

**SPEECH**

**BY**

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**AT**

**THE MICROFINANCE AND SAVINGS GROUPS  
CONFERENCE-2022**

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I welcome you all to the Annual Conference on Microfinance and Savings Groups. Microfinance, cooperative saving and lending are central to Uganda's journey to socio-economic transformation. The spirit of working together to prosper as a community, is what connects microfinance with national development.

The NRM government has rolled out a number of interventions to support microfinance and savings groups. These include: Bonna Baggaggawale, Emyooga, Parish Development Model etc. These interventions are aimed at enhancing access to finance for all.

Access to finance is the lifeblood of economic development. Without affordable loans, people cannot start enterprises; businesses cannot invest in their growth and opportunities for productive innovation are lost. Access to finance is at two levels. The first is at the household level. All Ugandans should have access to affordable credit to invest in profitable family enterprises. According to the latest data, only 19% of adults in Uganda have borrowed from a formal financial institution in the last year. Only 21% have borrowed from a savings group. To ensure increase in access to finance, we are setting up 10,594 new SACCOs through the Parish Development Model; offering affordable loans to millions of Ugandans to help them escape subsistence agriculture. The consolidation of various wealth funds into this one pot is an important step toward streamlining access to finance.

The non-agricultural sectors are covered by the Presidential Initiative on Wealth and Job Creation, which has now reached 6,644 Emyooga SACCOs, directly benefiting more than 4 million people and creating 338,000 employment jobs, of which 35% of the jobs created are for women. Stakeholders across the sector must work to nurture existing SACCOs and any type of finance that can provide affordable finance to people who have thus far been excluded is welcome.

Beyond the household level, there is also access to finance for wholesale lenders. Government and other stakeholders must work together to ensure wholesale lenders in microfinance are well organised, properly capitalised and able to lend at affordable rates. The establishment of the Microfinance Support Centre was supposed to help achieve this goal. Government will continue to capitalise it to fulfil its mandate of lending to SACCOs and Village Savings Loan Associations (VSLAs) at competitive rates.

Ugandan Development Bank is there to disburse funds to medium and large scale businesses in industry, export and tourism. Microfinance groups should organise themselves to take advantage of and access these funds, linking their activities to UDB's priority areas.

When it comes to accessing finance, small businesses are often left out. This is a missed opportunity. Small businesses have huge development potential, in part because they employ so many people.

There are estimates to show that more than two thirds of employment in Uganda is concentrated in businesses with fewer than 10 employees. Conditions for accessing credit for these small businesses are currently too burdensome. The few avenues of credit which are available to them are expensive. Small businesses often face average interest rates as high as 24%.The stakeholders in the financial sector should come up with innovative solutions to this challenge.

Finally, I wish to inform you that Microfinance, in Uganda, must be transformational. The various groups, i.e. PDM SACCOs, Emyooga SACCOs or other credit and savings groups should aim at changing the lives of their members. This will involve scaling up of cooperative businesses; providing technical training, business development services, export support etc.

A prosperous microfinance sector is one that delivers for all Ugandans.

I thank you.