

PRIDE AFRICA UGANDA

## **GENERAL INFORMATION**

### **HISTORY OF PRIDE AFRICA**

PRIDE AFRICA INC. is a US registered NGO incorporated in Washington, D.C, on February 2,1993.

PRIDE AFRICA is a regional organisation with its Head Quarters in Nairobi but having operations in Tanzania, Uganda, Kenya, Malawi and Zambia.

The Uganda Project was registered as an NGO in Uganda in November 1995. Since 1996, PRIDE AFRICA has managed the “PRIDE AFRICA” in Uganda Project under an implementation agreement with the Government of Uganda. The project has been funded by NORAD and Regional Bureau for Development Co-operation of the Government of Austria.

In September 1999, the PRIDE AFRICA Uganda Project, was incorporated into a company Limited by Guarantee under the name ‘PRIDE AFRICA (UGANDA) LIMITED.’ Following this, a Board of Directors was instituted and the main focus of its business so far has been the issue of transfer of assets from the Government of Uganda to this non profit company limited by guarantee. However, until the transfer of assets is completed, this new entity has not become fully operational. This issue is hoped to be finalised by the first half of the coming year to allow the process of full commercialisation.

### **PRIDE AFRICA MISSION STATEMENT:**

**To create a commercially sustainable financial and information services network for small-scale entrepreneurs to increase incomes and employment and stimulate business growth across Africa.**

### **PRIDE AFRICA UGANDA OPERATIONS**

#### **1. BRANCH ESTABLISHMENT**

PRIDE AFRICA Uganda network consists of 20 fully-fledged and operational branches located throughout the country, which were opened at various dates as stipulated in the table overleaf:

TABLE I: ESTABLISHED BRANCHES.

NO.	BRANCH	LOCATION	DATE ESTABLISHED
1	MBARARA	SOUTH-WESTERN	JANUARY 1996
2	JINJA	SOUTH-EASTERN	FEBRUARY 1997
3	MUKONO	CENTRAL	FEBRUARY 1997
4	OWINO	CENTRAL	FEBRUARY 1997
5	MASAKA	SOUTH-WESTERN	FEBRUARY 1997
6	MBALE	EASTERN	FEBRUARY 1997
7	RUKUNJIRI	SOUTH-WESTERN	SEPTEMBER 1997
8	KASESE	WESTERN	SEPTEMBER 1997
9	ISHAKA	SOUTH-WESTERN	SEPTEMBER 1997
10	KABALE	SOUTH-WESTERN	SEPTEMBER 1997
11	HOIMA	WESTERN	FEBRUARY 1998
12	NATEETE	CENTRAL	FEBRUARY 1998
13	IGANGA	SOUTH-EASTERN	FEBRUARY 1998
14	LIRA	NORTHERN	FEBRUARY 1998
15	SOROTI	NORTH-EASTERN	FEBRUARY 1998
16	WANDEGEYA	CENTRAL	JULY 1998
17	KATWE	CENTRAL	JULY 1998
18	NAKAWA	CENTRAL	AUGUST 1998
19	FORT PORTAL	WESTERN	AUGUST 1998
20	ARUA	NORTH-WESTERN	SEPTEMBER 1998

For the past two years PRIDE AFRICA Uganda has concentrated on consolidation of its branch operations other than expansion. However, in order to increase outreach in the delivery of our services, sub-branches or “PRIDE OUTLETS” are being opened and some are fully operational. These are:

- ◆ Bushenyi attached to PRIDE’s main branch in Ishaka
- ◆ Kabalagala attached to PRIDE’s main branch in Katwe
- ◆ Buwenge attached to PRIDE’s main branch in Jinja
- ◆ Bugiri attached to PRIDE’s main branch in Iganga
- ◆ Kawempe attached to PRIDE’s main branch in Wandegeya.
- ◆ Kabwohe attached to PRIDE’s main Branch in Ishaka.
- ◆ Lugazi attached to PRIDE’s main branch in Mukono
- ◆ Another outlet is envisaged to be set up by January 2001 in Nakulabye attached to PRIDE’s main branch in Owino.

