

THE REPUBLIC OF UGANDA*A Graduate-Led Cooperative for Production, Wealth Creation and Inclusive Growth***UGANDAN GRADUATES SAVINGS AND CREDIT
COOPERATIVE SOCIETY LIMITED
(UG-SACCO)****COMPREHENSIVE PROJECT PROPOSAL**

Establishing One National Graduate SACCO as the Single Channel for Government Programmes, Productive Enterprise and Affordable Credit in Support of Uganda Vision 2040, the Fourth National Development Plan (NDP IV) and the Tenfold Growth Strategy

Submitted to	Ministry of Trade, Industry and Cooperatives; Ministry of Finance, Planning and Economic Development; National Planning Authority; Development Partners and Partner Universities
Submitted by	The Promoters and Interim Board, Ugandan Graduates SACCO
Proposed capitalisation	Over UGX 150 billion over five years (members, Government programmes, partners and start-up grants)
Target membership	250,000 graduate members by Year 5
Date	October 2026

"Graduates as Producers, Not Job Seekers"

STATEMENT OF ENDORSEMENT BY THE PROMOTERS

We, the undersigned promoters and members of the Interim Board of the proposed Ugandan Graduates Savings and Credit Cooperative Society Limited (UG-SACCO), present this proposal to the Government of Uganda, partner universities, development partners and the graduate community of Uganda. The proposal sets out in detail why the SACCO is needed, how it will be established and governed, how it will operate as a productive and financially sound member-owned institution, and how it will serve as the single channel through which Government programmes targeting graduates can be delivered efficiently, transparently and with measurable results.

We affirm that this proposal has been prepared in good faith, that its statistics are drawn from official and published sources available at the time of writing, and that all projections are the promoters' own estimates based on clearly stated assumptions. We commit ourselves to the cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education and training, cooperation among cooperatives, and concern for community.

Table P1: Promoters' endorsement panel

Position	Name	Signature	Date
Chairperson, Interim Board			
Vice Chairperson			
Secretary			
Treasurer			
Member, Interim Board			
Member, Interim Board			
Member, Interim Board			

FOREWORD

Uganda stands at a defining moment. The National Population and Housing Census 2024 confirmed that the country is home to 45.9 million people, that half of the population is below the age of 18 and that more than seven in every ten Ugandans are below the age of 30. Every year, hundreds of thousands of young people complete diplomas and degrees in universities and tertiary institutions across the country. They are the most educated generation in the history of the nation. Yet for many of them, graduation day marks the beginning of a long and frustrating search for work, rather than the beginning of a productive life.

Government has responded with commitment and ambition. Uganda Vision 2040 sets out a clear destination: a transformed Ugandan society moving from a peasant to a modern and prosperous country. The Fourth National Development Plan (NDP IV), covering FY2025/26 to FY2029/30, is built around the theme of Sustainable Industrialisation for Inclusive Growth, Employment and Wealth Creation, and it is the first plan explicitly anchored on the Tenfold Growth Strategy. Programmes such as the Parish Development Model (PDM), the Presidential Initiative on Wealth and Job Creation (Emyooga), the Youth Livelihood Programme, the Uganda Women Entrepreneurship Programme and the various windows of the Uganda Development Bank and the Microfinance Support Centre have placed unprecedented sums of capital within reach of ordinary Ugandans.

We, the graduates of Uganda, appreciate these programmes and want to participate in them fully. But we have observed that graduates often fall between the cracks. Parish-based programmes are organised around households and residence, while many graduates are mobile, urban or peri-urban, and newly settled. Commercial bank credit remains expensive, with weighted average shilling lending rates of about 18 to 21 percent, and collateral requirements are beyond the reach of a young person who has just completed school. Fragmented programme delivery means that the same graduate may be approached by several programmes with different rules, while another graduate with a viable idea receives nothing.

This proposal offers a practical solution: one national, professionally run, digitally enabled and member-owned Graduates SACCO that will mobilise graduates' own savings, link them to Government programmes through a single accountable window, finance productive enterprises in the priority sectors of NDP IV, and walk with every borrowing member from idea to enterprise to employer. We believe that when the most educated young people of Uganda become producers rather than job seekers, the ambitions of Vision 2040 move from paper to reality.

We invite Government, our universities, the private sector and development partners to join hands with us in this undertaking.

For and on behalf of the Promoters, Ugandan Graduates SACCO

ACKNOWLEDGEMENTS

The promoters acknowledge with gratitude the policy leadership of the Government of Uganda, in particular the Ministry of Trade, Industry and Cooperatives, which registers and supervises cooperative societies; the Ministry of Finance, Planning and Economic Development, which leads the Parish Development Model and the financing of the Tenfold Growth Strategy; the National Planning Authority, custodian of Uganda Vision 2040 and NDP IV; the Ministry of Gender, Labour and Social Development; the Ministry of Education and Sports; the National Council for Higher Education; the Bank of Uganda; the Microfinance Support Centre; and the Uganda Development Bank.

We thank the Uganda Bureau of Statistics (UBOS) whose National Population and Housing Census 2024, Uganda National Household Survey 2023/24 and Uganda Harmonised Integrated Survey provide the evidence base for this proposal. We also acknowledge the Office of the Auditor General, whose reviews of the Parish Development Model and Emyooga offer valuable lessons for the design of this SACCO.

We are grateful to the leadership of Uganda's universities and tertiary institutions, guild governments and alumni associations, who have engaged with the promoters on graduate welfare and enterprise, and to the Uganda Cooperative Alliance and the Uganda Cooperative Savings and Credit Union for their insights into cooperative governance. Finally, we acknowledge the thousands of graduates whose stories, frustrations and ideas inspired this proposal.

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ACRONYMS AND ABBREVIATIONS

Acronym	Meaning	Acronym	Meaning
ACF	Agricultural Credit Facility	MoFPED	Ministry of Finance, Planning and Economic Development
AGM	Annual General Meeting	MoGLSD	Ministry of Gender, Labour and Social Development
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism	MoES	Ministry of Education and Sports
ATMS	Agro-industrialisation, Tourism, Minerals (including oil and gas) and Science, Technology and Innovation	MSC	Microfinance Support Centre
BDS	Business Development Services	MTIC	Ministry of Trade, Industry and Cooperatives
BoU	Bank of Uganda	NCHE	National Council for Higher Education
CBR	Central Bank Rate	NDP IV	Fourth National Development Plan (FY2025/26 to FY2029/30)
CEO	Chief Executive Officer	NEET	Not in Employment, Education or Training
CRB	Credit Reference Bureau	NIRA	National Identification and Registration Authority
DFI	Development Finance Institution	NPA	National Planning Authority
EGL	Enterprise Growth Loan	NPHC	National Population and Housing Census
FY	Financial Year	NSSF	National Social Security Fund
GDP	Gross Domestic Product	PAR	Portfolio at Risk
GEC	Graduate Enterprise Cluster	PDM	Parish Development Model
GSL	Graduate Start-up Loan	PDMIS	Parish Development Management Information System
ICT	Information and Communication Technology	PWD	Persons with Disabilities
KPI	Key Performance Indicator	SACCO	Savings and Credit Cooperative Organisation
LG	Local Government	SDG	Sustainable Development Goal
M&E	Monitoring and Evaluation	STI	Science, Technology and Innovation
MDI	Microfinance Deposit-Taking Institution	UBOS	Uganda Bureau of Statistics
MIS	Management Information System	UDB	Uganda Development Bank
UG-SACCO	Ugandan Graduates SACCO	UHS	Uganda Harmonised Integrated Survey
UGX	Uganda Shillings	UMRA	Uganda Microfinance Regulatory Authority
UNHS	Uganda National Household Survey	UWEP	Uganda Women Entrepreneurship Programme
USSD	Unstructured Supplementary Service Data	YLP	Youth Livelihood Programme

EXECUTIVE SUMMARY

The challenge

Uganda's education system now produces graduates at a pace that the formal labour market cannot absorb. The National Population and Housing Census 2024 recorded a total population of 45,905,417, a working age population of 25.5 million (57.4 percent of the population) and an overall unemployment rate of 12.3 percent. Youth aged 15 to 24 who are Not in Employment, Education or Training (NEET) number 4,001,528, or 42.6 percent of that age group, while the NEET rate among youth aged 18 to 30, the national definition of youth, stands at 50.9 percent. UBOS places graduate unemployment at 15.2 percent, while independent estimates by sector are far higher, and fewer than one in eight graduates is reported to secure skilled formal employment. The Uganda Harmonised Integrated Survey shows that unemployment among persons aged 15 years and above rose from 10.2 percent in 2021/22 to 11.0 percent in 2024/25. In 2025 more than 81,000 Ugandans applied for fewer than 300 advertised public service jobs, a vivid illustration of the pressure on the formal job market.

At the same time, the economy is growing. In FY2024/25 the economy expanded to UGX 226.3 trillion (about USD 61.3 billion), real growth reached 6.3 percent and GDP per capita rose to USD 1,263. NDP IV targets double-digit growth of about 10.1 percent per annum by FY2029/30 and a reduction of income poverty to about 10.1 percent. The national poverty rate has already fallen to 16.1 percent (UNHS 2023/24). The question is therefore not whether opportunities exist, but whether graduates are organised and financed to take them.

Graduates face three binding constraints: lack of affordable and appropriate credit, lack of collateral and track record, and lack of an organised platform through which they can access Government programmes, markets, mentorship and technology. Commercial banks charged a weighted average shilling lending rate of 18.2 percent in FY2024/25, rising to about 19.7 percent in October 2025, with agriculture loans averaging over 21 percent. Government programmes have injected unprecedented capital into communities, including over UGX 3.26 trillion transferred to 10,589 PDM SACCOs and over UGX 231 billion disbursed through more than 6,800 Emyooga SACCOs, but none of these channels is designed around the specific profile, mobility and potential of the graduate.

The solution

The promoters propose the establishment of the **Ugandan Graduates Savings and Credit Cooperative Society Limited (UG-SACCO)**: a single, national, member-owned, professionally managed and digitally enabled SACCO for holders of certificates, diplomas and degrees from accredited Ugandan and recognised foreign institutions. UG-SACCO will:

- Mobilise graduates' own savings and share capital as the foundation of a sustainable, self-reliant financial institution.
- Serve as the single, accountable channel through which Government programmes that target graduates and young professionals are delivered, under formal agreements, ring-fenced accounts and real-time reporting.
- Finance productive enterprises in the NDP IV priority growth areas of agro-industrialisation, tourism, minerals, science, technology and innovation, light manufacturing and the creative economy, through Graduate Enterprise Clusters (GECs).
- Provide affordable credit to both unemployed and employed graduates, with all loan products capped at 13 percent per annum, well below commercial bank rates of 18 to 21 percent, and secured through group guarantees, cash collateral, salary assignment, asset financing and enterprise cash flows rather than land titles.
- Deliver business development services, mentorship, incubation and market linkages in partnership with universities, industry and Government agencies.
- Report results transparently against Vision 2040 and NDP IV indicators for jobs, household incomes, production, exports and tax contribution.

Vision, mission and goal

Vision: *A prosperous Uganda in which every graduate is a productive wealth creator contributing to the attainment of Uganda Vision 2040.*

Mission: *To mobilise savings, provide affordable credit and serve as the single channel for Government programmes for graduates, in order to transform graduates into producers, employers and investors in the priority sectors of the national economy.*

Goal: *To create 100,000 decent jobs, support at least 40,000 graduate-led enterprises and mobilise UGX 150 billion in capital for productive investment by the fifth year of operation.*

Scale, finance and sustainability

The SACCO targets 25,000 members in Year 1, rising to 250,000 members by Year 5, recruited through campus chapters in partner universities, alumni associations, professional bodies and regional hubs covering every sub-region of Uganda. Over five years, total capitalisation is projected at over UGX 150 billion, composed of members' share capital (UGX 60 billion by Year 5), Government programme on-lending lines (UGX 60 billion), development partner and DFI facilities (UGX 20 billion) and start-up and capacity grants of about UGX 23.4 billion. Members' savings deposits are projected to reach UGX 125 billion and the gross loan portfolio about UGX 223 billion by Year 5, serving close to 40,000 active borrowers at any one time.

The financial projections, built on a realistic cost base of professional staff and national coverage, reflect the SACCO's firm commitment that no loan will carry an interest rate above 13 percent per annum and that savings will earn between 4 and 9 percent. On these terms, with seven loan products each priced differently between 9 and 13 percent, the projections show start-up deficits of UGX 5.9 billion in Year 1, UGX 5.4 billion in Year 2, UGX 4.2 billion in Year 3 and UGX 2.1 billion in Year 4, with break-even and a small surplus of UGX 0.4 billion in Year 5. Operational self-sufficiency rises from 28 percent in Year 1 to 77 percent in Year 3, 92 percent in Year 4 and 101 percent in Year 5. Cumulative loan disbursements over the five years are projected at about UGX 451 billion. Government and partner resources are therefore used principally as revolving loan capital, with time-bound start-up support only until the SACCO becomes self-sustaining.

Why this SACCO will succeed where others have struggled

The design responds directly to the lessons from PDM and Emyooga documented by the Auditor General and implementing agencies: weak recovery, leadership capture, loans disbursed outside management information systems and the perception of Government funds as political gifts. UG-SACCO answers each of these with a deliberate design feature: a professional management team separate from the elected Board; mandatory savings before borrowing; a fully digital core banking system integrated with NIRA, the Credit Reference Bureau and mobile money; ring-fenced programme accounts; enterprise appraisal and post-disbursement monitoring by trained loan officers; a credit-life and enterprise insurance cover; and an independent audit and quarterly public reporting regime.

The ask

The promoters request Government to: (i) register and license UG-SACCO under the cooperative and microfinance laws; (ii) designate UG-SACCO, through a memorandum of understanding, as the graduate window for relevant Government programmes; (iii) provide, together with development partners, time-bound start-up and capacity support of about UGX 23.4 billion over five years (Years 0 to 4), made up of UGX 5.8 billion for establishment and UGX 17.6 billion to cover the start-up operating deficits of Years 1 to 4; and (iv) progressively channel graduate-targeted programme funds of up to UGX 60 billion over five years through the SACCO as revolving loan capital. Universities are invited to host campus chapters and incubation hubs, and development partners to co-finance the enterprise fund and capacity building.

VISION, MISSION, CORE VALUES AND OBJECTIVES AT A GLANCE

Table E1: Strategic framework of UG-SACCO

Element	Statement
Vision	A prosperous Uganda in which every graduate is a productive wealth creator contributing to the attainment of Uganda Vision 2040.
Mission	To mobilise savings, provide affordable credit and serve as the single channel for Government programmes for graduates, transforming graduates into producers, employers and investors in the priority sectors of the economy.
Goal	100,000 decent jobs, 40,000 graduate-led enterprises and UGX 150 billion mobilised for productive investment by Year 5.
Motto	Graduates as Producers, Not Job Seekers
Core values	Integrity; Productivity; Innovation; Accountability; Inclusiveness; Excellence; Patriotism
Strategic objective 1	Mobilise UGX 125 billion in member savings and UGX 60 billion in share capital by Year 5.
Strategic objective 2	Provide affordable, appropriate credit to 40,000 active graduate borrowers with portfolio at risk below 5 percent.
Strategic objective 3	Serve as the single accountable channel for Government graduate-targeted programmes, managing at least UGX 60 billion in programme funds.
Strategic objective 4	Establish 300 Graduate Enterprise Clusters in NDP IV priority value chains across all sub-regions.
Strategic objective 5	Provide business development services, mentorship and incubation to at least 60,000 members.
Strategic objective 6	Build a professional, digitally enabled, well-governed SACCO that breaks even in Year 5 and is self-sustaining thereafter.
Strategic objective 7	Contribute measurably to NDP IV targets on jobs, household income, value addition, exports and poverty reduction.

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

This proposal presents the case, the design and the implementation plan for the establishment of the Ugandan Graduates Savings and Credit Cooperative Society Limited (UG-SACCO), a national cooperative financial institution owned and controlled by graduates of Uganda's universities and tertiary institutions. The SACCO is conceived as an engine of production rather than a consumption lender: its primary purpose is to turn the knowledge, energy and ideas of Uganda's graduates into productive enterprises that create jobs, raise household incomes, add value to Uganda's raw materials and contribute to the national ambition of transforming Uganda from a peasant to a modern and prosperous country by 2040.

The proposal is organised in eighteen chapters. Chapter One provides the background and context. Chapter Two presents a detailed situation analysis of graduate unemployment, underemployment and access to credit. Chapter Three states the problem and justifies the intervention. Chapter Four sets out the strategic framework: vision, mission, values, goal and objectives. Chapter Five reviews the policy, legal and regulatory framework. Chapter Six demonstrates alignment with Uganda Vision 2040, NDP IV and the Tenfold Growth Strategy. Chapter Seven describes how UG-SACCO will serve as the single channel for Government programmes. Chapters Eight to Fourteen describe membership and university partnerships, governance, products and services, the productive enterprise model, credit and risk management, capacity building, and digital transformation. Chapters Fifteen to Eighteen present the financial plan, the implementation plan, the monitoring and evaluation framework, and the sustainability strategy, expected impact and conclusion.

1.2 Background to Uganda's development journey

Uganda has made remarkable progress over the last four decades. The economy has grown steadily, macroeconomic stability has been sustained, and access to education at all levels has expanded dramatically. The size of the economy rose from UGX 128.5 trillion (USD 34.7 billion) in 2019 to UGX 226.3 trillion (USD 61.3 billion) in FY2024/25, an average annual growth rate of about 6.3 percent. GDP per capita increased from USD 891 in FY2019/20 to USD 1,263 in FY2024/25 and is projected to reach about USD 1,324 in FY2025/26. Domestic revenue collections nearly doubled within five years, from UGX 17.6 trillion in FY2019/20 to UGX 32 trillion in FY2024/25.

Poverty has also declined. According to the Uganda National Household Survey 2023/24, the national poverty headcount fell to 16.1 percent, down from 20.3 percent in 2019/20 and 21.4 percent in 2016/17, which still translates into about seven million Ugandans living below the national poverty line. Regional disparities are stark: poverty is about 1.1 percent in Kampala but 74.2 percent in Karamoja, with sub-regions such as Bukedi and Teso close to 30 percent. When poverty is measured across multiple dimensions such as education, health, housing and living standards, the Multidimensional Poverty Index derived from the 2024 Census estimates that 53.1 percent of Ugandans are multidimensionally poor.

Despite this progress, the structure of the economy remains largely informal. The informal sector employed about 10.5 million workers in FY2024/25, accounting for over 85 percent of the workforce and about 51 percent of GDP. Much of this informal employment is in low-productivity subsistence agriculture and petty trade. The transformation envisaged under Vision 2040 requires that this labour force moves progressively into commercial agriculture, agro-processing, manufacturing, services and knowledge-intensive activities. Graduates, who possess the highest levels of human capital, should be at the forefront of this transformation.

1.3 The demographic opportunity and the demographic risk

The 2024 Census confirmed that Uganda's population reached 45.9 million, growing at an average of 2.9 percent per annum since 2014. Half of the population is below 18 years, and over 73 percent of Ugandans are below 30 years. About 700,000 young people reach working age every year according

to World Bank estimates, and the Ministry of Education and Sports reports that universities and other tertiary institutions together release at least 400,000 graduates into the labour market annually.

This youthful population is either a demographic dividend or a demographic burden, depending on whether young people are productively engaged. The Census shows that the employment-to-population ratio was only 38 percent in 2024, meaning that fewer than four in every ten persons of working age were in employment. Labour force participation was 43 percent overall, 48 percent for males and 39 percent for females. These numbers indicate that a very large proportion of the working-age population, including graduates, is outside productive work.

Table 1.1: Selected demographic and labour indicators, Uganda 2024

Indicator	Value	Source
Total population (May 2024)	45,905,417	NPHC 2024
Average annual population growth (2014 to 2024)	2.9 percent	NPHC 2024
Population below 18 years	About 50 percent	NPHC 2024
Population below 30 years	Over 73 percent	NPHC 2024
Working age population	25,494,490 (57.4 percent)	NPHC 2024
Unemployment rate (15 years and above)	12.3 percent	NPHC 2024 Final Report
Female unemployment rate	14.5 percent	NPHC 2024
Male unemployment rate	10.7 percent	NPHC 2024
Youth (15 to 24) NEET	4,001,528 (42.6 percent)	NPHC 2024
Youth (18 to 30) NEET	50.9 percent	NPHC 2024
Youth (18 to 30) unemployment	16.1 percent	NPHC 2024
Graduate unemployment	15.2 percent	UBOS
Employment to population ratio	38 percent	NPHC 2024
Young people reaching working age annually	About 700,000	World Bank estimates

1.4 The higher education landscape

Uganda's higher education sub-sector has expanded rapidly since the liberalisation of university education in the late 1980s. University enrolment rose from fewer than 10,000 students in 1986 to more than 247,000 students by the late 2010s, with a near equal split between public and private universities. The National Council for Higher Education (NCHE) records dozens of chartered and licensed universities, including nine public universities, other degree-awarding institutions and more than 200 other tertiary institutions. The Ministry of Education and Sports has put the total number of universities at about 60.

The leading public universities include Makerere University, Kyambogo University, Mbarara University of Science and Technology, Gulu University, Busitema University, Muni University, Kabale University, Lira University and Soroti University, alongside Makerere University Business School and the Uganda Management Institute. Prominent private universities include Uganda Christian University, Uganda Martyrs University, Nkumba University, the Islamic University in Uganda, Kampala International University, Ndejje University, Bugema University, Uganda Technology and Management University, Bishop Stuart University, Mountains of the Moon University, Kampala University, Victoria University and Cavendish University Uganda, among others. These institutions are concentrated in the Central region, although public universities have been deliberately established in the East, North, West and West Nile to spread access.

Each graduation season these institutions release tens of thousands of graduates in fields as diverse as agriculture, engineering, health sciences, education, business, law, information technology, social sciences and the arts. The promoters view these graduates as the most valuable untapped asset in

the Ugandan economy. With the right organisation and finance, an agriculture graduate can become a commercial farmer and agro-processor, an engineering graduate can become a fabricator of agricultural machinery, an ICT graduate can build digital solutions for farmers and traders, and a business graduate can run a cooperative marketing enterprise.

Table 1.2: Illustrative graduate profiles and productive pathways

Field of study	Typical challenge after graduation	Productive pathway through UG-SACCO
Agriculture, agribusiness, veterinary science	No land, no capital, no market linkages	Agro-enterprise cluster loans, leased land blocks, input finance, offtake contracts
Engineering and technical sciences	No workshop, no equipment	Asset finance for fabrication, solar, irrigation and maintenance enterprises
ICT and computer science	No start-up capital, informal freelancing	Innovation loans, digital service enterprises, outsourcing hubs
Business, accounting, economics	Competing for few office jobs	Trade finance, cooperative marketing, bookkeeping and tax service enterprises
Health sciences	Underemployment, low wages	Professional practice loans for clinics, pharmacies and diagnostic units
Education	Low pay, contract teaching	School enterprise, tutoring and early childhood development centres
Arts, social sciences, humanities	High unemployment, weak networks	Creative economy, tourism and hospitality, community enterprise management
Law	Costly chambers set-up	Professional practice loans and shared chambers

1.5 The cooperative movement in Uganda

Uganda has a long cooperative tradition dating back to the early twentieth century, when farmers organised to market cotton and coffee. Cooperatives were central to rural incomes until the 1980s and 1990s, when liberalisation and governance challenges weakened many of them. Since the 2000s, Government has revived cooperatives as vehicles for financial inclusion and wealth creation, culminating in the Prosperity for All programme, the SACCO revival, Emyooga and the Parish Development Model.

The number of SACCOs has grown dramatically. Data from the Ministry of Trade, Industry and Cooperatives indicates that Uganda now has about 33,000 registered SACCOs, an increase of more than 26,000 between 2015 and March 2025. Of these, about 10,594 are PDM SACCOs, about 6,700 are Emyooga SACCOs and about 15,706 are other community, workplace and professional SACCOs. Only a small number of SACCOs are large enough to qualify for regulation by the Bank of Uganda under the Microfinance Deposit-Taking Institutions (Registered Societies) Regulations 2023, while the majority are Tier 4 institutions under the Tier 4 Microfinance Institutions and Money Lenders Act 2016.

Experience shows that well-run SACCOs can achieve remarkable results. Workplace and professional SACCOs, such as those serving members of the security forces, teachers and civil servants, have mobilised billions of shillings in savings, financed housing and enterprise for members and paid consistent dividends. The common features of successful SACCOs are a shared bond among members, a culture of saving before borrowing, strong governance and professional management. Graduates share a powerful common bond: a shared experience of higher education and a shared aspiration to turn that education into prosperity.

1.6 Government's wealth creation agenda

Government has committed substantial resources to moving households from subsistence into the money economy. The Parish Development Model, launched in 2022, operates through a SACCO in each of the 10,589 parishes. By November 2025, Government had transferred a cumulative UGX 3.261 trillion to PDM SACCOs, with every parish receiving at least UGX 300 million and about 3.27 million beneficiaries reached. For FY2025/26, Government allocated about UGX 1.1 trillion to the Parish Revolving Fund.

Emyooga, launched in August 2019, organises citizens by trade or category into constituency-based SACCOs. By the end of 2021, 6,813 Emyooga SACCOs had been fully registered and UGX 231 billion disbursed, and members had collectively saved about UGX 87 billion through the mandatory 30 percent savings requirement. Well-performing Emyooga SACCOs have been rewarded with additional seed capital of UGX 20 million each.

Other Government interventions relevant to graduates include the Youth Livelihood Programme, the Uganda Women Entrepreneurship Programme, the Agricultural Credit Facility administered through the Bank of Uganda, the lending windows of the Uganda Development Bank and the Microfinance Support Centre, and science, technology and innovation funds. Together these programmes represent a clear signal that Government wants citizens, especially the young, to engage in productive activity.

1.7 The gap that UG-SACCO will fill

The existing programmes were designed primarily around households, residence, gender, age bands or trades. None was designed specifically around the graduate as a distinct economic actor with high human capital, high mobility, limited collateral and high growth potential. Graduates frequently report that they do not fit neatly into parish enterprise groups because they have recently relocated, rent accommodation or work in urban areas. They may be ineligible for some youth funds because of age limits, or excluded from trade-based Emyooga associations because their professions are not represented.

UG-SACCO fills this gap by organising graduates around their common bond of education and professional potential, not their place of residence. It provides a single, national and professional institution through which Government can reach graduates wherever they are, with clear accountability for results. It complements, rather than competes with, existing programmes by giving them a dedicated, efficient and measurable graduate window.

1.8 Purpose and scope of this proposal

The purpose of this proposal is to:

- Present the evidence on graduate unemployment, underemployment and credit exclusion in Uganda.
- Justify the establishment of a national Graduates SACCO as an effective, sustainable and scalable solution.
- Describe how the SACCO will be formed, registered, licensed, capitalised, governed, managed and supervised.
- Set out the products, services and productive enterprise model through which members will create wealth.
- Demonstrate how the SACCO will act as the single channel for Government programmes targeting graduates.
- Show how the SACCO aligns with and contributes to Uganda Vision 2040, NDP IV and the Tenfold Growth Strategy.
- Present a five-year financial plan, implementation plan, risk management framework and results framework.

The scope covers the establishment phase (Year 0, six months), the start-up and consolidation phase (Years 1 and 2) and the expansion phase (Years 3 to 5), with a long-term perspective to 2040.

1.9 UG-SACCO at a glance

Table 1.3: Key features of the proposed UG-SACCO

Feature	Description
Legal form	Cooperative society registered under the Cooperative Societies Act; licensed for savings and credit business; transition to Bank of Uganda supervision when thresholds are crossed
Ownership	Graduate members on the basis of one member, one vote
Area of operation	National, with 12 regional hubs, 60 campus chapters and digital channels by Year 5
Core functions	Savings mobilisation, affordable productive credit, single channel for Government programmes, enterprise clusters, business development services
Membership target	25,000 in Year 1; 250,000 by Year 5; 1,000,000 by 2040
Funding base	Members' shares and savings (about 70 percent of loanable funds), Government programme funds, partner and DFI lines
Lending focus	At least 80 percent productive lending; at least 70 percent of productive loans in NDP IV priority sectors
Pricing	Loans at 9 to 13 percent per annum on a reducing balance basis, never above 13 percent; savings earn 4 to 9 percent per annum
Governance	Delegates Assembly, elected Board of nine, independent Supervisory Committee, professional management
Technology	Digital-first: core banking, mobile app, USSD, mobile money, NIRA and credit reference integration
Start-up support requested	UGX 23.4 billion over Years 0 to 4 from Government and development partners
Sustainability	Break-even in Year 5; self-sustaining thereafter

1.10 Methodology used in preparing the proposal

The proposal was prepared through a combination of desk review, stakeholder consultation and financial modelling. The desk review covered Uganda Vision 2040, the NDP IV strategic direction and plan, the Tenfold Growth Strategy, the National Population and Housing Census 2024 reports, the Uganda National Household Survey 2023/24, the Uganda Harmonised Integrated Survey, Bank of Uganda monetary policy and lending data, Auditor General reports on PDM and Emyooga, and the laws governing cooperatives and microfinance. Consultations were held with graduates, university administrators, guild leaders, alumni associations, existing SACCO managers and enterprise practitioners. The financial model was built from conservative assumptions on membership growth, savings, loan demand, pricing, operating costs and loan losses, and these assumptions are stated explicitly in Chapter Fifteen.

CHAPTER TWO: SITUATION ANALYSIS

2.1 Introduction

This chapter analyses the circumstances of Uganda's graduates in the labour market and in the financial system. It examines the scale and nature of graduate unemployment and underemployment, the regional and gender dimensions of joblessness, the cost and availability of credit, the performance and limitations of existing Government programmes, and the opportunities in the economy that graduates could seize if properly organised and financed. The analysis draws on the latest official statistics, in particular the National Population and Housing Census 2024 (NPHC 2024), the Uganda National Household Survey 2023/24 (UNHS), the Uganda Harmonised Integrated Survey (UHS) covering 2021/22 to 2024/25, Bank of Uganda data and reports by the Auditor General.

2.2 The scale of unemployment in Uganda

The NPHC 2024 final report placed the overall unemployment rate of persons aged 15 years and above at 12.3 percent, equivalent to about 1.4 million Ugandans of working age who were actively looking for work but could not find it. Unemployment was higher among females (14.5 percent) than males (10.7 percent). The UHS, which follows the same households over several years, shows a gradual worsening: unemployment among persons aged 15 years and above rose from 10.2 percent in 2021/22 to 11.0 percent in 2024/25. The same survey found that 5.5 percent of previously employed persons had become unemployed by 2024/25, while 21.3 percent of the working-age population had exited the labour force after giving up their search for work.

These figures, while serious, understate the problem in two ways. First, unemployment as officially measured counts only those actively seeking work; it excludes discouraged job seekers who have given up and many who are engaged in very marginal activities. Second, it does not capture underemployment: people who work fewer hours than they would like, or whose work does not use their skills and does not pay a living wage. For graduates, underemployment is often the more pervasive challenge.

Table 2.1: Trends in unemployment, Uganda

Indicator	Period	Value	Source
Unemployment rate, persons aged 15 years and above	2021/22	10.2 percent	UHS
Unemployment rate, persons aged 15 years and above	2024/25	11.0 percent	UHS
Unemployment rate, persons aged 15 years and above	2024	12.3 percent	NPHC 2024
Youth (18 to 30) unemployment	2024	16.1 percent	NPHC 2024
Youth (15 to 24) unemployment	2024	16.7 percent	NPHC 2024
Graduate unemployment	2024	15.2 percent	UBOS
Previously employed persons who became unemployed	2021/22 to 2024/25	5.5 percent	UHS
Working age persons who exited the labour force	2021/22 to 2024/25	21.3 percent	UHS

2.3 Youth not in employment, education or training

The NEET indicator measures the share of young people who are neither working nor in school nor in training. It is the clearest measure of idle youth. The NPHC 2024 found that 4,001,528 young people aged 15 to 24, or 42.6 percent of that age group, were NEET. For the national youth age band of 18 to 30 years, the NEET rate was even higher at 50.9 percent, representing about 5.2 million young people. In other words, one in every two young Ugandans aged 18 to 30 is disconnected from productive work and from learning.

The NEET rate has risen over the last decade. The Census Sustainable Development Goal tables show the share of youth aged 15 to 24 who were NEET moving from 37.1 percent to 47.3 percent before

settling at 42.6 percent in 2024. These are the young people whose energy, if channelled into production, could transform the economy, and whose idleness, if left unaddressed, poses risks to social cohesion and stability.

Table 2.2: Youth NEET and unemployment indicators, NPHC 2024

Indicator	Value
Youth aged 15 to 24 who are NEET (number)	4,001,528
Youth aged 15 to 24 who are NEET (rate)	42.6 percent
Youth aged 18 to 30 who are NEET (rate)	50.9 percent
Youth aged 18 to 30 who are NEET (approximate number)	5.2 million
Sub-region with highest NEET (15 to 24)	Karamoja, 57.1 percent
Sub-region with lowest NEET (15 to 24)	Kigezi, 31.4 percent
Sub-regions with highest overall unemployment	Bukedi and Madi
Sub-region with lowest unemployment (14 to 64 years)	Ankole, 8.2 percent

2.4 Graduate unemployment and underemployment

UBOS estimates graduate unemployment at 15.2 percent, a figure cited at a high-level meeting convened by the State House Investors Protection Unit at Makerere University in November 2024. Other estimates by sector range from 15 percent to as high as 88 percent, and commentators drawing on the census data note that fewer than 13 percent of graduates secure skilled formal employment. The gap between the official figure and popular perception arises because many graduates are counted as employed even when they are engaged in casual, informal or unrelated work such as riding motorcycles for hire, selling merchandise or doing temporary clerical tasks.

Evidence of the pressure on the formal labour market is abundant. In 2025 more than 81,000 Ugandans applied for 277 advertised Government jobs, a ratio of nearly 300 applicants per vacancy. Each university graduation ceremony releases thousands of new graduates. At Makerere University alone, graduation ceremonies release well over 10,000 graduates each year, while Kyambogo University, Uganda Christian University, Mbarara University of Science and Technology, Gulu University, Busitema University and others add many thousands more. The Ministry of Education and Sports estimates that universities and other tertiary institutions together release at least 400,000 graduates annually when diplomas and certificates are included.

2.4.1 Drivers of graduate unemployment

The literature and stakeholder consultations point to six main drivers of graduate unemployment in Uganda:

- **Slow formal job creation:** the formal wage economy grows more slowly than the number of new graduates. The informal sector absorbs over 85 percent of the workforce but offers little use for advanced skills.
- **Skills mismatch:** many academic programmes emphasise theory over practical and entrepreneurial skills. The UBOS leadership has identified skills mismatch as a key driver of unemployment and called for graduate employment models and apprenticeship placements.
- **Lack of start-up capital:** graduates who wish to start enterprises lack savings, collateral and credit history and therefore cannot access commercial credit.
- **Weak networks and market access:** graduates from modest backgrounds lack the business networks, mentors and market linkages that are essential for enterprise success.
- **Attitude and expectation:** many graduates were socialised to expect white-collar jobs and require support to see agriculture, manufacturing and trades as respectable, profitable careers.

- **Fragmented support:** Government programmes, university incubators, NGOs and private sector initiatives operate in silos, so graduates struggle to navigate them and few receive end-to-end support.

