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AGRI-BUSINESS
a Growing Trend in Uganda

MOBILE MONEY
The Untapped Potential

A PUBLICATION OF
UGANDA FOREX BUREAU &
MONEY REMITTANCE
ASSOCIATION

FOREX ASSOCIATION

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Editor's Word

A very warm welcome to everyone. I have the pleasure of introducing the 15th (December) issue of the Forex News magazine, an authoritative quarterly magazine that keeps you informed on the forex bureau trade in Uganda, courtesy of the Uganda Forex Bureau and Money Remittance Association.

The Forex News magazine has continued to inform and update the Uganda Forex Bureau and Money Remittance Association members and business friends on the ongoing trade-related processes as well as the progress the sector is undertaking by day.

This edition provides an insight into Uganda's agri-business chain in which any business minded person can tap into as well provides insight into Uganda's virgin commodities market.

Further you will find articles on how the shilling has been contained by Bank of Uganda to make it regain some strength during this last month of December 2013 and you will find out why specializing in what others despise can give you a leading edge, among others.

As I thank our contributing writers and advertisers for making this edition possible, I would like to remind Readers that the Forex News magazine is intended to meet your information needs. We therefore welcome your feedback to forex@ugandaforex.ug on how best we can serve you.

Enjoy your reading.

Walugembe Moses Tusubira
Editor in Chief

SHILLING GAINS WITH EYE ON CHRISTMAS FETE

By Our Reporter

The Uganda Shilling has for the last two months gained strongly against the United States dollar as abroad remittances set in to save it.

The start of the last half of 2013 (June) saw the shilling weakening at a faster pace. Forex traders blamed it on the Central Bank Rate (CBR) that was lowered by 1 percentage point to 11% and the subsequent withdraw of huge sums of money by offshore investors.

The shilling in June slipped to trade in the range of Ush2650 and Ush2665 per dollar.

However, this situation has recovered with the raising of the Central Bank Rate by 1 percentage point to 12% in September. The recovery is also attributed to offshore shore investors who are slowly sinking money back into the economy.

"We're now trading in the range of Ush2520 and Ush2530. This is basically because usually around this period, workers abroad (Nkuba Kyeyo) are sending money back to Uganda for Christmas and other things," says Mr. Shamir Hussein, the Secretary General of the Uganda Forex Bureau and Money Remittance Association.

"The shilling has firmed against the dollar in most of the trading these last month's mainly due to low demand for dollars from the corporate sector," says Catherine Jamwa, the Centenary Bank Chief Manager Treasury.

She attributes the low demand partly to the tight monetary policy stance by the Bank of Uganda and the weakening of the dollar against all major currencies after the US government budget shutdown.

The gaining of the shilling has seen it touching the Ushs2515 mark per dollar, as quoted by some Commercial banks although currently it has hit shs. 2450 in the last month of December.

Jamwa predicts the shilling is expected to stabilize further in later months as dollar demand continues flops weak, with more dollars brought in by solar eclipse tourists and the tightening of the CBR.

The situation rather looks different from the start of the year as the shilling strongly weakened.

In January this year, the dollar demand was too high as many local, regional and international traders had anticipated a chaotic Kenya election. They increased its demand to import huge wagons of imports just in case.

This led to the Uganda shilling to largely weaken as it traded in the range of 2700 and 2730. But, by mid-June, the shilling had rallied and, it was trading in the range of 2500 and 2580.

The one percentage point reduction in the CBR rate, reducing it to 11 per cent and maintaining it at 12 per cent for at least five months for commercial banks to borrow from Bank of Uganda was meant to boost private sector credit growth in local currency.

This thus led to a reduction in the commercial lending rates which had remained relatively high at an average of 24 per cent.

According to the World Bank reports, Uganda's economic growth in this financial year is now projected to be higher than in the previous fiscal year, with the growth rate projected to be around 5.3 per cent.

A WHOLE INDUSTRY

By Our Reporter

Trading in commodities as a major segment of the Ugandan economy is yet to fully take root.

Commodities include precious metals or agricultural goods (mainly maize and beans in Uganda)

But there exists vast opportunities largely because of the unique advantage Uganda has in its commodities resource.

More so because a lot of related sectors and industries are opening up to support a fully-fledged commodities market.

The Uganda Commodities Exchange (UCE) which is a physical exchange facilitating the trading of graded produce like maize, rice beans, coffee, soya, coffee, soya, sesame has done a fairly good job.

The Ware house receipt system where banks consider produce available as collateral especially housing finance.

This system is actually meant to eliminate the middlemen; a commendable challenge there as well as high quality standards, logistical challenges and warehouse storage costs which could mean lesser farmer profits compared to middleman cash economy trade.

The ability to create the platform which was successfully used by the World Food Programme for many years as it sourced food items mainly grain underpinned the opportunities of this platform.

To date, the biggest opportunity lies in propping up production to ensure that there is a steady flow of output to satisfy the market.

"It is a chicken and egg thing, farmers should know there is a ready and steady market for them to get the incentive to produce while the buyer should also be ready of a steady supply," says Paul Kyeyune, a financial analyst.

Because of the swings in seasons and weather, most of the trading in the commodities market are usually seasonal and at prices that reflect supply and demand.

Commodity market refers to markets that trade in primary rather than manufactured products. Soft commodities are agricultural products such as wheat, coffee, cocoa and sugar.

The second commodities markets for items like gold are largely none existent with the business done in the back door. It is also not regulated.

Online opportunity

The strength of the online commodities trading ties in strongly with the bustling usage of internet and social media platforms. There are now so many real and potential investors online that a well marketed trade information can resonate well with them. It suits institutional buyers, for example; schools, bigger traders dealing with farmers directly.

"The Online opportunity- well that certainly gives it global coverage i.e. buyers from Somalia, Ethiopia," says Andrew a commodity trading researcher/expert.

"It's excellent in concept but needs something to be in place especially regarding infrastructure: logistics/transportation, cost effective storage, and competitive prices; Remember that they sale grains (plucks out value addition from chain)" he adds.

This means that the more the trading opportunities are put online, the more people access them and the more a larger group of people will be involved in this transactions.

This is because investors can also access tens of other markets outside their locale.

