



THE REPUBLIC OF UGANDA

Uganda Microfinance Regulatory
Authority (UMRA)
Rwenzori Towers, Plot 6 Nakasero
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P.O. Box 11545
Kampala - Uganda

Date: **8th April 2020**

AD 0002

TO: Tier 4 Microfinance Institutions and Money Lenders.

AD 0002

Advisory note for implementation of guidelines issued by Government in relation to COVID-19

The Uganda Microfinance Regulatory Authority (UMRA) just completed an assessment on the impact of the Covid-19 pandemic on the Tier 4 Microfinance Institutions and Money Lenders and this has enabled us appreciate the challenges the sector is facing. We will work with the necessary stakeholders to lay strategies on how we can support the sector to deal with the aftermath of this pandemic.

The Ministry of Health has issued guidelines that have been up-dated as and when the situation is deemed necessary and we hope that you are abreast with them.

The Bank of Uganda also issued out a monetary policy statement for April 2020, where the Central Bank Rate was reduced to 8%.

In light of the above, UMRA wishes to point out key areas that relate to our sector and provides the advisory below on how to cope during this time:

ADVISORY ON OPERATIONS

1. Tier 4 microfinance institutions and money lenders are advised to keep UMRA up-dated with emerging issues that are affecting their operations. It's encouraged to engage in open discussions on liquidity positions for specialized advice from UMRA to help manage and control withdraws by members in case of SACCOS, and to lend out funds on special terms etc

2. Openly discuss portfolio quality, productivity, delinquency positions to avoid surprises. The phone numbers are +256417799700 or +256782351705 or +256752290610
3. Propose adjustments on loan provisioning to enable institutions and clients to adhere to the changed situation due to COVID 19
4. Lenders may give a moratorium of up to 3 months from April 2020 on loan instalments, and on interest accrued.
5. Lenders can continue to collect repayments from customers who want to repay based on original loan schedule to avoid any accrued interest for the moratorium period. However, use of digital channels are advised during this time.
6. Lenders may accrue interest on outstanding loans during moratorium period. Calculated accrued interest for the moratorium period should not exceed interest rate agreed in the original agreement.
7. Lenders should inform borrowers directly about the moratorium on loan tenor, instalment amount, and accrued interest and take consent for all changes.
8. All licensees who operate bank accounts in commercial banks and qualify should be on the lookout to benefit from any possible waivers announced by Bank of Uganda as customers of the Central bank.

ADVISORY ON ADMINISTRATION

- A. Suspend all field activities that include physical client mobilization and loan recoveries. Staff should not be going to the field for any reason, during this period.
- B. For the SACCOs, ensure that the few retained frontline staff who interact with customers are availed with protective gear to minimize chances of infection
- C. All office premises should adhere with the Ministry of Health guidelines that include having sanitizers or water and soap and that every customer coming to the office uses them, ensuring the three meter distance between each person and that there are no meetings of more than five people at the same time.
- D. If any visitor/customer or employee is suspected of contracting the virus, immediately inform the COVID- 19 task team in your area of operation.
- E. Suspend the physical group lending methodology till the government lifts the suspension on group gatherings. However, this does not apply to institutions that can host these meetings on digital platforms.

- F. Suspend all other face to face meetings such as AGMs, Board meetings or committee meetings where people from different areas are likely to come into contact or members are more than five (5). Except where such meeting can be held online.
- G. To limit human interaction, put in place a mechanism or digital platforms where your clients can transact or access your services
- H. All Tier 4 Microfinance Institutions and money lenders are advised not to take advantage of the situation to cease collateral of borrowers rather consider a moratorium period for loans.
- I. Tier 4 Microfinance Institutions and Money lenders who are ready may submit their returns and reports as required by the Authority via email: info@umra.go.ug

UMRA shall continue monitoring the developments and the measures in containing the spread of COVID- 19 pandemic and advise how we can work together for the continuity of the Tier 4 Microfinance institutions and Money lenders Sector.



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