2.4.2 Consequences of graduate unemployment

The cost of graduate unemployment is borne by graduates, families and the nation. Families invest heavily in higher education, often selling land or livestock to pay tuition, and expect a return when the graduate finds work. When the graduate remains unemployed, the household suffers a double loss: the investment yields nothing and the graduate becomes a dependant. At the national level, Government subsidises public university education and loses the productive contribution and tax revenue that graduates would generate. Prolonged unemployment also erodes skills, confidence and mental wellbeing, and can push young people into risky migration, gambling, crime or political manipulation. External labour migration has grown, with tens of thousands of Ugandans recruited for work abroad each year, many of them educated youth who take low-skilled jobs.

Table 2.3: Estimated annual economic cost of idle graduate capacity (illustrative)

Assumption or result	Value
Graduates released annually (Ministry of Education estimate including diplomas)	400,000
Share not in productive employment one year after graduation (conservative assumption)	30 percent
Number of idle graduates added per year	120,000
Conservative annual output per productive graduate (approximately GDP per capita of UGX 4.52 million)	UGX 4.5 million
Annual output foregone from one year's cohort	UGX 540 billion
Cumulative output foregone over five cohorts	Over UGX 2.7 trillion

The illustrative calculation above shows that, even using conservative assumptions, Uganda loses hundreds of billions of shillings in output every year from graduates who are not productively engaged. Mobilising even a fraction of this capacity would make a material contribution to GDP growth and household incomes.

2.5 Access to credit for graduates

2.5.1 Cost of commercial credit

The cost of credit in Uganda remains high relative to the returns of most start-up enterprises. The Bank of Uganda reports that the weighted average shilling lending rate rose to 18.2 percent in FY2024/25 from 17.9 percent in FY2023/24. Monthly data show rates of about 19.65 percent in July 2025, 18.45 percent in September 2025 and 19.71 percent in October 2025. The average one-year prime lending rate was about 20.6 percent in the quarter to September 2025, even though the Central Bank Rate remained steady at 9.75 percent. Lending rates vary significantly by sector: the highest rates were charged on loans to mining (21.7 percent), agriculture (21.2 percent), electricity and water (20.5 percent) and personal and household loans.

These rates are particularly burdensome for graduates starting agricultural and manufacturing enterprises, which typically take six to eighteen months to generate steady cash flows. At a rate of 21 percent, a graduate borrowing UGX 10 million for a poultry or piggery project would pay over UGX 2 million in interest in the first year alone, often before the enterprise has reached full production.

Table 2.4: Commercial bank lending rates, Uganda, 2024 to 2025

Indicator	Rate
Central Bank Rate (held since August 2024)	9.75 percent
Weighted average shilling lending rate, FY2023/24	17.9 percent
Weighted average shilling lending rate, FY2024/25	18.2 percent

Indicator	Rate
Weighted average shilling lending rate, July 2025	19.65 percent
Weighted average shilling lending rate, October 2025	19.71 percent
Average one-year prime lending rate, quarter to September 2025	20.6 percent
Average lending rate on agriculture loans, FY2024/25	21.2 percent
Average lending rate on mining loans, FY2024/25	21.7 percent
Credit approval rate, quarter to September 2025	65.9 percent (down from 75.7 percent)

2.5.2 Non-price barriers

Even where a graduate is willing to pay the price of credit, non-price barriers often stand in the way. Commercial banks require collateral, typically a land title, which most young graduates do not possess. They also require a track record of enterprise turnover, audited accounts or a salary history, none of which a fresh graduate has. Credit approval rates fell sharply to 65.9 percent in the quarter to September 2025 from 75.7 percent in the previous quarter as banks prioritised lending to Government through high-yielding securities. When banks can earn attractive returns from Government paper, they have little incentive to take the perceived risk of lending to young first-time entrepreneurs.

Microfinance institutions and digital lenders have filled part of the gap, but often at much higher effective interest rates and with very short tenors that do not suit productive investment. Many graduates have resorted to informal moneylenders, mobile loan applications with punitive charges, or family borrowing, which limits the scale and sustainability of their enterprises.

2.5.3 Credit needs of employed graduates

Employed graduates face a different but related challenge. Many are on modest salaries, especially in teaching, health, local government and private sector entry-level positions. They typically access salary loans from banks at commercial rates and use them for consumption, school fees or land purchase rather than productive investment. Employed graduates represent a significant pool of savings and investment capacity: a SACCO that mobilises their savings and channels them into productive enterprises, either their own side enterprises or the enterprises of fellow graduates, can unlock substantial capital for the economy.

2.6 Review of Government programmes relevant to graduates

2.6.1 The Parish Development Model

The Parish Development Model (PDM) is Government's flagship programme for moving households from subsistence into the money economy. Under its financial inclusion pillar, Government capitalises one SACCO in each parish with a Parish Revolving Fund that lends to enterprise group members. By November 2025, Government had transferred a cumulative UGX 3.261 trillion to the 10,589 parish SACCOs, every parish had received at least UGX 300 million and 99 percent of released funds had been disbursed to about 3.27 million beneficiaries, including farmers, youth, women, persons with disabilities and small-scale entrepreneurs. Government released UGX 529 billion in November 2025 as the first tranche for FY2025/26, within an annual allocation of about UGX 1.1 trillion for the Parish Revolving Fund.

PDM has achieved unprecedented reach. However, the Auditor General and other reviewers have identified challenges, including funds remaining undisbursed in some local governments, SACCOs unable to account for funds withdrawn, loans disbursed outside the Parish Development Management Information System (PDMIS) in the first year, discrepancies between recorded and actual capitalisation, disbursement outside planting seasons, inadequate extension staffing, and concerns about the pace of repayment, which slows the revolving of the fund. For graduates specifically, the parish model presents a structural difficulty: membership is tied to residence and

enterprise groups in a parish, while many graduates are mobile, recently relocated or living in rented accommodation in urban areas.

2.6.2 Emyooga

Emyooga, the Presidential Initiative on Wealth and Job Creation launched in August 2019, organises citizens by trade or category into SACCOs at constituency level, financed by seed capital through the Microfinance Support Centre. By December 2021, 6,813 Emyooga SACCOs had been fully registered and UGX 231 billion disbursed. Members have collectively saved about UGX 87 billion through a mandatory 30 percent savings requirement, demonstrating the power of savings mobilisation. Emyooga funds are on-lent to member associations at an interest rate of about 7 percent, and well-performing SACCOs have received additional seed capital of UGX 20 million each.

Nonetheless, Emyooga has faced significant recovery and governance challenges. District reports show low recovery in several areas: in Hoima District, only about UGX 0.70 billion had been recovered out of UGX 2.08 billion disbursed to 36 SACCOs; in Adjumani, about UGX 0.89 billion had been recovered out of UGX 1.57 billion. A district focal person in Gulu attributed the failure of a large share of Emyooga SACCOs to poor leadership, noting that when leaders take loans and fail to repay, they cannot enforce recovery among members. In Kampala, a significant portion of the funds disbursed went to inactive groups. The Auditor General also reported that only UGX 78.8 billion out of UGX 100 billion meant for SACCOs in one period was disbursed, partly due to bureaucratic registration processes.

2.6.3 Other programmes

Other relevant programmes include the Youth Livelihood Programme and the Uganda Women Entrepreneurship Programme under the Ministry of Gender, Labour and Social Development; the Agricultural Credit Facility, a Government and commercial bank co-financing scheme administered by the Bank of Uganda; Uganda Development Bank windows for agro-industrialisation, manufacturing and small enterprises; Microfinance Support Centre wholesale lending to SACCOs; science, technology and innovation funds; the presidential industrial and skilling hubs; and graduate volunteer and internship schemes. Each of these has its own eligibility criteria, application procedures and reporting systems.

Table 2.5: Key Government wealth creation programmes and their fit for graduates

Programme	Delivery channel	Scale (latest available)	Fit for graduates
Parish Development Model	10,589 parish SACCOs	UGX 3.261 trillion transferred; 3.27 million beneficiaries	Partial: tied to parish residence and household enterprise groups
Emyooga	Over 6,800 constituency SACCOs by trade category	UGX 231 billion disbursed; UGX 87 billion savings	Partial: organised by trade, few graduate professions represented
Youth Livelihood Programme	Youth interest groups via local governments	National coverage	Partial: age limits and group formation requirements
Uganda Women Entrepreneurship Programme	Women enterprise groups via local governments	National coverage	Partial: female graduates only
Agricultural Credit Facility	Commercial banks and other participating institutions	Large-ticket agricultural loans	Low: requires bank-level collateral
Uganda Development Bank windows	Direct lending and on-lending	Medium and large enterprises	Low for start-ups; good for scaled graduate enterprises
Microfinance Support Centre	Wholesale lending to SACCOs and groups	National	High if channelled through a graduate SACCO

Programme	Delivery channel	Scale (latest available)	Fit for graduates
STI and innovation funds	Competitive grants and support	Selected innovators	Moderate: suits ICT and science graduates

2.6.4 Lessons from existing programmes

The review of existing programmes yields seven lessons that inform the design of UG-SACCO:

- **Savings before credit builds ownership.** The Emyooga 30 percent savings requirement mobilised UGX 87 billion and created a sense of ownership. UG-SACCO will require members to save before borrowing.
- **Leadership integrity is decisive.** Where leaders borrow and fail to repay, recovery collapses. UG-SACCO will separate elected governance from professional management and bar defaulting leaders from office.
- **Digital systems prevent leakage.** Loans disbursed outside PDMIS created large discrepancies. UG-SACCO will disburse and collect only through its core banking system integrated with mobile money and banks.
- **Funds must be seen as loans, not gifts.** Perceptions that Government funds are political rewards undermine repayment. UG-SACCO will run clear communication and treat all funds as revolving capital.
- **Enterprise appraisal and timing matter.** Disbursement outside planting seasons reduced returns. UG-SACCO will align disbursement with enterprise calendars and value chain cycles.
- **Extension and mentorship are essential.** Inadequate extension staffing limits productivity. UG-SACCO will embed business development services and technical mentorship.
- **Accountability must be public.** Regular audit and public reporting build trust. UG-SACCO will publish quarterly performance reports.

2.7 The SACCO sector in Uganda

Uganda's SACCO sector has grown to about 33,000 registered SACCOs, made up of about 10,594 PDM SACCOs, about 6,700 Emyooga SACCOs and about 15,706 others. The sector is regulated through a differentiated framework: cooperatives register with the Registrar of Cooperatives under the Ministry of Trade, Industry and Cooperatives; small SACCOs are licensed as Tier 4 institutions under the Tier 4 Microfinance Institutions and Money Lenders Act 2016; and large SACCOs that cross prescribed thresholds must transition to Bank of Uganda supervision under the Microfinance Deposit-Taking Institutions Act and the Microfinance Deposit-Taking Institutions (Registered Societies) Regulations 2023. The Bank of Uganda's market survey as of December 2024 identified more than 90 registered societies that qualified as large SACCOs.

The SACCO sector's strengths include member ownership, proximity to communities and a culture of mutual help. Its weaknesses include governance failures, weak management information systems, limited professional staff, low capital and concentration risk. UG-SACCO is designed from the outset to meet the standards expected of a large, well-governed SACCO, and to transition smoothly to Bank of Uganda supervision once it crosses the regulatory thresholds.

2.8 Opportunities for graduate-led production

Despite the challenges, Uganda's economy offers abundant opportunities for graduate-led enterprises. NDP IV and the Tenfold Growth Strategy identify agro-industrialisation, tourism, minerals including oil and gas, and science, technology and innovation (ATMS) as the anchor growth areas, supported by financial services and the knowledge economy. Uganda has fertile land, two rainy seasons in much of the country, abundant fresh water and a large regional market through the East African Community and the African Continental Free Trade Area. Demand for processed foods, animal feeds, packaging, construction materials, digital services, renewable energy solutions and hospitality services is growing rapidly.

Table 2.6: Selected enterprise opportunities for graduates by NDP IV growth area

NDP IV growth area	Example graduate enterprises	Market drivers
Agro-industrialisation	Commercial poultry and piggery, dairy collection and processing, coffee value addition, fruit processing, animal feeds, fish farming, horticulture under irrigation	Urbanisation, regional export demand, oil and gas workforce food demand
Tourism	Eco-lodges, tour operation, cultural tourism, hospitality services, craft production	Growing arrivals, national branding, regional tourism
Minerals, oil and gas	Local content supply services, transport and logistics, catering, safety and environmental services, artisanal mineral value addition	Oil and gas development, mineral beneficiation policy
Science, technology and innovation	Software and fintech, agritech platforms, repair and assembly, renewable energy installation, data services	Digital transformation, mobile money penetration
Manufacturing and value addition	Light engineering, fabrication of agro-processing machines, building materials, packaging, textiles	Import substitution, Buy Uganda Build Uganda policy
Creative economy and services	Media production, fashion, events, education and health services	Youthful population, digital platforms

2.9 Regional dimensions of graduate unemployment and poverty

Graduate unemployment and poverty are not evenly distributed across Uganda. Kampala and the surrounding metropolitan area host the largest concentration of universities, graduates and formal jobs, yet competition for those jobs is intense and the cost of living is high, so many graduates in the city are underemployed. Outside the capital, graduates face fewer formal opportunities but often have better access to land, raw materials and community networks that could support production if finance and support were available.

The 2024 Census and the UNHS 2023/24 reveal marked regional disparities. Poverty is lowest in Kampala at about 1.1 percent and highest in Karamoja at 74.2 percent, where more than 900,000 people live below the poverty line, accounting for about 13.4 percent of all poor Ugandans. Bukedi (29.9 percent) and Teso (29.8 percent) also have poverty rates close to one in three. Youth NEET rates are highest in Karamoja (57.1 percent) and lowest in Kigezi (31.4 percent), while unemployment is highest in Bukedi and Madi and lowest in Ankole. UBOS has observed that sub-regions with high NEET and unemployment also tend to have low access to electricity and low post-secondary attainment, underlining the importance of bringing finance and enterprise support to graduates outside the major urban centres.

Table 2.7: Regional context and implications for UG-SACCO

Region	Context	Implication for UG-SACCO
Kampala Metropolitan	Largest graduate population; lowest poverty; intense competition for jobs; high cost of living; strong markets	Focus on urban enterprises, processing, ICT, services and employed graduates' savings
Central (Masaka, Buganda)	Strong agricultural base in coffee, dairy, bananas and fish; good roads and markets	Agro-processing clusters; coffee and dairy value addition
Busoga	High population density; sugarcane dominance; high NEET in parts	Diversification into feeds, rice, fish and poultry; job creation focus
Bugisu and Sebei	Arabica coffee and potatoes; mountainous	Coffee processing, potato value chain, eco-

Region	Context	Implication for UG-SACCO
	terrain; tourism potential	tourism
Bukedi and Teso	Poverty near 30 percent; high unemployment in Bukedi; citrus and cereal potential	Priority region; fruit processing, rice and groundnuts, livestock
Karamoja	Highest poverty (74.2 percent) and NEET (57.1 percent); large livestock population; minerals	Priority region; livestock value addition, veterinary services, minerals
Acholi and Lango	Post-conflict recovery; large land areas; oilseeds, cereals and livestock	Oilseed milling, cereals, honey and shea clusters
West Nile and Madi	High unemployment in Madi; refugee-hosting districts; cross-border trade	Priority region; fish, honey, cassava, services and trade
Ankole and Kigezi	Lowest unemployment and NEET; dairy, bananas, tea and tourism	Dairy processing, tourism; strong savings mobilisation
Tooro, Bunyoro and Rwenzori	Tea, dairy and cocoa; oil and gas development; tourism	Local content services, tea and dairy value addition, tourism

2.10 Voices of graduates

During consultations, graduates across the country described their situation in consistent terms. Agriculture graduates explained that they knew how to run modern poultry or dairy units but could not raise the capital to start; engineering graduates said they could fabricate machinery if they had a workshop; business graduates described years of moving from one temporary job to another; health graduates described working for low wages while dreaming of opening their own clinics. Many reported having approached banks and being turned away for lack of collateral, or being offered loans at rates they could not afford. Others reported that they had tried to join PDM or Emyooga groups but did not fit the residence or trade requirements, or had heard of programmes but did not know how to access them.

Graduates also expressed a strong desire to take responsibility. They did not ask for handouts; they asked for an institution they could own, trust and use to build their futures. They expressed willingness to save regularly, to guarantee one another and to repay loans, provided the institution was well run and free from political interference. These voices shaped the design of UG-SACCO.

2.11 Summary of the situation analysis

The situation analysis demonstrates that Uganda has a large and growing pool of educated young people who are not productively engaged, that they face high costs and non-price barriers in accessing credit, that existing Government programmes, though large and well-intentioned, are not structured around the graduate, and that the economy offers substantial opportunities that graduates could seize if properly organised and financed. The evidence points to the need for a dedicated, well-governed and professionally managed institution that brings together savings, affordable credit, Government programmes, enterprise support and market linkages for graduates. UG-SACCO is designed to be that institution.

CHAPTER THREE: PROBLEM STATEMENT AND JUSTIFICATION

3.1 Statement of the problem

Uganda invests heavily in higher education through public subsidies, family savings and private institutions, and produces hundreds of thousands of graduates every year. Yet a large share of these graduates are unemployed, underemployed or engaged in work unrelated to their training. Official figures place graduate unemployment at 15.2 percent and the NEET rate among youth aged 18 to 30 at 50.9 percent, while broader estimates of graduate underutilisation are much higher. At the same time, graduates who wish to create their own enterprises cannot access affordable and appropriate credit: commercial lending rates average 18 to 21 percent, collateral requirements are prohibitive and credit approval rates are falling. Government has made available unprecedented resources through PDM, Emyooga and other programmes, but these are not structured around the graduate, are delivered through multiple fragmented channels, and have faced recovery and governance challenges.

The core problem is therefore that **Uganda's graduates lack an organised, trusted and well-financed institutional platform through which they can save, access affordable productive credit, participate in Government programmes and receive the enterprise support they need to become producers and employers.** The consequence is a large and growing pool of idle human capital, lost output, lost tax revenue, frustrated families and a demographic dividend at risk of becoming a demographic burden.

3.2 Problem analysis

The problem can be analysed in terms of its root causes, the core problem and its effects. The table below summarises this problem tree.

Table 3.1: Problem tree analysis

Level	Description
Effects	High graduate unemployment and underemployment; rising NEET rates; low household incomes and dependency; loss of returns on education investment; under-utilisation of Government programme funds by graduates; risky migration and social frustration; slower progress toward Vision 2040 and NDP IV targets
Core problem	Graduates lack an organised, trusted and well-financed institutional platform for savings, affordable productive credit, access to Government programmes and enterprise support
Direct causes	High cost of credit; lack of collateral and credit history; fragmented programme delivery; weak enterprise skills and mentorship; weak market linkages; limited organisation among graduates
Root causes	Formal job creation slower than graduate output; theoretical curricula; risk-averse financial sector focused on Government securities; programme design built around residence, trade or demographic categories rather than graduates; weak cooperative governance in some community SACCOs

3.3 Justification for a dedicated national Graduates SACCO

3.3.1 Graduates share a powerful common bond

Successful SACCOs are built on a strong common bond among members. Workplace SACCOs succeed because members share an employer and a payroll; community SACCOs succeed when members know and trust one another. Graduates share a distinctive bond: a common experience of higher education, a common aspiration to convert education into prosperity, and identifiable networks through universities, alumni associations and professional bodies. This bond enables peer accountability, group guarantees and collective enterprise on a scale that a random grouping of individuals cannot achieve.

3.3.2 Graduates are the best-placed citizens to absorb technology and drive productivity

Vision 2040 and NDP IV place science, technology, innovation and value addition at the heart of transformation. Graduates are best placed to adopt improved seed and breeds, mechanisation, irrigation, digital platforms, quality standards and modern management practices. A graduate who runs a poultry enterprise is more likely to keep records, follow vaccination schedules, meet Uganda National Bureau of Standards requirements and comply with tax obligations. Financing graduates therefore yields higher productivity per shilling invested and faster formalisation of the economy.

3.3.3 Graduates can create jobs for non-graduates

Every graduate enterprise financed by the SACCO is expected to create, on average, at least two to three additional jobs, many of them for non-graduate youth in rural and peri-urban areas. A graduate-led dairy collection centre employs milk collectors, transporters and processors; a fabrication workshop employs welders and apprentices; a tour company employs guides and drivers. By targeting graduates, the SACCO multiplies its impact across the wider youth population.

3.3.4 A single channel reduces duplication and improves accountability

Government currently delivers wealth creation funds through multiple channels with different rules and reporting systems. For the graduate population, a single designated channel offers clear advantages: one register of beneficiaries linked to the National Identification Number, preventing double-dipping; one appraisal and monitoring system; one reporting line to Government; consistent loan terms; and lower administrative cost per shilling delivered. It also allows Government to measure precisely what its investment in graduates achieves in jobs, incomes and production.

3.3.5 Member savings make public funds go further

Unlike a pure grant or Government loan scheme, a SACCO mobilises members' own savings and share capital. In the UG-SACCO model, members' own funds are projected to exceed UGX 185 billion by Year 5 (UGX 60 billion in share capital and UGX 125 billion in savings), compared with Government programme funds of about UGX 60 billion. Every shilling of Government funds will therefore be matched by about three shillings of members' own resources, greatly multiplying the productive capital available to graduates and strengthening members' sense of ownership and responsibility.

3.3.6 Affordable credit is achievable through the cooperative model

Because a SACCO is owned by its members, its surpluses return to members as dividends and interest on savings rather than to external shareholders. Combined with low-cost Government and DFI lines, a lean digital operating model and strong recovery, this allows UG-SACCO to price all its loans at no more than 13 percent per annum on a reducing balance basis, with seven products each priced differently between 9 and 13 percent, compared with 18 to 21 percent at commercial banks, while paying members between 4 and 9 percent on their savings. Government-funded windows will apply the concessional rates set by the respective programmes, which are also within the 13 percent ceiling.

3.3.7 The timing is right

Several developments make this the right moment for a national Graduates SACCO. NDP IV, approved by Parliament in January 2025 and launched for implementation from FY2025/26, prioritises employment, value addition and household incomes. Government has demonstrated, through PDM and Emyooga, its willingness to capitalise SACCOs at scale. Digital infrastructure, including the national identification system, mobile money and agency banking, now makes it possible to run a national SACCO efficiently. The 2024 Census has provided reliable data on the scale of youth and graduate unemployment. And the cooperative regulatory framework has matured, with clear rules for small and large SACCOs.

3.4 Alternatives considered

The promoters considered several alternative approaches before settling on a national Graduates SACCO. The table below summarises the analysis.

Table 3.2: Analysis of alternative approaches

Alternative	Advantages	Disadvantages	Conclusion
Status quo: graduates join existing PDM, Emyooga and community SACCOs	No new institution required	Graduates poorly served by residence and trade-based models; fragmented; no graduate-specific support	Rejected as insufficient
Direct Government grants to graduates	Fast and simple	No savings mobilisation; weak accountability; dependency; not revolving	Rejected
A Government agency or fund for graduates	Strong central control	Bureaucratic; high overheads; no member ownership; weak recovery culture	Rejected
Commercial bank credit guarantee scheme	Uses existing bank networks	Rates remain high; banks risk averse; guarantees costly	Complementary, not sufficient
Many university-level SACCOs	Close to campuses	Small, sub-scale, uneven governance; cannot serve as single channel	Integrated as campus chapters
One national, professionally managed Graduates SACCO with campus chapters and regional hubs	Scale, single channel, member ownership, professional management, savings mobilisation, measurable results	Requires strong governance and initial capacity investment	Recommended

3.5 Theory of change

The theory of change explains how the activities of UG-SACCO will lead to the desired long-term impact. It rests on a simple logic: if graduates are organised into a well-governed cooperative, encouraged to save, given access to affordable productive credit and Government programmes through a single accountable channel, and supported with business development services and market linkages, then they will establish and grow productive enterprises; these enterprises will create jobs, raise incomes, add value and pay taxes; and these results will contribute to the NDP IV goal of higher household incomes and employment and the Vision 2040 aspiration of a modern and prosperous Uganda.

Table 3.3: UG-SACCO theory of change

Level	Description
Inputs	Members' shares and savings; Government programme funds; DFI and partner finance; university partnerships; staff, systems and premises
Activities	Member mobilisation and education; savings mobilisation; loan appraisal, disbursement and monitoring; Graduate Enterprise Cluster formation; business development services and mentorship; market linkages; programme channelling and reporting
Outputs	250,000 members; UGX 125 billion savings; UGX 223 billion loan portfolio; 40,000 active borrowers; 300 Graduate Enterprise Clusters; 60,000 members trained
Outcomes	Graduate enterprises established and growing; increased member incomes and assets; reduced graduate unemployment among members; increased production and value addition in priority value chains; improved repayment culture
Impact	Higher household incomes and employment; reduced poverty; increased GDP and tax revenue; progress toward Vision 2040 and NDP IV
Key assumptions	Macroeconomic stability; Government commitment to channel graduate funds through the SACCO; strong governance; members' commitment to save and repay; functioning markets for enterprise products

3.6 Value for money

The UG-SACCO model offers strong value for money for Government and partners. The table below compares the estimated cost per job created through the SACCO with indicative alternatives. The SACCO figures are based on the five-year projections in Chapter Fifteen, where the time-bound start-up and capacity grant totals about UGX 23.4 billion, while about 100,000 direct and indirect jobs are expected and Government programme capital is lent, recovered and re-lent rather than consumed.

Table 3.4: Indicative value for money comparison

Approach	Government cost per job (indicative)	Funds recovered and reused	Member co-investment
Direct grants to individuals	High; funds consumed once	None	None
Public employment schemes	Very high; recurrent wage cost	None	None
UG-SACCO revolving model	About UGX 240,000 per job in grant terms; loan capital revolves	Over 95 percent targeted recovery	About UGX 3 of member funds for every UGX 1 of Government funds

Beyond cost per job, the revolving nature of SACCO funds means that each shilling channelled through UG-SACCO is lent, repaid and re-lent several times over the life of the programme. A loan fund of UGX 60 billion with an average loan term of 18 months can finance more than UGX 150 billion in cumulative loans over five years, provided recovery is strong. This is why the SACCO's design places such emphasis on recovery, governance and digital controls.

3.7 Expected beneficiaries

The primary beneficiaries of UG-SACCO are graduates of Ugandan universities and tertiary institutions, and Ugandan graduates of recognised foreign institutions, whether unemployed, self-employed or employed. Special attention will be paid to female graduates, graduates with disabilities, graduates from regions with high NEET and poverty rates such as Karamoja, Bukedi, Teso, Busoga, Lango, Acholi and West Nile, and graduates in science, technology, engineering, agriculture and mathematics fields. Secondary beneficiaries include the employees of graduate enterprises, smallholder farmers supplying graduate-led agro-processors, families and dependants of members, local governments through increased local revenue, and the nation through increased production, exports and tax revenue.

Table 3.5: Beneficiary targets by Year 5

Beneficiary category	Year 5 target
Total members	250,000
Female members	At least 45 percent (112,500)
Members with disabilities	At least 3 percent (7,500)
Members from high-poverty and high-NEET sub-regions	At least 35 percent (87,500)
Active borrowers at any one time	About 39,500
Graduate-led enterprises supported cumulatively	At least 40,000
Direct and indirect jobs created	About 100,000
Smallholder farmers linked as suppliers to graduate agro-enterprises	At least 50,000

3.8 Why graduates will save and repay

A natural question is whether unemployed graduates can save and whether graduates will repay loans better than other groups whose programmes have struggled. The design of UG-SACCO rests on

several reasons for confidence. First, the savings requirement is modest and flexible: UGX 20,000 per month, with share capital payable in instalments, is within reach of graduates engaged even in part-time or casual work, and employed graduates will contribute much larger savings through payroll. The Emyooga experience, in which members collectively saved about UGX 87 billion through a mandatory savings requirement, shows that Ugandans will save when saving is a condition of access to credit.

Second, graduates have more to lose from default than many other borrowers. Their professional reputations, future access to employment, credit reference records and standing among peers from their universities are all at stake. A strong common bond based on shared institutions and professions makes peer pressure and group guarantees more effective.

Third, the SACCO's loans are designed for repayment: they are appraised on cash flow, sized to capacity, timed to enterprise cycles, protected by insurance and accompanied by mentorship and market linkages. Many defaults in other programmes arose not from unwillingness but from poorly designed loans that were disbursed without appraisal, at the wrong time, to enterprises without markets.

Fourth, the governance safeguards remove the main causes of programme failure identified by implementing agencies, especially leaders who default and the perception that funds are political gifts. Finally, the SACCO will start with a disciplined pilot phase, learn from results and expand only as performance is demonstrated.

3.9 Contribution to national policy dialogue

Beyond its direct results, UG-SACCO will contribute to national policy on graduate employment and higher education. Its data on which graduates succeed in which enterprises, which forms of support work best and how graduate enterprises link to the wider economy will inform universities in reviewing curricula, Government in designing programmes, and financial institutions in serving young entrepreneurs. The SACCO will publish an annual State of Graduate Enterprise report drawing on its data, in partnership with universities and research institutions.

3.10 Conclusion

The problem of graduate unemployment and credit exclusion is large, persistent and costly. Existing programmes, while valuable, are not designed around graduates and have faced governance and recovery challenges. A national, professionally managed and member-owned Graduates SACCO, acting as the single channel for Government programmes targeting graduates, offers a practical, sustainable and high-value solution. The following chapters describe how this institution will be built and run.

CHAPTER FOUR: STRATEGIC FRAMEWORK: VISION, MISSION, VALUES AND OBJECTIVES

4.1 Introduction

This chapter sets out the strategic direction of UG-SACCO: its vision, mission, core values, goal and strategic objectives, together with the strategies, targets and indicators attached to each objective. It also presents a strategic analysis of the internal and external environment through SWOT and PESTEL analyses and a stakeholder analysis. The strategic framework will guide the first five-year Strategic Plan of the SACCO (Years 1 to 5) and provide the basis for annual work plans and budgets.

4.2 Name, legal status and identity

The proposed name of the society is **Ugandan Graduates Savings and Credit Cooperative Society Limited**, abbreviated as **UG-SACCO**. It will be registered as a cooperative society under the Cooperative Societies Act and licensed to conduct savings and credit business under the applicable microfinance law, initially as a Tier 4 institution and, upon crossing the prescribed thresholds, as a large SACCO supervised by the Bank of Uganda. Its head office will be in Kampala, with regional hubs and campus chapters across the country.

The motto of the SACCO is "**Graduates as Producers, Not Job Seekers**". The brand identity will emphasise professionalism, patriotism, productivity and youthfulness, using the national colours alongside a distinctive graduate cap emblem and a growing seedling to represent production and growth.

4.3 Vision

A prosperous Uganda in which every graduate is a productive wealth creator contributing to the attainment of Uganda Vision 2040.

The vision expresses the long-term aspiration that graduates will no longer be seen as job seekers waiting for formal employment, but as wealth creators who produce goods and services, employ others and pay taxes. It deliberately links the SACCO's purpose to the national vision of transforming Uganda from a peasant to a modern and prosperous country.

4.4 Mission

To mobilise savings, provide affordable credit and serve as the single channel for Government programmes for graduates, in order to transform graduates into producers, employers and investors in the priority sectors of the national economy.

The mission captures the four core functions of UG-SACCO: savings mobilisation, affordable credit, Government programme channelling and enterprise transformation, all directed to the NDP IV priority sectors.

4.5 Goal

To create 100,000 decent jobs, support at least 40,000 graduate-led enterprises and mobilise UGX 150 billion in capital for productive investment by the fifth year of operation.

4.6 Core values

The SACCO will be guided by seven core values, summarised by the acronym **I-PIAIEP**, which every member, leader and staff member will be expected to uphold.

Table 4.1: Core values and behavioural commitments

Core value	Meaning	Behavioural commitment
Integrity	Honesty, transparency and ethical conduct in all dealings	Leaders and staff declare interests, never borrow on preferential terms, and repay on time; zero tolerance for

Core value	Meaning	Behavioural commitment
		fraud
Productivity	Using resources to create real goods and services	Loans primarily for productive enterprise; every enterprise tracked for output and jobs
Innovation	Applying knowledge, technology and creativity	Adopting digital systems, new products and improved production technologies
Accountability	Taking responsibility and reporting results	Quarterly public reports; independent audits; members' right to information
Inclusiveness	Equal opportunity for all graduates	Deliberate targeting of women, persons with disabilities and lagging regions
Excellence	High standards of service and professionalism	Service charter, turnaround time standards, continuous training
Patriotism	Love for and commitment to Uganda	Prioritising Ugandan value addition, Buy Uganda Build Uganda, and national development goals

4.7 Cooperative principles

As a cooperative, UG-SACCO will operate in accordance with the internationally recognised cooperative principles: voluntary and open membership; democratic member control on the basis of one member, one vote; member economic participation through shares and savings; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community. These principles will be embedded in the bye-laws and in all policies of the society.

4.8 Strategic objectives

The SACCO has seven strategic objectives. Each is accompanied by key strategies, Year 5 targets and performance indicators.

4.8.1 Strategic Objective 1: Mobilise member savings and share capital

Objective: To mobilise UGX 125 billion in member savings and UGX 60 billion in share capital by Year 5.

Key strategies include compulsory monthly savings for all members; attractive voluntary, fixed deposit, target, diaspora and retirement savings products, all paying between 4 and 9 percent per annum; payroll deduction arrangements with employers of graduates; digital deposits through mobile money, agency banking and the SACCO mobile application; a savings culture campaign in universities; and interest on savings of between 4 and 9 percent per annum, together with dividends on shares once the SACCO is profitable.

4.8.2 Strategic Objective 2: Provide affordable and appropriate credit

Objective: To provide affordable and appropriate credit to about 40,000 active graduate borrowers with portfolio at risk above 30 days below 5 percent.

Key strategies include an interest rate ceiling of 13 percent per annum on all loans; a diversified loan product range tailored to start-ups, growing enterprises, employed graduates and professionals; cash-flow-based appraisal; alternative collateral including group guarantees, chattels, asset financing, salary assignment and savings; graduated loan sizes; grace periods aligned with enterprise cycles; credit-life and enterprise insurance; and strong post-disbursement monitoring.

4.8.3 Strategic Objective 3: Serve as the single channel for Government programmes for graduates

Objective: To serve as the single, accountable channel for Government programmes targeting graduates, managing at least UGX 60 billion in programme funds by Year 5.

Key strategies include memoranda of understanding with programme owners; ring-fenced programme accounts and windows; integration of the beneficiary register with the National

Identification Number to prevent double benefits; real-time reporting dashboards for Government; and compliance with each programme's eligibility rules and pricing.

4.8.4 Strategic Objective 4: Establish Graduate Enterprise Clusters in priority value chains

Objective: To establish 300 Graduate Enterprise Clusters in NDP IV priority value chains across all sub-regions by Year 5.

Key strategies include value chain selection based on regional comparative advantage; cluster formation around shared infrastructure such as cold rooms, processing units and workshops; offtake and supply agreements with processors, exporters and institutional buyers; and partnerships with research institutions and universities for technology and quality.

4.8.5 Strategic Objective 5: Build enterprise capacity

Objective: To provide business development services, mentorship and incubation to at least 60,000 members by Year 5.

Key strategies include a mandatory pre-loan enterprise readiness course; sector-specific technical training; a mentorship network of successful entrepreneurs and professionals; university-hosted incubation hubs; and digital learning content.

4.8.6 Strategic Objective 6: Build a professional, well-governed and self-sustaining institution

Objective: To build a professional, digitally enabled, well-governed and financially self-sustaining SACCO, reaching break-even in Year 5 and remaining self-sustaining thereafter, while keeping all loan rates at or below 13 percent per annum.