The future of the business despite the fact that many of them are tangible is in the online presence.

It is actually Worldwide with purely financial transactions increasingly outnumbering physical trades in which goods are delivered.

In Uganda, because the commodities market is still young and unexploited, the number of products are still few and not very sophisticated.

But a whole industry waits with related sectors like insurance benefiting as well as they provide cover for the agriculture risks.

Opportunities to seize along the value chain in the agri-business

A tour of smallholder farmers in Buganda region in 2008 revealed a number of farmers' stories. One of them, only identified as Ssalongo of Bamunanika in Luweero district, complained that middlemen were milking smallholder farmers to make huge profits.

"Unlike traders who make instant profits, we farmers work on probabilities. Even if you work hard, it's the traders to decide which prices to give us. During bumper harvests, we sell a kilo of maize grain at just sh150," he lamented. "Apart from saving my family from starvation, I can hardly show a major achievement from farming", he says.

Ssalongo's account highlights an important aspect in agribusiness – the value chain – and the opportunities therein. According to Dr. Paul Kibwika, the head of Extensions Education at Makerere University College of Agriculture, whereas a corporate worker may lack time to go to the garden, it does not mean they cannot engage in agribusiness.

Kibwika explains that numerous opportunities abound the agricultural value chain. "Corporate workers can practice and benefit from farming. If they cannot do it on a large scale, small scale urban farming can also yield great profits for a corporate worker and reduce home expenditure on food," Kibwika explains. "But there are opportunities in transportation and value addition among other aspects in the chain," he adds.

Although somewhat recent, the value chain concept has been widely embraced by the private sector as well as agencies working in agricultural and rural development.

> *"Many aid organisations use it to guide their interventions, for upgrading existing chains and promoting innovation. It is also used as a tool to identify market access opportunities for small farmers."*

Many aid organisations use it to guide their interventions, for upgrading existing chains and promoting innovation. It is also used as a tool to identify market access opportunities for small farmers.

The Dutch-based Technical Centre for Agricultural and Rural Cooperation (CTA) says this is in part because of the recognition of the potential impact of such chains on rural development. "Value chains are rapidly becoming more efficient in response to growing incomes, demand for new products, and innovations in processing, communication and other technologies."

Different societies/contexts have different value chains but the common one in Uganda involves research and seed development, input distribution and adoption, farming, sourcing and trading, transportation, processing and manufacturing, as well as retail and export.

While seed development is basically the work of research institutes, a business-minded person can invest in seed multiplication and retailing.

According to the director for crop Production and Marketing in the Ministry of Agriculture, Okasai Opolo, after the seed has been developed by researchers, there are two steps of seed multiplication, - foundation seed and commercial seed.

The foundation seed multipliers/ companies get the seed from researchers and multiply it for sell to commercial seed multipliers who later sell to farmers.

According to Okasai, employing a qualified agronomist and having enough space/land is basically all that one needs to engage in this stage of the agricultural value chain. One has to register with the ministry of agriculture to engage in the seed business.

Apparently seed multiplication is one of the most profitable areas in the agricultural value chain. "If I was to do farming, that's the area I would invest in," Okasai says.

Alternatively, one can invest in buying agricultural produce from the farmers and reselling it or in trucks to offer transport services to traders. A number of businessmen have invested in trucks, dealing with cattle buyers to transport cattle from upcountry to various abattoirs in urban centres. Others transport matooke (Banana).

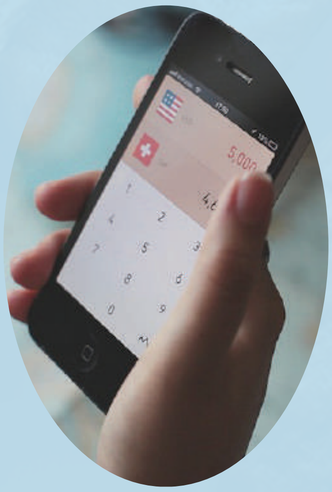
Other slightly big commercial farmers have joined the league of middlemen/traders through buying produce from smallholder farmers at a low price to enhance their quantities. Then they hire trucks and transport the produce to markets in the city and other urban centres where they can make good profit.

Citing the matooke business where a trader may buy a bunch at about sh5,000 from a farmer in

Masaka and sells it at sh25,000 in Kampala, Kibwika argues that traders and transporters are the best beneficiaries in the agricultural value chains. "Traders set only prices which can give them profit. It takes a farmer almost two years of planting and weeding to earn sh5,000 from a bunch of matooke yet the trader earns more than six times in just a few hours," Kibwika explains.

An open door for comprehensive economic growth.

Mobile money system was the missing piece in the puzzle of financial development in Uganda. Gone are the days when the few people who had bank accounts would walk long distances or even plan exclusively for the next money withdraw.



Accessing money was a lot harder than it is today. However, with mobile money anyone anywhere can send and receive money besides the other services availed by the system.

"Airtel Money has coverage of over 15,000 agent outlets throughout the country and this has been achieved within almost a year of operation," says Charity Rwabutomize Acting PR Manager Airtel Uganda.

Mobile money is a very flexible system and it has so much potential to change a lot in the day to day operation of events.

Rwabutomize affirms that Airtel Money has considered the basic functionality of sending and receiving money; topping up airtime, bill payments and has gone a niche higher and launched mobile banking.

"The system has grown to a level of availing cash through bank ATMS which makes access to money much easier."

Besides paying electricity and water bills, a customer can now use Airtel Money to pay for street parking, URA, pay TVs subscription.

Through mobile money the remote communities can also assess banks because the system has been integrated with the banking system. This means one can send money from his bank account to another person on their mobile whether they have bank accounts or not.

"Most unique with our system is the ability for a customer to access their bank accounts using Airtel Money. One can deposit or withdraw money from their bank accounts at anytime from anywhere using Airtel Money," says the acting PR manager.

With most people being unbanked, mobile money gives them a chance to save money safely without going to banks.

"Customers from all walks can use Airtel Money as an equivalent of a bank account. They can deposit money onto their accounts through an agent, and save it onto their phones. And when ready to use, for example buy airtime or share money, they can withdraw from their phones," she explains.

