

GROUP SAVINGS FROM THEORY TO PRACTICE:

UGAFODE'S GROUPOSAVE: Considerations for
financial service providers

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Acronyms

BM	Branch Manager
BoU	Bank of Uganda
CBO	Community-Based Organizations
CO	Credit Officer
CRS	Catholic Relief Services
CSO	Customer Service Officer
FA	Field Agent
FDA	Fixed Deposit Account
GSA	Group Savings Account
HCD	Human-Centered Design
HQ	Head Office
IT	Information Technology
KPI	Key Performance Indicators
MDI	Microfinance Deposit-Taking Institution
MEDA	Mennonite Economic Development Associates

MFI	Microfinance Institution
MIS	Management Information System
MM	Mobile Money
MNO	Mobile Network Operator
MOU	Memorandum of Understanding
OSA	Ordinary Savings Account
PSP	Private Service Provider
SG	Savings Group
SILC	Savings and Internal Lending Committee
SMO	Sales and Marketing Officer
TAN	Transaction Authentication Number
UGAFODE	UGAFODE Microfinance Limited (MDI)
UGX	Ugandan Shilling
UNCDF	United Nations Capital Development Fund

Executive Summary

This case study explores the challenges and opportunities of linking savings groups to formal financial services for rural, low-income women and men in Uganda.

For the past three years, UGAFODE, a microfinance deposit-taking institution in Uganda, has been focusing on the important but challenging goal of convincing a new set of rural clients to change from an informal to a formal savings culture and to save with the institution. For the top management of a microfinance deposit-taking institution, the strategy was a no-brainer. First, UGAFODE would be able to grow its loan portfolio much faster and cheaper by mobilizing lower-cost retail savings deposits for on-lending instead of relying on more expensive international capital. Second, it would also allow Ugafode to provide a broader array of financial services to existing and new clients and increase UGAFODE's stature. Third, at the time of project initiation, rural savers were a relatively untapped market. While most low-income Ugandans use a variety of informal methods to save for the future, from investing in assets, such as livestock, to participating in savings groups or storing money under mattresses, the project's initial market research highlighted that these informal savings tools were still viewed as risky.

Beginning in 2013, with support from UNCDF's MicroLead programme, technical assistance partner MEDA and UGAFODE partnered with the vision of reaching 80,000 rural, micro-savers in Uganda. To accomplish this ambitious goal, UGAFODE received technical assistance and training from MEDA, IDEO.org and 17 Triggers. The UGAFODE team identified high demand from rural Ugandans for a safe place to store money, especially by savings groups who considered group lock boxes, where their excess funds were stored, as risky. Savings groups also sought opportunities to build relationships with banking institutions to access other services, like credit. Armed with this knowledge, UGAFODE and the project partners embarked on a journey to create GroupSave, a new savings product for savings groups that would provide a safe place to store group savings.

Fast forward to November 2014. UGAFODE completed a six-month pilot of GroupSave, with only 148 GroupSave accounts opened out of the 448 targeted. Facing lackluster results, the Business Growth department and MEDA embarked on a new journey to understand why customer adoption by savings groups was lower than expected and why many of the newly opened accounts became dormant.

As detailed herein, the answer lies in several different places. The journey of transforming from a credit-led MFI to a savings and lending institution is not straightforward. Nor is the process of mobilizing savings group clients and rolling out a new alternative delivery channel connected to mobile money. While client surveys and other stakeholder interviews still indicated that there was a clear market need for this product, the UGAFODE and MEDA team hypothesized that continuous customer engagement could be the missing ingredient.

Introduction

UGAFODE Microfinance Ltd is a private microfinance deposit-taking institution (MDI) in Uganda. Its mission is to transform the lives and livelihoods of the Ugandan people economically and socially by availing them of inclusive financial services that meet their expectations. In September 2013, UGAFODE received funding and technical assistance through UNCDF's MicroLead programme to expand savings mobilization.

Loan Products

- Housing Loan
- Agricultural Loan
- Business Loan
- Short Duration Loan
- School Fees Loan
- Motor Vehicle Loan

Savings Products:

- Current Savings Account
- Term Savings Account
- Recurring Savings Account
- Fixed Deposit Account
- Fixed Deposit Insurance

Grow Your Savings With Us

Branches:

- Rohatgi - Nagdi - Rakhi S.D. - Barab S.D.
- Mahim - Miji - Mangam - Laxm S.D.
- Nymra - Muzara - Binda - Lakhi

A field van for GroupSave

1. Was UGAFODE at a stage in its development capable of implementing a group savings product?
2. Why weren't groups transacting after opening a GroupSave account?
3. Did high dormancy rates of UGAFODE's other individual savings accounts suggest a problematic approach in overall savings mobilization?
4. Or was dormancy in GroupSave accounts specific to this client segment?

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Project Background

In 2013, Uganda seemed ripe for savings development and broader financial inclusion. According to the 2013 FinScope Survey, 15% of the adult population was financially excluded and only 20% of the adult population were using services provided by formally regulated financial institutions.^{1 2}

¹ Economic Policy Research Center. Uganda 2013 Finscope III Survey Report Findings: Unlocking Barriers to Financial Inclusion. November, 2013: ix – 22.

² Formal institutions are defined as regulated by Bank of Uganda, including commercial banks, microfinance-deposit taking institutions (MDIs) and Credit institutions; Non-bank formal institutions are defined as other microfinance institutions (MFIs), Savings and credit cooperative organisations (SACCOs), Insurance companies, cell phone mobile money, non-banking financial institutions like foreign exchange bureau, money transfer services like Western Union; Informal institutions are defined as all other institutions including savings groups – Rotating Savings and Credit Associations (ROSCAs), Savings Groups (SGs), Accumulating Savings and Credit Associations (ASCAs), Non-government organisations (NGOs), investment clubs, savings clubs, services by employers and other savings groups like burial societies and welfare funds.

With regard to savings, adults were five times more likely to save informally than save at a formal institution.³ Although overall access had improved for women and rural populations, these two distinct groups still heavily relied on informal and non-formal banking institutions. Rural populations were more likely to have informal savings (47%) than formal savings (16%). Women were more likely to use informal savings (46%) versus formal (16%).⁴

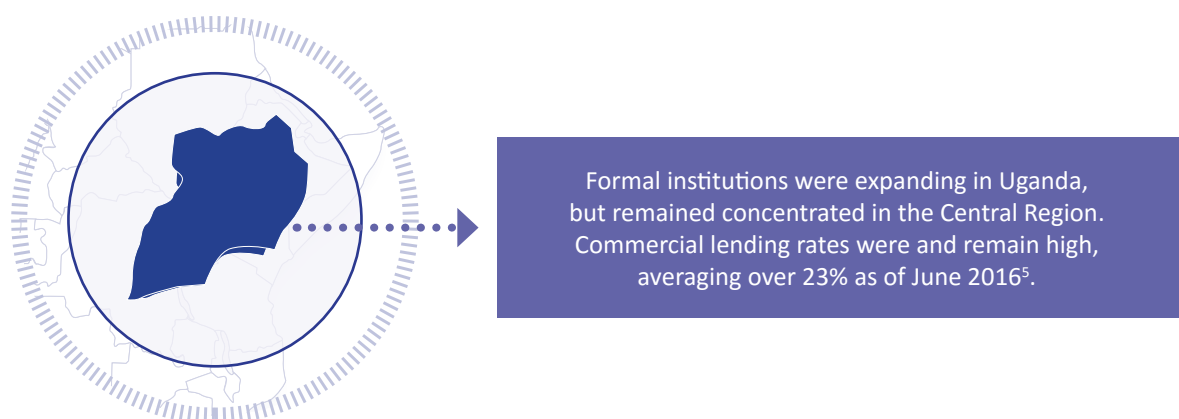


Table i
Uganda at a Glance

Capital	Kampala
Population	39,570,125
Total area	241,038 sq km
Agricultural area	71.2%
Currency	Ugandan Shilling
Inflation rate 2017 (est)	5.8%
GNP per capita, PPP (2016)	USD 2,100
Population below the poverty line (2013 estimate)	19.7%
Life expectancy	55.9 years
Literacy rate	78.4%
Human Development Index Rating	163 out of 188

Sources: CIA World Factbook and UNDP Human Development Report 2016. Acronyms: GNP, gross national product

³ Economic Policy Research Center. Uganda 2013 Finscope III Survey Report Findings: Unlocking Barriers to Financial Inclusion. November, 2013: ix–22.

⁴ Ibid

⁵ Muhumuza, Mark. Why Uganda's Interest Rates Stubbornly Remain High. Daily Monitor. 9 August, 2016.

Number of registered subscribers



**INCREASED FROM
10,010 IN MARCH 2009**



**TO 21.5 MILLION IN
DECEMBER 2016**

However, thanks to alternative delivery channels, more Ugandans were able to access formal finance. “Since the inception of mobile money services in Uganda in March 2009, the number of registered subscribers increased from 10,010 in March 2009 to 21.5 million in December 2016, representing 100% of adult population with access to mobile money financial services. By December 2016, there were over 133,000 mobile money agents spread across the country⁶.”