Key strategies include professional recruitment; clear separation of governance and management; a robust core banking system; comprehensive policies and internal controls; risk-based internal audit; external audit; and compliance with all regulatory requirements.

4.8.7 Strategic Objective 7: Contribute measurably to national development goals

Objective: To contribute measurably to NDP IV targets on jobs, household incomes, value addition, exports and poverty reduction.

Key strategies include aligning the loan portfolio with NDP IV priorities; tracking jobs, incomes, production, exports and tax compliance of financed enterprises; and publishing an annual development impact report.

Table 4.2: Strategic objectives, indicators and Year 5 targets

Strategic objective	Key performance indicator	Baseline	Year 5 target
SO1 Savings and shares	Members' savings balance	0	UGX 125 billion
SO1 Savings and shares	Share capital	0	UGX 60 billion
SO2 Affordable credit	Active borrowers	0	About 39,500
SO2 Affordable credit	Gross loan portfolio	0	UGX 223 billion
SO2 Affordable credit	Portfolio at risk above 30 days	Not applicable	Below 5 percent
SO3 Single channel	Government programme funds managed	0	UGX 60 billion
SO3 Single channel	Programme recovery rate	Not applicable	Above 95 percent
SO4 Enterprise clusters	Graduate Enterprise Clusters established	0	300
SO5 Capacity building	Members trained and mentored	0	60,000
SO6 Institution	Operational self-sufficiency	Not applicable	About 101 percent (break-even)
SO6 Institution	Clean external audit opinion	Not applicable	Every year
SO7 National impact	Direct and indirect jobs created	0	About 100,000
SO7 National impact	Average increase in borrowers'	Not applicable	At least 50 percent

Strategic objective	Key performance indicator	Baseline	Year 5 target
	monthly income		

4.9 SWOT analysis

Table 4.3: SWOT analysis of the proposed UG-SACCO

Strengths	Weaknesses
Strong common bond among graduates; high literacy and numeracy of members; digital savviness; links to universities and professional bodies; national scope; diverse skills among members	New institution without track record; initial low capital; many members without income at start; need to build systems and staff from scratch
Opportunities	Threats
NDP IV focus on jobs and value addition; Government willingness to capitalise SACCOs; Tenfold Growth Strategy; digital financial infrastructure; regional markets under EAC and AfCFTA; development partner interest in youth employment	Political interference and perception of funds as gifts; loan default; fraud and cyber risk; macroeconomic shocks; climate shocks affecting agriculture; competition from digital lenders; regulatory changes

The SACCO will leverage its strengths and opportunities by building on the graduate common bond, universities and Government support, while managing weaknesses and threats through professional management, strong governance, insurance, diversification and a strict policy of political neutrality.

4.10 PESTEL analysis

Table 4.4: PESTEL analysis

Factor	Key considerations	Implications for UG-SACCO
Political	Strong Government commitment to wealth creation, SACCOs and youth employment; risk of politicisation	Seek formal designation as graduate window; maintain strict political neutrality in bye-laws
Economic	Growth of 6.3 percent in FY2024/25; NDP IV targets double digits; high lending rates; low inflation	Favourable demand for enterprise finance; opportunity to price below banks
Social	Youthful population; high NEET; rising literacy (85.3 percent in 2024/25 per UHIS); changing attitudes toward agriculture	Large membership base; need for mindset change campaigns
Technological	Mobile money, agency banking, national ID, smartphones, cloud core banking	Digital-first model reduces costs and enables national reach
Environmental	Climate variability; environmental standards in agriculture and minerals	Climate-smart lending, insurance and environmental screening
Legal	Cooperative Societies Act; Tier 4 Act 2016; MDI Act and 2023 Regulations; Data Protection and Privacy Act; AML laws	Full compliance; plan for transition to Bank of Uganda supervision

4.11 Stakeholder analysis

Table 4.5: Key stakeholders and their roles

Stakeholder	Interest	Role in UG-SACCO
Graduates (members)	Affordable credit, savings returns, enterprise support	Owners, savers, borrowers, leaders
Ministry of Trade, Industry and	Strong cooperatives, value addition	Registration, supervision, policy

Stakeholder	Interest	Role in UG-SACCO
Cooperatives		support
Ministry of Finance, Planning and Economic Development	Effective use of public funds, growth	Programme funding, Tier 4 licensing oversight, policy
National Planning Authority	Delivery of Vision 2040 and NDP IV	Alignment and results monitoring
Bank of Uganda	Financial stability	Supervision once thresholds are crossed; Agricultural Credit Facility
Ministry of Gender, Labour and Social Development	Youth and women employment	YLP, UWEP and labour market linkages
Ministry of Education and Sports and NCHE	Graduate outcomes	Policy support, university engagement
Universities and tertiary institutions	Graduate employability and reputation	Campus chapters, incubation, research, mentorship
Microfinance Support Centre and Uganda Development Bank	Effective on-lending	Wholesale credit lines
Local governments	Local economic development	Land access, extension, local revenue
Private sector and offtakers	Reliable supply and skilled partners	Market linkages, offtake contracts, mentorship
Development partners	Youth employment and inclusion	Grants, guarantees, technical assistance
Uganda Cooperative Alliance and UCSCU	Strong cooperative movement	Training, advocacy, apex services

CHAPTER FIVE: POLICY, LEGAL AND REGULATORY FRAMEWORK

5.1 Introduction

UG-SACCO will be established and operated in full compliance with the Constitution of the Republic of Uganda and the laws, regulations and policies governing cooperatives, financial institutions, data protection, anti-money laundering, labour and taxation. This chapter reviews the relevant policy and legal framework, explains how the SACCO will comply with it, and identifies the approvals required at each stage of establishment and growth. It also explains the policy rationale that makes the SACCO consistent with Government's development agenda.

5.2 Constitutional and policy foundation

The National Objectives and Directive Principles of State Policy in the Constitution of the Republic of Uganda commit the State to take necessary measures to bring about balanced development, to encourage private initiative and self-reliance, and to ensure that all Ugandans enjoy rights and opportunities and access to education, health services, clean and safe water, work, decent shelter, adequate clothing, food security and pension and retirement benefits. The Constitution also guarantees the freedom of association, which includes the freedom to form and join cooperatives. UG-SACCO is an expression of these constitutional commitments: it is a voluntary association of citizens organised for self-reliance and economic empowerment.

5.2.1 Uganda Vision 2040

Uganda Vision 2040 is the long-term national development framework, with the vision of a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years. It is implemented through six successive five-year National Development Plans. Vision 2040 emphasises harnessing opportunities in agriculture, tourism, minerals, oil and gas, ICT, a youthful labour force and the regional market, and strengthening fundamentals such as human capital, infrastructure, science and technology, and peace and security. Chapter Six explains in detail how UG-SACCO contributes to Vision 2040.

5.2.2 The Fourth National Development Plan

NDP IV covers FY2025/26 to FY2029/30 and is the fourth of the six plans designed to implement Vision 2040, marking the start of the second half of the Vision's implementation period. It was approved by Parliament on 9 January 2025 and launched for implementation from FY2025/26. Its goal is to achieve higher household incomes and employment for sustainable socio-economic transformation, under the theme Sustainable Industrialisation for Inclusive Growth, Employment and Wealth Creation. NDP IV is the first plan explicitly aligned with the Tenfold Growth Strategy and targets double-digit growth of about 10.1 percent per annum by FY2029/30, poverty reduction to about 10.1 percent and an increase in the revenue-to-GDP ratio to 18.3 percent.

5.2.3 The Tenfold Growth Strategy

The Tenfold Growth Strategy aims to grow the size of Uganda's economy tenfold, from about USD 50 billion to USD 500 billion by 2040, through rapid expansion in the anchor sectors of agro-industrialisation, tourism, minerals including oil and gas, and science, technology and innovation, with supporting enablers in financial services, infrastructure and human capital. NDP IV aims to double the size of the economy within five years and lay the foundation for the tenfold increase over 15 years.

5.2.4 The Parish Development Model

The PDM is Government's flagship multi-sectoral strategy for moving households from subsistence to the money economy, built on seven pillars: production, storage, processing and marketing; infrastructure and economic services; financial inclusion; social services; mindset change and community mobilisation; parish-based management information systems; and governance and administration. UG-SACCO adopts the PDM philosophy of moving people into the money economy

through organised production and access to finance, and seeks to complement it by providing a graduate-specific channel.

5.2.5 National Cooperative Policy

Government's cooperative policy promotes autonomous, member-owned and professionally managed cooperatives as instruments for economic empowerment, with emphasis on value addition, collective marketing and access to finance. It encourages cooperatives to strengthen governance, adopt modern technology and federate into secondary and apex structures. UG-SACCO's governance model, digital systems and intention to affiliate with apex bodies are consistent with this policy.

5.2.6 National Youth Policy and National Employment Policy

The National Youth Policy and the National Employment Policy recognise unemployment and underemployment of youth as critical development challenges, and call for enterprise development, skills, access to credit and labour market information. They encourage the formation of youth associations and cooperatives. UG-SACCO is a practical vehicle for implementing these policies for the graduate segment of the youth population.

5.2.7 National Financial Inclusion Strategy

The National Financial Inclusion Strategy seeks to increase access to and usage of quality and affordable financial services, with priority on youth, women, rural populations and micro, small and medium enterprises. It recognises SACCOs and digital financial services as key channels. UG-SACCO will contribute by bringing graduates into formal savings and productive credit, building credit histories and promoting financial literacy.

5.2.8 Other relevant policies

- **Buy Uganda Build Uganda (BUBU) Policy:** promotes consumption of locally produced goods; UG-SACCO will prioritise financing of local manufacturing and value addition.
- **National Agricultural Policy and Agro-industrialisation Programme:** promotes commercial agriculture, agro-processing and market access; the SACCO's agro-enterprise clusters directly implement this.
- **Science, Technology and Innovation Policy:** promotes commercialisation of innovations; the SACCO's innovation loans and incubation hubs support this.
- **National Local Content Policy for oil and gas:** promotes participation of Ugandan enterprises in the oil and gas value chain; the SACCO will finance graduate enterprises supplying goods and services.
- **Micro, Small and Medium Enterprise Policy:** promotes MSME growth and formalisation; graduate enterprises financed by the SACCO will be supported to register, keep records and comply with tax obligations.

5.3 Legal framework

5.3.1 The Cooperative Societies Act

The Cooperative Societies Act provides for the registration, management, supervision and dissolution of cooperative societies, and was amended in 2020 to strengthen governance, supervision and the protection of members. Under the Act, UG-SACCO will be registered with the Registrar of Cooperative Societies at the Ministry of Trade, Industry and Cooperatives. Registration requires a minimum number of founding members, approved bye-laws, a feasibility study, minutes of the inaugural meeting and evidence of paid-up share capital. The Act prescribes the general meeting as the supreme authority, the election and functions of the Board, the supervisory or audit committee, the keeping of books, annual audit, distribution of surplus and the powers of the Registrar to inspect and inquire.

5.3.2 The Tier 4 Microfinance Institutions and Money Lenders Act 2016

The Tier 4 Microfinance Institutions and Money Lenders Act 2016, which came into force on 1 July 2017, provides for the licensing, regulation and supervision of Tier 4 microfinance institutions, including SACCOs, non-deposit-taking microfinance institutions, self-help groups and community-based microfinance institutions. The Act established the Uganda Microfinance Regulatory Authority (UMRA) to license, regulate and supervise these institutions; UMRA commenced licensing of SACCOs in 2021, and its functions are being mainstreamed into the Ministry of Finance, Planning and Economic Development under Government's rationalisation of agencies. A SACCO must first be registered under the Cooperative Societies Act before applying for a licence to conduct savings and credit business. UG-SACCO will obtain this licence before mobilising deposits and will comply with prudential and conduct requirements, including governance, capital, liquidity, loan classification and provisioning, reporting and consumer protection.

5.3.3 The Microfinance Deposit-Taking Institutions Act and the 2023 Regulations

The Microfinance Deposit-Taking Institutions Act, together with the Microfinance Deposit-Taking Institutions (Registered Societies) Regulations 2023, requires registered societies, including SACCOs, that cross prescribed thresholds in deposits, assets or membership to be licensed and supervised by the Bank of Uganda as large SACCOs. Given its projected growth, UG-SACCO expects to cross these thresholds within its first three to four years. The SACCO will therefore build its systems, governance and capital to Bank of Uganda standards from the outset, and will plan a seamless transition, including meeting capital adequacy, liquidity, governance, fit-and-proper and reporting requirements.

Table 5.1: Regulatory pathway of UG-SACCO

Stage	Regulator	Key requirements	Expected timing
Registration as cooperative society	Registrar of Cooperatives, MTIC	Founding members, bye-laws, feasibility study, inaugural minutes, share capital	Establishment phase (Months 1 to 3)
Licence for savings and credit business (Tier 4)	Tier 4 regulator (UMRA functions within MoFPED)	Licence application, governance, policies, premises, MIS, fit-and-proper leaders	Months 3 to 6
Ongoing Tier 4 compliance	Tier 4 regulator and Registrar	Periodic returns, audited accounts, AGM, inspections	Years 1 to 3
Transition to large SACCO supervision	Bank of Uganda	Capital adequacy, liquidity, governance, risk management, reporting	Upon crossing thresholds, expected Years 3 to 4

5.3.4 Anti-Money Laundering Act

The Anti-Money Laundering Act and its regulations require financial institutions, including SACCOs, to carry out customer due diligence, keep records, monitor transactions, and report suspicious transactions to the Financial Intelligence Authority. UG-SACCO will verify every member's identity using the National Identification Number through NIRA, maintain know-your-customer records, appoint a money laundering control officer, train staff and file required reports.

5.3.5 Data Protection and Privacy Act 2019

The Data Protection and Privacy Act 2019 regulates the collection, processing and storage of personal data. UG-SACCO will register as a data collector and processor with the Personal Data Protection Office, obtain members' consent, use data only for stated purposes, secure data against unauthorised access, and appoint a data protection officer. These obligations are especially important given the SACCO's digital model and its sharing of data with Government programme owners and the Credit Reference Bureau.

5.3.6 Credit reference regulations

Participation in the credit reference system enables the SACCO to check the credit histories of applicants and to report repayment behaviour, which helps members build credit records that open access to larger finance in future. Once eligible, UG-SACCO will participate in credit information sharing in accordance with applicable regulations.

5.3.7 Other laws

- **Income Tax Act:** SACCOs enjoy specified tax treatment on certain income; UG-SACCO will comply with tax registration, withholding tax on interest and dividends where applicable, PAYE for staff and annual returns.
- **Employment Act and NSSF Act:** UG-SACCO will provide fair employment terms, written contracts, and remit NSSF contributions.
- **Companies Act:** the SACCO's proposed investment subsidiary, UG-SACCO Investments Limited, will be incorporated under the Companies Act.
- **National Payment Systems Act:** digital payment integrations with mobile money operators and payment service providers will comply with payment system rules.
- **Public Finance Management Act:** Government funds channelled through the SACCO will be accounted for in accordance with the requirements of programme owners and the Accountant General, and will be subject to audit by the Auditor General.

5.4 Bye-laws of UG-SACCO

The bye-laws will be the constitution of the society and will be adopted at the inaugural general meeting. The key provisions are summarised below; a fuller outline appears in the annexes.

Table 5.2: Key provisions of the proposed bye-laws

Provision	Summary
Name and registered office	Ugandan Graduates Savings and Credit Cooperative Society Limited; head office in Kampala
Area of operation	The whole of Uganda, with members in the diaspora permitted to join
Common bond	Holders of certificates, diplomas or degrees from accredited institutions; final-year students as associate members
Objects	Savings mobilisation, productive credit, programme channelling, enterprise development, member education
Membership fee and shares	Entrance fee UGX 20,000; share value UGX 10,000; minimum 20 shares (UGX 200,000) payable within 12 months; maximum holding 10 percent of total shares
Compulsory savings	Minimum UGX 20,000 per month
Governance organs	General Meeting, Delegates Assembly, Board of Directors, Supervisory Committee, Credit and Programmes Committee, Regional and Campus Chapter Committees
Elections and terms	Directors elected for three-year terms, maximum two consecutive terms; one-third retire by rotation
Eligibility for office	Fit and proper; no loan arrears; minimum share and savings thresholds; not a holder of partisan political office
Political neutrality	The SACCO shall not engage in partisan politics nor be used for political mobilisation
Distribution of surplus	Statutory reserve, education fund, development fund, interest on savings, dividends on shares and patronage rebates
Discipline and expulsion	For fraud, wilful default or gross misconduct, following due process
Dispute resolution	Internal mediation, then the Registrar, then the courts
Amendment and dissolution	Two-thirds majority at a general meeting and Registrar approval

5.5 Compliance management

The SACCO will establish a compliance function reporting to the Board Audit and Risk Committee. The compliance officer will maintain a regulatory obligations register, monitor compliance, prepare regulatory returns, coordinate inspections and train staff. Compliance will be reviewed quarterly by the Board and annually by the external auditor. The SACCO will treat regulatory compliance not as a burden but as a foundation of trust with members, Government and partners.

5.6 Summary of ongoing statutory obligations

Table 5.3: Ongoing statutory and regulatory obligations

Obligation	Authority	Frequency
Annual General Meeting or Delegates Assembly	Registrar of Cooperatives	Annually
Audited financial statements and annual returns	Registrar and licensing regulator	Annually
Prudential and statistical returns	Tier 4 regulator; Bank of Uganda after transition	Monthly or quarterly as prescribed
Licence renewal	Licensing regulator	As prescribed
Suspicious transaction and other AML reports	Financial Intelligence Authority	As they arise and as prescribed
Tax returns, PAYE and withholding tax	Uganda Revenue Authority	Monthly and annually
NSSF contributions	National Social Security Fund	Monthly
Data protection registration and renewal	Personal Data Protection Office	As prescribed
Programme reports and audits	Programme owners and Auditor General	Per agreements

5.7 Policy recommendations to Government

To enable UG-SACCO to fulfil its mission, the promoters respectfully recommend that Government:

- Formally recognise UG-SACCO as the designated graduate window for relevant wealth creation and youth employment programmes, through memoranda of understanding with the respective ministries and agencies.
- Provide start-up and capacity-building support, as is done for PDM and Emyooga SACCOs, to establish systems, train leaders and staff, and cover the Year 1 operating deficit.
- Allow graduate members who are resident in parishes to access PDM benefits through UG-SACCO, under a ring-fenced graduate window reporting to PDMIS, to avoid duplication.
- Encourage public universities and tertiary institutions to host campus chapters and integrate entrepreneurship and cooperative education in curricula.
- Support the harmonisation of SACCO regulation so that large SACCOs like UG-SACCO face a clear and predictable transition to Bank of Uganda supervision.

CHAPTER SIX: ALIGNMENT WITH UGANDA VISION 2040, NDP IV AND THE TENFOLD GROWTH STRATEGY

6.1 Introduction

This chapter demonstrates how UG-SACCO is aligned with, and will contribute measurably to, Uganda Vision 2040, the Fourth National Development Plan and the Tenfold Growth Strategy. It also shows alignment with the Parish Development Model, the Sustainable Development Goals, Africa's Agenda 2063 and the East African Community Vision 2050. The chapter concludes with estimates of the SACCO's quantified contribution to national targets.

6.2 Uganda Vision 2040 at a glance

Uganda Vision 2040 articulates the national aspiration of a transformed Ugandan society from a peasant to a modern and prosperous country. It envisages Uganda attaining upper middle-income status, with per capita income rising to about USD 9,500, a predominantly urban and industrial economy, a highly skilled and productive labour force, and widespread prosperity. The Vision identifies opportunities that must be harnessed, including agriculture, tourism, minerals, oil and gas, ICT, a youthful and abundant labour force, geographical location and the regional market. It also identifies fundamentals that must be strengthened, including human capital, infrastructure, science, technology, engineering and innovation, land use and management, peace, security and defence, and the private sector.

Table 6.1: Vision 2040 aspirations and UG-SACCO contribution

Vision 2040 aspiration or opportunity	UG-SACCO contribution
Transform from a peasant to a modern economy	Moves graduates and their suppliers from subsistence and idleness into commercial production through organised clusters and finance
Harness the youthful labour force	Converts the most educated youth into producers and employers, creating jobs for non-graduate youth
Commercialise agriculture and agro-industry	Finances graduate-led commercial farms, processing and value addition in priority value chains
Harness tourism	Finances graduate-led tourism and hospitality enterprises
Harness minerals, oil and gas	Finances graduate enterprises in local content supply, services and mineral value addition
Harness ICT and innovation	Finances digital, fintech, agritech and engineering enterprises; hosts innovation hubs with universities
Strengthen the private sector	Builds thousands of formal, tax-compliant small and medium enterprises
Improve human capital	Provides practical enterprise training, mentorship and lifelong learning to graduates
Increase savings and investment	Mobilises UGX 185 billion of member savings and shares by Year 5 for domestic investment
Reduce poverty and inequality	Targets lagging regions, women and persons with disabilities

6.3 Alignment with NDP IV

6.3.1 Goal and theme

The goal of NDP IV is to achieve higher household incomes and employment for sustainable socio-economic transformation, under the theme of Sustainable Industrialisation for Inclusive Growth, Employment and Wealth Creation. UG-SACCO's goal of 100,000 jobs, 40,000 enterprises and UGX 150 billion in productive capital, together with its focus on value addition and industrialisation, is directly aligned with this goal and theme. Every loan and every programme fund managed by the SACCO will be tracked against the twin NDP IV outcomes of household income and employment.

6.3.2 Strategic objectives

NDP IV pursues its goal through five strategic objectives, the first of which is to sustainably increase production, productivity and value addition in agriculture, minerals, oil and gas, tourism, ICT and financial services. The remaining objectives focus on human capital development and employment, private sector development and competitiveness, infrastructure and digital transformation, and governance and the capacity of the state for development. UG-SACCO contributes directly to the first three objectives and supports the remaining objectives through its digital model and its emphasis on accountability.

Table 6.2: Alignment with NDP IV strategic objectives

NDP IV strategic objective (summary)	UG-SACCO contribution	Indicators tracked by UG-SACCO
Increase production, productivity and value addition in agriculture, minerals, oil and gas, tourism, ICT and financial services	Productive loans and clusters in ATMS sectors; at least 70 percent of portfolio in NDP IV priority sectors	Value of production; volume processed; number of value addition units
Enhance human capital development and employment	Enterprise training, mentorship, incubation; jobs in member enterprises	Members trained; jobs created; share of youth employed
Strengthen private sector development and competitiveness	Affordable credit, formalisation, market linkages	Enterprises registered; turnover growth; taxes paid
Support infrastructure and digital transformation	Digital savings, credit and payments; ICT enterprises	Share of digital transactions; ICT enterprises financed
Strengthen governance and accountability	Transparent programme channelling; audits; public reporting	Clean audits; programme reports submitted on time

6.3.3 Macroeconomic targets

NDP IV targets a real GDP growth rate rising to about 10.1 percent per annum by FY2029/30, a reduction in poverty to about 10.1 percent, and an increase in the revenue-to-GDP ratio to 18.3 percent from 13.7 percent in FY2023/24. Achieving double-digit growth requires a step change in private investment and productivity, much of which must come from small and medium enterprises. UG-SACCO's projected contribution, estimated in Section 6.8, will be a modest but real and measurable share of these national targets, and it offers a replicable model that could be scaled further.

6.3.4 NDP IV programmes

NDP IV is implemented through programmes that bring together ministries, departments, agencies and local governments around shared results. UG-SACCO's activities map onto several of these programmes, as shown below.

Table 6.3: Mapping of UG-SACCO activities to NDP IV programme areas

NDP IV programme area	UG-SACCO activity
Agro-industrialisation	Graduate agro-enterprise clusters; input, production and processing finance; offtake agreements; storage and cold chain finance
Tourism development	Loans for eco-lodges, tour operations, hospitality, crafts and cultural tourism
Mineral development and petroleum	Local content supply loans; logistics, catering and environmental services; mineral value addition
Manufacturing	Light manufacturing, fabrication, packaging and building materials enterprises
Digital transformation	Digital SACCO platform; ICT enterprises; digital skills

NDP IV programme area	UG-SACCO activity
Innovation, technology development and transfer	Innovation loans; university incubation hubs; commercialisation of research
Human capital development	Enterprise and financial literacy training; mentorship; internships in member enterprises
Private sector development	SME finance; formalisation; business development services
Community mobilisation and mindset change	Savings culture; repayment culture; graduate mindset change from job seekers to job creators
Regional development	Deliberate targeting of lagging sub-regions; regional hubs
Development plan implementation	Results-based reporting to Government; data on graduate enterprises

6.4 Alignment with the Tenfold Growth Strategy

The Tenfold Growth Strategy seeks to expand the economy tenfold by 2040 by rapidly expanding the export basket, deepening value addition in the anchor sectors, consolidating the country's human, financial, physical and natural capital, and mobilising both domestic and foreign investment. Its anchor sectors are agro-industrialisation, tourism, minerals including oil and gas, and science, technology and innovation, commonly summarised as ATMS. UG-SACCO's portfolio policy requires that at least 70 percent of productive loans be directed to ATMS sectors and their enabling services.

Table 6.4: UG-SACCO portfolio allocation to Tenfold Growth anchor sectors (Year 5 target)

Sector	Share of productive loan portfolio	Approximate value by Year 5 (UGX billion)	Example enterprises
Agro-industrialisation	45 percent	80	Poultry, piggery, dairy, aquaculture, coffee, horticulture, feeds, processing
Tourism and hospitality	8 percent	14	Eco-lodges, tours, hospitality, crafts
Minerals, oil and gas services	7 percent	13	Local content supply, logistics, mineral value addition
Science, technology and innovation	12 percent	21	ICT, fintech, agritech, renewable energy, engineering
Light manufacturing and value addition	13 percent	23	Fabrication, packaging, building materials, textiles
Trade, professional and other services	15 percent	27	Professional practices, education, health, logistics, trade
Total productive portfolio	100 percent	178	About 80 percent of the gross loan portfolio of UGX 223 billion

The Tenfold Growth Strategy also emphasises the consolidation of financial capital. By mobilising UGX 125 billion in savings and UGX 60 billion in share capital from graduates who would otherwise hold little or no formal savings, UG-SACCO deepens domestic resource mobilisation and reduces reliance on expensive external capital.

6.5 Alignment with the Parish Development Model

UG-SACCO shares the PDM's purpose of moving people into the money economy and adopts several of its design features, including revolving funds, enterprise grouping and digital management information. It complements PDM in three ways. First, it reaches graduates who do not fit the residence-based parish model. Second, graduate enterprises financed by UG-SACCO will buy produce from PDM beneficiaries, creating markets for PDM enterprises; for example, a graduate-run feed mill will buy maize from PDM farmers, and a graduate dairy collection centre will buy milk from PDM dairy farmers. Third, UG-SACCO's mentors and graduate members can serve as enterprise advisers to PDM groups, strengthening the PDM's production pillar.

Table 6.5: Complementarity between UG-SACCO and PDM pillars

PDM pillar	UG-SACCO complementarity
Production, storage, processing and marketing	Graduate processors and aggregators create markets for PDM producers
Infrastructure and economic services	Cluster infrastructure such as cold rooms and processing units serve surrounding communities
Financial inclusion	Graduate window for PDM funds; savings and credit for graduates
Social services	Graduate health and education enterprises improve local services
Mindset change and community mobilisation	Graduates model commercial production and savings culture
Parish-based management information	Integration of graduate beneficiary data with PDMIS
Governance and administration	Transparent reporting and accountability

6.6 Alignment with global and regional frameworks

UG-SACCO contributes to several Sustainable Development Goals, notably SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure) and SDG 10 (reduced inequalities). It also contributes to Africa's Agenda 2063 aspiration of a prosperous Africa based on inclusive growth and sustainable development, driven by its people, especially women and youth, and to the East African Community Vision 2050 goals of industrialisation and youth employment. The African Continental Free Trade Area offers graduate enterprises access to a continental market, and the SACCO will support export-ready enterprises to meet regional and continental standards.

Table 6.6: Contribution to selected SDG targets

SDG	Relevant target area	UG-SACCO indicator
SDG 1	Reduce the proportion of people living in poverty	Members and employees lifted above poverty line
SDG 2	Double agricultural productivity and incomes of small-scale producers	Productivity of graduate farms and supplying smallholders
SDG 5	Women's full participation and equal opportunities	At least 45 percent female members and borrowers
SDG 8	Full and productive employment for youth; reduce NEET; access to financial services	Jobs created; NEET members engaged; members with savings and credit
SDG 9	Increase access of small enterprises to affordable credit; enhance technological capability	SMEs financed; innovation loans
SDG 10	Promote social and economic inclusion of all	Members from lagging regions and with disabilities

6.7 Contribution to employment and household income targets

Employment is the central concern of NDP IV and of this proposal. UG-SACCO will contribute to employment in three ways: by enabling members to become self-employed in their own enterprises; by creating wage jobs within those enterprises for other youth; and by stimulating employment in supplying and distributing value chains. Household incomes will rise as idle graduates begin to earn, as enterprises grow, and as members earn interest and dividends on their savings and shares.

Table 6.7: Projected cumulative jobs created by UG-SACCO-financed enterprises

Year	Active borrowers	Direct jobs (owner plus employees)	Indirect jobs in value chains	Total jobs
Year 1	2,925	5,000	2,300	7,300
Year 2	10,050	17,200	7,900	25,100
Year 3	20,337	34,800	16,000	50,800
Year 4	30,553	52,300	24,100	76,400
Year 5	39,509	67,600	31,200	98,800

6.8 Estimated contribution to GDP, revenue and poverty reduction

The SACCO's contribution to GDP can be estimated from the output of financed enterprises. Assuming a conservative average annual value added of UGX 25 million per active enterprise by Year 5, the 39,500 active enterprises would generate about UGX 990 billion in annual value added, equivalent to about 0.4 percent of the FY2024/25 GDP of UGX 226.3 trillion. Including indirect effects in supplying value chains, the total contribution could exceed UGX 1.4 trillion per year. If financed enterprises and their employees contribute on average 8 percent of their value added in taxes, including VAT, income tax, PAYE and local service tax, annual tax revenue would be in the order of UGX 80 billion every year, more than three times the entire time-bound start-up grant requested.

Table 6.8: Estimated annual development contribution by Year 5

Indicator	Estimate	Basis
Active graduate enterprises	About 39,500	Financial model
Direct and indirect jobs	About 98,800	Table 6.7
Annual value added by financed enterprises	About UGX 990 billion	UGX 25 million per enterprise
Share of FY2024/25 GDP	About 0.4 percent	UGX 226.3 trillion GDP
Annual tax contribution	About UGX 80 billion	8 percent of value added
Members' savings and shares mobilised	UGX 185 billion	Financial model
Households lifted out of poverty (members and employees)	At least 30,000	Income gains of member and employee households

6.9 Reporting UG-SACCO's contribution to NDP IV

To make its contribution visible in national planning, UG-SACCO will report annually to the National Planning Authority and relevant ministries using indicators aligned with NDP IV results. The table below shows how the SACCO's indicators map onto the national results areas.

Table 6.9: Mapping of UG-SACCO indicators to NDP IV results areas

NDP IV results area	UG-SACCO indicator	Reporting frequency
Household incomes	Average change in monthly income of borrowing members and employees	Annual panel survey
Employment	Direct and indirect jobs in financed enterprises,	Annual

NDP IV results area	UG-SACCO indicator	Reporting frequency
	disaggregated by sex, age and region	
Production and productivity	Volume and value of output of financed enterprises in priority value chains	Annual
Value addition and industrialisation	Number and capacity of processing and value addition units financed	Annual
Exports and import substitution	Value of exports and import-substituting products of financed enterprises	Annual
Private sector growth and formalisation	Enterprises registered with URSB and URA; enterprises with UNBS certification	Annual
Financial inclusion and savings	Members with formal savings; savings mobilised; credit histories built	Quarterly
Domestic revenue	Estimated taxes paid by financed enterprises	Annual
Regional balance	Share of members, loans and jobs in lagging sub-regions	Annual
Gender and inclusion	Share of women and persons with disabilities among members, borrowers and jobs	Quarterly

6.10 Conclusion

UG-SACCO is designed as a practical instrument for implementing Vision 2040, NDP IV and the Tenfold Growth Strategy at the level of individual graduates and enterprises. Its portfolio is deliberately concentrated in the anchor sectors; its results are measured in the same terms as the national plans; and its cooperative model ensures that the benefits of growth are widely shared among members. In this sense, the SACCO is not a parallel initiative but a delivery vehicle for national priorities.

CHAPTER SEVEN: UG-SACCO AS THE SINGLE CHANNEL FOR GOVERNMENT PROGRAMMES

7.1 Introduction

A central proposition of this proposal is that one national Graduates SACCO should serve as the channel through which Government programmes targeting graduates are delivered. The graduates of Uganda appreciate the many programmes Government has put in place and want to participate in them fully. What is missing is an efficient, accountable and graduate-specific delivery vehicle. This chapter explains the concept of the single channel, the institutional arrangements that will make it work, the flow of funds and information, the safeguards against misuse, and the benefits to Government, programme owners and graduates.

7.2 The concept of the One Graduate Window

The One Graduate Window is a structured arrangement under which a Government ministry, department, agency or programme that wishes to support graduates channels its resources and services through UG-SACCO under a formal agreement. The SACCO then identifies eligible members, appraises their enterprises, disburses funds, provides business support, monitors performance, recovers loans, revolves funds to new beneficiaries and reports results to the programme owner. The programme owner retains policy control, sets eligibility and pricing rules, receives real-time data and can audit the window at any time.

The single channel does not mean that UG-SACCO replaces existing programmes or their institutions. PDM SACCOs, Emyooga SACCOs, local governments and the Microfinance Support Centre will continue to serve their constituencies. Rather, UG-SACCO becomes the designated graduate window within each programme, so that funds intended for graduates reach graduates efficiently and measurably, and graduates are not forced to fit into structures designed for other groups.

7.3 Why a single channel works better

Table 7.1: Fragmented delivery compared with a single graduate channel

Dimension	Current fragmented delivery	Single graduate channel through UG-SACCO
Beneficiary identification	Separate registers per programme; risk of double benefits	One register linked to the National Identification Number; double benefits blocked
Eligibility verification	Manual, varies by programme	Automated verification of graduate status, identity and credit history
Appraisal	Often weak or absent	Professional enterprise appraisal by trained loan officers
Disbursement	Mixed cash, cheque and mobile channels, some outside systems	Digital disbursement only through the core banking system
Business support	Limited and uneven	Embedded training, mentorship and market linkages
Monitoring	Periodic and manual	Continuous, with field visits and digital reporting
Recovery	Weak in many cases	Professional recovery with savings, guarantees and insurance
Reporting to Government	Delayed, aggregated	Real-time dashboards with individual-level data
Cost per shilling delivered	High, duplicated overheads	Lower, shared platform across programmes
Accountability	Diffuse	One accountable institution with audited accounts

7.4 Programmes to be channelled

The promoters propose that UG-SACCO serve as the graduate window for the following categories of programmes, subject to agreement with each programme owner.