> *"Most unique with our system is the ability for a customer to access their bank accounts using Airtel Money. One can deposit or withdraw money from their bank accounts at anytime from anywhere using Airtel Money."*

Jane Kabwondera a mobile money user says that she can send money to her mother without worrying about her being swindled by middle men. Though her mother has no bank account she still has money saved on her phone and she is in control.

With many more people carrying out transactions through mobile money, the system is an open door for comprehensive economic growth as money transactions are easy to do with the most available financial service. The usage of the system keeps growing everyday as many more people take on the mobile phones.

"There are nearly 7 billion mobile phone subscriptions worldwide and 49 million mobile phones were from Africa in 2002. Fast-forward more than 10 years to today: there are 700 million. By 2016, there will be an estimated 1 billion mobile phones in Africa which is quite simply unparalleled in its scale," explains a USAID Uganda Mobile money Assessment report, 2013.

The report elaborates that mobile phones can amplify the voice of the poor in real time flipping on its head the relationship between people, governments and donor, development organizations and governments.
In the assessment Ugandans all over can reach development goals faster and make those gains sustainable as people are able to store money instantly using their phones. They can also send money seamlessly to friends and family in need and this accelerates financial inclusion for the 1.8 billion people with access to a phone but not a bank.

It also shows that mobile money can transform development as the world does not need to build a bank to serve families with savings and loans services for one can easily use a phone.

The November 2012 Case Study Examining Cash Payment Streams and their electronic alternatives amongst USAID implementing partners goes ahead to clarify that out of 140 mobile money deployments worldwide, it is estimated that only eleven of those have reached 1million registered

Customers and the number of those with over a 1million active customers is even smaller. Three of the deployments where mobile money usage has skyrocketed come out of the East African region Kenya, Uganda and Tanzania. Kenya, the well-known frontrunner in the adoption of mobile money, has certainly played a part in encouraging uptake in usage among its neighbors, but it is more than that. The circumstances that allow for this innovative financial service to be used on a wide scale also thrive in Uganda.

The case study shows that the uptake of mobile money in Uganda is boosted by combination of a literate and relatively young population; strong demand for sending money to friends and family quickly and securely; a rapidly growing market penetration for mobile phones; an enabling regulatory environment; and a competitive market place, where supply is racing to meet demand.

In a world with 500,000 bank branches and 4 billion phones, Mobile Money shifts the financial paradigm.
The USAID report says that the Opportunity for Impact

has increased as ground-breaking innovations have opened the door unimagined possibilities, transformed markets and radically altered how we interact with one another.

"They not only lowered the barrier to entry for the private sector and a cavalry of eager entrepreneurs, but they created a platform for new ideas, new business models, and new modes of communication and collaboration. The development of a mobile phone based networked infrastructure holds this same promise," cites the report.

It also reveals that speed of mobile phone adoption is unprecedented as it compares its capability with systems like radios that took 50 years to reach an audience of 50 million people. Yet it took the television thirteen years and the internet seven years to meet this mark but it took the mobile phone three.

Mobile money platforms have the ability accelerate financial attachment, root out corruption, empower entrepreneurs, and unlock the private sector as revealed by the 2013 USAID Assessment report of Mobile money.

The regulator MNO is the Bank of Uganda together with Uganda Communications Commission. Initially The Bank of Uganda (BOU) was not heavily regulating mobile payments a similar approach to that of the Bank of Kenya, which did not implement strong regulations when MPesa (the largest mobile money product in Kenya) first launched, in order to allow the industry to develop quickly and to encourage innovation.

The BOU understands clearly that the MNOs are interested in serving a market that has historically not been of interest to financial institutions. It has also issued Letters of No Objection to banks who have partnered with MNOs to provide mobile money services.

Therefore, although mobile money in Uganda is being predominantly driven by MNOs, each MNO is required to partner with a regulated bank and to store all funds associated with mobile payments in supervised bank accounts.

Even with endless opportunities available with Mobile Money, the regulator is careful to avoid loopholes that could limit their control especially with accountability.

Forex bureaus are exception though they operate like banks. "We are interested in partnering with MNOs but BOU which is the regulator has not permitted it because of accountability challenges; our work and services would be better with such a partnership," says a forex bureau operator in Kampala who prefers anonymity.

The bank partner is thus responsible for ensuring that electronic value is always matched by the value of funds held in the bank, thus ensuring that there is no impact on the stability of the national currency.

More than just Gorillas at Bwindi

By Kagolo Lusiba

An aging French woman gazed in awe after seeing a gorilla, "… this is wonderful!" she marveled. Her and a group of seven French tourists, had spent over five hours crisscrossing through Uganda's Bwindi Impenetrable forest in search of mountain gorillas. And the excitement was infectious. "My dream has come true," another shouted.

True, mountain gorillas are rare. Globally, they are an endangered species only found in Uganda, Rwanda and Democratic Republic of Congo. Bwindi Impenetrable Forest National Park –shared by Kabale and Kanungu districts – and Mgahinga National Park in Kisoro district are the only habitats for mountain gorillas in Uganda.

A 2012 survey found that the gorilla population in Bwindi alone had risen from 786 in 2010 to 880 today, which makes over half of the world population.

Besides being one of the rarest animals, mountain gorillas are a unique species sharing several resemblances with human beings-(99 percent human). Together with chimpanzees, they are part of the apes family grouped as the closest relatives to humans. "They are social animals and play politics in form of alliances and canvassing almost the same way humans do," says Gerald Tenywa, a veteran environment journalist.

Tour specialists say gorilla treks in Bwindi are usually the highlight of visits in Uganda and certainly mountain gorillas are a major pillar of Uganda's tourism industry.

Kampala-Kabale-Kanungu-Buhoma is the most commonly used route to get to the park by road from Kampala. The route has a tarmac highway to Kabale from where you start on a somewhat bumpy murram and winding road to Buhoma in Kanungu district. Altogether, it covers an area of about 500km and it's a 9-10 hour's drive.

The journey can be humbling but its destination is a big prize spectacle. The gorillas at Bwindi are an awe-striking species that has turned the park into one of the most sought after tourist destinations in the country.

Visitors to the park increased from 18,000 in 2011 to 20,004 last year, most of them foreigners, according to Pontius Ezuma, the conservation area manager for Bwindi-Mgahinga Conservation Area (BMCA).