The country is now enjoying a period of relative political stability. However, challenges remain, including a growing population, weak infrastructure – particularly regarding electricity and transport – and corruption.

Given the high level of informal savings, coupled with the rise of mobile banking, matching the two together seemed a natural fit.

Partnership

UGAFODE began in 1994 as a non-governmental organization under the name of Uganda Agency for Development Limited (UGAFODE). It was primarily a microfinance institution (MFI) offering a mix of affordable credit products to low-income Ugandans in urban, peri-urban and rural areas.

Over the years, it grew steadily to become one of the leading microfinance service providers in Western Uganda. In 2010, UGAFODE was incorporated as a company and transformed into a microfinance deposit-taking institution (MDI), with new savings products to balance credit operations. Two years after receiving its MDI license, UGAFODE was still undergoing the transformation from a NGO-run, credit-led institution to a deposit-focused one. Confronting challenges in securing capital to finance its portfolio expansion, the institution was interested in prioritizing retail deposit mobilization from its existing base of mostly rural clients, as well as in expanding financial access to new customers.

UNCDF was implementing MicroLead at the time – a programme focused on supporting the development and roll-out of deposit services of MFIs like UGAFODE. UGAFODE needed help, not only to bring financial services to the marginalized, but also to grow its deposit base from a less expensive and more sustainable source of credit funding.

MEDA, an international economic development organization, responded to MicroLead’s request for applications (RFA) with a unique approach of using consulting firms and subcontractors to apply private-sector practices in a development setting. MEDA would act as a technical advisor to UGAFODE, designing and deploying an innovative savings project that would target rural, female, low-income savers in Uganda. MEDA supported the endeavor by bringing on an experienced project manager and hiring various short-term technical experts for different stages of the project, beginning with market research.

⁶ Bank of Uganda. Status of Financial Inclusion in Uganda. 2014: 18.

Market Research

In June 2013, MEDA hired the design research firm IDEO.org to jointly design and conduct field research on current and potential savings clients. IDEO.org used a human-centered design approach, a creative process that started with the people – the end users – and ended with a tailor-made solution to suit their needs.

IDEO.org began the work by asking:

“
How might we design formal savings tools that are better suited to the needs of low-income Ugandans, especially women and rural populations?
”

Through desk research and field visits, the team discovered that many Ugandan women were part of informal savings groups (SGs), where members saved together and grew the “pot” through a sophisticated practice of interlending. Members often kept their funds in a lock box, but they expressed concerns that it was susceptible to theft or fire. Although storing the money at a formal institution would mitigate that risk, the groups were intimidated by such “high-status” means and also found formal savings to be inconvenient and costly.

These insights turned into two important questions:

1. *How might UGAFODE make savings a frequent, convenient activity that is accessible to all?*
2. *How might UGAFODE support SGs effectively and build upon their existing structures?*

Product Development

Many brainstorming sessions later, IDEO.org drew up two preliminary concepts – GroupSave, a group account, and AirSave, a mobile delivery channel that all UGAFODE savers, including group savers, could utilize. The latter would specifically address the inconvenience SGs perceived in using far-off formal institutions. The concepts were guided by the *how-might-we* questions. GroupSave was piloted for six months, from June to December 2014, in four UGAFODE rural and peri-urban branches – Kagadi, Lyantonde, Mpigi, and Kyotera



GroupSave

GroupSave (see Figure i) was a new savings product marketed to existing informal, but externally facilitated SGs. The product was designed to remove the invisible barrier between rural individuals, specifically women savers, and formal banks.

How does GroupSave work?

- Three key members are elected to open and manage the group account on behalf of the group;
- Individuals can save multiple ways. The cash is collected by the group at a group meeting and then can be deposited into GroupSave account through an agent or at a branch. Individuals can either buy shares by sending money through their AirSave⁷ mobile money account to the GroupSave account or buy shares with cash at the group meeting;
- Share-out of savings: The group does not have to withdraw cash to share it out at the end of the cycle. All the group needs to do is instruct UGAFODE to transfer cash automatically to each individual's savings account. Members can then access their funds whenever they need them.

Account Opening:

Three key members need the following to open the GroupSave Account:

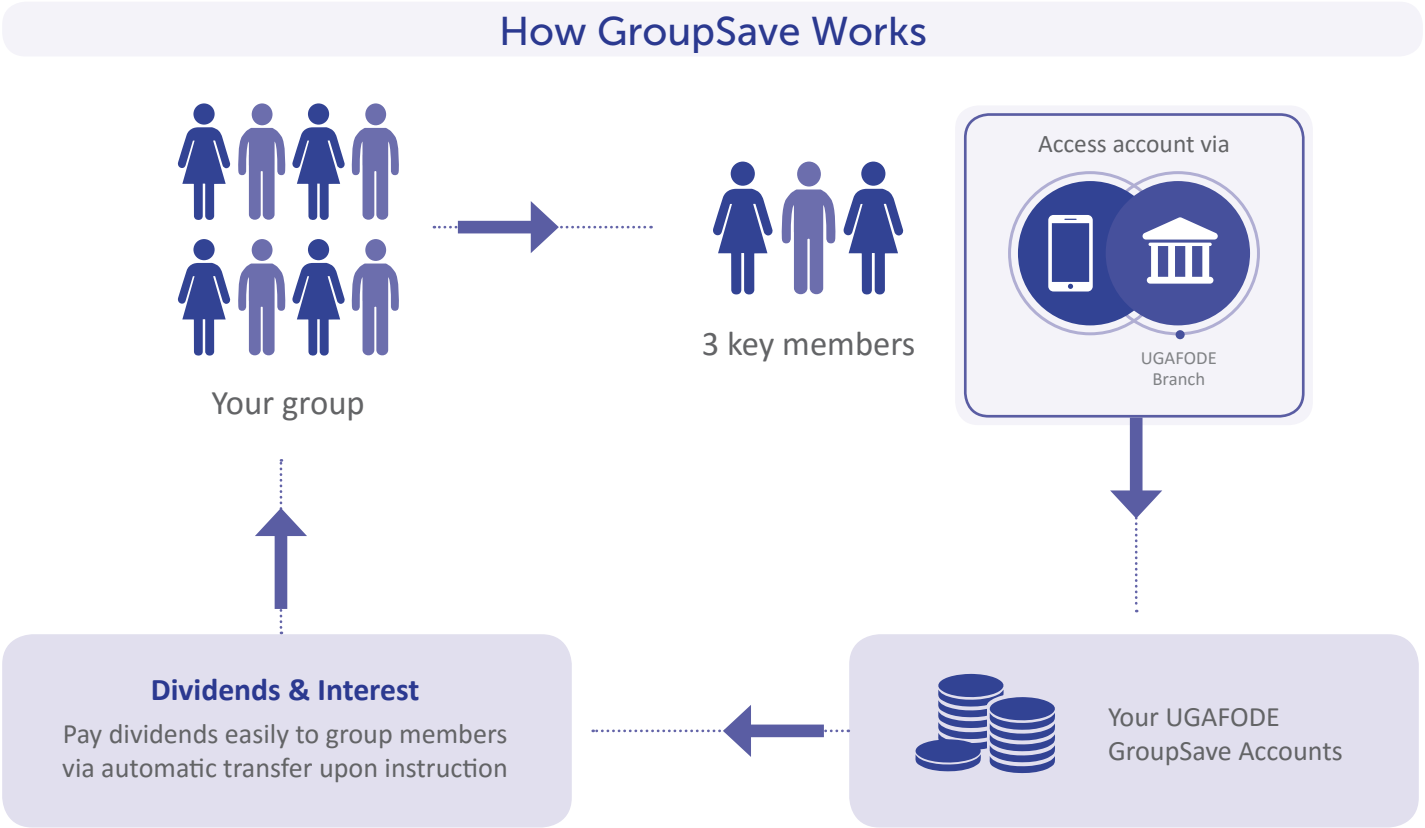
- One completed application form for the GroupSave Account;
- Photocopies of valid ID's for each of the three members and one passport photo for each;
- Photocopy of the group constitution;
- Photocopy of the Registration Certificate (if applicable); and
- Signed group resolution to open the GroupSave Account.

UGAFODE also looked at this product as an opportunity to efficiently attract more clients to the brand, by eventually banking the individual group members.

⁷ AirSave, UGAFODE's new digital access channel, allows customers to leverage their existing GroupSave mobile money accounts to move money in and out of formal accounts at UGAFODE. See AirSave case at www.uncdf.org/microlead/cases.

Knowing its capacity limitations, UGAFODE initially decided not to focus on forming SGs.⁸ Instead, UGAFODE worked with community-based organizations (CBOs) and international non-government organizations (INGOs), which facilitated, trained and managed SGs.

Figure i
Group Save Mechanics



⁸ Over time, as Ugafode sales and marketing officers became more conversant with the SG methodology, they would also provide trainings during visits to groups, complementing CBO trainings.



