

FIVE TALENTS UGANDA VISIT July / August 2006

KABALE – 27th July 2006

Staff

I met with some of the staff of Five Talents Uganda, Laban and Carolyn. There are also three volunteers in the 5 Talents Kabale office at present, all of whom have graduated with accountancy, and Laban was clear that the hope is that as these folk volunteer at least one will emerge as a suitable employee. They need to hire a new Loans Officer. Caroline had been doing this but she has now moved across to being the Accountant, having come to 5 Talents from Compassion several months ago.

Clients

Joyce: We went to a sewing workshop and met Joyce who has HIV AIDS and is a widow. She started with 6 students and she now has 180. She is filled with Christian commitment and worships at one of the local Anglican churches. It is a very impressive and very busy workshop. With the last loan she purchased a knitting machine which has been very successful. She is very positive about all that 5 Talents have enabled her to do in expanding her business, which is ministering to really needy mainly girls from around Kabale town.

Betty: runs a café/shop near the centre of town in one of the side streets. She has expanded from simply running a café into running a small shop and is on her 4th loan. She also speaks very positively of how the loans enable her to expand the stock.

Iris: runs a cloth and clothes making business. She was talking about how seasonal the business is, with particular emphasis around the beginning of the school year, Christmas and Easter as her best times for sales. The loans enable her to buy in cloth to have a good stock and range. She is on her 6th loan and is grateful to 5 Talents for the ability to keep and expand the business.

Gloria: sells Irish potatoes in the market. There is a group of market-traders who are members together of a 5 Talents loan groups. It is much more of a struggle for these traders. Gloria tends not to increase the size of her loan, because she doesn't have the capacity to keep too much stock at any one time. Currently Irish potatoes are, Shs.32,000 for a huge sack, but in August the price will go down to 12,000 when they come in season. This is a particularly good example of how close to the line many people live in trading in this society. There is concern from Caroline and Laban that at present perhaps up to 30% of the loans are at risk of not being paid on time. They are trying hard to bring this default level down significantly.

Mabel: We then visited another café/shop slightly larger and on the edge of town heading towards Kampala. Mabel started by selling fresh fruit but now has a café and quite a wide stock, and uses loans for buying up stock, and now has a significant size loan to enable her to expand further.

Group Training

We then travelled out to the village of Myumbu. We met a whole group of clients. They shared with me the value of the loans. One man talked about how it had helped him learn about banking and about saving. Each of them talked about how the loans had enabled them with their businesses in shops, pottery, some, but not much, agriculture. They were keen after meeting like this to do so again and Laban took the opportunity to set up such a

meeting in August. Their particular concerns were when a disaster happens that is not of their own making how difficult the situation is for them at that point. There is a built in insurance scheme on the loans but this doesn't cover all kinds of disasters. Their other concern was the interest rate, which is at 3% per month. They would like to see it go down. Having said that they admit that local loans were running at 10% per month, so 3% a month is significantly lower. Of course it is through the interest that the staff are paid. They were particularly positive as well about the training which is offered and the approach of the 5 Talents staff being friendly and warm and seeking to help them, particularly when things get difficult.

Their final really positive thing was about how the spiritual input is significant for them, and the fact that this is offered to all people regardless of their denomination, or indeed if they are not Christians at all. They also value working in groups because they help encourage one another. This is why they are keen to meet in a larger group so that they can continue to learn from each other, help each other.

Summary of Kabale Project

All in all it was a very enlightening and encouraging experience of 5 Talents in Kabale. They have around 1500 clients, 350 millions Ugandan shillings currently operating through the system. They are very aware there is quite a lot of competition in the micro-finance market. Laban and Carolyn are keen that the distinctives remain clear. They see the distinctives as the spiritual input; the approach that they take as staff when people get in difficulties, seeking to help and support them rather than simply calling in the money; the relationship building that they do between staff and clients; and the on-going regular training which is provided every Wednesday in the office. These three things they believe mark them out from all, or most of the other micro-finance initiatives in Kabale town and they feel they need to continue to major on these for the future.

