

**Vincent Kaheeru**  
Board Chairman, ECLOF, Uganda



**ABF: How did you come to be the Board Chair at ECLOF?**

**VK:** In 2011, ECLOF's CEO asked me to join the board, and three years later, I was elected chair. Much of my career has focused on governance, initially for the Ministry of Finance on projects to introduce good governance to parastatals. I served on a number of parastatal boards. In 2004, I became the first CEO of the Institute of Corporate Governance of Uganda (ICGU), which I led until I retired in 2007, when I started a consultancy firm advising on governance and related areas. All of this has helped prepare me for the role I do now.

**ABF: Tell me about the microfinance market environment in Uganda. Who are your competitors?**

**VK:** There are about 2,000 institutions that could pass for microfinance institutions. It's quite a complicated market because there are both big and small players. Even the big banks target the smallest savers and borrowers.

**ABF: How does that affect clients?**

**VK:** We have a situation of multiple borrowing. Many people have three or four loans from different FSPs. It burdens the clients. But I'm also aware that the target clientele is narrow, there are still many people at the bottom of the ladder who want to borrow. Lenders need to be more creative and develop products to bring more of the unserved 'into the boat.'

**ABF: How does the competitive environment affect you as a board member?**

**VK:** There is a need to continually upgrade my knowledge of risk management. Things are changing. What worked yesterday won't work tomorrow. As a board member, you have to keep reading, keep sharing experiences to stay on the cutting edge.

We've put a strong emphasis on the quality of lending and invested in training our frontline people in credit appraisal and administration, and in the importance of following policies to the letter. The board has also prioritized training of beneficiaries, so they are aware of the implications of many debts. We train in keeping good business records, so you know where you stand as a borrower and can service your loan.

About half of our portfolio is urban and half is rural. Each carries different risks. Much of the microfinance market competition is concentrated in urban and peri-urban areas. In rural areas, we're

looking at agricultural value chains, helping the farmer bridge the gap between harvesting and processing, and the market side, so farmers are not stranded with a crop and can fetch a good price. We're also looking at microinsurance, to protect our investment as well as the interest of the client in case of drought, like we are experiencing now.

We're doing studies to be more responsive to the needs of our market. Everyone offers the common products. If we don't differentiate, we're the same. We're looking at products that will appeal to the target market by helping the target market make money.

#### **ABF: What was a key takeaway from ABF?**

**VK:** Focus on the customer. Bring the customer closer to you and listen to him or her. You can't serve them generally. It doesn't work. Client visits were an idea we picked from ABF. We had done them occasionally, but we intensified the number of visits and changed the approach to make the visit more effective. You need other sources of information beyond the reports you are getting. When you visit customers, you understand the context of all that is going on. That helped me and my team.

Also, although growth is what we really want, in the PADME case, from Benin, we learned that even as we thirst for growth, we need to be careful that we do not go down with the growth never to be seen again. The cases generate a lot of ideas. They help us broaden our thinking and be alert.