Community members meeting

Given the close relationship between CBOs and INGOs in Uganda, UGAFODE reached out to Catholic Relief Services (CRS), an international organization responsible for founding and promoting the Savings and Internal Lending Committee (SILC) model of SGs. Through a well-organized system, CRS supports various CBOs that, in turn, train entrepreneurs to become private service providers (PSPs). These PSPs establish, train and support SILC groups for a fee. Consequently, community-based PSPs are highly trusted by the groups they establish, and are key influencers that help UGAFODE reach SGs it would not have otherwise been able to serve.

UGAFODE engaged with two CRS CBOs and two non-CRS CBOs – one for each of the four pilot branches. An initial memorandum of understanding (MOU) was signed with each of the CBOs that briefly articulated the roles and responsibilities of each party to link UGAFODE to SGs through GroupSave (Table ii).

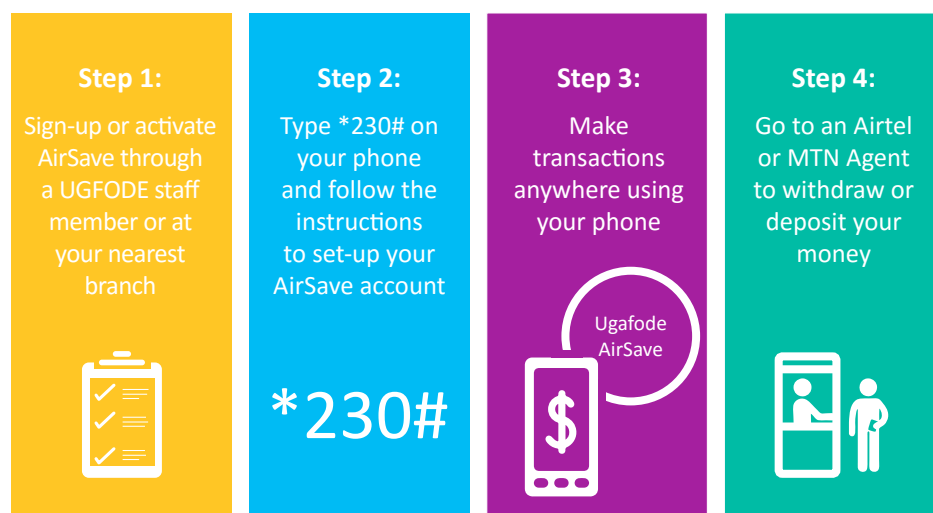
To obtain the CBOs' signatures, UGAFODE negotiated a flat fee of UGX 350,000 (96 USD) in return for information about group meeting schedules and for marketing support via staff visits. The PSP was also responsible for introducing the respective UGAFODE branch's sales and marketing officer (SMO) to the SGs. This enabled the SMO to deliver educational sessions and facilitate opening GroupSave accounts to access UGAFODE's new AirSave channel, the latter which enabled groups to transact using a mobile device.

Table ii
Roles and responsibilities within the CBO-PSP-UGAFODE partnership.

	1. Partnership sensitization	2. Promotion of GroupSave (GS)	3. GroupSave (GS) account opening	4. Reporting & monitoring	5. Review of progress
CRS	<ul style="list-style-type: none"> • Provide CBO database to UGAFODE 				<ul style="list-style-type: none"> • Review of partnership model • Pilot results • Customer satisfaction survey • Next steps • Additional business opportunities
CBO	<ul style="list-style-type: none"> • Provide PSP database to UGAFODE 				
PSP		<ul style="list-style-type: none"> • Coordinate promotion activities with groups • Introduce SMO to groups 	<ul style="list-style-type: none"> • Facilitate meetings with groups & UGAFODE SMO to open accounts 		
UGAFODE HQ	<ul style="list-style-type: none"> • Contact CBO to introduce branch manager (BM). • Coordinate multi-stakeholder meeting 		<ul style="list-style-type: none"> • Disburse incentive payment to PSP 	<ul style="list-style-type: none"> • Monitor all activities • Share GroupSave report to CRS 	
UGAFODE Branch	<ul style="list-style-type: none"> • In some instances, perform research on CBO to be approached 	<ul style="list-style-type: none"> • BM assigns promotion activities for SMO to coordinate with PSP • SMO does savings and GroupSave promotion • Follow-up visit scheduled between SMO and group 	<ul style="list-style-type: none"> • SMO meets with group to open account 	Share GroupSave report with CBO	

AirSave is UGAFODE's mobile money platform which connected UGAFODE clients to the mobile wallets offered by two of Uganda's mobile network operators, MTN and Airtel, via a network aggregator, Pegasus. AirSave enabled MTN's mobile money wallets to push (deposit) or pull (withdraw) funds from a linked UGAFODE savings accounts. (Figure ii). Every user of AirSave requires a five-digit PIN for authentication. But for GroupSave customers, each withdrawal, in addition to the PIN, requires a one-time Transaction Authentication Number (TAN). Because three leaders are required to complete a successful withdrawal from the GroupSave account using their own phone, three one-time TANs are generated. For example, User A (the primary user) initiates a withdrawal on her phone. She receives a one-time TAN. User B and User C also receive one-time TANs, which they submit to User A. Once User A inputs all three TANs, the AirSave transaction for the group is completed. An SMS confirming the transaction is sent to all three leaders, plus all members of the group, if required. For more detailed information on the development of AirSave, please see the case study attached to the MicroLead **DFS Toolkit 3: Leverage an Existing Agent Network** and **Taking Human-Centered Design from Theory to Practice: UGAFODE's AirSave**.

Figure ii
AirSave Process



The process for SGs using the alternative delivery channel would reflect the current SG methodology, requiring the three group signatories to authorize transactions on behalf of the members using the abovementioned system. Any member could use their own mobile money wallet or a mobile money agent to make deposits to the GroupSave account.

UGAFODE received approval from the Central Bank of Uganda for the GroupSave product in February 2014. It began piloting the GroupSave product with the AirSave channel in June 2014 in its Lyantonde, Mpigi, Kyotera and Kagadi branches.

Pilot Test Results

Target: Open 448 GroupSave accounts with an account value of more than 1 billion UGX by the end of the six-month pilot (December 2014)

Results: Customers at all four branches expressed significant initial interest in the GroupSave product, with the largest number of new account sign-ups (44) occurring in the first month of the pilot in July 2014. However, as the pilot continued, the GroupSave account acquisition growth rate slowed in November and December 2014 respectively, and results fell short of targets, with only 160 total GroupSave accounts opened during the pilot period.

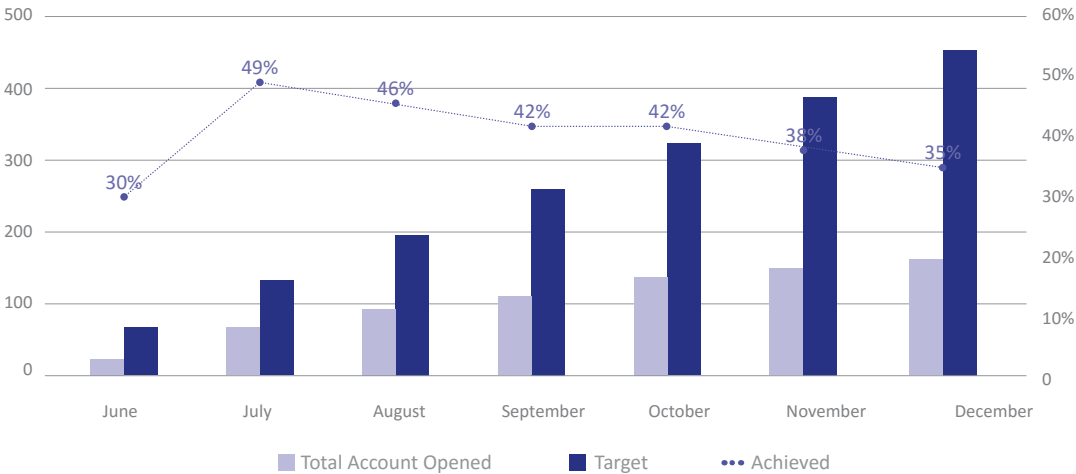


GroupSave account deposit volumes grew significantly from June to November 2014. Deposits exceeded UGAFODE’s initial targets, and groups were saving larger amounts than anticipated.

SMO for GroupSave accounts

The total balance of GroupSave accounts peaked in November at UGX 62,131,406 (approx. USD 24,850, at an average of USD 173 per SG), and they experienced a significant decline in December (as anticipated), when many SGs’ cycles ended (Figure iii). As of December 2014, the average balance per group was UGX 168,201 (approximately USD 67).

