

## CONCEPT NOTE FOR PSFU WINDOW 2

REF: SDF-UGANDA/02-W2

**Registered organization's Name:** Uganda Professional Drivers' Network (UPDN).

**Date of Registration of the Organization (Month/Day/Year):** 16<sup>th</sup> July, 2016 with the NGO Board and 11<sup>th</sup> August, 2018 with the Uganda Registration Services Bureau (URSB).

**The Sectors the Organization/Facility focuses on Include:** Transport and Logistics

### **Brief about organization:**

The Uganda Professional Drivers' Network (UPDN) is an Umbrella **NGO** for drivers' associations in Uganda. UPDN was established in 2015 and registered as a legal entity with the **National NGO Board** under the **Ministry of Internal Affairs** in 2016.

### **Our Vision**

To be a Centre of Excellence in the Development of Professional Driving industry in Uganda

### **Our Mission**

Professional driving industry for improved road transport

### **UPDN Program portfolios**

- Health
- Road Safety
- Driver Welfare
- Monitoring and Evaluation

### **Core Objectives**

- To build capacity of drivers and their organizations in Uganda
- To Monitor, Evaluate, Document and Report on programs targeting drivers' health, road safety and welfare
- To provide a platform for advocacy on road safety, health and welfare of drivers
- To respond to health, wellness and welfare of drivers and their families in Uganda

## **Background to UPDN**

UPDN is a community led Network NGO; as the Board is composed of leaders from the different drivers' Associations and the others (3) technical team sourced from professional backgrounds (Engineering, medicine and Law), to support the Board in making technical decisions.

Realizing that our community has critical issues of Professional Driver training, poor savings and investment culture and poor health seeking behavior coupled with risky health behaviors; we resolved to intervene in Health, Road Safety and Driver welfare as our unique program areas.

As a Network, we do not directly implement activities but only coordinate through established structures (Government and Private) programs in Health, Road Safety and Driver Welfare. This mandate limits us to Advocacy, Coordination, Monitoring, Evaluation, Reporting and Documentation for improved and sustainable programming. Principal in our programming is supporting Government effort in making enabling laws and to achieving targeted output in interventions around these three areas of our programming.

## **Problem Statement**

Savings are very important in the economy yet they remain very elusive in our countries (Fin Scope Industry 2018), 20% of Ugandans had never saved. Contrary to popular belief, banks do not have a lot of their own money to give as loans. They depend on customer deposits to generate funds for granting loans to other customers. So, a deposit mobilization scheme would encourage customers to deposit more cash with the bank and this money in turn will be used by the bank to disburse more loans.

Although the banking industry has experienced significant transformation over the past three years, with rapid growth in the number of service outlets for various categories of financial services, statistics indicate that 62 per cent of Ugandans still have no access to financial services.

Statistics from Bank of Uganda further indicate that the number of the total population holding accounts in banks is 4 million, or 33 per cent of the 12 million who are bankable. The savings to GDP ratio is still low at 16 per cent. These numbers do not compare favorably with our regional counterparts.

Meanwhile the transport sector workers largely being informal workers depend on daily disposable income as opposed to formalized earning schemes. We performed a status analysis and discovered on average bus drivers earn between fifty thousand Uganda shillings to eighty thousand Uganda shillings on a daily basis for non-formalized operators. Bodaboda riders on average earn between ten thousand and fifty thousand Uganda shillings daily depending on areas of operation. Taxi drivers are low on income but are able to generate between twenty thousand Uganda shillings and forty thousand Uganda shillings. Drivers operating trucks and other earth moving equipment earn more disposable cash than the rest of the operators because of the liquidity level of their operations. There are several drivers' groups/associations scattered throughout the country, with majority involved in welfare related programs for their members. We recently obtained data for registered drivers and Bodaboda Associations with registered SACCOs from the Ministry of Trade. The data

has a total of one hundred and forty four (144) SACCOs with more than three quarters on probation and the remaining quarter having permanent registration status.

According to a survey report by Mercy Corp (2018), SACCOs are characterized by governance challenges because there is lack of a clear separation between Board and Management. Most often, the Board is Management. This presents a problem because the Management is supposed to be accountable to the Board in basic corporate governance. Without the presence of a clear separation between the two, it is hard to ensure accountability in the decision-making process. Additionally, Board members usually have other job commitments beyond the SACCO or VSLA. This results in slow and complicated decision-making processes. Where there is a management structure in place, managers are either not empowered to make even the smallest of decisions or do not feel comfortable executing their authority to make decisions. Most managers feel more comfortable if decisions are forwarded to the Board or presented to members at the AGM. The resultant factor is a slug in the decision making process. This means that the decision to digitize is most often not seen as an urgent need.