## **2. PRIDE LENDING METHODOLOGY**

PRIDE targets micro & Small-Scale entrepreneurs whose enterprises are located within urban and semi urban centres. They are mobilised within a 5 – 7 kilometre radius from our branches.

A typical PRIDE client is a male or female micro entrepreneur engaged in commerce, service and small-scale manufacturing sectors of the economy. Women form 60% of the clientele.

PRIDE uses the group solidarity principle, accepting group guarantees as collateral. Clients are recruited by conducting mobilisation meetings in market places and places of their businesses through the market/local leaders and later invited to attend hourly meetings once a week at PRIDE offices. Training is given to clients for at least a period of ten weeks before loan disbursement and the emphasis is on building peer pressure, which is enhanced by the individual knowledge of one another, mutual trust and discipline.

The nucleus of the Model is the self-selected group of 5 clients called the “Enterprise Group” (EG). Over time 10 Enterprise Groups are organised to form a larger group of 50 clients called the “Market Enterprise Committee” (MEC). It is this group that meets once a week for an hour at a PRIDE Branch.

The groups are self-selecting and self managing. They are managed by a team of elected leaders or management committees. There is no adoption of existing groups or associations.

Once clients are registered, they make a weekly contribution of 2,200/= as Loan Insurance Fund (LIF). This must accumulate to 25% of the total loan granted to an individual especially at the second loan level. This acts as clients’ savings as well as security.

Each loan must be approved by the MEC, and NOT PRIDE credit officers, and as a consequence, loans are guaranteed at both the EG and MEC levels.

### 3. LOAN MENU

The Loan menu has been revised upwards to meet the needs of our long serving and deserving clients who have successfully finished the other loan levels and even repeated the previous highest loan level. There is now an eight-step loan menu as depicted in the table below: -

TABLE II: THE NEW LOAN MENU

<b>LOAN NUMBER</b>	<b>NEW LOAN AMOUNT (SHS)</b>	<b>LOAN TERM (WEEKS)</b>
1	150,000	25
2	300,000	30
3	500,000	40
4	800,000	50
5	1,100,000	50
6	1,500,000	50
7	2,500,000	50
8	4,000,000	50

Exchange rate of the Ugandan Shilling to a US dollar currently at 1,850.

Considerations are underway to revise the terms of the 8<sup>th</sup> loan in order to reduce the burden of repayment by our clients and one option at our disposal is by increasing the period of repayment to 75 weeks.

### 4. PERFORMANCE INDICATORS

Portfolio figures and financials are attached and they generally show a good performance.

Pride Africa Uganda had 22,038 active borrowers by September 2000. The number of registered clients had reached 31,500. Total number of loans disbursed since program inception was 95,640 and the cumulative total loans amounted to Ush26.5 billion.

The total loan portfolio stood at Ush5.1 billion and LIF balance was at Ush3.4 billion.

### 5. PROGRAM SUSTAINABILITY

PRIDE had originally projected to achieve full program sustainability by October 2000. However, due to the significant cost increment that the program experienced, which had originally not been budgeted for, it is now being projected that the program should be operationally self-sufficient by February 2001. However, this can only be achieved if some of the planned activities as outlined below can receive some support.

## 6. PLANNED ACTIVITIES

- **PRIDE OUTLETS**

By close of next year, PRIDE will have established a total of 8 OUTLETS or sub-branches. Some of these outlets are bound to grow into fully-fledged branches, and therefore may require extra staff, computer equipment, generators etc.