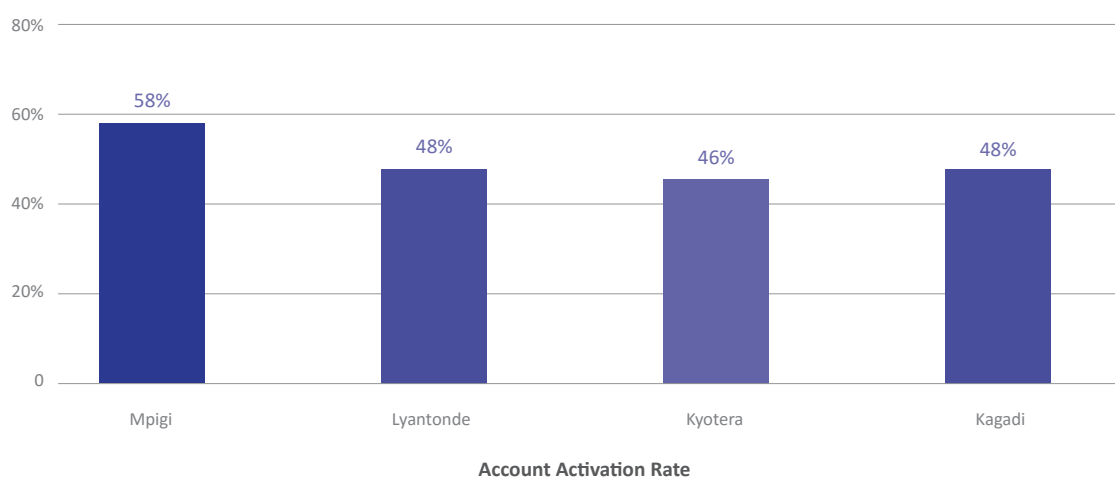
Figure iii
GroupSave Pilot Summary



Source: Enclude Pilot Evaluation February 2015

Although many SGs had signed up for accounts, on average, across all pilot branches only 50% were activated.⁹ Only Mpigi showed total account activation over 50%, while other branches had less than 50% active accounts (Figure iv). Fifty percent of customers had never transacted on their GroupSave accounts. At the same time, the AirSave pilot was also struggling to meet its targets. But why was GroupSave experiencing such low take-up and high dormancy?

Figure iv
Account Activation Rates across Branches



Source: Enclude Pilot Evaluation February 2015

⁹ Active accounts are defined as accounts with at least one transaction (deposit or withdrawal) conducted within the last three months.

Building Institutional Buy-In & Capacity

UGAFODE conducted a dormancy analysis, asking dormant clients to explain their dissatisfaction with the GroupSave accounts. The project team also visited several branches to perform assessments of mobilization techniques and to interview key staff regarding gaps. MEDA staff observed GroupSave pitches to informal SGs, spoke with SMOs, and reviewed the overall management communications related to savings mobilization.



UGAFODE branch

What the team found was that although UGAFODE was now a savings and credit institution in name, the mentality within the institution had not completely shifted from a credit only to a credit *and* savings focus. Put another way, institutional buy-in for saving mobilization remained low.

This weak buy-in trickled down from upper management. Savings was not prioritized in meetings, or in performance targets or budget allocations. In a culture where hierarchy is respected, one branch staff member highlighted, “We responded to what management gave emphasis.” Without upper level staff speaking a language of savings, the field staff would not, and could not, communicate savings to customers.

From Feb-May 2015, UGAFODE completed a customer feedback exercise with its GroupSave customers to learn more about maturity of SGs, what they liked and didn’t like about the GroupSave account, current access methods and how often they had been visited by a UGAFODE staff member. Of the 81 SGs responding, 64% of groups had only been visited once and 15% said that access to the branch was challenging. Moreover, 84% of those surveyed still reported that the branch was their primary way of accessing the account and 51% of respondents said that group members had to travel 30 minutes or more to reach a branch.

Since savings mobilization often doesn't have its own revenue stream, it must be looked at as an investment by the institution and cannot be looked at as separate from the credit portfolio.

SMOs were held accountable by branch managers (BMs) and HQ management for branch failures in achieving savings target account numbers. However, many SMOs were not incentivized to visit remote SGs more than once to try and stimulate account activity after opening since new account opening targets were very high and the budget for return trips was not sufficient. Meanwhile, credit officers and customer savings officers were not leveraging customer interactions to cross sell or promote the use of savings accounts. SG members were also not adopting AirSave despite enrolling in the AirSave channel upon account opening. SMOs—at that time the primary staff responsible for savings – were stretched so thin that they were forced to take for granted that savings customers would remain active after signing up for an account (please see the UGAFODE case study within MicroLead's [DFS Toolkit 3: Leverage an Existing Agent Network](#), and [Taking Human-Centered Design from Theory to Practice: UGAFODE's AirSave](#), for more details on AirSave). During the pilot, branch staff failed to fully embrace their roles in reinforcing savings behavior, and front-line sales and marketing officers were not able to achieve the saving mobilization targets. In fact, there was a lot of turnover of SMOs since they were overstretched, under-resourced and not able to reach targets on their own. This all pointed to a lack of staff appreciation of how much more difficult mobilizing savings is than offering credit.

Institutional Change

There were two major shifts required within the institution: adjusting the way activities were prioritized and how products were priced. In a cashflow constrained institution, budget and staff time allocations for savings mobilization refresher trainings, resources to monitor performance across 16 branches, to acquire new group savings clients, to make MIS updates to better track group members individually or to incentivize staff to monitor members were hard to come by. This was also seen in the institution's hesitancy to waive fees on savings accounts or to cover fees for the MNO's charges for the alternative delivery channel, AirSave,¹⁰ or to increase savings account interest rates, even when customer satisfaction surveys suggested that these were major issues.¹¹ Ultimately, the cost recovery mentality usually employed in a credit-only institution was hard to overcome. Combined with the struggle of piloting a digital financial service in tandem with the new product offering, GroupSave, the institutional changes required for both were difficult to implement.

Without management prioritizing refresher trainings or incentives for savings or savings performance management at the staff or client level, UGAFODE was unable to reinforce the importance of savings during the pilot.

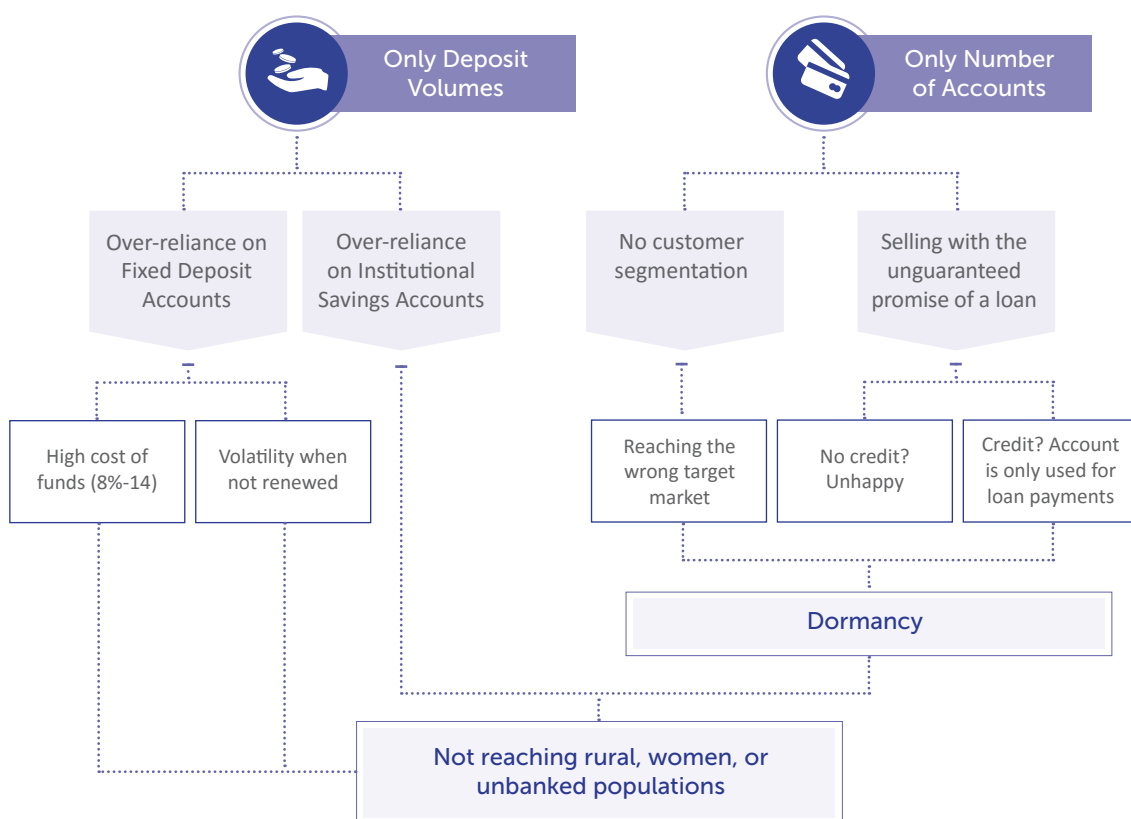
¹⁰ For more details on the AirSave delivery channel, please see the case study in MicroLead's DFS Toolkit 3: Leverage an Existing Agent Network, available on the UNCDF website.

¹¹ In Feb-March 2015 UGAFODE conducted a customer satisfaction survey of its GroupSave accountholders. The survey asked what features of GroupSave were not liked by respondents. Costs (9%), interest rates (10%) and convenience (10%) were the characteristics most often cited as not meeting expectations.

