

PS/ST's REMARKS AT THE LAUNCH OF THE DIBURSEMENT OF PARISH REVOLVING FUNDS TO PDM SACCOs.

A. BACKGROUND

Following the launch of the Parish Development Model (PDM) by H.E. The President in February 2022, MFPED in collaboration with the Ministry of Trade, Industry and Cooperatives; Ministry of Local Government; Ministry of Gender, Labour and Social Development; Operation Wealth Creation; Uganda Microfinance Regulatory Authority; Enterprise Uganda, the Association of Microfinance Institutions in Uganda; Uganda Cooperative Savings and Credit Union and the Local Governments embarked on a nation-wide program to roll-out the following PDM Financial Inclusion Pillar activities in June 2022:-

- a) Formation of PDM enterprise groups after enterprise selection;
- b) Enterprise group registration;
- c) Pre-registration training for interim PDM SACCO committees;
- d) PDM SACCO formation and registration;
- e) Bank account opening;
- f) Signing of PRF Financing Agreements;
- g) Setting-up of PDM SACCOs on IFMS; and
- h) Capitalization of PDM SACCOs.

The overall objective of the Financial Inclusion Pillar is, **“to sustainably transform subsistence households by easing access to appropriate financing”**. For finance to work for subsistence households, there must be an enterprise to be financed. This must be re-enforced by the right business mind-set, proper enterprise valuation *“Kibaro”* and know-how to undertake the chosen enterprises.

To that end, the Ministry of Finance, Planning and Economic Development provided leadership during the development of the harmonized PDM Trainers Guide, which was jointly developed with Ministry of Gender, Labour and Social Development; Ministry of Agriculture, Animal Industry and Fisheries; Ministry of Trade, Industry and Cooperatives; Operation Wealth Creation; Microfinance Support Centre; and Enterprise Uganda. The guide promotes Business Development Services (BDS), financial literacy, financial consciousness, a business mind-set and responsible leadership in the target beneficiary households. It will be the main tool for training for PDM SACCO leaders and members.

Local Governments undertook the community level Pillar 3 activities and at the end of the FY, **8,334 PDM SACCOs had been formed and registered nationwide, against a target of 10,594 (78% performance)**.

B. DISBURSEMENT OF PARISH REVOLVING FUNDS IN Q1

The disbursement of Parish Revolving Funds to PDM SACCOs in FY 2022/23, is subject to the following readiness criteria: -

- PDM SACCO must correspond to a Parish on the list of gazetted Parishes;
- PDM SACCO must be fully registered under the Cooperative Societies Act;
- PDM SACCO must have a bank account; and
- PDM SACCO must have signed a PRF Financing Agreement with the Local Government.

Accordingly, the Ministry of Finance, Planning and Economic Development instructed all Local Governments, to submit an Attestation Form confirming that the PDM SACCOs are ready. In the Attestation Form, the Local Governments affirm that conditions (a)-(b) above, have been met and that the PDM SACCOs established comply with the PDM guidelines.

As at 10/10/2022, the Ministry of Finance had received Attestation Forms from 110 out of 177 Local Governments, as detailed in the table below: -

SN	Status of Submission	No. of LGs	No. of PDM SACCOs	% age of PDM SACCOs at 10.10.22
1	Complete Submissions	95	6,219	58.7
2	Incomplete Submissions	11	569	5.4
3	Inconsistent Submissions	4	165	1.6
5	Not Submitted	67	3,641	34.4
	TOTAL	177	10,594	100

Out of the 6,219 PDM SACCOs with complete submissions, disbursement modalities for Quarter One have already been finalized to 3,237 compliant PDM SACCOs (**see detailed lists of beneficiaries PDM SACCOs provided**) after due diligence was conducted. These are in 55 out of the 77 Local Governments with complete submissions.

The 55 Local Governments include: - Lira, Kanungu, Namutumba, Kyegegwe Gulu City, Kumi Municipality, Bukomansimbi, Iganga Municipality, Nebbi Kayunga, Bugweri, Omoro, Sheema, Sheema Municipality, Nansa Municipality, Kiryandongo, Amuru, Ntungamo, Otuke, Mubende, Kibul

Kamwenge, Lyantonde, Budaka, Nakasongola, Kisoro Municipality, Kalungu, Butaleja, Bushenyi, Manafwa, Kira Municipality, Yumbe, Kabale Municipality, Kole, Kagadi, Kasanda, Bulambuli, Rukiga, Kitagwenda, Koboko Municipality, Kitgum, Serere, Napak, Lwengo, Lamwo, Rubirizi, Luwero, Isingiro, Gulu, Kibaale, Makindye-Ssabagabo, Bulisa, Kyenjojo, Buhweju, and Butebo.

Due diligence on a second batch of payments for more PDM SACCOs submitted after 27th September, 2022 is currently ongoing before the next disbursement of the PRF funds. **Disbursement of PRF funds to ready PDM SACCOs shall be continuous during the FY.**

Annually we have programmed 50% of PDM SACCO funds for release by end of Q2. OR at least 50M per ready SACCO.

C. DISBURSEMENT PLAN IN FY 2022/23

The following PRF disbursement plan shall be followed in FY 2022/23: -

- UGX 25Mn per PDM SACCO shall be disbursed in Quarter One;
- UGX 25Mn shall be disbursed in Quarter Two; and
- UGX 50Mn shall be disbursed in Quarter Three.

Accordingly, UGX 25Mn per PDM SACCO has been adequately provided. The total disbursement of PRF funds to the 3,237 compliant PDM SACCOs in quarter one therefore, amounts to **UGX 80.925Bn.**

D. UTILISATION OF PRF FUNDS IN THE PDM SACCOs

The PDM Pillar 3 Operational Guidelines stipulate that the Revolving Funds are a capitalization grant to the PDM SACCOs for the sole purpose of lending to viable income generating activities in the Production, Processing, Marketing and Storage of agricultural products (Pillar 1).

The members shall apply for loans from a PDM SACCO through their enterprise group at an interest rate of **6 percent p.a** for the FY 2022/23. The PDM SACCO's executive committee shall be responsible for final approval and disbursement of PRF loans to borrowers.

Cabinet approved the following conditions for initial access to the funds on the PDM SACCO bank account: -

- Certificate of Registration for PDM SACCO issued by the Registrar of Cooperatives;
- Evidence that the First General Meeting was held; and
- Evidence of training for the PDM SACCO Executive and enterprise group members.

Accordingly, a capacity building plan for PDM SACCOs and enterprise groups was jointly developed and training activities have already commenced in 35 out of the 55 Local Government earmarked for the PRF disbursements in Q1. The Ministry of Local Government also issued guidance to the Local Governments on the utilization of the PDM administrative costs and guided that the quarter one release shall be utilized to facilitate PDM SACCO General Meetings and initial training for PDM SACCO leaders and members. These activities should be completed by **30th November, 2022**.

It is now my honour to invite the Hon. Minister of Finance, Planning and Economic Development to make his remarks.

FOR GOD AND MY COUNTRY.