

Terms of Reference

Company assessment NJORECU Ltd. (mission no. AS. 8050)

Company assessment NJORECU Ltd

The mission will be carried out within the framework of project 17at - 7011.

The Agriterra officer responsible for this assignment is Ibrahimu Harry Mwankanye, in case of changes in the assignment and/or programme he should be consulted immediately.

Agriterra

Agriterra is a network organisation of Dutch agri-employers' organizations and companies. It has a vision that farmers' associations and cooperatives can have a positive influence on development through speeding up the process, and ensuring a more equal distribution of income and an enhancement of democratic decision-making and relations. This vision has become almost undisputed, the mechanisms are understood, and the mission derived from it - the strengthening of farmers' organizations - is the only logical one.

Agriterra mobilizes hands-on experience from the Dutch agricultural sector via the so-called Agripool. Experience-based knowledge is increasingly important to fulfil the demands of private enterprise wishing to connect with smallholders, so we are developing a new business strategy to reflect the changing business environment.

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 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.

NJOMBE REGIONAL COOPERATIVE UNION LTD

In January 2017, Agriterra in the person of Ibrahimu Harry Mwankanye, Business Advisor of Agriterra in Tanzania, performed a scoping mission at the cooperative. During this scoping, he met and talked with the manager and board members. Based on the discussion of their growth plans, assessment of their financial statements and opinion of their capacity, a company assessment is recommended.

Objective

The assignment aims:

- To achieve an in-depth understanding of the practice and performance of NJORECU LTD
- draft a company assessment report including a tentative action plan.

If the assessment gives enough confidence to continue, objectives are:

- To jointly improve and agree upon an action plan/strategy for Agriterra Agribusiness team's support to NJORECU LTD.

For carrying out the assessment, the company assessment tool will be used.

More specifically, the action plan should contain clear milestones for all parties involved and should address expectations, commitments and the level of involvement of Agriterra, and most important itself.

Tool

Agriterra developed a professional tool for company assessments. The tool will be provided to the Company assessment team.

Mission Team

The expert team will consist of:

- **Vacancy AGRI-POOL**
- Mr. Donatus Mwenda (1964), has extensive knowledge and experience with Tanzania Saving and Credit Cooperatives societies for the past 25 years. After positions as cooperative officer, Sacco's manager, Donatus is now zonal manager for Dunduliza (an umbrella organization for SACCOS), assisting several Saccos in strategic as well as operational level. He is familiar with Agriterra since 2014 and familiar with the zone in which NJORECU is situated (Njombe region).
- Mr. Ibrahimu Mwankanye (1970), Agriterra business advisor, based in Southern Highlands of Tanzania (Mbeya). Ibrahimu has extensive knowledge of the region and its stakeholders. Ibrahimu also conducted the scoping and is familiar with NJORECU and its leadership.
- Mr. Yorick Bruins (1990), Agriterra business advisor, based in Dar es Salaam as per 01/04/2017. Yorick will join, to learn and understand the Agriterra system and how to conduct company assessments.

Programme & Activities

DRAFT Timetable for Company assessment NJORECU LTD - NJOMBE, April / May 2017

Day	Activity	Participants	Accommodation
Sat.	Agripooler: Day Flight Amsterdam to Dar-es-Salaam (JNIA airport) KL567 AMS10:15-21:55DAR Taxi Airport - Hotel	XX	Slipway Hotel Msasani Dar es Salaam
Sun.	Yorick & Agripooler: Flight to Mbeya (Air Tanzania) Transport by Car from Mbeya Airport to Njombe Mwenda: Transport by Bus from Songea to Njombe During Dinner: XX + YB + IM + Mwenda discuss comp assmnt tool, role division in team + timetable	YB & XX YB + XX + IM	JD HOTEL Ltd, NJOMBE +255 762 530398 or +255 676 222156
Mon.	AM: <ul style="list-style-type: none"> • General introduction, objective company assessment, agree on timetable • Short introduction Agriterra + NJORECU PM: <ul style="list-style-type: none"> • Business case analysis (members & market) 	NJORECU: Ag.GM+Acc+chairp+2 board members CA Team	idem
Tue.	AM: Continuation of business case analysis followed by <ul style="list-style-type: none"> • Financial health check - Governance and controls - Planning & budgeting - Accounting policies & procedures - Reporting & monitoring - Accounting resources - Financial sustainability PM: <ul style="list-style-type: none"> • Financial indicators (indicators from balance sheet + profit & loss statement, and cash flow, income & expenditure)	NJORECU: Ag. GM+ Accountant CA Team	idem