But UGAFODE wanted GroupSave to be a success. After collecting feedback from staff and clients, it was clear after the pilot that building buy-in and capacity was crucial for a successful roll-out. To improve its savings culture across all savings products, including GroupSave, UGAFODE focused its resources on the following three areas:

- 1. Training and development:** UGAFODE equipped its staff and management to better mobilize savings and learn how to manage savings mobilization with ongoing in-house trainings. Working with branch management, it developed tailored monthly savings mobilization plans and targets for each branch, as well as a new branch incentive plan to reach monthly targets. It also introduced account dormancy as a performance indicator, holding branches and their managers accountable for maintaining active accounts.
- 2. Human resource management:** UGAFODE strengthened its savings team, increasing the stature of SMOs within the organization and made savings a shared responsibility among all branch staff. Deposit mobilization was no longer left to SMOs alone. Job descriptions for branch staff were updated to reflect savings responsibilities and to serve UGAFODE's dual purpose of mobilizing savings *and* extending credit. The reporting line for SMOs was also shifted from UGAFODE headquarters to Branch Managers. This allowed Branch Managers to become more responsible and accountable for the savings mobilization activities for all their staff. SMOs were also given permanent contracts and larger salaries on par with their credit counterparts, making it easier to recruit and retain SMOs.
- 3. Accountability:** UGAFODE would have to hold its staff accountable and motivate its staff for savings mobilization, prioritizing savings alongside credit operations. Previously, key performance indicators measured accounts and volumes only, not activity in accounts, and there was only a staff incentive for fixed deposit account mobilization. Dormancy and unmet financial inclusion goals were the result (see Figure v). KPIs were, therefore amended to: (1) track marginalized populations, (2) encourage target populations to actively save, and (3) motivate branches to maintain a deposit-to-loan ratio of at least 50%. With adjusted KPIs and a sensitization to dormancy, branch staff were more proactive in tackling dormancy. **Eight months after proper KPIs were enacted, the percentage of inactive accounts out of total deposit accounts was reduced to 3.8%.**

Figure v
The problem of measuring only deposit volumes and number of accounts



Key Takeaways

So, what does it take for an MDI to mobilize savings successfully in Uganda?

It begins with the people. Any complexities or challenges that the environment throws at the institution can always be addressed if the team is strong. A strong team requires:

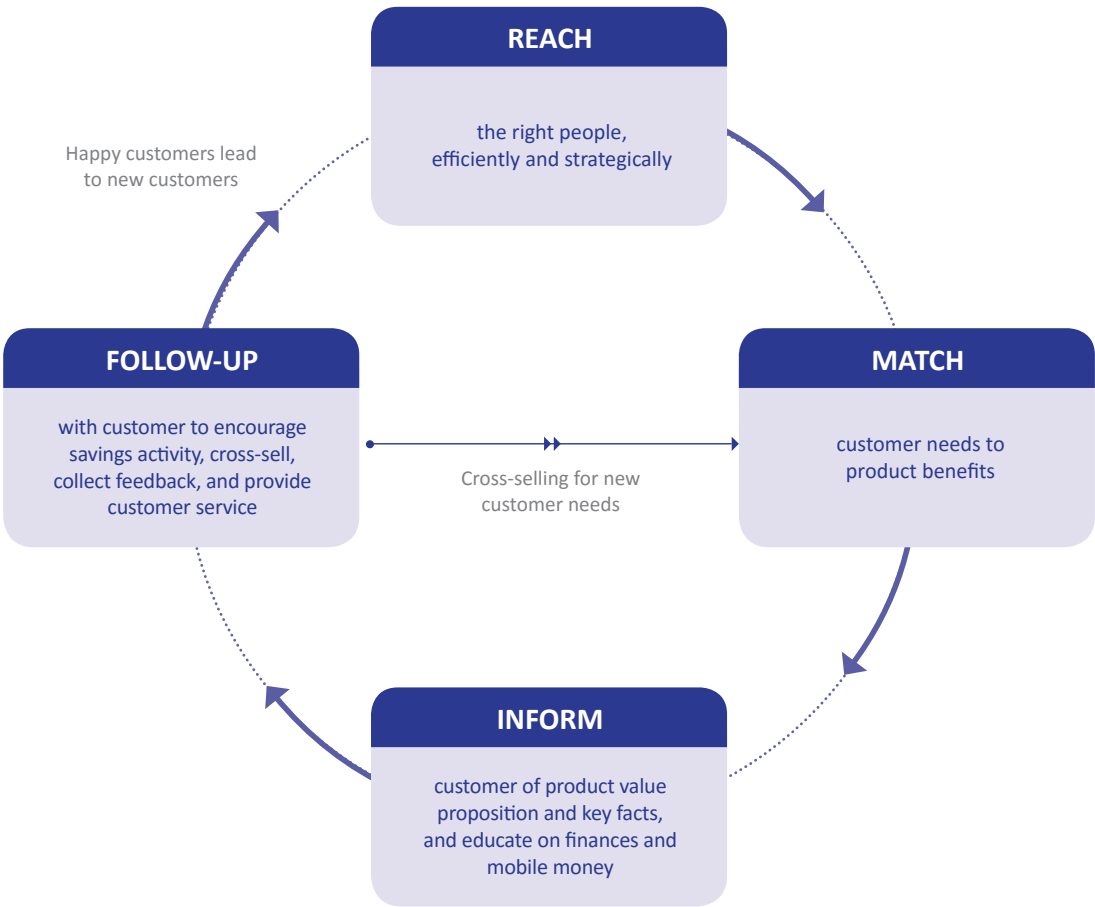
1. A culture steeped in savings, where senior leadership, managers and branch staff value savings as a core business function,
2. A team equipped with the mindset, skill, and tools to mobilize savings,
3. An HR strategy focused on recruitment, retention, and responsible delegation, and
4. A sales team held accountable and incentivized to meet long-term goals with appropriate KPIs.

With the above team, culture, and strategy, the institution can take savings to the people who need it most – rural, unbanked women.

GroupSave: The Challenges of Engagement

A framework developed by MEDA was employed at UGAFODE to address the challenges that were identified during the pilot and to guide Ugafode staff on better serving savings groups.

Figure vi
Reach, Match, Inform, Follow Up



Reach

CBO Engagement

Post-pilot, GroupSave had not delivered promising results and there was still much work to do under the MicroLead project. Field research revealed that groups were unaware of the account features and benefits, were untrained on AirSave, transacted infrequently or not at all, and carried low or zero balances. UGAFODE had designed a product that supposedly fit its target customers’ needs. Were customers unaware of the fit? Did they have unanticipated challenges in using the product? Or had the design process somehow missed the mark?

“ People believe in CBOs so much; the PSPs were there more often than we were. Because the CBOs were the original mentors and supporters, they are still doing business together. If you don't go through the CBOs, it may be tricky and the CBOs may divert business to others. If the CBOs recommend us, UGAFODE work is made easier.
- Branch staff member ”

To add fuel to the fire, MOUs with CBOs were not renewed due to concerns about the level of support provided by UGAFODE. This was a serious problem, because UGAFODE believed that CBOs were the key to accessing the masses. Groups made decisions based on their trusted private service providers (PSPs), who worked for the local CBOs as independent trainers. SG members called PSPs “Teachers.” They would only engage with a financial institution if it was vouched for by PSPs and CBOs. Initially, UGAFODE and MEDA found that CBOs themselves would not partner with the institution unless CRS had reviewed and signed off on the agreement. Therefore, the initial setup of these relationships took additional time, since it was imperative that these relationships be respected.

Upon renewal, UGAFODE and MEDA held a stakeholder forum to understand where collaboration between CBOs, UGAFODE and SGs could be strengthened. Facilitation was highlighted as the main concern for CBOs. *“We derive sustainability from partners like you— commission on projects in the form of administrative costs, grants, membership contributions on specific projects, donations from people of goodwill, hiring out of equipment, and so on. These help us pay our staff, meet administrative/overhead costs, facilitate training, and provide inputs to our beneficiaries. So, the project must bear a budget that also caters for the administrative costs and time of people involved or even salaries for staff involved.”* - A CBO representative.

The CBOs reported that the flat fee UGAFODE originally offered was not enough to supplement the resources needed to train, monitor, and facilitate PSPs.

Adaptation

Although UGAFODE understood the CBOs' needs, it could not justify a higher flat fee, because the payments during the pilot did not yield successful results. Thus, MEDA and UGAFODE proposed an incentive to reward performance on GroupSave sign-ups *and* client activity, paid directly to PSPs (in cash at the end of the month). CBOs would receive an amount equal to a percentage of their PSPs' incentive payouts.

MEDA and UGAFODE had hoped that the initial proposed incentive would convince the CBOs to renew their participation, but the incentives were still not enough.

PSPs regularly visited their groups about once a month, but for UGAFODE to meet its targets, PSPs would

have to schedule extra visits with UGAFODE staff and SGs. Since UGAFODE staff would have little success visiting groups alone, it was essential to agree upon an incentive system that covered the costs of additional visits. As one UGAFODE employee stated, *“We want a happy PSP, who will be motivated to promote GroupSave for us and be excited to visit and link more groups.”*

The CBOs also asked for more payment, because they intended to devote time and effort to help UGAFODE. CBO staff needed to be involved in monitoring and training PSPs, especially to prevent PSPs from linking groups with the promise of loans, and these administrative costs needed to be funded by UGAFODE. Without adequate payments to both CBOs and PSPs, the partnership would not be mutually beneficial. CBOs and PSPs had to put in a lot of work to prepare groups to link to UGAFODE.