East Africans are charged sh250, 000 while foreigners have to part with US$500 entrance fee to track gorillas. The charges reduce during the months of April, May and November when East Africans pay sh250, 000 while foreigners residing in Uganda have to part with US$300 and nonresident foreigners are charged US$350. As is the norm in national parks, security is not a challenge in Bwindi. Each group of tourists is allocated a number of armed personnel and besides, there is an army detach.

Gorillas at Bwindi are entertaining, and the habituated groups which can be tracked have indeed attracted many tourists to Uganda. But be assured of discovering more than just the gorillas at Bwindi.

Located on the edge of the Rift Valley in southwestern Uganda, Bwindi's mist-covered hillsides are blanketed by one of Uganda's oldest and most biologically diverse rainforests, which dates back over 25,000 years. Famous for its "impenetrable" name, the forest contains almost 400 species of plants. The forest covers about 327km2 of scrambled vegetation draped over an intensively fissured landscape of the steep, haughty ridges as well as the slippery valleys and highs.

This biologically diverse region also provides shelter to a further 120 mammals, including several primate species such as baboons and chimpanzees, as well as elephants and antelopes. There are around 350 species of birds in the forest, including 23 Albertine Rift endemics. There are also a number of soothing streams with clear water.

Opportunities abound to discover the local Bakiga and Batwa Pygmy cultures through performances, workshops and village walks in the neighboring towns of Buhoma and Nkuringo. Both towns have an impressive array of lodges, rustic bandas and budget campsites, as well as restaurants, craft stalls and guiding services.

The wonderful terrain and weather add beauty to the park. Like most parts of Uganda, Bwindi has two rain seasons - little rains in March-May and heavy rains in September-November, but the rain in Bwindi is unpredictable and takes long hours to stop. The place is known to be very cold in the morning and at night with an average temperature of about 70oc-2000c, according to Uganda Wildlife Authority (UWA). This necessitates packing warm clothes for a safari in Bwindi.

One can hardly track gorillas and does not come out of the forest wet, for the rains in Bwindi can come any time, even unexpectedly. And this is what makes the park a must-visit place. Walking up and down of the hills is the other beauty, coming in handy especially for most city dwellers who need exercise.

If you want to burn some calories to cut weight, or simply to relax in an unpolluted environment with fresh air, then Bwindi is the place to be. But this does not come easy! Besides sweating profusely, it can involve walking in reverse to be able to negotiate the steep slopes plus a bit of falling here and there especially if you are not used to walking in forests. Yet this is what makes the whole experience unforgettable!

Ezima advises whoever intends to visit Bwindi to carry good quality walking boots with a good grip that can handle the hard terrain not forgetting a rain jacket. In addition, one may have to carry along waterproof bags to safeguard cameras plus additional equipment for the hike. Water plus snacks are additional recommended items plus a packed lunch for people doing full-day expeditions, although these can be got from the park.

Accommodation in Bwindi is not a challenge; for there is a variety of lodges basing on which gorilla group one wants to track. The lodges are located at the edges of the forest, giving a visitor an adventurous experience of sleeping in the wild as they are engulfed in the trees.

According to Ezuma, lodging costs vary from low-end to high-end, with US$450 (about sh1.1m) at the highest and US$8 (about sh20, 000) the lowest.

Not to say the least, the African Bird club also lists Bwindi Impenetrable National Park as Africa's number one birding site, making it fitting to visit and spend ones' time and dime. And visiting here inevitably leads to major contributions to Uganda's economy; raising the foreign exchange earnings, increasing revenue generation and closing the unemployment gap.

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DON'T LET THEM INTIMIDATE YOU OUT OF YOUR DREAM

By Amber Schaub

1) Work harder than everyone else—I may not be the most formally educated, the most financially set up, or even the smartest, but I will give them a run for their money when it comes to ambition and determination. It's a bit cliché, but I always remember this quote: "Always go the extra mile, there's a lot less traffic up there."

2) Every expert was a newbie at one point—don't let them intimidate you out of your dream. Learn as much as you can, as fast as you can.

3) Ethics do matter—I don't care what they say about "it's just business," the world comes full circle. Be competitive, but stay true to your beliefs and principles. It always comes back around eventually.www.huffingtonpost.com

REGULATING THE FOREX BUREAU BUSINESS

By Walugembe Moses Tusubira

Bank of Uganda has the mandate to supervise and regulate the operations of financial institutions in the country. These include Commercial Banks, Credit Institutions, Micro Finance Deposit-Taking Institutions (MDIs), and Forex Bureaus.

To the forex bureau business, B.O.U's mandate to regulate the sector is powered by the Foreign Exchange Act 2004, through which B.O.U is obliged to extend operating licenses persons who may wish to engage in the business of dealing in foreign exchange.

"A license is issued to a person to engage in the business of buying and selling bank notes, coins and traveler's cheques in foreign currency or such activities as may be specified by the Bank of Uganda," the Act cites.
It is issued or renewed under section 5 and is subject to one year expiration unless renewed, extended, or revoked by the Bank of Uganda.

The Act adds that in considering an application for the renewal of a licence, the Bank of Uganda may, (subject to such conditions or restrictions as it may consider appropriate), extend the period of application of the licence holder's existing licence for a period not more than three months so as to permit the licence holder to take such action as the Bank of Uganda considers necessary to enable the licence holder to comply with the law.

When issuing or renewing a licence, Bank of Uganda may impose upon the licence such conditions or restrictions it may consider appropriate.
Bank of Uganda is also authorized to revoke or suspend a licence, if it has reasonable cause to believe that the licence holder has infringed the provisions of this Act or any regulations made under this Act.

> ***"A license is issued to a person to engage in the business of buying and selling bank notes, coins and traveler's cheques in foreign currency or such activities as may be specified by the Bank of Uganda."***

"The law is so strong that it puts forex bureau operators on tiptoes", says an economics journalist who prefers anonymity.
"As a way forward, the regulatory authorities need to establish a legal framework that does not stifle operations but ensures safety for the country and customers," he adds.

In 2006, Bank of Uganda governor Tumusiime Mutebile spearheaded the enacting of the foreign exchange (forex bureaus and money remittances) regulations.