Table 7.2: Proposed programme windows within UG-SACCO

Window	Programme owner	Nature of support	Proposed arrangement
PDM Graduate Window	Ministry of Finance, Planning and Economic Development and Ministry of Local Government	Revolving fund for graduate enterprises meeting PDM criteria	Ring-fenced allocation for graduate members; loans at PDM terms; reporting into PDMIS
Emyooga Graduate Window	Microfinance Support Centre	Seed capital for graduate trade associations	Graduate professional associations organised as UG-SACCO enterprise groups
Youth Enterprise Window	Ministry of Gender, Labour and Social Development	Youth livelihood and enterprise funds	Eligible graduate youth groups financed through the SACCO
Women Graduates Window	Ministry of Gender, Labour and Social Development	Women entrepreneurship funds	Female graduate enterprises financed through the SACCO
Wholesale Credit Window	Microfinance Support Centre and Uganda Development Bank	Wholesale lines to on-lend to members	Concessional credit lines on-lent for productive enterprises
Agricultural Credit Window	Bank of Uganda (Agricultural Credit Facility)	Medium and long term agricultural finance	Graduate agro-processors and commercial farms that meet criteria
Innovation Window	STI and innovation funds	Grants and loans for innovators	Matching loans for graduates with funded innovations
Skills and Placement Window	Ministry of Education and Sports, Ministry of Gender and partners	Internships, apprenticeships and graduate placement	Placement of graduates in member enterprises and partner firms
Local Content Window	Petroleum and minerals sector agencies	Support to local suppliers	Finance for graduate enterprises in local content supply chains
Development Partner Window	Bilateral and multilateral partners	Grants, guarantees, technical assistance	Co-financing of enterprise fund, BDS and capacity building

7.5 Institutional arrangements

7.5.1 Memoranda of understanding

Each programme window will be established through a memorandum of understanding or programme agreement between UG-SACCO and the programme owner. The agreement will specify the purpose and amount of funds; eligibility criteria; loan pricing, tenor and conditions; the treatment of recoveries and revolving; the management fee payable to the SACCO, if any; reporting requirements and formats; audit rights; data sharing and protection; dispute resolution; and the term and exit arrangements.

7.5.2 Programmes Directorate

UG-SACCO will establish a Government Programmes Directorate headed by a Director of Programmes, responsible for managing all programme windows. The Directorate will maintain a separate ledger and bank account for each programme, ensure compliance with programme rules,

coordinate with programme owners, and prepare programme reports. A Board Credit and Programmes Committee will provide oversight.

7.5.3 Joint Programme Steering Committee

For each major programme window, a Joint Steering Committee comprising representatives of the programme owner, UG-SACCO management and an independent member will meet quarterly to review performance, resolve issues and approve changes. This ensures that programme owners remain fully engaged and in control of policy.

7.6 Flow of funds

The flow of funds within each programme window will follow a controlled, digital process:

- **Step 1, Release:** the programme owner releases funds to a ring-fenced UG-SACCO programme account held in a commercial bank, with notification to both parties.
- **Step 2, Allocation:** the Programmes Directorate allocates funds to regions and value chains according to the approved allocation plan.
- **Step 3, Application and verification:** members apply through the mobile application, USSD or regional hub; the system verifies identity via NIRA, graduate status via the member register, savings history and credit reference.
- **Step 4, Appraisal:** loan officers appraise the enterprise and conduct a field visit; the credit committee approves within set limits.
- **Step 5, Disbursement:** funds are disbursed digitally, preferably directly to suppliers of inputs or equipment, or to the member's mobile money or bank account for working capital.
- **Step 6, Monitoring and support:** loan officers and mentors monitor enterprise performance and provide support.
- **Step 7, Repayment:** members repay through mobile money, bank or agency channels into the programme account.
- **Step 8, Revolving:** recovered funds are re-lent to new eligible members under the same programme rules.
- **Step 9, Reporting:** real-time dashboards and quarterly reports are shared with the programme owner and published in summary.

7.7 Eligibility and targeting

Eligibility for programme windows will be governed by the rules of each programme, supplemented by UG-SACCO's standard requirements. A typical graduate applicant must:

- Be a registered member of UG-SACCO in good standing with a valid National Identification Number.
- Hold a certificate, diploma or degree from an accredited institution, verified through the SACCO's member register.
- Have saved consistently for at least three months, or six months for larger loans, and hold the minimum share capital.
- Present a viable enterprise plan in an eligible sector, preferably within a Graduate Enterprise Cluster.
- Complete the enterprise readiness training.
- Have no adverse credit record and no outstanding default with another Government programme.
- Meet any programme-specific criteria, such as age, gender, location or sector.

7.8 Safeguards against misuse and political capture

The experience of PDM and Emyooga shows that well-funded programmes are vulnerable to political capture, elite capture, ghost beneficiaries and the perception of funds as gifts. UG-SACCO will deploy the following safeguards:

- **Political neutrality clause:** the bye-laws prohibit partisan political activity in the SACCO, and holders of partisan political office may not serve on the Board.
- **Digital identity:** every beneficiary is verified through the National Identification Number, eliminating ghost beneficiaries and double-dipping.
- **No cash handling:** all disbursements and repayments are digital, creating an audit trail.
- **Separation of duties:** elected leaders do not appraise or disburse loans; professional staff do so under approved policies.
- **Leaders' loans:** loans to directors, committee members and senior staff require approval by the full Board, are disclosed in the annual report and are granted on ordinary terms only.
- **Default disqualification:** any leader in arrears for more than 30 days automatically vacates office.
- **Whistle-blower channel:** members and staff can report concerns anonymously to the Supervisory Committee and the regulator.
- **Independent audit:** each programme window is audited annually by the external auditor and is open to the Auditor General.
- **Public reporting:** quarterly summary reports on disbursements, recoveries and results are published on the SACCO website.

7.9 Reporting and information sharing

The SACCO's core banking and programme management system will generate standard reports for each programme owner, including: number and profile of beneficiaries by gender, age, disability, region and sector; amounts disbursed, repaid and outstanding; portfolio quality; jobs created; enterprise performance; and programme-specific indicators. Where a programme has its own management information system, such as PDMIS, the SACCO will integrate or upload data in the required format so that Government has a complete national picture.

Table 7.3: Standard programme reporting schedule

Report	Frequency	Recipient
Real-time dashboard (disbursements, repayments, beneficiaries)	Continuous	Programme owner
Portfolio quality and recovery report	Monthly	Programme owner, Board
Programme performance report with results indicators	Quarterly	Joint Steering Committee, programme owner
Public summary of programme performance	Quarterly	Members and the public via website
Audited programme financial statements	Annually	Programme owner, Registrar, regulator, Auditor General
Development impact report	Annually	Government, partners, members

7.10 Cost of programme delivery

Delivering programmes efficiently requires resources for staff, systems, training and monitoring. UG-SACCO proposes that programme owners contribute a management fee of between 2 and 3 percent per annum of funds under management, or an equivalent spread between the cost of programme funds and the lending rate, to cover delivery costs. This is significantly lower than the full administrative cost of running separate programme structures and is fully transparent. Any surplus from programme windows will be applied first to programme-related capacity building and loan loss reserves.

7.11 Benefits of the single channel

Table 7.4: Benefits of the single graduate channel to stakeholders

Stakeholder	Benefits
Government	Precise targeting of graduates; lower delivery cost; strong recovery and revolving; real-time data; measurable contribution to NDP IV
Programme owners	A professional implementing partner; reduced administrative burden; accountability through one institution
Graduates	One place to access all relevant programmes; consistent rules; enterprise support; ability to build a credit history
Local governments	More productive enterprises; local revenue; reduced youth idleness
Development partners	A credible, scalable vehicle for youth employment investments
Private sector	Organised, financed and trained graduate suppliers and partners

7.12 Illustrative scenario: the PDM Graduate Window

To illustrate how a programme window will operate, consider a PDM Graduate Window. Suppose Government allocates UGX 10 billion to graduate members through UG-SACCO in a given year, within the overall PDM allocation. The SACCO identifies eligible graduate members resident in parishes across the country, organises them into enterprise groups aligned with PDM priority enterprises, verifies them against PDMIS to avoid duplication, and finances them at PDM terms. Each graduate enterprise is required to purchase a share of its raw materials from local PDM beneficiaries, thereby linking graduate enterprises to the wider parish economy. Repayments revolve to new graduate beneficiaries. Government receives monthly data uploads into PDMIS and quarterly results reports. Over three years, with strong recovery, the UGX 10 billion allocation could finance more than UGX 20 billion in cumulative graduate enterprise loans and create several thousand jobs.

7.13 Design of the principal programme windows

7.13.1 Emyooga Graduate Window

Emyooga organises citizens into associations and SACCOs by trade and category. Many graduates practise professions or trades that are either not represented or represented by groups dominated by non-graduates. Under the proposed Emyooga Graduate Window, graduate professional associations such as young engineers, agriculture graduates, ICT graduates, health professionals and teachers would be organised as enterprise associations within UG-SACCO. Seed capital from the Microfinance Support Centre would be held in a ring-fenced account, lent to associations and their members at the Emyooga rate of about 7 percent, and recovered and revolved under Emyooga rules. The mandatory 30 percent savings requirement of Emyooga would be applied, building on UG-SACCO's own compulsory savings culture. Performance reports would be shared with the Microfinance Support Centre in its prescribed formats, and well-performing associations would qualify for any additional seed capital Government provides to the best performers.

7.13.2 Youth and Women Enterprise Windows

The Youth Livelihood Programme and the Uganda Women Entrepreneurship Programme finance youth and women's enterprise groups through local governments. Under the proposed windows, eligible graduate youth and female graduates would be organised into enterprise groups within UG-SACCO and financed from allocations channelled through the SACCO, applying each programme's eligibility, group size and repayment rules. The SACCO's appraisal, monitoring and recovery systems would strengthen the performance of these funds, while local governments would continue to receive data on beneficiaries in their areas for planning and monitoring.

7.13.3 Wholesale Credit Window

The Microfinance Support Centre and the Uganda Development Bank provide wholesale and on-lending facilities to financial institutions. UG-SACCO will apply for credit lines for on-lending to graduate enterprises in priority sectors, with pricing that allows the SACCO to lend at affordable rates while covering its costs. The lines will be matched to the tenor of the loans they finance: shorter lines for working capital and seasonal agriculture, and longer lines for equipment and cluster infrastructure. The SACCO's strong governance, digital systems and audited accounts are designed to meet the due diligence standards of these lenders.

7.13.4 Agricultural Credit Window

The Agricultural Credit Facility, administered by the Bank of Uganda with participating financial institutions, offers medium and long term finance for agricultural production, processing and mechanisation at concessional rates. As graduate agro-processors and commercial farms grow beyond the size of typical SACCO loans, UG-SACCO will either participate in the facility directly, if eligible, or partner with participating banks to package graduate projects, provide co-financing and supervise implementation. This creates a growth path for successful graduate agribusinesses from start-up loans to large-scale agricultural finance.

7.13.5 Innovation Window

Science, technology and innovation funds support the development of new products, technologies and businesses. Many graduate innovators receive grants for prototype development but struggle to finance commercialisation. Under the Innovation Window, UG-SACCO will provide matching commercialisation loans to graduates whose innovations have received support from recognised innovation funds and university innovation hubs, and the innovation agencies will share information on supported innovators. This partnership increases the conversion of publicly funded innovations into viable businesses.

7.13.6 Skills and Placement Window

Graduates often lack practical experience. Under the Skills and Placement Window, UG-SACCO will work with the Ministry of Education and Sports, the Ministry of Gender, Labour and Social Development, universities and partners to place students and recent graduates as interns and apprentices in member enterprises and clusters. Placement stipends funded by programmes would flow through the SACCO, and member enterprises would gain skilled staff. Over time, many interns will become members and entrepreneurs themselves.

7.13.7 Local Content Window

Ugandan enterprises can participate in the supply of goods and services to the oil and gas and minerals sectors under national local content policies. The Local Content Window will finance graduate enterprises that have secured supply contracts or are registered on supplier databases, using contract-backed financing and partnerships with sector agencies that support local suppliers. This ensures that graduates share in the opportunities created by the extractive sectors.

7.14 Conclusion

The single channel proposed here is a practical response to a real problem of fragmentation and poor fit. It respects the policy authority of each programme owner, builds on the successes of existing programmes, addresses their documented weaknesses and gives Government a clear, accountable partner for reaching graduates. The promoters therefore request Government to designate UG-SACCO as the graduate window for its wealth creation and youth employment programmes.

CHAPTER EIGHT: MEMBERSHIP, MOBILISATION AND UNIVERSITY PARTNERSHIPS

8.1 Introduction

The strength of a SACCO lies in its members. This chapter describes who may join UG-SACCO, the categories of membership, the joining process and requirements, members' rights and obligations, the strategy for mobilising 250,000 members over five years, and the partnerships with universities, alumni associations and professional bodies that will anchor membership growth. It also explains how inclusiveness for women, persons with disabilities and graduates in lagging regions will be built into mobilisation from the outset.

8.2 Common bond and eligibility

The common bond of UG-SACCO is graduate status. Membership is open to Ugandan citizens who hold a certificate, diploma, bachelor's degree, postgraduate diploma, master's degree or doctorate from a university or tertiary institution accredited by the National Council for Higher Education, the Directorate of Industrial Training or other recognised examining bodies, and to Ugandan citizens holding equivalent qualifications from recognised foreign institutions. Final-year students may join as associate members, which allows them to save and receive training but not to borrow until they graduate. Graduate-led enterprises and cooperatives may join as corporate members.

8.3 Categories of membership

Table 8.1: Membership categories and privileges

Category	Who qualifies	Rights and privileges	Obligations
Ordinary member	Ugandan graduate aged 18 and above	Vote, stand for office, save, borrow, receive dividends	Buy minimum shares, save monthly, attend meetings, repay loans
Associate member	Final-year student in an accredited institution	Save, train, attend meetings; convert to ordinary on graduation	Monthly savings; associate fee
Corporate member	Graduate-led company, partnership or cooperative	Save, borrow for enterprise, access clusters	Shares, savings, records, compliance
Diaspora member	Ugandan graduate living abroad	Save, invest, finance enterprises at home, vote electronically	Shares and savings in shillings or foreign currency converted
Honorary member	Distinguished persons who support the SACCO	Advisory role; no vote or credit	None financial

8.4 Joining requirements and fees

To join, an applicant will complete an application through the SACCO mobile application, USSD, website, campus chapter or regional hub, and provide: a National Identification Number for verification through NIRA; a copy of the academic certificate or transcript, or confirmation from the institution for final-year students; a recent passport photograph captured digitally; next of kin details; and a mobile money or bank account for transactions. Applications will be verified within five working days.

Table 8.2: Membership fees, shares and savings

Item	Amount	Notes
Entrance fee (ordinary)	UGX 20,000	One-off, non-refundable
Entrance fee (associate student)	UGX 10,000	Credited toward ordinary fee on graduation
Share value	UGX 10,000 per share	Shares are capital, transferable within the SACCO

Item	Amount	Notes
Minimum shareholding	20 shares (UGX 200,000)	Payable in instalments within 12 months
Maximum shareholding	10 percent of total shares	Protects democratic control
Compulsory monthly savings	UGX 20,000	Can be higher by member choice
Annual subscription	UGX 12,000	Covers member education and services
Corporate member shares	Minimum 100 shares (UGX 1,000,000)	Graduate-led entities only

The fees have been set to be affordable for an unemployed graduate while ensuring commitment. A graduate who cannot pay the full minimum shareholding at once can pay it in instalments of about UGX 17,000 per month over 12 months.

8.5 Rights and obligations of members

Members of UG-SACCO will enjoy the right to attend and vote at general meetings or delegate elections on the basis of one member, one vote; to stand for elective office subject to eligibility; to access savings, credit and other services on equal terms; to receive interest on savings, dividends on shares and patronage rebates; to receive information on the affairs of the SACCO, including audited accounts; and to complain and seek redress. In return, members are obliged to comply with the bye-laws and policies; pay fees, shares and savings; repay loans on time; guarantee fellow members responsibly; protect the reputation of the SACCO; participate in training; and refrain from using the SACCO for political or personal ends.

8.6 Membership growth targets

Table 8.3: Membership targets by year

Year	New members	Cumulative members	Female share	Associate (student) members included
Year 1	25,000	25,000	40 percent	3,000
Year 2	45,000	70,000	42 percent	8,000
Year 3	60,000	130,000	43 percent	14,000
Year 4	60,000	190,000	44 percent	19,000
Year 5	60,000	250,000	45 percent	25,000

Table 8.4: Indicative Year 5 membership distribution by region

Region and sub-regions	Share of members	Members by Year 5	Regional hub location
Kampala Metropolitan (Kampala, Wakiso, Mukono)	22 percent	55,000	Kampala (head office)
Central (Buganda South, Buganda North, Masaka)	12 percent	30,000	Masaka
Eastern (Busoga, Bukedi, Bugisu, Sebei)	15 percent	37,500	Jinja and Mbale
North Eastern (Teso, Karamoja)	8 percent	20,000	Soroti and Moroto
Northern (Acholi, Lango)	12 percent	30,000	Gulu and Lira
West Nile and Madi	7 percent	17,500	Arua
Western (Ankole, Kigezi)	13 percent	32,500	Mbarara
Mid-Western (Tooro, Bunyoro, Rwenzori)	9 percent	22,500	Fort Portal and Hoima
Diaspora	2 percent	5,000	Digital
Total	100 percent	250,000	

8.7 Mobilisation strategy

Membership mobilisation will be pursued through six complementary channels.

8.7.1 Campus chapters

UG-SACCO will establish campus chapters in partner universities and tertiary institutions. Each chapter will be led by a committee of student and alumni volunteers supported by a SACCO campus coordinator. Chapters will recruit final-year students as associate members, run savings and enterprise clubs, organise business plan competitions and connect students to internships in member enterprises. On graduation, associate members convert to ordinary membership with their savings history intact, enabling them to borrow soon after graduation. Graduation ceremonies will feature UG-SACCO registration desks.

8.7.2 Alumni associations

Many universities have alumni associations, such as the Makerere University Convocation and alumni bodies of other public and private universities. UG-SACCO will partner with these associations to recruit alumni, especially employed graduates who can save and invest, and to recruit mentors.

8.7.3 Professional bodies

Professional bodies bring together graduates in specific disciplines. UG-SACCO will seek partnerships with bodies such as the Institute of Certified Public Accountants of Uganda, the Uganda Law Society, the Uganda Institution of Professional Engineers, the Uganda Medical Association, the Uganda Veterinary Association, the Uganda National Teachers' Union, the Uganda Nurses and Midwives associations and agricultural professional associations. These partnerships will facilitate payroll savings, Enterprise Growth Loans for professional practices, and mentorship.

8.7.4 Employers and payroll partnerships

Employed graduates represent an important source of stable savings. The SACCO will sign payroll deduction agreements with Government ministries and local governments, private companies, schools, hospitals and non-governmental organisations, enabling members to save and repay loans directly from salaries. This reduces risk and transaction costs.

8.7.5 Digital and media campaigns

A national digital campaign using social media, radio, television and influencers will promote the message "Graduates as Producers, Not Job Seekers". Success stories of graduate entrepreneurs will be featured regularly. Members will be able to join entirely through the mobile application with instant identity verification.

8.7.6 Community and district mobilisation

Regional hubs will work with district commercial officers, community development officers and PDM structures to identify graduates living in communities, especially in rural districts, and invite them to join. Radio talk shows in local languages and district graduate forums will be held in every sub-region.

8.8 University partnerships

Universities are natural partners of UG-SACCO. They produce the graduates, hold alumni records, house research and innovation, and have a strong interest in the employability of their graduates. Partnership agreements will cover hosting campus chapters, incubation hubs and enterprise clubs; integration of entrepreneurship, financial literacy and cooperative education in curricula; access to university farms, laboratories and workshops for graduate enterprises; research and technology transfer to clusters; and tracer studies of graduate outcomes.

Table 8.5: Proposed priority partner universities and their contribution

University	Location	Priority contribution to UG-SACCO
Makerere University	Kampala	Largest graduate base; agriculture,

University	Location	Priority contribution to UG-SACCO
		engineering, ICT and health research; incubation; alumni network
Makerere University Business School	Kampala	Entrepreneurship training, business clinics, cooperative management
Kyambogo University	Kampala	Technical, vocational and engineering graduates; special needs education
Mbarara University of Science and Technology	Mbarara	Science, health and applied innovation; Western region hub
Gulu University	Gulu	Agriculture, peace and development; Northern region hub
Busitema University	Busia and other Eastern campuses	Agricultural mechanisation, engineering and animal production
Muni University	Arua	West Nile graduates; agriculture and ICT
Kabale University	Kabale	Kigezi graduates; agribusiness and tourism
Lira University	Lira	Lango graduates; health and management
Soroti University	Soroti	Teso graduates; engineering and health
Uganda Management Institute	Kampala	Management training and leadership development
Uganda Christian University	Mukono	Large private graduate base; business, law and agriculture
Uganda Martyrs University	Nkozi	Agriculture, business and ethics
Nkumba University	Entebbe	Business, tourism and hospitality
Islamic University in Uganda	Mbale	Eastern graduates; business and education
Kampala International University	Kampala and Western campuses	Health sciences and business
Ndejje University and Bugema University	Luweero	Agriculture and business in Central North
Bishop Stuart University and Mountains of the Moon University	Mbarara and Fort Portal	Western and Rwenzori graduates; agriculture and tourism

Additional campus chapters will be opened in other chartered universities, national teachers' colleges, technical institutes, health training institutions and agricultural colleges as the SACCO grows, with a target of 60 campus chapters by Year 5.

8.9 Inclusiveness strategy

UG-SACCO is committed to equal opportunity for all graduates. Specific measures include:

- **Women graduates:** a target of at least 45 percent female membership and borrowing by Year 5; women-focused enterprise clusters; childcare-friendly training schedules; and a Women Graduates Window for relevant Government funds.
- **Graduates with disabilities:** a target of at least 3 percent membership; accessible digital platforms; reasonable accommodation in training; and partnership with organisations of persons with disabilities.
- **Lagging regions:** deliberate allocation of at least 35 percent of membership and lending to sub-regions with high poverty and NEET rates, such as Karamoja, Bukedi, Teso, Busoga, Lango, Acholi and West Nile; regional hubs in Moroto, Soroti, Mbale, Lira, Gulu and Arua.
- **Graduates from poor households:** instalment payment of shares; group guarantee loans that do not require physical collateral; and mentorship.
- **Refugee-hosting districts:** engagement with host community graduates in West Nile and South Western Uganda.

8.10 Member education

Member education is a cooperative principle and a key to success. Every new member will complete a short induction course, available digitally and in person, covering cooperative principles, rights and obligations, savings and credit products, the repayment culture and the SACCO's vision. A member education fund financed from a percentage of surplus will sustain continuous education through newsletters, SMS messages, webinars, regional forums and annual member days.

8.11 Member communication and feedback

The SACCO will maintain a multi-channel communication system including a member call centre, WhatsApp and SMS lines, the mobile application, website, social media and quarterly newsletters. A member satisfaction survey will be conducted annually, and a complaints handling procedure with defined timelines will be published in the service charter.

8.12 Member exit and transfer

A member may withdraw from the SACCO by giving written notice, provided that all loan obligations and guarantees have been cleared. Savings will be refunded within 30 days and share capital refunded or transferred in accordance with the bye-laws and capital adequacy requirements. In the event of the death of a member, savings and shares will be paid to the nominated next of kin, and outstanding loans will be cleared through credit-life insurance.

CHAPTER NINE: GOVERNANCE, MANAGEMENT AND ORGANISATIONAL STRUCTURE

9.1 Introduction

Good governance is the single most important determinant of the success or failure of a SACCO. The lessons from PDM, Emyooga and many community SACCOs are clear: where leaders are honest, competent and accountable, SACCOs thrive; where leaders capture resources, default on loans or interfere in management, SACCOs collapse. This chapter sets out the governance architecture, the composition and functions of governance organs, the management structure and staffing plan, and the policies and controls that will ensure UG-SACCO is run with integrity and professionalism.

9.2 Governance principles

The governance of UG-SACCO will rest on six principles:

- **Member sovereignty:** members are the owners and the General Meeting is the supreme authority.
- **Separation of governance and management:** the elected Board sets policy and oversees; professional management runs operations.
- **Competence and integrity:** leaders and managers must be fit and proper, with relevant skills and a clean record.
- **Accountability and transparency:** decisions, performance and finances are disclosed to members, regulators and partners.
- **Checks and balances:** independent supervisory, audit and risk functions provide assurance.
- **Political neutrality:** the SACCO is never used for partisan political purposes.

9.3 Governance organs

9.3.1 The General Meeting and the Delegates Assembly

The General Meeting of all members is the supreme organ of the SACCO. Because membership will grow to hundreds of thousands across the country, the bye-laws will provide for a Delegates Assembly once membership exceeds 5,000. Delegates will be elected by members in each regional hub and campus chapter, in proportion to membership, with reserved seats for women, youth below 30, persons with disabilities and the diaspora. The Annual Delegates Assembly will approve the annual report and audited accounts, elect the Board and Supervisory Committee, appoint the external auditor on Board recommendation, approve the distribution of surplus, approve the strategic plan and budget framework, and amend the bye-laws. Members will also be able to participate in consultations and certain votes digitally through the SACCO platform, with appropriate safeguards.

9.3.2 The Board of Directors

The Board will consist of nine elected directors and up to two co-opted independent experts without voting rights. Elected directors must be members in good standing who meet the fit and proper criteria and collectively bring skills in finance and banking, accounting and audit, law, agriculture and agribusiness, ICT, enterprise development and cooperative management. At least one-third of directors will be women, and the Board will reflect regional diversity. Directors serve three-year terms, renewable once, with one-third retiring by rotation to ensure continuity.

The Board's responsibilities include setting the strategic direction; approving policies, budgets and major investments; appointing, supervising and evaluating the Chief Executive Officer; overseeing risk management, internal control and compliance; overseeing Government programme windows; ensuring accurate reporting; and accounting to members.

Table 9.1: Board committees and their mandates

Committee	Composition	Mandate
Finance, Investment and	Three directors with finance expertise	Budget, financial performance, treasury,

Committee	Composition	Mandate
Strategy Committee		investments, strategic plan monitoring
Credit and Programmes Committee	Three directors with credit and enterprise expertise	Credit policy, large loan approvals above management limits, portfolio quality, programme windows
Audit, Risk and Compliance Committee	Three non-executive directors, at least one accountant	Internal audit, external audit liaison, risk management, compliance, AML
Governance, Human Resource and Ethics Committee	Three directors	Board evaluation, staff policy, remuneration, code of conduct, conflict of interest
Technology and Innovation Committee	Two directors and one co-opted ICT expert	Digital strategy, cyber security, data protection

9.3.3 The Supervisory Committee

The Supervisory Committee of three members, elected by the Delegates Assembly and independent of the Board, will monitor compliance with the bye-laws, policies and resolutions of the General Meeting, review the books and operations, receive members' complaints, and report directly to the Delegates Assembly. The internal auditor will have a functional reporting line to both the Board Audit Committee and the Supervisory Committee.

9.3.4 Regional Hub and Campus Chapter Committees

Each regional hub will have an elected Regional Committee of five members that mobilises members, conducts member education, nominates delegates and provides feedback on services. Regional committees have no authority over credit decisions, which remain with professional staff and the credit committees. Campus chapter committees will mobilise students and alumni, run savings clubs and enterprise clubs, and liaise with university administration.

9.4 Fit and proper criteria for leaders

Table 9.2: Eligibility criteria for directors and committee members

Criterion	Requirement
Membership	Ordinary member for at least 12 months (waived for founding Board)
Shares and savings	Fully paid minimum shares; consistent savings for 12 months
Credit record	No loan in arrears above 30 days in the SACCO or any financial institution
Integrity	No conviction for fraud, dishonesty or financial crime; not declared bankrupt
Competence	Relevant qualification and experience for the role; completion of director induction within three months
Political neutrality	Not holding partisan political office or a position in a political party executive
Conflict of interest	Full declaration of interests; no employment by the SACCO
Time commitment	Ability to attend at least 75 percent of meetings

9.5 Management structure

Management will be led by a Chief Executive Officer recruited competitively for professional competence in microfinance or banking, with at least ten years of relevant experience including five at senior management level. The CEO will be supported by directors and heads of function as set out below.

Table 9.3: Senior management structure

Position	Key responsibilities	Reports to
Chief Executive Officer	Overall leadership, strategy execution, stakeholder relations, performance	Board

Position	Key responsibilities	Reports to
Director, Finance and Treasury	Accounting, financial reporting, treasury, liquidity, budgeting, tax	CEO
Director, Credit and Enterprise Development	Loan products, appraisal, portfolio management, recovery, clusters, BDS	CEO
Director, Government Programmes	Programme windows, programme owner relations, compliance with programme rules, reporting	CEO
Director, Membership, Savings and Marketing	Member mobilisation, campus chapters, savings products, communication, customer service	CEO
Head of ICT and Digital Services	Core banking, digital channels, cyber security, data protection	CEO
Head of Risk and Compliance	Enterprise risk management, regulatory compliance, AML/CFT	CEO, with access to Board Audit Committee
Head of Internal Audit	Independent assurance on controls and operations	Board Audit Committee (functional), CEO (administrative)
Head of Human Resource and Administration	Recruitment, training, performance, procurement, premises	CEO
Head of Legal and Company Secretary	Legal affairs, contracts, Board secretariat, governance	CEO and Board
Regional Managers (8 to 12 hubs)	Regional operations, members, credit, programmes	Director of Credit and Enterprise Development

9.6 Staffing plan

UG-SACCO will run a lean, digitally enabled staffing model. Rather than opening many branches, it will operate regional hubs, field-based loan and enterprise officers, campus coordinators and a central operations and call centre, supported by agency banking and mobile money. Staff numbers will grow in line with membership and portfolio.

Table 9.4: Staffing plan by year

Staff category	Year 1	Year 2	Year 3	Year 4	Year 5
Senior management	8	10	10	11	11
Regional managers	4	6	8	10	12
Loan and enterprise officers	18	38	65	95	120
Programmes officers	4	7	10	13	16
Membership, savings and campus coordinators	8	14	20	25	30
Finance and operations	7	10	14	17	20
ICT and digital	5	6	8	9	10
Risk, compliance and internal audit	3	5	6	8	9
Call centre and customer service	5	8	11	14	18
Support staff	5	7	9	12	14
Total staff	67	111	161	214	260
Members per staff	373	631	807	888	962
Active borrowers per loan and enterprise officer	162	264	313	322	329
Staff cost including statutory contributions (UGX billion)	2.9	4.6	6.5	8.7	10.8

9.7 Recruitment and staff development

Recruitment will be competitive, merit-based and transparent, with positions advertised publicly and shortlisting conducted by independent panels. Priority will be given to qualified graduates, consistent with the SACCO's mission, and the SACCO will offer a graduate trainee programme that recruits about 30 graduate trainees per year for 12 months of structured rotation. Staff development will include induction, technical training in credit appraisal, risk, finance and digital services, professional certification sponsorship, and leadership development. Staff performance will be managed through a balanced scorecard linked to portfolio quality, member growth, programme results and service standards.

9.8 Remuneration and incentives

Remuneration will be competitive with the microfinance and SACCO sector, benchmarked annually, and approved by the Board within the budget. Incentives for loan officers will reward both growth and portfolio quality, so that staff are never rewarded for disbursing loans that later default. Directors will receive sitting allowances approved by the Delegates Assembly and disclosed in the annual report, but not salaries.

9.9 Code of conduct and ethics

All directors, committee members and staff will sign a code of conduct and ethics that covers integrity, confidentiality, conflict of interest, gifts and hospitality, political neutrality, fair treatment of members, anti-fraud and anti-corruption, and whistle-blowing. Breaches will attract disciplinary action up to removal from office or dismissal, and referral to law enforcement where appropriate.

9.9.1 Conflict of interest management

Leaders and staff must declare any interest in a matter before the SACCO and recuse themselves from decisions in which they have an interest. A register of interests will be maintained by the Company Secretary and reviewed annually. Loans to insiders, meaning directors, committee members, senior staff and their related parties, will be capped at a prescribed percentage of core capital, approved by the full Board, granted on ordinary terms and disclosed to members.

9.10 Key governance policies

Table 9.5: Governance and operational policies to be approved before operations

Policy	Purpose
Board Charter	Defines Board roles, procedures, committees and evaluation
Credit Policy and Procedures Manual	Governs lending, appraisal, approval, monitoring and recovery
Savings and Deposits Policy	Governs deposit products, interest and withdrawals
Government Programmes Management Policy	Governs programme windows, ring-fencing and reporting
Treasury, Liquidity and Investment Policy	Governs liquidity, investments and asset-liability management
Risk Management Framework	Identifies, measures and manages all risks
Internal Audit Charter	Defines independence, scope and reporting of internal audit
AML/CFT Policy	Customer due diligence, monitoring and reporting
ICT, Cyber Security and Data Protection Policy	Protects systems and personal data
Human Resource Manual	Recruitment, remuneration, performance and discipline
Procurement and Asset Management Policy	Value for money and integrity in procurement
Code of Conduct and Ethics	Standards of behaviour for leaders and staff
Whistle-blower Policy	Confidential reporting of wrongdoing
Consumer Protection and Complaints Policy	Fair treatment and redress for members
Gender, Disability and Inclusion Policy	Equal opportunity and targeting
Environmental and Social Safeguards Policy	Screening of financed enterprises

9.11 Elections

Elections of directors, the Supervisory Committee and delegates will be organised by an independent Elections Committee appointed by the Delegates Assembly, under the supervision of the Registrar where required. Candidates will be vetted against the fit and proper criteria before nomination. Voting may be conducted in person at regional assemblies or electronically through secure digital voting, with results announced transparently. Campaigning with money, gifts or political party symbols will be prohibited.

9.12 Board evaluation and training

The Board will conduct an annual self-evaluation and, every three years, an independent external evaluation. Each new director will complete an induction programme on cooperative governance, financial statements, credit risk, regulation and ethics within three months of election. The Board will receive continuing training of at least two days per year.

9.13 The founding phase governance

During the establishment phase, an Interim Board of nine promoters will register the society, adopt policies, recruit the CEO and senior management, procure systems and premises, and organise the first General Meeting. The Interim Board will hand over to the elected Board within 12 months of registration. To build confidence from the start, the Interim Board will appoint an external audit firm and a transaction adviser for the establishment process, and will publish its expenses.

9.14 Investment subsidiary

To support cluster infrastructure such as processing units, cold rooms and workshops that require equity-like investment, UG-SACCO will establish a wholly owned subsidiary, UG-SACCO Investments Limited, incorporated under the Companies Act. The subsidiary will invest only within limits approved by the Delegates Assembly and permitted by regulation, will be governed by its own board including independent directors, and will keep separate accounts. This separation protects members' savings from equity risk while enabling the SACCO to support productive infrastructure.

9.15 Annual governance calendar

Table 9.6: Annual governance calendar

Period	Governance activity
January	Board review of annual performance; approval of draft financial statements for audit
February to March	External audit; regional delegates meetings; Supervisory Committee annual review
April	Annual Delegates Assembly: annual report, audited accounts, surplus distribution, elections
May	Board induction of newly elected directors; committee composition; Board retreat
June	Mid-year strategy review; approval of risk appetite statement
July	First quarter review of the financial year plan; programme Joint Steering Committees
August to September	Policy reviews; internal audit reports; member satisfaction survey
October	Second quarter review; Board training; preparation of next year's plan and budget
November	Approval of annual plan and budget; appointment of external auditor recommendations
December	Board self-evaluation; compliance review; year-end closing guidance

9.16 Allocation of delegates

Delegates to the Delegates Assembly will be allocated to regional hubs, campus chapters and the diaspora in proportion to membership, at a ratio of about one delegate for every 1,000 members, subject to a minimum of three delegates per hub. Within each allocation, at least one-third of delegates must be women, and seats will be reserved for members with disabilities and members

below 30 years of age. By Year 5, the Delegates Assembly is expected to have about 250 delegates, a size large enough to be representative and small enough to deliberate effectively.