Lessons learned

When a resource-strapped institution relies on others to achieve its business strategy, it must develop an expertise in partnership management. Relationships are critical and are best built by understanding the needs and goals of partners, just like customer relationships. This is where human-centered design has a role to play. A contract or MOU needs to be carefully designed as if it were a product because partners are more than just organizations – they are people too. One of the key items in the continued development of this relationship was agreeing on the level of effort required by each partner. It was incumbent upon UGAFODE to recognize the amount of work CBOs and their SG facilitators (PSPs) believed would be required, while at the same time try to work within their existing level of engagement. For PSPs, who continually had to justify their support to SGs for continued payment, facilitating linkages to financial institutions was another service to offer. Nevertheless, UGAFODE recognized that to better serve SGs and ensure account activity, PSPs need to be trained and incentivized to only link groups interested in linking to formal institutions.

Due to financing challenges, MIS adaptation requirements and other institutional priorities, the revised CBO and PSP incentive system has not yet gone live.

Non-CBO Outreach

UGAFODE could not solely rely on CBOs to reach groups, especially since many other self-formed SGs existed in rural communities. UGAFODE had to get the attention of these groups by making noise about GroupSave, and staff had to do their work to locate and visit groups – the more groups in one location, the better.

Thus, for the official launch of GroupSave in June 2015, UGAFODE invested in a combination of radio promotions, live talk shows, press releases, and a Customer Appreciation Day. This kick-off got the attention of group members in the community and helped the branches gain traction on GroupSave sign-ups.

Post-launch outreach required a different strategy, since UGAFODE could not fund regular road-shows for its customers. In response, MEDA and UGAFODE helped the branch staff work on a Savings Mobilization Strategy that identified SG opportunities in their respective communities, how and when to reach them, and for what goals to aim.

Match

To create a useful Savings Mobilization Strategy plan, the branch staff also had to know *which* SGs to target. Where was there a strong match between customer needs and GroupSave benefits? A gap had been created between the target market identified during the initial research, the product design phase and the pilot test. Staff were not connecting with the correct target market. Among some of the issues identified during the post pilot evaluation were: (1) staff were (erroneously) relying on the mobile delivery channel to ensure distant SGs were able to utilize accounts with ease, but AirSave was not actually being utilized by SGs, (2) staff believed that one visit would be sufficient for group members to understand the product features and AirSave mechanism, and (3) staff assumed groups would have enough excess cash to use the group savings account (GSA) product.

To better target customers, Customer Engagement Training was delivered to employees at HQ and across all 12 branches, with the support of MEDA. The areas covered by the training were expected to help UGAFODE 1) **match** customer needs to GroupSave benefits, 2) **inform** SGs about this match, and 3) **follow-up** with group members to identify challenges, provide better customer service and capitalize on cross-selling opportunities.

The first area to cover was to match customer needs and product – understanding how different groups worked (customer research), understanding how GroupSave could benefit groups (value proposition), and using customer research and value proposition to prioritize groups to target (customer segmentation).

Customer Research

Understanding a SG's characteristics, either from customer research or from CBO databases, provided a good snapshot of how the group would interact with GroupSave. Items of importance included gender, accessibility (location, literacy levels, mobile literacy levels) and financial ability (savings amount, income levels, group maturity, amount of idle cash, banking experience) and financial patterns (cash flow, occupations).

Group cash flow, especially, was useful for customer segmentation and for:

1. Targeting marketing and education efforts to demonstrate the value of GroupSave,
2. Evaluating performance and dormancy,
3. Anticipating when UGAFODE would need branch liquidity for withdrawals,
4. Educating mobile money agents where AirSave could be accessed to also anticipate liquidity demands so they would have enough cash/electronic money on hand, and
5. Cross-selling loans to SGs when they had cash flow needs.

Value Proposition

Now that UGAFODE understood their current and potential group clients, what value could GroupSave offer? Branch staff had to know the value proposition inside and out and communicate it, because SGs needed reasons to switch from using cash boxes.

UGAFODE had articulated the following three main features of GroupSave and incorporated them into marketing materials and sales strategies from the beginning:

1. Safety: “Keep your money safe from fire, home theft, and robbery.”
2. Assurance: “We are licensed by the Bank of Uganda, which means your money is always safe.”
3. Interest: “Make your money work for you by earning interest.”

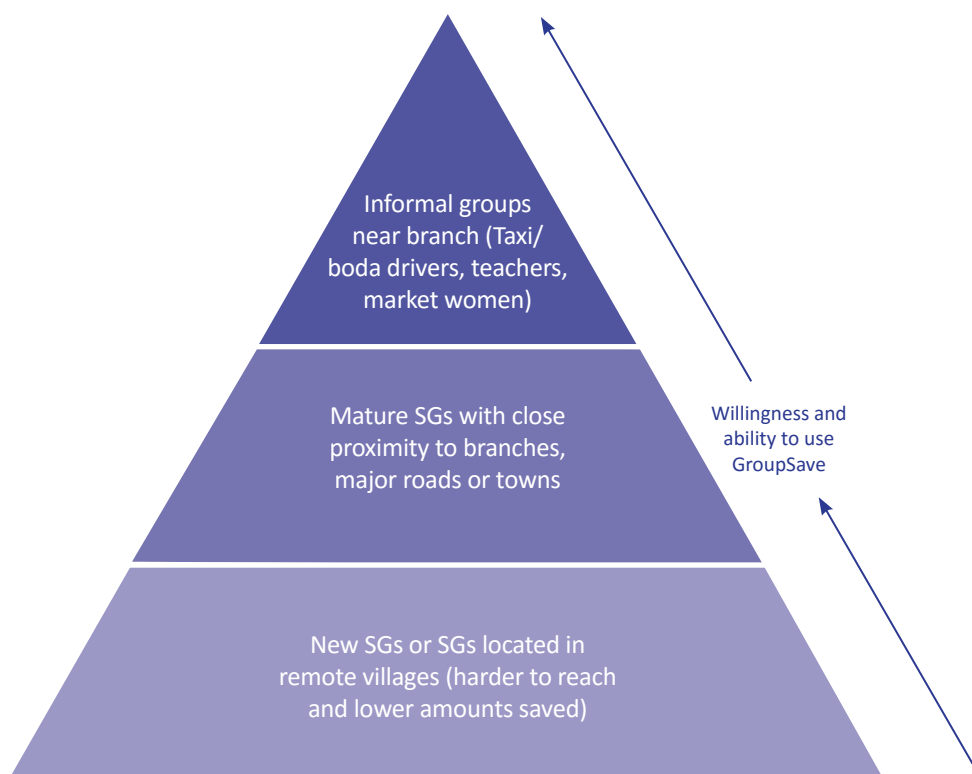
However, the value proposition had to go further.

Other GroupSave benefits identified with the help of the CBOs and PSPs were (a) helping SGs identify when it was an appropriate time to use their UGAFODE GroupSave accounts and (b) showing SGs how using the AirSave channel for electronic deposits and disbursements to/from members could make cash management within groups safer and easier, by providing security and an electronic records trail¹².

Customer Segmentation

One consistent challenge at UGAFODE was choosing which SGs to target for GroupSave accounts. Oftentimes, CBO relationships drove the process of linking to groups, regardless of how difficult it might be for members to use accounts or for UGAFODE staff to provide ongoing customer service. To identify the best or most likely groups for GroupSave, a customer segmentation triangle was introduced (Figure vii). At the top, representing the highest priority, were customers who would be most interested in GroupSave and be the easiest to serve. As the triangle expanded, the number of potential customers grew, but they were harder to recruit because of distance to branches.

Figure vii
GroupSave Customer Segmentation Example from Savings Mobilization Training



¹² For more information, please see the MicroLead DFS Toolkit #3: [Leverage an Existing Agent Network](#) and [Taking Human-Centered Design from Theory to Practice: UGAFODE's AirSave](#).

Informal groups had the highest potential savings activity because they were “pure” savers and did not practice intergroup lending.¹³ Boda boda drivers and market women also usually generated daily income and would deposit more frequently than other occupations and had concerns about safely carrying large amounts of cash. SGs, on the other hand, had empty accounts for three-quarters of the year due to inter-group lending and were not going to be as active on GroupSave until they had matured to a point where groups had excess idle cash with no demand for internal loans. They, therefore, fell lower on the triangle, and UGAFODE made sure to focus on mature groups with higher levels of idle cash.

Customer segmentation was a key concept for branch staff to learn because it would help them be more strategic with resources. By understanding that no bank could offer everything to everyone, staff would not waste time and money recruiting groups that did not want to bank with UGAFODE and would instead target the groups that did.

