

September 27, 2022

EXECUTIVE DIRECTOR'S TALKING POINTS AT THE PRESS CONFERENCE FOR ISSUANCE OF THE SELF HELP GROUPS OPERATIONAL GUIDELINES

The Head of Ministries, Departments and Agencies

Country Director – CARE Uganda

Distinguished Guests, Ladies and Gentlemen.

1. Background

As you are aware, Uganda Microfinance Regulatory Authority (UMRA) is an autonomous body established under the Tier 4 Microfinance Institutions (MFIs) and Money Lenders Act, 2016. The Authority is responsible for regulating, licensing, and supervising Tier 4 MFIs and Money lenders. Tier 4 MFIs include: Saving and Credit Cooperatives (SACCOs), Non-Deposit taking Microfinance Institutions (NDT-MFIs), and Self-Help Groups (SHGs.)

The Authority is mandated under Section 99 and Section 100 of the Tier 4 Microfinance Institutions and Money Lenders Act, 2016 to issue operational guidelines to assist a self-help group to establish financial stabilization mechanisms for purposes of providing compensation to the members.

In addition, the above provisions stipulate the duties of the District Community Development Officer (DCDO) referred to as the responsible officer. The responsibilities include; registering a Self-Help Group in the prescribed form, maintaining and submitting a register of Self-Help Groups and annual reports to the Authority.

The Ministry of Finance, Planning and Economic Development (MoFPED) and UMRA with Support from CARE Uganda under National Policy, Regulatory and Program Support Project (NPRPS), has formulated Operational Guidelines for SHGs.

2. Overall and specific objective of the project

The overall project objective was to strengthen the ecosystem of Savings Groups by enabling a legal and regulatory environment and the specific objective was to strengthen non-prudential regulation and supervision of Savings Groups (SGs) through Operational Guidelines.

I therefore want to thank all our stakeholders especially CARE Uganda for the key role played during the formulation process. The process was consultative enough and carefully undertake.

3. Processes towards the development of National SHGs' Operational Guidelines

We appreciate various stakeholders who were engaged at different levels in the development of these Operational Guidelines for the SHGs.

I would like to highlight some of the activities, UMRA undertook in the drafting of the SHG Operational Guidelines.

Familiarization visits to the Self-Help Groups and the local government leadership in different regions of Uganda. These were intended to understand the SHG ecosystem.

During the field visits, a number of challenges currently faced by the SHGs and the local government were registered and include; different registration costs incurred by the SHGs, limited resources allocated to the District Community Development office to monitor progress of the SHGs, limited Financial Literacy of the SHGs to manage loans and savings of the group among others.

We undertook consultative meetings with key stakeholders.

Validation meetings with the Local Government officials to confirm the inputs considered from the prior engagements with the various stakeholders.

Preparation of the draft SHGs Operational Guidelines. UMRA held a number of meetings with stakeholders to draft SHGs operational Guidelines which involved compiling the information gathered from the national and regional stakeholders to ensure the finalization of the draft copy of the guidelines.

Presentations and discussion of the draft Guidelines were made to both the SHG sub Committee of the Microfinance Forum and UMRA Board to obtain their respective approval.

4. Key Provisions in the Operational Guidelines of SHGs

Pursuant to section 100, UMRA has finalized the SHGs operational guidelines.

The overall objective of these Guidelines is to promote the safety, sanity and sustainability of SHGs

- a. The specific objectives include;
 - i. to assist Self-Help Groups to establish financial stabilization mechanisms.
 - ii. to promote fair and equitable practices by setting minimal operational standards for SHGs
 - iii. to increase transparency in order to inform and empower members of the SHGs and to foster public confidence in the SHGs.
- b. The key provisions highlighted in these Guidelines include;
 - i. the commencement period which is 1st January, 2023, SHG principles,
 - ii. the prescribed membership and size of the SHG,
 - iii. the Governance and Management of the group,
 - iv. the registration process and requirements,
 - v. the timelines and responsible person for reporting annual SHGs reports,
 - vi. financial stabilization and share-out mechanisms and,
 - vii. the transitional period to which the SHGs shall apply for registration which is twelve months after the date of commencement.

5. Implementation plan of the National Self-Help Groups Operational Guidelines

Following the issuance of the Self-Help Group Operational Guidelines, they will subsequently be implemented by all SHG stakeholders that is; SHGs, local government, promoters and Ministries Departments and Agencies in their respective mandates.

The Authority in partnership with Care Uganda is set to increase awareness of the importance and benefits of SHGs operational guidelines amongst SHGs and other stakeholders.

This will involve popularization and rolling out of the SHG operational guidelines to all stakeholders

UMRA will carry out a pilot study of the SHGs guidelines in at selected Districts. This will involve collection of information that will help the Authority to assess the existing SHGs and their capacities in order to institutionalize the SHGs operational guidelines.

The Authority intends to put in place a digital SHGs registration system(s) that will facilitate smooth registration and reporting of the SHGs across the country. This will help to create an updated database of registered SHGs in the country.

UMRA will develop a capacity-building plan for implementation of these guidelines

6. Conclusion

I conclude by calling upon all the stakeholders to embrace the Guidelines and roll them out to ensure that we transform our communities through sustainable Self Help Groups as an alternative vehicle to unlock barriers and build blocks for financial inclusion in Uganda.

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Uganda Microfinance Regulatory Authority

For God and My Country