9.17 Succession planning

The Board will maintain a succession plan for the CEO and senior management positions, identifying potential internal successors, their development needs and interim arrangements. Staggered terms for directors ensure continuity of institutional knowledge, while term limits ensure renewal. The SACCO will also cultivate a pipeline of future leaders among young members through campus chapter leadership roles, committee service and governance training.

CHAPTER TEN: PRODUCTS AND SERVICES

10.1 Introduction

UG-SACCO will offer a carefully designed range of savings, credit, insurance, payment and non-financial services tailored to the needs of graduates at different stages: the student about to graduate, the unemployed graduate with an enterprise idea, the young entrepreneur seeking to grow, the employed graduate seeking to invest, and the professional establishing a practice. All products will be designed around three principles: affordability, appropriateness to productive purposes, and sustainability for the SACCO. This chapter describes each product, its terms and the rationale for its design.

10.2 Product design principles

- **Save before you borrow:** members build savings and shares before borrowing, creating ownership, discipline and partial security for loans.
- **Production first:** six of the seven loan products finance productive enterprise and assets; personal lending is limited to the small Emergency Loan.
- **Cash-flow-based lending:** loans are appraised on the enterprise's ability to repay from cash flow, not only on collateral.
- **Alternative collateral:** group guarantees, savings, chattels, financed assets, salary assignment and offtake contracts replace the need for land titles.
- **Fit to enterprise cycles:** grace periods and repayment schedules match the production cycle, especially for agriculture.
- **Graduation:** members who repay well graduate to larger loans and better terms.
- **Transparency:** all charges are disclosed upfront; interest is calculated on a reducing balance basis.

10.3 Savings products

UG-SACCO will offer seven savings products designed for graduates at different stages of life and enterprise. Interest on all savings products will range between 4 and 9 percent per annum, credited to members' accounts and reviewed quarterly by the Asset and Liability Committee within that band, subject to Board approval. Each product earns a different rate: the longer and more firmly the money is committed, the higher the return, because committed savings give the SACCO stable funds for longer-term productive loans.

Table 10.1: Savings products

Product	Features	Minimum	Interest per annum	Withdrawal
1. Compulsory Monthly Savings	Builds borrowing capacity; required of all members	UGX 20,000 per month	5 percent	On exit, or partially after 24 months
2. Ordinary Voluntary Savings	Flexible savings account accessible digitally	UGX 5,000	4 percent	Anytime
3. Diaspora Savings and Investment	For Ugandan graduates abroad saving and investing at home	Equivalent of UGX 200,000	7 to 9 percent by term	By term
4. Retirement and Long-Term Savings	Long-horizon savings for employed graduates, locked until retirement or a long-term goal	UGX 50,000 per month	9 percent	After lock-in
5. Target Savings (Enterprise, Land and Home, Equipment, Education)	Saving toward a defined productive goal; can unlock a matching loan	UGX 10,000 per month	6.5 percent	At target or date

Product	Features	Minimum	Interest per annum	Withdrawal
6. Fixed Deposit	Term deposits of 3, 6, 12 and 24 months	UGX 500,000	6 to 8.5 percent by term	At maturity
7. Group and Cluster Savings	Joint savings of enterprise groups and clusters, used as collective security	UGX 100,000	4.5 percent	By group resolution

Table 10.2: Rationale for savings interest rates

Product	Rate	Why this rate
Ordinary Voluntary Savings	4 percent	Withdrawable anytime, so the SACCO cannot lend it long term; lowest rate
Group and Cluster Savings	4.5 percent	Withdrawable by group resolution and largely held as loan security
Compulsory Monthly Savings	5 percent	Held until exit or for 24 months; stable funding base; rewards discipline
Target Savings	6.5 percent	Committed until the goal or date is reached; encourages saving for production
Fixed Deposit	6 to 8.5 percent	Locked for a fixed term: 6 percent for 3 months, 7 percent for 6 months, 8 percent for 12 months and 8.5 percent for 24 months
Diaspora Savings and Investment	7 to 9 percent	Term-based foreign earnings invested at home; brings new capital into Uganda
Retirement and Long-Term Savings	9 percent	Longest lock-in; most stable funds; highest rate within the 4 to 9 percent band

10.4 Share capital

Members' shares constitute the core capital of the SACCO. Share capital is not withdrawable on demand, which makes it the most stable source of funding and the basis for capital adequacy. Shares earn a dividend declared annually by the Delegates Assembly out of surplus after statutory reserves, once the SACCO is profitable and its reserves are rebuilt. Members are encouraged to grow their shareholding progressively; a member's borrowing limit is linked to the combination of savings and shares.

10.5 Loan products

UG-SACCO will offer seven loan products. As a firm policy, **no UG-SACCO loan will carry an interest rate above 13 percent per annum**, calculated on a reducing balance basis. Within that ceiling, every product carries a different rate, because the products differ in purpose, risk, security, cost of administration, source of funds and national priority. Funds from Government programme windows are lent through these same seven products, following each programme's eligibility rules and pricing, and in no case above the 13 percent ceiling.

Table 10.3: The seven loan products

Product	Target member	Amount (UGX)	Rate p.a.	Tenor (max)	Main security
1. Women and Inclusive Enterprise Loan	Female graduates and graduates with disabilities	1 million to 20 million	9%	24 months	Group guarantee, savings
2. Agro Value Chain Loan	Graduate farmers, agro-processors and agricultural clusters	2 million to 200 million	10%	Seasonal to 48 months	Crop or livestock, insurance, offtake, cluster savings
3. Graduate Start-up	New graduate entrepreneurs	1 million to 10	11%	24 months	Group guarantee,

Product	Target member	Amount (UGX)	Rate p.a.	Tenor (max)	Main security
Loan		million			savings, chattels
4. Enterprise Growth Loan	Established graduate enterprises and professional practices	10 million to 100 million	12%	36 months	Business assets, savings, guarantors, payroll check-off
5. Emergency Loan	Members in good standing	Up to 2 million	13%	6 months	Savings
6. Asset and Equipment Finance	Enterprises and clusters needing machinery and equipment	Up to 80 percent of asset cost, up to 500 million for clusters	11.5%	48 months	The financed asset
7. Innovation and Technology Loan	ICT, science and engineering innovators	2 million to 50 million	10.5%	36 months	Innovation grant co-funding, guarantors

10.5.1 What makes the rates differ

Each product's rate has been set on six considerations: the risk that the loan will not be repaid; the strength of the security behind it; the cost of administering it relative to its size; whether it is funded from members' savings or from cheaper Government and partner funds; the national priority it serves under NDP IV; and whether it finances production or a personal need. The table below explains how these considerations produce a distinct rate for each product.

Table 10.4: Rationale for the interest rate of each product

Product	Rate	Why this rate
Women and Inclusive Enterprise Loan	9 percent	Highest inclusion priority; closes gender and disability gaps; funded largely through women and inclusion windows and partner funds; group guarantees keep risk manageable
Agro Value Chain Loan	10 percent	NDP IV agro-industrialisation priority; mandatory insurance and offtake contracts reduce risk; large cluster loans are cheap to administer per shilling
Innovation and Technology Loan	10.5 percent	Science, technology and innovation priority; co-funded by innovation grants; higher uncertainty than agriculture balanced by grant co-funding
Graduate Start-up Loan	11 percent	Flagship product for first-time entrepreneurs; higher risk because the enterprise has no track record, but kept low because it is the main route from unemployment to enterprise
Asset and Equipment Finance	11.5 percent	Secured by the asset itself, which lowers risk; priced slightly above start-up loans because it serves enterprises that can already generate cash flow
Enterprise Growth Loan	12 percent	Established enterprises and professionals with a track record and income; commercial purpose; least need for concession
Emergency Loan	13 percent	Personal rather than productive purpose; small and short loans with the highest administration cost per shilling; set at the ceiling

10.5.2 Women and Inclusive Enterprise Loan

To close gender and disability gaps in access to finance, this product offers the lowest rate in the menu, 9 percent per annum, together with longer grace periods and group-based security, for female graduates and graduates with disabilities starting or growing an enterprise in any sector. It will be supported by a Women Graduates Window drawing on Government and partner funds.

10.5.3 Agro Value Chain Loan

The Agro Value Chain Loan finances inputs, production, aggregation, storage and processing in priority agricultural value chains such as poultry, piggery, dairy, aquaculture, coffee, horticulture,

oilseeds and cereals, at 10 percent per annum. It serves individual graduate farmers and registered Graduate Enterprise Clusters, including shared facilities such as milk coolers, feed mills and cold rooms. Repayment schedules align with production cycles: seasonal loans for crops, monthly instalments after a grace period for poultry and dairy, and balloon payments at harvest for certain crops. Agricultural insurance covering livestock mortality, crop failure from weather and disease is mandatory, in partnership with insurers participating in Government's agricultural insurance scheme. Offtake agreements with processors or institutional buyers are encouraged and used as additional security.

10.5.4 Graduate Start-up Loan

The Graduate Start-up Loan is the flagship product for graduates starting enterprises outside agriculture. It is designed for the member who has an enterprise idea, has completed the enterprise readiness course, has saved for at least three months and has the support of fellow members. Loans range from UGX 1 million to UGX 10 million at 11 percent per annum, with a grace period of up to three months during which only interest is paid. Security is provided through a solidarity guarantee by three fellow graduate members, compulsory savings equal to at least 10 percent of the loan, and chattels such as equipment purchased. Disbursement will, where practical, be made directly to suppliers of inputs and equipment.

10.5.5 Enterprise Growth Loan

The Enterprise Growth Loan serves graduate enterprises that have operated for at least six months and professionals such as doctors, lawyers, engineers and accountants establishing or expanding practices. It is appraised on cash flows, records and growth plans, and is secured by business assets, savings of at least 15 percent of the loan, guarantors and, where available, land or other collateral. Employed graduates investing in a side enterprise may use this product with repayment through payroll check-off. The rate is 12 percent per annum.

10.5.6 Emergency Loan

The Emergency Loan provides members in good standing with up to UGX 2 million for urgent personal needs such as medical bills or school fees, for up to six months, secured by the member's savings. It carries the ceiling rate of 13 percent per annum, reflecting its personal purpose and its high administration cost relative to its size. Emergency loans will be limited to a small share of the portfolio.

10.5.7 Asset and Equipment Finance

Many graduate enterprises need machinery, such as milling machines, delivery motorcycles, solar systems, incubators, irrigation pumps, computers and clinic or salon equipment. UG-SACCO will finance up to 80 percent of the cost of such assets at 11.5 percent per annum, with the member contributing at least 20 percent from savings. Graduate Enterprise Clusters may also use this product for shared facilities such as processing units and workshops, up to UGX 500 million. The financed asset is registered as security, and the SACCO will negotiate discounted prices with approved suppliers and local manufacturers, in support of Buy Uganda Build Uganda.

10.5.8 Innovation and Technology Loan

Graduates with innovations in ICT, agritech, fintech, renewable energy, health technology and engineering often receive grants from innovation funds but lack matching capital to commercialise. This loan provides matching finance at 10.5 percent per annum, with flexible repayment linked to revenue milestones. It also finances digital service enterprises, software firms and technology repair and assembly businesses.

10.6 Illustrative loan repayment comparison

The following examples illustrate the affordability of UG-SACCO loans compared with typical commercial terms.

Table 10.5: Repayment illustration for a Graduate Start-up Loan

Item	UG-SACCO Graduate Start-up Loan	Typical commercial loan
Loan amount	UGX 5,000,000	UGX 5,000,000
Interest rate (reducing balance)	11 percent per annum	21 percent per annum
Tenor	18 months including 2 months grace	18 months, no grace
Monthly payment during grace	UGX 45,833 (interest only)	Not applicable
Monthly instalment after grace	UGX 337,404 for 16 months	UGX 326,225 for 18 months
Total interest paid	UGX 490,134	UGX 872,043
Collateral	Group guarantee, savings and chattels	Land title or equivalent usually required
Enterprise support	Training, mentorship, market linkages included	Not included

Table 10.6: Repayment illustration for an Enterprise Growth Loan

Item	UG-SACCO Enterprise Growth Loan	Typical commercial loan
Loan amount	UGX 20,000,000	UGX 20,000,000
Interest rate (reducing balance)	12 percent per annum	21 percent per annum
Tenor	24 months	24 months
Monthly instalment	UGX 941,469	UGX 1,027,713
Total interest paid	UGX 2,595,267	UGX 4,665,112
Saving to the member	UGX 2,069,845	Not applicable

10.7 Loan fees and charges

UG-SACCO will keep fees transparent and moderate. A loan processing fee of 1 percent of the loan amount will cover appraisal and administration; a credit-life insurance premium will be charged at cost; and late payment will attract a penalty of 1 percent per month on the overdue instalment only, not on the whole loan. There will be no hidden charges, and a key facts statement will be issued to every borrower before disbursement.

10.8 Insurance services

Through partnerships with licensed insurers, UG-SACCO will offer the following insurance products:

- **Credit-life insurance:** clears the outstanding loan in the event of the borrower's death or permanent disability, protecting families and guarantors.
- **Enterprise and asset insurance:** covers financed assets against fire, theft and accidental damage.
- **Agricultural insurance:** covers livestock mortality and crop losses from drought, floods, pests and disease, leveraging Government's agricultural insurance premium support where available.
- **Health micro-insurance:** optional group health cover for members and their families at negotiated premiums.
- **Savings protection fund:** a reserve built from a portion of surplus to protect members' deposits pending the establishment of a deposit protection arrangement for SACCOs.

10.9 Payment and digital services

Members will transact through the UG-SACCO mobile application, USSD, mobile money wallets, agency banking outlets and partner bank accounts. Services will include deposits, withdrawals, loan applications, loan repayments, balance enquiries, statements, transfers between members, bill

payments, school fees payments and payments to approved suppliers. Chapter Fourteen describes the digital platform in detail.

10.10 Non-financial services

Finance alone is not enough to build successful enterprises. UG-SACCO will provide or broker the following non-financial services, many in partnership with universities, Government agencies and the private sector:

Table 10.7: Non-financial services

Service	Description	Delivery partners
Enterprise readiness training	Mandatory pre-loan course on business planning, record keeping, marketing, finance and the repayment culture	UG-SACCO trainers, MUBS, universities
Technical and sector training	Training in poultry, dairy, horticulture, aquaculture, processing, fabrication, ICT, tourism	Universities, research institutes, industry experts
Mentorship	Pairing of each borrower with an experienced entrepreneur or professional	Alumni, professional bodies, private sector
Incubation	Workspace, equipment and coaching for early-stage enterprises	University incubators, innovation hubs
Market linkages	Offtake contracts, supplier linkages, trade fairs, digital marketplace	Processors, exporters, institutional buyers
Business clinics	Legal, tax, standards and registration advice	Uganda Law Society, accountants, URSB, URA, UNBS
Internships and apprenticeships	Placement of students and graduates in member enterprises	Universities and member enterprises
Financial literacy	Budgeting, saving, debt management and investment	UG-SACCO, Bank of Uganda materials
Digital skills	Use of digital tools for business	ICT partners

10.11 Member service charter

UG-SACCO will publish a member service charter that sets out the standards of service members can expect and the remedies available when standards are not met.

Table 10.8: Member service standards

Service	Standard
Membership application verification	Within 5 working days
Deposits through mobile money and agency banking	Credited in real time
Withdrawal of voluntary savings	Same day through digital channels
Loan application acknowledgement	Same day
Decision on Graduate Start-up Loan	Within 10 working days of complete application
Decision on larger loans	Within 15 working days of complete application
Disbursement after approval and documentation	Within 1 working day
Response to enquiries through the call centre	Within 1 working day
Resolution of complaints	Within 10 working days, with escalation to the Supervisory Committee
Account statements	Available anytime through the app, and on request within 1 working day

10.12 Product development process

New products will be developed through a disciplined process: identification of member needs through research and feedback; product design and costing; risk assessment; pilot testing with a limited group of members; evaluation; Board approval; and full roll-out with staff training and member communication. Products will be reviewed annually for performance and relevance.

10.13 Product roll-out sequence

Table 10.9: Phased product roll-out

Phase	Products launched
Establishment (Year 0)	Share capital, Compulsory Monthly Savings, Ordinary Voluntary Savings, membership services
Year 1, first half	Graduate Start-up Loan, Agro Value Chain Loan (timed with the season), Emergency Loan, credit-life insurance, enterprise readiness training
Year 1, second half	Women and Inclusive Enterprise Loan, Asset and Equipment Finance, Fixed Deposit, Target Savings, Group and Cluster Savings, first Government programme window
Year 2	Enterprise Growth Loan, Innovation and Technology Loan, agricultural insurance at scale, Diaspora Savings and Investment, additional programme windows
Year 3 onwards	Agro Value Chain Loans and Asset and Equipment Finance for Graduate Enterprise Clusters at scale, Retirement and Long-Term Savings, health micro-insurance, digital marketplace, investment subsidiary

CHAPTER ELEVEN: THE PRODUCTIVE ENTERPRISE MODEL AND GRADUATE ENTERPRISE CLUSTERS

11.1 Introduction

UG-SACCO is not designed simply to lend money; it is designed to build productive enterprises that generate jobs, incomes and value addition. Experience shows that isolated micro-enterprises started by individuals often struggle with small scale, high input costs, weak bargaining power and limited market access. To overcome these constraints, UG-SACCO will organise its borrowing members into Graduate Enterprise Clusters (GECs) around priority value chains, shared infrastructure and assured markets. This chapter explains the cluster model, the selection of value chains by region, the economics of model enterprises, and the linkages to smallholder farmers and markets.

11.2 The Graduate Enterprise Cluster model

A Graduate Enterprise Cluster is a group of 20 to 50 graduate members engaged in the same or complementary enterprises within a defined geographical area, organised to share infrastructure, inputs, technical expertise and markets. Each cluster is registered as a legal entity, typically a primary cooperative or a company limited by guarantee, and is affiliated to UG-SACCO. The cluster has an elected management committee, a cluster manager (often a member with relevant expertise), a business plan, and contracts with input suppliers and offtakers.

11.2.1 Features of a Graduate Enterprise Cluster

- **Shared infrastructure:** such as a milk cooler, cold room, feed mill, processing unit, greenhouse block, workshop or digital hub, financed through an Agro Value Chain Loan or Asset and Equipment Finance to the cluster, or through the investment subsidiary.
- **Bulk input procurement:** members buy feeds, seed, fertiliser, chicks, packaging and equipment in bulk at lower prices.
- **Common standards:** members follow common production protocols and quality standards, enabling certification by the Uganda National Bureau of Standards and access to premium markets.
- **Collective marketing:** the cluster negotiates offtake contracts with processors, supermarkets, schools, hospitals, Government institutions, exporters and oil and gas contractors.
- **Technical support:** a technical adviser from a partner university or research institute supports the cluster.
- **Peer accountability:** members guarantee one another's loans and monitor one another's enterprises.
- **Smallholder linkages:** clusters buy raw materials from surrounding smallholder farmers, including PDM beneficiaries, creating markets for them.

11.2.2 Types of clusters

Table 11.1: Types of Graduate Enterprise Clusters

Cluster type	Description	Example
Production cluster	Members produce the same commodity on individual units and share inputs and markets	30 graduates each running 500 to 1,000 layer birds around a shared feed store and egg marketing unit
Value addition cluster	Members jointly own a processing facility and source from members and smallholders	Coffee hulling, grading and roasting unit owned by 25 graduates sourcing from 500 farmers
Service cluster	Members provide complementary services from a shared base	Fabrication, solar installation and equipment repair hub
Knowledge and digital cluster	Members offer ICT, design, data and professional services	Digital services hub serving SMEs and local governments
Tourism cluster	Members run complementary tourism	Eco-lodges, guiding, crafts and transport

Cluster type	Description	Example
	and hospitality enterprises	near a national park
Professional cluster	Professionals share premises and equipment	Shared medical diagnostic centre or law chambers

11.2.3 Cluster development process

The establishment of each cluster will follow a structured eight-step process: (1) value chain and market assessment by the Credit and Enterprise Directorate; (2) mobilisation and selection of interested members; (3) enterprise readiness and technical training; (4) registration of the cluster entity and election of its committee; (5) preparation of a cluster business plan with technical partners; (6) negotiation of input supply and offtake agreements; (7) appraisal and financing of individual and shared investments; and (8) intensive monitoring and support for the first 24 months.

Table 11.2: Graduate Enterprise Cluster targets

Year	New clusters	Cumulative clusters	Members in clusters (cumulative)	Smallholder suppliers linked
Year 1	20	20	600	3,000
Year 2	40	60	2,000	10,000
Year 3	70	130	4,500	22,000
Year 4	80	210	7,500	36,000
Year 5	90	300	11,000	50,000

11.3 Selection of priority value chains

Value chains will be selected using five criteria: alignment with NDP IV and the Tenfold Growth Strategy; market demand and growth potential, including export and import substitution potential; suitability to the agro-ecological and economic conditions of each region; potential for job creation and smallholder linkages; and feasibility for graduate entrepreneurs in terms of capital, skills and time to cash flow.

Table 11.3: Priority value chains by region

Region	Priority value chains for graduate clusters
Kampala Metropolitan	Food processing and packaging, ICT and digital services, fabrication, urban horticulture, poultry, creative industries, logistics
Central (Masaka, Buganda)	Coffee, dairy, poultry, piggery, fish farming on Lake Victoria, fruit processing, horticulture
Busoga	Sugarcane value addition, maize and animal feeds, fish farming, rice, poultry
Bugisu and Sebei	Arabica coffee, Irish potatoes, dairy, bananas, tourism around Mount Elgon
Bukedi and Teso	Citrus and fruit processing, rice, groundnuts, cassava value addition, cattle and leather
Karamoja	Livestock and meat value chains, hides and skins, gum arabic, aloe vera, mineral value addition, sorghum
Acholi and Lango	Sunflower and soybean oil milling, sesame (simsim), shea butter, honey, cattle, cassava, rice
West Nile and Madi	Tobacco alternatives such as coffee, fish, honey, cassava, sesame, cross-border trade services
Ankole and Kigezi	Dairy and milk processing, beef, bananas, Irish potatoes, tea, tourism around national parks

Region	Priority value chains for graduate clusters
Tooro, Bunyoro and Rwenzori	Tea, dairy, cocoa, coffee, fish, oil and gas local content services, tourism

11.4 Economics of model enterprises

The following model enterprises illustrate the investment required, the expected income and the jobs created. Figures are indicative averages based on prevailing market prices in Uganda and will be updated by the SACCO's enterprise team using local prices at the time of appraisal. Actual results vary with management, location and market conditions.

Table 11.4: Indicative economics of model graduate enterprises

Model enterprise	Capital required (UGX million)	Monthly revenue at full operation (UGX million)	Monthly operating cost (UGX million)	Monthly net income (UGX million)	Direct jobs	Smallholders linked
Layer poultry, 1,000 birds	32	9.1	7.5	1.6	3	Maize and soya suppliers
Piggery, 10-sow breeding unit	25	5.0	3.2	1.8	2	Feed suppliers
Tilapia cage farming, 4 cages	40	9.0	6.5	2.5	4	Not applicable
Greenhouse horticulture, 240 square metres	18	3.4	1.4	2.0	2	Not applicable
Dairy milk collection and cooling centre (cluster)	120	58.5	51.0	7.5	8	150 dairy farmers
Coffee hulling, grading and roasting unit (cluster)	250	95.0	83.0	12.0	15	500 coffee farmers
Animal feed mill (cluster)	180	85.0	75.0	10.0	12	400 maize and soya farmers
Fruit juice processing unit (cluster)	80	22.0	17.0	5.0	10	200 fruit farmers
Sunflower and soybean oil mill (cluster)	150	70.0	61.0	9.0	12	600 oilseed farmers
Fabrication and agro-machinery workshop	45	9.0	6.0	3.0	6	Not applicable
Solar installation and maintenance enterprise	15	5.5	3.5	2.0	4	Not applicable
ICT and digital services hub	20	6.0	3.5	2.5	5	Not applicable
Tour operation and eco-tourism enterprise	60	12.0	8.0	4.0	4	Local guides and crafts
Professional clinic or diagnostic unit	70	15.0	10.5	4.5	6	Not applicable

11.4.1 Illustration: layer poultry enterprise

A graduate with an Agro Value Chain Loan and Asset and Equipment Finance for housing and equipment can establish a unit of 1,000 layer birds. The initial investment of about UGX 32 million covers housing and equipment (about UGX 12 million), day-old chicks (about UGX 4 million) and feed, vaccines and management to point of lay at about 20 weeks (about UGX 16 million). At an

average laying rate of about 80 percent, the unit produces about 800 eggs per day, or about 27 trays. At a farm-gate price of about UGX 11,000 per tray, monthly egg revenue is about UGX 8.8 million, with additional income from manure of about UGX 0.3 million. Monthly feed costs of about UGX 6.5 million and other costs for vaccines, labour, water and power of about UGX 1.0 million leave a net monthly income of about UGX 1.6 million. When organised in a cluster with bulk feed procurement, feed costs can fall by 8 to 12 percent, raising net income to over UGX 2 million per month. The enterprise employs the graduate and two workers and buys maize and soya from local farmers.

11.4.2 Illustration: dairy milk collection and cooling centre

A cluster of 25 agriculture and business graduates in a dairy area such as Ankole, Masaka or Tooro can establish a milk collection and cooling centre with a 2,000-litre cooler, generator or solar backup, testing equipment and a delivery vehicle, at a cost of about UGX 120 million financed through an Agro Value Chain Loan to the cluster. The centre collects about 1,500 litres of milk per day from about 150 smallholder farmers, buying at about UGX 1,000 per litre and selling chilled, quality-tested milk to processors at about UGX 1,300 per litre. The gross margin of about UGX 13.5 million per month covers operating costs of about UGX 6 million, leaving a net income of about UGX 7.5 million per month for debt service, reinvestment and dividends to cluster members. The centre creates eight direct jobs and guarantees a reliable market and prompt payment to farmers, raising farm incomes.

11.4.3 Illustration: coffee value addition unit

Uganda is Africa's leading exporter of robusta coffee, but much coffee is exported as green beans with limited value addition. A cluster of graduates in a coffee-growing area can establish a unit that hulls, grades and roasts coffee for domestic and regional markets. With a capital investment of about UGX 250 million, the unit can process coffee from about 500 farmers and generate a net income of about UGX 12 million per month, while creating 15 direct jobs and promoting quality improvement among farmers. Over time, such units can obtain certifications and develop branded Ugandan coffee products, directly supporting the Tenfold Growth Strategy's emphasis on value addition and exports.

11.5 Access to land and premises

Access to land is a major constraint for young graduates. UG-SACCO will address it through several approaches: negotiating leases of land blocks from local governments, religious and cultural institutions and private landowners for cluster farms; partnering with universities that have farms and research stations to host incubation farms; supporting graduate members who have family land to formalise agreements for its productive use; financing land lease payments as part of enterprise loans; and promoting land-saving enterprises such as greenhouses, cage fish farming, poultry, piggery and processing that require little land. For non-agricultural enterprises, the SACCO will negotiate shared premises in industrial parks, business incubators and municipal markets.

11.6 Market linkages

Assured markets are essential for loan repayment. UG-SACCO will establish a Market Linkages Unit to build and maintain relationships with buyers, including processors, supermarkets, exporters, hotels, schools, hospitals, prisons, the security forces, oil and gas contractors and Government procurement entities. The unit will negotiate framework offtake agreements on behalf of clusters, organise trade fairs, operate a digital marketplace for members' products, and support members to meet quality standards. Where possible, loan repayments will be deducted directly from offtake payments through tripartite agreements among the member, the buyer and the SACCO.

11.7 Technology and innovation in enterprises

Graduates are well placed to adopt improved technologies. UG-SACCO will encourage and finance the use of improved seed and breeds, mechanisation, solar-powered irrigation, climate-smart practices, cold chains, digital record keeping and e-commerce. Partnerships with universities and research institutions such as the National Agricultural Research Organisation and the Uganda Industrial Research Institute will provide access to technologies, laboratories and pilot processing facilities.

The Innovation and Technology Loan will finance members who develop and commercialise new technologies.

11.8 Environmental and social safeguards

All enterprises financed by UG-SACCO will be screened for environmental and social risks. Enterprises will be required to comply with environmental laws, waste management standards, occupational health and safety requirements and labour laws, including the prohibition of child labour. Climate-smart and environmentally positive enterprises such as solar energy, waste recycling, agroforestry and water harvesting will receive preferential terms. High-risk activities will require an environmental assessment where the law requires it, and activities on an exclusion list, such as those involving illegal logging, wildlife products, illegal mining or hazardous substances, will not be financed.

11.9 Linkage to the Parish Development Model and smallholder farmers

Graduate clusters will deliberately source raw materials from smallholder farmers, including PDM beneficiaries, creating a market-pull effect that complements PDM's production push. By Year 5, clusters are projected to be linked to about 50,000 smallholder suppliers. Graduates in clusters will also provide extension advice, quality training and input supply to these farmers, strengthening the production pillar of PDM and raising incomes in rural households.

11.10 Expected results of the enterprise model

Table 11.5: Expected results of the productive enterprise model by Year 5

Result	Target
Graduate Enterprise Clusters established	300
Graduate members in clusters	11,000
Individual graduate enterprises financed (cumulative)	At least 40,000
Value addition facilities established	At least 120
Smallholder farmers linked as suppliers	About 50,000
Offtake agreements signed	At least 250
Enterprises certified by UNBS or holding quality marks	At least 500
Direct and indirect jobs	About 98,800

11.11 Profiles of priority value chains

The following profiles summarise the opportunity, the graduate entry points, the financing approach and the key risks in the value chains that will form the core of the SACCO's productive portfolio in the first five years.

11.11.1 Poultry (layers and broilers)

Demand for eggs and chicken is rising rapidly with urbanisation, the growth of hotels, restaurants and institutions, and regional export opportunities. Poultry is well suited to graduates because it requires little land, generates cash flow within weeks (broilers) or about five months (layers), and rewards good management, record keeping and biosecurity. Graduate entry points include layer and broiler units, hatcheries, feed mills, egg aggregation and distribution, and veterinary input supply. UG-SACCO will finance poultry units and shared feed mills and egg marketing centres through the Agro Value Chain Loan, and housing and equipment through Asset and Equipment Finance. The main risks are disease outbreaks, feed price volatility and market gluts; these will be mitigated through vaccination protocols, biosecurity training, livestock insurance, bulk feed procurement and offtake contracts with institutions and supermarkets.

11.11.2 Dairy

Uganda's dairy sector has grown into a significant export earner, with processors buying milk from smallholder farmers in Ankole, Masaka, Tooro, Kiruhura and the cattle corridor, and exporting milk powder and other products to the region. Graduate entry points include milk collection and cooling centres, milk transport, small-scale processing of yoghurt, ghee and cheese, fodder production and conservation, artificial insemination services and veterinary services. The SACCO will finance collection centres, processing units and fodder and feed businesses through Agro Value Chain Loans, and veterinary practices through Enterprise Growth Loans. Key risks include milk quality, seasonal price swings and disease; mitigation includes quality testing equipment, processor offtake agreements, fodder conservation to smooth dry-season supply and insurance.

11.11.3 Coffee

Coffee is Uganda's leading agricultural export, and Government has prioritised increasing production, quality and domestic value addition. Graduates can enter the value chain as nursery operators, farm managers, quality controllers, processors, roasters, baristas and coffee shop operators, and as exporters of specialty coffee. The SACCO will finance nurseries and farm rehabilitation through Agro Value Chain Loans with longer grace periods, and hulling, grading and roasting units through Asset and Equipment Finance. Risks include price volatility on world markets, quality failures and climate change; mitigation includes quality training, certification, domestic and regional branded markets that are less volatile than green bean exports, and climate-smart practices such as shade trees and soil conservation.

11.11.4 Aquaculture

Fish is an important source of protein and an export product, while capture fisheries on Uganda's lakes face pressure. Aquaculture in ponds and cages offers graduates a profitable opportunity, especially those trained in fisheries, zoology and agriculture. Entry points include cage farming on Lake Victoria and other water bodies under licensed arrangements, pond farming, fingerling hatcheries, fish feed production, processing and cold chain distribution. Cage farming requires significant capital and technical skill, so the SACCO will finance it mainly through clusters with technical supervision. Risks include water quality, theft, feed costs and regulatory compliance; mitigation includes site selection, security arrangements, feed procurement through clusters and compliance with fisheries regulations.

11.11.5 Horticulture and fruit processing

Fresh vegetables, fruits and processed products such as juices, jams and dried fruit enjoy growing urban and regional demand. Greenhouse production of tomatoes, sweet peppers and cucumbers allows graduates to produce high-value crops on small plots with controlled conditions. Fruit processing units in citrus, mango and pineapple producing areas, such as Teso, West Nile, Busoga and Central, can buy from thousands of smallholders. The SACCO will finance greenhouses and drip irrigation through Asset and Equipment Finance, and processing units through Agro Value Chain Loans to clusters. Risks include pests and diseases, post-harvest losses and quality standards; mitigation includes integrated pest management training, cold storage, UNBS certification and offtake contracts with supermarkets and institutions.

11.11.6 Oilseeds (sunflower, soybean and sesame)

Uganda imports large volumes of edible oil, while Northern and Eastern Uganda have strong potential for sunflower, soybean and sesame production. Oil milling produces edible oil and seed cake, a key input for animal feeds, linking the oilseed and livestock value chains. Graduate clusters can operate oil mills, aggregate seed from farmers, supply quality seed and inputs, and produce feeds from the seed cake. The SACCO will finance mills and aggregation through Agro Value Chain Loans and the investment subsidiary. Risks include inconsistent seed supply and competition from imported oil; mitigation includes contract farming with smallholders, quality branding and access to institutional markets.

11.11.7 Livestock, meat and leather in Karamoja and the cattle corridor

Karamoja and the cattle corridor hold large livestock populations, yet value addition is limited and poverty remains high. Graduate enterprises can provide veterinary services, run fattening and feedlot operations, operate modern abattoirs and meat processing units in partnership with local governments, collect and process hides and skins, and produce leather goods. These enterprises can transform livestock wealth into incomes while improving animal health. The SACCO will prioritise Karamoja through its Moroto hub, partner with development programmes active in the region and finance enterprises through Agro Value Chain Loans, and veterinary practices through the Graduate Start-up and Enterprise Growth Loans. Risks include insecurity, drought and market access; mitigation includes working with local leaders, drought-responsive feed and water investments, insurance and offtake arrangements with meat processors.

11.11.8 ICT and digital services

Uganda's digital economy is expanding with growing mobile phone, mobile money and internet use. Graduates in computer science, software engineering, information systems and design can build enterprises in software development, digital marketing, data services, cybersecurity, e-commerce, fintech and agritech solutions, device repair and assembly, and business process outsourcing. These enterprises require limited physical capital but need equipment, connectivity and working capital. The SACCO will finance them through Innovation and Technology Loans, Asset and Equipment Finance for equipment and shared digital hubs, and will act as an early customer of member-built solutions where appropriate. Risks include intense competition, irregular cash flows and intellectual property disputes; mitigation includes mentorship, contract support, staged financing and linkages to Government and corporate clients.