Location

The location of groups also played a big factor in the success of GroupSave. Good customer service included travelling to group meetings to support and advise the members. Groups that were too far away became costly to UGAFODE, taking up precious resources and staff time. In addition, these groups often encountered agent or network issues with AirSave due to their remote rural locations, and could not easily transact on their GroupSave accounts. Instead, they were required to travel long distances to more urban agent locations or to the branch to transact. This placed a high burden on members, causing accounts to fall dormant. Alternatively, others asked UGAFODE staff to break company policy by collecting money from the field. As one branch manager stated, the heavy burden for groups to travel to branches to “activate” accounts or make initial deposits resulted in many pending groups, which had initially expressed interest, delay opening, or not open, a GroupSave account.

I have many pending groups. We have the potential but no enactment of registration. – Stephen Kagoro, Branch Manager Bombo Rd.

¹³ As practiced by SILC groups, members save collectively and make loans with competitive interest rates repaid to the group. Thus, many SILC groups were disincentivized to save money in an institutional GroupSave account that offered a lower interest rate when they could gain higher interest from internal lending.

The high operational and transaction costs forced UGAFODE to define geographic limits for its branches. As a result, branch staff were zoned to a radius of 50km from the branch office and staff were trained on how to better promote AirSave to groups for easier GroupSave transactions. Another conundrum – while these constraints were present for urban SGs, the success in linking these groups was often much weaker in the city as compared to rural groups because high mobility among members “killed the unity”. In response, UGAFODE learned that making sure targets for GroupSave in urban branches needed to be different from rural branches.

An important yet unresolved note about GroupSave is that the monthly maintenance fee weakened its value proposition. Groups are highly sensitive to fees, and even the benefits of GroupSave cannot overcome the effect of monthly fees as a deterrence.

“Including maintenance or ledger fees on low-balance savings accounts goes against common sense, because you want people to open accounts and know that their money is safe and growing at the bank, not disappearing. An institution needs to find other ways to generate revenues on small-balance savings accounts, like cross-selling. Client savings should remain untouched.” – Ivana Damjanov, UNCDF MicroLead Programme Specialist

Inform

Communicating the Value Proposition

The next step after matching needs to benefits was to inform customers. Sales staff had to tailor messages to emphasize certain GroupSave features that would appeal to different groups. For example, for unbanked groups, there could be more education on the importance of savings, or for groups currently linked to other financial institutions, more information on why banking with UGAFODE was more beneficial than banking with its competitors could be provided. One challenge to overcome was the temptation for sales people to use the promise of loans to recruit clients to achieve targets, which only led to dissatisfied groups if loans were never approved or, further still, to dormant accounts. The new customer engagement training highlighted the possible disadvantages and reputational risk for the institution and credit officers if they chose to use this type of shortcut. An additional value proposition was the Customer Experience, detailed in the Follow-up Section.

Recognizing existing group dynamics

UGAFODE and MEDA also recognized a new challenge – group dynamics required sensitivity in articulating the value proposition(s) to these groups. Within many SGs, selling GroupSave to group leaders (the three signatories) had to be very different from promoting GroupSave to members. Leaders benefited from keeping the group’s funds in their hands, because they could control the cashbox and even invest the funds for personal profit. In contrast, the other members often preferred to keep money in the bank rather than in their leaders’ hands. As one UGAFODE staff member put it, the challenge was that, *“You can’t mobilize a group without meeting the leaders, and if they don’t buy in, they won’t let you meet their members.”*

How did UGAFODE address this? In meetings with SGs, staff emphasized the interest that could be earned on the account and the opportunity to build a relationship with a bank to access individual loans in the future. This helped persuade group leaders. Staff also highlighted the added transparency of security features, such as the aforementioned TANs, within GroupSave withdrawals to satisfy member concerns about misuse or misappropriation by leaders. This is obviously a delicate conversation that requires careful sensitivity by UGAFODE staff.

However, not all of these value propositions were successful. This new approach was not a complete success. Several staff members found that selling GroupSave based on the promise of a loan backfired since SGs or individual members weren't always approved for loans. For the sake of customer protection and for UGAFODE's reputation, UGAFODE must continue to work on communicating only the value proposition GroupSave can truly deliver – earned interest, security and transparency – without promising unguaranteed loans.

Follow-Up

Customer Engagement

Customer service is undeniably an important part of any business' operations, and greatly valued by customers who entrust their money to someone else. To win a group away from their cash box or from other institutions, UGAFODE had to make group members feel valued and supported. Ultimately, if UGAFODE could deliver a guaranteed and unparalleled customer experience compared to other financial institutions, it could use customer service as one of its strongest value propositions to SGs and other clients.

Customer service and interaction at UGAFODE was initially weak. As a former credit-only institution, the institution never had trouble attracting clients. Uncomplaining, clients would comply with UGAFODE's demands, because, after all, UGAFODE was trusting its money to their hands.

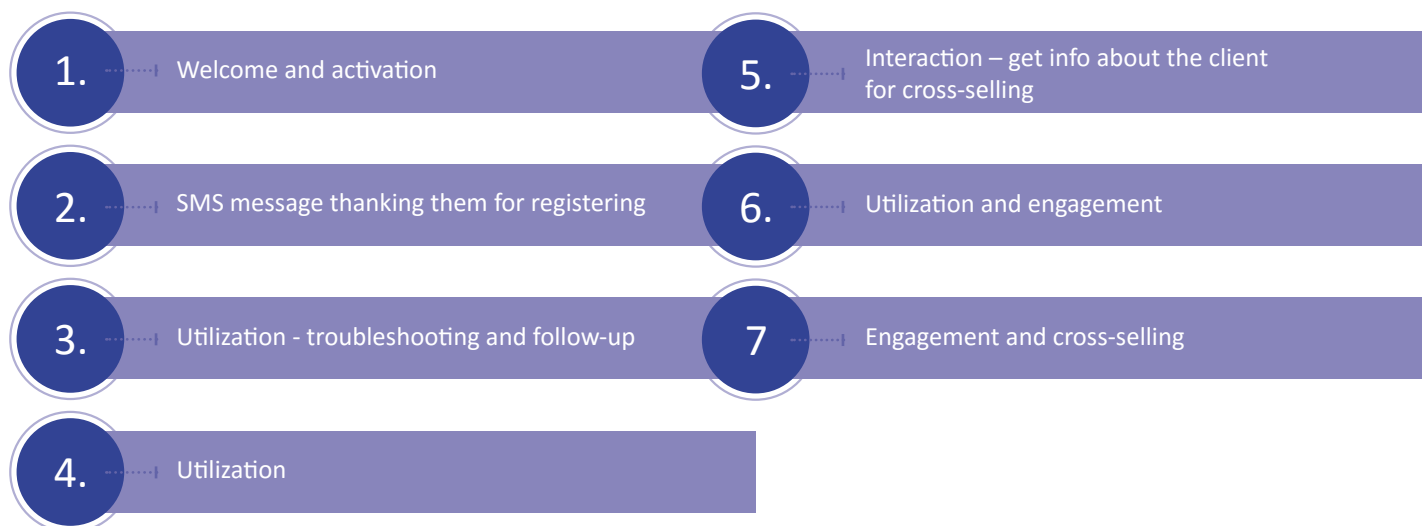
During the pilot, the HQ staff recruited many SGs, but retention of these groups was left to the branches, who frequently failed to follow up. This happened because 1) branches took little or no ownership of GroupSave, 2) branch staff were not trained on how to follow up with groups, 3) branches were not provided sufficient resources for follow-up visits, and 4) many staff were unaware of the need for follow-up, since it was not previously required for credit beyond loan collection. A shift in mindset had to happen for GroupSave to achieve any success with SGs.

Within the customer engagement training, a customer interaction framework was created (Figure viii). A customer experience guide would cover seven interactions, starting with an introduction to UGAFODE, utilization support, engagement and cross-selling. GroupSave clients would need more interactions and visits before becoming active users of GroupSave and champions for UGAFODE.

Although UGAFODE staff were actively involved in the creation of this customer interaction framework, it was initially difficult to implement due to weak accountability from HQ and a lack of resources provided to branches to enact the strategy. Management were also keen to test the methodology's efficacy before making significant investments in the new touchpoints at all branches. Thus, UGAFODE is planning a Customer Engagement pilot with three branches, to pilot test the methodology and make adaptations/improvements as necessary.

Figure viii
A New Customer Engagement Strategy

UGAFODE's 7 - Touch Process



“ After [MEDA and I] visited the group yesterday, the previously dormant group was energized again and called me to help them. I think these groups really appreciated us being there and they want to learn how to help themselves.
- Emmanuel Twinamasiko, Sales and Marketing Officer,
UGAFODE Kagadi Branch

Leveraging GroupSave

GroupSave is a product that is not intended to make a profit, but to provide an entry point for group members and for UGAFODE to cross-sell. Through GroupSave, the unbanked could gain access to the bank without feeling intimidated and gain appreciation of a bank's role in their lives. For UGAFODE, one GroupSave account provided access to many potential individuals, many who were previously unbanked.

However, UGAFODE has not quite leveraged the power of groups yet. Ideally, branch staff should engage with all the group members of a GroupSave account to identify opportunities for cross-selling other individual savings products. Although cross-selling was introduced in the customer engagement training session, further training and IT updates are required to track individual members for follow-up. Once groups become more engaged and active, however, cross-selling should be easier.