Day	Activity	Participants	Accommodation
Wed.	AM: <ul style="list-style-type: none"> • Visit Union's facilities (agro-shops, storage facilities, ...) • Visit members Association (2 AMCOS) • Discussion with leaders & members: Member's commitment check PM: <ul style="list-style-type: none"> • Meet NJORECU stakeholders: <ul style="list-style-type: none"> - Regional Cooperative Officer - COASCO (gvt auditor) - CRDB Bank - Farm-input providers 	NJORECU: GM & Chairman CA Team	idem
Thur.	AM: <ul style="list-style-type: none"> • Governance check & management check PM: <ul style="list-style-type: none"> • Comp assmnt Team discuss & prepare Findings, feedback session & eventually Action planning (jointly with NJORECU mngt) 	NJORECU: GM+Acc+chairp+2 board members CA Team	idem
Fri.	AM: Feedback Session: present & discuss findings & draft Action Plan (if it's a "go") PM: IM + YB + XX Travelling to Mbeya by Car from Njombe Mr. Mwenda Travelling by Bus to Songea	NJORECU Full Board & Management + CA Team	Mbeya Hotel
Sat.	AM: Report Writing PM: 2:30pm Flight to Dar by Air Tanzania Night : 23:45 Flight to AMS by KLM	CA Team YB + Agripooler	

Expected results

One mission report resembling the following information:

- Completed company assessment instrument for NJORECU including a clear description of the business case.
- Advice whether to start up partnership.

If company assessment shows possible partnership between NJORECU and Agriterra, elaboration of an action plan for one year, including midterm milestones and targets must be produced.

SCOPING DOCUMENT:

1. Company profile

A. Basic information

Date: 19/01/2017
Name of respondent 1: Clemence Damian Malekela
Position: Chairman
E-mail: -
Phone numbers: +255 754 616807
Name of respondent 2: Rebecca Hetelwa
Position: Marketing Manager/Ag. General Manager
E-mail: reah84@yahoo.com
Phone numbers: +255 756 275 953
Name of the organization: NJOMBE REGIONAL CO-OPERATIVE UNION LTD
Date of establishment: 6th September 2013
Address: P.O.BOX 196, NJOMBE
E-mail: njorecu2013@gmail.com
Contact details:
Country: Tanzania
Location: NJOMBE TOWN
Level of action:
Primary ☐ Union ☒ Federation ☐

Number of primary cooperatives (in case it is a union/federation):

63 Primary Cooperatives (AMCOS)

B. Services

Brief description of the activities of the cooperative:

1. Sensitization of farmers to join into union
2. Input distribution to farmers
3. To find Market of farmer's produce
4. Capacity building to members
5. Farmers' Crops collection

Key clients:

NFRA

Main commodities dealt with in the business

<i>Commodity</i>	<i>Degree of processing</i>
Maize - main product	Collection
Rice & Sunflower seeds	Collection

Type of services carried out by the cooperative:

Input provision (fertilizers, seeds)	<input checked="" type="checkbox"/>	Commercialization and marketing	<input checked="" type="checkbox"/>
Technology dissemination	<input type="checkbox"/>	Training	<input checked="" type="checkbox"/>
Processing	<input type="checkbox"/>	Other	<input type="checkbox"/>
Storage and bulking	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>

Contribution of different services to gross revenues (approximately)

Activity	%
Input provision (fertilizers, seeds)	5
Commercialization and marketing	5
Building Rent	90
Technology dissemination	0
Storage and bulking	0
Training	0

