

# **REQUIREMENTS FOR ACCESSING THE UVA VETERINARY PRIVATIZATION PROJECT LOAN.**

by

**Project Management**

Email [uvavetprivatizationproject@yahoo.com](mailto:uvavetprivatizationproject@yahoo.com)

**Tel 0414251762/ 0776814834/0756814834/0702814834/0712814834**

- First of all, you have to be a registered veterinary surgeon and a member of Uganda Veterinary Association irrespective of whether you are employed by Government or in private practice.
- Formerly, these loans were for Veterinarians in private practice however, the Steering Committee reviewed this to include veterinarians in the public sector to enable them get a soft landing after retirement.
- Secondly, you need to apply formally. The application should be addressed to the Manager, UVA Veterinary Privatization Project, P. O. Box 16540, Kampala and it should bare your personal address plus a reliable telephone contact, amount required, location of your practice, where you graduated from/ period, experience to date and your team lineup plus other qualifications if any.
- Project identification. The first phase of cycle is concerned with identifying the project ideas that appear to represent a high priority in order to achieve development goals. In our case, Veterinary Drug Sales, Veterinary Clinical Practice, Veterinary Consultancy services, Livestock Production/breeding among others are our project scope.

- Feasibility Analysis and Appraisal

This is the process of determining if the ability of individual area of operation and the combined inputs are capable of project implementation. The degree to

which it's possible to determine project feasibility will depend on the precision of project information. This may relate to the technical, economic, commercial, financial, managerial, organizational and other aspects of the project. Social, political, environmental and cultural factors may also be taken into consideration. In brief, the area of the Practice should provide enough clientele and income for the practice to succeed. For Example, the following should be put into consideration:

- Geographical location of the practice
  - the presence of any existing practices in the intended area of operation.
  - whether the practice is a single handed venture or a partnership
  - livestock numbers in the proposed area including the estimated number of improved cattle, pigs and poultry
  - monthly records of the most important clinical cases over the last two years.
  - Description of planned veterinary services.
  - a cash flow projection of the likely income
  - a list of start up costs, transport and a clear indication of the loan requirement under the project.
- Project proposal. This should be in line with the project scope, i.e. Veterinary Drug Sales, Veterinary Clinical Practice, Veterinary Consultancy services, Livestock Production/breeding among others. An element of livestock farming can be included as a demonstration in line with Production just in case one is interested, however, the banks target is to finance a practice with an appropriate rate of returns.

This measure tells how much profit is made for each unit of money invested.

Basic features of a proposal are:-

- An introduction
- Project Plan

- Aims and Objectives
  - Typical Operation
  - legal Status
  - Sponsors
  - Management and Organization
  - Line Industry
  - Market Aspects
  - Competition
  - Location
  - Capital Requirements
  - Collateral
  - Profitability, Social and Economic Aspects etc.
- Besides, a cash flow projection is also required. This includes the inflows, (Income) e.g. Drug sells, Consultation fees, vaccinations, pregnancy Diagnosis, Feeds Sales etc and outflows (Expenses) e.g. Purchases and operational costs. It is recommended to include the Loan amount in the inflows to easily measure the project worth.
  - Loan duration is 24 months and 36 months for CERUDEB and DFCU respectively with a grace period of between one to three months depending on the cash flow projection. This is however left for the banks to negotiate with the practitioners.
  - Loan amount varies from bank to bank depending on Memorandum of Understanding. Maximum Amount for the Centenary Rural Development Bank is Shs 35m and with DFCU, our MOU is open to an individual's/ Privatization project absorption capacity. Loans of e.g. 60m have been disbursed to members.

- Security/ Collateral. For DFCU, one has to have certificate of title and minimum amount is 10m. However, with CERUDEB, even a land agreement can work with a Max limit of 10m . Other securities accepted in CERUDEB are Vehicle registration cards, land titles to mention but a few.

Note: All these banks accept powers of attorney.