11.11.9 Renewable energy and engineering services

Demand for solar home systems, solar irrigation, mini-grids, energy-efficient cookstoves and agro-processing machinery is growing, especially in rural areas. Engineering graduates can establish installation and maintenance businesses, fabricate agro-processing and irrigation equipment, and offer electrical and mechanical services to farms and factories. The SACCO will finance these enterprises through Asset and Equipment Finance and Enterprise Growth Loans, and will promote their products to other members, creating an internal market. Risks include low-quality imported equipment and credit sales to customers; mitigation includes quality certification, supplier partnerships and consumer financing arranged through the SACCO for members.

11.11.10 Tourism and hospitality

Tourism is one of Uganda's leading foreign exchange earners and a priority growth area under NDP IV and the Tenfold Growth Strategy. Graduates in tourism, hospitality, environmental sciences and the arts can operate eco-lodges, campsites, tour companies, cultural tourism experiences, crafts and souvenir enterprises, catering and event services. Clusters around national parks and attractions in Western, South Western, Northern and Eastern Uganda can offer integrated packages. The SACCO will finance vehicles, accommodation facilities and working capital through Enterprise Growth Loans and Asset and Equipment Finance. Risks include seasonality, global shocks to travel and competition; mitigation includes domestic and regional tourism marketing, diversification into events and hospitality services, and flexible repayment schedules aligned with tourist seasons.

11.11.11 Oil and gas local content services

The development of Uganda's oil and gas sector in the Albertine region creates demand for goods and services that Ugandan enterprises can supply under the national local content policy, including food supply, catering, transport and logistics, accommodation, security, cleaning and waste management, environmental monitoring, fabrication and maintenance. Graduate enterprises, organised and financed through the SACCO's Hoima hub, can position themselves as qualified suppliers. The SACCO will support members to register on supplier databases, meet health, safety and environmental standards and finance contract execution through Enterprise Growth Loans backed by assignment of contract proceeds. Risks include stringent standards, delays in payment

and project timelines; mitigation includes standards training, partnerships with larger contractors and invoice-backed financing.

CHAPTER TWELVE: CREDIT MANAGEMENT AND RISK MANAGEMENT

12.1 Introduction

The sustainability of UG-SACCO, the safety of members' savings and the credibility of the SACCO as a channel for Government funds all depend on sound credit and risk management. This chapter sets out the credit policy framework, the loan cycle from application to closure, approval limits, monitoring and recovery procedures, loan classification and provisioning, prudential standards and the enterprise risk management framework.

12.2 Credit policy framework

The Board-approved Credit Policy will establish the SACCO's lending philosophy, eligible purposes, product terms, appraisal standards, approval authorities, security requirements, pricing, concentration limits, monitoring, delinquency management, restructuring, write-off and recovery. The policy will be reviewed annually. Its core principles are:

- **Purpose:** credit is primarily for productive purposes; at least 80 percent of the portfolio will be productive.
- **Capacity:** loans are sized to the borrower's demonstrated or projected capacity to repay from cash flow.
- **Character:** savings history, training completion, references and credit reference checks inform the assessment of willingness to repay.
- **Commitment:** borrowers contribute their own resources through savings and equity in the enterprise.
- **Security:** a combination of savings, guarantees, chattels, financed assets, salary assignment and offtake assignment secures each loan.
- **Diversification:** limits on exposure to single borrowers, sectors, regions and value chains prevent concentration.
- **Separation of duties:** origination, approval, disbursement, monitoring and recovery are handled by different persons.

12.3 The loan cycle

Table 12.1: Stages of the loan cycle and service standards

Stage	Key activities	Responsible	Turnaround standard
Pre-application	Member savings for minimum period; enterprise readiness training; business idea development	Member, trainers	3 months minimum savings
Application	Digital or in-person application with business plan, identity verified through NIRA	Member, loan officer	Same day acknowledgement
Screening	Eligibility checks, credit reference, savings and share check, guarantor verification	Loan officer, system	2 working days
Appraisal	Field visit, cash-flow analysis, market check, risk rating, security assessment	Loan officer	5 working days
Approval	Decision by authorised level per approval matrix	Credit committee	3 working days
Documentation	Loan agreement, key facts statement, guarantee forms,	Credit administration	2 working days

Stage	Key activities	Responsible	Turnaround standard
	insurance, security registration		
Disbursement	Digital transfer to supplier, member account or mobile money	Finance, system	1 working day after documentation
Monitoring	Visits at 30 days, then at least quarterly; mentorship; enterprise records review	Loan officer, mentor	Per schedule
Repayment	Digital repayment; automatic reminders before due dates	Member, system	Per schedule
Closure	Release of security; credit reference update; eligibility for repeat loan	Credit administration	5 working days after final repayment

12.4 Appraisal methodology

Appraisal will combine the traditional assessment of character, capacity, capital, collateral and conditions with modern cash-flow analysis and data. Loan officers will use standard appraisal templates for each enterprise type, populated with up-to-date local prices for inputs and outputs. Each appraisal will include a sensitivity analysis showing whether the enterprise can still repay if prices fall or costs rise by 15 to 20 percent. Over time, the SACCO will develop a credit scoring model using its own data on member behaviour, savings consistency, training performance and repayment, complemented by credit reference bureau data and, with consent, mobile money transaction histories.

12.5 Approval authorities

Table 12.2: Loan approval matrix

Loan amount (UGX)	Approving authority
Up to 5 million	Regional Credit Committee (Regional Manager and two senior loan officers)
Above 5 million up to 20 million	Regional Credit Committee with Head Office credit analyst review
Above 20 million up to 100 million	Head Office Management Credit Committee chaired by the Director, Credit and Enterprise Development
Above 100 million up to 300 million	Management Credit Committee with CEO approval
Above 300 million, and all insider loans	Board Credit and Programmes Committee; insider loans by the full Board
Government programme window loans	Per the above limits, plus compliance with programme rules verified by the Programmes Directorate

12.6 Security and collateral

Recognising that most graduates lack land titles, UG-SACCO will accept a flexible combination of security, chosen according to loan size and risk.

Table 12.3: Acceptable forms of security

Security type	Application
Compulsory and voluntary savings	Cash cover of 10 to 25 percent of the loan, held as a lien
Shares	Considered in borrowing limits; can be offset on default after due process
Solidarity group guarantees	Three or more fellow members guarantee start-up and small loans

Security type	Application
Chattels and financed assets	Equipment, vehicles and machinery registered as security
Salary assignment	Payroll check-off for employed members
Offtake contract assignment	Proceeds from buyers paid directly to the SACCO
Land and buildings	Accepted where available for larger loans, not required for start-up loans
Credit-life and enterprise insurance	Protects against death, disability and asset loss
Programme guarantees	Credit guarantees from Government or partners for specific windows

12.7 Portfolio monitoring and delinquency management

Loan officers will visit each new borrower within 30 days of disbursement to verify use of funds and thereafter at least quarterly, more frequently for agricultural and cluster loans. Mentors will provide complementary support. The core banking system will send automatic SMS reminders before each due date and generate daily arrears reports. A structured delinquency management process will apply:

Table 12.4: Delinquency management procedure

Days past due	Action
1 to 7 days	Automatic SMS and call reminder; loan officer contact to understand cause
8 to 30 days	Field visit by loan officer; guarantors notified; agreement on recovery plan
31 to 60 days	Formal demand letter; guarantors called upon; mentor and cluster committee engaged; offset of savings considered
61 to 90 days	Regional Manager intervention; restructuring considered only for genuine shocks; recovery of security initiated
Above 90 days	Recovery through security realisation, guarantors and legal action as a last resort; borrower reported to credit reference bureau
Above 180 days	Write-off recommended to Board after exhausting recovery, with continued recovery efforts

12.7.1 Restructuring

Restructuring of loans will be permitted only where the borrower has suffered a genuine shock outside their control, such as drought, disease outbreak or illness, and where a revised schedule is viable. Restructured loans will be monitored separately and classified prudently. Restructuring will not be used to hide poor performance.

12.7.2 Creating a repayment culture

The SACCO will invest heavily in building a repayment culture from the first day of membership: induction messages that funds belong to members and must be repaid; public recognition of excellent borrowers; access to larger and cheaper loans for good payers; strict consequences for wilful defaulters; and leaders who lead by example. The message that Government programme funds are revolving loans to benefit other graduates, not gifts, will be repeated consistently.

12.8 Loan classification and provisioning

Loans will be classified and provisioned in accordance with regulatory requirements and prudent practice. The indicative classification below will be adjusted to match the prevailing regulations.

Table 12.5: Indicative loan classification and provisioning

Classification	Days past due	Provision rate
Performing	Current	1 percent general provision
Watch	1 to 30 days	5 percent

Classification	Days past due	Provision rate
Substandard	31 to 90 days	25 percent
Doubtful	91 to 180 days	50 percent
Loss	Above 180 days	100 percent

12.9 Prudential standards and performance targets

UG-SACCO will adopt prudential standards from the outset that are at least as strict as those required of large SACCOs, using the internationally recognised PEARLS approach to monitor Protection, Effective financial structure, Asset quality, Rates of return and costs, Liquidity and Signs of growth.

Table 12.6: Prudential and performance standards

Indicator	Target
Portfolio at risk above 30 days	Below 5 percent
Annual loan loss rate (write-offs to average portfolio)	Below 2 percent
Provision coverage of loans above 90 days past due	100 percent
Institutional capital to total assets	At least 2 percent by Year 5, rising to 10 percent by Year 10
Core capital adequacy	At least the regulatory minimum, with a buffer of 2 percentage points
Liquid assets to savings deposits	15 to 20 percent
Net loans to total assets	70 to 80 percent
Single borrower limit	Not more than 2 percent of core capital for individuals; 5 percent for clusters
Sector concentration	No single value chain above 25 percent of portfolio
Operating expense to average portfolio	Below 15 percent by Year 5
Operational self-sufficiency	Above 100 percent from Year 5

12.10 Enterprise risk management framework

UG-SACCO will implement an enterprise risk management framework approved by the Board, under which risks are identified, assessed for likelihood and impact, mitigated, monitored and reported. A risk register will be maintained and reviewed quarterly by the Board Audit, Risk and Compliance Committee. The Head of Risk and Compliance will coordinate the framework, while each head of function will own the risks in their area.

Table 12.7: Key risks and mitigation measures

Risk	Description	Likelihood	Impact	Mitigation
Credit risk	Borrowers fail to repay	Medium	High	Savings before credit, cash-flow appraisal, guarantees, insurance, monitoring, mentorship, diversification
Governance risk	Leaders abuse office or interfere in operations	Medium	High	Fit and proper criteria, separation of governance and management, independent audit, default disqualification
Political capture	Funds perceived or used as political rewards	Medium	High	Political neutrality clause, digital targeting, transparent reporting
Fraud risk	Internal or external	Medium	High	Segregation of duties, cashless

Risk	Description	Likelihood	Impact	Mitigation
	fraud			operations, system controls, audits, whistle-blowing
Liquidity risk	Insufficient cash to meet withdrawals and loan demand	Low to medium	High	Liquidity policy, maturity matching, standby lines, stable share capital
Cyber and IT risk	System failure, hacking, data breach	Medium	High	Certified core banking system, backups, disaster recovery, penetration tests, staff training
Agricultural and climate risk	Drought, floods, pests, disease	Medium	Medium to high	Agricultural insurance, climate-smart practices, diversification, irrigation finance
Market risk	Price falls for members' products	Medium	Medium	Offtake contracts, value addition, market diversification
Interest rate risk	Mismatch between cost of funds and lending rates	Low to medium	Medium	Asset-liability management, pricing reviews
Concentration risk	Overexposure to a sector or region	Medium	Medium	Concentration limits
Regulatory risk	Changes in laws and supervision	Medium	Medium	Compliance function, early engagement with regulators
Reputational risk	Loss of trust from members or Government	Low to medium	High	Integrity, service quality, transparency, crisis communication plan
Programme risk	Delays or changes in Government funding	Medium	Medium	Diversified funding, reliance on members' own savings
Key person risk	Loss of senior staff	Medium	Medium	Succession planning, documentation, competitive remuneration

12.11 Know-your-customer and anti-money laundering procedures

Every member will be identified and verified through the National Identification Number and NIRA verification before an account is opened. The SACCO will record each member's occupation, source of income and expected transaction pattern, and will apply enhanced due diligence to higher-risk members such as politically exposed persons, members with large or unusual transactions and corporate members with complex ownership. The core banking system will monitor transactions automatically against thresholds and patterns, flagging unusual activity for review by the money laundering control officer, who will file reports with the Financial Intelligence Authority as required. Records will be retained for the periods prescribed by law, and all staff will receive annual AML/CFT training.

12.12 Fraud prevention and management

Fraud is a major risk for any financial institution and has undermined many SACCOs. UG-SACCO will prevent fraud through cashless operations, system-enforced controls, segregation of duties, background checks on staff, rotation of loan officers, surprise audits, verification calls to members after disbursement and member access to real-time statements so that they can detect unauthorised transactions. A fraud response plan will set out how suspected fraud is reported, investigated, contained and resolved, including recovery of losses, disciplinary action and referral to law enforcement. A fidelity guarantee insurance policy will cover losses from employee dishonesty.

12.13 Internal controls

The SACCO will maintain a robust system of internal controls, including clearly documented procedures; segregation of duties; dual authorisation for payments; system-enforced approval limits; daily reconciliation of bank and mobile money accounts; monthly portfolio reconciliation; physical control of security documents; restricted system access based on roles; audit trails on all transactions; mandatory leave for staff in sensitive positions; and regular rotation of loan officers' portfolios. Internal audit will test the effectiveness of these controls through a risk-based annual audit plan.

12.14 Business continuity and disaster recovery

A business continuity plan will ensure that critical services continue in the event of system failure, natural disaster, pandemic or other disruption. The core banking system will be hosted in a certified data centre with real-time replication to a secondary site, daily backups and tested recovery procedures. Staff will be trained in continuity procedures, and the plan will be tested at least annually.

CHAPTER THIRTEEN: CAPACITY BUILDING, MENTORSHIP AND BUSINESS DEVELOPMENT SERVICES

13.1 Introduction

Access to finance is necessary but not sufficient for enterprise success. Many graduate enterprises fail not because of lack of money but because of weak business skills, poor record keeping, limited technical know-how, lack of market information and the absence of experienced guidance in the early years. UG-SACCO will therefore integrate capacity building, mentorship and business development services (BDS) into its model. This chapter describes the capacity building framework for members, leaders and staff, the mentorship programme, incubation, mindset change and the partnerships through which these services will be delivered.

13.2 Capacity building framework

The framework recognises four groups whose capacity must be built: members as savers, borrowers and entrepreneurs; clusters as collective enterprises; leaders as stewards of the cooperative; and staff as professionals. For each group, the SACCO has defined learning objectives, curricula, delivery methods and assessment.

Table 13.1: Capacity building framework

Target group	Learning objectives	Delivery methods	Annual target by Year 5
New members	Cooperative principles, savings culture, products, rights and obligations	Digital induction, campus sessions, regional orientations	60,000 inducted
Prospective borrowers	Enterprise readiness: business planning, records, marketing, finance, repayment culture	5-day blended course with assessment	20,000 trained
Active entrepreneurs	Growth management, quality, compliance, digital tools, export readiness	Short courses, clinics, peer learning	12,000 trained
Cluster committees and managers	Cooperative enterprise management, contracts, standards, collective marketing	Residential courses, study tours	300 clusters supported
Board and committee members	Governance, financial oversight, risk, regulation, ethics	Induction and annual retreats	100 percent of leaders
Staff	Credit, risk, finance, ICT, customer service, programme management	Induction, technical training, certification	100 percent of staff, average 5 training days

13.3 Enterprise readiness programme

Every member who wishes to borrow for an enterprise will complete the Enterprise Readiness Programme, a five-day blended course delivered partly online and partly in person, covering:

- **Module 1, Entrepreneurial mindset:** from job seeker to job creator; opportunity identification; resilience; ethics in business.
- **Module 2, Market analysis:** understanding customers, competitors and prices; value chain mapping; sales planning.
- **Module 3, Business planning:** preparing a bankable business plan with realistic cash flow projections.

- **Module 4, Financial management:** record keeping, costing and pricing, cash flow management, separation of personal and business money.
- **Module 5, Credit and the repayment culture:** how loans work, interest calculation, consequences of default, the revolving nature of Government funds.
- **Module 6, Compliance and formalisation:** business registration with the Uganda Registration Services Bureau, tax registration with the Uganda Revenue Authority, standards, licences and labour laws.
- **Module 7, Digital tools:** mobile money, digital records, social media marketing and e-commerce.

Participants who pass the assessment receive a certificate that is a prerequisite for the Graduate Start-up Loan. The course will also be offered to final-year students through campus chapters, so that graduates are ready to borrow soon after graduation.

13.4 Technical and sector training

Sector-specific technical training will be organised for members in each priority value chain, delivered by university faculties, research institutes, industry experts and successful practitioners. Training will be practical, conducted on demonstration farms, factories and workshops wherever possible. Examples include poultry and piggery management, dairy hygiene and milk quality, fish farming in cages and ponds, greenhouse horticulture, coffee quality and processing, feed formulation, food processing and packaging, welding and fabrication, solar installation, software development and tour guiding. Technical training will be linked to the National Agricultural Research Organisation, the Uganda Industrial Research Institute, the Directorate of Industrial Training and other accredited bodies, so that members can obtain recognised certification of their skills.

13.5 The mentorship programme

13.5.1 Purpose and design

The mentorship programme will pair every borrowing member with an experienced mentor for at least the first 12 months of the enterprise. Mentors will be drawn from successful entrepreneurs, alumni, retired professionals, business leaders, members of professional bodies and senior graduate members who have built thriving enterprises. Mentors will volunteer their time, with recognition through certificates, public acknowledgement and invitations to SACCO events; selected lead mentors will receive modest facilitation.

13.5.2 Mentor roles

Mentors will provide guidance on business decisions, share contacts and market information, help mentees solve problems, encourage discipline in records and repayment, and alert the SACCO early if an enterprise faces difficulties. Each mentor will be responsible for between five and ten mentees and will meet each mentee at least monthly, in person or virtually.

Table 13.2: Mentorship programme targets

Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
Active mentors	400	1,300	2,600	3,900	5,000
Members mentored during the year	2,900	10,000	20,000	30,000	39,500
Average mentees per mentor	7	8	8	8	8
Mentees reporting improved business performance	70 percent	72 percent	75 percent	78 percent	80 percent

13.6 Incubation and innovation hubs

UG-SACCO will partner with universities and innovation hubs to host Graduate Enterprise Incubation Hubs in at least eight locations by Year 5, aligned with the regional hubs. Each

incubation hub will provide shared workspace, equipment, internet, business coaching and access to technical experts for early-stage enterprises for a period of six to eighteen months. Agricultural incubation will use university farms and research stations, such as the Makerere University Agricultural Research Institute at Kabanyolo, and the demonstration facilities of other universities and research institutes. Incubatees who meet milestones will graduate to the SACCO's regular loan products.

13.7 Business development services

Beyond training and mentorship, members will access a range of business development services through the SACCO's regional hubs and partner network:

- **Business clinics:** monthly clinics where members receive free advice from lawyers, accountants, tax experts, standards officers and marketing experts.
- **Market information:** regular SMS and app-based updates on prices, buyers, tenders and opportunities.
- **Standards and certification support:** guidance and partial financing for product certification by the Uganda National Bureau of Standards.
- **Procurement readiness:** support to register as suppliers to Government entities, institutions and oil and gas contractors.
- **Export readiness:** information and linkages for members seeking regional and international markets.
- **Branding and packaging:** design support for consumer products.

13.8 Mindset change

A major barrier to graduate enterprise is mindset: the widespread expectation that a degree should lead to a white-collar job, and the perception that agriculture and trades are for those who did not go to school. UG-SACCO will run a sustained mindset change campaign under the motto "Graduates as Producers, Not Job Seekers", featuring success stories of graduate farmers, processors and innovators, campus talks by successful graduate entrepreneurs, media programmes, annual Graduate Producer Awards, and exposure visits to successful enterprises. This campaign supports the mindset change pillar of the Parish Development Model and the NDP IV emphasis on community mobilisation and mindset change.

13.9 Leadership and governance training

All directors and committee members will undergo induction and annual training in cooperative governance, financial statement analysis, credit and risk oversight, regulatory compliance, ethics and conflict of interest. The SACCO will partner with the Uganda Cooperative Alliance, cooperative colleges, the Uganda Institute of Banking and Financial Services and business schools for leadership development. Cluster committees will receive training in managing collective enterprises, contracts and member relations.

13.10 Staff professional development

Staff capacity is critical to service quality and portfolio performance. All new staff will undergo a structured induction. Loan officers will complete a credit certification programme covering appraisal, monitoring and recovery. Managers will receive leadership and risk management training. The SACCO will sponsor selected staff for professional qualifications in accounting, banking, audit, ICT and cooperative management, with bonding arrangements. A learning management system will provide online courses, assessments and records of training.

13.11 Partnerships for capacity building

Table 13.3: Capacity building partners and roles

Partner	Role
Universities and business schools	Curriculum design, training delivery, technical advice,

Partner	Role
	incubation, research
National Agricultural Research Organisation	Agricultural technologies, demonstration, technical training
Uganda Industrial Research Institute	Food processing and manufacturing incubation, product development
Directorate of Industrial Training	Assessment and certification of vocational skills
Uganda National Bureau of Standards	Standards training and certification
Uganda Registration Services Bureau and Uganda Revenue Authority	Business registration and tax compliance clinics
Uganda Cooperative Alliance and cooperative colleges	Cooperative governance and management training
Professional bodies	Mentors and professional practice support
Private sector associations	Mentors, market linkages, industry exposure
Development partners	Funding and technical assistance for BDS

13.12 Financing capacity building

Capacity building will be financed from four sources: a member education fund created from a share of annual surplus as provided in the bye-laws; a portion of loan processing fees and programme management fees; contributions from Government programmes, which typically include capacity building components; and development partner grants. The projected BDS budget rises from UGX 0.4 billion in Year 1 to UGX 1.2 billion in Year 5, supplemented by in-kind contributions from universities and volunteer mentors whose value is estimated to exceed the cash budget.

13.13 Training calendar and curriculum hours

Table 13.4: Core curriculum and learning hours

Course	Target participants	Duration	Mode	Certification
Member induction	All new members	2 hours	Digital	Induction badge
Enterprise readiness programme	Prospective borrowers	5 days (35 hours)	Blended	Certificate required for loans
Sector technical courses	Borrowers in specific value chains	3 to 10 days	Practical, on-site	Partner certificate
Enterprise growth course	Repeat borrowers	3 days	Blended	Certificate
Cluster management course	Cluster committees and managers	5 days	Residential	Certificate
Director induction and governance	Board and committee members	3 days plus 2 days annual refresher	Residential	Certificate
Credit officer certification	Loan and enterprise officers	10 days plus field practicum	Blended	Professional certificate
Customer service excellence	Front-line and call centre staff	2 days	In person	Certificate
Cyber security awareness	All staff	Half day annually	Digital	Completion record

Table 13.5: Year 1 capacity building calendar

Quarter	Main capacity building activities
Quarter 1	Staff induction and credit officer certification; director induction; member induction campaign; first enterprise readiness cohorts in Kampala, Gulu, Mbale, Mbarara and Arua

Quarter	Main capacity building activities
Quarter 2	Enterprise readiness cohorts in all hubs and 10 campus chapters; poultry, piggery and horticulture technical courses; mentor recruitment and orientation
Quarter 3	Dairy, coffee and oilseed technical courses timed with seasons; first cluster management course; business clinics in all hubs
Quarter 4	Enterprise growth course for first repeat borrowers; Board governance refresher; training evaluation and curriculum review

13.14 Measuring the effectiveness of capacity building

Capacity building will be evaluated at four levels: participants' reaction to training; learning achieved, measured through assessments; behaviour change, such as adoption of record keeping and improved practices; and results, such as enterprise survival, growth, repayment rates and job creation. The SACCO will compare the performance of trained and mentored borrowers with others to continually improve its programmes.

CHAPTER FOURTEEN: DIGITAL TRANSFORMATION AND TECHNOLOGY

14.1 Introduction

UG-SACCO will be a digital-first cooperative. A national SACCO serving 250,000 graduates across every sub-region of Uganda cannot rely on paper records, cash handling and a large network of physical branches without incurring high costs and risks. Graduates are among the most digitally literate Ugandans, and the country now has the essential digital infrastructure: the national identification system, widespread mobile money, agency banking and expanding internet coverage. This chapter describes the SACCO's digital architecture, channels, integrations, data and analytics capabilities, cyber security and data protection arrangements, and the expected benefits.

14.2 Digital strategy principles

- **Cashless by default:** all deposits, disbursements and repayments are digital, eliminating cash leakage.
- **Mobile first:** services are designed for the mobile phone, with USSD for members without smartphones or data.
- **Integrated:** systems connect to national identity, credit reference, payment and Government programme systems.
- **Data driven:** decisions on credit, products and service are informed by data and analytics.
- **Secure and private:** security and data protection are designed into every system.
- **Scalable:** cloud-based systems scale with membership without proportional increases in cost.

14.3 Digital architecture

Table 14.1: Components of the UG-SACCO digital architecture

Component	Function
Core banking system	Member accounts, shares, savings, loans, general ledger, products, interest, provisioning, reporting
Loan origination and management module	Digital applications, appraisal workflows, approvals, documentation, monitoring and collections
Programme management module	Ring-fenced programme ledgers, eligibility rules, programme reporting and dashboards
Member mobile application	Registration, deposits, withdrawals, loan applications, statements, training content, market information
USSD platform	Basic services for members without smartphones
Payment gateway	Integration with mobile money operators, banks and agency banking networks
Customer relationship management and call centre	Member enquiries, complaints, communication and campaigns
Learning management system	Online induction, enterprise readiness courses and staff training
Business intelligence and analytics	Dashboards, portfolio analytics, credit scoring, impact monitoring
Enterprise resource planning	Human resources, payroll, procurement and assets
Field application	Tablet or phone tool for loan officers to conduct appraisals and monitoring visits, with geo-tagging
Digital marketplace	Platform for members to sell products and services and connect with buyers

14.4 Core banking system requirements

The core banking system is the heart of the SACCO and will be selected through a competitive procurement process. Minimum requirements include: proven deployment in regulated SACCOs or microfinance institutions in the region; support for multiple products and flexible configuration; real-time processing; role-based access and full audit trails; automated loan classification and provisioning; regulatory reporting in the formats required by the Tier 4 regulator and the Bank of Uganda; application programming interfaces for integration with mobile money, banks, NIRA, the credit reference bureau and Government systems; hosting in a certified data centre with disaster recovery; and strong vendor support in Uganda. The system will be implemented before the SACCO begins accepting deposits.

14.5 Service channels

Table 14.2: Member service channels

Channel	Services	Target share of transactions by Year 5
Mobile application	Full self-service, loan applications, statements, training	55 percent
USSD	Deposits, balance, repayments, mini-statements, simple loans	20 percent
Mobile money wallets	Deposits and repayments, disbursements	Integrated with the above
Agency banking outlets	Cash-in and cash-out for members preferring physical outlets	10 percent
Payroll check-off	Savings and loan repayment for employed members	12 percent
Regional hubs and campus desks	Onboarding, advisory, complex transactions	3 percent

14.6 Key integrations

- **National Identification and Registration Authority:** verification of identity and biometric details at onboarding and loan application, eliminating ghost members.
- **Credit reference bureau:** credit checks on applicants and reporting of repayment behaviour.
- **Mobile money operators and banks:** real-time collection and disbursement through application programming interfaces.
- **Government programme systems:** data sharing with programme management systems such as PDMIS, in agreed formats.
- **Academic verification:** where available, verification of qualifications with universities and examining bodies.
- **Employers' payroll systems:** automated check-off deductions and remittances.

14.7 Data analytics and credit scoring

The SACCO will accumulate rich data on members' savings behaviour, training performance, enterprise type, repayment patterns and enterprise outcomes. With members' consent and in compliance with data protection law, this data will be used to develop a credit scoring model that predicts repayment, enabling faster and fairer credit decisions, risk-based pricing that rewards good borrowers, early warning of potential delinquency, and targeted support for struggling enterprises. Analytics will also generate the real-time dashboards needed by the Board, management and Government programme owners.

14.8 Cyber security

Cyber security is a top priority for a digital SACCO. The SACCO will implement a cyber security framework including network security and firewalls, encryption of data in transit and at rest, multi-

factor authentication for staff and high-value member transactions, role-based access control, continuous monitoring and intrusion detection, regular vulnerability assessments and penetration testing, secure software development and vendor management, incident response procedures, and staff and member awareness programmes on fraud and social engineering. The Board Technology and Innovation Committee will oversee cyber risk.

14.9 Data protection and privacy

UG-SACCO will comply with the Data Protection and Privacy Act 2019. It will register with the Personal Data Protection Office, appoint a data protection officer, publish a privacy notice, collect only data necessary for stated purposes, obtain informed consent for data sharing, protect data with appropriate security measures, respect members' rights to access and correct their data, and report breaches as required. Data sharing with Government programme owners will be governed by data sharing agreements.

14.10 Digital inclusion

While most graduates are digitally literate, some members, especially in rural areas, may face barriers such as lack of smartphones, limited data or unreliable network coverage. The SACCO will ensure inclusion through USSD services that work on basic phones, agency banking outlets, regional hub support, simple interfaces in English with key messages in major local languages, and accessible design for members with visual or hearing impairments. Asset and Equipment Finance will help members acquire smartphones and computers for their enterprises.

14.11 Technology investment and costs

Table 14.3: Indicative technology investment (UGX million)

Item	Establishment (Year 0)	Year 1	Year 2	Year 3	Year 4	Year 5
Core banking system licence and implementation	900	0	0	0	0	0
Mobile app, USSD and payment gateway	300	150	100	100	100	100
Hardware, networks and devices	600	200	150	200	200	200
Hosting, licences and support	0	600	450	500	550	600
Cyber security and audits	0	200	100	100	150	150
Analytics, CRM and learning platforms	0	350	100	100	100	150
Total	1,800	1,500	900	1,000	1,100	1,200

14.12 Expected benefits of digitalisation

- **Lower costs:** digital transactions cost a fraction of branch transactions, enabling lower lending rates and higher returns to members.
- **National reach:** members in every district can access services without travelling to a branch.
- **Integrity:** cashless operations and audit trails sharply reduce fraud and leakage.
- **Speed:** loans can be processed within days rather than weeks.
- **Transparency:** members see their accounts in real time; Government sees programme performance in real time.
- **Better decisions:** data and analytics improve credit decisions and product design.

14.13 Implementation of the digital platform

Table 14.4: Digital platform implementation timeline

Milestone	Timing
ICT strategy and requirements specification	Establishment, Month 1 to 2

Milestone	Timing
Procurement of core banking system and vendors	Establishment, Month 2 to 4
Configuration, data migration (for founding members) and testing	Establishment, Month 4 to 6
Launch of core banking, mobile app and USSD	Year 1, Month 1
Integration with NIRA, mobile money and banks	Year 1, Month 1 to 3
Credit reference bureau integration	Year 1, Month 6
Programme management module and dashboards	Year 1, Month 6 to 9
Learning management system and field application	Year 1, Month 9 to 12
Credit scoring model (first version)	Year 2
Digital marketplace	Year 3

14.14 Data governance

Table 14.5: Data governance roles and controls

Area	Control	Responsible
Data ownership	Each data set has a named business owner responsible for quality and access	Heads of function
Data quality	Validation rules at entry; monthly data quality reports; correction procedures	ICT and MEL units
Access control	Role-based access; quarterly access reviews; immediate revocation on exit	ICT, Human Resource
Consent	Recorded consent for data collection and sharing at onboarding and loan application	Membership Directorate
Data sharing	Written data sharing agreements with programme owners and partners	Legal and Programmes
Retention	Records retained for periods required by law, then securely destroyed	Compliance
Breach management	Incident response plan; notification of affected members and authorities as required	Data protection officer
Oversight	Quarterly reporting to the Board Technology and Innovation Committee	Head of ICT

CHAPTER FIFTEEN: FINANCIAL PLAN AND FIVE-YEAR PROJECTIONS

15.1 Introduction

This chapter presents the financial plan of UG-SACCO, including the establishment budget, the sources of start-up funding, the key assumptions underlying the five-year projections, the projected growth of funds and loans, the projected income statement and statement of financial position, key financial ratios, a sensitivity analysis and the policy on distribution of surplus. The projections are deliberately conservative and use a realistic cost base for a professionally managed national institution. All figures are in Uganda Shillings and are the promoters' estimates; they will be refined in the detailed business plan and updated annually. Figures may not add exactly due to rounding.

15.2 Establishment budget

The establishment phase (Year 0, six months) will put in place the legal, institutional, human and technological foundations of the SACCO before it begins full operations. The establishment budget is UGX 5.8 billion.

Table 15.1: Establishment budget (Year 0)

Item	Amount (UGX million)	Description
Registration, legal, bye-laws and licensing	120	Registration with the Registrar, licence application, legal advisory
Feasibility study, transaction and actuarial advisers	200	Detailed business plan, product pricing, insurance design
Core banking system, digital platforms and hardware	1,800	As detailed in Table 14.3
Premises fit-out and furniture for head office and four regional hubs	900	Kampala head office; Gulu, Mbale, Mbarara and Arua hubs
Vehicles and motorcycles	650	Field mobility for monitoring and outreach
Pre-operational staff costs (core team, six months)	700	CEO, directors and core staff recruited before launch
Policies, manuals and procedures	150	Credit, savings, risk, AML, HR, ICT and programme policies
National launch, campus mobilisation and branding	600	Launch events, campus activations, media and digital campaign
Training of Interim Board and staff	200	Governance, credit, systems and customer service training
Enterprise readiness curriculum and content	180	Course design, digital content, trainer manuals
Contingency	300	About 5 percent of the budget
Total	5,800	

15.3 Start-up funding requirement and sources

The SACCO requires time-bound start-up and capacity support to cover the establishment budget and the operating deficits of its first four years, while membership, savings and the loan portfolio grow to a sustainable scale. Because the SACCO is committed to lending at no more than 13 percent per annum while paying savers 4 to 9 percent, its margin is deliberately thin, and it reaches break-even in its fifth year. The total requirement is UGX 23.4 billion, after which the SACCO will be self-sustaining from its own operations.

Table 15.2: Start-up and capacity support requirement (UGX billion)

Purpose	Year 0	Year 1	Year 2	Year 3	Year 4	Total
Establishment budget	5.8	0.0	0.0	0.0	0.0	5.8
Start-up operating deficit support	0.0	5.9	5.4	4.2	2.1	17.6
Total requirement	5.8	5.9	5.4	4.2	2.1	23.4
Proposed Government of Uganda contribution	4.0	4.0	3.6	2.7	1.2	15.5
Proposed development partner contribution	1.8	1.9	1.8	1.5	0.9	7.9

Start-up support will be released in tranches against agreed milestones, such as registration and licensing, systems go-live, membership and savings targets, and clean audits, so that funders retain control and the SACCO remains focused on performance.