These regulations are provided for under part V of the Foreign exchange Act 2004.

According to Bank of Uganda, the objectives of this regulation are; "to specify conditions for licensing and supervising persons licensed to transact business as a forex bureau or carry on money remittance business."

They are also intended to guide forex bureaus and persons licensed to carry on money remittance business on the observance of the provisions of the Act; to encourage the increased use of formal funds transfer systems through the facilitation of foreign exchange transfers and remittances that are timely, accessible, cost effective, reliable and transparent.

Under the regulations, transacting money remittance business without a license is prohibited. No person can carry on or advertise that it carries on money remittance business without a valid money remittance license issued under the regulations.

Another key feature among the regulations are the operational guidelines. Under these, dealers are required to carry out on spot transactions other than dealings.

In particular, no officer or staff member of a forex bureau is permitted to deposit or accept Uganda shillings with intent to obtain or supply the foreign currency equivalent either wholly or in part at a future date.

And the vice versa is true when one has to deposit or accept foreign currency with intent to obtain or supply the Uganda shillings equivalent of it either wholly or in part at a future date.

Payments and receipts are a key feature as well. In fact that is why each time one exchanges a currency to obtain Uganda shillings they are presented with a Bank of Uganda official receipt or any other receipt approved by the Bank of Uganda in respect of the transaction.

For bigger foreign notes, (above $5000) indicating the source of funds receipt of the transaction becomes obligatory.

Displaying exchange rates is another important regulation; the rule cites that any persons licensed to transact, as a forex bureau shall display prominently, its current buying and selling exchange rates of foreign currency including all commissions and charges associated with each transaction.

And this has to be done in a visible place on its premises, a notice informing its customers that they are entitled to be issued with a receipt for any purchase or sale of foreign currency made by them.

Bank of Uganda says that to keep the forex bureau business and foreign exchange sector booming, regulations have to be put in place.

FOREX BUREAU CONTRIBUTION TO NATIONAL ECONOMY

By Tash Lumu

The initial contribution of forex bureau trading is in improving currency exchange by lowering the transaction costs for all volumes.

According to the web encyclopedia, Wikipedia, the foreign exchange market works through financial institutions, and it operates on several levels. Behind the scenes banks turn to a smaller number of financial firms known as "dealers," who are actively involved in large quantities of foreign exchange trading.

Most foreign exchange dealers are banks, so this behind-the-scenes market is sometimes called the "interbank market", although a few insurance companies and other kinds of financial firms are involved.

The foreign exchange market assists international trade and investment by enabling currency. For example, it permits a business in the United States to import goods from the European Union member states, especially Eurozone members, and pay euros, even though its income is in United States dollars.

In a typical foreign exchange transaction, a party purchases some quantity of one currency by paying some quantity of another currency.

According to the Bank for International settlements, the preliminary global results from the 2013 Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets Activity show that trading in foreign exchange markets averaged $5.3 trillion per day in April 2013. This is up from $4.0 trillion in April 2010 and $3.3 trillion in April 2007. FX swaps were the most actively traded instruments in April 2013, at $2.2 trillion per day, followed by spot trading at $2.0 trillion.

Here in Uganda, a Bank of Uganda report "Current State of the Ugandan Economy", released in June 2013, sights that the foreign exchange sector remains vibrant with the only scare being the inflation rate, which the Bank of Uganda Governor, Prof. Tumusiime Mutebile says the bank has tamed.

"Therefore, Bank of Uganda will maintain an accommodative monetary policy, at least in the near term, but will remain observant of future inflationary developments and new information, and will stand ready to intervene to foster price stability. We will also intervene in the foreign exchange market in both directions, in order to stem foreign exchange rate volatility," Mutebile noted in the report.

Clearly, the challenge is the volatility. But what mechanisms has Bank of Uganda put in place to ensure that this is encountered.

"Inflows could be used to build foreign exchange reserves and could lead to an improvement in the balance of payments," Mutebile said.

He, however, contends that the use of these inflows to boost the foreign exchange sector requires a keen eye at the external factors.

"But they also present a risk to exchange rate stability if an unexpected reversal occurs. Foreign exchange markets have been primarily influenced by developments in Japanese monetary policy," he said.

This "unexpected risk", according to Bank of Uganda, emanates from the "extreme monetary policy easing in Japan [which] caused the yen to depreciate by 21 percent in real effective (REER) terms between September 2012 and April 2013."

But it is not the Yen only. "In the same period, the US dollar appreciated by 2 percent in REER terms and the euro by 4per cent," Mutebile said.

The Real Effective Exchange Rate (REER) is the weighted average of a country's currency relative to an index or basket of other major currencies adjusted for the effects of inflation. Now, if a country doesn't adjust to the REER effects, the foreign exchange sector goes in tatters, according to Bank of Uganda.

Bank of Uganda put the Reserves of foreign exchange and gold at \$2.705 billion as of 31 December 2012.

So, if the exchange sector is not well controlled, the economy might become shaky.

To achieve this monetary discipline, Mutebile argues in the Bank of Uganda report that you have to be very cruel on inflation by applying measures that keeps it in check.

And it is for this inflation control, that Mr. Mutebile was named the Central Bank Governor of the Year by a leading international investment group. In a recent opinion about how to tame inflation, Mr Mutebile said maintaining low inflation is the main objective of the bank.

"Over the last 12 months, BoU has been quite successful in controlling inflation; the average annual rate of inflation during this period was 5.6 per cent," he said.

"However, inflation was 6.9 per cent in September 2013, so our priority is to bring it back down to 5 per cent," he added.

But to say the list, taking a leaf from the Bank of Uganda State of the economy research report 2011, the current trends confirm that indeed Uganda, being a small open economy is exposed to developments and prospects in the global markets, thus the need to take necessary steps in irrigating sectors like the forex bureau trading.

Emiganyulo gyosobola okufuna ng'onyikiridde eby'obulimi

Bya Lusiba Kagolo, bikyusiddwa Walugembe Moses Tusubira.

Mu mwaka gwa 2008 nakyalilako abalimi mu bitundu bya Buganda eby'enjawulo wabula emboozi z'abalimi abamu zanewunyisa nyo.