C. Membership base

	Females:	Males:
Total number of individual members last fiscal year	2330	4670
Total number of individual members two years ago	2330	4670
Total number of individual members three years ago	2330	4670
Total number of members on the General Assembly (Every Primary coop represented by 2 people)	10	116
Total amount of member organizations (PCS, associations, otherwise)	SAGGOT – Maize milling machine	
Average farm size of members	3 acres	
Average age of members	50 years	
% of members younger than 30 years' old	5%	
% of paying members	100%	

D. Governance structure

Total number of board members	9
Number of women as board members	2
When has, the current chairperson started his/her position	2015
Timeframe general assembly	1
Timeframe for board elections	After 3 years
Max. nr of terms for board members	6 years
Is the manager / other staff paid by the government?	NO

Ownership structure

Number of members	62
Number of shares	5
Owners capital	
Number of members that have paid for their shares fully	62
Type of members (farmers/cooperatives)	Primary Cooperatives
Max. number of shares / member	5
Value of 1 share when founded	50,000
Value of 1 share right now	50,000
Largest shareholder	Primary Cooperatives

Yes No

Are ownership rights restricted to members?

Yes	
Yes	
Yes	
	No
	No
Yes	

Are dividends distributed proportionally to member investment?

Can members buy shares?

Are there external investors involved in your coop?

Are ownership rights redeemable on short term?

Are ownership rights transferable? *

Are returns to members distributed in proportion to shareholding in addition to patronage?

Yes	
Yes	
	No

Does the organization follow the one-member-one-vote rule?

Are members required to purchase delivery rights?

Does the cooperative only buy products from its members, or also from non-members? Is there a difference in advantages for members in comparison with non-members? Please explain.

Cooperative Union buy products from its members and from non - members

General procedures

Do statutes/by-laws/constitution exist?

Are rights and obligations of members documented?

Are financial procedures documented in a manual?

Does the organization produce an annual report?

Is there a formalized gender policy?

Are the latest minutes of the General Assembly available?

Yes	No
Yes	
Yes	
	No
Yes	
	No
Yes	

How do you communicate with your members about important issues? E.g. SMS/radio/face to face.

How can members communicate with the board?

Letter, Radio & SMS

Human resources management

Permanent staff	4 – 2 men & 2 women
Temporary Workers	4 - Women
% of female staff	75%

Do functional descriptions for positions exist?

Do formal contracts for staff exist? (board decided)

Is there an evaluation system for staff in place?

Is formal evaluation of managers carried out by the Board?

Do training programs for staff exist?

The points above are recorded in a Human Resource Manual?

Yes	No
Yes	
Yes	
Yes	
Yes	
	No
	No

Management Capacity

Profile of manager and key staff

MANAGEMENT TEAM				
No.	Name of Member	Title	Age	Qualification
1	Rebecca Hepelwa	AG General Manager/Marketing Manager		MSC.Soil Science &Land Management
2	Godfrey Kibasa	Accountant		Advance Diploma in Accountancy
3	Yohane Kondowe	Accountant		Diploma in Accountancy
4	Jane Genzi	Cashier		Certificate in Accountancy
5	Hawa Lameck	Accountant		Diploma in Business Administration
6	Prisca Mgina	Purchasing Officer		Diploma in Procurement Management
7	William Nyava	Marketing Officer		BSC. Agriculture Economics & Agribusiness

(STD VII = primary level, FORM IV = 4 years –out of 6- of secondary school)

LIST OF BOARD MEMBERS				
No.	Name of Board Member	Title	Age	Qualification
1	Clemence Malekela	Chairman		Certificate in Accountancy
2	Vicent Msafiri	Member		Certificate in Teaching
3	Batson Myavidogo	Member		MSC. Agricultural Economics
4	Sarafina Mtega	Member		Primary School Level
5	Zaina Kihwele	Member		Primary School Level
6	Anangisye Mwakina Sanga	Member		Certificate in Accountancy
7	John Mbanga	Member		Secondary school level
8	Bright Ndali	Member		Secondary school level
9	Josephat Mligo	Member		Certificate in Accountancy

ICT

Is your financial management computerized?