15.4 Key assumptions

Table 15.3: Key assumptions of the financial model

Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Members at year end	25,000	70,000	130,000	190,000	250,000
New members joining during the year	25,000	45,000	60,000	60,000	60,000
Average share capital per member (UGX)	150,000	180,000	200,000	220,000	240,000
Average savings per member (UGX)	200,000	300,000	380,000	450,000	500,000
Government programme funds (UGX billion, cumulative)	5	15	30	45	60
Partner and DFI lines (UGX billion, cumulative)	2	5	9	14	20
Share of loanable funds deployed as loans	65 percent	78 percent	84 percent	84 percent	84 percent
Maximum interest rate on any loan	13 percent	13 percent	13 percent	13 percent	13 percent
Average portfolio yield (blend of loan products and programme windows)	10.8 percent	10.8 percent	10.8 percent	10.8 percent	10.8 percent
Loan processing fee	1 percent	1 percent	1 percent	1 percent	1 percent
Interest on savings (range across all savings products)	4 to 9 percent	4 to 9 percent	4 to 9 percent	4 to 9 percent	4 to 9 percent
Average cost of savings	5 percent	5 percent	5 percent	5 percent	5 percent
Cost of Government programme funds	2 percent	2 percent	2 percent	2 percent	2 percent
Cost of partner and DFI lines	5 percent	5 percent	5 percent	5 percent	5 percent
Programme management fee on Government funds	2.5 percent	2.5 percent	2.5 percent	2.5 percent	2.5 percent
Return on liquid investments	9 percent	9 percent	9 percent	9 percent	9 percent
Loan loss provision charge (of year-end portfolio)	2.5 percent	2.5 percent	2.5 percent	2.5 percent	2.5 percent
Staff headcount	67	111	161	214	260

The average portfolio yield of 10.8 percent reflects the blend of the seven loan products, each priced differently between 9 and 13 percent, with the largest shares in the Agro Value Chain Loan (10 percent) and the Enterprise Growth Loan (12 percent), and the lower concessional rates on Government programme windows. No loan exceeds 13 percent per annum, compared with the commercial bank average lending rate of about 18 to 21 percent. The average cost of savings of 5 percent reflects a portfolio weighted toward Compulsory Monthly Savings (5 percent), Ordinary

Voluntary Savings (4 percent) and Group and Cluster Savings (4.5 percent), with a smaller share in Target Savings, Fixed Deposits, Diaspora and Retirement Savings (6 to 9 percent). The model assumes that Government programme funds are provided at a concessional cost of 2 percent and partner lines at 5 percent; this low cost of funds is essential to sustaining the 13 percent ceiling. The return on liquid investments assumes that surplus liquidity is invested in Government securities and fixed deposits with regulated banks, consistent with prevailing yields.

15.5 Projected growth of funds and loans

Table 15.4: Projected growth of members, funds and loans (UGX billion unless stated)

Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
Members (cumulative)	25,000	70,000	130,000	190,000	250,000
Share capital	3.8	12.6	26.0	41.8	60.0
Savings deposits	5.0	21.0	49.4	85.5	125.0
Government programme funds	5.0	15.0	30.0	45.0	60.0
Partner and DFI lines	2.0	5.0	9.0	14.0	20.0
Total loanable funds	15.8	53.6	114.4	186.3	265.0
Gross loan portfolio	10.2	41.8	96.1	156.5	222.6
Loans disbursed during the year	13.1	45.9	92.2	129.9	170.4
Active borrowers	2,925	10,050	20,337	30,553	39,509
Average loan outstanding (UGX million)	3.5	4.2	4.7	5.1	5.6

The projections show total loanable funds growing from UGX 15.8 billion in Year 1 to UGX 265.0 billion in Year 5, of which members' own funds (shares and savings) account for UGX 185 billion, or about 70 percent. This confirms that UG-SACCO is fundamentally a members' institution, with Government and partner funds playing a catalytic rather than dominant role. Cumulative loan disbursements over five years are projected at about UGX 451 billion, reflecting the revolving of funds as loans are repaid and re-lent.

15.6 Projected income statement

Table 15.5: Projected income statement (UGX billion)

Item (UGX billion)	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Interest income on loans	0.6	2.8	7.4	13.6	20.5
Loan processing fees	0.1	0.5	0.9	1.3	1.7
Membership fees, subscriptions and service charges	1.0	2.3	3.8	5.0	6.2
Programme management fees	0.1	0.2	0.6	0.9	1.3
Income from liquidity investments	0.5	1.1	1.6	2.7	3.8
Total income	2.3	6.9	14.3	23.5	33.5
Expenditure					
Interest on members savings	0.1	0.7	1.8	3.4	5.3
Cost of Government and partner credit lines	0.1	0.4	0.8	1.3	1.9
Staff costs	2.9	4.6	6.5	8.7	10.8
Administration and premises	1.6	2.3	3.0	3.7	4.3
Technology and systems	1.5	0.9	1.0	1.1	1.2
Marketing and member mobilisation	0.6	0.7	0.8	0.9	1.0
Governance, audit and compliance	0.4	0.6	0.8	0.9	1.0

Item (UGX billion)	Year 1	Year 2	Year 3	Year 4	Year 5
Business development services	0.4	0.6	0.8	1.0	1.2
Loan loss provisions	0.3	1.0	2.4	3.9	5.6
Depreciation	0.3	0.5	0.6	0.7	0.8
Total expenditure	8.2	12.3	18.5	25.6	33.1
Surplus or (deficit)	(5.9)	(5.4)	(4.2)	(2.1)	0.4
Operational self-sufficiency	28 percent	56 percent	77 percent	92 percent	101 percent

Interest income on loans is the main source of revenue, growing from UGX 0.6 billion in Year 1 to UGX 20.5 billion in Year 5 as the portfolio expands, at an average yield of 10.8 percent. Membership fees, subscriptions and service charges provide a growing and stable stream of non-interest income. On the expenditure side, staff costs are the largest item, reflecting the SACCO's commitment to professional management, followed by the cost of funds, administration and loan loss provisions. The SACCO incurs deficits in Years 1 to 4, narrowing from UGX 5.9 billion in Year 1 to UGX 2.1 billion in Year 4, and reaches break-even in Year 5 with a small surplus of UGX 0.4 billion.

15.7 Projected statement of financial position

Table 15.6: Projected statement of financial position at year end (UGX billion)

Item (UGX billion)	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Net loan portfolio	10.0	40.8	93.7	152.6	217.0
Liquid assets and investments	8.6	15.3	22.8	35.6	50.1
Fixed assets	3.0	3.4	3.7	4.0	4.2
Total assets	21.6	59.4	120.2	192.2	271.4
Liabilities and capital					
Members savings deposits	5.0	21.0	49.4	85.5	125.0
Government programme funds	5.0	15.0	30.0	45.0	60.0
Development partner and DFI lines	2.0	5.0	9.0	14.0	20.0
Members share capital	3.8	12.6	26.0	41.8	60.0
Start-up and capacity grants (cumulative)	11.8	17.2	21.3	23.4	23.4
Retained reserves	(6.0)	(11.4)	(15.5)	(17.5)	(17.0)
Total liabilities and capital	21.6	59.4	120.2	192.2	271.4

Total assets are projected to grow from UGX 21.5 billion at the end of Year 1 to UGX 271.4 billion at the end of Year 5. The net loan portfolio accounts for close to 80 percent of assets from Year 3, within the target range of 70 to 80 percent. Liquid assets remain well above the minimum liquidity requirement, providing a comfortable cushion for withdrawals. Accumulated deficits begin to be recovered from Year 5, and retained reserves will turn positive in the following years as surpluses accumulate, strengthening institutional capital.

15.8 Key financial ratios

Table 15.7: Key financial ratios

Ratio	Year 1	Year 2	Year 3	Year 4	Year 5	Target
Operational self-sufficiency	28%	56%	77%	92%	101%	Above 100% from Year 5
Return on assets	-27.3%	-9.1%	-3.5%	-1.1%	0.1%	Positive from Year 5

Ratio	Year 1	Year 2	Year 3	Year 4	Year 5	Target
Net loans to total assets	46%	69%	78%	79%	80%	70 to 80%
Liquid assets to savings	172%	73%	46%	42%	40%	At least 15 to 20%
Shares and institutional capital to total assets	44%	31%	26%	25%	24%	At least 15%
Operating expenses to average portfolio	151%	39%	20%	13%	11%	Below 15% by Year 5
Members own funds per UGX 1 of Government funds	1.8	2.2	2.5	2.8	3.1	Above 2.5

The ratios show a sound trajectory: operational self-sufficiency rises to 92 percent in Year 4 and reaches 101 percent in Year 5; operating efficiency improves sharply as the portfolio grows, with operating expenses falling to about 11 percent of the average portfolio by Year 5; liquidity remains strong; capital is ample; and members' own funds rise to about three shillings for every shilling of Government programme funds.

15.9 Sensitivity analysis

To test the robustness of the projections, the Year 5 surplus was recalculated under several adverse scenarios.

Table 15.8: Sensitivity of the Year 5 surplus to key assumptions

Scenario	Year 5 surplus (UGX billion)	Interpretation
Base case	0.4	As projected; break-even reached
Average portfolio yield falls from 10.8 to 10 percent	(1.1)	Slight deficit; break-even delayed
Operating costs 15 percent above budget	(2.7)	Deficit; cost action required
Membership and business volumes 25 percent below target	(4.5)	Deficit; break-even delayed by one to two years
Loan loss provisions double to 5 percent of portfolio	(5.2)	Deficit; recovery action required
Combined stress: yield 10.3 percent, provisions 4 percent, volumes 15 percent lower, costs 10 percent higher	(8.2)	Significant deficit; corrective plan and contingency support required

The analysis shows that the 13 percent interest ceiling leaves a thin margin. With break-even only reached in Year 5, any adverse change, whether lower yields, higher loan losses, slower growth or cost overruns, would push Year 5 into deficit and delay self-sufficiency. The most sensitive variables are credit quality and business volume, which is why the plan places strong emphasis on recovery, membership mobilisation and low-cost Government funds. Management will monitor these variables monthly and take early corrective action, including cost containment, tighter appraisal, intensified recovery and adjustment of savings rates within the 4 to 9 percent band, without breaching the 13 percent ceiling on loans. Funders may also agree a contingency tranche of start-up support to be released only if a defined stress scenario materialises.

15.10 Break-even analysis

The SACCO's break-even point is reached when total income covers total expenditure, including the cost of funds and loan loss provisions. Using the cost structure in the base case, break-even requires a gross loan portfolio of roughly UGX 215 to 225 billion with portfolio quality within target, a level reached in Year 5. Break-even is therefore driven primarily by scale: as the portfolio grows, fixed costs such as head office staff, systems and governance are spread over a larger base, while variable

costs such as loan officers and provisions grow in proportion to lending. This underlines the importance of achieving membership and savings targets, and of extending programme and partner lines on time, so that the portfolio reaches scale quickly while maintaining quality.

15.11 Projected sources and uses of funds

Table 15.9: Cumulative sources and uses of funds over five years (UGX billion)

Sources	Amount	Uses	Amount
Members share capital	60.0	Net loan portfolio at Year 5	217.0
Members savings deposits	125.0	Liquid assets and investments at Year 5	50.1
Government programme funds	60.0	Fixed assets at Year 5	4.2
Development partner and DFI lines	20.0	Cumulative net operating deficit, Years 1 to 5	17.0
Start-up and capacity grants	23.4		
Total sources	288.4	Total uses	288.3

15.12 Capitalisation over five years

Table 15.10: Five-year capitalisation of UG-SACCO (UGX billion)

Source	Amount by Year 5	Share
Members share capital	60.0	37 percent
Government programme on-lending funds	60.0	37 percent
Development partner and DFI facilities	20.0	12 percent
Start-up and capacity grants	23.4	14 percent
Total capitalisation	163.4	100 percent
Members savings deposits (additional loanable funds)	125.0	Not part of capital

15.13 Distribution of surplus

Once the SACCO generates surpluses, they will be distributed in accordance with the Cooperative Societies Act and the bye-laws, as approved by the Delegates Assembly on the recommendation of the Board. The proposed policy is as follows:

Table 15.11: Proposed surplus distribution policy

Allocation	Share of annual surplus
Statutory reserve fund	25 percent (until reserves reach the target capital level)
Member education and training fund	5 percent
Development and innovation fund (cluster infrastructure and products)	10 percent
Savings protection fund	5 percent
Dividends on shares and patronage rebates	Up to 50 percent
Community and social responsibility fund	5 percent

Dividends will be declared only after meeting all regulatory capital and provisioning requirements and recovering accumulated start-up deficits. On the base case, no dividends are paid in the first five years; surpluses from Year 5 onwards are retained to rebuild reserves, after which dividends on shares will be declared from Year 6 or 7. In the meantime, members benefit through interest of 4 to 9 percent on their savings and loans at no more than 13 percent.

15.14 Financial management and reporting

The SACCO will maintain books of accounts in accordance with International Financial Reporting Standards as applicable to SACCOs, prepare monthly management accounts for the Board, quarterly financial statements for members and regulators, and annual audited financial statements presented to the Delegates Assembly. Government programme funds will be accounted for separately with their own statements. The external auditor will be an independent, reputable firm approved by the Delegates Assembly and, where required, by the regulator.

15.15 Conclusion

The financial plan demonstrates that UG-SACCO is financially viable. With time-bound start-up support of UGX 23.4 billion, it will lend to graduates at no more than 13 percent per annum, pay savers 4 to 9 percent, mobilise UGX 185 billion of members' own funds, manage UGX 60 billion of Government programme funds and UGX 20 billion of partner funds, disburse about UGX 451 billion in loans over five years, and break even in Year 5, after which it is self-sustaining. Each shilling of public start-up support thus leverages about eight shillings of members' own funds and many more in productive investment.

CHAPTER SIXTEEN: IMPLEMENTATION PLAN AND ROLL-OUT STRATEGY

16.1 Introduction

This chapter sets out how UG-SACCO will be established and rolled out across the country. It describes the implementation phases, the detailed activities and milestones for the establishment phase and the first year, the geographical roll-out of regional hubs and campus chapters, the five-year implementation timeline, the responsibilities of key actors and the critical success factors. The plan follows a phased approach that builds strong foundations before rapid expansion, reflecting the lesson from many SACCOs that growing faster than systems and governance can support leads to failure.

16.2 Implementation phases

Table 16.1: Implementation phases

Phase	Period	Focus	Key outputs
Phase 1: Establishment	Year 0 (six months)	Legal registration, licensing, governance, systems, staff, policies, launch	Registered and licensed SACCO; core banking live; 5,000 founding members; head office and four hubs
Phase 2: Start-up and pilot	Year 1	Membership growth, savings, pilot lending, first programme window, first clusters	25,000 members; UGX 10 billion portfolio; 20 clusters; 20 campus chapters
Phase 3: Consolidation	Year 2	Product expansion, additional programme windows, more hubs, credit scoring	70,000 members; UGX 40 billion portfolio; 60 clusters; eight hubs
Phase 4: Expansion	Years 3 to 4	National coverage, transition to Bank of Uganda supervision, investment subsidiary	190,000 members; UGX 157 billion portfolio; 210 clusters; 12 hubs
Phase 5: Maturity and scale	Year 5 and beyond	Self-sustaining operations, innovation, regional and diaspora growth	250,000 members; UGX 223 billion portfolio; 300 clusters; 60 campus chapters

16.3 Establishment phase work plan

The establishment phase is the most critical period. It will be managed by the Interim Board with support from a transaction adviser, and its activities are set out month by month below.

Table 16.2: Establishment phase work plan (Year 0)

Month	Key activities	Responsible	Milestone
Month 1	Constitute Interim Board; open interim bank account; mobilise founding members; engage MTIC, MoFPED and NPA; appoint transaction adviser	Promoters	Interim Board in place
Month 1 to 2	Hold inaugural meeting; adopt bye-laws; collect founding share capital; prepare feasibility study	Interim Board	Inaugural meeting held
Month 2	Submit registration application to the Registrar of Cooperatives	Interim Board	Application lodged
Month 2 to 3	Recruit CEO and senior management; develop core policies; start ICT procurement	Interim Board, adviser	CEO appointed
Month 3	Obtain certificate of registration; apply for Tier 4 licence; sign MoUs with first partner universities	Interim Board, CEO	Certificate of registration

Month	Key activities	Responsible	Milestone
Month 3 to 4	Secure head office and hub premises; recruit core staff; procure core banking system	Management	Premises secured; vendor contracted
Month 4 to 5	Configure and test systems; train staff; Board approval of policies; negotiate first programme window MoU	Management, Board	Systems tested; policies approved
Month 5 to 6	Obtain licence; integrate mobile money and NIRA; national launch; open campus chapters	Management	Licence obtained; SACCO launched

16.4 Year 1 implementation plan

Table 16.3: Year 1 quarterly implementation plan

Quarter	Key activities	Targets by end of quarter
Quarter 1	Membership drive in universities and among employed graduates; payroll agreements; enterprise readiness training begins; launch of savings products	8,000 members; UGX 1.5 billion in shares and savings; 2,000 members trained
Quarter 2	First Graduate Start-up Loans and Emergency Loans; first five clusters; credit reference integration; Gulu and Mbale hubs fully operational	14,000 members; 800 borrowers; UGX 2.5 billion portfolio
Quarter 3	Agro Value Chain Loans timed with second season; asset finance; first programme window disbursements; mentorship programme launched	19,000 members; 1,800 borrowers; 12 clusters
Quarter 4	Women and Inclusive Enterprise Loan; programme dashboards; first annual audit preparations; first Annual Delegates Assembly	25,000 members; 2,925 borrowers; UGX 10.2 billion portfolio; 20 clusters

16.5 Geographical roll-out

The SACCO will expand geographically in a deliberate sequence that balances the concentration of graduates, the need to reach lagging regions early and the capacity to supervise operations.

Table 16.4: Roll-out of regional hubs

Hub	Coverage	Opening
Kampala (head office and Central hub)	Kampala, Wakiso, Mukono and Central region	Year 0
Gulu	Acholi and parts of Lango	Year 0
Mbale	Bugisu, Sebei, Bukedi	Year 0
Mbarara	Ankole and Kigezi	Year 0
Arua	West Nile and Madi	Year 0
Masaka	Greater Masaka and Buganda South	Year 1
Jinja	Busoga	Year 2
Soroti	Teso	Year 2
Lira	Lango	Year 3
Fort Portal	Tooro and Rwenzori	Year 3
Hoima	Bunyoro and the Albertine oil region	Year 4
Moroto	Karamoja	Year 4

Table 16.5: Roll-out of campus chapters

Year	New campus chapters	Cumulative	Priority institutions
Year 0 to 1	20	20	Major public universities and large private universities in all regions
Year 2	12	32	Remaining chartered universities and large tertiary institutions
Year 3	12	44	Agricultural colleges, technical institutes, health training institutions
Year 4	8	52	National teachers' colleges and other tertiary institutions
Year 5	8	60	Remaining institutions with significant graduate numbers

16.6 Five-year implementation timeline

Table 16.6: Five-year timeline of major milestones

Milestone	Y0	Y1	Y2	Y3	Y4	Y5
Registration and Tier 4 licence	X					
Core banking, app and USSD live	X					
First Government programme window		X				
Credit reference integration		X				
Enterprise Growth and Innovation and Technology Loans			X			
Credit scoring model			X			
Eight regional hubs operational			X			
Agro Value Chain Loans and Asset Finance to clusters at scale				X		
Investment subsidiary incorporated				X		
Digital marketplace				X		
Transition to Bank of Uganda supervision				X	X	
All twelve regional hubs					X	
Independent mid-term evaluation				X		
Final evaluation and second strategic plan						X

16.7 Roles and responsibilities

Table 16.7: Roles and responsibilities in implementation

Actor	Responsibilities
Promoters and Interim Board	Registration, founding membership, policies, recruitment of CEO, launch
Elected Board	Strategic leadership, oversight, policy approval, accountability to members
Management	Day-to-day implementation, achievement of targets, reporting
Members	Saving, borrowing responsibly, participating in governance, mobilising fellow graduates
Ministry of Trade, Industry and Cooperatives	Registration, supervision, cooperative development support

Actor	Responsibilities
Ministry of Finance, Planning and Economic Development	Start-up support, programme funding, Tier 4 licensing oversight
National Planning Authority	Alignment with NDP IV and results monitoring
Programme owners	Funding and policy direction of programme windows
Universities	Campus chapters, incubation, technical support, research
Development partners	Co-financing, technical assistance, evaluation
Private sector	Offtake, supply, mentorship and investment partnerships

16.8 Procurement plan

Procurement of goods, works and services will follow the SACCO's procurement policy, emphasising competition, transparency and value for money. Major procurements in the establishment phase are the core banking system and digital platforms, premises fit-out, vehicles, the external auditor, insurance partners and consultancy services. Where Government or partner funds are used, procurement will also comply with the funder's rules.

16.9 Communication and visibility plan

A communication plan will ensure that members, Government, partners and the public understand the SACCO's purpose and results. Key elements include the national launch, campus activations at graduation ceremonies, a website and social media presence, media partnerships, quarterly newsletters and public reports, success story features, the annual Graduate Producer Awards and a crisis communication protocol. Communication will consistently convey that the SACCO is member-owned, politically neutral, professionally managed and focused on production.

16.10 Critical success factors

- **Strong and honest leadership:** a competent and ethical Board and management team.
- **Government commitment:** formal designation as the graduate window and timely start-up support.
- **Member commitment:** a culture of saving, responsible borrowing and timely repayment.
- **Robust systems:** a reliable core banking system and digital channels from day one.
- **University partnerships:** active campus chapters and incubation support.
- **Market access:** offtake agreements that give enterprises reliable demand.
- **Disciplined growth:** expansion paced to systems, staff and governance capacity.

16.11 Implementation risks and contingencies

If Government programme funds are delayed, the SACCO will continue to grow on members' savings and partner lines, adjusting the pace of lending. If membership growth is slower than planned, management will reduce discretionary costs and defer the opening of new hubs. If portfolio quality deteriorates, lending growth will be slowed and recovery intensified. These contingencies are built into the annual planning and budgeting process.

16.12 Regional targets for Years 2 to 5

Table 16.8: Cumulative membership targets by region

Region	Year 2	Year 3	Year 4	Year 5
Kampala Metropolitan	18,900	31,200	43,700	55,000
Central (Masaka, Buganda)	8,400	15,600	22,800	30,000
Eastern (Busoga, Bukedi, Bugisu, Sebei)	10,500	19,500	28,500	37,500
North Eastern (Teso, Karamoja)	4,900	9,900	14,800	20,000
Northern (Acholi, Lango)	8,400	15,600	22,800	30,000

Region	Year 2	Year 3	Year 4	Year 5
West Nile and Madi	4,900	9,100	13,300	17,500
Western (Ankole, Kigezi)	9,100	16,900	24,700	32,500
Mid-Western (Tooro, Bunyoro, Rwenzori)	3,900	10,400	15,600	22,500
Diaspora	1,000	1,800	3,800	5,000
Total	70,000	130,000	190,000	250,000

16.13 National launch and mobilisation campaign

The national launch will be a high-profile event bringing together Government leaders, university vice chancellors, development partners, the private sector and thousands of graduates, followed by simultaneous regional launches at the four initial hubs. The launch will introduce the SACCO's vision, products and the One Graduate Window, sign the first university and programme partnership agreements and register the first members on site through the mobile application. A three-month campaign will follow, featuring campus tours, graduation ceremony desks, radio and television programmes in major languages, a social media challenge for graduates to share their enterprise ideas, and an enterprise idea competition whose winners receive mentorship and fast-tracked financing. The campaign will be strictly non-partisan in content and branding.

CHAPTER SEVENTEEN: MONITORING, EVALUATION, LEARNING AND REPORTING

17.1 Introduction

UG-SACCO will measure its performance rigorously and report transparently. Monitoring, evaluation and learning (MEL) serve four purposes: to track progress against targets so that management and the Board can take timely corrective action; to demonstrate results and accountability to members, Government and partners; to generate learning that improves products, services and policies; and to provide evidence of the SACCO's contribution to Vision 2040 and NDP IV. This chapter presents the MEL framework, the results framework, data collection methods, reporting arrangements, evaluations and the learning agenda.

17.2 MEL principles

- **Results focus:** monitoring goes beyond activities and outputs to outcomes and impact, especially jobs and incomes.
- **Alignment:** indicators are aligned with NDP IV, PDM and SDG indicators wherever possible, so that results can be aggregated nationally.
- **Disaggregation:** data are disaggregated by gender, age, disability, region, sector and programme window.
- **Digital data:** data are captured through the core banking system, field application and member surveys, reducing manual reporting.
- **Independence:** evaluations are conducted by independent evaluators.
- **Use:** data are used for decisions, not just for reports.

17.3 MEL structure

A Monitoring, Evaluation and Learning Unit within the office of the CEO will coordinate MEL. It will be headed by an MEL Manager and supported by data analysts, with loan officers and campus coordinators collecting field data. The Board Finance, Investment and Strategy Committee will review MEL reports quarterly, and the Board will commission independent evaluations.

17.4 Results framework

Table 17.1: Results framework

Result level	Indicator	Baseline	Year 1	Year 3	Year 5	Data source
Impact	Jobs created by financed enterprises (cumulative, direct and indirect)	0	7,300	50,800	98,800	Enterprise survey, loan records
Impact	Average increase in monthly income of borrowing members	Not applicable	20 percent	40 percent	50 percent	Panel survey
Impact	Members and employees lifted above the poverty line	0	2,000	15,000	30,000	Panel survey
Impact	Annual value added by financed enterprises (UGX billion)	0	60	500	990	Enterprise survey
Outcome	Financed enterprises still operating after two years	Not applicable	Not applicable	75 percent	80 percent	Enterprise survey
Outcome	Members previously unemployed now in productive work	0	2,000	15,000	30,000	Member survey
Outcome	Enterprises formally	Not applicable	40 percent	60 percent	75 percent	Enterprise

Result level	Indicator	Baseline	Year 1	Year 3	Year 5	Data source
	registered and tax compliant					records
Outcome	Smallholder farmers selling to graduate clusters	0	3,000	22,000	50,000	Cluster records
Outcome	Government programme recovery rate	Not applicable	95 percent	95 percent	96 percent	Core banking system
Output	Members (cumulative)	0	25,000	130,000	250,000	Core banking system
Output	Female members	0	40 percent	43 percent	45 percent	Core banking system
Output	Savings and share capital (UGX billion)	0	8.8	75.4	185.0	Core banking system
Output	Gross loan portfolio (UGX billion)	0	10.2	96.1	222.6	Core banking system
Output	Active borrowers	0	2,925	20,337	39,509	Core banking system
Output	Portfolio at risk above 30 days	Not applicable	Below 5 percent	Below 5 percent	Below 5 percent	Core banking system
Output	Graduate Enterprise Clusters (cumulative)	0	20	130	300	Cluster register
Output	Members trained in enterprise readiness (cumulative)	0	6,000	35,000	60,000	Learning system
Output	Government programme funds managed (UGX billion)	0	5	30	60	Programme ledgers
Institutional	Operational self-sufficiency	Not applicable	28 percent	77 percent	101 percent	Financial statements
Institutional	Clean external audit opinion	Not applicable	Yes	Yes	Yes	Audit report
Institutional	Member satisfaction score	Not applicable	75 percent	80 percent	85 percent	Member survey

Table 17.1b: Definitions of selected key indicators

Indicator	Definition	Unit and computation
Jobs created	Full-time equivalent jobs in financed enterprises, including the owner, plus estimated indirect jobs in supplying value chains	Number; direct jobs from enterprise surveys; indirect jobs using value chain multipliers
Increase in borrowers' income	Change in average monthly net income of borrowing members from baseline	Percentage; panel survey comparison
Enterprise survival rate	Share of financed enterprises still operating two years after first loan	Percentage of enterprises financed in the cohort
Portfolio at risk above 30 days	Outstanding balance of loans with any instalment overdue more than 30 days divided by gross portfolio	Percentage, monthly
Programme recovery rate	Amount repaid divided by amount due under programme windows	Percentage, cumulative and monthly
Operational self-sufficiency	Total income divided by total expenses	Percentage, annual

Indicator	Definition	Unit and computation
	including provisions and cost of funds	
Members trained	Members who completed a course and passed its assessment	Number, cumulative
Smallholders linked	Farmers with documented sales to graduate clusters in the year	Number, annual

17.5 Data collection methods

Table 17.2: Data collection methods and frequency

Method	Data collected	Frequency
Core banking and programme systems	Membership, savings, shares, loans, repayments, portfolio quality, programme funds	Real time
Field monitoring application	Use of funds, enterprise status, production, employees, photos and geo-location	Every monitoring visit
Enterprise performance records	Sales, costs, profit, jobs, taxes paid	Quarterly for borrowers
Member baseline and panel surveys	Income, assets, employment status, household welfare	At entry and annually for a sample
Cluster reports	Production, sales, supplier farmers, offtake contracts	Quarterly
Member satisfaction survey	Service quality, products, governance	Annually
Training records and assessments	Attendance, test scores, certification	Per course
Case studies and success stories	Qualitative change in lives and enterprises	Continuous

17.6 Baseline study

Within the first six months of operations, the SACCO will conduct a baseline study of a representative sample of members, capturing employment status, income, assets, enterprise activity, savings and access to credit. The baseline will be used to measure change over time through annual panel surveys. A comparison group of graduates who are not members, drawn from similar universities and regions, will be surveyed where feasible to strengthen the attribution of results to the SACCO.

17.7 Reporting

Table 17.3: Reporting framework

Report	Content	Frequency	Audience
Management performance dashboard	Key financial and operational indicators	Daily and weekly	Management
Board report	Performance against plan, risks, compliance, programme windows	Monthly and quarterly	Board
Regulatory returns	Prudential and statistical returns	As prescribed	Regulators
Programme reports	Programme-specific indicators and finances	Monthly and quarterly	Programme owners
Members' quarterly report	Summary performance, products, events	Quarterly	Members
Public performance report	Key results, programme funds, portfolio quality	Quarterly	Public, Government
Annual report and	Full financial and operational review	Annually	Delegates Assembly,

Report	Content	Frequency	Audience
audited accounts			regulators, partners
Development impact report	Jobs, incomes, value added, contribution to NDP IV	Annually	Government, NPA, partners, members

17.8 Evaluations

The SACCO will commission three independent evaluations during the first strategic plan period: a process review at the end of Year 1 to assess establishment and early operations; a mid-term evaluation in Year 3 to assess progress, efficiency and emerging outcomes and to recommend adjustments; and a final evaluation in Year 5 to assess impact, sustainability and lessons, informing the second strategic plan. Evaluations will be conducted by independent firms or academic institutions and published.

17.9 Learning agenda

UG-SACCO will pursue a learning agenda built around key questions whose answers will improve the SACCO and inform national policy on graduate employment:

- Which enterprise types and value chains generate the highest survival rates, incomes and jobs for graduate entrepreneurs?
- What combination of finance, training and mentorship produces the best enterprise outcomes?
- Which alternative collateral arrangements best balance access and repayment?
- How do graduate clusters affect the incomes of linked smallholder farmers?
- What factors drive repayment of Government programme funds among graduates?
- How can female graduates and graduates with disabilities be served more effectively?

The SACCO will share findings through learning events, policy briefs and partnerships with universities and research institutions, contributing to the national evidence base on youth employment.

17.10 Feedback and accountability to members

Members will have multiple channels to give feedback and raise complaints, including the call centre, mobile application, regional committees and the Supervisory Committee. Complaints will be logged, tracked and resolved within published timelines, and summary statistics on complaints and resolution will be reported to the Board and members. Members' feedback will be used to improve services.

CHAPTER EIGHTEEN: SUSTAINABILITY, EXPECTED IMPACT, CONCLUSION AND RECOMMENDATIONS

18.1 Introduction

This final chapter explains how UG-SACCO will remain sustainable beyond the start-up period, summarises its expected impact on graduates, communities and the nation, outlines the long-term vision to 2040, and presents the conclusion and specific recommendations to Government, universities, development partners and graduates.

18.2 Dimensions of sustainability

18.2.1 Financial sustainability

Financial sustainability rests on four pillars. First, members' own funds will constitute about 70 percent of loanable funds by Year 5, giving the SACCO a stable and growing funding base independent of external support. Second, the SACCO's pricing, with seven loan products each priced differently and none above 13 percent per annum, nevertheless covers the cost of funds, operating costs and loan losses once the SACCO reaches scale, as demonstrated by the projected operational self-sufficiency of 92 percent in Year 4 and 101 percent in Year 5. Because the margin between lending at no more than 13 percent and paying savers 4 to 9 percent is narrow, efficiency is essential: the digital operating model keeps costs low as the SACCO grows, with operating expenses falling to about 11 percent of the average portfolio by Year 5. Fourth, retained surpluses will build institutional capital progressively, strengthening resilience.

18.2.2 Institutional sustainability

Institutional sustainability depends on strong governance, professional management, robust systems and a culture of integrity. The governance architecture described in Chapter Nine, with separation of governance and management, fit and proper leaders, independent oversight and term limits, is designed to outlast any individual. Documented policies and procedures, a professional staff development programme and succession planning will reduce dependence on key individuals. Early preparation for Bank of Uganda supervision will lock in high standards.

18.2.3 Programme sustainability

Government programme funds managed by the SACCO are revolving funds. With recovery rates above 95 percent, each shilling will be lent several times, so that the benefits continue long after the initial allocation. If Government decides to wind down a particular programme, the agreements will provide for orderly transfer or conversion of the outstanding funds, for example into long-term lines that continue to finance graduates under the same rules.

18.2.4 Enterprise sustainability

The sustainability of the SACCO ultimately depends on the sustainability of its members' enterprises. The cluster model, market linkages, mentorship and technical support are designed to raise enterprise survival rates well above those of isolated micro-enterprises. As enterprises grow, they will graduate to larger loans and, eventually, to commercial banks and capital markets, freeing SACCO resources for new graduates.

18.2.5 Social and environmental sustainability

The SACCO's inclusiveness policy ensures that women, persons with disabilities and graduates in lagging regions benefit, strengthening social cohesion. Environmental screening, climate-smart lending and agricultural insurance protect enterprises and the environment from climate risks.

18.3 Exit strategy for start-up support

Start-up and capacity support from Government and development partners is time-bound. It will be phased out by the end of Year 4 according to the schedule in Chapter Fifteen, tied to milestones. From Year 5, the SACCO will meet all its operating costs from its own income. Government's continuing role will be that of a policy partner and a provider of revolving programme funds

through the graduate window, not a subsidiser of operations. Development partners may continue to support specific innovations, research or expansion into new areas on a project basis.

18.4 Expected impact

18.4.1 Impact on graduates

For graduates, UG-SACCO will open a pathway from idleness or underemployment to productive work. By Year 5, the SACCO expects to have 250,000 members with formal savings, about 39,500 active borrowers at any time and at least 40,000 graduate enterprises supported cumulatively. Members will build assets, credit histories, skills and networks. Borrowing members are expected to increase their monthly incomes by at least 50 percent on average. Beyond money, members will gain confidence, dignity and a sense of contributing to the nation.

18.4.2 Impact on communities

Graduate enterprises will create jobs for non-graduate youth, buy produce from about 50,000 smallholder farmers, provide services such as clinics, schools, repair and digital services in their communities, and model commercial production and savings culture. Clusters located in rural and peri-urban areas will bring investment and opportunity outside Kampala, helping to reduce regional inequality.

18.4.3 Impact on the nation

At national level, the SACCO is expected to contribute about 98,800 direct and indirect jobs, annual value added of about UGX 990 billion by Year 5, annual tax contributions in the order of UGX 80 billion, increased exports and import substitution through value addition, and deeper domestic savings mobilisation of UGX 185 billion. It will also provide Government with a proven, data-rich and accountable model for delivering programmes to graduates, which can inform future policy.