Omu ku balimi Salongo e Bamunaanika mu disitulikiti ye Luweero yemulugunya olw'abasuubuzi ababakolamu amagoba amayitirivu ate nga bbo abakola ennyo banyigirizibwa bwekituuka ku bbeeyi y'ebirime byaabwe.

"Abasuubula ebyaffe beebatusinga okufunamu, ffe abalimi tukolera mu bugubi ate netufuna kitono. Ne bwokola ennyo, abasuubula beebasalawo ebbeeyi kwe banaagulira ebirime," Salongo bwagamba.

"Okugeza, toyinza kukyikkiriza nti mu biseera ebyamakungula amangi kilo ya kasooli tugitunda sillingi Shs 150. Ng'ojeeko okuliisa famire yange, tewali kintu kyenyiza kulagawo nti kino kyenkoze mu bulimi," Salongo bwayongerako.

Ssalongo byanyonyola bitwolekeza ku kintu ekikulu mu by'enfuna by'eby'obulimi – Olujegere lw'ebyobulimi n'emiganyulo egilulimu.

Okusinziira ku Dr. Paul Kibwika, ng'ono yakulira ebyokusoma okwebunaayira ku kitebe ky'ebyobulimi ku ttendekero lya Makerere University, newankubadde nga kizibu abakola mu zi wofiisi okugenda mu nnimiro okulima, basobolera ddala okwenyigira mu by'obulimi ate nebaganyulwaamu byansusso.

Kibwika anyonyola nti olugegere lw'ebyobulimi lulina emikisa ntoko.

Kibwika agamba bwati, "abakozi mu mirimu gy'amawofiisi basobolera ddala okufunamu. Bwebaba tebasobodde kulima nimiro nnene, basobola okwenyigira mu bulimi bwekibuga obuli ku ddaala elyawansi, anti wano baba basobola okulima nebaliisa n'amaka gaabwe nga tebaguze mmere mu butale." "Songa ate era emikisa gikyaali mingi mu lujegere luno nebwebaba tebasobodde kulima basobola okussa ssente mu kutambuza ebirime oba mukulinyisaa omutindo gw'ebirime, era nebakola sente," Kibwika bwayongerako.

Newankubadde nga ekirowoozo ky'olugere mu by'obulimi kiringa ekintu ekipya, lubaddewo okumala ebbanga era ebitingole by'obwananyini n'ebirala ebinene ebikola mu nsonda z'ebyobulimi bibadde bilukozesa mu ngeri zenjwaulo omuli n'emukuyamba abalimi.

Ebitongole nga bino nsobola okumeyayo ng'ekitongole kya America ekiwa obuyambi ekya USAID, waliwo neky'Abadaaki ki Dutch –Based Technical Centre for Agriculutural and Rural Cooperation, n'ebirala.

Bano olugegere bazze balukozeseza ddala mu mirimu gyaabwe omuli n'okwenyigira mu kusitula omutindo gw'abalimi.

Olugegere bano era balukozesa ne mu kunoonya obutale bwabalimi abawansi mu ggwanga n'ebunaayira.

Ab'ekitongole kino eky'Abadaaki ki Dutch-based

Technical Centre for Agricultural and Rural Cooperation (CTA) bagamba nti olujegere lw'ebyobulimi lulina emiganyulo mingi eri eby'obulimi mu ggwanga naddala mu kusitula omutindo gwaabyo gw'enyini naddala mu byaalo.

"Enjegere z'ebyobulimi kati zifuukidde ddala kyakuddamu mu kusitula enfuna y'abantu, eri obweetaavu bw'ebyamaguzi ebigya saako okuyiiya ebipya mu kutumbula emitendera gy'ebyobulimi, nemu byempuliziganya ne tekinologiya," ab'ekitongole ky'Abadaaki bwebongerako.

Enjegere z'ebyobulimi zaawuka wano mu Uganda okusinziira ku mbeera y'abantu, oluusi n'okusinziira ku ngeri abantu gyebazitegeeramu. Wabula yadde mu njegere zino mulimu ezimanyiddwa enyo okugeza; okunoonyereza mu by'obulimi saako n'okukola ensigo ez'omulembe, okukola ebikozesebwa mu kulima, entambuza y'ebirime, okulinyisa omutindo gw'ebyobulimi, okusuubula ebirime n'ebirala.

Yadde nga okukola ensigo ez'omulembe kumanyiddwa ng'omulimu gw'abanonyereza, omusuubuzi mu by'obulimi asobola okusalawo okussa ssente mu kukubisaamu ensigo oba okuzitunda, era nafunamu kuba na luno lujegere lwa bulimi olufunira ddala.

Okasai Opolo, dayirekita w'ebyekitunzi n'okuyimusa omutindo mu minisitule y'ebyobulimi agamba nti abanoonyereza bwe baba bamaze okukola ensigo, waliwo engere bbiri ez'okuzikubisaamu- waliwo omusingi gw'okuzikola ekyandibadde okuvumbula ensigo n'ekirala

Abakubisamu basobola okugula ensigo zino ku bazinoonyerezzaako oba abazivumbudde, olwo nebaziguza abalimi.

Okusinziira ku Mw. Okasai, oyo aneenyigira mu mulimu guno ogw'okukubisaamu ekyangu kyayinza okukola kwe kufunayo omukugu mu by'obulimi(qualified agronomist) saako okufuna ekibangirizi ky'ettaka ekigazi.

Wabula oyo aba alina okwewandiisa ne ministule y'ebyobulimi nafuna layisinsi emukkiriza okwenyigira mu kukola ensigo. Okasai agamba nti okwenyigira mu kukola ensogo n'okuzikubisaamu gwe mulimu omunene ogusinga okufuna mu lujegere lw'ebyobulimi.

Omuntu bwaaba teyenyigidde mwebyo, asobola okussa sente mu kugula ebilime okuva ku balimi olwo ye neyeenonyeza akatale, oba si kyo era waliwo n'omukisa omulala okwokugula ebimotoka ebitambuza ebirime n'ofuna sente ku basuubuzi be birime.

