

# BANK OF UGANDA

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***Circular to all Chief Executive Officers of Large SACCOs which fall under  
Section 110 ( c ) of the Tier 4 Microfinance Institutions and Money Lenders Act, 2016***

**Implementation of the Guidelines issued by Government in light of the COVID-19 pandemic**

H.E The President of the Republic of Uganda, in a televised address on 30<sup>th</sup> March 2020, issued directives related to the containment of the COVID-19 pandemic. Some of these directives that will be in effect for 14 days starting 1<sup>st</sup> April 2020, restrict movement of people, and suspend the conduct of certain business activities. The impact of these two directives cannot be localized to any particular sector(s) of the economy.

Bank of Uganda has duly considered the uncertainty around the impact and duration of the COVID-19 pandemic on the continued efficacy of the financial intermediation business in Uganda. It has also considered the restriction on movement of persons and business activities, and its impact on borrower distress in the short run, and lender capitalization over the medium to long term. A combination of the above two considerations has adverse implications on financial system stability and stakeholder confidence therein.

Therefore, Bank of Uganda hereby directs all Large Savings and Credit Cooperatives (SACCOs) as defined under Section 110 (c) of the Tier 4 Microfinance Institutions and Money Lenders ACT, 2016 to:

- 1) Review your hours of service to minimize physical interaction between staff and customers.
- 2) Ensure that capital and liquidity preservation to support the real economy and absorb losses takes priority, by deferring until further notice and approval by BOU, the payment of discretionary distributions like dividends, bonus payments etc;

- 3) Put in place a mechanism that ensures that customers either sanitize and/or are screened prior to accessing the SACCO's premises. This same mechanism should also provide for the handling of a potentially "infected" customers or a SACCO employee on-premises, and for denying entry of non-cooperative customers into the SACCO's premises;
- 4) In the event of a suspected COVID-19 infection at a SACCO's place of business, the operations in those premises should be suspended until clearance is granted by Government Health Officials;
- 5) Ensure that front facing staff in SACCO places of business are availed with appropriate protective gear to minimize the risk of infection;
- 6) Maintain minimal staff at the SACCO premises to reduce the risk of infection and exposure to the virus, by mandating those who can work remotely or offsite to do so;
- 7) Put in place incentives to drive and promote the usage of digital platforms to reduce or eliminate the need for human interaction to conclude financial transactions, and/or the need for cash thereto;
- 8) Ensure that all physical or face-to-face meetings with SACCO Board Members, Senior Management and/or their External Auditors/Consultants are suspended at this time.

Bank of Uganda shall, in due course, advise the large SACCOs on any additional measures to minimize the impact of the COVID 19 pandemic on their financial intermediation role.



Tumubweinee Twinemanzi (Dr.)

**Executive Director Supervision**

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Uganda Cooperative Savings and Credit Union