

VOTE: 162 Uganda Microfinance Regulatory Authority

I. VOTE MISSION STATEMENT

To be a world-class regulator by promoting stability of the microfinance sector to achieve financial inclusion.

II. STRATEGIC OBJECTIVE

1. To enhance regular supervision, regulation and licensing of Tier IV micro-finance institutions and Money lenders.
2. To enhance strategic partnerships and improve capacity for Tier IV micro-finance Institutions and Money lenders.
3. To put in place a MIS for the Tier IV sector.
4. To strengthen Institutional development of UMRA to undertake its mandate.

III. MAJOR ACHIEVEMENTS IN 2023/24

1. Received and processed 950 applications 656 Money Lenders 153 NDTMFIs and 151 SACCOs under the Tier IV microfinance and money lenders institutions.
2. Collection and compilation of data through offsite reporting which is analysed to assess the performance on the licensees. The data collected is on aggregate portfolio at risk and borrowers Balance sheet and P&L. The analysis from 741 institutions indicated an overall improvement in loan portfolio and the Portfolio at risk reduced since their borrowers could meet their loan obligations but with a resilience in SACCOs where the liquidity levels improved in the face of tight monetary policy.
3. Conducted Onsite Premise Inspections for 598 institutions which applied for new license to identify the geographical locations of these institutions and the feasibility of conducting the business as per the Authoritys Licensing criteria.
4. Conducted On site branch inspections for 110 branch institutions that had declared new branch opening to identify the geographical locations of these institutions and the feasibility of conducting the business as per the Authoritys Licensing criteria.
5. Conducted stakeholders consultative workshop on digital lending guidelines drafted that will be an enabler of proper supervision of digital credit providers.
6. Participated in the field activities between MoFED and Care International to embark on the dissemination process of SelfHelp groups guidelines in different sub regions of Karamoja Ankole Kigezi Masaka Victoria Bugisu West Nile Northern Midwest.
7. Carried out complaints handling proceedings where 120 complaints were resolved and closed through mediating exorbitant charges.
8. Radio talk shows were carried out to sensitize the public and create awareness on the Tier4 Microfinance institutions and Money lenders Act 2016 across the country regions like Spice FM Liberty FM Hoima Grace FM Mbarara Dunnamis FM Mukono Smart 24 Jinja Mega FM Gulu Maama Bukedea FM Bukendia Kabozi FM Next Media Kampala.
9. Market conduct supervision on 150 institutions to ascertain the compliance and inherit risks of the licensed institutions on consumer protection.

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IV. MEDIUM TERM BUDGET ALLOCATIONS

Table 4.1: Overview of Vote Expenditure (Ushs Billion)

	2023/24		2024/25	MTEF Budget Projections				
	Approved Budget	Spent by End Dec	Budget Estimates	2025/26	2026/27	2027/28	2028/29	
Recurrent	Wage	2.171	1.072	3.360	3.528	3.704	3.889	4.278
	Non-Wage	8.435	2.039	8.734	8.909	10.424	11.987	14.384
Devt.	GoU	0.500	0.000	0.500	0.525	0.604	0.664	0.797
	Ext Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total		11.106	3.111	12.594	12.962	14.732	16.541	19.460
Total GoU+Ext Fin (MTEF)		11.106	3.111	12.594	12.962	14.732	16.541	19.460
Arrears		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Budget		11.106	3.111	12.594	12.962	14.732	16.541	19.460
Total Vote Budget Excluding Arrears		11.106	3.111	12.594	12.962	14.732	16.541	19.460

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Table 4.2: Budget Allocation by Department for Recurrent and Development (Ushs Billion)

<i>Billion Uganda Shillings</i>	Draft Budget Estimates FY 2024/25	
	Recurrent	Development
Programme:07 Private Sector Development	12.094	0.500
SubProgramme:01 Enabling Environment	12.094	0.500
Sub SubProgramme:01 General Administration and Support Services	8.466	0.500
001 Finance and Administration	8.466	0.500
Sub SubProgramme:02 Supervision and Regulation	3.629	0.000
001 Supervision	3.629	0.000
Total for the Vote	12.094	0.500

