

## Terms of Reference

Title:	Cooperative Assessment Muhame Financial Services Co-operative LTD
Client:	Muhame Financial Services Ltd
Country:	Uganda
Project number:	Osnvu-8470
Assignment number:	AS10[AS.12141]
Period:	03/2/2020 – 08/2/2020
Business advisor (BA):	Nuwabine Enock

## Introduction cooperative

Muhame Financial Services Cooperative Ltd (MFSCCL) is a savings and credit institution located on Masheruka Road in Kabwohe Town, Sheema Municipality.

It started in 1998 as a Savings and Credit affiliate of Muhame Co-op Society, as a result of the support by UNDP/GOU through the Private Sector Development Program (PSDP) implemented by Bushenyi Private Sector Promotion Center whose collaboration with Muhame Financial Services started in 1999.

In January 2000, Muhame Financial Separated from Muhame Cooperative Society and Registered on its own Reg. No.6350 with a Bank code 13006 and is a strong Institution to Date. The MFSCCL has 21,233 members, one main office at Kabwohe Sheema Municipality and six branches operating in the districts of Mbarara, Isingiro, Buhweju and Sheema. The MFSCCL is member-owned, member-used, member-controlled, and benefits the members. The vision is, "To become a leading professionally run, member responsive financial cooperative institution". The mission is, "To improve the members livelihoods by providing high quality financial products and services, through a well governed and sound cooperative institution."

## MFSCCL Key strategic areas.

- Enhanced customer service thus driving business growth.
- Savings mobilization to enhance Liquidity levels to meet short, medium and long-term financing obligations.
- Enhancing portfolio Quality: this a critical success factor and Key strategies will include. Develop portfolio quality standards, Continuous capacity building of credit officers, branch managers, Board credit committee members and strengthening of Credit Recovery Committees, development and implementation of portfolio quality and growth incentive schemes, supervision and portfolio review that will also ensure enhancement of staff capacity for credit supervision and Audit department.
- Enhance internal controls
- Branding to enhance SACCO visibility in the market niche.
- Branch expansion - delivery of services shall largely remain through the branch network and three new branches and two service centers shall be opened.
- Develop and operationalize the Banking operations manual to standardize and promote savings.
- Review and refining of Loan products to ensure they meet client needs.

Field marketing by marketing officers, Credit Officers and branch management team instead of waiting for members at branch offices.

## Objectives cooperative assessment

A scoping of Muhame Financial Services Cooperative Limited has been executed by Agriterra with the outcome to perform a cooperative assessment. Executing this assessment is the next step in the potential collaboration between Muhame Financial Services Cooperative LTD and Agriterra. The assessment will be carried out by an Agriterra assessment team, during a week's visit to the cooperative, using the Agriterra Cooperative Assessment Tool for farmer-led organisations.

### Main objective:

To identify and screen the cooperative organisation with business and development potential and to assess opportunities for a partnership in business development with Agriterra. At the end of the week the Agriterra assessment team will evaluate the results, will offer recommendations and will strive (depending on the outcome) to develop a plan how and with what services Agriterra can support Muhame Financial Services Cooperative LTD to realise their BHAG.

### Specific objectives:

- Assess the current and future business case of the organisation in terms of the value chain, service delivery to members, marketing and risks.
- Assess the financial performance and the financial sustainability and to conduct a financial health check on the status of the financial management.
- Conduct an appraisal of the current performance of the organisation in terms of governance, with a governance health check, human resource management and management information.
- Review the reputation of the cooperative by talking with members and stakeholders of the cooperative.
- Give recommendations to the cooperative on how to improve on the above-mentioned topics.

To be able to meet these objectives the Agriterra assessment team will have interviews with Board, management, staff, members and stakeholders during the week. The team will also review formal documents (constitution, minutes of last held AGM, financial statements, audit reports, etc.).

### Mission details

- Composition of the Agriterra assessment team:
  - Nuwabine Enock (Agriterra business advisor-Uganda)
  - Agripooler, Agriterra Finance advisor-Uganda
- Duration of the mission: The time frame of the mission will be 5 days in the period of 3<sup>rd</sup> Feb 2019 – 8<sup>th</sup> February 2019.
- Arrangements: Agriterra will arrange and cater for hotel and transportation programme for the Agriterra assessment team.
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### Expected results

1. A completed cooperative assessment report based on the Agriterra cooperative assessment tool.
2. Advice whether to start up partnership between Agriterra and the assessed cooperative.
3. If the cooperative assessment foresees a possible partnership between Agriterra and the assessed cooperative, the defining of the collaboration between Muhame Financial Services LTD and Agriterra with main topics and a brief action plan.

## Draft programme:

Day	Date	Program	Available
Sunday	2/2/2020	Arrival of the Agripooler	Enock
Monday	3/2/2020	Introduction meeting (PowerPoint presentation) and fine-tuning program for the week  Chapter 2 Business case  Review of Annex 1 (Cooperative scoping), collection of basic information of the cooperative & division of tasks	MFSCCL Board/ management, Agripooler & Enock
Tuesday	4/2/2020	<u>Morning</u> : Chapter 3 Finance (annex 2 and 3)  <u>Afternoon</u> : Chapter 4 Governance and management (annex 4)	Manager/ accountant/ chairperson/ treasurer, Agripooler/Enock  Board/ management/staff/ Supervisory Board/Agripooler/Enock
Wednesday	5/2/2020	Chapter 5 Reputation  <u>Field visit</u> : sessions with members (member commitment assessment annex 5) and stakeholders	Members/ stakeholders financial institutions, government), Enock & Agripooler
Thursday	6/2/2020	Loose ends from previous days  Define conclusions, recommendations and a small action plan	Board/ management/Enock/Agripooler
Friday	7/2/2020	Final presentation (annex 6) conclusions and recommendations	Board/ management/ supervisory board/Enock/Agripooler
Saturday	8/2/2020	Travel back to Kampala & Flight to A'dam	Agripooler

## Annexes

### 1. Cooperative assessment tools:

- a. MFSCCL Tor
- b. Business plan
- c. Financial reports, Audit reports 2017 & 2018
- d. Scoping tool
- e. Byelaws
- f. Certificate of registration

## Agriterra, for cooperatives

### Detailed clarification:

- **'Business case':** we would like to know what goal your cooperative wants to achieve. In what way do you want to grow as a cooperative? What are the constraints and challenges in reaching that goal? What possible solutions do you see?

- **Wednesday, 'Reputation':**

- **Member meeting:** the assessment team wants to have a meeting with representatives of your membership. This means a closed session with 10-15 Members/farmers from different groups. The team will have a session with them, without MT/BoD, about their perception of the Cooperative.

- **Stakeholders:** the assessment team also would like to meet with the bank you do business with, partner organisations, clients etc. Kindly ensure you plan several short meetings with representatives of these organisations.



### About Agriterra

Agriterra supports farmers' organizations in fighting poverty, with advice from experts from the Dutch agricultural sector and with finance from the Dutch government. Our opinion is that strong farmers' organizations lead to more democracy, economic growth and a better distribution of income. We focus on economic development and work closely together with the Dutch agribusiness.

The aim of Agriterra is making cooperatives bankable. By focusing on few clients within a limited number of countries, Agriterra is able to target those cooperatives or other farmer owned enterprises, who are ambitious, have good management, have been economically active, have more than 1,000 members and who have plans to invest in order to expand their business. Agriterra's support is especially based on technical support from experts from the Dutch agricultural and cooperative sector combined with limited project financing. The advisory services can be applied to all aspects of the business planning process, access to finance trajectory or the implementation phase.