on E-keys 392 groups have submitted their applications for E-keys and are waiting for on boarding
800 groups trained in the use of Ledger link	215 groups have been trained on ledger link 112 groups have registered for Ledger Link 19 groups are have sent data via Ledger link
400 new groups accessing the overdraft facility	45 groups accessing the overdraft Mobile overdraft is in development, using a credit score card.

By the end of the project on 3rd May 2017, a total of 656 (82%) groups had been submitted to the bank for account opening of which **616 (77%) had accounts** and 40 were still pending. The table below shows the distribution of groups in areas of operation.

IPO	Target	ACHIEVED			Member ship	%ge Achievement
		With Accounts	Submitted & Pending	Total		
SESPEL	216	171	11	182	5096	84%
UWESO	168	35	20	55	1485	33%
FURA	144	116	9	125	3250	87%
KDFA	168	171		171	4959	102%
WENPS	120	123		123	3321	103%
Total	800	616	40	656	18111	82%

As is shown above, KDFA in Kabarole, and WENPS in Arua reached their targets while it was slower in other regions due to;

- The closure of the two Barclays Bank branches in Iganga and Busia has affected the no of groups linking in Iganga, Bugiri, Busia, Luka and Namayingo. This is because the initial linkage training has been increased to include the planned e-keys training upfront so the groups understand that they will be able to use their account remotely, because otherwise the distance to the bank is too far. In addition . group members need to mobilize more money to take the three signatories to the further away Jinja or Tororo branches.
- In Soroti (UWESO), there have not been active Lead Generators at the Barclays Bank branch to support the process, and so 20 account applications are still pending.

The 616 groups with accounts leads to the total number of linked groups with Barclays to **1,873** in addition to those linked in BOC 1 & 2 as shown in the table 1 below.

Table. Total groups linked to Barclays bank

BOC 1	BOC 11	BBL	Total
217	1040	616	1873

2.2 Financial performance of the groups.

As at end of January 2017, when the last MIS was generated, the groups linked during the project had saved a total **Sh.2,153,204,100** (\$600,442 USD) from the member's weekly contributions. The savings are loaned to members to meet their credit demands ranging from catering for their basic needs like shelter, and medical expenses to investing in different income generating activities such as retail shops, kiosks, petty trading, and restaurants/eating houses among others. A total of **Sh. 2,236,788,790 (\$623,750 USD)** had been loaned to the members. The groups had banked a total of **Sh.285, 908,468 (\$79,728)** as deposits across the different Barclays Bank branches as shown in the table below. On average each group had banked **Ug Sh. 500,715 (\$139 USD)**. Deposits are expected to increase as groups move to the late stages of their saving cycle. In addition, further analysis indicates that the groups had accessed a total of **Ug Sh. 168,370,000 (\$46,951 USD)** as overdraft from the Barclays bank branches as shown in table III below

Table. III. Financial Performance of the groups across the

Name of Branch	Amount Banked at Barclays Bank	Over draft
Jinja & Tororo	9,114,100	74,700,000
Soroti	22,557,100	10,000,000
Kasese	75,282,150	5,070,000
Kabarole	66,870,500	53,600,000
Arua	112,084,618	25,000,000
	285,908,468	168,370,000

4.0 Status on overall sub-project planned activities.

During the project period, a combination of activities have been carried out that include the following:

4.1. Pre-award workshop.

As CARE's policy to implement through Implementing Partner Organizations (IPOs), Immediately after the signing of agreement with Barclays in May 2016, a workshop was conducted that brought together CARE and all its implementing partners that implemented Banking on Change Phase 2 to the same understanding and agreement on the approved approaches and methodology. The workshop also helped to identify expectations, risks that might affect the project and mitigation measures. Each IPO later submitted technical and financial proposals that specified how they will implement the tasks at hand, and consequently Memorandum of Understanding (MOUs) between CARE and each partner that guided the working relationship between the parties and the implementation process were signed that was followed by sub granting to the partners.

4.2 Staff Recruitment and Placement.

Immediately after signing the agreement with Barclays, CARE put in place a team that was directly tasked with the implementation of the project. The implementation team comprised of the Financial Linkages Specialist who was handling the technical and operational issues thus directing target realization and controlling scope of work. The program coordinator directly supervised and provided capacity building to the partner organizations, and he was working with the linkages specialist who trained and mentored the project team to perform their duties. He was also involved in hands on field visits during monitoring, which included supporting the linkage process, the ledger link and e-keys on boarding of groups. The two were supported by program manager, grants coordinator and M&E coordinator. The grants coordinator was tasked with supervising sub grant compliance and ensured timeliness through continued IPO finance staff capacity building. The M&E team on the other hand, developed and reviewed tools for data collection and also trained the IPO staff on these tools that provided a guide for decision making and impact measurement. At the partner level, a total of 66 staff were recruited to implement the project.

4.3 Training of Trainers (TOT).

TOTs On linkage, E- keys and Ledger link were held for all the project staff. The trainings equipped the team with skills in mobilization, training, support documentation, mentoring, coaching, supervision and monitoring of the groups as they on boarded on digital financial services. After the E- keys and Ledger link training, each trainer underwent a field demonstration and mentoring before they were allowed to roll-out the training to the groups.

4.4 Mobilization and Sensitization of the groups

Immediately training the trainers, the project carried out a mass mobilization and sensitization of the groups. A combination of methods were used that included, group to group, door to door for influential group members and clustering of the groups that are close to each other. VSLA days were also organised in some areas that provided a platform for the already linked groups to share experiences with the interested groups. The meetings helped to explain to the group members about the new products and the services offered by the project, and the process of acquiring those services and the benefits.