### **Roles of SACCOs**

Fin Scope Industry Survey2 (2018), there is a very strong sense of closeness and trust among communities in Uganda. 73% of the surveyed population asserted that they tend to form groups as a means of leaning on the community for support. Of the Ugandan adults who save, 43% save in a VSLA, 5% in a SACCO and 9% in a ROSCA. According to the same survey, 42% of the population depends on borrowing as a main financial coping mechanism. For residents of rural areas, who are an equivalent of about 75% of the population, and the majority of the population operating in the informal sector, the different types of saving and lending groups present an avenue for borrowing since these communities are mostly cut off from the formal banking sector due to conditions like collateral as well as very high lending rates. Of the 46% of Ugandans who borrow from one or a combination of lenders, 46% borrow from VSLA and 3% from a SACCO.

### **Government Initiatives**

Since SACCOs and VSLAs play an important role in socio-economic development through creation of jobs, improvement of member income, enhancement of agricultural production and productivity, the promotion of value addition and social stability, their promotion is an interest for Government and development agencies. The Government of Uganda has also largely supported this movement through policy, regulation, and financing. The Government passed a comprehensive National Cooperative Policy in 2011, as well as a Cooperative Societies Act (Amendment Bill 2015), all of which created an enabling environment for cooperatives and SACCOs to thrive. Equally, the Government has put in place a special fund at the Micro Finance Support Centre, out of which SACCOs and Cooperatives can access loans at affordable rates.

We seek to use this grant to offer Management and entrepreneur skills to existing organized drivers' groups who have saving schemes in Uganda to enhance their capacities to attract and manage members' savings and properly account and invest the saving resources to be able to foster sustainable personal finance management and saving culture among transport operators in Uganda.

The proposed intervention shall target existing fifty (50) drivers Associations and support establishment of other fifty (50). The total target direct beneficiaries are five hundred individuals. Picking five (5) individuals from the selected one hundred saving groups. We hope to work through

the established government structures for sustainability (Community development officers). The above number shall be distributed in ten selected districts.

### **Goal**

Improved financial and technical capacity of drivers' saving groups in Uganda

### **Outcome indicators:**

**Indicator:** Increased participation of drivers in income generating activities

**Indicator:** Increased number of drivers who have control over their earnings

**Indicator:** Proportion of drivers who own profitable/gainful businesses

**Indicator:** Proportion of drivers SACCOs with meaningful investments

**Indicator:** Proportion increase of drivers SACCOs liquidity level after the project

**Indicator:** Enhanced capacities of drivers SACCOs in financial management

### **Output indicators:**

**Indicator:** % of leaders of drivers' SACCOs trained in entrepreneurship

**Indicator:** % of leaders of drivers' SACCOs trained in IGA (income generating activities)

**Indicator:** % of leaders of drivers' SACCOs who received livelihood training as per program schedule

**Indicator:** % of leaders of drivers' SACCOs who received life skills training as per program schedule

**Indicator:** % leaders of drivers' SACCOs who received financial literacy training as per program schedule

**Indicator:** % leaders of drivers' SACCOs who received apprenticeship training

### **Activities:**

**Activities; 50** drivers SACCOs formed and registered

**Activities; 500** members of the drivers' Sacco groups trained in Group cohesion, management and leadership

**Activities; 50** already established drivers' SACCOs identified

**Activities; 500** leaders of drivers' SACCOs trained in entrepreneurship

**Activities; 500** leaders of drivers' SACCOs trained in livelihood options

**Activities; 500** leaders of drivers' SACCOs trained in life skills

**Activities; 500** leaders of drivers' SACCOs trained in financial Literacy

**Activities; 200** leaders of drivers' SACCOs attached for apprenticeship with identified successful SACCOs

### **Sustainability**

Provide a brief on how the skilling activities be sustained after SDF funding

- UPDN shall encourage beneficiaries to commit to paying a moderate membership fee to support sustaining the coordination and emerging capacity building needs of beneficiaries.
- As a grant seeking organisation, we hope to continue writing proposals to other prospective funders for sustaining or expanding the project beyond the project period.

- Using existing structures (Government, workplaces and Drivers' organisations) is a sustainability strategy to ensure the project continues beyond the funding cycle. We shall ensure there is community ownership and encourage districts and work places to take over by involving them throughout the project processes.

#### BUDGET

**Proposed Total Budget:** One hundred thousand US Dollars (USD100,000).

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