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V. PERFORMANCE INDICATORS AND PLANNED OUTPUTS

Table 5.1: Performance Indicators

Programme: 07 Private Sector Development

SubProgramme: 01 Enabling Environment

Sub SubProgramme: 01 General Administration and Support Services

Department: 001 Finance and Administration

Budget Output: 000001 Audit and Risk Management

PIAP Output: A short term development credit window for MSMEs set up.

Programme Intervention: 070502 Increase access to affordable credit largely targeting MSMEs

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
An MIS system for tier4 sector	Number	2021-22	Development			3
No of registered institutions sensitized on compliance regulations.	Number	2021-22	3000	4687	100	5859
No. of tier 4 institutions licensed	Number	2021-22	2130	3328	465	4160

Project: 1776 Retooling of Uganda Microfinance Regulatory Authority

Budget Output: 000003 Facilities and Equipment Management

PIAP Output: A short term development credit window for MSMEs set up.

Programme Intervention: 070502 Increase access to affordable credit largely targeting MSMEs

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
An MIS system for tier4 sector	Number	2021-22	Needs Assessment			3
No of registered institutions sensitized on compliance regulations.	Number	2021-22	3000	4687		5859
No. of tier 4 institutions licensed	Number	2021-22	2130	3328		4160

Sub SubProgramme: 02 Supervision and Regulation

Department: 001 Supervision

Budget Output: 000023 Inspection and Monitoring

PIAP Output: A short term development credit window for MSMEs set up.

Programme Intervention: 070502 Increase access to affordable credit largely targeting MSMEs

VOTE: 162 Uganda Microfinance Regulatory Authority**Sub SubProgramme: 02 Supervision and Regulation****Department: 001 Supervision****Budget Output: 000023 Inspection and Monitoring****PIAP Output: A short term development credit window for MSMEs set up.**

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
An MIS system for tier4 sector	Number	2022/23	Development			3
No of registered institutions sensitized on compliance regulations.	Number	2021-22	3000	4687	100	5859
No. of tier 4 institutions licensed	Number	2021-22	2130	3328	465	4160

Budget Output: 000039 Policies, Regulations and Standards**PIAP Output: A short term development credit window for MSMEs set up.****Programme Intervention: 070502 Increase access to affordable credit largely targeting MSMEs**

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
An MIS system for tier4 sector	Number	2021-22	Needs Assessment	0	0	03
No of registered institutions sensitized on compliance regulations.	Number	2021-22	3000	4687	465	5859
No. of tier 4 institutions licensed	Number	2021-22	2130	3328	100	4160

Budget Output: 190003 Licensing and Compliance**PIAP Output: A short term development credit window for MSMEs set up.****Programme Intervention: 070502 Increase access to affordable credit largely targeting MSMEs**

Indicator Name	Indicator Measure	Base Year	Base Level	2023/24		Performance Targets
				Target	Q2 Performance	2024/25
An MIS system for tier4 sector	Number	2021-22	Needs Assessment			3
No of registered institutions sensitized on compliance regulations.	Number	2021-22	3000			5859
No. of tier 4 institutions licensed	Number	2021-22	2130			4160

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VI. VOTE NARRATIVE

Vote Challenges

1. Limited funding for UMRAs operations.
2. Limited financial and human resource capacity to effectively regulate, license and supervise MFIs.
3. Low visibility and awareness of UMRAs mandate by its customers and the public.
4. Emerging MFIs such as Islamic MFIs, which will require specialist skills to regulate, license and supervise.
5. Weak coverage of Credit Reference Bureaus (CRB) in the Tier 4 sector however UMRA is promoting credit information sharing mechanism for the Tier 4 sector.
6. High defaults and loan provisions across the sector because of multiple borrowing by MFI clients.
7. Competing mandates of institutions such as UMRA, BOU and MTIC on licensing SACCOs, UCA and UCSCU
8. Limited comprehensive database of MFIs and Money Lenders in Uganda making it difficult for UMRA to effectively regulate, license and supervise MFIs