KASESE – 30th July 2006

I met two of the three staff in their office. They currently have around 600 loan clients with 60,000,000 Uganda shillings in loan capital. Defaults are high at present – drought in May, June and July (May rains failed) has led to current problems. Same range of clients as in Kabale. Canon Sem spoke warmly of the help 5 Talents is giving. Unfortunately no time was available to spend with the staff or meet clients.

KAMPALA – 3rd August 2006

Five Talents National Office

I spent two hours with Frank Tumuhairwe, the General Manager at the Five Talents Uganda (FTU) National Office. He speaks very clearly of his hopes and plans for 5 Talents Uganda. He is clearly committed to having effective systems in place and I return home loaded up (down) with Quarterly Report April – June 2006; Business Plan 2007-11; Human Resources Manual; Operations Manual; Draft Finance and Accounting Manual – all were presented at the recent Board Meeting and Frank hopes all will be adopted at the next Board in September. He is clearly concerned that the transition of the three regional offices to FTU from FT International (FTI) is handled carefully and smoothly. He wants to ensure all staff are adequately trained and working to full capacity – he recognises that in each region the

current staff could adequately handle quite significant growth in the numbers of clients/groups.

Along with David Mugabe he is currently seeking to ensure that all three offices work on standard accounting and record-keeping systems. This is being done manually before transfer to one common computer software system.

Frank recognises the need for growth. Growth in the three current bases, and growth into new Dioceses/towns. He would like to see development with two new Dioceses every year. He sees Luwero, Arua, Mbale and North Kigezi as the first four of these – clear contact already exists.

He also wishes to see further Board training and to add significant expertise in micro-finance to the Board (Each Diocese nominates two Board members who may not have such expertise). He has arranged some training from Interbank services.

He also wants to develop a broader range of products – including lower interest rates on agricultural projects where the profit margins are very low; some personal rather than group loans; other products with perhaps a range of interest rates/repayment schedules. He also believes there is a need to move away from a flat rate repayment system. These ideas will need discussing with the National Board.

Immediate needs for the national office are:-

1. A computer (preferably laptop) for Frank who is currently without one.
2. Networking of computers
3. Internet access
4. A suitable vehicle for visiting projects (costing around £9,000), to help develop work around the nation – currently all trips require hiring a vehicle.

The office itself is more than adequate for current needs, and well placed on Balintuma Road, Namirembe.

Five Talents Namirembe/Kampala

I visited the office and met Alice, Martin and Harriet. They were clearly encouraged by Tom and Charles' visit earlier in the year.

They are happy with the move from FTI to FTU – indeed David was with them working on the record-keeping system.

They are trialling a salary loan scheme, not used Kabale or Kasese, which is accessed particularly by teachers. The Headteacher ensures repayments are made from salaries each month. In one school 20 teachers, in two groups of 10, are currently accessing this scheme. They also have the standard loan schemes as in Kabale and Kasese.

At present the default rate is 28% (Frank believes to be really successful they all need to move to just 5% as a maximum default rate).

Alice speaks very warmly of the relationship with Namirembe Diocese and of the direct support of the Bishop who gives two days a year to visit 5 Talents projects/clients. He also actively promotes 5 Talents in the parishes.

CONCLUSION

It was a privilege to meet all those connected with 5 Talents in Uganda. There are some big challenges ahead, especially improving the loan repayment levels. Frank is full of ideas and certainly seeking to ensure that the whole enterprise is organised and managed more efficiently. There is a high level of support from church leaders.

FTU also needs to consider how it might find donors from within the wealthy of Uganda as well as looking to the USA & UK; a national office in Kampala makes this a possibility.

Simon Lee spending a year in Uganda would be a very tangible contribution form FTUK.

Rt. Rev. Paul Butler
Bishop of Southampton
Trustee of Five Talents UK
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