Abaggaga bangi baguze ebimotoka ebinene nga abamu batambuza ente okuzijja mu bitundu by'eggwanga eby'ebyaalo nebazitunda mu zilufula eziri mu kibuga, songa ate abalala batambuza amatooke.

Abamu abalimi b'oyinza okuyita abanene kati beegasse ku basuubuzi oba bayite babulooka b'eby'obulimi nga kati nabo basuubula ebirime mu bungi ate ku bbeeyi entono okuva ku balimi bawansi, nebabitunda ku bbeeyi eyaabwe mu bibuga ate nebafuniramu ddala.

Bano oluusi bapangisa ebimotoka ebitambuza eby'amaguzi bino okubijja mu byaalo nga e Bushenyi nebabileeta mu butale bw'omukibuga Kampala nga ake Nakasero, Kasubi, Bukoto n'awalala nebabitunda ate nebafunira ddala amagoba mayitirivu.

Katugeze ng'amatooke omuntu asobola okusuubula enkota ku sillingi sh5,000 okuva ku mulimi e Masaka nalitunda e Kampala ku sillingi sh25,000.

Dr. Kibwika ow'e Makerere University agamba nti abasuubuzi n'abatambuza ebirime beebasinga okufunira

ddala mu lujegere lw'ebyobulimi.

"Abasuubuzi abo boolaba bagereka ebbeeyi bbo gyebaagala era gyebamanyi nti bajja kujifunamu." Kibwita bwagamba.

Ayongerako nti, "Kitwalira omulimi emyaka n'ebisiibo sako n'okukola ennyo okusobola okubaza ettooke lyatunda sillingi songa ate alisuubula afunamu emirundi kumpi mukaaga mu ttoke lino ate mu ssaawa ntono nnyo."

Currency in Focuss - New US Dollar bill

LIFE STYLE STORY

INTERVIEW

Compiled by Walugembe Moses Tusubira

"Specialising in what others despise has given me a leading edge," says Salim Uhuru, the Owner and Manager of Uhuru Restaurants- presently located in Kampala's Central business District. *Foreign news magazine held an exclusive interview with a man who is reaping big out of a food preparation business.*

Who is Salim Uhuru?

Salim Uhuru is a simple business proprietor with a modest profile.

I come from a humble family which makes me live a simple life. I am down to earth, and my background has taught me a lot; I have seen all kinds of people.

I run Uhuru Restaurant which is one of the oldest eateries in Uganda.

The first Uhuru restaurant was opened by Sir Andrew Cohen in 1962, under my late father. It was named Uhuru, a Swahili word meaning independence because it is in this same year when Uganda acquired her independence from the British.

The first Uhuru restaurant was first positioned in Nakivubo, Kisenyi which was a centre of many activities at that time especially sports. I took over its management when my father passed on.

How have you managed to stir this business to what it is today?

My success was specialisation in one item where I can do best, and that is cooking pillau (Rice).

What happens today in Kampala is that people are copycats. Today you venture in one thing and everyone jumps on it; that is one disadvantage we have in Uganda which is why I decided to specialise in cooking and be at its best. Secondly, pricing and quality; Uhuru restaurant *stands out to be one of the cheapest restaurants in town with food only at 3000/= yet people get the best quality of food.*

The other is customer care.

When does our day start?

My morning starts at 5am, that is when I go out to look for the cheapest foodstuffs in markets, because that is when the farmers come, and it's a daily routine.

I purchase stuff myself because I want to buy quality items for a good meal to my clients. When you give others a chance to do that, they want to cut costs and sometimes end up buying spurious items.

How has your background shaped you as a good manager?

Growing up in Kisenyi (a place known to be Kampala's filthy suburb), I saw all kinds of gangs.

People used to fear coming Kisenyi to eat our food and because of the fear I decided to open up other spots elsewhere in Kampala to clear the fears of my customers.

Like any business you have to expand, so from the original Uhuru in Kisenyi i have opened up three more branches; one at Wilson road at Zainab Aziza Complex, another is at Qualicell bus terminal, and the other at Zirabaatudde in Mukwano shopping mall.

And I am yet to open franchises up country because some of my customers are travellers and are demanding for such.

Secret of success.

In Uganda today there is a lot of undermining and under looking work especially by the youth. For example I am famous for cooking pillau; someone will get ashamed to talk about what they do, they will ask, "oli mufumbi wa muceere"(literally meaning, "you cook rice?").

But because I am a chef myself, I have managed to survive and grow. This has been a family thing, from my father to me, and I want the legacy to continue to my children and family.

I want Ugandans to be hard working, because me I am and I am here to stay.

Future Prospects

In the next 10 years i want to put up my commercial building in town because I pay a lot of rent and most landlords here have no respect for us; they think they are doing us a favour which is not true; we are doing them a favour by occupying their buildings.

So i expect to see myself renting no more. I want to leave a legacy that this is Uhuru commercial centre and it will be there forever and ever, cooking and selling sweet pillau.

Best recipe

Rice and beans.

Best Song

Ngambira ku Jennifer-By Bobi Wine. Why? As a leader in my area (Kisenyi) I find this song a true representation of the way the Kampala Capital City Authority enforcement team manhandles people and confiscates their property which puts me off. Many end up in Luzira prison because they cannot pay back loans some of which have been extended to them through the Entandikwa government programmes. So what is the use of government giving them Entandinkwa yet businesses are smashed.

What is the most important thing you can be to someone in this world?

I want to touch people's hearts, that is why I chose to open up an orphanage school called Greenland school and orphanage situated in Nansana-Wakiso. I am making sure HIV orphaned children have a chance to live and enjoy life without stigma.

I have also enjoyed supporting people through the MTN marathon in which I have been participating for the last 5 years when it stated.

Advice to the rich.

The rich don't want to help the poor in Uganda because they always want to use them, even the salary they give them is meant to keep them begging, mine are partners, I have trained them to be partners with me, that is why together we do the work, I work with them. We support each other, which is why we have stayed together for years and avoided turnover in my company.

When was the last time you experienced an hour entirely free of anxiety?

Owning a residential house, the first time I slept in it I felt full of joy.

Best childhood memory

I knocked a school gate in senior two at Old Kampala secondary school. They closed it, they didn't want us to drive out, the askari had refused to open…so I knocked it…laughter… and went out….it was weird…hahaha

LEISURE

Facts: Did you know?