- ◆ **DECENTRALISATION:**

Within the PRIDE Group definition, decentralisation is the capturing and processing of loan, accounting and client bio-data at the branch level. In PAU, data processing into information that can be used for management decision making has been highly centralised with the branches transmitting data to Head Office. This centralised operating system has been congested, inefficient and has at times caused backlogs in data processing at the Head Office. The time between the loan processing and disbursement of loans is sometimes protracted. Errors in data processing at the branch level are not detected instantaneously and financial decision making is hindered. In an effort to inject efficiency into the system and to reduce the span of time between the loan processing, decentralisation has been undertaken to enable branches to disburse loans and process transactions, hence speeding up operations.

- A key activity in the decentralisation process, is the computerisation of the branch network largely through the application of a new software package known as PRIDE Star Version II (an MIS loan tracking system) and Pride Branch Accounting System (PBAS). This system will get rid of the cumbersome procedure of re-keying financial transaction at Head Office accounting system. Cheques will also be cut at the branches, thereby improving the speed at which clients are served, while at the same time empowering the branches by giving them more responsibilities.

Due to the heavy funding involved, as well as the wide branch network (20 branches) in Uganda, decentralisation has been done in phases.

Phase 1 has begun with the computerisation of the five Kampala branches. In phases II, III and IV decentralisation will be spread in the remaining 15 PAU branches. This activity will necessitate the following:

- Equipping each PRIDE branch with computers, printers and generators.
- Installing and running a new loan tracking system
- Training personnel in the use of the new systems.
- Facilitating MIS experts from PA Inc. Nairobi during the installation process.
- Sensitisation and awareness workshops for staff to prepare them for change.
- Branches will have to be given e-mail access to facilitate the transfer of information between themselves as well as Head Office

◆ **CAGING OPERATIONS:**

Under the decentralisation project also, PRIDE plans to introduce caging operations with a view to increasing efficiency and effectiveness in its services to become cost effective in the delivery of services and deepen its client outreach and hence, drive the programme to sustainability.

In the current system, issuing a cheque, which is drawn on a bank, does loan disbursements. This definitely causes delays in disbursement due to the bank bureaucracy, and also due to the fact that a good number of our clients are ignorant about banking procedures. Caging operations will involve the construction of bulletproof cages with a small slot to push in cash or documents. There will be need to enforce security at the premises by equipping the branch with strong safes and security equipment, as well as involving an expert security company in the transfer of cash. Contacts have already been made with Security Group on this aspect.

A PRIDE client will also be issued with a swipe card and PIN (Personal Identification Number) for purposes of transacting business. A client will swipe his/her card, enter the PIN number in the machine and slot in the swipe card. The client will be served there and then. This system has the following advantages: -

- Minimises the number of banking trips
- Cost effective, as costs on cheque books, taxis fares, transfer fees are cut down.
- Reduced risks
- Ensures timely disbursements of loans to our clients and improves customer satisfaction.
- Has the potential of serving many clients.

- **STAFF RECRUITMENT AND TRAINING**

- New staff shall be recruited to cater for the human resource needs of the branches. A total of 21 Credit Officers will be recruited in the course of the coming year, bringing the total to 90. Branch staffing shall aim at attaining a ratio of 500 clients to one Credit Officer. It is a customary undertaking that newly recruited staff attend a mandatory five week residential Credit Officers' Induction Training (COIT). This course on average costs US \$ 3,000 per Credit Officer.
- Selected staff shall attend specified in-service training programs, workshops, seminars and courses aimed at upgrading staff skills in the provision of microfinance services. Some of the courses will be developed with the Training Department's assistance, while specialized areas may be sub-contracted to other outside institutions. Concentration shall be on broadening the training programs to include Credit Officers as well as MIS and Finance Officers.
- Study visits, exchange programs and participation in seminars and workshops in order to share experiences while learning to from each other's best practices shall continue to be considered in order expose staff to activities outside the PRIDE system.

- ◆ **CLIENT RECRUITMENT AND GENERAL GROWTH OF THE PROGRAM**

- By the end of year V that ends in August 2001, we plan to reach a total registered client figure of **36,077**. Loans disbursed, fully paid and active, to reach **126,821** and the cumulative total amount disbursed will be U.shs **38.2 billion**.