Plans to improve Vote Performance

1. An effective MIS with accurate organizational, customer, sector and stakeholder information to guide data driven decision making at all governance levels including management and Board.
2. Effective stakeholder management and strategic partnerships, ensuring the right level of advocacy and clear communication with key stakeholders for example, Ministry of Finance, Planning and Economic Development, Ministry of Trade, Industries and Cooperatives, the public, development partners, private sector given the level of stakeholder support technical and financial required to ensure success of the plan.
3. An organizational structure and governance framework that drives effective teamwork, segregation of duties and accountability across UMRA.
4. Effective training and development program to ensure that UMRA has a productive workforce that is efficiently organized and appropriately skilled to drive optimal performance.
5. Effective employee engagement to ensure that UMRA builds a productive workforce that foster a sense of connection and commitment to the organizations mission and vision create a harmonious workplace and increase employee engagement levels.

VII. Off Budget Support and NTR Projections

Table 7.1: Off Budget Support by Project and Department

N/A

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VOTE: 162 Uganda Microfinance Regulatory Authority**Table 7.2: NTR Projections(Uganda Shillings Billions)**

Revenue Code	Revenue Name	FY2023/24	Projection FY2024/25
114526	Other licenses	0.975	2.162
Total		0.975	2.162

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VIII. VOTE CROSS CUTTING POLICY AND OTHER BUDGETARY ISSUES

Table 8.1: Cross- Cutting Policy Issues

i) Gender and Equity

OBJECTIVE	Gender response supervision and licensing of Tier microfinance institutions and money lenders.
Issue of Concern	Tier 4 microfinance institutions and money lenders that are run by both men and women and supporting economic activities for all genders.
Planned Interventions	Data collection on client composition of licensed institutions
Budget Allocation (Billion)	0.021
Performance Indicators	Gender disaggregated report of Tier 4 microfinance institutions and money lenders that are run by both men and women.

ii) HIV/AIDS

OBJECTIVE	More awareness of HIV/AIDS, support and implementation of care activities
Issue of Concern	The treatment of persons living with HIV/AIDS by Tier IV microfinance institutions and money lenders.
Planned Interventions	Awareness creation on handling and support activities of persons living with HIV/AIDS
Budget Allocation (Billion)	0.009
Performance Indicators	Report on Tier 4 microfinance institutions and money lenders trained in handling and supporting activities of persons living with HIV/AIDS.

iii) Environment

OBJECTIVE	Awareness about environment management and climate change.
Issue of Concern	Tier microfinance institutions and money lenders that may be involved in activities that degrade the environment such as illegal logging and felling of trees for charcoal production and construction.
Planned Interventions	Sensitization of Tier 4 microfinance institutions and money lenders about sustainable environmental management, the effects of climate change and how to avert them.
Budget Allocation (Billion)	0.007
Performance Indicators	Awareness training Report.

iv) Covid

N / A

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IX. PERSONNEL INFORMATION**Table 9.1: Staff Establishment Analysis**

Title	Salary Scale	Number of Approved Positions	Number of filled Positions
OFFICER	UMRA5	9	0
SUPPORT STAFF	UMRA7B	4	0

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Table 9.2: Staff Recruitment Plan

Post Title	Salary Scale	No. Of Approved Posts	No. Of Filled Posts	No. Of Vacant Posts	No. Of Posts Cleared for Filling FY2024/25	Gross Salary Per Month (UGX)	Total Annual Salary (UGX)
OFFICER	UMRA5	9	0	9	9	5,600,000	302,400,000
SUPPORT STAFF	UMRA7B	4	0	4	4	1,450,000	69,600,000
Total					13	7,050,000	372,000,000