- In California it's illegal to set a mouse trap without a hunting license
- At 21, an African named Ernest Loftus made his first entry in his diary and continued every day for 91 years
- The most popular name in the world is Muhammad
- Canada is also an Indian word meaning "big village"
- Most lipstick contains fish scales
- The snails' reproductive organs are in its head. *source: www.sweetfacts.web.com*

Jokes:

- Job requirements

  Employer:
  "In this job we need someone who is responsible."

  Applicant:
  "I'm the one you want. On my last job, every time anything went wrong, they said I was responsible."

- The Great Wall is among 7 wonders of the world because it is the only Chinese product which lasted for more than 4 weeks.
  Source:*http://www.funny-jokes-quotes.com/business-jokes.*

Brain tick:

1. Smith's boss proposed to pay him in the following way:

"See, there is some money in the purse. Every day I'll add 5 dollars to it, and then you'll take out half of what's in it".

Three days later it turned out that there were 6 dollars left in the purse.

How much did Smith get for three days' work?

2. Wolf, the Goat, and the Cabbage

A man has a wolf, a goat, and a cabbage. He must cross a river with the two animals and the cabbage. There is a small rowing boat, in which he can take only one thing with him at a time. If, however, the wolf and the goat are left alone, the wolf will eat the goat. If the goat and the cabbage are left alone, the goat will eat the cabbage.

Joke

A guy wearing a singlet and slippers walked into the bank and practically shouted at the teller, "Yo woman! Who do I speak to to open a bloody bank account in this bloody bank?"

The teller politely told him to lower his voice as he was disturbing the other customers and that she would be able to open his bank account for him.

The guy was practically foaming at the mouth. "Don't you tell me what to do! And no woman is opening my bloody account. You women are just good for cooking, cleaning and making babies. I wanna speak to a man!"

The teller got up in a huff, went to the bank manager's office and explained the situation to him. The bank manager told her that while the customer was always right, this customer was definitely wrong. He went back with the teller to set the guy straight.

"About time a man showed up!" The guy was as loud, if not louder than before. "I just won $25 million dollars in the lottery and this bloody woman insisted that she's capable of opening my bloody account for me."

"She did, did she?" The bank manager was almost as loud as the guy. "She was just supposed to clean the windows and arrange the files. Don't mind her. Let's go to my bloody office and see what we can do about your bloody account!" www.instaforex.com

FOREX JOKE

Forex money manager goes at the street and very nice young lady ask him:

Lady: *Dear sir, im making poll, can i ask you simple question?*

Manager: *Of course you can.*

Lady: *What is your average income?*

Manager: *My average income is around 200 000 $.*

Lady: *Im sorry, i thought your monthly income.*

Manager: *Im sorry, i thought dayli.*

Source: http://www.forexfactory.com/showthread.php?

Digest

Review of 2013

- Introduction of the 20 spread for the exchange rates.

- Submission of the mobile money proposal to Bank of Uganda for consideration, feedback is yet to be communicated.

- Spot cash Forex Bureau vs La Cedri Forex Bureau match held on 15th October 2013 Spot cash worn with 5 goals to1. Lacedri Forex Bureau vs UAE Excahnage match, lacedri worn with 2 goals to 1. This was really a redemption performance from the previous play.

National

- Appointment of Professor Emmanuel Tumusiime Mutebile by the Africa Investment Group in association with the International Finance Cooperation (IFC), and as recognized during meetings of the World Bank & International Monetary Fund as the best central bank Governor in Africa of the year 2013 due to his efforts in stabilising prices and steering the economy

International:

South Sudan war.

It started like a fight in December 2013, but has eventually emerged into war claiming lives of over 200,000 people, leaving marks of injuries, loss of property and largely affecting the East African community and the central African. South Sudan is the youngest country that obtained its independence in 2011. However the independence seems to be betraying the anticipated era of freedom that was expected to last for years without turmoil of war in South Sudan.

Resultantly, the economy has been affected since the manufacturing industry has been greatly affected especially here in Uganda because, Uganda is over 70% exporter of the South Sudan and the oil production has dropped to 20% since the war started. (www.bbcnews.com).

The forex bureaus are no exception to this negative impact of the war because of the customer base that South Sudan has for the forex business. Hence for these periods, the customer base has gone down for some forex bureaus especially those in the North. Dialogue is an esteemed way of conflict resolution and so since this forum has been resorted to by the parties at war; let us hopefully believe for the cease fire so as to make the situation change for the good of the economy and for long lasting peace.

FACTS ABOUT THE CURRENCY MARKET

The currency market is a fascinating exciting world for the currency trader. The currencies are solely traded in the Forex market which is a shorten form for the foreign exchange market. All that is done here is buying or selling of one currency with another currency. This has become so popular in the world today that it has become the biggest market on earth far surpassing even the combined trading in all other markets in the world. The currency trade amounts to about three trillion dollars each day.

It is the traders that make this market what it is. Trading currencies became accessible to the average investor since the market changed from being the monopoly of a few big time investors to embrace a large section of small time investors through technological changes and advancements. Now, all trade is conducted via the electronic media and trading is conducted in an 'over-the-counter' manner.

Interesting facts about the currency market are:

Focused trading- Currency trading is mainly concerned with the major currency pairs. These are made up of about eight main currencies of the more stable economies of the world. This is unlike the stock market where there are thousands of shares that have to be kept track of. A trader can keep track of the few major currency pairs with ease.

Leverage- This is the concept of trading with a few hundred dollar deposit that enables a trader to trade as much as 200 times more than the value of his deposit. The ability to profit is immense as is the potential loss.

Non-stop market- The Forex market has no fixed exchange and is truly global in nature. As one market closes another opens across the globe allowing traders to continue with their trading activities.

Help for traders- Help for trading currency is freely available from the Forex brokers and there are demo accounts that Allow traders to practice with virtual currencies. This is ideal to get a feel of the Forex market and to get to know how it works without actually having to use real money.

Trying your hand at currency trading and making a profit from trading is very popular and since the market is extremely large traders are assured of liquidity in the market.

Source: http://www.etoro.com/education/facts-about-currency-market.aspx

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