

# TO KNOW THE UNDERPRIVILEGED, WALK IN THEIR SHOES

By Paul Busharizi

Last week, Bank of Uganda called commercial banks in for a workshop about Small Business Recovery Fund set up last year to help small businessmen get over the worst of the pandemic.

The way the initiative was designed was that the monies would be channelled through commercial banks with Government matching shilling for shilling whatever the commercial banks lent out.

The Government committed shroob to the process and the commercial banks matched it for the grand total of sh200b.

During the workshop, it was reported that of the sh200b on offer, only sh690m had been disbursed since November. Another sh1.2b worth of loans was still being assessed.

The monies were targeted at small businesses that do not have more than sh100m annual turnover.

The banks reported that most businesses that applied for the funds were in the shroom to sh500m turnover.

The central bank, which also takes part in vetting applicants, complained that often times the documentation—a 26-point checklist which includes board resolutions, audited financial statements and



**» The main challenge of our business community is inadequate skills to allow them survive through the bad times.**

marriage certificates — were often incomplete, disqualifying applicants.

I suspect this is another classic case of government projects, backed by good intentions but totally oblivious to the reality on the ground.

For instance, what does a shroom-a-year business look like?

The other day there was a news report which made reference to a rolex maker whose operation makes up to 382 chapatis a day. At a thousand shillings each, that is just under a hundred million a year in turnover, assuming he works five



**A man making chapatis in Tororo town. Businesses such as this one may not be eligible for the funds despite their sh100m turnover a year due to other requirements such as board resolutions**

days a week and 52 weeks a year.

Such a guy has no board resolutions. It would be a miracle if he had audited accounts and a marriage certificate may be a stretch.

Government may find the current model will be suited for those businesses with above shroom in annual turnover, while the smaller businesses can work through

their SACCOS or village savings associations.

These know how to assess their members' risk and provide for it, maybe the central bank will have better luck vetting SACCOS and let them get on with lending the funds to their members.

We need too, to guard against throwing good money after bad.

I have always believed that the main challenge of our business community is inadequate skills to allow them survive through the bad times.

ABSA Bank, at the end of February, graduated some 60 decision-makers from 46 small and medium-sized enterprises (SMEs) who had gone through a year-long business survival and continuity training.

Among the things participants learned were running a business online, building financial management systems and business planning, modelling and management, among other relevant subjects. The graduating firms, after vetting, will have a chance to receive grant financing from GIZ — one of ABSA's partners.

The rationale is sound, enabling the potential recipients with business skills so that they can maximise the benefits from future funding.

The best of intentions can be derailed by an inadequate understanding of the challenge. Planners in both public and private sectors need to walk in the shoes of the intended beneficiaries to understand their needs and provide the relevant solutions.

They say the road to hell is paved with good intentions, but that need not be.

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## LOSING STRONGHOLD

Markets are likely to stay liquid with investors cashing out and as the dividend season sets in.

### FOREX RATES

CURRENCY	BUYING	SELLING
DOLLAR	3525	3547
EURO	3910	4100
POUND	4690	4875
KENYA SH	29.5	32.5
TZ SH	1.45	1.53
DHIRAM	820	1000
S.A.RAND	170	245
JAPANESE YEN	15.20	32.25
RWANDESE FRANCS	2	4
DOLLAR SMALLER & OLDER	3400	3545

COMPILED BY HARRIET BIRUNGI  
RATES ARE SUBJECT TO CHANGE

## OFFSHORE, INTERBANK DEMAND FOR DOLLARS WEAKENS SHILLING

By Ali Twaha

The Uganda shilling weakened further last week due to increased demand for hard currency by offshore investors in a race for liquidity as international sentiment triggered flight to safety.

The unit traded at lows of 3560/3570 on Friday morning from the week's opening 3535/3545. Stephen Kaboyo, the managing director at Alpha

Capital Partners, says the local unit is likely to slump into a new support level due to a combination of current market positioning and the negative sentiment in the global market.

Catherine Kijagulwe, the head of trading at ABSA, said: "March is usually the start of the dividend cycle and as economic activity picks up, importer demand is likely to set in. These factors are likely to keep the unit trading within the 3530-3620

### BETWEEN THE LINES

■ Flows from the tea sector during the week helped cover some of the demand but the Kenya shilling remained weak.

range in the short-term."

Money markets were liquid during the week with overnight yields at averages of 6.50%. The

Bank of Uganda held a sh220b treasury bill auction and yields in the 91-day, 182-day and 362-day tenors cleared at averages of 6.662%, 8.577% and 9.701% respectively.

In the regional market, flows from the tea sector during the week helped cover some of the demand, but the Kenya shilling remained weak trading at 13.95/14.15.

In the global market, with the Ukraine crisis flaring up, volatility was strong in all major currencies with the US dollar the only unit on the front foot supported by international safe haven sentiment coupled with the Federal Reserve comments of rising interest rates at its March meeting.

The euro was set for its worst

performance as the prospect of high commodity prices continued to be a concern for European economies. It depreciated, touching lows of \$1.1016 and closing Thursday's session at \$1.1030.

The pound also remained under pressure from a strong dollar touching lows of \$1.3318 and closing the session at \$1.3345. Bank of England also indicated a likely rate hike.

In the energy market, crude oil prices soared during the week as Russian troops bombarded cities in Ukraine. Brent crude briefly touched highs of \$119.84 during the week as markets await the revival of the Iran nuclear deal.

Gold prices also continued to soar to trade at \$1,937.

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### REQUEST FOR PROPOSALS CONSULTANCY SERVICES TO CONDUCT A TRAINING OF TRAINERS FOR COMMUNITY BEEKEEPERS

Wildlife Conservation Society (WCS) received funding from USAID (United States Agency for International Development) for a five-year activity to combat wildlife crime in Uganda. The activity supports park adjacent communities to mitigate human-wildlife conflict through beekeeping to address some of the root causes of wildlife crime. WCS is seeking proposals from qualified consultants to conduct a training of trainers for thirteen (13) community beekeepers to equip them with the knowledge and skills required to train others. Areas of interest include (but are not limited to) beekeeping technologies and management practices such as apiary establishment, colonization, beekeeping production, processing, value addition, post-harvest handling practices, quality control, and entrepreneurial skills.

**Requirements:** The consultant must have vast experience in apiary management and training, a well-established and equipped apiary training center (owned or sourced) where the training will be held for one week, and provide accommodation for the trainees.

**Interested parties** should submit their company profiles, technical and financial proposals in PDF format to [wcsuganda@wcs.org](mailto:wcsuganda@wcs.org) and copy [skamugisha@wcs.org](mailto:skamugisha@wcs.org) indicating "TOT Beekeeping" in the subject line.

**Deadline** for submission of proposals: **1<sup>st</sup> April 2022**