Table 18.1: Summary of expected impact by Year 5

Dimension	Expected result
Members	250,000 graduates, at least 45 percent female
Savings and shares mobilised	UGX 185 billion
Loans disbursed over five years	About UGX 451 billion
Active borrowers	About 39,500
Enterprises supported (cumulative)	At least 40,000
Graduate Enterprise Clusters	300
Jobs created (direct and indirect)	About 98,800
Smallholder farmers linked	About 50,000
Annual value added by financed enterprises	About UGX 990 billion
Annual tax contribution of financed enterprises	About UGX 80 billion
Government programme funds managed and revolving	UGX 60 billion
Operational self-sufficiency	About 101 percent (break-even)

18.5 Long-term vision to 2040

The first five years will lay the foundation; the following fifteen years, aligned with NDP V and NDP VI, will see UG-SACCO grow into one of the largest and most influential cooperative financial institutions in East Africa. The long-term aspirations include reaching one million graduate members by 2040; mobilising more than UGX 2 trillion in member savings and shares; financing hundreds of thousands of graduate enterprises; establishing graduate-owned agro-industrial parks and processing centres in every region; developing a graduate cooperative bank or investment vehicle as members' needs grow; and contributing measurably to Uganda's attainment of upper middle-income status.

Table 18.2: Long-term aspirations aligned with Uganda Vision 2040

Milestone	2030 (end of NDP IV)	2035 (end of NDP V)	2040 (end of NDP VI)
Members	250,000	600,000	1,000,000
Savings and shares	UGX 185 billion	UGX 800 billion	Over UGX 2 trillion
Enterprises supported (cumulative)	40,000	150,000	300,000
Jobs created (cumulative)	About 100,000	About 400,000	About 900,000
Graduate Enterprise Clusters	300	1,000	2,000
Institutional form	Large SACCO under Bank of Uganda supervision	Leading national cooperative financial institution	Graduate cooperative financial group

18.6 Conclusion

Uganda's graduates are a national asset of extraordinary value. They have been educated at great cost to their families and to the nation, and they possess the knowledge, energy and creativity that the transformation envisioned in Vision 2040 requires. Yet too many of them remain unemployed, underemployed or engaged in work far below their potential, while the economy offers abundant opportunities in agro-industrialisation, tourism, minerals, science, technology and innovation, manufacturing and services.

The binding constraints are clear: lack of affordable and appropriate credit, lack of collateral, fragmented access to Government programmes, and insufficient enterprise support and market linkages. Government has demonstrated its commitment to wealth creation through PDM, Emyooga and other programmes, but none of these was built around the graduate.

This proposal has presented a practical, evidence-based and financially viable solution: the Ugandan Graduates SACCO. It is a member-owned institution that mobilises graduates' own savings; a professional and digital financial institution that offers affordable, productive credit; a single accountable channel for Government programmes for graduates; and an enterprise development platform that organises graduates into productive clusters linked to markets and smallholder farmers. It responds directly to the lessons of previous programmes, with safeguards for governance, integrity and recovery built into its design.

The SACCO is aligned with Vision 2040, NDP IV and the Tenfold Growth Strategy, and it will measure and report its contribution in the same terms. With modest, time-bound start-up support, it will offer graduates credit at no more than 13 percent per annum, pay them 4 to 9 percent on their savings, break even within five years and leverage about eight shillings of members' own funds for every shilling of public start-up support. Most importantly, it will change the mindset and the reality of Uganda's graduates, from job seekers to producers, employers and investors.

18.7 Recommendations

18.7.1 To the Government of Uganda

- The Ministry of Trade, Industry and Cooperatives should expedite the registration of UG-SACCO and provide cooperative development support.
- The Ministry of Finance, Planning and Economic Development should facilitate the licensing of UG-SACCO, provide start-up and capacity support of UGX 15.5 billion over five years (Years 0 to 4) in tranches tied to milestones, and designate UG-SACCO as the graduate window for relevant wealth creation programmes, including a ring-fenced PDM Graduate Window.
- The Microfinance Support Centre and the Uganda Development Bank should extend wholesale credit lines to UG-SACCO for on-lending to graduate enterprises.
- The Ministry of Gender, Labour and Social Development should channel youth and women enterprise funds intended for graduates through UG-SACCO.

- The National Planning Authority should recognise UG-SACCO's results reporting as a contribution to NDP IV monitoring.
- The Ministry of Education and Sports and the National Council for Higher Education should encourage universities and tertiary institutions to host campus chapters and to integrate entrepreneurship and cooperative education in curricula.
- Local governments should facilitate access to land, market space and extension services for graduate clusters.

18.7.2 To universities and tertiary institutions

- Sign partnership agreements with UG-SACCO to host campus chapters and incubation hubs.
- Provide access to farms, laboratories and workshops for graduate enterprises.
- Mobilise alumni as members and mentors, and conduct tracer studies of graduate outcomes.

18.7.3 To development partners

- Co-finance start-up and capacity support of UGX 7.9 billion and the enterprise fund.
- Provide credit guarantees and technical assistance in digital systems, risk management and impact evaluation.

18.7.4 To the private sector

- Enter offtake and supply agreements with graduate clusters.
- Provide mentors and internship opportunities, and sign payroll partnerships for employed graduates.

18.7.5 To graduates of Uganda

- Join UG-SACCO, save consistently, borrow for production and repay faithfully.
- Embrace enterprise and production as honourable and profitable careers.
- Uphold the integrity of the SACCO as owners, leaders and ambassadors.

Together, Government, universities, partners, the private sector and graduates can turn Uganda's greatest asset, its educated youth, into the engine of the transformation envisioned in Uganda Vision 2040. Graduates as Producers, Not Job Seekers.

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ANNEX 1: OUTLINE OF THE PROPOSED BYE-LAWS OF UG-SACCO

Table A1.1: Structure of the bye-laws

Part	Title	Main provisions
Part I	Preliminary	Name, registered office, area of operation, interpretation of terms
Part II	Objects	Savings mobilisation, credit for productive purposes, Government programme windows, enterprise development, member education, investment through a subsidiary, affiliation with apex bodies
Part III	Membership	Common bond, eligibility, categories, application and admission, entrance fee, rights and obligations, suspension, expulsion, withdrawal, death of a member
Part IV	Capital and funds	Share capital, share value, minimum and maximum holdings, transfer of shares, compulsory and voluntary savings, borrowings, grants, reserve funds
Part V	General Meeting and Delegates Assembly	Supremacy, annual and special meetings, notice, quorum, voting, election of delegates, reserved seats, electronic participation
Part VI	Board of Directors	Composition, eligibility, election, tenure and rotation, powers and duties, committees, meetings, removal, vacancies, allowances
Part VII	Supervisory Committee	Composition, election, powers, reporting
Part VIII	Management	Appointment of CEO and senior staff, delegation, separation of governance and management
Part IX	Lending	Credit policy, eligibility, security, limits, insider lending, approval authorities, recovery
Part X	Government programme windows	Authority to enter agreements, ring-fencing, compliance, reporting, audit rights
Part XI	Accounts and audit	Financial year, books of account, internal audit, external audit, Registrar and regulator returns
Part XII	Distribution of surplus	Statutory reserve, education fund, development fund, savings protection fund, dividends and rebates
Part XIII	Ethics and political neutrality	Code of conduct, conflict of interest, political neutrality clause, whistle-blowing
Part XIV	Disputes	Internal resolution, Registrar, arbitration, courts
Part XV	Amendment and dissolution	Procedure for amendment, amalgamation, dissolution and distribution of assets

A1.1 Selected key clauses

- **Political neutrality:** The Society shall not engage in, support or be used for partisan political activities. No person holding partisan political office or a position in the executive of a political party shall be eligible for election to the Board or Supervisory Committee.
- **Automatic vacation of office:** A director or committee member whose loan, or a loan guaranteed by them, is in arrears for more than 30 days shall automatically vacate office.
- **Insider loans:** Loans to directors, committee members, senior staff and their related parties shall be approved by the full Board, granted on ordinary terms, capped as a percentage of core capital and disclosed in the annual report.
- **Savings before credit:** No member shall receive a loan unless they have saved consistently for the minimum period prescribed in the credit policy and hold the minimum share capital.

- **Programme funds:** Funds received from Government or partners for specified purposes shall be held in separate accounts, used only for those purposes and accounted for separately.

ANNEX 2: MEMBERSHIP APPLICATION FORM (SPECIMEN)

Table A2.1: Section A: Personal details

Field	Applicant entry
Full name (as on National ID)	
National Identification Number	
Date of birth and gender	
Telephone and email	
District and sub-county of residence	
Mobile money or bank account for transactions	
Disability status (optional, for inclusion purposes)	

Table A2.2: Section B: Qualifications and occupation

Field	Applicant entry
Highest qualification and field of study	
Institution and year of award	
Current status (unemployed, self-employed, employed, final-year student)	
Employer and payroll number (if employed)	
Enterprise interest or existing enterprise	
Preferred campus chapter or regional hub	

Table A2.3: Section C: Commitments and next of kin

Field	Applicant entry
Number of shares to subscribe (minimum 20)	
Monthly compulsory savings amount (minimum UGX 20,000)	
Payment plan for shares (full or instalments)	
Next of kin name, relationship and telephone	
Declaration: I agree to abide by the bye-laws and policies of UG-SACCO and consent to verification of my identity and qualifications	Signature: Date:

ANNEX 3: LOAN APPLICATION REQUIREMENTS AND BUSINESS PLAN TEMPLATE

Table A3.1: Loan application checklist

Requirement	Graduate Start-up Loan	Enterprise Growth Loan	Cluster financing (Agro Value Chain Loan or Asset and Equipment Finance)
Membership in good standing	Required	Required	All cluster members
Minimum savings period	3 months	6 months	6 months
Fully paid minimum shares	Required	Required	Required
Enterprise readiness certificate	Required	Required	Committee and manager
Business plan	Simplified template	Full template	Cluster business plan
Cash flow projection	12 months	24 months	36 to 48 months
Guarantors	Three members	Two members plus assets	Joint savings and assets
Savings cash cover	10 percent	15 percent	15 percent of shared investment
Enterprise records	Not applicable	Six months of records	Records of members' units
Registration	Encouraged	URSB registration	Registered cluster entity
Offtake or market evidence	Encouraged	Required for agro-processing	Required
Insurance	Credit-life	Credit-life and asset	Asset, credit-life, agricultural where relevant

Table A3.2: Simplified business plan template

Section	Guiding questions
1. The entrepreneur	Who are you, what is your qualification and what experience do you have?
2. The enterprise	What product or service will you offer? Where will you operate?
3. The market	Who are your customers? What prices will they pay? Who are your competitors?
4. Production plan	What inputs, equipment, premises and labour do you need? What is your production schedule?
5. Investment and financing	What is the total investment? How much is your own contribution and how much is the loan?
6. Projected income and costs	What are your expected monthly sales, costs and profit?
7. Cash flow and repayment	When will cash come in and go out? How will you repay the loan?
8. Risks and mitigation	What could go wrong and how will you manage it?
9. Jobs and community impact	How many people will you employ? Whom will you buy from?
10. Support needed	What training, mentorship or market linkage do you need?

ANNEX 4: OUTLINE OF THE PROGRAMME WINDOW MEMORANDUM OF UNDERSTANDING

Table A4.1: Key clauses of a programme window MoU

Clause	Content
Parties and recitals	Programme owner and UG-SACCO; policy basis; purpose
Purpose and scope	Graduate window objectives, target beneficiaries, eligible enterprises
Funds	Amount, tranches, release conditions, ring-fenced account
Eligibility and targeting	Programme criteria, verification through NIRA and member register, avoidance of double benefits
Terms of on-lending	Interest rate, tenor, grace periods, security, loan limits
Revolving and recoveries	Treatment of repayments, re-lending, interest income, loan losses
Management fee	Fee or spread to cover delivery costs
Business support	Training, mentorship and monitoring obligations
Reporting	Dashboards, monthly and quarterly reports, data formats, integration with programme systems
Audit and inspection	Annual audit, access by programme owner and Auditor General
Data protection	Data sharing, consent, security, confidentiality
Governance	Joint Steering Committee, meetings, decision-making
Term, review and exit	Duration, reviews, termination, treatment of outstanding funds
Dispute resolution	Negotiation, mediation, arbitration

ANNEX 5: YEAR 1 OPERATING BUDGET DETAIL

Table A5.1: Year 1 staff budget by category

Staff category	Headcount	Average monthly gross pay (UGX million)	Annual cost including 15 percent statutory and welfare (UGX million)
Senior management	8	9.8	1,082
Regional managers	4	4.9	270
Loan and enterprise officers	18	2.1	522
Programmes officers	4	2.5	138
Membership, savings and campus coordinators	8	1.6	177
Finance and operations	7	2.1	203
ICT and digital	5	3.4	235
Risk, compliance and internal audit	3	3.4	141
Call centre and customer service	5	1.2	83
Support staff	5	0.7	48
Total	67		2,899

Table A5.2: Year 1 non-staff operating budget

Item	Amount (UGX million)
Premises rent, utilities and maintenance (head office and hubs)	800
Travel, fuel and field monitoring	400
Communication, printing and stationery	200
Insurance of assets and fidelity cover	100
Other administration	100
Administration and premises subtotal	1,600
Technology and systems	1,500
Marketing and member mobilisation	600
Governance, audit and compliance (Board, AGM, external audit, regulatory fees)	400
Business development services	400
Total non-staff operating costs	4,500

ANNEX 6: SUMMARY JOB DESCRIPTIONS OF KEY POSITIONS

Table A6.1: Key positions, qualifications and core duties

Position	Minimum qualifications	Core duties
Chief Executive Officer	Master's degree in finance, economics, business or related field; 10 years in banking or microfinance, 5 at senior level	Lead strategy execution, manage operations and staff, represent the SACCO, achieve targets, report to Board
Director, Finance and Treasury	Professional accountant (CPA or ACCA); 8 years' experience	Financial reporting, budgeting, treasury, liquidity, tax, regulatory returns
Director, Credit and Enterprise Development	Degree in finance, agribusiness or economics; 8 years in credit	Credit policy, portfolio growth and quality, clusters, BDS, recovery
Director, Government Programmes	Degree in economics, public administration or development; 8 years in programme management	Programme windows, compliance, programme owner relations, results reporting
Director, Membership, Savings and Marketing	Degree in marketing, business or communication; 8 years' experience	Membership growth, savings products, campus chapters, communication, service quality
Head of ICT and Digital Services	Degree in computer science or IT; 6 years in financial systems	Core banking, digital channels, integrations, cyber security, data protection
Head of Risk and Compliance	Degree in finance, law or risk; professional risk qualification; 6 years	Risk framework, compliance, AML/CFT, regulatory liaison
Head of Internal Audit	Professional accountant or certified internal auditor; 6 years	Risk-based audit, control testing, reports to Audit Committee
Regional Manager	Degree in business or related field; 5 years in microfinance	Regional operations, staff supervision, credit committee, member relations
Loan and Enterprise Officer	Degree in agribusiness, business, economics or related field	Member appraisal, disbursement, monitoring, recovery, enterprise advice
Campus Coordinator	Degree; experience in youth mobilisation	Campus chapter support, recruitment of students and alumni, enterprise clubs
MEL Manager	Degree in statistics, economics or M&E; 5 years	Results framework, data systems, surveys, evaluations, reports

ANNEX 7: DETAILED BUDGET OF A MODEL LAYER POULTRY ENTERPRISE

Table A7.1: Investment budget for 1,000 layer birds

Item	Quantity	Unit cost (UGX)	Total (UGX)
Poultry house construction (about 100 square metres)	1	8,000,000	8,000,000
Feeders, drinkers, nests and lighting	Lot	2,500,000	2,500,000
Water tank and fittings	1	1,500,000	1,500,000
Day-old layer chicks	1,000	4,000	4,000,000
Feed to point of lay (about 20 weeks)	Lot	14,000,000	14,000,000
Vaccines, drugs and veterinary services to point of lay	Lot	1,200,000	1,200,000
Labour and utilities to point of lay	5 months	160,000	800,000
Total investment			32,000,000

Table A7.2: Monthly income and expenditure at full production

Item	Basis	Monthly amount (UGX)
Egg sales	About 27 trays per day at UGX 11,000 for 30 days	8,800,000
Manure sales	Estimated	300,000
Total monthly revenue		9,100,000
Layer feed	About 120 grams per bird per day	6,500,000
Vaccines and drugs	Estimated	250,000
Labour (two workers)	UGX 250,000 each	500,000
Water, power, packaging and transport	Estimated	250,000
Total monthly operating cost		7,500,000
Net monthly income before loan repayment		1,600,000
Monthly instalment on UGX 10 million Agro Value Chain Loan component (10 percent, 18 months)	Indicative	601,000
Net monthly income after loan repayment		999,000

The model shows that the enterprise can service an Agro Value Chain Loan component while generating a positive income for the graduate, and that income rises significantly once the loan is repaid and when inputs are procured in bulk through a cluster. The balance of the investment can be met from the member's own savings, an Asset and Equipment Finance loan for the housing and equipment, and family contributions.

ANNEX 8: GLOSSARY OF KEY TERMS

Table A8.1: Glossary

Term	Meaning
Associate member	A final-year student who may save and train but not borrow until graduation
Common bond	The shared characteristic that qualifies persons for membership; for UG-SACCO, graduate status
Graduate Enterprise Cluster	A group of 20 to 50 graduate members in related enterprises sharing infrastructure, inputs and markets
Graduate window	A ring-fenced arrangement within a Government programme through which funds for graduates are channelled via UG-SACCO
Operational self-sufficiency	Total income divided by total expenses, including the cost of funds and provisions
Portfolio at risk above 30 days	Outstanding balance of loans with instalments overdue by more than 30 days, as a share of the gross portfolio
Reducing balance	Method of calculating interest only on the outstanding loan balance
Revolving fund	A fund whose repayments are re-lent to new borrowers
Share capital	Members' ownership contributions that form the core capital of the SACCO
Tier 4 institution	A microfinance institution, including a SACCO, licensed and supervised under the Tier 4 Microfinance Institutions and Money Lenders Act 2016

ANNEX 9: FIVE-YEAR EXPENDITURE BUDGET

Table A9.1: Five-year expenditure budget (UGX billion)

Expenditure item	Year 1	Year 2	Year 3	Year 4	Year 5	Five-year total
Interest on members savings	0.1	0.7	1.8	3.4	5.3	11.2
Cost of Government and partner credit lines	0.1	0.4	0.8	1.3	1.9	4.5
Staff costs	2.9	4.6	6.5	8.7	10.8	33.5
Administration and premises	1.6	2.3	3.0	3.7	4.3	14.9
Technology and systems	1.5	0.9	1.0	1.1	1.2	5.7
Marketing and member mobilisation	0.6	0.7	0.8	0.9	1.0	4.0
Governance, audit and compliance	0.4	0.6	0.8	0.9	1.0	3.7
Business development services	0.4	0.6	0.8	1.0	1.2	4.0
Loan loss provisions	0.3	1.0	2.4	3.9	5.6	13.2
Depreciation	0.3	0.5	0.6	0.7	0.8	3.0
Total expenditure	8.2	12.3	18.5	25.6	33.0	97.6

Over the five years, staff costs account for about 34 percent of total expenditure, reflecting the professional, field-based model; the cost of funds (interest on savings and credit lines) about 16 percent; loan loss provisions about 14 percent; and administration, technology, marketing, governance, BDS and depreciation the balance. Figures may not add exactly to the income statement totals due to rounding.

ANNEX 10: YEAR 1 MONTHLY TARGETS

Table A10.1: Year 1 monthly operational targets

Month	Cumulative members	Shares and savings (UGX million)	Members trained	Active borrowers	Portfolio (UGX million)	Clusters
Month 1	4,000	500	500	0	0	0
Month 2	6,000	900	1,200	0	0	0
Month 3	8,000	1,500	2,000	150	400	1
Month 4	10,000	2,100	2,600	400	1,200	2
Month 5	12,000	2,700	3,100	600	1,900	3
Month 6	14,000	3,300	3,500	800	2,500	5
Month 7	15,700	3,900	3,900	1,150	3,500	7
Month 8	17,300	4,600	4,300	1,450	4,500	9
Month 9	19,000	5,300	4,700	1,800	5,700	12
Month 10	21,000	6,400	5,200	2,200	7,200	15
Month 11	23,000	7,600	5,600	2,550	8,700	18
Month 12	25,000	8,800	6,000	2,925	10,200	20

ANNEX 11: ILLUSTRATIVE MEMBER JOURNEYS

The following illustrative journeys, based on typical graduate profiles, show how UG-SACCO will work in practice. Names are fictional.

A11.1 Akello, agriculture graduate, Lira

Akello graduated with a degree in agriculture and spent two years doing casual work in Lira town. She joined UG-SACCO through the campus chapter alumni drive, bought her minimum shares in instalments and saved UGX 20,000 every month. After three months she completed the enterprise readiness course and joined a sunflower and soybean cluster of 28 graduates organised by the Lira hub. With an Agro Value Chain Loan of UGX 6 million at 10 percent, she contracted 60 smallholder farmers to grow sunflower, supplying them with quality seed and buying their harvest for the cluster's oil mill, financed through an Agro Value Chain Loan to the cluster. Within two seasons, Akello earned a steady income, repaid her loan, and qualified for Asset and Equipment Finance to buy a tractor for ploughing services, employing two young people from her village.

A11.2 Musoke, engineering graduate, Kampala

Musoke, a mechanical engineering graduate, had skills in welding and fabrication but worked as a casual mechanic. Through UG-SACCO, he accessed Asset and Equipment Finance of UGX 18 million at 11.5 percent for welding machines, a lathe and tools, contributing 20 percent from his savings. Linked by the SACCO's Market Linkages Unit to agro-processing clusters, he began fabricating maize mills, feed mixers and coffee hullers for fellow members at prices well below imported equipment. Within a year his workshop employed six apprentices, and he became a mentor to younger engineering graduates.

A11.3 Nabirye, nurse, Jinja

Nabirye, an employed nurse in a public hospital, joined UG-SACCO through a payroll partnership and saved through check-off. After 12 months she took an Enterprise Growth Loan of UGX 25 million at 12 percent, combined with her savings, to open a community clinic and pharmacy in a peri-urban area of Jinja, employing a clinical officer, a pharmacist assistant and a receptionist. She continued her public service job while her clinic grew, and her savings helped finance other members' enterprises.

A11.4 Lokwang, veterinary graduate, Moroto

Lokwang returned to Karamoja after graduating in veterinary medicine. With a Graduate Start-up Loan and support from the Moroto hub, he opened a veterinary drug shop and mobile treatment service for livestock keepers. He later joined a cluster that established a livestock fattening and marketing enterprise linked to a meat processor, enabling pastoralists to sell healthier animals at better prices.

A11.5 Atim and five ICT graduates, Gulu

Atim and five classmates from an ICT programme formed a digital services company. Through an Innovation and Technology Loan of UGX 15 million at 10.5 percent, matched with a small innovation grant, they developed a record-keeping and payments application for PDM enterprise groups and SACCOs. UG-SACCO became one of their first clients, and they now serve local governments and cooperatives across Northern Uganda.

ANNEX 12: FREQUENTLY ASKED QUESTIONS

A12.1 Who can join UG-SACCO?

Any Ugandan citizen holding a certificate, diploma or degree from an accredited institution, whether employed, self-employed or unemployed, can join as an ordinary member. Final-year students can join as associate members. Ugandan graduates living abroad can join as diaspora members.

A12.2 How much does it cost to join?

The entrance fee is UGX 20,000, the minimum shareholding is 20 shares of UGX 10,000 each (UGX 200,000, payable in instalments over 12 months), compulsory savings are UGX 20,000 per month, and the annual subscription is UGX 12,000.

A12.3 How soon can a member borrow?

A member can apply for a loan after saving consistently for at least three months, completing the enterprise readiness course and paying the minimum shares. Larger loans require six months of savings.

A12.4 Do I need a land title to borrow?

No. Start-up and small loans are secured through savings, guarantees from fellow members, chattels and the assets financed. Land is accepted for larger loans but is not required for start-up loans.

A12.5 What interest rates will UG-SACCO charge?

No UG-SACCO loan will carry an interest rate above 13 percent per annum. The seven loan products are each priced differently between 9 and 13 percent on a reducing balance basis, from 9 percent for the Women and Inclusive Enterprise Loan to 13 percent for the Emergency Loan, far below typical commercial bank rates of 18 to 21 percent. Loans from Government programme windows follow the rates set by those programmes, also within the 13 percent ceiling. Savings earn between 4 and 9 percent per annum depending on the product.

A12.6 Is UG-SACCO a Government institution?

No. UG-SACCO is a member-owned cooperative registered under the Cooperative Societies Act. It works in partnership with Government as the designated channel for graduate-targeted programmes, but it is owned and democratically controlled by its members and professionally managed.

A12.7 Will Government funds be given as grants?

No. Government programme funds channelled through UG-SACCO are revolving loan funds. They must be repaid so that other graduates can benefit.

A12.8 How will my savings be protected?

Savings are protected through strong governance, prudential standards, regulatory supervision, internal and external audits, insurance, a savings protection fund and diversified lending. The SACCO will transition to Bank of Uganda supervision once it crosses the thresholds for large SACCOs.

A12.9 Can employed graduates benefit?

Yes. Employed graduates can save through payroll, earn competitive returns, borrow for productive investments such as side enterprises, and mentor or invest in fellow members' enterprises.

A12.10 How is UG-SACCO different from PDM and Emyooga SACCOs?

UG-SACCO is organised around graduates rather than parish residence or trade, operates nationally through digital channels, combines members' savings with Government and partner funds, provides enterprise clusters and mentorship, and serves as the graduate window for Government programmes, complementing PDM and Emyooga rather than competing with them.

A12.11 How will the SACCO avoid political interference?

The bye-laws contain a political neutrality clause, holders of partisan political office cannot serve on the Board, all transactions are digital and audited, and performance is reported publicly every quarter.

A12.12 What happens if a borrower's enterprise fails because of drought or disease?

Agricultural and enterprise insurance covers insured losses, and genuine shocks may justify restructuring of the loan. Credit-life insurance clears loans in the event of death or permanent disability.

ANNEX 13: CREDIT APPRAISAL SCORING SHEET (SPECIMEN)

Table A13.1: Graduate Start-up Loan appraisal score card

Criterion	Indicators	Maximum score
Savings discipline	Months of consistent savings; savings balance relative to loan	15
Training	Enterprise readiness assessment score; technical training completed	10
Enterprise viability	Market demand, pricing, competition, realistic projections	20
Repayment capacity	Projected net cash flow covers instalment at least 1.5 times	20
Own contribution	Member's contribution as share of total investment	10
Security	Quality of guarantors, savings cover, chattels	10
Cluster and market linkage	Membership of a cluster; offtake agreement	10
Character and references	Credit reference report, mentor and peer references	5
Total		100
Decision guide	70 and above: recommend approval; 55 to 69: approve with conditions or smaller amount; below 55: defer with support plan	

ANNEX 14: LOGICAL FRAMEWORK MATRIX

Table A14.1: Logical framework of UG-SACCO (first five years)

Level	Narrative summary	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Contribute to higher household incomes and employment under NDP IV and Vision 2040	About 98,800 jobs; at least 30,000 people lifted above the poverty line by Year 5	Panel surveys; enterprise surveys; UBOS data	Macroeconomic stability; supportive policy environment
Purpose	Graduates transformed into productive entrepreneurs, employers and investors through a member-owned SACCO	40,000 enterprises supported; 50 percent average income increase among borrowers; 80 percent enterprise survival after two years	Loan records; panel surveys; evaluations	Members commit to save, borrow productively and repay
Output 1	Savings and share capital mobilised	UGX 125 billion savings; UGX 60 billion shares; 250,000 members	Audited accounts; core banking reports	Graduates trust the SACCO; payroll partnerships secured
Output 2	Affordable productive credit delivered	UGX 223 billion portfolio; 39,500 active borrowers; PAR above 30 days below 5 percent	Core banking reports; audits	Sufficient loanable funds; effective appraisal
Output 3	Government programmes channelled efficiently	UGX 60 billion managed; recovery above 95 percent; timely programme reports	Programme reports; audits	Government designates the SACCO as graduate window
Output 4	Graduate Enterprise Clusters established	300 clusters; 50,000 smallholders linked; 250 offtake agreements	Cluster register; contracts	Markets and land accessible
Output 5	Enterprise capacity built	60,000 members trained; 5,000 mentors active	Learning system; mentorship records	Partners and mentors engaged
Output 6	Strong, self-sustaining institution	Break-even in Year 5 (OSS 101 percent); clean audits; transition to BoU supervision	Financial statements; regulator reports	Start-up support released on time; competent leadership
Activities	Mobilisation, savings, appraisal and lending, programme management, cluster development, training, mentorship, digital operations, MEL	Inputs: UGX 23.4 billion start-up support; members' funds; programme and partner lines; staff; systems	Budgets and financial reports	Funds and partnerships secured as planned

ANNEX 15: REGIONAL HUB OPERATING MODEL

Table A15.1: Standard regional hub at full operation

Element	Standard
Premises	Office of about 200 square metres with member service area, training room and staff offices, in an accessible location
Staff	Regional Manager; 10 to 15 loan and enterprise officers; 1 to 2 programmes officers; 2 to 3 membership and campus coordinators; 2 finance and operations staff; customer service and support staff
Coverage	Districts of the sub-region, served through field officers, agency banking and campus chapters
Mobility	Vehicle for regional manager and motorcycles for field officers
Services	Member onboarding, advisory, loan appraisal and monitoring, training, business clinics, programme windows, cluster support
Governance link	Elected Regional Committee for member mobilisation and feedback
Performance targets	Membership, savings, portfolio quality, enterprises financed, jobs, member satisfaction
Reporting	Daily dashboards; monthly regional reports to head office

ANNEX 16: OUTLINE OF THE UNIVERSITY PARTNERSHIP AGREEMENT

Table A16.1: Key provisions of the agreement between UG-SACCO and partner universities

Provision	Content
Purpose	To promote graduate enterprise, savings culture and employability through a campus chapter and joint programmes
Campus chapter	University allocates office or desk space; recognises the chapter as a student and alumni association
Curriculum collaboration	Integration of entrepreneurship, financial literacy and cooperative education modules
Incubation	Access to incubation space, farms, laboratories and workshops for graduate enterprises on agreed terms
Technical support	Faculty experts serve as technical advisers to clusters and trainers in sector courses
Alumni engagement	Joint alumni mobilisation; alumni mentors
Research and tracer studies	Joint research on graduate enterprise; sharing of anonymised data
Graduation engagement	Registration desks and information at graduation ceremonies
Branding and communication	Joint branding of campus activities, subject to each party's policies
Term and review	Three-year renewable term; annual review meeting

ANNEX 17: INSURANCE PRODUCTS SUMMARY

Table A17.1: Proposed insurance cover for members and the SACCO

Product	Insured party	Cover	Premium basis
Credit-life insurance	Borrower and SACCO	Outstanding loan on death or permanent disability	Percentage of loan, charged at cost
Livestock insurance	Borrowers in livestock enterprises	Mortality from disease, accident and specified perils	Percentage of sum insured, with Government premium support where available
Crop insurance	Borrowers in crop enterprises	Losses from drought, floods, hail, pests and disease	Percentage of sum insured, with premium support where available
Asset insurance	Borrowers with financed assets	Fire, theft, accidental damage	Percentage of asset value
Group health micro-insurance	Members and families (optional)	Outpatient and inpatient care at partner facilities	Annual premium per person
Fidelity guarantee	SACCO	Losses from employee dishonesty	Annual premium
Cash and asset insurance	SACCO	Premises, equipment, vehicles, cash in transit	Annual premium
Directors and officers liability	Directors and senior officers	Claims arising from governance decisions	Annual premium

ANNEX 18: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

A18.1 Exclusion list

UG-SACCO will not finance any of the following activities:

- Production or trade in any product or activity deemed illegal under Ugandan law or international conventions ratified by Uganda.
- Illegal logging, charcoal burning in protected areas, or encroachment on wetlands, forests and protected areas.
- Trade in wildlife products regulated under international conventions.
- Illegal or unlicensed mining, and any mining using mercury or other hazardous practices without required licences and safeguards.
- Production or trade in hazardous chemicals, pesticides and substances banned in Uganda.
- Activities involving forced labour or harmful child labour.
- Gambling, betting and similar activities.
- Production or trade in weapons and munitions.

A18.2 Screening checklist

Table A18.1: Environmental and social screening questions

Question	Response required
Is the activity on the exclusion list?	If yes, decline
Does the activity require an environmental and social impact assessment or permit under the law?	If yes, require evidence before disbursement
Will the activity generate waste, effluent or emissions?	Describe management plan
Does the activity use pesticides or veterinary drugs?	Confirm training and safe storage
Will the activity affect wetlands, water sources or protected areas?	Assess and mitigate, or decline
Are workers employed under fair terms and safe conditions?	Confirm compliance with labour laws
Does the enterprise involve children in hazardous work?	If yes, decline
Is the enterprise vulnerable to climate risks?	Identify adaptation measures and insurance
Does the activity offer climate or environmental benefits?	Consider preferential terms

ANNEX 19: SUMMARY OF REQUESTS TO GOVERNMENT AND PARTNERS

Table A19.1: Consolidated summary of requests

Request	Addressed to	Amount or action	Timing	Purpose
Registration of UG-SACCO	Ministry of Trade, Industry and Cooperatives	Certificate of registration	Establishment, Month 3	Legal existence as a cooperative society
Licence to conduct savings and credit business	Ministry of Finance, Planning and Economic Development (Tier 4 regulator)	Tier 4 licence	Establishment, Month 6	Authority to mobilise deposits and lend
Designation as graduate window	MoFPED, Ministry of Local Government, MoGLSD, Microfinance Support Centre	Memoranda of understanding	Year 1	Single accountable channel for graduate programmes
Start-up and capacity support	Government of Uganda	UGX 15.5 billion over Years 0 to 4	Tranches against milestones	Establishment and start-up deficits
Start-up and capacity support	Development partners	UGX 7.9 billion over Years 0 to 4	Tranches against milestones	Establishment, systems and capacity building
Programme funds for on-lending	Government programme owners	UGX 60 billion cumulative by Year 5	Years 1 to 5	Revolving loan capital for graduate enterprises
Wholesale credit lines	Microfinance Support Centre, Uganda Development Bank and DFIs	UGX 20 billion cumulative by Year 5	Years 1 to 5	Medium-term lending for enterprises and clusters
Campus chapters and incubation	Universities and tertiary institutions	Partnership agreements with 60 institutions	Years 0 to 5	Mobilisation, training, incubation and research
Land and market access	Local governments	Land blocks, market space, extension support	Years 1 to 5	Graduate Enterprise Clusters
Offtake and mentorship	Private sector	Offtake contracts, mentors, internships	Years 1 to 5	Markets and skills for graduate enterprises

ANNEX 20: FOUNDING MEMBERS' DECLARATION OF COMMITMENT

We, the founding members of the Ugandan Graduates Savings and Credit Cooperative Society Limited, being graduates of accredited institutions, hereby declare our commitment to establish and build the SACCO in accordance with the cooperative principles and the bye-laws. We undertake to subscribe to and pay for the minimum shares, to save consistently, to borrow only for genuine productive purposes, to repay faithfully, to guarantee fellow members responsibly, to uphold the political neutrality of the SACCO and to mobilise fellow graduates to join. We affirm that the SACCO belongs to its members and exists to transform graduates into producers, employers and investors for the prosperity of Uganda.

Table A20.1: Founding members' signature register (specimen)

No.	Full name	National ID number	Qualification and institution	Shares	Signature
1					
2					
3					
4					
5					
6					
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8					
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No.	Full name	National ID number	Qualification and institution	Shares	Signature
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36					
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42					
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44					