How many computers do you have

Is your archive system computerized?

Do you have a membership information system:

Do you have a website or online platform for communication with your members?

Which software do you use for financial management?

NO

Yes	No
	NO
2	
	NO
	No
	NO

2. Financial indicators

Name organization

	2013	2014	2015	Notes	Remarks
Fixed Assets	39,431,298	75,826,185	1,846,744,613		
Current Assets	316,729,801	144,223,739	241,730,248		
Own Equity	189,915,878	188,008,006	1,911,590,696		
Long-term Liabilities	0	0	0		
Current Liabilities	164,623,521	28,708,418	171,983,065		
Total equity	356,161,099	220,049,924	2,088,474,861		
Investment need in comparison with total equity					

Total Income	26,772,240	52,621,520	557,052,200		
Core Costs	22,918,023	54,529,393	559,872,180		
Depreciation	0	0	0		
Profit/ Loss	3,854,217	(1,907,873)	(2,819,980)		

Business track record

Crop	Tons collected marketed at Union level		
	2014	2015	2016
Maize	1,000,000	276,892	856,687
Price per kg	500	500	530
Total Amount	500,000,000	138,446,000	454,044,110

Top 5 AMCOS collected Maize	2014	2015	2016
	MAVANGA	MAVANGA	MAVANGA
	MLANGALI	MLANGALI	LIGUMBIRO
	LIGUMBIRO	LIGUMBIRO	LUPANGA
	MASIBWE	MASIMBWE	LUFUMBU
	LUPANGA	WIKICHI	NDANANGA

3. Business case

Value chain analysis

The Union is responsible for collecting and selling the maize of their 63 cooperatives. They used to help members with training. Now they still sell farm-inputs to the members, having several Agricultural shops in each AMCOS. The Union used to be very big and has still own buildings and a warehouse. The payments are made from Union to the primary coops who distribute to the farmers

In the Future

The union is looking to have two projects to help the members in the marketing products of maize & sunflower seeds:

- Maize milling machine
- Sunflower oil expeller

NJORECU LTD made a business plan to purchase a maize milling machine and be active in servicing and marketing the corn flour production. They also see opportunities for Rice packing but NJORECU LTD did not make a business plan until now.

How fare are they?

The union already started negotiations collaboration with SAGGOT for covering the maize milling machine project mentioned above. The discussions are still in progress, but in positive way.

How can Agriterra assist?

- Training on strategic plan and business plan of NJORECU LTD.
- Advice in increasing the commitment of members i.e. increased membership
- Assist in providing training to farmers in production improvement.)
- Training of staff and board members in tasks and responsibilities
- Increase market access through setting up a business plan
- Looking the cheapest % interest loan in the different source of income internal or external.
- Exchange technology ideas with other Union cooperative society.
- Assist in 'reviving' the cooperative concept and principles among members (63 primary co-operatives)
- Increase Union capacity to market member's products (marketing)

Risk

The area in which NJORECU LTD is active, is very favorable for agriculture. Especially for maize. Many farmers are producing more as one cash crop.

The NJORECU LTD staff and board is willing to re-active the union and its members but is lacking vision and strategies.

Conclusion

A company assessment is recommended for the following reasons:

High potential area as far as climate and number of farmers is concerned. Also, potential in other crops (Sunflower seeds and paddy).

Checklist

Please bring copies (photo's) of the following documents:

a. Articles/ statutes/ bye laws	(!)	Yes
b. Act of constitution;	(!)	Yes
c. Certificate of registration;	(!)	Yes
d. Latest annual, (externally audited), financial statement; (!)		Yes
e. List of board members;		Yes
f. List of members of the management;		Yes
g. Copy of minutes' latest general assembly		Yes/No
h. Organogram (draw if not available)		Yes/
i. Strategic plan;		Yes/
j. Annual budget 2015 or 2016		Yes/No
k. Activity plan for 2015 or 2016		Yes/No