Lessons Learned

A financial institution must depend on different levels of engagement with a variety of stakeholders to deliver long-lasting financial inclusion. Reaching SGs calls for **CBO engagement**, and addressing savers' demands through **customer engagement**. These strategies must be built on a platform of a **strong and willing institution**. While it is not easy to put these pieces together, when the puzzle is complete, an institution can accomplish its goal of helping low-income populations access formal financial services.

Among the lessons learned related to the GroupSave product during the MicroLead project are:

- 1. Partnership management is key.** Relationships are critical and are best built by understanding the needs and goals of partners, just like customer relationships. In the case of UGAFODE, CBOs and PSPs were a key link to unlocking connections to facilitated SGs. Therefore, the MOUs with CBOs needed to be carefully designed to fully articulate each partners' roles, responsibilities and incentives. Partnership development was often taken for granted and under-resourced. One of the key items needed to improve partnerships with CBOs was agreeing on the level of effort required by each partner. It was incumbent upon UGAFODE to recognize the amount of work CBOs and their SG facilitators believed would be required, while at the same time trying to work within their existing level of engagement. For PSPs, who continually had to justify their support to SGs for payment, facilitating linkages to financial institutions was another service to offer. Nevertheless, UGAFODE has recognized that to better serve SGs and ensure account activity, PSPs need to be trained and incentivized to only link groups interested in linking to formal institutions.
- 2. Not all SGs are the same.** Savings behaviour within informal SGs does not automatically translate to the use of formal institutional savings accounts. UGAFODE staff needed to understand several items to determine which SGs were the most appropriate targets for the group product, including: the purpose of the SG, its proximity to branches, group membership dynamics, group maturity, fluidity of membership, appropriate value proposition for the group, and sensitivity to fees. Segmenting SGs according to their ultimate purpose helped staff to understand when and if groups would be interested in the GroupSave product. For example, a SILC group of one to three years often did not have a need to use GroupSave accounts apart from storing the small amount of money it collected from members before it conducted internal lending, or for one month at the end of a cycle when the money was being repaid for final disbursement. As a result, GSA accounts sat dormant or with little funds for many months and had highly volatile volumes at the end of the cycle. On the other hand, savings-only SGs had greater utility for the product throughout the full year. Similarly, the savings team found that SILC SGs were extremely sensitive to fees since they didn't have an easy way to account or distribute them in their existing accounting systems.
- 3. Customer engagement must be recognized within the costs of launching a new product, especially one directed at SGs.** As UGAFODE and MEDA identified after the pilot, SGs expected that UGAFODE staff would visit them more frequently than they had. Without these additional visits, many groups stopped using their accounts. Customer engagement is not only an important way of increasing customer satisfaction, it provides opportunities to troubleshoot problems with account usage and assess new needs of clients as they arise, allowing for better cross-selling opportunities. As a former credit-only institution, UGAFODE had to change its culture from being reactive to customers to being proactive. As such, customer engagement was not well resourced from the beginning, with SMOs often only having a budget for one visit. As UGAFODE enacts its new customer engagement strategy, it will be deploying resources to ensure active use of accounts and likely adjust the number of customer interactions to make them as cost effective as possible, while yielding the desired results.

There were also several other more general lessons learned related to savings mobilization, such as:

- 1. Savings cannot be treated like any credit product.** Institutions need to view savings as an investment with a different cost recovery structure than credit products. When designing small balance savings products, institutions need to think carefully about charges, since many clients are fee sensitive. Although UGAFODE's GroupSave accounts were highly competitive since they did not have per transaction fees, the monthly fees were difficult for groups to distribute in their accounting systems. Other client segments may also be less receptive to fees on savings accounts, because after all they are lending the institution money. Therefore, it is helpful for institutions to understand that there will be upfront costs related to mobilizing, incentivizing staff and marketing savings accounts. However, institutions will see back-end benefits by reducing their overall cost of funds for their credit portfolio. Performing a cost benefit analysis that compares a higher cost of funds vs. a lower cost of funds with the costs needed to roll out savings products is important to making fully informed choices.
- 2. Savings must be the work of all staff.** Savings mobilization work is tough and can require a lot of follow up and discussion with clients. As UGAFODE saw for its GroupSave clients, one SMO per branch was not enough to reach ambitious targets and perform proper follow up to ensure client activity. During the customer engagement training, UGAFODE staff better understood how branches could work as a team, cross selling products, troubleshooting and gathering data on customers' evolving financial needs through client interactions. They also saw that many times customers did not know what they needed and it required them to ask more questions about their customers' financial lives to make appropriate recommendations. Deploying all branch staff for savings mobilization also goes far to help reinforce the importance of savings within an institution.
- 3. Incentives and savings targets need to be aligned and reward the desired behaviour.** As UGAFODE discovered, incentives even extend to partners. Since their CBO partner payments were not linked to performance and were not high enough to cover costs, CBOs were not happy with the partnership and were discouraged to continue after the pilot ended. As the front line of client engagement for the GroupSave product, MEDA and UGAFODE explored options for revising MOUs and instituting new incentives for PSPs, the agents doing the bulk of the work, and for CBOs, as a part of the process. The incentives needed to be linked to performance to help ensure against dormant accounts. In the case of staff incentives, UGAFODE found that it needed to be extremely careful in the design, because some incentives, like for fixed deposit accounts, were counter-productive and created more risk for the institution. For example, the fixed deposit incentive worked too well, with staff only focusing on it and creating a high amount of risk in the deposit portfolio when fixed deposits matured. They were offered at a much higher interest rate than retail deposits. This in turn can lead to the issue of transparency in messaging from sales people, with pressures to recruit more SGs, which then leads sales people to shortcuts, such as promises of loans to recruit clients. In turn, this lead to more dormant accounts.

Conclusion

Although implementing GroupSave has been an uphill battle, UGAFODE has grown in capacity, learning how to manage and negotiate with partners, create actionable strategies, and engage with customers for long-lasting relationships.

As of May 2017, UGAFODE had signed up 413 savings groups with over 7,798 members, consisting of almost 50% women. Of these 413 groups, 217 groups had used their accounts at least once in the last year. UGAFODE also grew its savings portfolio from USD 1.93 million in March 2013 to USD 6.64 million in May 2017. Groups themselves highlighted benefits from saving at UGAFODE:

“

[GroupSave] helped us grow businesses now because there are savings. I couldn't do it without the group- I used to spend the money. I like sharing my ideas in the group for my business too! – Kagadi United Boda Boda Riders Association

”

The biggest lesson for all the partners is that reaching the unreached comes at a big price:

“

We never anticipated the cost of going rural.
– Nathan Barigye, Head of Business Growth and Development, UGAFODE.

”

Therefore, the social return on investment of bringing financial inclusion to rural, low-income, and female populations may need to be one of the primary drivers for success when developing a truly rural strategy to serve the unbanked. Otherwise the efforts will initially appear futile. When the institution, from branch staff to leadership, is made aware of the intangible returns to the community, they will be better motivated to commit resources – time, training, or finances – that will make products like GroupSave successful.

ABOUT UNCDF

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from Mastercard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design. For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT MASTERCARD FOUNDATION

Mastercard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

ABOUT MEDA

MEDA is an international economic development organization whose mission is to create business solutions to poverty. Founded in 1953 by a group of Mennonite business professionals, we partner with the poor to start or grow small and medium-sized businesses in developing regions around the world. Our expertise includes a full range of economic development tools: financial services, improved technology, business training, better access to markets and equity investment. Our work most often focuses on women, youth and the rural poor. With over 30 years' experience working toward financial inclusion, MEDA is a pioneer in microfinance. MEDA has played a critical role in the development of rural financial institutions in Tajikistan, Ukraine, Afghanistan, Haiti, Jamaica, Mozambique and Nicaragua since the 1980s. In the last 10 years, MEDA has provided technical assistance to over 40 MFIs and banks in 22 countries.

Currently MEDA is specializing in rural and agriculture finance, information and communications technology (ICT) for financial transactions, community based savings and lending organizations, and micro, small and medium-sized enterprises (MSME) support services. The Financial Services Technical Directorate has the mandate to keep MEDA on the leading edge of development finance by collecting, updating and creating guidelines, policies and best practices.

ABOUT UGAFODE

UGAFODE Microfinance Limited is now a regulated Financial Institution. It was licensed by the Central Bank of Uganda to provide focused quality financial services and a wide array of quality financial products to its clients in the urban, peri-urban and rural areas of Uganda to meet the ever-changing needs of its clients.

UGAFODE Microfinance Limited is focused on being the leading Microfinance Institution in Uganda. It has 16 outlets country-wide offering a variety of financial services with the micro enterprise sector remaining the main target market. Ugafode has branches in Nakasero, Mpigi, Kyotera, Lyantonde, Mbarara, Ishaka, Ntungamo, Ibanda, Rukungiri, Bombo Road, Rubaga Road, Kagadi, Lira, Jinja, Sembabule (Mini branch), and Rushere (Mini branch).

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