- Character Loans. Projects of up to Shs 5m can be funded depending on the character of the applicant. This is 100 % guaranteed by the Fixed Deposit Receipt however; you are required to provide two sound guarantors (Well established customers) acceptable to the bank. This opportunity is already being implemented in CERUDEB. This was introduced mainly to help the fresh graduates who don't have any collateral to present to the bankers.
- Besides, a bank statement for the last six months is also required by the banks to determine your income level and capacity to pay back. It's a good habit to bank all your income. Even if you urgently want your cash, at least make contra transactions on your account. i.e. Bank your cash and withdrawal it immediately but remember to have a degree of a reasonable propensity to save to enable you have a reasonable balance on your account.
- A statement of Assets and Liabilities is also needed. This shows your Assets i.e. Fixed and current Assets less liabilities if any.
- Loan interest is 19% per annum –calculated on reducing balance basis. I.e. Interest is calculated on the loan balance you have as opposed to fixed rate method where a fixed rate is calculated initially and apportioned evenly throughout the loan schedule.
- Lastly, a list of start up costs is also needed. This is a list of items you intend to start with which equals to the loan amount requested for, however, avoid sinking capital. I.e. allocate most funds in to current assets with a high rate of return or turn over like fast moving drugs which will plough back the profits.
- After you accomplish this, you are required to submit your proposal to the UVA Project Secretariat by email or hard copies whichever is convenient. The

project management reads through your proposal and makes adjustments if any before submitting it to an Evaluation Sub Committee which is composed of President UVA, General Secretary, UVA, Treasurer, UVA, one Representative of the CLHE, Bank, and UVA. This was done to save time and above all, to disburse as much funds as possible to the interested beneficiaries.

- After your proposal is evaluated by the Steering Sub Committee, it is thereafter forwarded to the bank for funding and the bank also has some requirements you have to fulfill. E.g. opening an account, putting a Caveat on your title. Etc. This takes a minimum and maximum of two days and four weeks respectively.
- What delays disbursements is mostly the Ministry of lands. White pages of applicant's collateral are at times misplaced; however, project management normally helps applicants to recover their titles white pages in the shortest time possible through the office of the former Minister of State for Lands who was a veterinarian.

### ***Background.***

Delivery of veterinary services has been a responsibility of the public sector since the development of modern livestock systems in the country. However, since the year 1990, the Government instituted various macro economic policies that encouraged the participation of the private sector in the provision of veterinary services in the country. Major government policies which include decentralization, liberalization, privatization and civil service reform have enabled the transfer of most services in the livestock sub sector from the public to the private sector. Currently, veterinary clinical intervention, drug procurement and distribution throughout the country are a responsibility of the private sector.

The Uganda Veterinary Association was mandated by the Government to implement the policy of privatization of veterinary services in the country on its behalf.

During the year 1990, under the World Bank funded livestock services project, a privatization component was established. This component carried out training of veterinarians intending to go into private veterinary practice. However, due to the high bank interest rates at that time, no veterinarian was funded to establish a private veterinary practice. The Association received funds totaling to Euro 200,000/= from STABEX to implement the Veterinary privatization scheme in the country for the period 2008-2009

Two commercial banks have been participating in the scheme namely, (DFCU and Centenary Rural Development Bank) in collaboration with UVA Privatization Project Management and other stakeholders which included the Ministry of Finance, Planning and Economic Development; Ministry of Agriculture, Animal Industry and Fisheries (MAAIF); private Veterinary practitioners; livestock farmers and other stakeholders.

Through a steering committee, the project recommends veterinarians to commercial banks for financing. Bank fund loans are recommended depending on the project proposals presented by the veterinarians. The participants are required to present an acceptable collateral as the project normally guarantees 50% of the total loan. Since January 2008, a total of one hundred and eighty seven veterinarians have been benefited from the project. Of these, one hundred and four have acquired bank fund loans and some have been financed more than once making the total loans disbursed one hundred and eighty four.

The government has continued to promote private delivery of veterinary services as a national policy. With a clear legal framework to protect private practice, many more veterinarians will join this sector. Therefore, there is need to promote the veterinary

privatization project to enable as many veterinarians as possible to deliver private veterinary services.

The Uganda Veterinary Association was/is challenged with managing the transition from the public to private delivery of veterinary services during and after donor funding. A manageable and sustainable transition from the former to the latter is in place as a pre-requisite to maintain a harmonized environment for the Veterinarians to offer good quality veterinary services to livestock farmers countrywide.

The Government of Uganda ultimate goal is making a significant and sustainable contribution to improving the livelihoods of the Ugandan community in line with the Global millennium Development Goals or Prosperity for all, the Development Strategy and Investment Plan 2010/11-2015/16