4.5 Group training and support documentation

4.5.1 Financial Education and Linkage training

After mobilization and sensitizations meeting, the interested groups underwent the bank literacy and linkage training. A total of 18,111 members were trained across the area of implementation. The training covered the five modules of financial education that include, savings, debt management, bank services, budgeting and financial negotiations. The training equipped group members with knowledge of careful management of the little money they have to meet the day to day needs, cope with and expected emergencies and take advantage of the opportunities when they come along. In addition that informed them of the advantages of linkage, CAREs Norms for linkage and the linkage process among others. For the groups that bought in, they were supported in the KYC documentation process required to open bank accounts. The main challenge was the high levels of illiteracy that slowed learning and conceptualization of financial literacy modules. In addition the time period could not allow household follow up and mentoring to ensure that the knowledge acquired is applied at the household level.

4.5.2 E-keys Link training.

A total of 457 groups with 13,024 members were trained on E- keys.. The E- keys training involved the Airtel Weza product with the 3 pin holders and how the group members will benefit by using the product. The roles of the pin holders were well explained and the process followed when pushing and pulling money to and from the bank. This was followed by preparing the KYC documents required to on board the groups in addition to ensuring that all the selected pin holders are Airtel subscribers and are registered on Airtel money. By April 2017 a total 392 groups had submitted their applications for E-keys and are waiting for on boarding. The delays in effecting group on boarding adversely affected the target achievement on that deliverable as groups learn from each other and share experiences. The failure to finalise the pull leg also slowed down the group uptake of e- keys.

4.5.3 Ledger link Training

The ledger link trainings were more practical and attended by only the ledger link secretaries after the buy in and decision to use the app by all the group members. The process involved introducing the participants to the use of the smart phone on the main basics like changing the date, saving the phone number, making and receiving calls and taking photos. They later underwent the process of using google play to open Gmail accounts and the play store to download applications. Using the “training mode” the secretaries underwent a practical session of entering daily meetings on the phone and sending of the data before they would move to the “actual mode” and start using the app per meeting. As shown above, more time would be needed for the group members to understand the value of the product and acquire enough skills to effectively use the app with no support from the trainer. In addition, the group members had to contribute to purchase a smart phone which required more time. More time was therefore needed to bring more groups on board.

Highlights

- **Innovation:** Four scalable financial products (savings, overdraft, ekeys and ledger link) co-created
- **Demand:** 1,873 savings groups have linked to Barclays (over 41,250 people)
- **Reliable customer base:** Savings group have 99% repayment rates on loans.

Challenges and lessons learnt

- **E-Keys Pull element not functional:** Groups deposit money through the push function on e-keys (which allows money to be sent from mobile money wallet to Barclays Bank account) however, the pull element is not functional (ability to withdraw money from Barclays through mobile money wallet).
- **KYC unification:** Airtel and Barclays have duplicate systems of collecting KYC from groups leading to inefficiency and lags in account opening. An MOU is under negotiation with Airtel for Barclays to be the prime collector of KYC from groups, open the accounts and then share these with Airtel to open accounts. This MOU needs to be finalized.
- **Cost of acquisition of groups:** to make the business case truly viable, the cost of group acquisition and training needs to reduce
- **Digital Literacy:** A slower pace of technology uptake among groups means more time is needed for them to become familiar with the e-keys and ledger link software. However, use and understanding of digital in beneficiary communities is now taking seed.

- **Airtel Coverage:** Limited coverage of Airtel money Agents in some areas of operations to facilitate the mobile banking. Also inconsistent network coverage means groups have to travel to where they can get a signal, leading to delays the sending and delivery of data - especially an issue for groups who do not live near urban centers.
- **Barclays branches in Iganga and Busia closed:** this means that groups have to travel further to open their accounts. However it is also a push factor to encourage groups to sign up to E-keys to undertake mobile transactions once they have opened an account.

Opportunities

- **New Revenue Stream for Barclays:** CARE’s VSLA Groups have saved 2,153million UGX of which 13% is already banked with Barclays. Most groups that have taken an overdraft have increased the amount requested
- **Scale to 200,000 savings groups in Uganda (5.6m members),** who represent a savings pool of \$300-500m USD
- **Funding leverage:** For example Ministry of Finance in Uganda have funded an initiative to link more 3000 groups to financial services
- **Alignment with Barclays’ Enterprise Development Strategy for Africa** by exploring and facilitating value chain linkages (most savings group members are within agricultural value chains relevant to Barclays and also trade via FMCG channels)

6.0 Recommendations.

In order to build on Project Link to develop digital financial products for the Savings Groups market in Uganda we recommend Barclays and CARE work on the following:

Review and strengthen the business case:	<ul style="list-style-type: none"> • Complete a comprehensive review of business performance to date and key constraints to profitability • Review findings with Barclays and CARE technical team and identify key actions
Improve the product / offer	<ul style="list-style-type: none"> • Develop a solution to fix the pull portion of e-keys so groups can use wallet to both deposit and withdraw • Develop and test cross-selling and additional products targeting both savings groups and their individual members

	<ul style="list-style-type: none">• Secure Airtel collaboration to ensure customer experience is improved
Deepen and lower cost of consumer engagement	<ul style="list-style-type: none">• Continue to build pipeline of VSLAs for linkage• Market e-keys across entire Barclays network (not just to “CARE” groups)• Develop and test solutions that can lower the cost of outreach and training of VSLAs (specifically look at technology and media as lower-cost delivery channels)